



**The cross cultural management:**

**Australia Vs China**

**HUANG Hao**

Thesis submitted as partial requirement for the conferral of the degree of

**Doctor of Management**

Supervisor:

Prof. Jorge Correia Jesuino, Professor, ISCTE University Institute of  
Lisbon

**July, 2019**



Instituto Universitário de Lisboa

The Cross Cultural Management: Australia VS China

HUANG Hao

– Spine–



**The cross cultural management:**

**Australia Vs China**

**HUANG Hao**

Thesis submitted as partial requirement for the conferral of the degree of

**Doctor of Management**

Supervisor:

Prof. Jorge Correia Jesuino, Professor, ISCTE University Institute of  
Lisbon

**July, 2019**

[This page is deliberately left blank.]

## Declaration

I declare that this thesis does not incorporate without acknowledgment any material previously submitted for a degree or diploma in any university and that to the best of my knowledge it does not contain any material previously published or written by another person except where due reference is made in the text.

Signed: 

Date: 11 July 2019

Name: HUANG Hao

## 作者申明

本人郑重申明：除了论文致谢中明确说明并致以谢意的部分外，所呈交的论文不包含任何他人或作者本人已用于获得任何教育机构的学位和证书而使用过的材料。同时尽我所知，除了文中特别加以标注引用的内容外，本论文不包含任何其他个人或集体已经发表或撰写的成果作品。

作者签名：

日期：

姓名(拼音)：

[This page is deliberately left blank.]

## **Abstract**

The era of globalisation presented opportunities for China corporations to expand to overseas markets. After the execution of the China-Australia Free Trade Agreement in 2015, there is a considerable interest for Chinese corporations to invest and expand to Australia. Notwithstanding the favourable legal and political environment to support the expansion of Chinese corporations, including China based banks to Australian market; one potential hindrance to such expansion plan is the cultural differences between both countries. This dissertation aims to research on the potential issues arising from the cultural differences faced by China banks in their expansion plan to overseas market in particularly Australia and also how resolve such differences OCAI scores indicate that banks in mainland China scored higher for hierarchy culture (50.11) compared to overseas banks (30.11) which indicate that China banks' structure are designed to maintain the stability and control of the banks by higher management. Interview conducted with nineteen (19) respondents indicates that there are contrasting views by the respondents on whether cultural differences play an important role in human resource management for banks. For client facing role, some respondents view that cultural similarity could be an advantage when dealing with clients but some consider ability and knowledge to be more important. Notwithstanding this, cultural differences are definitely an important aspect for human resource management for banks expanding to overseas market with different culture. It is recommended that bank management to employ a mixture of team with both Chinese and Australian cultural background to cater to different clientele and also staffs to headquarter office.

**Key Words:** Culture; China; Australia; Bank; interview

**JEL:** M14; M51

[This page is deliberately left blank.]

## **Resumo**

A era da globalização ofereceu oportunidades às multinacionais Chinesas de se expandirem para os mercados estrangeiros. Após a implementação do Acordo de Comércio Livre entre a China e Austrália em 2015, há um considerável interesse das multinacionais Chinesas investirem e expandirem-se na Austrália. Não obstante o contexto legal e político favorável à expansão das multinacionais Chinesas, incluindo a banca Chinesa operando no mercado Australiano, as diferenças culturais, entre os dois países poderão constituir um obstáculo a essa expansão. Esta dissertação procura investigar em que medida os problemas potenciais resultantes das diferenças culturais que os bancos Chineses poderão enfrentar no decurso do seu plano de expansão para mercados internacionais e particularmente para a Austrália e também como dar resposta a tais diferenças. Os resultados do questionário OCAI indicam que os bancos na China Continental tem valores mais elevados na cultura hierárquica (50.11) o que sugere que as estruturas dos bancos da China são desenhadas para garantir a estabilidade e o controlo pela direcção de topo. Entrevistas a dezanove (19) inquiridos sugerem que estes têm perspectivas contrastantes no que se refere à importância do papel das diferenças culturais na gestão dos recursos humanos dos bancos. No que se refere às relações com os clientes alguns dos inquiridos consideram que a semelhança cultural pode ser uma vantagem mas outros consideram mais importantes as capacidades e o conhecimento. Apesar disso as diferenças culturais são em última análise um aspecto importante na gestão dos recursos humanos nos bancos em expansão para um Mercado exterior com uma diferente cultura. Recomenda-se que a gestão dos bancos empregue equipas mixtas com culturas tanto Chinesas como Australianas tanto para lidarem com diferentes clientelas como nas equipas da direcção de topo.

**Palavras chave:** Cultura; China; Austrália; Banca; entrevista

**JEL:** M14; M51

[This page is deliberately left blank.]

## **Acknowledgements**

I would first like to express my gratitude to my tutor Professor Jorge Correia Jesuino of the ISCTE University Institute of Lisbon; you have been a tremendous mentor for me. I would like to thank you for encouraging my research and for all the useful comments and suggestions.

I would especially like to thank Professor Virginia Trigo of the ISCTE University Institute of Lisbon and Ms Vian Ou of Southern Medical University. They gave me a lot of useful guidance for my research during the past few years.

Also, I would like to thank the participants in my survey, who have willingly shared their precious time during the process of interviewing. I am gratefully indebted to their very valuable points of views on this thesis.

Finally, I must express my very profound gratitude to my wife Lanqi Wu and my daughter Livia Yiwen Huang for providing me with unfailing support and continuous encouragement throughout my years of study and through the entire process of researching and writing this thesis. This accomplishment would not have been possible without them. I will be grateful forever for your love. Thank you.

[This page is deliberately left blank.]

# Contents

Chapter 1: Introduction .....	1
1.1 Globalization and the expansion of Sino-Australian relations.....	1
1.2 The rise of China’s local banks .....	2
1.3 China’s local banks overseas expansion.....	5
1.4 Research objective.....	10
1.5 Structure of thesis.....	11
2.1 Culture.....	13
2.2 Measurement of culture.....	14
2.3 Hofstede versus GLOBE.....	15
2.4 Cross cultural comparison between Australia and China.....	21
2.5 Corporate culture .....	23
2.6 Clash between local and foreign cultures.....	24
2.7 Existing literature on local Chinese banks expansion to foreign market .....	27
2.8 Existing literature on the analysis of Chinese culture .....	29
2.9 Research questions .....	35
Chapter 3: Background of research.....	39
3.1 Scope of research .....	39
3.2 Background of Australian banking sector .....	39
3.3 Background of China Merchants Bank .....	42
Chapter 4: Methodology and data .....	45
4.1 Research framework.....	45
4.2 Research instrument .....	45
4.2.1 Questionnaire .....	48
4.2.2 Interview .....	49
4.3 Research design.....	51
4.3.1 Questionnaire design.....	51
4.3.2 Interview design .....	54
4.3.2 Organizational Culture Assessment Instrument .....	56
4.4 Sample population and data selection .....	60
4.5 Analysis of data.....	62
4.6 Pilot study.....	65
4.7 Ethical consideration .....	67
Chapter 5: Results and analysis of findings .....	69
5.1 Retail banking customer experience in Australia.....	69

5.1.1 Data collection .....	69
5.2.2 Demographic analysis .....	70
5.2 Organizational Culture Assessment.....	84
5.2.1 Data collection.....	84
5.2.2 Analysis of result of Organizational Culture Assessment Instrument.....	85
5.3 Interview.....	89
5.3.1 Data collection.....	89
5.3.2 Review of interview responses .....	97
5.3.3 The implication of culture and recommendation for China Merchants Bank...	103
Chapter 6: Summary of dissertation.....	107
6.1 Outline of summary.....	107
6.2 Summary of research.....	107
6.3 Limitation of this research.....	122
6.4 Potential implication and recommendations of the findings .....	124
6.5 Recommendation for future research .....	125
Bibliography.....	127
Webliography .....	135

## List of Tables

Table 1-1 Ranking of the world's top 20 largest banks in 2015 .....	4
Table 1-2 List of top tier China's local banks with presence in foreign countries .....	6
Table 2-2 Summary of the key differences in business practices between China and Australia .....	33
Table 5-1 Analysis of the age group of the participants of the questionnaire .....	71
Table 5-2 Analysis of the gender of the participants of the questionnaire .....	72
Table 5-3 – Analysis of the nationality of the participants of the questionnaire .....	72
Table 5-4 – Analysis of the ethnicity of the participants of the questionnaire .....	73
Table 5-5 Analysis of the education level of the participants of the questionnaire .....	74
Table 5-6 Analysis of the employment status of the participants of the questionnaire .....	75
Table 5-7 Analysis of the frequency of the weekly banking transactions of the participants of the questionnaire .....	75
Table 5-8 – Analysis of the preferred regular bank of the participants of the questionnaire (Note: Participants is allowed to choose only one bank) .....	76
Table 5-9 Analysis of the main reason why the participants selected the choice of preferred regular bank in Table 5-8 above .....	77
Table 5-10 Analysis of the most important criterion that attract the participants to bank with a particular bank .....	78
Table 5-11 – Whether participants enjoy dealing with the bank's officer directly at the branch .....	79
Table 5-12 Whether participants prefer for to interact with bank staff when dealing in banking transaction than using internet banking for similar purpose .....	80
Table 5-13 – Whether customer service experience will influence participants' decision on their choice of bank .....	81
Table 5-14 Whether participants tend to visit bank branch more than two (2) times a week ..	82
Table 5-15 Whether participants enjoy visiting the bank branch to conduct their banking transactions .....	83
Table 5-16 – What are the most important criterion to the participants when choosing a bank .....	84
Table 5-18 Summary of the result of OCAI based on responses obtained from 187 respondents .....	86
Table 5-19 Summary of the result of OCAI based on responses obtained from 46 respondents of China Merchants Bank (Mainland China Branch) .....	87

Table 5-20 Summary of the result of OCAI based on responses obtained from 141 respondents (combination of respondents from Australian banks and overseas branches of Chinese banks) .....	88
Table 5-21 – Summary of the details such as background (nationality and ethnicity), current company, job title and background experience of the nineteen (19) respondents who participated in the interview session of this research .....	90

## **List of Figures**

Figure 1-1 Chinese Banks Go Global - Countries in which China's top five largest banks have overseas presence .....	7
Figure 1-2 Statistic on China's annual outbound merger and acquisition activities up to May 2016.....	8
Figure 1-3 Lending by Chinese banks for global mergers and acquisitions .....	9
Figure 2-1 Comparison of the culture between Australia and China using Hofstede's cultural dimensions.....	22
Figure 2-2 Advertisement by HSBC Bank .....	31
Figure 4-1 Research Framework .....	46

[This page is deliberately left blank.]

## **Chapter 1: Introduction**

### **1.1 Globalization and the expansion of Sino-Australian relations**

The advent of the era of globalization in the early 1990s marked the beginning of a closer interaction and relationship among nations across the globe. Technology advancement which made travelling time shorter and the introduction of global internet network that rendered the speed of communication and interaction around the world almost instantaneous and hassle free provided the platform for a global spatial interaction. The ease of movement and interaction between nations have directly and indirectly spur the growth and development of international trade resulting in an increase in global trade which has contributed to the rise in global economic growth. It is against such globalization backdrop that the relations between Australia and China began to flourish.

The Australia-China relations (also known as Sino-Australian relations) which was initiated more than a century ago began to become closer in the last decade not only because of globalization but also due to both countries' active engagement and participation economically, culturally and politically in numerous global organizations such as East Asia Summit, Asia-Pacific Economic cooperation, World Trade Organizations and G20 (or Group of 20). The relationship between Australia and China has much become more significant especially in terms of economical implication due to the fact that China is now Australia's largest trading partner (Department of Foreign Affairs and Trade, Australia Government). Another key milestone of the Sino-Australia relations is the ratification of the China-Australia Free Trade Agreement on 20 December 2015 which has contributed to the significant growth in goods and services trade and investment opportunities between the two countries. It is premised on the above that there are considerable interests shown by various stakeholders including academicians, economists, politicians, investors, consumer groups and government agencies on the relationship between Australia and China in particularly on how economy stakeholders could leverage on the favorable legal and political environment to drive the economic growth of both countries. However, one important consideration that need to be

considered is the differences in cultural practices between Australia and China. Historically and inherently, as will be discussed in Chapter 2 below, both Australia and China have different cultural practices and such differences may, in one way or another, hinders the economic development and cooperation between both countries, notwithstanding how favorable the legal and political environment may be in support of such development and cooperation.

In terms of economic development and co-operation between Australia and China, there are various sectors in which Chinese investors have shown considerable interest in Australia, for instance, the mining and commodity industry, property development, agriculture and food products and banking and financial sectors. The primary purpose of this research is to analyze the cultural differences between Australia and China. Due to various reasons such as data access and availability, this researcher will focus the scope of the research on the banking and financial sectors and what are the potential challenges and implications of China's local banks' expansion to overseas markets including Australia, in particularly in the area of cultural and how China's local banks' overcome the challenges posed by the difference in culture, if any. As will be explained in detail below, banking and financial sector is an important area in China's economy and is expected to remain as a vital component to drive China's trade and economic growth. This further supports this research's justification for selecting the banking and financial sector to analyze cultural differences between China and Australia.

For a better understanding of the cultural practices of China's local banks, a brief introduction on the history of banking industry in China and the significance of the role of Chinese banks is presented below.

## **1.2 The rise of China's local banks**

In a recent publication by S&P Global Market Intelligence on the latest global bank rankings, four China's local banks, namely, Industrial & Commercial Bank of China Limited ("ICBC"), China Construction Bank Corporation ("CCB"), Agriculture Bank of China Limited ("ABC") and Bank of China Limited ("BOC") have been named as the world's top

four largest banks in 2015 in terms of total assets held (Bratton & Chaudhary, 2016). The recognition accorded to these four local Chinese banks marks a sharp rise in the fortunes of China's local banks in the global banking scene, where almost a decade ago, China's local banks were only considered as mid-tier ranking banks in terms of size, and the highest ranked China's local bank in 2005 was ICBC at 26<sup>th</sup> spot (Global Finance, 2005). Previously, the annual ranking of the world's top largest banks was predominantly occupied by more established western banking behemoths such as UBS AG, Citigroup Inc., HSBC Holdings plc, The Royal Bank of Scotland plc and BNP Paribas. However, in recent years, China's local banks have dominated the world's largest banks annual banking table while the western banking giants have slipped down the rank (see Table 1-1 below).

The emergence of four local Chinese banks as the world's top four largest bank signals two significant global banking trend. First, this herald the emergence of local Chinese banks and most importantly China's banking sector as a new global banking force, and second this could presage the beginning of a shift in the global banking dominance from the Western countries to the Eastern nations. The rise of China's local banks as the new global banking force is attributed to various factors. Historically, it all began in 1978 when the Communist-led government of China decided to liberalize China's economic policy from a closed government-controlled economy to an open market-driven economy. As a result of the economic liberalization, China's Gross Domestic Product (GDP) experienced an astounding growth post-1978. Hu and Khan (1997) from the International Monetary Fund noted in their working paper that China's average real growth post-1978 is more than 9% per annum and in several peak years, the average real growth hit above 13%.

During the initial period of reform, China, being a developing nation with limited access to capital market, relies heavily on the banking sector to drive its economic growth (Tan, 2016). The role of the banking sector in China is to facilitate the inter-mediation of funds from savers or investors to businesses. Proper funding channeled to these businesses ensured that these businesses continue to grow and thus contribute to the overall growth in the Chinese economy. Taking cognizance of the vital role performed by the local banking sector,

the Chinese government has, over the years, introduced numerous initiatives to liberalize, reform, support and innovate the banking sector.

Table 1-1 Ranking of the world's top 20 largest banks in 2015

<b>Ran king</b>	<b>Bank</b>	<b>Headquarter</b>	<b>Total Assets (US\$B)</b>	<b>Ranking Movement (2005-2015)</b>
<b>1</b>	ICBC	China	3,420.57	25 Up
<b>2</b>	CCB	China	2,826.04	35 Up
<b>3</b>	ABC	China	2,740.09	33 Up
<b>4</b>	BOC	China	2,589.80	No data
<b>5</b>	Mitsubishi UFJ Financial Group Inc.	Japan	2,458.74	12 Up
<b>6</b>	HSBC Holdings Plc	UK	2,409.66	2 Down
<b>7</b>	JPMorgan Chase & Co.	US	2,351.70	1 Up
<b>8</b>	BNP Paribas SA	France	2,165.95	2 Down
<b>9</b>	Bank of America Corp.	US	2,144.32	3 Up
<b>10</b>	Credit Agricole Group	France	1,845.18	5 Down
<b>11</b>	Wells Fargo & Co	US	1,787.63	33 Up
<b>12</b>	Deutsche Bank AG	Germany	1,769.45	3 Down
<b>13</b>	Citigroup Inc.	US	1,731.21	11 Down
<b>14</b>	Japan Post Bank Co. Ltd.	Japan	1,730.31	No Data
<b>15</b>	Barclays Plc	UK	1,650.72	2 Down
<b>16</b>	Mizuho Financial Group Inc.	Japan	1,625.47	14 Down
<b>17</b>	Sumitomo Mitsui Financial Group Inc.	Japan	1,558.32	Stay
<b>18</b>	Banco Santander SA	Spain	1,455.70	1 Up
<b>19</b>	Societe Generale SA	France	1,449.32	2 Down
<b>20</b>	Groupe BPCE	France	1,267.01	No Data

Source: S&P Global Market Intelligence (2016)

Prior to 1978, the China's banking sector practices a socialist and mono-banking system whereby the sole bank in China, People's Bank of China (PBOC) performs the dual role as the central bank and commercial bank. After the liberalization of the economy, PBOC maintained its central bank function but ceded its commercial banking function to four established specialized state-owned banks – namely ABC, BOC, CCB and ICBC (Okazaki,

2007). Subsequently, the Chinese government expanded the banking network by establishing Joint-Stock Commercial Banks, Rural Credit Cooperatives and Urban Credit Cooperatives to serve designated economic zones and both the rural and urban areas. In the last four decades, the banking sector in China has expanded from a mere one bank in 1978 to more than few hundred banks and financial institutions. China's banking sector has also fully evolved and developed over the years through the introduction of a new Commercial Law legislation in 1995 and the China Banking Regulatory Commission in 2003 which further strengthens the regulatory and supervisory framework of China's complex banking sector (Jiang & Zhang, 2009). This boosts investors' confidence in China's banking sector and this is reflected in the successful listing of many of the local Chinese banks on the local stock exchanges. According to the report by Klynved Peat Marwick Goerdeler (KPMG Consulting Inc.) (2016), as of 2016, there are a total of 16 local Chinese banks that are listed on the stock exchanges.

It is interesting to note that the rise of China's local banks to top of the global banks chart coincides and is in tandem with the rise of China as one of the global economic powerhouse. Rapid economic growth enjoyed by the Chinese economic after China's entry into the World Trade Organization (WTO) in 2001 directly propelled China to overtake Japan to become the second largest global economy behind United States of America. As trading volume between China and the rest of the world multiplies, foreign investors increased their investments in China while at the same time local Chinese companies began to seek for new opportunities in overseas markets outside China. The continuous flow of trade and investments in and out of China creates more demand for cross-border banking transactions and China local banks took this opportunity to expand internally and to external overseas markets to cater to this growing demand.

### **1.3 China's local banks overseas expansion**

In recent years, local Chinese banks have been expanding aggressively to overseas market (Jiang, 2015). According to the history of BOC which can be found at BOC's own web page, local Chinese banks have begun their overseas expansion as early as the 1920s. Based on historical records, BOC is the first local Chinese bank to establish a branch outside

of China, with its first overseas branch being established in London in 1929. During the initial stage of economic reform, BOC plays a pivotal role as the intermediary between China and foreign countries where it is responsible to manage foreign trade and currency exchange using its network of foreign branches. After the liberalization of China's economy, in particularly after China's entry into the WTO, many local Chinese banks began to expand their presence in overseas market (see Table 1-2 below). For instance, ICBC's first foray into the overseas market began with a representative office in Singapore in 1992 and this is followed by a presence in Europe through a headquarters in Luxembourg in 1999 (ICBC, 2016). In recent years, ICBC has expanded aggressively to overseas market and now has more than 330 branches in 42 different countries (Jiang, 2015). However, not all local Chinese banks have overseas presence. As shown in Table 2, China's local banks' expansion in foreign markets is primarily dominated by the top four banks (ICBC, CCB, ABC and BOC) while many of the other local banks either have a small presence in foreign countries or have no presence at all.

Table 1-2 List of top tier China's local banks with presence in foreign countries

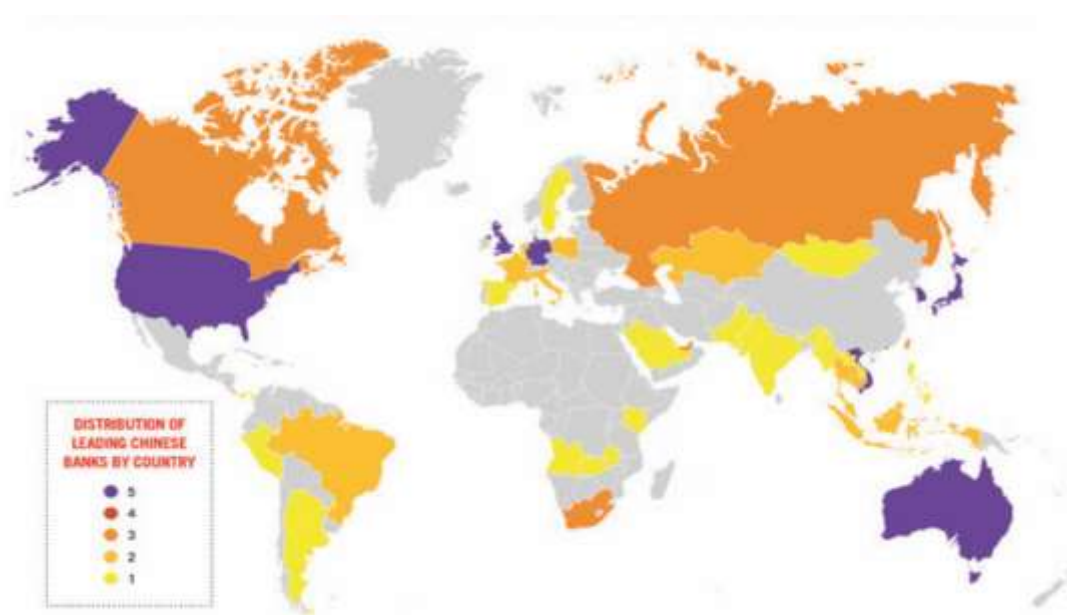
<b>Banks</b>	<b>No. of Foreign Countries with Presence</b>
<b>ICBC</b>	42 countries
<b>CCB</b>	28 countries
<b>ABC</b>	17 countries
<b>BOC</b>	46 countries
<b>Bank of Communication</b>	13 countries
<b>China Citic Bank Group</b>	3 countries
<b>China Merchants Bank</b>	3 countries

Source: Annual Report 2015 of the respective banks and publicly available data, 2016

China's rapid expansion to markets outside China is fueled not only by the growing demand for cross-border banking facilities but also by the high profitability offered by overseas markets. ICBC, which has been aggressively pursuing an internationalization strategy to expand its overseas exposure saw total realized net profit for its overseas institutions gained 41% year on year to US\$1.203 billion, which is substantially higher than the contribution from its domestic institutions (ICBC, 2016). The rise in profit contribution from its foreign entities in overseas market is certainly a welcome addition to ICBC's bottom line as the

waning of China's impressive economic growth in recent years has affected the financial performance of China's local banks. Chuin-Wei (2016) reported that the financial performance of some of China's biggest banks have deteriorated in 2015 with ICBC, BOC and CCB posted nearly flat profit compared with industry growth rate of around 40% in 2012. The deterioration in financial performance is attributed by the slowing China's economy and higher non-performing loans write off.

Figure 1-1 Chinese Banks Go Global - Countries in which China's top five largest banks have overseas presence



Source: Calkins, 2013

Note: Some of the banks have further expanded their overseas presence in the last few years

In view of the economic slowdown in China, many of the local banks in China began to focus more on their overseas operations to diversify their revenue and profitability (Jiang, 2016). At the same time, the banking sector in China has become more saturated and competitive due to foreign banks entry into the local Chinese banking sector and over-expansion by the local Chinese banks, and these become the push factors that drive local Chinese banks to turn their attention to overseas market to maintain their revenue growth and profitability.

The growing demand for local Chinese bank services in overseas markets is also pull factor for local Chinese banks' overseas expansion. In recent years, local Chinese conglomerates have been busy snapping up foreign companies and assets and this provides the opening for local Chinese banks to offer their services to these local Chinese conglomerates either as a financier or adviser to the transactions. Recent foreign acquisitions by local Chinese conglomerates in 2016 include the US\$3.5 billion acquisition of United States based Legendary Entertainment by Dalian Wanda Group, the purchase of a majority holding of a stake in Inter Milan football club by Suning Holdings for €270 million, and the US\$43 billion takeover of Switzerland-based Syngenta AG by China National Chemical Corp. According to the research firm Dealogic, as at May 2016, Chinese firms have struck US\$110.8 billion in overseas deal, which is more than the US\$106.8 billion overseas deals recorded in the whole of 2015 (Grocer, 2016) (refer to Figure 1-2 below).

Figure 1-2 Statistic on China's annual outbound merger and acquisition activities up to May 2016

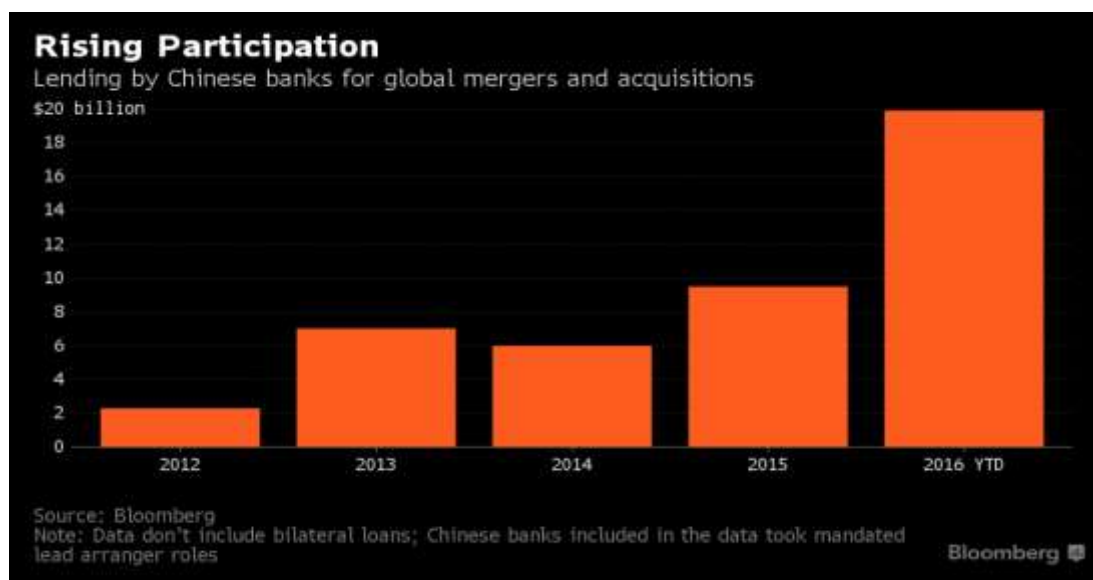


Source: Grover, 2016

The continuous growth in outbound merger and acquisition activities by local Chinese companies in recent years coincide with the massive expansion of some of the top local

Chinese banks to overseas markets. Currently, only the top four local Chinese banks with their expanded overseas banking network are able to capitalize on the opportunity to serve these local Chinese businesses in their overseas business expansion plan. Taking cognizance of the huge profit contribution from overseas markets and potential business opportunities brought by the growing overseas transactions by local Chinese companies, many of the local Chinese banks, especially the mid-tier banks began to shift their strategy to include overseas markets as part of their expansion plan. According to Tu and Wei (2016), although BOC is still leading financier for merger and acquisitions activities by Chinese companies, the second-tier banks in China are slowly jumping into the merger and acquisition financing bandwagon. For instance, China Citic Bank took the lead in the US\$12.7 billion loan to assist China National Chemical Corp's purchase of Syngenta AG in June 2016, and China Merchants Bank helmed a US\$3 billion loan to finance the privatization of formerly New York-listed China based company, Qihoo 360 Technology Co in July 2016 (Tu and Wei, 2016). Bloomberg's data in Chart 3 below shows the drastic rise in lending by Chinese bank for global merger and acquisitions in the last 5 years.

Figure 1-3 Lending by Chinese banks for global mergers and acquisitions



Source: Bloomberg, 2016

In pursuit of such expansion strategy, many of the Chinese local banks face numerous hurdles and challenges in managing their expansion plan. In a research conducted by Deloitte

(2014), some of the challenges faced by emerging markets-based banks when expanding beyond their borders include, among others, language barriers, culture differences, lack of talent, and regulations hurdles. Of all these challenges, the chairman of ICBC considers cultural integration to be a key obstacle that needs to be overcome by local Chinese banks during their overseas expansion in order to achieve the highest level of operational efficiency from their overseas businesses (Jiang, 2015). It was pointed out that differences in languages employed and mindset between the banks' Chinese employees and local employees from the host country might hinder cultural integration between the Chinese banks and their overseas institutions (Jiang, 2015).

## **1.4 Research objective**

The advent of the era globalization marked the fostering of a close relations between Australia and China especially in relation to bilateral trade and investment. The emergence of China as Australia's main trading partner and the signing of China-Australia Free Trade Agreement heralded a new wave of opportunities for Chinese companies to invest in Australia. However, cultural differences between Australia and China may pose a threat to Chinese companies which intend to invest in Australia. Therefore, the primary objective of this research is to analyze the cultural difference between Australia and China and consider various aspects to mitigate and minimize such cultural differences to ensure a successful trade, investment and co-operation between both countries. To achieve this research objectives, the scope of the research has been narrowed down to banking and financial sectors in particular of local Chinese banks seeking to expand their presence to Australia, details of which are as follows.

Considering the many challenges faced by local Chinese banks in their quest for overseas expansion, it is therefore important for local Chinese banks to identify, understand, research and manage the obstacles posed by these challenges. One of the many challenges faced by local Chinese banks when expanding to overseas market is the difference in culture between the Chinese bank and the overseas host nation. Difference in culture may present numerous issues such as language barrier, incompatible style of work and dis-integration of

employees, which could potentially affect the morale of the employees resulting in an inefficient organization. An inefficient organization will potentially likely lead to higher administrative cost and lower profit to the banks. Therefore, it is important that local Chinese banks with overseas presence to take appropriate steps to manage any cultural differences that may exist between the main local Chinese entity and its overseas entities.

This research purports to analyze issues relating to cultural differences that may exist when local Chinese banks expands their presence to overseas market and determine if such cultural differences could be managed through human resource management. This researcher aims to research on whether the appointment of Chinese employees as expatriates in the overseas entities of Chinese local banks would be useful to bridge the gap in cultural differences between the Chinese culture and the foreign culture.

## **1.5 Structure of thesis**

This dissertation is structured as follow. This Chapter One (Introduction) merely sets out a brief background of the history of the establishment of the banking industry in China and how the banking sector develops in tandem with the rapid economic growth experience by China in the last two decades and how this also contributed to the development of the Sino-Australia economic relationship. It is through such background that the objective of this research and the reason for selecting such research objective could be properly explained. In Chapter Two (Literature Review), a detailed analysis of all existing literatures in the area of culture in particularly on the comparison on the different perspectives on the analysis of cultural dimension (GLOBE v Hofstede) and cross-cultural comparison between Australian and China. In Chapter Three (Background of Research), this chapter provides a brief introduction to the Australian banking sector and also history of China Merchants Bank, both of which are the main subject target for this research. Chapter Four (Methodology and Data) sets out the various different research methodologies in the acquisition of data and also how data to be used for the analysis of this research is to be collected and subsequently analysed. In Chapter 5 (Results and Analysis of Findings), the results of the analysed data are presented and subsequently interpreted accordingly in order to provide a reply to the relevant research

questions and also to achieve the objective of this research. Chapter 6 (Summary of Dissertation) provides a succinct summary of the overall research and also the limitation of this research and potential recommendations to future researchers who are interested to undertake research in the same or similar area.

## **Chapter 2: Literature review**

### **2.1 Culture**

Hofstede (1980) defines culture as a collective programming of the human mind that differentiates individual members of a society from another. Schwartz (1994) and Hofstede (2001) view culture as a set of norms, beliefs, expected behaviours and shared values that shape individuals' lives and also guide their daily activities. The original definition of culture was believed to have been provided by Tylor (as cited in Zolfaghari, Mollering, Clark & Dietz, 2016) to mean "that complex whole which includes knowledge, belief, art, law, morals, custom and any other capabilities and habits acquired by man as a member of society". Cultural values reflect what are deemed to be acceptable or unacceptable, legitimate or illegitimate, ethical or unethical, good or bad within social context and this provides a benchmark to members of the society to behave while at the same time makes sense of the behaviours of other members of the society (Hofstede, 2001; Zolfaghari et al., 2016). However, Zwikael, Shimizu & Globerson (2005) believe that culture is a collective phenomenon because it is shared and practiced by individuals who live or came from the same society. Culture is simultaneously manifested and interpreted in a particular social context, and often in relation to other individuals (Zolfaghari et al., 2016). As such, different societies may have their own distinctive cultures. For instance, the Western culture is distinct from the Eastern culture and within the Eastern culture, Japanese individuals practice different culture compared to that of Chinese or Indian. Even within a particular society, individuals may be influenced by different "cultural spheres" that exist as a result of an individual's nationality, religion, work environment, and profession (Schneider & Barsoux, 2003). In the words of Breidenbach and Nyiri (2009, p.9) 'Culture –or rather cultural difference – is now held to be the main explanation for the way the human world functions' and as such, the understanding of culture is paramount in fostering a better understanding of human behavior.

## 2.2 Measurement of culture

Based on the various definitions of culture set out in Chapter 2.1 above, many attempts have been made to define culture. Culture, just like its form, is subjective by nature and as such difficult to be defined and expressed in words. Similarly, it is also difficult, if not impossible to measure and quantify culture. According to Kroeber and Kluckhohn (1952), one feasible way to measure culture is through value mapping, and one of the popular value mapping method is the Hofstede's cultural dimension (Hofstede, 1980). Although Hofstede's cultural dimension was introduced more than three decades ago, it is still a relevant and influential methodology and theory that have been and are still being employed by academicians, researchers and practitioners who are analyzing culture. Hofstede's (1980) original cultural framework consists only of four (4) cultural dimensions, namely, individualism, uncertainty avoidance, power distance, and masculinity/femininity. Hofstede's cultural framework was later expanded to include short term/long term orientation as the fifth dimension (Hofstede, 1991) and Indulgence and Restraint as the sixth dimension (Hofstede, 2011).

Subsequent to Hofstede's ground breaking work in the analysis of cultural values, several major cross-cultural projects have been conducted by other researchers which yielded in the identification and introduction of new measures of cultural values. For instance, Schwartz (1994) has identified seven cultural level dimensions – namely, Conservatism, Intellectual Autonomy, Affective Autonomy, Hierarchy, Egalitarian Commitment, Mastery and Harmony. Smith, Dugan and Trompenaars (1996) have also proposed two value dimensions at cultural level from their research in forty-three countries – namely Egalitarian Commitment vs Conservatism, and Utilitarian Involvement vs Loyal Involvement. Analyses conducted by Smith and Bond (1998) on these various cultural value surveys found that the results from these surveys are almost similar and converges at similar points and this supports the validity of cultural dimensions introduced by Hofstede (1980) in his initial studies on culture. There are also other similar cultural measures instruments proposed in researches by Triandis (1995), Kluckhohn and Strodtbeck (1961) and McClelland (1985).

In 2005, House, Hanges, Javidan, Dorfman and Vipin (2005) conducted the Global Leadership and Organizational Behavior Effectiveness (also known as GLOBE) study of national cultures and have introduced 9 dimensions of culture – namely, Power Distance, In-group Collectivism (previously known as Family Collectivism), Institutional Collectivism, Uncertainty Avoidance, Future Orientation, Gender Egalitarianism, Assertiveness, Performance Orientation and Humane Orientation. The GLOBE study is touted as one of the major work on the analysis of cultural values after the Hofstede's cultural dimensions (Brewer, 2008; Brewer and Venaik, 2014; Javidan, House, Dorfman, Hanges and de Luque, 2006). There are various school of thoughts when it comes to comparing between the GLOBE study cultural dimensions and Hofstede's cultural dimensions, and a detailed discussion on such comparison between these two dimensions is presented below. Although there are various measures introduced by researchers to measure cultural values, the two measures most frequently cited and referred in previous researches on the study of culture are the Hofstede's cultural dimensions and Hofstede's cultural dimensions and as such, detailed discussion on these two dimensions are warranted.

### **2.3 Hofstede versus GLOBE**

From an analysis of the existing researches conducted in the past on culture values, majority of the researches employ either Hofstede's cultural dimension or GLOBE cultural dimensions or both (Alon Lerner and Shoham, 2016; Brewer, 2008; Brewer and Venaik 2010; Brewer and Venaik, 2011; Calza, Cannaval and Tutore, 2016; Choi, Im and Hofstede, 2016; Clark, Quast, Jang, Wohkittel, Edwards and Novornusvakool, 2016; Kustin, 2006; Minkov, Bond and Blagoev, 2015; Rode, Huang and Flynn, 2016). Prior to the introduction of GLOBE cultural dimensions in 2005, Hofstede's cultural dimensions were the undisputable leading cultural values measures adopted by researchers. However, after the introduction of GLOBE cultural dimensions, it has attracted a number of followers who preferred to employ GLOBE cultural dimensions that Hofstede's. In order to present a detailed comparison between Hofstede's and GLOBE's cultural values, it is imperative that the background of these two

cultural values are discussed first to provide a clear understanding on the features of these cultural values and what they sought to measure.

### Hofstede's Cultural Values

Hofstede's cultural dimensions were derived based on a large-scale survey conducted on IBM employees in various nations throughout the world (Hofstede, 1980). A total of approximately 117,000 questionnaires were distributed in sixty-six countries and from the analysis of the results from the responses obtained in the questionnaires, Hofstede introduced four original cultural dimensions to characterize and explain a country's national culture (Hofstede, 1980). The four cultural dimensions - Individualism, Uncertainty Avoidance, Power Distance and Masculinity and Feminism – are discussed in detail below.

The first cultural dimension is Individualism, which relates to the nature of the relationship between an individual and the group. Franke, Hofstede & Bond (1991, p. 166) describes individualism as “the tendency of individuals primarily to look after themselves and their immediate families and its inverse is the integration of people into cohesive groups”. In high individualism society, decisions are made by individuals and this signifies greater emphasis on individual achievements, self-orientation and autonomy (Hofstede, 2001). Individualistic society are often characterised with high level of overconfidence and high risk-taker (Kanagaretnam, Lim & Lobo, 2014). The other end of individualism is collectivism where decisions are made on collective or group basis and collective society places greater concern on other stakeholders' welfare (Thomas, Au & Ravlin, 2003; Kanagaretnam et al., 2014). Research by Hofstede et al. (2010) indicates that individualism index scores tend to be higher in developed and Western countries while collectivism is more prevalent in less developed and Eastern countries.

The second cultural dimension is Uncertainty Avoidance. It is a measure of the extent to which society is able to tolerate any anxiety or uncertainty resulted from future events (Lievre & Tang, 2015). Hofstede (1980) opines that in a society with high uncertainty avoidance culture, individuals in the society that feel threatened by uncertainty and ambiguity situations may react to guard against and avoid these situations. Generally, uncertainty avoidance culture tries to avoid or minimize any unknown, unexpected or unstructured situations by

enacting and implementing strategies, strict laws and rules, and safety and security measures (Okpara, 2014; Chiaburu, Chakrabarty, Wang & Li, 2015). Research by Hofstede (2010) indicates that uncertainty avoidance index tend to be higher in East and Central European countries, in Latin countries, In Japan and in German speaking countries, lower in English speaking, Nordic and Chinese culture countries.

The third cultural dimension is Power Distance. It is a measure of the extent to which society is able to accept the hierarchical distance or the inequality of power that exists between individuals within the society (Lievre and Tang, 2015). Hofstede (1980, p. 45) defines power distance as “the extent to which a society accepts the fact that power in institutions and organizations are distributed unequally”. Individuals in society that exhibit high level of power distance culture; unequal distribution of power and social inequalities are considered as societal norm (Hofstede, 2001; Okpara, 2014) and are submissive to those in a higher and respectable positions within the society (Chaiburu et al., 2015). Research by Hofstede (2010) indicates that the power index scores tend to be higher for East European, Latin and Asian countries and lower for Germanic and English-speaking Western countries.

The fourth cultural dimension is distinction between masculinity and feminism. According to Hofstede (2001, p. 284), the cultural distinction between masculinity and feminism relates to the “dominant gender role patterns in the vast majority of both traditional and modern societies” and whether the society is influenced by the “male assertiveness” or “female nurturance” value. Lievre and Tang (2015) view masculinity as a reflection of a society that values competition and success while feminism to represent a society that values compromise, quality of life and personal relationship. Research by Hofstede (2010) indicates that masculinity index score is high in Japan, in German speaking countries and in some Latin countries but it is moderately high in English speaking Western countries and it is lower in Nordic countries and in the Netherlands and moderately low in some Asian countries.

The fifth cultural dimension is the time horizon behaviour or also known as the distinction between short-term and long-term behaviour. This fifth dimension was added into Hofstede cultural framework in 1991 and is based on a study of students’ values in twenty-two countries around the world using a Chinese Value Survey proposed by a

researcher named Michael Harris Bond (Minkov and Hofstede, 2012). The result of this Chinese Value Survey which contained items found in the teachings of Confucian was initially named as “Confucian Work Dynamism” by Michael Harris Bond (Chinese Culture Connection, as cited in Minkov and Hofstede, 2012) but was later renamed as “Long versus Short-Term Orientation” by Hofstede (1991). Hofstede (as cited in Okpara, 2012) considers long-term orientation to be focus on the future while short-term orientation to be focus on the past and the present. Premised on these, Hofstede (as cited in Okpara, 2012) viewed long-term oriented societies to place greater emphasis on pragmatic virtues leaning towards future benefits such as flexibility to adapt to potential changes and persistence and short-term oriented societies to focus more on past and present responsibilities such as national pride and societal responsibilities. Research by Hofstede (2010) indicates that East Asian countries, Eastern and Central European countries are long-term oriented societies while United States, Australia, Latin America, Africa and Muslim countries are short-term oriented societies.

The sixth cultural dimension, which was introduced only in 2010 is the distinction between Indulgence and Restraint (Hofstede, 2011). According to Hofstede (2011, p. 15), indulgence represents a society “that allows relatively free gratification of basic and human desires relating to enjoying life and having fun” while restrain represents a society “that controls gratification of needs and regulates it by means of strict social norms”. Research by Hofstede (2010) indicates that indulgence score index is higher in South and North America and in Western Europe while restrain score index is higher in Eastern Europe, in Asia and in the Muslim countries. Despite the introduction of this sixth cultural dimension, review of existing researches that employ Hofstede’s cultural dimension indicates that many of researchers completely neglect and omit this sixth cultural dimension from the scope of their research. Researchers generally only refer to the other five Hofstede’s cultural dimensions.

Hofstede’s cultural dimension is premised on the basis that individuals from all over the world are guided by different attitudes, beliefs, customs, morals and ethical standards (Hofstede, 1980; Hofstede, 2001).

### GLOBE's Cultural Values

The GLOBE cultural dimensions were derived from a major study, known as GLOBE study conducted by House, Hanges, Javidan, Dorfman and Vipin (2005). The GLOBE study consists of interview and survey data compiled by more than 160 researchers from more than 17,000 managers belonging to 62 different societies all over the world. The 62 societies were grouped into 10 different cultural groups based on a variety of underlying differences grounded on literature (Brewer, 2008). The GLOBE study developed nine cultural dimensions based on the data collected from the study and a summary of the cultural dimensions as compiled and provided by Brewer (2008) and Alon, Lerner and Shoham (2016) are as follows:

Table 2-1 The definition and feature of GLOBE cultural dimension

GLOBE Cultural Dimensions	Definition and Feature
Assertiveness	The degree to which individuals are assertive, tough, dominant and aggressive.” (Den Hartog, 2004:395)
Future Orientation	“The degree to which individuals ... engage in future-oriented behaviors such as planning, investing ... and delaying... gratification” (House and Javidan, 2004:12)
In-group Collectivism	“The degree to which individuals express pride, loyalty and cohesiveness in their organizations or families” (House and Javidan, 2004:12)
Institutional Collectivism	“The degree to which organizational and societal institutional practices encourage and reward collective distribution of resources and collective action” (House and Javidan, 2004:12)
Performance Orientation	“Reflect the extent to which a community encourages and rewards innovation, high standards and performance improvement” (Javidan, 2004: 239)
Power Distance	“The extent to which a community accepts and endorses authority, power differences and status privileges” (Carl et al., 2004:513)
Uncertainty Avoidance	“The extent to which ambiguous situations are threatening to individuals, to which rules are preferred and to which uncertainty is tolerated” (de Luque and Javidan, 2004:602)
Gender Egalitarianism	The degree of support for gender equality (Brewer, 2008)
Humane Orientation	The degree to which people are altruistic and caring (Brewer, 2008)

The measure of culture in GLOBE dimensions is based on the differentiation between cultural values and practices and the view that culture is more than just a set of values but rather a combination of the theoretical values and actual practice in which members of a particular society or culture handle their collective challenges (Javidan, House, Dorfman, Hanges and de Luque, 2006). Javidance, House, Dorfman, Hanges and de Luque (2006) differentiated between values and actual practice by stating that the former describes what the respondents feels 'should be' which the latter represents what the respondents feels 'is'. Therefore, according to Minkov and Blagoev (2012), each of the GLOBE's cultural dimensions can be measured in two different aspects – the first is from the view of society as it should be, and the second is from the view of society as it is. Premised on this, Minkov and Blagoev (2012) is of the view that the GLOBE cultural framework has eighteen (18) dimensions and not just nine (9) dimensions.

#### *Comparative Analysis of Hofstede's and GLOBE's Cultural Dimensions*

Prior to the introduction of GLOBE's cultural dimensions, Hofstede's cultural dimensions is the *de facto* primary measures to evaluate and assess cultural values. However, with the introduction of GLOBE's cultural dimensions, there is now an alternative measure and assessment of cultural values. The introduction of competing cultural dimensions inevitably leads to comparative analysis of these two cultural dimensions. There is in fact few similarities found in these two cultural dimensions but more often than not, researchers analyzing and measuring cultural values tend to differentiate between these two dimensions and have the tendency, due to various of reasons, to prefer one dimension over the other.

One of the main critics of the GLOBE's cultural dimensions is none other than Hofstede himself. Hofstede (2010) is of the view that GLOBE's cultural dimensions is merely an extended version of Hofstede's five cultural dimensions. According to Hofstede (2010), GLOBE's cultural dimensions maintained three of Hofstede's dimensions – namely, Power Distance, Uncertainty Avoidance and Long Term Orientation – although Long Term Orientation was relabeled and renamed Future Orientation. GLOBE's study, as claimed by Hofstede (2010) split the Individualism- Collectivism dimension into two new dimensions – Institutional Collectivism and In-Group Collectivism, and has replaced Masculinity-Feminism dimension with four new dimensions – Assertiveness, Performance Orientation, Gender

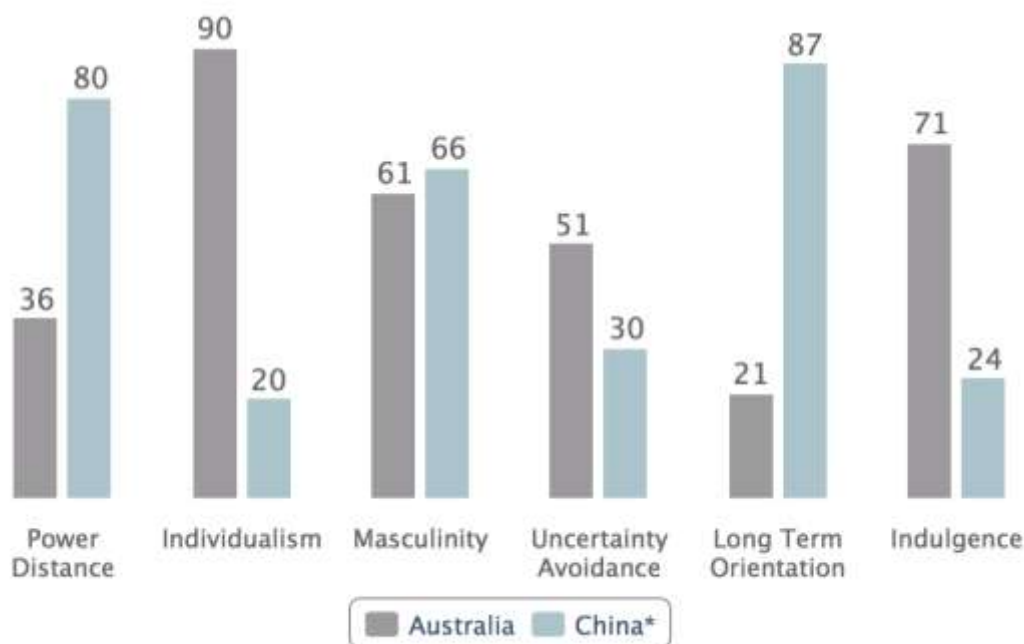
Egalitarian, and Humane Orientation. Besides being a mere extension of Hofstede's cultural dimensions, Hofstede (2010) argued that GLOBE cultural dimensions which attempt to measure culture value at individual level is not possible to be achieved and therefore, raises the question on what GLOBE cultural dimensions really measure. In addition, Hofstede also argued that some of the measurements introduced in GLOBE's cultural dimensions are vastly different from Hofstede's cultural dimensions despite the identical label attached to both dimensions (Minkov & Blagoev, 2012).

## **2.4 Cross cultural comparison between Australia and China**

China and Australia have different cultures emanating from their differences in terms of religion, social customs, language, life style and economy dependence (Xie, Guo & Wang, 2010). According to Tong and Mitra (2009), Wang et al., (2012), Giannakis, Doran & Chen, (2012) and Li, Cheng, Beeton, Sigler & Halog, (2016), traditional Chinese culture is influenced by ancient China philosophers such as Confucianism, Taoism, Legalism and Buddhism. Chinese traditional philosophies contributed to various norms such as harmony, morality, ritual and benevolence, all of which are the guiding principles of China's way of life for many centuries (Shambaugh, 2011). Based on these principles, Chinese places greater emphasis on values relating to collectivism, respect, hard work and filial piety (Chen and Miller, 2010; Wang et al., 2012; Xie et al., 2010; Li et al., 2016). As a result of these values, people focus and relationship building are important characteristics of Chinese culture, from which the concept "Guanxi" (The term "Guanxi" has no equivalent meaning in English but it refers to beneficial relationship between two parties and this term is usually used in business context.) and trust emanates (Ambler and Witzel, 2000; Pun, Chin & Lau, 2000; Giannakis, Doran & Chen, 2012).

Australian cultures, which is largely influenced by Western tradition, is contrastingly different from Chinese culture. Guo (as cited in Xie et al., 2010) regard Australia to be characterized by individualism and democracy freedom. In essence, Australian culture encourages individuals to be self-centred and act independently to compete freely with other individuals and strive to achieve their personal individual goals.

Figure 2-1 Comparison of the culture between Australia and China using Hofstede's cultural dimensions



Source: Hofstede's cultural dimension mode 2016

From Figure 2-1 above, it can be summarized that China recorded higher score for power distance (80) and long term orientation (87) compared to Australia (36 and 21), and Australia scored higher than China in terms of individualism (90 vs 20), indulgence (71 vs 24) and uncertainty avoidance (51 vs 30). For masculinity, both Australia and China are within similar range score (61 vs 66). Based on the results obtained, higher power distance score for China means the Chinese are able to tolerate and accept power inequality in society and have more respect to higher authority compared to Australians. Besides that, the Chinese have higher collectivism compared to Australians. This means that Chinese places greater emphasis on “we” instead of “I” and on team achievement while Australians are more self-centred and prioritize self-achievement over team achievement. Higher indulgence score also means that Australians prefer a carefree and enjoyable lifestyle compared to the Chinese who have a more restrictive and conservative lifestyle. In addition, Australians are short-term oriented while the Chinese are long-term oriented. This indicates that the Chinese are more pragmatic

and takes a long-term view and plan for the future while Australians are more concerned with the past and present obligations.

## **2.5 Corporate culture**

There are various definitions of corporate culture. Weber, Schenkar & Raveh (1996) defines corporate culture as the beliefs and values shared by a company's senior managers with regard to appropriate business practices. In a similar vein, Schein (1985) and De-Lara and Ting-Ding (2016) also considers organizational cultural to be a pattern of shared basic value, belief and practice which the organization adapt in their daily operation and which are taught to individuals within the organization for them to fully understand how the organization functions. In essence, Weyland (2011) regard corporate culture to reflect the values and behaviours of an organization and these values and behaviours are embodied in the organization's policies, mission statements and corporate charter.

According to Recht and Wilderom (1998), individuals from different cultural backgrounds have different values and norms that may influence their attitudes and priorities on issues relevant to an organization. Since corporate culture is deemed as the by-product of a collection of beliefs, values and practices of individuals within that particular organization, the culture of these individuals will influence the organization's corporate culture. In any normal social environment, it is important for any individual to be able to accept, embrace and manage any potential cultural differences or conflict that exist between that individual with the society in order to ensure and maintain harmonious working relationship between the parties. The same applies to any organization. Although it is imperative to recruit employees with the right set of skills, knowledge and experience for the job, Weyland (2011) argued that the ability of the employees to match their values, beliefs and behaviours with that of the organization will increase not only the employees' productivity level but also ensure the success of the organization.

Essentially, Weyland (2011) is of the view that an employee that has values similar to the organization's corporate culture is more likely to be committed, better performer, loyal

and dedicated in his or her work. However, in reality it is very difficult for organizations to be able to search for employees that share similar values with the organization's culture. Even if an employee does not, at the initial stage of his or her employment, shares similar value with the organization's culture, the existence of a corporate culture within the organization can influence an employee's attitudes and behaviour by driving him or her to adapt to the organizational culture and drive towards the common organizational growth (Gupta, 2011).

Although different organizations generally adopt and practice different corporate cultures, organizations within the same community may have similar corporate culture. Zwikael, Shimizu & Globerson, (2005) pointed that culture is a collective phenomenon where it is at least partly shared by those who came from the same social background. Therefore, organizations that originate from or are established in the same community or social environment are likely to share similar corporate cultures, partly attributing to the similarity in culture of the individuals that made up these organizations. Premised on this, it can presume that Chinese organizations, in particular local Chinese banks, which are subject to strict regulations and requirements by the Chinese government, have corporate culture that are heavily influenced by the Chinese culture and tradition.

## **2.6 Clash between local and foreign cultures**

The last few decades saw the advent of the era of globalization where local nationalized corporations began to expand their presences in the global and foreign market through the establishment of a presence in foreign country either via new subsidiary, joint venture or even acquisition of interest (Barkema, Bell & Pennings, 1996). The expansion of these local corporations into new foreign markets presents great uncertainty to these corporations as they lack the necessary knowledge, information and experience in evaluating and managing both the potential issues and opportunities that arises in their foray into new uncharted territories (Henisz and Delios, 2001). One of the main challenges faced by organizations when expanding to foreign markets is the existence of cultural barrier (Barkema et al., 1996).

Many of the organizations with global presences, in particular those multinational corporations, often have to deal with cultural issues where these organizations have to face two different cultures – one is the culture of the country of origin and the other is culture of the country where the foreign subsidiary is located at (Angles, 2013). Better understanding of the foreign culture of the country where the subsidiary is located at is imperative to ensure the success of the subsidiary. If there is a stark difference between the local culture at the country of origin and the culture of the foreign country, the organization has to ensure that the operation and management of the foreign entity adheres to and complies with the local culture at the foreign country.

Due to the difference in culture, what is considered as acceptable and a norm in the organization's country of origin may be deemed to be offensive, inappropriate and unacceptable in a foreign country. For instance, the act of gift giving is considered a norm in Chinese culture as it signifies a portrayal of respect and admiration by the giver to the recipient. Besides being a means of establishing trust, gift giving is also important way for business to establish '*guanxi*' or close business relationship between the parties. It is therefore common for Chinese corporations and business executives to provide gifts to each other especially during festival seasons or special occasions. Although gift giving is a common practice in Chinese culture, such practice is not common in Western culture and in fact, such act may carry negative connotations as it may be construed as being an act of bribery. As such, corporations seeking to expand their business presence to overseas market should first understand the culture of the foreign country they are seeking to venture into.

There are various ways for an organization seeking to expand into a particular foreign market to understand the culture of the foreign country they are seeking to enter. One possible way, as suggested by Li, Yang & Yue, (2007) is for organizations to follow the act of other foreign organizations that have ventured into the said foreign country. This follows the institutional theory perspective that posits that organizations tend to imitate the actions of others within the same social environment when faced with uncertainty (Li and Yang, 2015). By following the act of other foreign organizations that have successfully expanded to that particular foreign market, organizations are able to select best practices and structures while at

the same avoid repeating the same mistakes and pitfalls done by other foreign organizations. It was suggested that the best and most suitable foreign organizations to be followed are those from the same home country of origin (Guillen, 2002).

Since organizations from the same home country of origin are likely to have similar cultural value system, they could act as reference peers for each other as they are likely to share similar attitudes and understanding about the host country and are likely also to develop similar business mind set and adopt similar strategy when dealing with issues arising in the host country (Li and Yang, 2015). For instance, organizations originating from China that are seeking to expand their business presence to a particular foreign country can mimic the practices and strategy adopted by other Chinese organizations that have successfully established themselves in that particular foreign country. Besides that, Li and Yang (2015) also opines that it is beneficial to have a large number of foreign organizations from a particular home country of origin as this enhances the legitimacy of home-host-country linkages and encourages the acceptance of organization from this particular home country of origin by the locals.

Besides learning from organization from the same home country of origin, organizations also could take a leaf from the experience books of other foreign organizations from different home countries of origin but are in the same industry. Porac and Rosa (1996) views the aggregation of experiences of a community of foreign organizations in the same industry but from different home countries of origin can become pools of information about the characteristics and behaviours of organizations that will benefit subsequent foreign organizations from the same industry that intends to enter the host country. For instance, local Chinese banks that intend to expand to Australia could learn from the experiences and knowledge of other foreign banks in Australia such as HSBC Bank plc and the Royal Bank of Scotland plc (both from UK), Overseas Chinese Banking Corporation (from Singapore), Mizuho Corporate Bank Ltd (from Japan) and Citibank Australia (from United States). Although foreign organizations from different home countries of origin that operate in the same industry are usually direct competitors with each other in regard to the similar product offering and similar target sub-market, the higher presence of the number of different foreign

organizations established in a specific industry may ease the acceptance by the locals of the presence of foreign organizations in a particular industry in the host country.

The experience of existing foreign organizations that have already ventured into the host country could serve as an important reference point for other foreign organizations that are seeking to expand their presence into the host country (Li and Yang, 2015). By looking at the experiences of, issues and challenges faced and success stories of these foreign organizations, potential new entrants to the host country could potentially mitigate the risk associated with the uncertainty of venturing into an unknown market by observing, understanding mimicking the strategy and actions of successful existing foreign organizations (Guillen, 2002; Li et al., 2007; Liu and Yang, 2015).

## **2.7 Existing literature on local Chinese banks expansion to foreign market**

As discussed earlier in Chapter 1, as many local Chinese corporations in particular local Chinese banks seek to expand their presence in overseas market, there is increasing interest by academicians, organizations and government agencies to analyze the difference between Chinese culture and other foreign culture and how Chinese organizations can leverage on or overcome these differences for them to succeed in foreign market. Based on the results of findings from Scopus database, this researcher found that there is no existing literature that has been published on the experiences of local Chinese organizations, including local Chinese banks that expanded their presence to foreign markets. This indicates that there is a lack of interest by academicians and researchers to analyze this area of research. Considering that local Chinese organizations have been aggressively expanding their presence to foreign market, the lack of research in this particular area is surprising. The lack of research carried out on this particular area also means that local Chinese banks that are seeking to expand to foreign market do not have any research to refer to as guidance, clearly reflecting a substantial gap in literature.

There are few possible explanations for the lack of research on the expansion of local Chinese banks to foreign market. Firstly, many of the local Chinese banks focus their business

operations in domestic Chinese market and did aggressively expand their operation to overseas market except in the last few years. Therefore, many of the existing literatures on local Chinese banks focus primarily on areas such as effect of banking deregulation and reform (Chen, Skully & Brown, 2005; Fu and Hefferman, 2009; Lui, Yao, Chen & Wang, 2011; Rezvanian, Ariss & Mehdian, 2011), influence of bank ownership (Ariff and Can, 2008; Berger, Hasan & Zhou, 2009; Jia, 2009), and measurement of banks' efficiency and productivity (Laurenceson and Qin, 2008; Yao, Han & Feng, 2008; Matthews, Xiao & Xu, 2009; Matthews and Zhang, 2010; Du and Girma, 2011; Hou, Wang & Zhang, 2014). In addition, in view of the liberalization of Chinese banking sector, researchers and academicians are more concerned about the impact of foreign banks entry into China (Xu, 2011; Hou et al., 2014); Yin, Yang & Mehran, 2013) rather than local China banks expanding out of China. Secondly, the lack of information or disclosure by local Chinese banks may have hampered efforts or attempts by researchers and academicians to carry out proper research into this area. Although majority of the local Chinese banks with presence in foreign markets are listed entities which publish their annual report and financial performance to the public, this researcher note that the information contained in these banks' report are limited by nature and does not disclose in-depth information on their overseas entities performance. As such, it will be difficult for researchers and academicians, especially those who are from outside of China, to gather information required if such information is not publicly available.

Review of existing literatures on local Chinese banks indicates that there is only a handful of existing literatures focus on the area of culture in their research. Zheng and Ashraf (2014) conducted a research on the influence of national culture on bank's policy where they employed data from 51 countries including China and Australia to analyze the relationship between Hofstede's three dimension of national culture (uncertainty avoidance, long term orientation and masculine vs feminism) and banks' dividend payment amount and their likelihood to pay dividend. Kanagaretnam et al. (2014) also conducted a similar research that analyzes the influence of national culture on accounting conservatism and risk taking behaviour in the banking industry using data from 70 countries that includes China and Australia. Findings from these two researches show the following - banks in country with

high uncertainty avoidance and long term orientation culture are more likely to pay lower amount of dividend or are less likely to pay dividend; banks in country with high masculinity culture are more likely to pay dividend and the amount of dividend paid are likely to be higher; the 3 dimensions of Hofstede's national culture have influence on banks' dividend policy; banks in country with low individualism and high uncertainty avoidance culture are more likely to adopt conservative stance when reporting earnings; and banks in country with low individualism and high uncertainty avoidance culture are less likely to fail or experience financial failure (Kanagaretnam et al., 2014; Zheng and Ashraf, 2014). Besides these two researches, Xue and Cheng (2013) also analyzed the influence of national culture together with credit market conditions in determining market share of foreign banks in China. However, Xue and Cheng (2013) focus their research primarily on foreign banks with presence in China domestic banking market and excluded local Chinese banks from their research.

## **2.8 Existing literature on the analysis of Chinese culture**

Although there is only relatively few research on local Chinese banks that focus on the area of culture, this researcher note that there are a number of existing literatures on the analysis of Chinese culture that can be found in Scopus database. For instance, Xie et al. (2010) conducted a cross cultural comparison between China and Australia by analyzing the cultural influence on employees' turnover and perception of incentive by the employees in these two countries using Hofstede's cultural three dimension theory. Wang, Hackett, Cui & Zhang, (2012) also conducted similar scope of research in relation to cultural difference and employees' job application procedural fairness by analyzing the influence of Chinese cultural model on employees' job performance and turnover intention in China. Previous researches on Chinese culture have also focus on other areas such as the influence of Chinese culture on knowledge management and sharing in Chinese organizations (Tong and Mitra, 2009; McAdam, Moffett & Peng, 2012; Lievre and Tang, 2015), the implication of Chinese culture on expatriates employees in China (Upton-McLaughlin, 2014), the management of environment by organization from Chinese cultural perspective (Li et al., 2016) and the

implication of cultural differences on foreign firms entry into China (Li and Yang, 2015). Notwithstanding the list of existing literatures above, this researcher is of the view that compared to research on other cultures especially Western cultures; there is a dearth of literatures on Chinese culture. This researcher wishes to point out that there are abundance of existing literatures on Chinese culture written in Mandarin language but not many of them can be found in English language. The emergence of China as an economic powerhouse and the continuous expansion of Chinese influence to global market should warrant greater interest in understanding the characteristics of Chinese culture and how it will influence, among others, organizational structure, human resource management and business operations.

Globalization of the business world provides great opportunities for local organizations to go global and consequently, there is an increase in the level of interactions between organizations from different nations. As different nations embrace different culture in their society, the ways businesses and individuals in an organization interact may vary depending on where the business and organization are located. There are situations where what is considered to be a norm in the culture of a particular nation may be deemed as unacceptable or illegal in the culture of another nation. Since culture governs the life and activities of individuals within the same community or nation, inevitably organizations from different cultural background may adopt different business practices. As such, it is imperative for organizations, especially multinational organizations that have global presence to understand the different culture and business practice embraced by organizations from different nations in order for them to adopt, embrace and avoid any transgression of the culture or business practice. The emphasis on the importance of understanding business culture embraced by different countries could not be exemplified more appropriately than the advertisement by HSBC Bank (see Figure 2-2 and Figure 2-3 below).

Figure 2-2: An advertisement by HSBC Bank with the caption “The more you look at the world, the more you recognize how people value things different” that indicates how different individuals with different cultures see and value one item. In this case, one rug can be viewed to be either as an item of decoration, a souvenir or a place for prayer and whichever view taken will depends on the culture and background of the said individual.

Figure 2-2 Advertisement by HSBC Bank



Source: The Society pages 2010

Figure 2-3: An advertisement by HSBC Bank with the caption “Never underestimate the importance of local knowledge” that indicates that items such as chick feet, grasshopper (locust) and snail (escargot) which are generally not considered as a type of food are deemed to be delicacy food in certain countries. This shows that understanding of the local community culture especially in business is imperative to foreigners ensure that such culture is adhered to when dealing with local and to avoid causing any offenses to the local caused by misunderstanding in the local culture. As shown in the earlier Figure 2-1 above, China and Australia have different cultural characteristics based on Hofstede’s cultural dimension evaluation and these differences may transcend into different business ethics or practice adopted by organizations from China and Australia. Table 2-1 below provides a summary of the key differences in business practices between China and Australia.

Figure 2-3 Advertisement by HSBC Bank

**CHINA**  
*Delicacy*

**MEXICO**  
*Delicacy*

**FRANCE**  
*Delicacy*

**Never underestimate the importance of local knowledge.**


To truly understand a country and its culture, you have to be part of it.

That's why, at HSBC, we have local banks in more countries than anyone else. And all of our offices around the world are staffed by local people.

It's their insight that allows us to recognise financial opportunities invisible to outsiders.

But those opportunities don't just benefit our local customers.

Innovations and ideas are shared throughout the HSBC network, so that everyone who banks with us can benefit. Think of it as local knowledge that just happens to span the globe.

**HSBC**   
The world's local bank

Issued by HSBC Holdings plc

Source: Reed College 2010

Table 2-2 Summary of the key differences in business practices between China and Australia

Business Practice	China's Culture	Australia's Culture
<b>Status and Hierarchy</b>	The typical organization structure of a Chinese's business is hierarchical where the Chinese culture places great emphasis on the concept of 'respect' where junior or lower ranked employees are expected to obey the instructions of senior and higher ranked employees. Business information is usually passed down on a "need to know" basis. Junior and lower ranked employees are not expected to speak up or provide comments to the senior or higher ranked employees.	The typical organization structure of an Australian's entity is a "flat" structure where there is less distinction placed on rank or hierarchy in the organization. Employees within an organization have a closer relationship with each other regardless of their seniority or position. Business information can flow sideways and upwards in an organization. Junior and lower ranked employees have the opportunity to speak up or provide comments to the senior or higher ranked employees.
<b>Contracts</b>	" <i>Guanxi</i> " or business relationship takes precedence over written contracts in a business relationship.	Great emphasis is placed on the value of contracts, especially written contracts, to formalize commercial relationship between the parties.
<b>Business Style</b>	Chinese culture places great emphasis on " <i>Mianzi</i> " or face saving and Chinese businesspersons are usually indirect in their approach to business and also in their conversation. It is very unlikely for them to approach things directly especially in a business negotiation.	Australian businesspersons are usually more direct in their approach to business and also in their conversation. They are likely to get straight to the point in discussion and business negotiations.
<b>Relationships</b>	" <i>Guanxi</i> " or business relationship is an integral part of business in Chinese culture. Individuals rely on personal network for referrals of business and employment opportunity. Through referrals, trust can easily be established. Reciprocal of favours are common practice in	Personal relationship is an important but not critical factor for business dealings. Individuals can win the trust of new acquaintances just as easily as the trust of others from common group of referrals.

Chinese culture.

**Role of  
government**

Many of the major business industries such as banking are partly controlled by the government. Government plays an important role in the both the supervision and development of business and economy in China.

Clear demarcation between the government and business sector in Australia. Major business industries such as banking are not controlled by the government but controlled by private shareholders. Government is only involved in the supervision role of the business and economy Australia. Existence of lobby group to influence government on policymaking but such influence is merely persuasive.

**Pace of  
business**

Business deals often takes a longer time to close due to the culture of Chinese business that prefer indirect approach in business negotiations. Expect numerous face-to-face meetings, business trips, business meals and social events between the parties before a deal could be closed.

Business deals can be closed within a short period of time as Australians generally are more direct with the business negotiations and prefer to have a fast paced transaction.

---

Source: Hinze ( 2015)

## 2.9 Research questions

Based on the discussion above, Hofstede's dimensional index shows that China and Australia have different cultural background and this contributes to the differences in business culture and practices adopted by organizations in these two countries. In view of the differences in business culture and practices between China and Australia, local organizations from China seeking to expand their business presence to Australian market may find the transition from Chinese culture to Australian culture difficult and challenging. For organizations such as banks that operate in regulated industry, the establishment of an entity in foreign market could be much more challenging as they have to juggle between compliance with the regulatory requirements as well as managing and aligning the differences in culture between the foreign entity and local home country entity. The purpose of this research is to analyse issues relating to cultural differences that may exist when local Chinese banks expands their presence to Australia and determine if such cultural differences could be managed through human resource management. Taking into consideration of the research objective, below is the list of questions that may potentially be raised as part of the research questions.

- (a) What is the difference in culture between China and Australia?
- (b) What is the difference in culture between China's banking sector and Australia's banking sector?
- (c) How can a local Chinese bank adjust the Australian culture when expanding to Australia?
- (d) How do other local Chinese banks that are currently operating in Australia adapt to the Australian culture?
- (e) How do local Chinese banks that are currently operating in overseas market outside China adopt to the foreign country's culture?
- (f) How do other foreign banks that are currently operating in Australia adapt to the Australian culture?

- (g) How do other Chinese or foreign organizations that are currently operating in Australia adapt to the Australian culture?
- (h) Can local Chinese banks manage the existence of any difference in culture through the management of banks' personnel?
- (i) What is the best composition of a bank's personnel of an entity of a Chinese bank that is operating in Australia? Is there any difference between having a workforce comprised solely of Australians and having a workforce comprised of personnel with various different background? Are there any advantages in the terms of cultural integration if the entity hires Chinese workers for its operation in Australia?
- (j) What is the standard practice of other local Chinese banks that are currently operating in Australia in relation to their workforce composition?
- (k) What is the standard practice of foreign banks that are currently operating in Australia in relation to their workforce composition?
- (l) What is the standard practice of other local Chinese banks that are currently operating in foreign countries in relation to their workforce composition?
- (m) What are the expectations of the customers in the Australian banking sector on foreign banks' workforce composition? Do they prefer to have more Australians personnel working in the bank?
- (n) What are the common issues arising from having a workforce comprising solely Australians personnel at an entity of a Chinese bank that is currently operating in Australia?
- (o) What are the common issues arising from having a workforce comprising solely Chinese personnel at an entity of a Chinese bank that is currently operating in Australia?
- (p) What are the common issues arising from having a workforce comprising a mixture of Chinese and Australian personnel at an entity of a Chinese bank that is currently operating in Australia?

The above research questions may serve as a guide on the direction of this research and act as a guide for the preparation of the survey and interview questions that will be employed for this research. The methodology of this research will be discussed further in details in Chapter 3.

[This page is deliberately left blank.]

## **Chapter 3: Background of research**

### **3.1 Scope of research**

This research aims to investigate and analyse potential issues that may arise due to the existence of differences in culture faced by local Chinese banks that expand their business presence to overseas market. In view of time, budget and data limitations, the scope of this research will be narrowed down to cover only local Chinese banks that have expanded their presence to Australian banking sector and also selected overseas markets and the primary target bank in this research is China Merchants Bank.

Before discussing on the scope of the research, it is imperative that a brief detail of the banking sector in Australia and the history and development of China Merchants Bank are presented to provide some context and background to this research.

### **3.2 Background of Australian banking sector**

The banking sector is a highly-regulated industry in Australia. The primary legislation governing and regulating banking sectors and all banking activities in Australia is the Banking Act 1959 (“BA 1959”). Besides BA 1959, other relevant legislations governing banking sector in Australia includes, among others, Reserve Bank Act 1959, Financial Sector (Shareholdings) Act 1998, Corporations Act 2001 and Financial Sector (Collection of Data) Act 2001.

Similar with the banking system in many of the other established developed nations, Australia adopts the central bank system. Australian central bank, which is known as the Reserve Bank of Australia (“RBA”) performs the vital role of, among others, overseeing financial system stability, managing the issuance of banknotes and formulating and implementing appropriate monetary and fiscal policy to ensure the continuous growth of Australian economy. However, unlike other central banks, RBA does not regulate and govern

the banking and financial services industry in Australia. This responsibility falls on another regulatory body, Australian Prudential Regulation Authority (“ARPA”). ARPA is the primary prudential regulatory of the Australian financial services sector and it is responsible to manage and oversee banks, credit unions, building societies, general insurance and reinsurance companies, life insurance, private health insurance, friendly societies and most of the superannuation industry (as per information provided on ARPA’s website). Pursuant to the BA 1959, entities that intends to conduct banking business in Australia are required to obtain authorisation from ARPA and term “banking business” includes, among others, the act as authorised deposit-taking institution.

Unlike China’s banking system, there is currently no state-owned bank in Australia. The banking sector in Australia is primarily dominated and controlled by four major Australian-owned banks, namely Commonwealth Bank of Australia, Westpac Banking Corporation, National Australia Bank and Australia and New Zealand Banking Group. The dominance of these four banks in the Australian banking sector is a result of the Australian’s government “four pillar policy” to maintain a four-separate major bank presence in the banking sector to ensure a competitive banking environment and to avoid any concentration of banking assets or liabilities. Besides these four banking behemoths, there are also customer-owned banks (also known as mutual banks) such as Heritage Bank, QT Mutual Bank, Teachers Mutual Bank, P&N Bank and IMB Bank, and smaller regional banks such as St George Bank, Bank of Melbourne and Bank of Queensland serving specific niche clients in Australia.

Besides local Australian-owned banks, foreign banks have also expanded their presence into Australia. Global foreign banks have been operating in Australia for several decades prior to the advent of the era of globalisation. For instance, HSBC started its operations in Australian since 1965 and was awarded a license to operate commercial banking activities in Australia since 1986 while Citibank started its operation in Australia in 1971 and was granted a full banking license to operate in Australia in 1986. It is important to note that pursuant to Chapter 7 of the Corporations Act 2001 of Australia, any person who carried on a “financial services business” in Australia (including as authorised deposit-taking institution) is required

to hold an Australian financial services license from Australian Securities and Investments Commission, in addition to the requirement for a written authorisation from APRA. It is understood from the interpretation of the legal rules that there is a string of requirements for a foreign entity to apply for a banking license in Australia, the requirements include, among others, be authorised to conduct banking business in its home jurisdiction, comply with ownership standards relating to the foreign bank itself and its substantial shareholders, to satisfy ARPA that it has adequate prudential supervision in its home country, and satisfy ARPA that it has adequate reporting arrangements to the parent foreign bank or head office. Due to the strict requirements imposed, many foreign banks prefer to establish a representative office in Australia instead of a branch. However, the representative office is confined merely to the conduct of liaison and research activities and cannot undertake banking business activities.

In the last decade, there is an influx of China-based banks that have expanded their presence to Australia. As at 2017, Bank of China, Industrial and Commercial Bank of China, China Construction Bank, Bank of Communications, Agricultural Bank of China and China Merchants Bank were granted approval to operate a branch in Australia. It should be highlighted that while all the China-based banks started with representative office at their initial stage of expansion to Australia due to the stringent requirement but China Merchants Bank started its operations in Australia as a branch bypassing the representative office stage, and this reflects the strength of China Merchants Bank in regard to its compliance and ability to satisfy ARPA of its ability to comply with its requirements.

In view of the rapid expansion of foreign banks into Australian banking sector, this research aims the impact and implications of the such expansion especially in particular from the aspect of management of employees and the cultural differences between foreign-banks' operation in their home country and their operation in Australia. For practicality and due to constraint in time, cost and data accessibility, this research will focus the research on China Merchants Bank.

### **3.3 Background of China Merchants Bank**

China Merchants Bank was established in 1987 in Shenzhen, China, one of the forefront of China's reform and opening-up drive. China Merchants Bank is China's first joint-stock commercial bank that was established to serve Shenzhen economic zone's expansion and growth. Over the years, China Merchants Bank has progressed from a bank with merely 100-million-yuan capital and 30 employees to a commercial banking behemoth that has a total net capital of 140 billion yuan and more than 50,000 employees. China Merchants Bank has been consistently ranked as one of the top commercial banks in China and is also top 100 global banks (based on information provided on China Merchants Bank's website).

In recent years, as part of its global expansion plan, China Merchants Bank began to expand its banking operation outside China to other countries such as Hong Kong, United States (New York), Singapore, Luxembourg and United Kingdom (London). In 2017, China Merchants Banks were granted a commercial banking license to set up a branch in Sydney, Australia, being the first China-based bank that is granted a license to set up a branch in Australia without having first to set-up a representative office. The China Merchants Bank Sydney branch was officially opened for business on 19 September 2017.

The primary reason why this researcher chose China Merchants Bank as the target bank for this research is due to ease of access to bank network and convenience in obtaining the relevant target participants for this research. This researcher is currently employed in China Merchants Bank for several years and in the last two years have the opportunity to be posted to China Merchants Bank Sydney branch to manage and handle the corporate clientele of the bank in Australia. As most of the loan portfolio handled by this researcher involves syndicated loan, this researcher has the opportunity to interact and network with other employees of China Merchants Bank not only in China and Australia but also in other overseas branches such as Chinese Merchant Bank Hong Kong branch, New York branch and London branch. It is through such networking opportunity that this research manages to approach and recruit potential participants to participate in this research. It is also through this researcher's

personal experience in dealing with different culture when handling matters and dealing with foreign clients when based in China Merchants Bank Sydney branch that this researcher is of the view that a detailed research on the objective of this research is imperative for the management of the bank to understand the implication of the culture on bank's expansion plan to overseas market and how issues relating to cultural difference could be managed to ensure efficiency and efficacy in the bank's overseas operation and also the bank's overall group operation.

[This page is deliberately left blank.]

## **Chapter 4: Methodology and data**

### **4.1 Research framework**

For the purpose of this research and based on earlier discourse in Figure 2-1, it is posited that culture plays a significant role in influencing the following aspects of banking sector in Australia:

- (a) bank's work culture;
- (b) bank employees' work culture;
- (c) bank's employee's expectation towards bank's customers,
- (d) bank's employee's expectation towards other colleagues including superior;
- (e) bank's customer's expectation towards bank's service level;
- (f) bank's customer's expectation towards bank's employee's behaviour and service level; and
- (g) bank's employee's overall work performance (operational, sales and service level); and
- (h) bank's overall performance (operational, sales and service level).

Based on the above, the research framework for this dissertation is depicted in Figure 4-1 below.

### **4.2 Research instrument**

From the research framework depicted in Chart 7 above and taking into consideration of the research objectives and scope of research set out in 3.1 above, the research aims to acquire data and information on the following:

- corporate culture of China Merchants Bank's branch in Australia;
- corporate culture of other China-based bank's branches in Australia;

corporate culture of Australian bank;

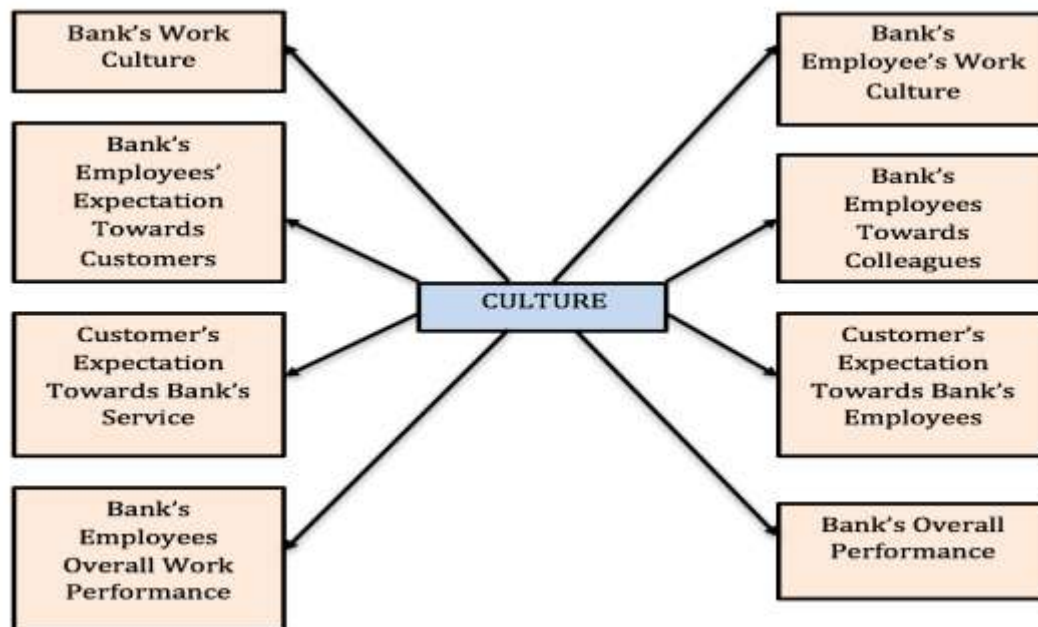
expectation and experiences of local Australian customers toward Australian banks;

expectation and experiences of local Australian customers toward China Merchants Bank and other China-based bank's branches in Australia;

expectation and experiences of Chinese expatriate customers toward Australian banks;

expectation and experiences of Chinese expatriate customers toward China Merchants Bank and other China-based bank's branches in Australia;

Figure 4-1 Research Framework



Source: Hofstede's cultural dimension mode 2016

## 4.2 Research instrument

From the research framework depicted in Chart 7 above and taking into consideration of the research objectives and scope of research set out in 3.1 above, the research aims to acquire data and information on the following:

corporate culture of China Merchants Bank's branch in Australia;

corporate culture of other China-based bank's branches in Australia;

corporate culture of Australian bank;

expectation and experiences of local Australian customers toward Australian banks;

expectation and experiences of local Australian customers toward China Merchants Bank and other China-based bank's branches in Australia;

expectation and experiences of Chinese expatriate customers toward Australian banks;

expectation and experiences of Chinese expatriate customers toward China Merchants Bank and other China-based bank's branches in Australia;

what are the criteria that local Australian and Chinese expatriate customers look for when choosing their choice of banks in Australia;

expectation and experiences of local Australian employees working in Australian banks towards their colleagues, superior and customers;

expectation and experiences of Chinese expatriate employees working in Australian banks towards their colleagues, superior and customers;

expectation and experiences of local Australian employees working in China-based bank's branch in Australia towards their colleagues, superior and customers;

expectation and experiences of Chinese expatriate employees working in China-based bank's branch in Australia towards their colleagues, superior and customers; and

comparison of performance in terms of service level, total number and breakdown of customers, sales and operations efficiency between China Merchants Bank, local Australian banks and other China-based bank's branches in Australia.

For social science research, there are generally two main important sources for researches to collect data and information; namely primary source and secondary source. Primary source is defined by Sekaran (2003) to be information or data that are obtained and collected directly by the researcher personally either through experimentation, observation or empirical studies on the target population. Other existing data or information that are obtained and collected by other researchers and not by the research personally are referred to as secondary source (Sekaran, 2003). The data collected from primary source is deemed as primary data while data collected from secondary source is deemed as secondary data. There

are various ways to collect primary data. In social science research, some of the most common ways employed by researchers include research instruments such as questionnaire, semi-structured interview, direct interview, and focus group. Secondary data, on the other hand, can be collected from sources such as academic publications, journals, official reports and textbooks.

For the purpose of this research and to acquire data and information to the points set out above, this research will adopt two different research instruments, namely questionnaire and interview, to elicit primary data directly from various primary sources, all of which are to be discussed in further details below. In addition, this research also intends to obtain, if possible, relevant secondary data and information from China Merchants Bank, local Australian banks and other China-based bank's branches in Australia on the performance level of these banks in terms of service level, total number and breakdown of customers of these banks (local Australian, Chinese-origin and other foreign customers), sales and operations efficiency.

#### **4.2.1 Questionnaire**

There are many advantages of questionnaire instrument compared to other research instruments. The primary advantage of employing questionnaire is that researcher is able to gather a large sample of data within a limited period of time. Other research instruments such as direct interview and focus group require researcher to conduct a face-to-face meeting and initiate direct communication with the participants or respondents which render such process time and effort consuming, thus resulting to limit the number of participants or respondents that the researcher can target or cover within a specific time period. Since questionnaire does not necessarily require the researcher to have direct personal contact with the participants or respondents, researcher is able to distribute the questionnaire to a large number of population through personal contact or through the network of family members, friends, relatives, colleagues or even acquaintances. Since email and online web portals are easily accessible and are free, research can utilize these two mode of communications to distribute questionnaire to potential participants or respondents without incurring any cost. In addition, researcher is able to use questionnaire to cover a population sample that is geographically

dispersed. The use of questionnaire could also enable the researcher to maintain the anonymity of the participants or respondents where there is no direct contact between the researcher and the participants or respondents and as such this may encourage participants or respondents to provide a truthful response to the questions in the questionnaire and this will likely to lead to higher accuracy in responses obtained. In terms of structure, questionnaire also offers researcher the flexibility to acquire quantitative or qualitative data or information wherein the researcher can provide a closed-ended questions for the former and open-ended questions for the latter. Sekaran (2003) suggested that questionnaire is the most efficient data collection mechanism where the researcher knew exactly what is required and how to measure the variables of interest.

There are several disadvantages of employing questionnaire in research. Although questionnaire offers a convenient and zero cost distributions method to researcher, the primary weakness of questionnaire is the low response rate. Unlike interview or focus group where researcher is able to elicit responses from participants or respondents directly, there is no guarantee that each and every person who received the questionnaire will response to it. Even if a response is obtained, there is also no guarantee that the participants or respondents would provide a full complete response to the questionnaire. Some participants or respondents may not understand the questions in the questionnaire and thus may choose to ignore the questions. Since there is no direct communication between the researcher and the participants or respondents, there is no opportunity for the latter to seek clarification on the questions from the former. Incomplete questionnaires are deemed as invalid or faulty responses and this further reduces the response rate. Notwithstanding the low response rate of questionnaire, it is generally accepted that a response rate of thirty per centum and above is considered to be a good response rate (Farr and Timm, 1994).

#### **4.2.2 Interview**

There are many advantages of face-to-face interview instrument compared to other research instruments. Compared to questionnaire, face-to-face interview enables the interviewer to screen the respondents and to assess the respondent's body language and

demeanour. This allows the interviewer to evaluate the veracity of the response provided. Besides that, face-to-face interview provides opportunity for the interview to put forward additional questions to clarify the response provided by the respondents. Similarly, respondent is also afforded the opportunity to engage the interviewer to address or clarify any ambiguity in the questions asked during the interview. Due to the ongoing interaction between the interviewer and respondent, the responses obtained will be more in-depth compared to questionnaire method (Bryman & Bell, 2011).

However, face-to-face interview instrument has many disadvantages – it is more costly and time-consuming, compared to questionnaire. Since interviewer is required to meet the respondent in person, the interviewer and/or the respondent may be required to travel to the meeting destination for the interview to be conducted, and this will incur additional cost and time for both interviewer and the respondent. With the availability of new technology such as video web communication platforms such as Skype, the interviewer and/or the respondent may no longer be required to incur travelling cost and time. Notwithstanding this, the interviewer and the respondents may still need to incur additional time to complete the interview and as such, this may limit the number of samples that the interviewer is able to cover within limited time. In addition, the notion of a face-to-face interview may also deter respondents from being a willing participant. Even if the respondent is willing to participate in the interview, the respondent may not provide an accurate or honest respond or answer to the questions asked during the interview, in particularly if such respond or answer may prejudice or incriminates the respondent personally. Thus, the validity of the responses obtained from interview instrument may be questionable. In order to mitigate this issue, it is recommended that the interviewer to inform the respondent that all responses obtained from the interviewed will be treated with confidentiality and the respondent's identity will not be revealed or linked to the responses obtained.

## **4.3 Research design**

### **4.3.1 Questionnaire design**

The primary purpose of questionnaire is to lay down a formalized set of questions that aim to elicit information from the respondents in relation to the objective of the research. In designing the questionnaire, it is important to ensure that the questions are worded briefly and directly to the point. This is to ensure that the participants of the questionnaire are able to comprehend the questions and is not put off by the length and complexity of the questionnaire. The questionnaire used in this research is divided into two parts- Part A and Part B.

Part A of the questionnaire section focus on questions on the demographic aspect of the respondents. Since the respondents are not required to reveal their identity in the responses to this questionnaire, it is important that information on the demographics of the respondents are obtained for analysis purpose. Some of the demographic questions include the age group, gender, nationality, background, education level, employment status, frequency of banking transactions per week, name of regular bank that the respondent currently banks with in Australia, main reason for choosing the current regular bank, and the type of service provided by the banks in Australia which the respondent think is the most important criterion to attract the respondent to bank with the bank. Except of one question, all the question in Part A are closed-ended questions where the respondents are required to choose their response from the range of response options provided.

Part B of the questionnaire focus on questions relating to customer's experience and opinion on the banking services provided by Australian banks. Questions in Part B are divided into three sections – namely Customer Service Experience, Bank Convenience/Location and Bank Visit. There are three statements under Customer Service Experience, two statements under Bank Visit and one ranking of six statements from different circumstances which include Customer service experience, bank convenience/Location and Bank Visit. Respondents are required to provide their response to each of the statements based on the scale provided – by evaluating whether they agree or disagree with the statement and the

strength of their agreement or disagreement. The scale employed in Part B is the 5-point Likert scale ranging from 1 to 5 whereby (a) indicates strongly agree, (b) indicates agree, (c) indicates neither agree nor disagree, (d) indicates disagree, and (e) indicates strongly disagree.

The statements under Customer Service Experience attempt to elicit response from the respondents on their experience in dealing with the bank, bank's employees or bank's operation system. Respondents are asked to evaluate statements such as whether they enjoy dealing with the bank's officer directly at the bank's branch, and whether they prefer to deal with the bank due to its ability to under the customer's banking needs based on the customer's cultural background and personal information. The statements under Bank Convenience/Location attempt to elicit response from the respondents on their reason for choosing the bank they banked with. Statements under this section attempts to determine whether the location of the bank which is in proximity to the customers' home address or business premise or the bank's regional presence would have any impact on the customer's preference for any particular bank. The statements under Bank Visit attempt to elicit response from the respondents on the frequency of their dealing with the bank.

Table 4-1 Personal Demographic Information (Part A of Questionnaire)

Questions	Response Options
(1) Age Group	(A) Below 21 (B) Between 21 to 30 (C) Between 31 to 40 (D) Between 41 to 50 (E) 51 and above
(2) Gender	(a) Male (b) Female
(3) Nationality	(a) Australian (b) American (c) Chinese (d) European (e) Indian (f) New Zealand (g) Others
(4) Ethnicity	(a) Australia & New Zealand (b) East Asian (c) South Asian (d) European (e) North American (f) Others
(5) Education Level	(a) High School and below (b) Diploma or Degree (c) Master's Degree and above
(6) Employment Status	(a) Employee (b) Self-Employed/Own Business (c) Unemployed
(7) Frequency of banking transactions per week	(a) Below 5 times (b) 5 to 15 times (c) 15 to 30 times (d) 31 times and above
(8) Regular Bank in Australia	(a) ANZ (b) CBA (c) NAB (d) Westpac (e) Citibank (f) HSBC (g) Bank of China (h) Others
(9) Main Reason For Banking with Regular Bank	(a) Convenience (b) Personalised customer service (c) Better offering (d) Comfortable with how the bank works and operates (e) Bank's reputation
(10) Most Important Criterion When Selecting a Bank to Patronize	(a) Understanding of client's financial needs by staff (b) Quick response by the staff to resolve all issues and queries (c) Friendly and approachable branch manager / staff (d) Facilities provided (Internet banking, 24 hours hotline, ATM machines etc)

Table 4-2 Customer Banking Experience (Part B of Questionnaire)

Questions	Response Options
(11) Dealing with bank officer directly at the branch	(a) Strongly agree (b) Agree (c) Neither agree nor disagree (d) Disagree (e) Strongly disagree
(12) Preference for Interaction with Staff vs Internet Banking	(a) Strongly agree (b) Agree (c) Neither agree nor disagree (d) Disagree (e) Strongly disagree
(13) Customer service experience influence on participants' choice of bank	(a) Strongly agree (b) Agree (c) Neither agree nor disagree (d) Disagree (e) Strongly disagree
(14) Frequency of visit to the branch	(a) Strongly agree (b) Agree (c) Neither agree nor disagree (d) Disagree (e) Strongly disagree
(15) Visit to the bank branch to conduct banking transaction	(a) Strongly agree (b) Agree (c) Neither agree nor disagree (d) Disagree (e) Strongly disagree
(16) Most important criterion when choosing a bank (Ranking)	(a) I prefer to deal with the bank in the language of my choice. (b) I prefer to deal with bank staffs that I am comfortable with. (c) I prefer a bank that understands my cultural background and personal requirements. (d) I prefer to deal with a bank that is located nearby my workplace/home. (e) I prefer to deal with a bank that has presence in different regions in Australia. (f) I prefer a bank that has also a presence overseas.

#### 4.3.2 Interview design

The primary purpose of the interview is to gain better understanding of the experience of bank employees currently working in China Merchants Bank's overseas entities. The questions are divided into two parts – Part A and Part B. Questions in Part A are proposed for

employees who belong to junior or mid-level personal while questions in Part B are proposed for employees who belong to senior management executives who are also the decision makers of the overseas branch. The employees selected could be either Chinese nationals expatriates who have been transferred to work in China Merchants Bank's overseas entities and also local employees of the host country who are currently working in China Merchants Bank's overseas entities.

Table 4-3 Bank employees experience (Interview)

---

Note: Proposed interview with bank employees (who will be categorized into categories – junior and mid-level personnel and higher management level executives) in different branch/banks – China Merchants Bank's branch in Australia vs other China-based bank's branch in Australia vs Australian bank, and Chinese Merchants Bank's branch in Australia vs China Merchants Bank's branch in other countries outside China. The questions below are not exhaustive and are subject to amendments during the interview process, depending on the response obtained from the employees

---

Part A - Proposed Questions for Junior / Mid-Level Personnel

- (1) To state name, position and work experience (and background)
- (2) Please describe the general work culture of the bank versus the work culture of other banks in Australia.
- (3) What do you think Australian customers are looking for when selecting their preferred bank to deal with in Australia?
- (4) What do you think non-Australia/foreign customers are looking for when selecting their preferred bank to deal with in Australia?
- (5) Does your bank have a high percentage of non-Australian/foreign customers?
- (6) Do you have personal experience in dealing with non-Australian/foreign customers? If yes, how do you find the experience of serving these non-Australian/foreign customers as compared to Australian local customers?
- (7) Does your personal cultural background assist or hinders you in providing a better service to the bank's customer (e.g. ability to converse in the language that the customer prefers to interact in other than English and able to understand customer's personal culture due to similarity in background)
- (8) (for expat bank employees in Australia) – What is the difference between the work culture of Australian banks vs the culture of working in your country of origin? How do you adapt to the difference in work and life culture (if any)?
- (9) (for expat bank employees in Australia) – What is your expectation when you joined the bank and what was the bank's expectation for hiring you for this role? Do you think your expectation has been met? Do you think the bank's expectation on you has been met?
- (10) How is your overall work performance with the bank and how does the bank assess your work performance (Key Performance Index)?

Part B - Proposed Questions for Senior Management Executives

- (1) To state name, position and work experience (and background)
-

- (2) Please describe the general work culture of the bank versus the work culture of other banks in Australia.
  - (3) What do you think Australian customers look for when selecting their preferred bank to deal with in Australia?
  - (4) What do you think non-Australia/foreign customers look for when selecting their preferred bank to deal with in Australia?
  - (5) Does your bank has a high per centum of non-Australian/foreign customers?
  - (6) If yes to (5), what is your bank strategy to maintain and/or increase the number of non-Australian/foreign customers? And which countries do your bank target?
  - (7) If no to (5), does your bank plan to tap into non-Australian/foreign customers? And which countries do your bank target?
  - (8) What do you think is the best strategy to tap into non-Australian/foreign customers?
  - (9) Do you have personal experience in dealing with non-Australian/foreign customers? If yes, how do you find the experience of serving these non-Australian/foreign customers as compared to Australian local customers?
  - (10) Does you think a bank's employee's personal cultural background assist or hinders him/her in providing a better service to the bank's customer (e.g. ability to converse in the language that the customer prefers to interact in other than English and able to understand customer's personal culture due to similarity in background)
  - (11) If yes to (10), what do you think is the best solution to the bank to overcome such problems (if any)
  - (12) (for expat) – What is the difference between the work culture of Australian banks vs the culture of working in your country of origin? How do you adapt to the difference in work and life culture (if any)?
  - (13) (for expat) – What is your expectation when you joined the bank and what was the bank's expectation for hiring you for this role? Do you think your expectation has been met? Do you think the bank's expectation on you has been met?
  - (14) How is your overall work performance with the bank and how does the bank assess your work performance (Key Performance Index)?
  - (15) How do China based banks compete with local banks in other countries? What do you think is China based banks' competitive advantage compared to the local banks in other countries.
  - (16) What do you think is the implication of the recent financial restriction imposed on China citizen's ability to remit funds out of China on the overall China banks network in other countries outside of China?
  - (17) Do you think that the local national government of the foreign countries where China based banks are operating encourage or discourage further expansion of China based banks' activities in their respective countries?
- 

#### **4.3.2 Organizational Culture Assessment Instrument**

The purpose of the following questionnaire is to assess the organizational culture or corporate culture of China Merchants Bank in Australia and also selected local Australian

bank. The following questionnaire is adopted from the Organizational Culture Assessment Instrument (OCAI) that was developed by Quinn and Cameron (2006).

Table 4-4 Questionnaire of OCAI

(1) Dominant Characteristics		Now	Preferred
A	The organization is a very personal place. It is like an extended family. People seem to share a lot of themselves.		
B	The organization is a very dynamic and entrepreneurial place. People are willing to stick their necks out and take risks.		
C	The organization is very results-oriented. A major concern is with getting the job done. People are very competitive and achievement-oriented.		
D	The organization is a very controlled and structured place. Formal procedures generally govern what people do.		
(2) Organization Leadership		Now	Preferred
A	The leadership in the organization is generally considered to exemplify mentoring, facilitating or nurturing		
B	The leadership in the organization is generally considered to exemplify entrepreneurship, innovation, or risk taking		
C	The leadership in the organization is generally considered to exemplify a no-nonsense, aggressive, results-oriented focus		
D	The leadership in the organization is generally considered to exemplify coordinating, organizing, or smooth-running efficiency		
(3) Management of Employees		Now	Preferred
A	The management style in the organization is characterized by teamwork, consensus and participation.		
B	The management style in the organization is characterized by individual risk taking, innovation, freedom and uniqueness.		
C	The management style in the organization is characterized by hard-driving competitiveness, high demands, and achievement.		
D	The management style in the organization is characterized by security of employment, conformity, predictability, and stability in relationships.		
(4) Organization Glue		Now	Preferred
A	The glue that holds the organization together is loyalty and mutual		

	trust. Commitment to this organization runs high.		
B	The glue that holds the organization together is commitment to innovation and development. There is an emphasis on being on the cutting edge.		
C	The glue that holds the organization together is the emphasis on achievement and goal accomplishment.		
D	The glue that holds the organization together is formal rules and policies. Maintaining a smooth-running organisation is important.		
<b>(5) Strategic Emphases</b>		<b>Now</b>	<b>Preferred</b>
A	The organization emphasizes human development. High trust, openness, and participation persist.		
B	The organization emphasizes acquiring new resources and creating new challenges. Trying new things and prospecting for opportunities are valued.		
C	The organization emphasizes competitive actions and achievement. Hitting stretch targets and winning in the marketplace are dominant.		
D	The organization emphasizes permanence and stability. Efficiency, control, and smooth operations are important.		
<b>(6) Criteria of Success</b>		<b>Now</b>	<b>Preferred</b>
A	The organization defines success on the basis of development of human resources, teamwork, employee commitment, and concern for people.		
B	The organization defines success on the basis of having the most unique or newest products. It is a product leader and innovator.		
C	The organization defines success on the basis of winning in the marketplace and outpacing the competition. Competitive market leadership is key.		
D	The organization defines success on the basis of efficiency. Dependable delivery, smooth scheduling, and low cost production are critical.		

According to Quinn and Cameron (2006), the OCAI is designed to assess the six key dimensions of organization culture. The six key dimensions of organizational culture have been discussed and explained in Chapter 2.5 earlier. Participants of the OCAI should be reminded that there is no right or wrong answers when responding to the above questions and

that the responses provided should reflect the most accurate response of that particular organization the respondent is referring to. It is important to be accurate in the responses so that the resulting cultural diagnosis would be as accurate as possible. However, as Hofstede (1998) pointed out, organizations have cultures but there is also the existence of distinct sub-cultures within an organization. Therefore, before a research on organizational culture is carried out, the researcher would need to determine what represents a culturally meaningful organization unit (Quinn and Cameron, 2006). One could possible analyse culture at the level of an entire corporation, a subsidiary, a particular division within the organization, a geographical location and a particular work group (Hofstede, 1998). This research will focus on analysing the culture at the branch level of the financial institution in which the questionnaire is distributed. For instance, if the above questionnaire is distributed to employees at China Merchants Bank located at Sydney, Australia, the analysis culture will be based on the culture adopted by the employees and management at that Sydney branch level and not the culture of the China Merchants Bank as a whole.

The OCAI consists of six (6) categories of items – Dominant Characteristics, Organization Leadership, Management of Employees, Organization Glue, Strategic Emphases, and Criteria of Success. Each category has four alternatives for respondents to choose and allot points to. Respondents are required to assign points to each alternatives so that the total maximum points for all alternatives under that category is exactly 100 points. Respondents are required to give a higher number of points to the alternative that is almost similar to the organizational unit they are evaluating and that is being researched. For example, for the first category – Dominant Characteristics, if the respondent is of the view that alternative B is very similar to his organizational unit, he may allot higher points to alternative B and if he is thinks that alternatives A and C are somewhat similar, he may allot a low point to alternatives A and C and if he opines that alternative D is not similar, then an even lower point may be assigned to alternative D. Premised on this assumption, the respondent may assign 60 points to alternative B, 15 points to alternative A and C respectively and 10 points to alternative D. It is important to ensure that the total points allotted to alternatives A to D under the same category totalled up to exactly 100 points.

In the right hand column of the OCAI table, respondents are required to evaluate the scoring based on two scenarios – “now” and “preferred”. “Now” means the score of the organization based on the current situation while “preferred” means the score of the organization based on how the respondents perceived how the organization should be in five (5) years later in order to be successful. The total points allotted to alternatives A to D under the same category should totalled up to exactly 100 points for “now” column and “preferred” respectively.

#### **4.4 Sample population and data selection**

Sampling is the process of selecting a number of elements from the general population so that by studying the sample and understanding the properties and characteristics of the sample subject, the researcher will be able to generate the properties or characteristic of the population elements (Sekaran, 2003). Considering that the research is designed into several parts, similarly the sample data employed in this research will also comprised of different group of samples. Details on the selection of the sample population and the data selection are provided below.

##### **(A) Questionnaire**

For the questionnaire, the sample population would comprise of all customers who have previous dealing and existing banking facilities with any of the banks in Australia. Due to the size of Australia, it is clearly impossible and impractical for this research to obtain a sample population that reflects the actual composition of all respondents that fall within the scope of the sample population. In the interest of cost and time, the questionnaire will be distributed via the following channels:

- (i) physical copy of the questionnaire to customers patronising banks in the areas of Melbourne and Sydney (to cover both local Australian banks and foreign banks);
- (j) online website – the questionnaire will be uploaded on online survey websites such as [www.surveymonkey.com](http://www.surveymonkey.com) and the link to the website will be shared via online

to Australian based chatrooms/discussion portals which comprise mainly Australian consumers or those who are based in Australia that are consumers of banks in Australia; and

(ii) online snowballing technique – to distribute to 10 persons who are be customers of Australian banks and to procure them to distribute the questionnaire to other person who are customers of Australian banks. Snowball sampling works like a chain of subject where the whole sample population is obtained through referrals (Berg, 2007).

In terms of number of respondents, this research is looking to obtain at least 200 to 300 responses through the two distribution channels above. As explained above, questionnaire method usually will yield low response rate and therefore it is imperative that a high number of responses are obtained before the responses are filtered and only the valid responses are maintained for analysis purpose. Data collected from the questionnaire will be compiled and analysis in accordance to Section 4.5 (A) below. A descriptive analysis of the demographic of the respondents that participated in the questionnaire exercise for this research will be discussed in Chapter 5 (Results).

#### (B) Interview

For the interview, the sample population would comprise of all existing employees of China Merchants Bank's overseas entities. Since the size of this sample population is relatively small, the number of potential respondents that are available for the researcher to select for interview is limited. The limited of number of potential respondents is further severely narrowed by the fact that some of these potential respondents may not be willing to participate in a face-to-face interview for this research. Notwithstanding this, in order to get a reliable data from interview, this research will have to engage at least 10 interviewees where 7 to 8 of them are employees belonging to junior or mid-level management level. and the remaining are employees belonging to senior management level. The primary reason that this research only targets employees of China Merchants Bank instead of other China based banks in Australia is due to the researcher's personal and business connection that enable the

research to gain access to the network of employees working in China Merchants Bank in China and also its overseas entities.

## **4.5 Analysis of data**

All valid data collected using the research instruments described above are to be compiled and analysed in the manner described below.

### **(A) Questionnaire**

Data obtained from the questionnaires are compiled into Excel sheet for easy-management purpose. The final figure each variable is obtained by taking the average of the total score for all responses under the variable. For 'Customer Service Experience', 'Bank Convenience/ Location' and 'Bank Visit', variables, the score for this variable is obtained by taking the average final score of all the three (3) independent variables. The finalized Excel data is then uploaded into Statistical Package for the Social Sciences ("SPSS") software for analysis purpose. In line with the objective of this research, several tests such as correlation and regression are performed on the data. The results of these tests are presented, discussed and analysed in Chapter 5 (Results).

Besides analysing the data obtained from the questionnaire, it is also proposed that a reliability test is conducted on the data. Reliability test is an important measure to determine how free the scale used is free from random error. There are two indicators of a scale's reliability; namely, test-retest reliability and internal consistency (Pallant, 2005). Consistency provides an indication of the average correlation among all of the items (Pallant, 2005). The values of the internal consistency will range from 0 to 1 when using the Cronbach's coefficient alpha statistic and the higher the value, the greater the reliability. It is suggested that the minimum level of reliability is 0.7. This reliability test can be conducted using SPSS software.

In addition to the reliability test, it is also important to conduct a pilot study to analyse and test the questionnaire before launching the actual questionnaire to the target sample population. Gill and Johnson (1997) suggested that it is always important to start fieldwork by

conducting a pilot study. Before embarking on the full-scale study, pilot study is conducted to test the suitability of the mechanism used. Besides that, the pilot study also allows researcher the opportunity to assess the clarity and precision of the questions in the questionnaire. Since the questionnaire will be distributed widely to potential respondents and researchers will have no opportunity to come face-to-face with the respondents, it is important to ensure that there is no ambiguity or confusion in the questionnaire.

#### (B) Interview

Unlike questionnaire method where the results are quantifiable, responses obtained from interview method will be difficult to be quantified and are subjective in response. The analysis of the responses obtain from interview with the employees are to be juxtaposed, analysed and summarized based on the objective of this research, to wit, to compare the cultural differences between the working culture practiced and adopted by the different branches of China Merchants Bank in different countries, and how the differences in culture affect the performance of the employees, department, the branch and the bank as a whole. Based on the information obtained and the analysis of information and data thereof, the research will attempt to provide a comprehensive detailed analysis of the cultural differences and issues that arise or may arise from the existence of such differences, and at the same time, attempt to propose ways to narrow the differences in culture that may affect the performance of employees, department, the branch and the bank as a whole.

#### (C) Organizational Culture Assessment Instrument (OCAI)

The calculation of OCAI results is easy as it requires simple arithmetic calculations. First, calculate all the responses in A under all sections in the “now” column and divide the total score by 6. Repeat the same for all B, C and D responses. Second, calculate all the responses in A under all sections in the “preferred” column and divide the total score by 6. Repeat the same for all B, C and D responses.

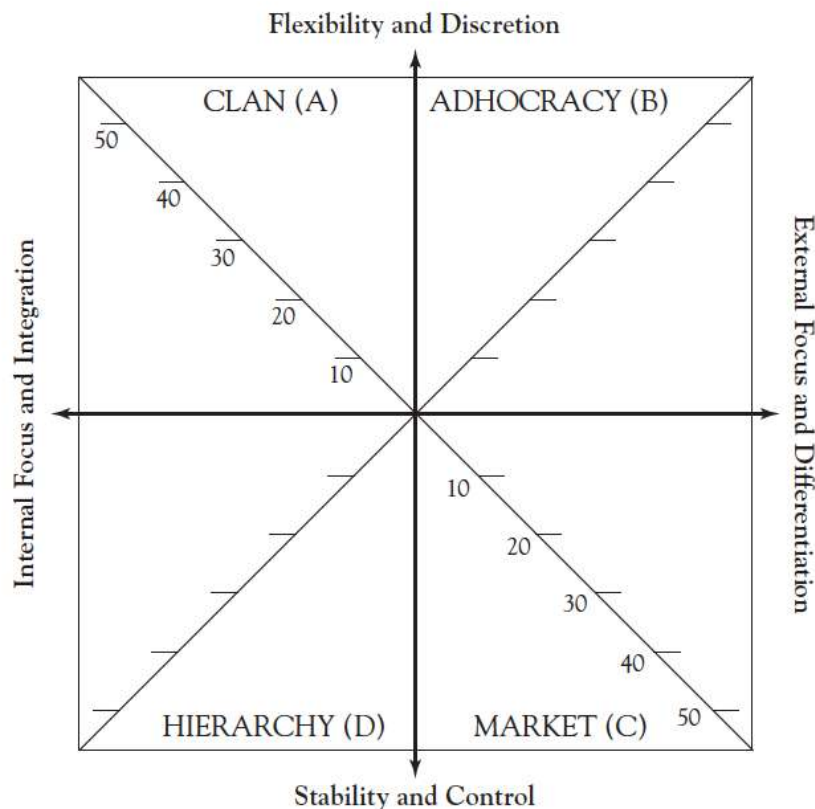
Figure 4-2 The competing values framework

### The Clan Culture

An organization that focuses on internal maintenance with flexibility, concern for people, and sensitivity to customers.

### The Adhocracy Culture

An organization that focuses on external positioning with a high degree of flexibility and individuality.



### The Hierarchy Culture

An organization that focuses on internal maintenance with a need for stability and control.

### The Market Culture

An organization that focuses on external positioning with a need for stability and control.

Source: Quinn, 2006

Based on the results of the average score (for “now”) obtained for A, B, C and D, the score is plotted on the box above in their respective quadrant. The A alternative score represents the clan culture, the B alternative score represents adhocracy culture, the C alternative score represents market culture, and the D alternative score represents the hierarchy culture. After plotting the score in each of the quadrant, connect the points in each

quadrant to form a four-sided figure. This will produce some sort of kite-like shape. Repeat the above steps with the results of the average score (for “preferred”) obtained for A, B, C and D.

The line connection form a picturesque view of the respondents’ view of the organization’s culture as it exists now and also in the future. The results obtained could be obtained by comparing it to the organizational cultural profile developed by Quinn and Cameron (2006).

#### **4.6 Pilot study**

Prior to the commencement of actual collection of data for this research, it is important to conduct a pilot study to test out the research instrument. Pilot study is a study done on a small scale basis to test the research instrument for error or any potential issue. The questionnaire and the set of potential questions for OCAI research and interview sessions were distributed to ten (10) of this researcher’s existing colleagues from banking sector in China and Australia.

Based on the responses received from the participants of this pilot study, several changes and additional questions were made to the questionnaire. For instance, for the interview question, few of the respondents commented that the number of questions is too long and many of the actual participants may not have the luxury of time to complete the whole set of questions especially those who are merely passing by the bank to perform their bank transactions. The number of questions in the questionnaire have been slightly reduced. Besides that, some of the participants also commented that some questions are ambiguous or unclear – for instance the choice of ethnicity of the actual participant. In the event that the participant is of mixed ethnicity, what would the said person choose. To accommodate this potential issue, we included the choice of “Others” to accommodate any participants who do not fall within the other categories or unsure of their original ethnicity.

In regard to the interview questions, many participants of this pilot study found our initial list of purported questions to be asked are too lengthy and rigorous and seems to dictate

the reply of the actual participants. The feedback that this researcher received was that the line of questioning should flow naturally where the actual participant should be allowed the freedom and flexibility to provide their own reply and direction of the interview. It was also remarked that some the actual participants may feel uncomfortable to provide response to some of the proposed questions as they may be deemed as confidential or sensitive information that cannot be disclosed to any third party without the participants' bank's prior consent. As such, this researcher decided re-tweak the final questions to be adduced to the actual participants where the number of questions asked are relatively shorter so as to keep the interview duration more reasonable.

For the OCAI questionnaire, all the participants of this pilot study were confused on how they are supposed to fill in the score for each of the questions and sections. This is not surprising because this researcher himself was initially also perplexed as to how the scoring system works. Based on the response obtained from the participants of this pilot study, the OCAI questionnaire need to be carefully and meticulously explained to each actual participant for them to fully comprehend how the scoring system works and also the significance of their score for each category. By doing so, then only it is with certainty that the scoring provided by the actual participants would actually reflect their mindset or view on the culture of their respective organizations. If the participants were not briefed on how the OCAI questionnaire scoring system works, the responses from this OCAI questionnaire may be distorted due to inability of the actual participants in understanding the intention and mechanism of the scoring system and the result obtained would not be reflective of their actual mindset or view.

Besides the above, some of the participants of this pilot study, notably those who are of Chinese origin and are based in China, also commented that it would be better that the questionnaire is provided in dual-language – both English and Mandarin to cater to participants who are from China who may prefer to communicate in Mandarin instead of English. This research took note of this comment but unfortunately due to time constraint, the questionnaire was not translated into Mandarin and only version that was used in the actual survey. Since the actual questionnaire survey was carried out in Australia, this research is of the view that English version of the questionnaire would be sufficient as this researcher

expect those foreigners especially Chinese citizen who are residing or visiting Australia that have banking relationship in Australia would somewhat be able to comprehend and communicate in English language. It would definitely be a different scenario if the questionnaire survey was conducted in China.

#### **4.7 Ethical consideration**

Social science research usually involved the encroachment into the social lives of other individuals; therefore there is an ethical obligation by social researchers towards the participants in their studies (Berg, 2007). It is the duty of social researchers to ensure that the rights, privacy and welfare of the participants in their research are well taken care of (Berg, 2007).

Ethical issues are taken consideration in the implementation of this research. By employing questionnaire methodology, the identity and privacy of the participants of this research is protected (thus no consent form is required). This researcher has also ensured that the content of the questionnaire does not involve any sensitive issues. Participants of the questionnaire in this research are given the option to discontinue with the survey anytime if they are uncomfortable with any content of the questionnaire. This is to ensure that all respondents of the questionnaire are willing participants. In addition, all participants who are involved in the face-to-face interview of this research are required to sign a copy of letter of consent to acknowledge their acceptance of the survey and that they consent to the research to publish the result of the responses provided by the interviewee to the public. It is important to note that all responses obtained from this research are to be strictly used for the purpose of this dissertation and for academic research only and none of the responses obtained will be used for commercial purpose. All data, responses and personal information obtained through the course of this research are to be treated with strict confidentiality and will comply with personal data protection rules and regulation of Australia as provided under Privacy Act 1988.

[This page is deliberately left blank.]

## **Chapter 5: Results and analysis of findings**

This chapter discusses on the results and findings from the analysis of data collected based on the methodology described in Chapter 4 (Methodology and Data). As the data of the research are collected from several methodologies – namely questionnaire, interview and Organizational Culture Assessment Instrument (OCAI) – the results obtained from these different methodologies will first be presented and analysed individually and separately and thereafter be analysed collectively in order to answer our earlier formulated research questions. The results are divided into three sections. First section intends to analyse the banking experience of customers in Australia and under this section, the first part of the result analyses the demographic information such as age group, gender, nationality, ethnicity, education level, employment status and frequency of banking transactions of the participants of the questionnaire and the second part analyses the participants' experience and opinion on the banking services provided by Australian banks. Second section intends to analyse the organizational culture or corporate culture of China banks that are based in Australia and also selected Australian banks based on the score obtained from OCAI questionnaire. Third section intends to analyse the responses from bank employees on their personal experiences in working in Australian banks and China Merchants Bank's overseas entities based on interview.

### **5.1 Retail banking customer experience in Australia**

#### **5.1.1 Data collection**

The data for the analysis on retail banking customer experience in Australia were collected using questionnaire as set out in Chapter 4.3.1 earlier. The responses of the questionnaire were obtained through physical distribution of questionnaire to walk-in customers at China Merchants Bank and local Australian banks at Sydney area and online

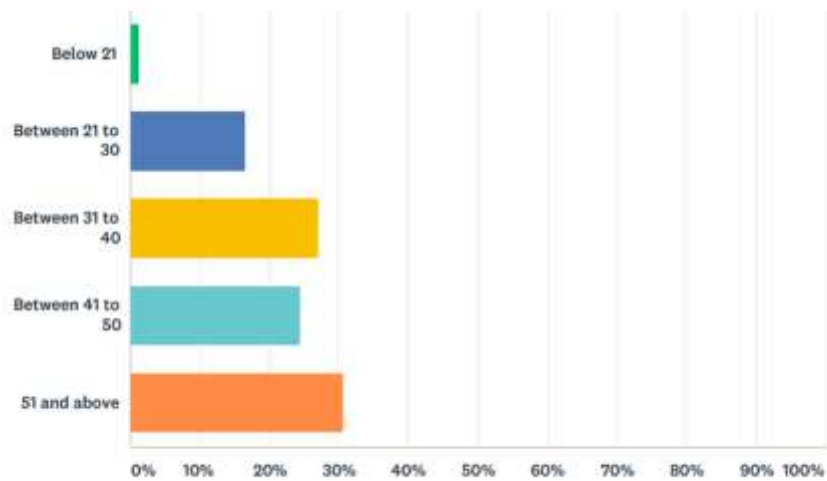
survey website (<https://www.surveymonkey.com/r/22YPPMC>) which was distributed to contacts of the researcher who are known to be customer of Australian banks and who in turn assisted to forward the same link to their other contacts (snowballing technique). For the physical distribution of questionnaire to walk-in customer at banks in Sydney area, the participants were randomly selected and participation is entirely voluntarily. The participants were also informed that their response in the questionnaire is strictly private and confidential and that the participants have the absolute right not to provide any reply to any part of the questionnaire which they are uncomfortable with or that they choose not to answer. The questions of this questionnaire survey is entirely in English language and no secondary language is offered as an option to the participants. Those potential participants who are not native English speaker or have poor command of the English language were automatically excluded from this questionnaire survey. There were a total 100 physical questionnaires distributed to randomly selected walk-in customers and out of the 100 responses collected, only 88 of the physical questionnaire that were collected that can be employed for analysis purpose. The other 12 physical questionnaire collected had to be discarded due to various issue such as incomplete questionnaire or issue in response (where participants erroneously selected more than one response). For easier data management and convenience, response of the 88 participants from the physical questionnaire were keyed into the online survey website. Combined with the responses obtained from online survey which totalled at 226 responses, the research managed to obtain a total of 314 responses which can be analysed for the purpose of this research.

### **5.2.2 Demographic analysis**

A demographic analysis is conducted to provide a better understanding of the characteristics of the retail banking customers who participated in the questionnaire. The analysis is conducted based on the information provided by the participants under Part A of the questionnaire (see Chapter 4.3.1).

## (1) Age Group

Table 5-1 Analysis of the age group of the participants of the questionnaire



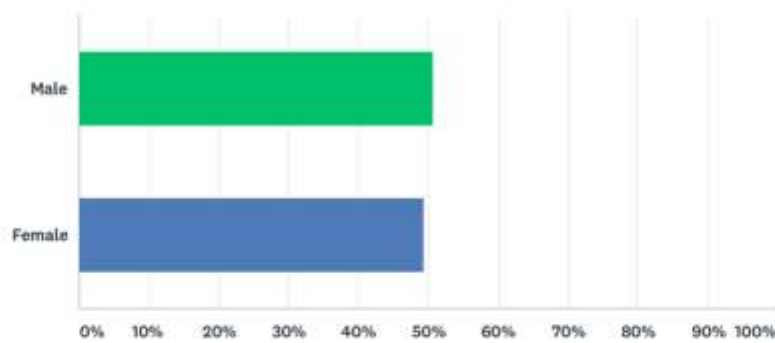
ANSWER CHOICES	RESPONSES	
Below 21	1.27%	4
Between 21 to 30	16.56%	52
Between 31 to 40	27.07%	85
Between 41 to 50	24.52%	77
51 and above	30.57%	96
TOTAL		314

Based on Table 5-1 above, more than 80% of the participants are above the age of 30 – indicating participants who are more mature in terms of age and surprisingly, the age group with the highest number of participants is the age group of 51 years old and above, followed by the age group between 31 to 40. This researcher would like to point out that during the distribution of physical questionnaire to walk-in bank customers at selected banks in Sydney, majority of the willing participants are those elder customers above the age of 50. This researcher also note that many of the young walk-in customers below the age of 30 are very reluctant to participate in the questionnaire.

## (2) Gender

Based on Table 5-2 below, the gender of the participants are equally divided but the proportion of male participants is slightly higher at 50.64%.

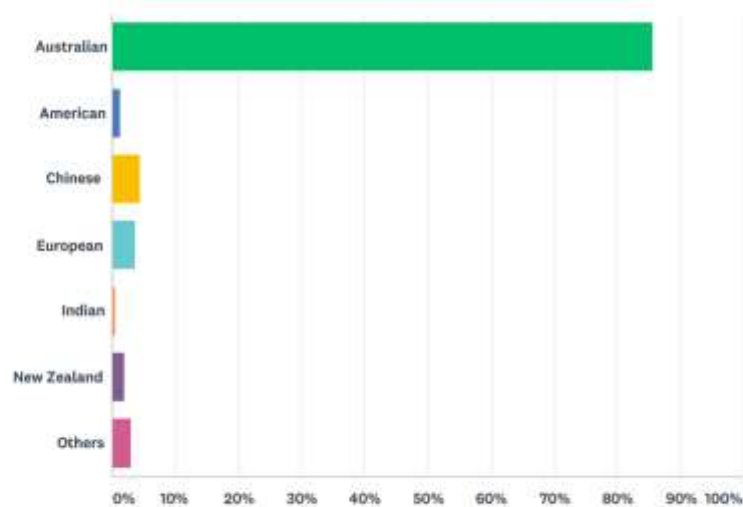
Table 5-2 Analysis of the gender of the participants of the questionnaire



ANSWER CHOICES	RESPONSES	
Male	50.64%	159
Female	49.36%	155
TOTAL		314

### (3) Nationality

Table 5-3 – Analysis of the nationality of the participants of the questionnaire

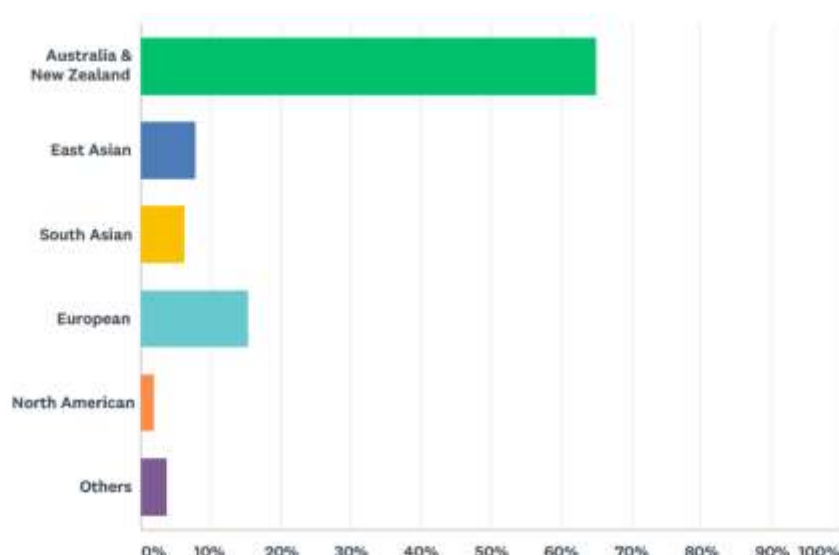


ANSWER CHOICES	RESPONSES	
Australian	85.67%	269
American	1.27%	4
Chinese	4.46%	14
European	3.50%	11
Indian	0.32%	1
New Zealand	1.91%	6
Others	2.87%	9
TOTAL		314

Based on Table 5-3 above, majority of the participants are Australian (85.67%) followed by Chinese (4.46%) and European (3.5%). There were only a few participants who are American (1.27%), Indian (0.32%) and New Zealand (1.91%). The remaining parties belong to other nationals (2.87%). There is a possibility that only 4.46% of the participants are Chinese is due to language barrier. As the questionnaire survey is conducted only in English language with no Mandarin version of the questionnaire being offered, it is likely that many Chinese participants are deterred from participation.

#### (4) Ethnicity

Table 5-4 – Analysis of the ethnicity of the participants of the questionnaire

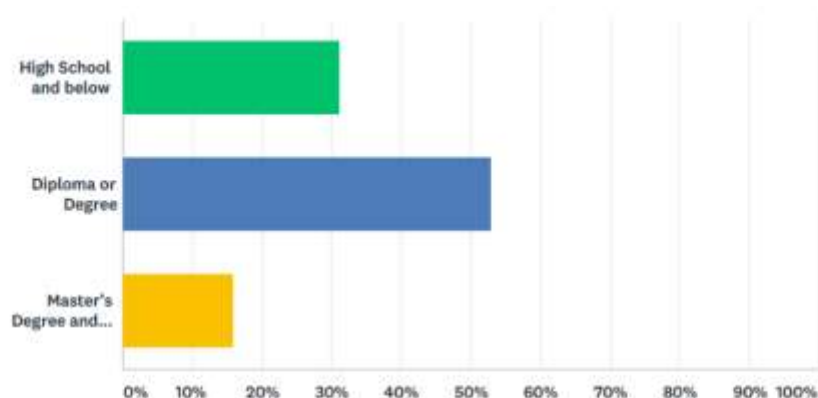


ANSWER CHOICES	RESPONSES	
Australia & New Zealand	64.97%	204
East Asian	7.64%	24
South Asian	6.37%	20
European	15.29%	48
North American	1.91%	6
Others	3.82%	12
<b>TOTAL</b>		<b>314</b>

Based on Table 5-4 above, majority of the participants belong to the Australia and New Zealand ethnicity (64.97%) followed with European ethnicity (15.29%), East Asian (7.64%) and South Asian (6.27%). Less than 5% of the participants are from the North American (1.91%) and others ethnicity (3.82%)

## (5) Education Level

Table 5-5 Analysis of the education level of the participants of the questionnaire



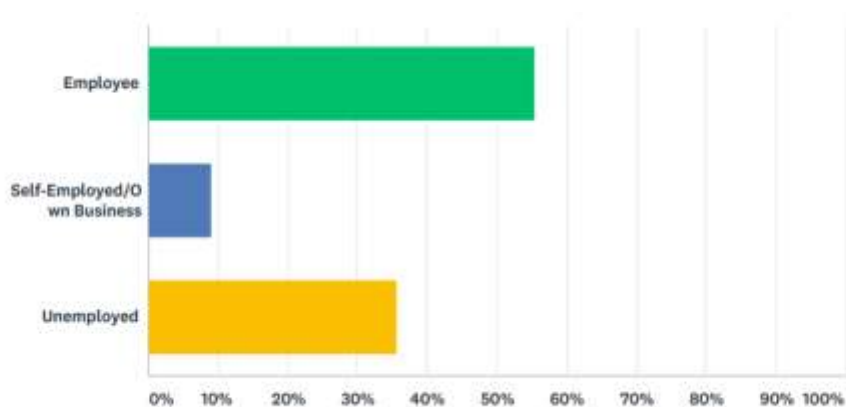
ANSWER CHOICES	RESPONSES	
High School and below	31.21%	98
Diploma or Degree	52.87%	166
Master's Degree and above	15.92%	50
TOTAL		314

Based on Table 5-5 above, majority of the participants have at least a diploma or a degree education qualification (68.79%) and the remaining participants have only high school education qualification or below (31.21%).

## (6) Employment Status

Based on Table 5-6 below, majority of the participants are employee (i.e. working for others) (55.41%) followed by unemployed (35.67%) and self-employed or business owner (8.92%). The high percentage of unemployed participants could be explained by the fact that many of the participants (30.57%) belong to the age group of 51 and above (see Table 5-1 above). Another explanation why there are many unemployed participants dropping by banks for financial transaction is that Australia, like many developed countries is a welfare nation and those who are unemployed are entitled to unemployment benefits. Hence, those who are unemployed will likely to still have a source of income from the government.

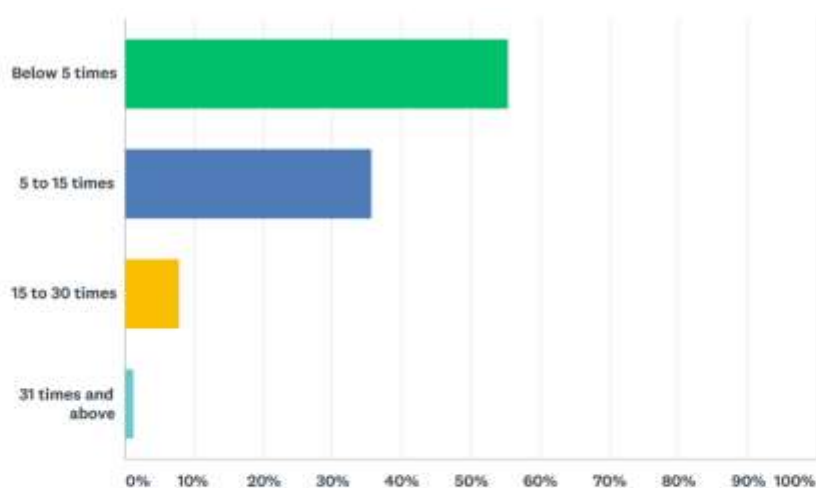
Table 5-6 Analysis of the employment status of the participants of the questionnaire



ANSWER CHOICES	RESPONSES	
Employee	55.41%	174
Self-Employed/Own Business	8.92%	28
Unemployed	35.67%	112
TOTAL		314

### (7) Frequency of Banking Transaction Per Week

Table 5-7 Analysis of the frequency of the weekly banking transactions of the participants of the questionnaire

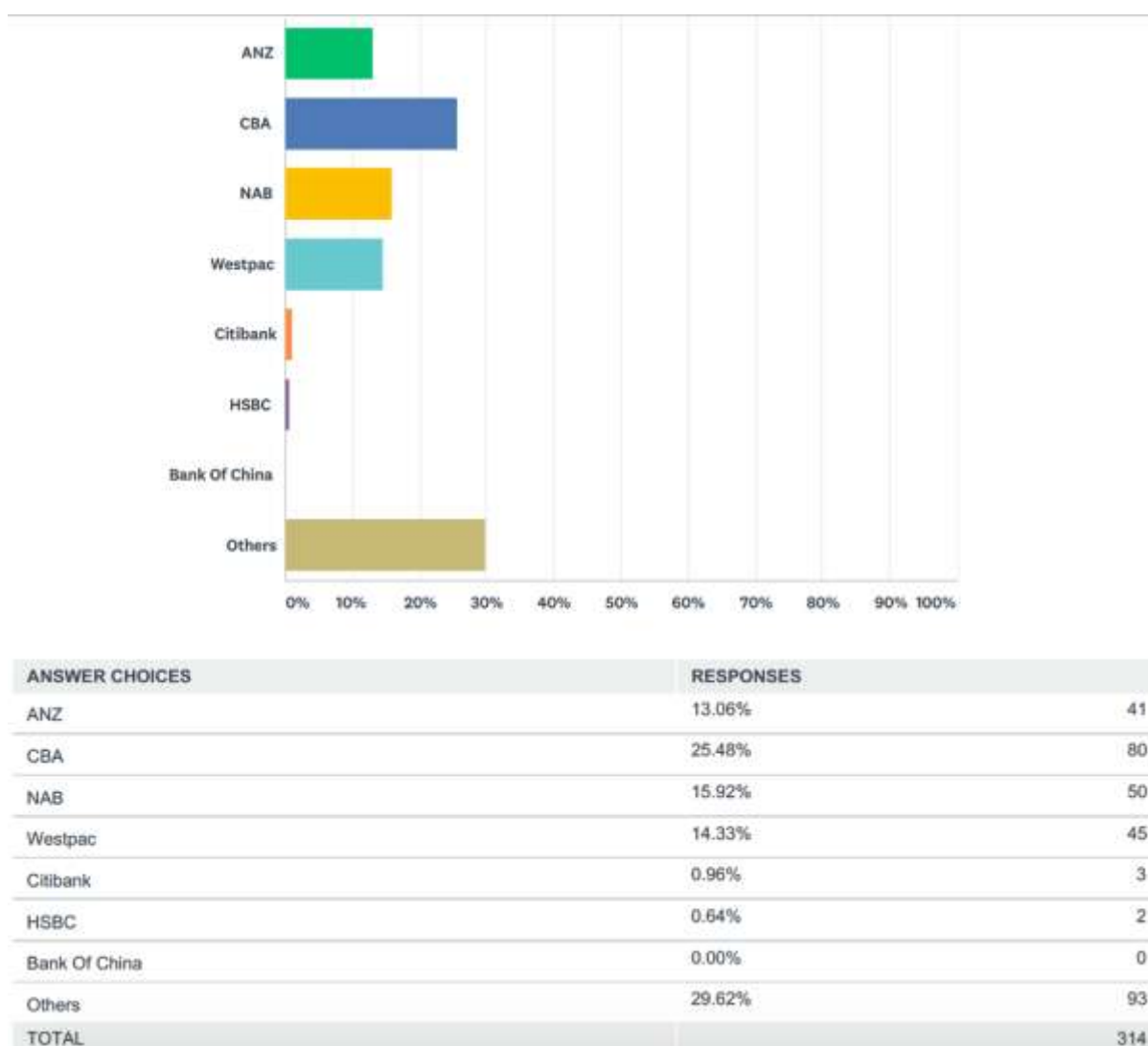


ANSWER CHOICES	RESPONSES	
Below 5 times	55.41%	174
5 to 15 times	35.67%	112
15 to 30 times	7.64%	24
31 times and above	1.27%	4
TOTAL		314

Based on Table 5-7 above, many of the participants perform below five (5) number of banking transactions per week (55.41%). About 35.67% of the participants perform five (5) to fifteen (15) number of banking transactions per week and only a minority of the participants perform above fifteen (15) number of banking transactions per week (8.91%).

#### (8) Regular Bank in Australia

Table 5-8 – Analysis of the preferred regular bank of the participants of the questionnaire (Note: Participants is allowed to choose only one bank)

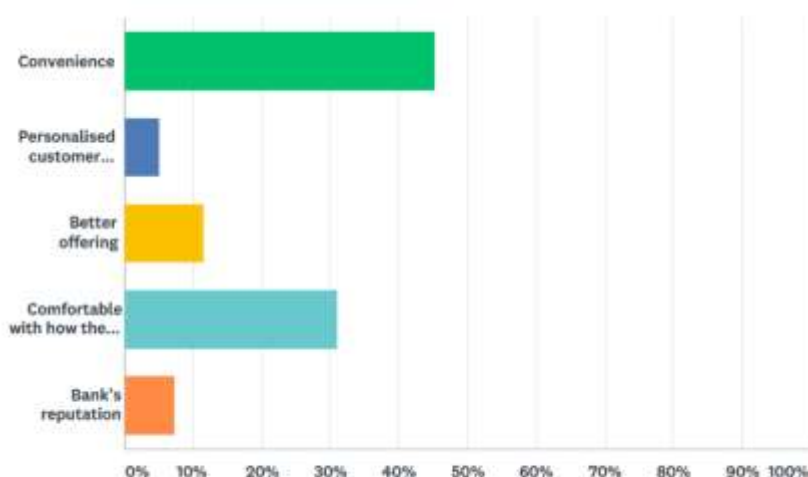


Based on Table 5-8, the most popular bank of choice of the participants are Commonwealth Bank of Australia (25.48%), National Australia Bank (15.92%), Westpac

Banking Corporation (14.33%) and Australia and New Zealand Banking Group (13.06%). These four major banks which form the pillar of Australian banking system more than 75% of the total votes by participants. It is interesting to note that 29.62% of the participants selected “Other” as their bank of choice. However, since the participants did not list down the name of their preferred bank which is not in the list, this researcher is unable to determine if the vote for “Other” is a choice for a particular bank or for a few banks.

#### (9) Main Reason for Banking with Preferred Regular Bank

Table 5-9 Analysis of the main reason why the participants selected the choice of preferred regular bank in Table 5-8 above

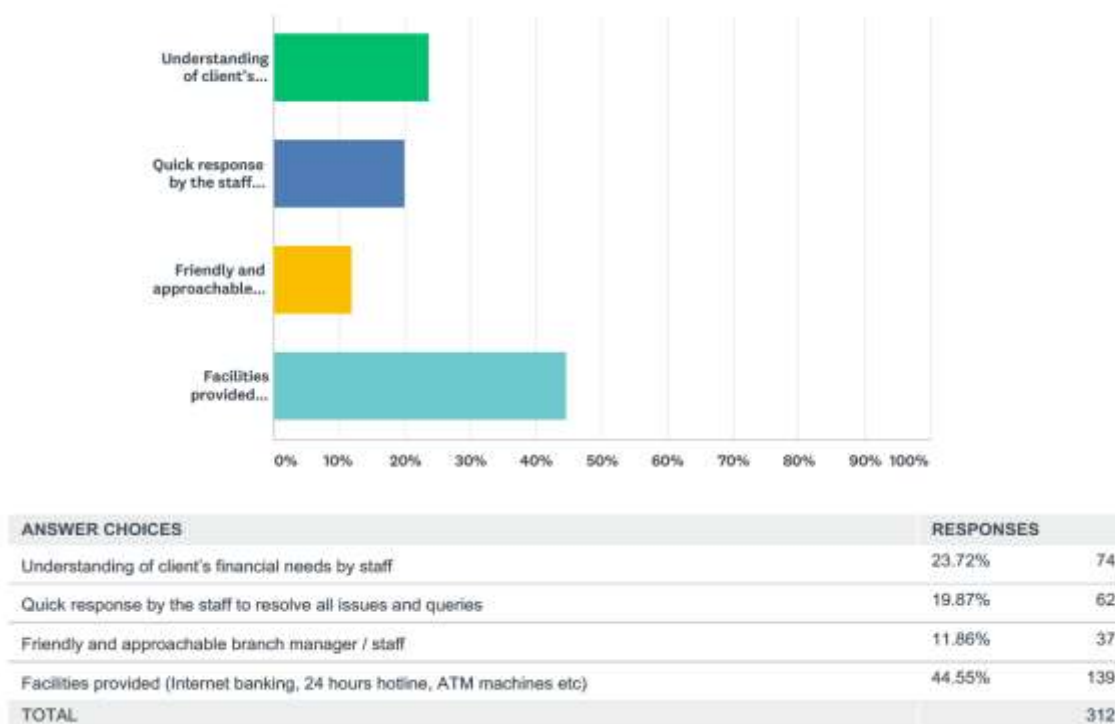


ANSWER CHOICES	RESPONSES	
Convenience	45.22%	142
Personalised customer service	5.10%	16
Better offering	11.46%	36
Comfortable with how the bank works and operates	30.89%	97
Bank's reputation	7.32%	23
<b>TOTAL</b>		<b>314</b>

Based on Table 5-9 above, the top two main reasons why participants selected their choice of preferred regular bank in Table 5-8 earlier are convenience (45.22%) and being comfortable with how the bank work and operate (30.89%). Generally, this researcher note that bank customers will prefer to choose banks which is convenience to them in terms of location, easy access and also where they are familiar with the bank operations.

## (10) Most Important Criterion When Selecting a Bank to Patronize

Table 5-10 Analysis of the most important criterion that attract the participants to bank with a particular bank

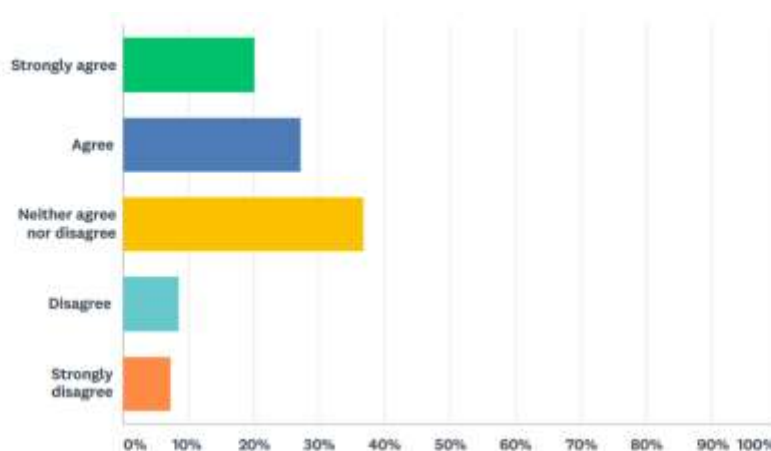


Based on Table 5-10, participants place emphasis on the facilities provided by the bank (44.55%) when selecting whether the bank with a particular bank. Understanding of client's financial needs by staff (23.72%) and quick response by the staff to resolve client's issues and queries (19.87%) are also deemed as important criteria by participants.

## (11) Dealing with Bank Officer Directly at the Branch

Based on Table 5-11 below, majority of the participants (47.29%) agree that they enjoy dealing with the bank's officer directly at the branch. However, about 36.74% of the participants neither agree nor disagree with the statement that they enjoy dealing with the bank's officer directly at the branch. Only a minority of the participants (15.88%) do not enjoy dealing with the bank's officer directly at the branch.

Table 5-11 – Whether participants enjoy dealing with the bank's officer directly at the branch

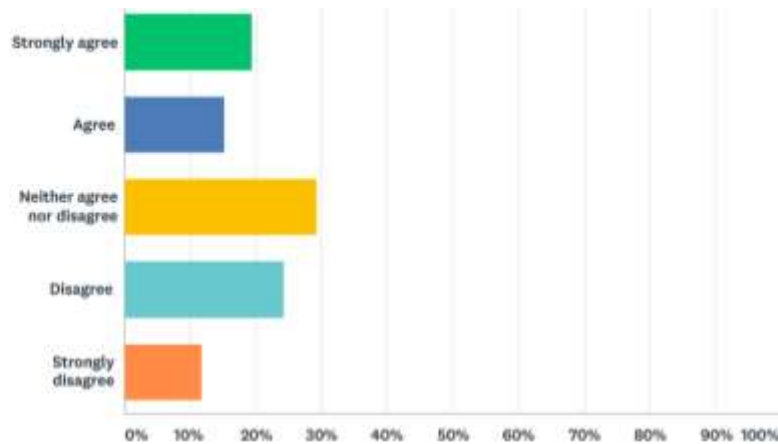


ANSWER CHOICES	RESPONSES
Strongly agree	20.13% 63
Agree	27.16% 85
Neither agree nor disagree	36.74% 115
Disagree	8.63% 27
Strongly disagree	7.35% 23
TOTAL	313

#### (12) Preference for Interaction with Staff vs Internet Banking

Based on Table 5-12 below, the number of participants who prefer internet banking (35.98%) slightly edge out the number of participants who prefer staff interaction (34.72%). The remaining number of participants (29.30%) neither agree nor disagree with this statement. Compared to the result in Table 5-11, the result in Table 5-12 seems to suggest that although majority of the participants enjoy dealing or interacting with bank staff when conducting banking transaction, many still prefer to conduct their banking activities using internet banking rather than to visit the branch and deal through a bank officer.

Table 5-12 Whether participants prefer for to interact with bank staff when dealing in banking transaction than using internet banking for similar purpose

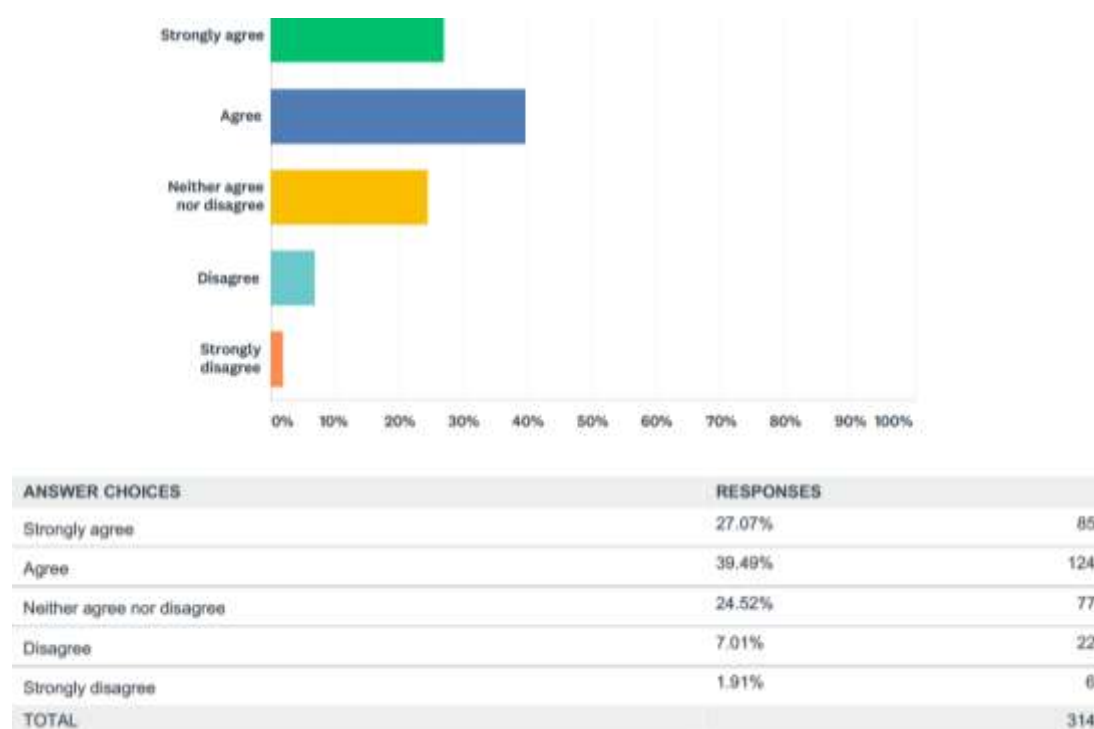


ANSWER CHOICES	RESPONSES
Strongly agree	19.43% 61
Agree	15.29% 48
Neither agree nor disagree	29.30% 92
Disagree	24.20% 76
Strongly disagree	11.78% 37
TOTAL	314

### (13) Customer Service Experience Influence on Participants' Choice of Bank

Based on Table 5-13 below, majority of the participants (66.56%) agree that customer service experience is an important factor that influence their decision on their choice of bank.

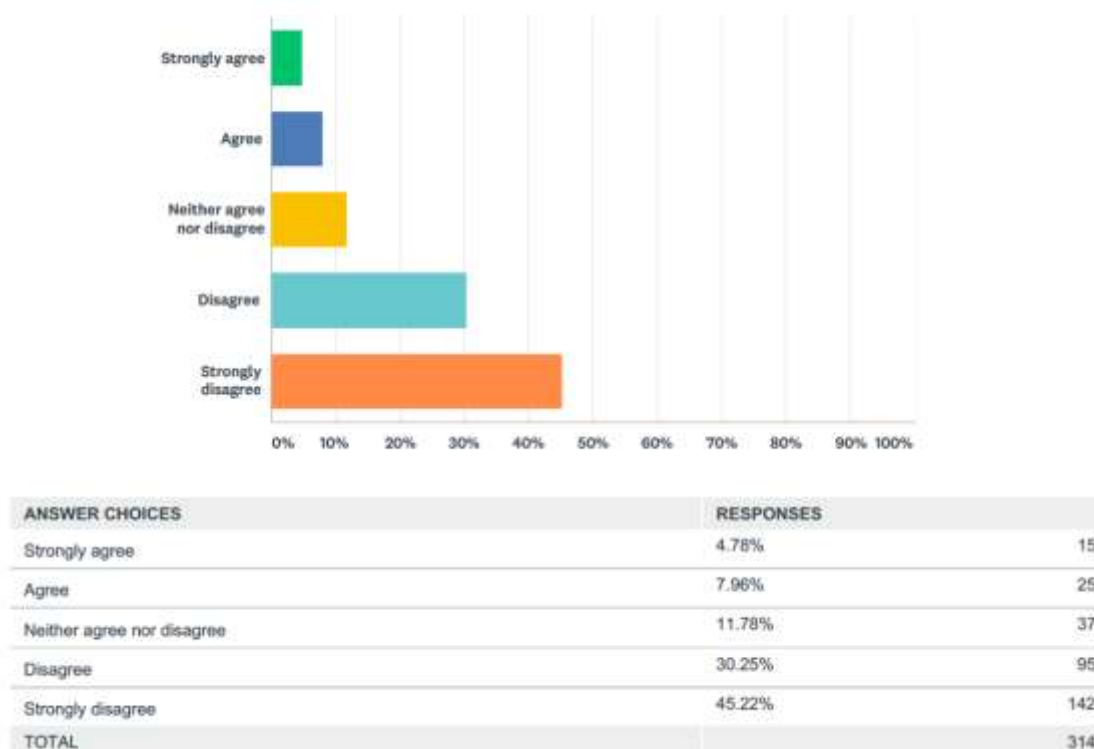
Table 5-13 – Whether customer service experience will influence participants' decision on their choice of bank



#### (14) Frequency of Visit to the Branch

Based on Table 5-14 below, overwhelmingly majority of the participants (75.47%) do not visit bank branch more than two (2) times a week. This indicates that many participants prefer to conduct their bank transaction outside branch. The response obtained in Table 5-14 above seems to support our earlier suggestion under Table 5-12 that although majority of the participants enjoy dealing or interacting with bank staff when conducting banking transaction, many still prefer to conduct their banking activities using internet banking rather than to visit the branch and deal through a bank officer. With many of the participants do not visit the branch more than two (2) times a week, this suggest that many of the participants indeed prefer to perform their banking transaction through internet banking rather than through bank branch.

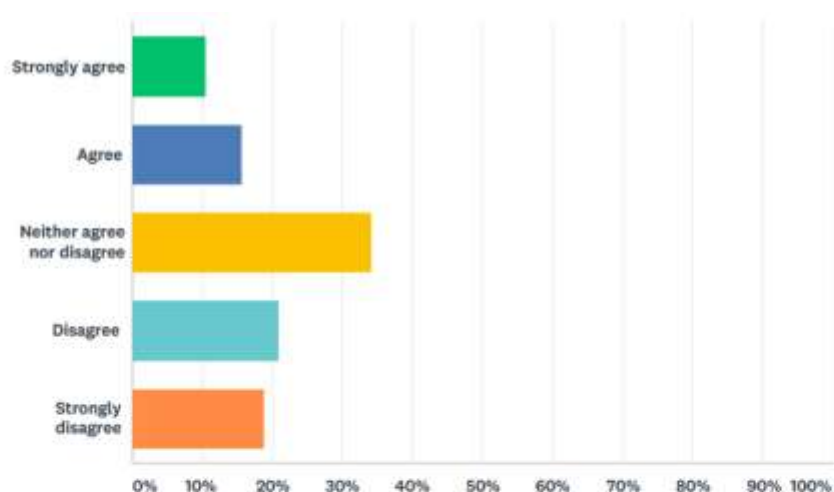
Table 5-14 Whether participants tend to visit bank branch more than two (2) times a week



(15) Visit to the Bank Branch to Conduct Banking Transaction

Based on Table 5-15 below, there are more participants who do not enjoy visiting the bank branch to conduct their banking transaction (39.81%) compared to those participants who enjoy visiting the bank branch to conduct their banking transaction (26.12%). The result in Table 5-15 further support our earlier suggestion under Table 5-12 and also Table 5-14 above.

Table 5-15 Whether participants enjoy visiting the bank branch to conduct their banking transactions

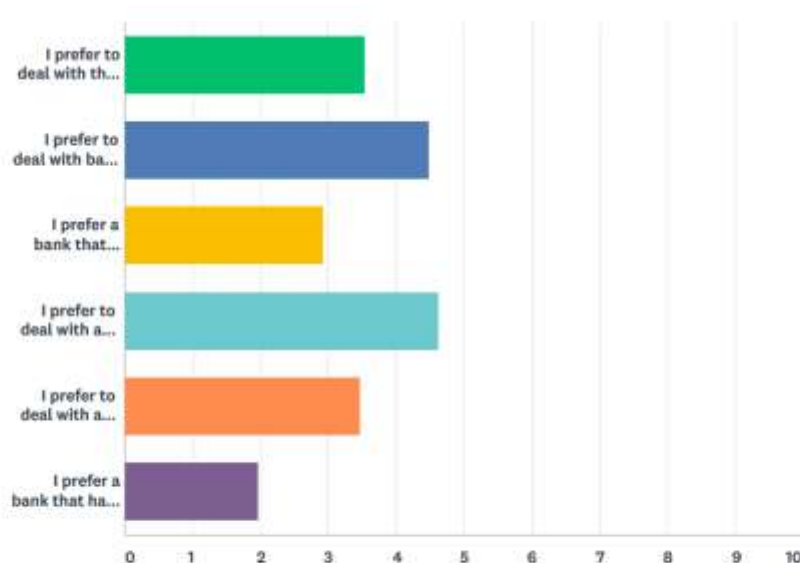


ANSWER CHOICES	RESPONSES	
Strongly agree	10.51%	33
Agree	15.61%	49
Neither agree nor disagree	34.08%	107
Disagree	21.02%	66
Strongly disagree	18.79%	59
TOTAL		314

#### (16) Most Important Criterion When Choosing a Bank (Ranking)

Based on Table 5-16 below, the top two criterion selected by the participants are they prefer to deal with bank staffs whom they are comfortable with (4.48 score) and they prefer to deal with a bank that is located nearby their workplace or home (4.63 score). The least important criterion selected by the participants is that the bank has a presence overseas (1.96 score).

Table 5-16 – What are the most important criterion to the participants when choosing a bank



	1	2	3	4	5	6	TOTAL	SCORE
I prefer to deal with the bank in the language of my choice.	20.83% 65	11.86% 37	16.67% 52	18.91% 59	14.42% 45	17.31% 54	312	3.54
I prefer to deal with bank staffs that I am comfortable with.	26.60% 83	28.53% 89	23.40% 73	13.46% 42	3.53% 11	4.49% 14	312	4.48
I prefer a bank that understands my cultural background and personal requirements.	5.10% 16	9.55% 30	17.83% 56	22.61% 71	30.57% 96	14.33% 45	314	2.93
I prefer to deal with a bank that is located nearby my workplace/home.	37.70% 118	24.92% 78	13.42% 42	13.10% 41	8.63% 27	2.24% 7	313	4.63
I prefer to deal with a bank that has presence in different regions in Australia.	8.92% 28	18.47% 58	21.02% 66	20.38% 64	25.16% 79	6.05% 19	314	3.47
I prefer a bank that has also a presence overseas.	0.96% 3	6.69% 21	7.96% 25	11.46% 36	17.20% 54	55.73% 175	314	1.96

## 5.2 Organizational Culture Assessment

### 5.2.1 Data collection

The purpose of this assessment is to evaluate the organizational culture of overseas branches of several Chinese banks, China Merchants Bank local branch in China and also several local Australian banks (which forms part of the Big Four). The details of the respondents for this part of assessment are as follow:

Table 5-17 The respondents of banks

Bank Details	No. of Respondents
Big Four (4) Australian Banks (Commonwealth Bank of Australia, Westpac Banking Corporation, National Australia Bank, and Australia and New Zealand Banking Group)	56
Bank of China (Sydney Branch)	29
Industrial and Commercial Bank of China (Sydney Branch)	21
China Merchants Bank (Sydney Branch)	12
China Merchants Bank (Hong Kong Branch)	23
China Merchants Bank (Mainland China Branch)	46
<b>TOTAL</b>	<b><u>187</u></b>

The participants for this OCAI questionnaire is selected through assistance of this researcher's personal contact in the above banks. As explained in Chapter 4.6 (Pilot Study) earlier, due to the unique but complicated scoring system for this OCAI system, this OCAI questionnaire could not be distributed using the conventional email snowballing method as used for the collection of data for questionnaire in Chapter 5.1.1 above. In order to ensure that the actual participants of this OCAI questionnaire are fully aware and understand the mechanism and implication of the scoring system for this OCAI questionnaire, this research engage the assistance of this researcher's contact in the banks above to assist to recruit potential participants, explain the mechanism of the OCAI questionnaire and compile the responses obtained and provide them to the research for final complication. By engaging the assistance from this researcher's contact, this reduces time and ensure that the data gathered reflect the mindset and view of the participants.

## 5.2.2 Analysis of result of Organizational Culture Assessment Instrument

### (A) Analysis on score of Organizational Culture Assessment of all respondents

Based on the results obtained from the respondents using Organizational Culture Assessment Instrument (OCAI) that was developed by Quinn and Cameron (2006), the total

score obtained were then tabulated and summed up according to the sections before being divided by six (please refer to Chapter 4.3.2 and Chapter 4.5(C) for a better understanding on the methodology of the calculation for OCAI). Below is the summary of the result of OCAI based on the responses obtained from the 187 respondents.

Table 5-18 Summary of the result of OCAI based on responses obtained from 187 respondents

No.	Details (Section)	Average Score for “Now”	Average Score for “Preferred”
1	Section A (The Clan Culture)	18.07	19.08
2	Section B (The Adhocracy Culture)	17.28	18.31
3	Section C (The Hierarchy Culture)	36.95	34.72
4	Section D (The Market Culture)	27.70	27.89

Based on the OCAI scores in Table 5-17 above, the respondents provided higher scores for Section C (36.95) and Section D (27.70) and lower scores for Section A (18.07) and Section B (18.07) for “now”. The OCAI scores indicate that the at the present time, the respondents consider their organizations to practise hierarchy culture and market culture. Hierarchy culture means that the organization focuses on internal maintenance with a need for stability and control while the market culture reflect an organization that focuses on external positioning with a need for stability and control. Lower OCAI scores for the clan culture and adhocracy culture means that the respondent consider that their organizations do not focus on internal maintenance with flexibility and place less concern for people and insensitive to customers’ needs.

Based on the OCAI scores in Table 5-17 above, the respondents provided almost similar scores for “preferred” – higher scores for Section C (34.72) and Section D (27.89) and lower scores for Section A (19.08) and Section B (18.31). The “preferred” OCAI scores indicate that on average the respondents are happy to maintain the similar culture that is currently being practised at their organizations. However, the slight drop in OCAI scores for “preferred” compared to “now” shows that the respondents may prefer to have a slightly less hierarchical culture in their organizations.

(B) Analysis on score of Organizational Culture Assessment of all respondents who are based in banks in mainland China

Table 5-19 Summary of the result of OCAI based on responses obtained from 46 respondents of China Merchants Bank (Mainland China Branch)

No.	Details (Section)	Average Score for “Now”	Average Score for “Preferred”
1	Section A (The Clan Culture)	14.73	16.43
2	Section B (The Adhocracy Culture)	22.19	21.03
3	Section C (The Hierarchy Culture)	50.11	43.37
4	Section D (The Market Culture)	24.24	29.24

In order to assess whether there is any difference in the OCAI scores between respondents who are based in local banks that are located in mainland China and respondents who are based in overseas bank outside of mainland China, the OCAI scores are recalculated to provide a separate result for these two groups of respondents. The total respondents who fall within the category of those who are based in local banks that are located in mainland China is only 46. The lower number of such respondents compared to respondents who are based in overseas bank outside of mainland China is due to time constraint and difficulty in procuring other bank employees in mainland China to participate in such survey.

Based on the OCAI scores in Table 5-18 above, the respondents provided higher scores for Section C (50.11) and Section D (24.24) and lower scores for Section A (14.73) and Section B (22.19) for “now”. Compared to the OCAI scores in Table 5-17 earlier, the respondents who are based in local banks that are located in mainland China gave higher score to Section C (50.11 v 36.95) which indicate that the hierarchy culture is very strong and ominous in banks in mainland China. This suggests that banks in mainland China are very structured based and are designed specifically to maintain the stability and control of the banks by the higher echelon. The OCAI scores certainly reflect the general culture of Chinese people who embrace high respect to the elderly and also to higher authority. Even the political

structure of the government of China is hierarchical by nature where there is a particular system of management and hierarchy of power and authority. The weaker OCAI score for Section A indicates a perception by the respondents that the banks in China are not flexible to allow the system to adapt to changes to cater the needs of its employees or the customers. Since the culture in banks in China are highly hierarchical, the culture of the banks does not encourage much room for employees to deviate from the existing management system.

Based on the OCAI scores in Table 5-18 above, the respondents selected slightly lower score for Section C (43.37) for “preferred” compared to now (50.11). Notwithstanding the slightly lower score for Section C for “preferred”, the OCAI score for Section C is still the higher compared to other section for “preferred”. The respondents have selected higher score for Section A (16.43) and Section D (29.24) for “preferred” compared to “now”. The highest increment of OCAI score for “preferred” compared to “now” is for Section D (29.24 v 24.24). The above comparative OCAI scores for “preferred” and “now” indicates that the respondents are of the view that ideally their organizations’ culture should be less hierarchical and more market oriented. The OCAI scores for “preferred are almost similar or experience slight change for Section A and Section B compared for “now”.

(C) Analysis on score of Organizational Culture Assessment of all respondents who are based in banks outside of mainland China

Table 5-20 Summary of the result of OCAI based on responses obtained from 141 respondents (combination of respondents from Australian banks and overseas branches of Chinese banks)

No.	Details (Section)	Average Score for “Now”	Average Score for “Preferred”
1	Section A (The Clan Culture)	15.61	16.34
2	Section B (The Adhocracy Culture)	13.58	14.80
3	Section C (The Hierarchy Culture)	30.03	27.86
4	Section D (The Market Culture)	24.12	24.33

The total respondents who fall within the category of those who are based in overseas bank outside of mainland China total 141 persons. Based on the OCAI scores in Table 5-19 above, the respondents provided higher scores for Section C (30.03) and Section D (24.12) and lower scores for Section A (15.61) and Section B (13.58) for “now”. The OCAI scores in Table 5-19 is almost similar to the earlier OCAI scores in Table 5-17 earlier.

Comparing the OCAI scores in Table in 5.19 with the OCAI scores in Table 5-18, the respondents who are based in local banks in China selected higher OCAI scores for Section C (50.11) compared to the respondents who are based in banks outside China (30.03). The vast difference in OCAI scores indicate that generally banks in China adopts a more hierarchical cultural compared to banks outside of China. In addition to the above, the respondents who are based in local banks in China selected higher OCAI scores for Section B (22.19) compared to the respondents who are based in banks outside China (13.58). This indicates that banks in China also adopts a more adhocracy culture compared to banks outside of China. The OCAI scores for Section A and Section D are almost similar for both respondents who are based in local banks in China and respondents who are based in banks outside of China.

## **5.3 Interview**

### **5.3.1 Data collection**

The purpose of the interview is to allow this researcher to conduct a face-to-face meeting with selected respondents to interact and discuss on issues relating to banking including their experience in working in a bank or dealing with a bank and their view and opinion on whether cultural background is an important factor affecting bank transactions and performance in its dealings internally within the bank and externally with bank’s customers and business partners. A total of nineteen (19) respondents agreed to be interviewed for the purpose of this research. The respondents comprised of individual from diverse background and experience – bankers, ex-bankers and executives of companies that have experience dealing with banks in Australia.

Below is the summary of the details of the nineteen (19) respondents for this interview.

Table 5-21 – Summary of the details such as background (nationality and ethnicity), current company, job title and background experience of the nineteen (19) respondents who participated in the interview session of this research

No.	Name	Background (Nationality/ Ethnicity)	Current Company	Job Title	Years of Experience in Banking (if any)
1	Le Mule	Australian /Chinese	Australia and New Zealand Banking Group, Haymarket Branch, Sydney, Australia	Relationship Manager @ Commercial Banking Division	Approximately 14 years in banking industry (was posted to China for one year previously)
2	Michael Volkiene	Australian / Australian (German descendant)	Australia and New Zealand Banking Group, NSW and ACT, Australia	State Manager, Commercial Broker	More than 20 years in banking industry
3	Ian Newton	Australian / Australian	Australia and New Zealand Banking Group, NSW, Australia	Senior Manager, Credit Overview Division	More than 10 years in banking industry
4	John Kwong	Australian /Chinese	China Merchants Bank, Sydney, Australia	Head, Financial Accounting Division	More than 33 years in banking industry (previously attached to Japanese banks in Australia)
5	Richard Ward	New Zealand / New Zealand	Australia and New Zealand Banking Group, NSW, Australia	Deputy Credit Manager, Corporate Banking Division	More than 10 years in banking industry (started career in New Zealand)

6	ZH  (respondent has requested that his name is kept anonymous)	China / Chinese	China Merchants Bank, Sydney, Australia	General Manager	More than 30 years in banking industry (was previously based in China)
7	Yi Bian	Australian / Chinese	Country Gardens Ltd, Australia	Chief Financial Officer	More than 29 years in banking industry (previously was attached to HSBC Bank and had banking experience in China, Malaysia and Indonesia)
8	Stonely Ng	Australian / Chinese	Industrial & Commercial Bank of China, Sydney, Australia	Senior Credit Analyst	More than 18 years in banking industry (previously worked in Bank of Tokyo-Mitsubishi in Sydney, Australia)
9	JD  (respondent has requested that his name is kept	China / Chinese	China Merchants Bank, Sydney, Australia	Assistance General Manager, Corporate Banking  Division	More than 17 years in banking industry (was previously attached to China Merchants Bank New York branch)

anonymous)

10	Herman Yu	Hong Kong / Chinese	China Merchantsbank, Hong Kong	Head of Corporate Banking Division	More than 20 years in banking industry
11	Yaxin Chen	China / Chinese	China Merchants Bank, Guangzhou, China	General Manager of Jincheng Branch	More than 15 years in banking industry
12	Sheryl Ma	Australian / Chinese	Jennybay Diamond (non-bank)	Chief Executive Officer	Residence in Australia for more than 16 years
13	Ning Su	Australian / Chinese	Yancool Australia (non-bank)	General Manager, Treasury Department	Residence in Australia for more than 17 years
14	Amanda Wei	Australian / Chinese	Commonwealth Bank of Australia	Deputy Director, Institutional Banking & Markets	More than 14 years in banking industry
15	Aliya Ren	Australian / Chinese	China Merchants Bank, Sydney, Australia	Manager, Corporate Banking Department	More than 17 years in banking industry (previously attached with a bank in Canada for 7 years and in a bank in Beijing, China for 4 years)
16	Nicole Wu	Australian / Chinese	Aoyuan Property, Australia	Manager, Operation Division	Reside in Australia for more than 12 years (previously was based in United States for 3 years) and was

					employed in a bank for more than 6 years
17	Emily Yan	China / Chinese	China Merchants Bank, Sydney, Australia	Head of Risk and Compliance Department	More than 24 years in banking industry
18	James Tian	China / Chinese	China Merchants Bank, Sydney, Australia	Relationship Manager, Corporate Banking Division	Reside in Australia for more than 15 years and more than 2 years' experience in banking
19	Michelle Fan	New Zealand / Chinese	China Merchants Bank, Sydney, Australia	Relationship Manager, Corporate Banking Division	More than 10 years in banking industry (previously based in New Zealand for 8 years)

The nineteen (19) respondents were selected from a group of potential respondents who agreed to be interviewed for the purpose of this research. This group of potential respondents, which comprises of about thirty (30) individuals were identified through recommendations and referral from the researcher's personal contacts in the banking industry. Although there were thirty (30) potential respondents identified at the initial stage of the interview, only nineteen (19) interviews managed to be conducted. Interview with the remaining potential respondents could not be conducted due to various reasons such as last minute unavailability of the respondent, time constraint, and difficulty in arranging logistic and venue for the interview session. Many of the interviewees are based in overseas location such as Hong Kong and Australia so the face-to-face interview could only be conducted during the period when this researcher travels to the respective locations for work purpose. For convenience of the respondents, the interview session was conducted at a venue decided by the respondent themselves and each interview session is conducted separately and identity of the other respondents were not revealed to the respondent. Although some of the respondents are work colleagues and are attached to the same bank and some even in the same branch, the identity of the respondents were nevertheless kept anonymous and not revealed to any person.

The respondents were not informed or provided any pre-arranged set of questions that will be adduced during the interview session. Instead, the respondents were informed that the purpose of the research to obtain a better understanding of the influence of culture on banking sector including on how the management addresses issue on the difference in diversity of culture of the customers and employees in the bank's daily operation and also their personal experience and opinion on such matters. It should be pointed out the nineteen (19) respondents should broken down into two different batches of interview. The first batch of interview which consist of ten (10) respondents (respondents 1 to 10 in Table 5-20) was conducted at around end of 2018 and earlier 2019. The nature of the questions posed to the respondents in the first batch of interview are quite similar – generally about the impact of culture on business operation and hiring process and whether culture will affect the performance of the bank. The second batch of interview consist of nine (9) respondents (respondents 11 to 19 in Table 5-20) was conducted sometime between April and May 2019.

For the second batch of interview, besides questions on the impact of culture on bank's operation, the respondents were also asked about the effect of technological advancement on bank's operation and whether the implementation of technology in banking operation such as artificial intelligence and robo-bank would negates any cultural implication on bank's operations. The reason for the additional questions in the second batch of interview compared to the first batch of interview is due to feedback received from some of the respondents from first batch of interview who pointed out that many of the banks nowadays are moving towards automation in banking services where there is less need for clients to meet with bankers to conduct banking transaction rendering it unnecessary to take into account the impact of culture in client relationship. Due to time constraint it is difficult to contact the respondents in the first batch of interview to reply to the additional question. Therefore, only the respondents in the second batch of interview manage to provide response to the additional questions.

The respondents were also informed that the purpose of the interview is for academic research purpose and the respondents have the absolute right to refuse to answer any particular questions which they are not comfortable with or refuse to answer and at any point in time during the interview, the respondents have the option to end the interview shall they wish to do so. As the interview was conducted on a face-to-face meeting between this research and the respondents in person, the identity of the respondents would be revealed to this researcher. In order to protect the identity of the respondents, the respondents were also provided with an option on whether they would prefer that their identity or actual name to be kept anonymous in the interview result. Out of the nineteen (19) respondents, only two respondents request for their name not to be disclosed in the final interview result (see respondent no. 6 – the respondent is identified with the initial ZH, which means “Zoe Henry” and respondent no. 9 – the respondent is identified with the initial JD, which means “John Doe”).

On average, the duration of each interview session lasted about 25 minutes. For the purpose of future referencing, each interview session is recorded via mobile phone recording application. For compliance with data protection and privacy, each of the respondents

consented to such recording to be made prior to the commencement of the interview session. The interview sessions were conducted either in English language, Mandarin language or Cantonese dialect. The choice of the language used during the interview depends on the respondent himself or herself. For non-Chinese respondents, the obvious language choice is English language. For Chinese respondents, they were given the option of either conversing in Mandarin, Cantonese or English.

From the nineteen (19) respondents described in 5.20 above, seventeen (17) of the respondents are currently still or was previously employed in the banking industry in various different capacity and job scope and only two (2) of the respondents have no prior working experience in the banking industry. All but two of the respondents are based or employed in Australia. For the remaining two respondents, one is based in Hong Kong and the other one is based in China. Many of the respondents have at least 10 years' experience in the banking industry and are considered experienced banker and are in the middle or senior manager role in the bank. Some of the respondents have experience working in different banks from different countries and also have been posted for overseas assignment in various different countries. Out of the nineteen (19) respondents, six (6) are Chinese national and of Chinese descent, ten (10) are of Australian/New Zealand national but of Chinese descent, and the remaining three (3) respondents are Australian/ New Zealand national but not of Chinese descent (local). This researcher would like to point out that the initial targeted ratio of respondents for this interview was one third respondents to be of China nationals and of Chinese descent, one third respondents to be of Australian or New Zealand nationals but of Chinese descent and the remaining one third respondents to be Australian or New Zealand national but not of Chinese descent (local). However, the targeted ratio of the background of the respondents could not be met due to the reduction of the number of respondents from 30 to 19 as per the reasons provided above.

This researcher would like to point out that it was never an easy task to identify and initiate contact with and also to persuade potential respondents who fall into the category of Australian or New Zealand national but not of Chinese descent (local) to agree to participate in the interview session. Therefore, when many of those respondents who are Australian or

New Zealand national but not of Chinese descent (local) decided to cancel the interview the agreed interview session for different reasons, this researcher is of the view that the voice of those who are Australian or New Zealand national but not of Chinese descent (local) could not be adequately represented in this research. Notwithstanding the lack of such representative in this research, this researcher is delighted that the other three (3) respondents of Australian or New Zealand national but not of Chinese descent (local) who agreed to proceed with the interview session somewhat made some input contribution to this research.

### **5.3.2 Review of interview responses**

Based on the responses obtained from the nineteen (19) respondents who participated in the interview, the respondents provided two conflicting view on whether cultural plays an important role in bank's operation in particular in client facing role. On one side, the respondents view culture to be an important aspect to be considered by banks in dealing with entities from different cultural background. One the other side, the respondents do place such importance on cultural influence in banks dealing but instead focus more on other aspects such as competency and capability of the bank employees. These two contrasting views are discussed in further below.

#### **(A) Culture an important consideration**

Two respondents, John Kwong and ZH, both of whom who have more than 30 years working experience in the banking industry are of the view that culture is an important consideration in the hiring process of bank. Hofstede scores for Australia and China indicates that there is a stark contrast between the culture of Australia and China. According to ZH, Chinese culture which is traditional by nature is more rigorous and disciplined compared to Western culture which is open by nature and is more free-spirited and easy going. John Kwong considers Australian to adopt a more individualistic culture compared to the Chinese culture which is more of community based. John Kwong as view Chinese employees to be more active, responsive and easy going compared to their Australian counterparts. Yi Bian, who was previously in banking industry for more than 29 years, pointed out that the difference in culture may result in difference in business processes such as negotiation and

working style of the employees. Since Chinese culture is more rigorous and disciplined, Chinese employees are generally more efficient while Australian employees are slightly more laid back. Yi Bian noted that Australian place an important distinction between working hours and personal hours and generally Australian prefer not to contact their clients after office hours or during the weekend. Chinese employees who may not be versed with Australian culture may unintentionally contact their Australian colleagues or Australian clients after working hours or on the weekend for work related matters. Such action which is deemed as culturally offensive and an intrusion to the Australian colleagues or Australian clients' personal time may cause some cultural awkwardness that may jeopardise the Chinese employees with the Australian colleagues or Australian clients. Due to the difference between Chinese and Australian culture, there is a need for banks to adopt specific hiring process to minimise any potential friction that may arise due to the cultural difference.

John Kwong, who has worked previously in Japanese banks in Australia, suggested that foreign banks in Australian may follow Japanese banks' style in terms of hiring process. Stonely Ng, who also has working experience in Japanese banks pointed out that during the early days of Japanese banks in Australia, Japanese banks only hire Japanese employees as all of the clients of the Japanese banks are Japanese corporations. However, as Japanese banks began to expand their business to clients who are non-Japanese, there is a need for Japanese banks to adjust their hiring policy to manage the cultural differences. According to John Kwong, Japanese banks hiring policy depends on the role of the employees – certain positions may require local employees while some may require Japanese employees. Although ZH has never worked in a local Australian bank previously in his 30 years banking career, he is of the view that Chinese banks in Australia should adopt Japanese banks hiring policy whereby roles that involve dealing with the bank's headquarter in China (for instance, human resource, information technology, credit review and corporate banking) may be suitable to be filled by Chinese employees while roles such as compliance and operation matters may be suitable to be filled by local Australian employees. The reason for the distinction in hiring process is due to the cultural character, mindset and language ability of the employees. If a local Australian is hired to deal with the bank's headquarter in China, the local Australian may find it difficult

to deal with his Chinese colleague due to language and probably working culture difference. Ning Su remarked that Chinese employee in Australia who speak similar language and has similar cultural background will find that communication with their Chinese colleague in China easier.

Similarly, Ian Newton, whose role in credit overview also consider language proficiency to be an important skill in particularly when it comes to dealing with foreign Chinese client. Since majority of Ian Newton's clientele comprise of Chinese client, he thinks is it easier to communicate with them if he is able to speak their language and this actually prompted him to start picking up Mandarin classes to enable him to communicate effectively with his Chinese clients. Yaxin Chee, who is the General Manager of a bank based in China shared his experience in dealing with foreign clients in China. According to Yaxin Chee, his branch deal with around 40 clients each day and on average around 3 of the clients are foreigners from Middle Eastern countries or African nations who do not speak the local Mandarin language. These foreigners speak mainly English and since the staffs at the bank branch are not proficient in English language, the bank staffs find it difficult to communicate with the foreign clients effectively. Consequently the foreign clients may find it frustrating to deal with local Chinese banks.

Besides the hiring process, John Kwong, who specialises in financial accounting for banks, opined that the difference in culture may also affect the back office operation of banks including the style of the management and the business direction and strategy of the bank. For instance, John Kwong, drawing from his extensive experience, remarked that Japanese bank operates differently from Chinese banks. Chinese banks are mainly state-owned while Japanese banks are privately owned and the difference in ownership status will affect the bank directs its capital and also its credit risk management. In order to bridge the cultural gap that exist for banks operating or dealing with foreign entities, ZH suggested that Chinese banks in Australia to establish an Australia help desk which is to be manned either by a local Australian born Chinese who have mastered the local culture or local Australian to deal with Australian clientele. Conversely, ZH also noted that the ever growing presence of Chinese businesses and investors in Australia also prompted local Australian banks (such as Australia

and New Zealand Banking Group) to establish a dedicated China help desk to support Chinese clientele in Australia. China help desk operated by Australian banks are usually manned by Chinese employees who can speak Mandarin and understand Chinese culture. However, the role of these Chinese employees is mainly to market and maintain relationship with Chinese clientele and they are not required to perform other operational function such as credit review as the non-marketing role is usually performed by local Australian employee.

Herman Yu recommend that Chinese banks that operate in overseas market to hire a local employees for certain roles such as front desk. Amanda Wei noted that in Chinese banks in Australia, the department head of some departments such a treasury department is usually filled by Chinese employee seconded from China while the deputy head position is filled by local Australian. The mixture of Chinese employees and local Australian employees is important to ensure that the bank can operate efficiently within the local context while at the same time ensure the Chinese connection is maintained with the head office. However, in certain banks such as China Merchants Bank, Herman Yu (who is the head of corporate banking division in China Merchants Bank in Hong Kong branch) noted that there is no difference in the hiring policy of China Merchants Bank in Hong Kong and also China. All of the 240 employees in China Merchants Bank Hong Kong branch are of Chinese descent as it is not practical hire non-Chinese due to language barrier. Since China Merchants Bank Hong Kong branch caters mainly to Chinese clientele (Note: Local Hong Kong businesses are also deemed to be Chinese clientele), most of the documents and communication internally and externally are in local Mandarin language. Most of the top executives at China Merchants Bank Hong Kong branch who are also from China adopts the same style and strategy with China head office hence there is not much difference between China Merchants Bank Hong Kong branch with its China branch counterpart.

Based on the above, Chinese banks in Australia may want to consider the cultural aspect in regard to its operation and management in particularly on its hiring policy.

#### (B) Culture not an important consideration

Notwithstanding the points raised in support of culture as an important consideration in

part (A) above, some of the respondents have differing view on this discussion. Le Mule, who works as a relationship manager in an Australian bank, does not think that culture or language is the most important aspect of his job scope. He considers personal relationship between the banker and client as the most important consideration of his job. Similarly, JD, who is the Assistant General Manager with more than 17 years' work experiences in banking industry, also consider culture background to be a secondary factor in banking transaction. Although similar culture background (such as the ability to speak the same language) may be convenient to facilitate negotiation and bank transactions, JD is of the view that it is not necessary to hire local Australian employee to deal with local Australian clientele or hire Chinese employee to deal with Chinese clientele. Based on JD's observation, he found that there are many Chinese employees who have migrated to foreign countries such as Australia who actually speak better English than the local and have a good understanding of the culture and needs of local Australian clientele. Similarly, there are also local Australian employee who are able to converse in Mandarin language and have experience in dealing with Chinese culture who are well equipped to deal with Chinese clientele. Premised on the above argument, JD thinks that there is no such thing as cultural barrier and as long as the employee is able to communicate in the language of the client, that said employee is competent to manage the client.

Stonely Ng echoed the same sentiment as JD. According to Stonely Ng, there is no necessity for the bank specifically hire someone from a particular background to manage and handle clients from similar background. If the person has experience the said person can handle the job. Obviously a Chinese person would have the advantage of being able to handle Chinese clientele but as discussed earlier this does not means such job cannot be handled by a local Australian person. For certain departments, for instance credit assessment department, Richard Ward observed that culture is not an important consideration as they do not deal with foreigners. However, in the event that that a particular team member is from a different culture, Richard Ward believes that the department will be able to manage and adopt such diversity. However, this research opine that Richard Ward's assessment may be right for local Australian banks but not for foreign Chinese banks that are based in Australia. Chinese banks

in Australia inherently still retain the banks' original culture and local Australian employees working in Chinese banks in Australia may find their existing Australian culture in conflict with the Chinese banks' original culture.

An interesting point was also raised by Michael Volkiene. He is of the view that it is a wrong assumption that clients from a particular cultural background would prefer to deal with another person from the same or similar cultural background. This means that a Chinese client does not necessarily would want to engage the service of a Chinese banker. In Michael Volkiene's experience in dealing with Chinese clients, he said that sometimes Chinese clients prefer to deal with local Australian or non-Chinese bankers due to privacy reason. Sometimes Chinese clients would be wary to share personal information with bankers who are from China to maintain confidentiality of their personal dealing. Michael Volkiene, who has more than 20 years' experience in banking industry also added that many international clients especially those dealing with corporate transactions place more emphasis on the knowledge and value offered by the bankers instead of relying just on the cultural background of the bankers. This is by no means to devalue the importance of cultural in bank dealings but Michael Volkiene consider that there are other more factors that are more important than cultural similarity. JD also felt that for an international bank catering to different clientele, it would be better to hire employees with different experience and skills (which includes ability to speak in different language and have understanding of different cultures) to complement each other and being able to look at different aspects of the business. JD gave an example of how Australia and New Zealand Banking Group adopts such hiring policy and view that diverse team members will provide the team with different strength.

Form the interview with the respondents, many respondents also pointed out that cultural implication could be less significant in the future due to the adoption of new technology banks such as artificial intelligence and robo-banking. The adoption of technology will reduce the need for face-to-face interaction between banks' employees with banks' clients, hence there is less need for cultural understanding between the banks and its clients. Yaxin Chen cited the example of how China Merchants Bank in China spent about 1% of its net profit which is more than US\$100M to research and development of its technology every year.

Currently China Merchants Bank promotes the use of VTM machines at its branches. VTM machines are able to handle non-cash business transaction such as opening of bank accounts for client without the need of bank staff. This means that many of the banking transactions will be automated in the future and future automation of banking facilities will minimise cultural implication on banking transactions. According to Armanda Wei, Commonwealth Bank of Australia is also moving into the direction of automation where it is developing a robot act as the bank personnel to handle clients' enquiries at the bank. Robots can be designed to include multi-language options to facilitate ease of communication with clients from diverse background.

Besides the rise in the use technology to facilitate banking transaction without the need of bank staffs, there is also a rise of virtual banks and staff-less banks. In Australia, ING Bank Australia is a pioneer in staff-less bank innovation. According to Aliya Ren, although ING Bank Australia only has one branch in Australia and it offer a staff-less branch experience, ING Bank Australia is ranked as one of the top bank in Australia in terms of retail client volume. ING Bank Australia attracts mainly the younger generation clientele. There is no staff interaction for any of the banking transactions with ING Bank Australia. All transactions such as opening of bank account, placement of deposits, and application financing are performed through online platform and mobile app. There is a possibility that ING Bank Australia type of banking service without staff will be the next generation banking model to be adopted by banks in the near future. The introduction such type of bank will definitely render cultural consideration to be a non-existent issue for banking operation.

### **5.3.3 The implication of culture and recommendation for China Merchants Bank**

In. general, based on the discussion of the responses obtained from the interview session above, all the nineteen (19) respondents agreed and acknowledge that there is a difference of culture between Chinese nationality employees with Australian nationality employees. As per the above discussion under para A of Chapter 5.3.2 above, many of the respondents are of the view that culture is an important consideration in bank management in particularly on human resource management. For China based bank such as China Merchants Bank which are

seeking to expand beyond the shores of China to overseas market such as Australia, cultural difference is definitely an important criteria that need to be taken into account in formulating the business plan for Australian market. Depending on the target clientele for China Merchants Bank, the management can adopt specific hiring strategy for its front line officers or relationship managers.

Based on the earlier recommendations and suggestions by the respondents, if China Merchants Bank is seeking to target China based clientele that have business operations in Australia, the management of China Merchants Bank can hire Australian born Chinese employees who are able to speak and converse fluently in Mandarin and also China expatriate employees to serve and cater to these group of Chinese clientele. Chinese clientele are generally more comfortable in dealing with bankers who not only understand their culture and business needs but also those who can communicate in the language of their choice which is usually Mandarin. Although it is sufficient to merely hire Australian born Chinese employees to serve and cater to these Chinese clientele since this group of employees have the ability to speak and converse fluently in Mandarin, the presence of China expatriate employees in the front line team is important as the China expatriate employees can act as liaison person between the Australian born Chinese employees with the China based employees in the headquarter branch in China. As highlighted earlier, one important aspect of Chinese culture is the relationship culture or “guanxi” whereby good relationship with employees from different department or branch is an important aspect in business dealings for Chinese banks. By placing a China expatriate employee on front line duty in a foreign branch, this China expatriate employee can be a vital link and also intermediary for all dealings between the foreign branch with the headquarter in China. Although Australian born Chinese employee has the ability to communicate in Mandarin, he or she who probably has no experience in working in China may not be able to understand the working culture and style of China based employees. The difference in working culture and style between the Australian born Chinese employee and the China based employee may potential causes conflict and tension which may inevitably lead to business disruption. This researcher also would like to point out that by having a China expatriate employee in an Australian branch, this China expatriate employee

would have the advantage of having first-hand experience and information on the client or the situation at hand and by having such advantage, he or she would be able to relay such information to his or her colleague who is based in China. In addition to this, the China expatriate employee, who has experience and knowledge of how things are done in China, are able to provide advice to the branch on how certain issues to addressed or resolved so as to comply with the requirement of the headquarter bank in China.

Similarly, this researcher is also of the view that China Merchants Bank should engage a mixture of local Australian and China expatriate employee when hiring employees for its back office roles such as finance, treasury, credit and human resource department. Although employees from back office roles are less likely to encounter cultural differences issues due to the nature of the role, the presence of employees with Australian and Chinese cultural background will make it easier for Australian employees to be familiar with the working culture and style of China based employees and at the same time Chinese employees to be familiar with the working culture and style of Australian employees. This research is also of the view that the ability to adopt and adjust to different working culture and style is an important soft skill that need the inculcated into each China Merchants Bank's employees regardless of whether the said employee is in front office role or the back office role.

In para B of Chapter 5.3.2 above, there are a group of respondents who support the notion that culture is not an important consideration for banking operation. Although this research agree with their view and opinion, this research would like to point out this group of respondents' view is mainly focus on the relationship between the bank with external clientele. This researcher acknowledge and agree that the to a certain extend that knowledge and value offered by the bank staffs are more important in facilitating good banking relationship with client instead of cultural similarity. However, this researcher opine the ability to understand the cultural differences between the employee and the potential client is imperative if the bank intends to hire an employee of a different cultural background to serve a particular clientele. Similarly, the respondents also pointed out that cultural differences would potentially be eliminated as the banking sector move towards digital edge where most, if not all, interactions are to be conducted through online or virtual platform. Since there is less direct

contact or communication between bank employees and employees, the respondents argued that culture difference would be not be an important consideration in the future. As such, China Merchants Bank may want to consider the adaptation of business model where the branch is manned mainly by self-serving machines equipped with artificial intelligence assistance with no staff physically presence. Since there is no staff presence in the front line, cultural implication would not have to be considered by China Merchants Bank's management. However, such concept at the moment would probably only applies to front line roles or customer facing roles. For back office roles where there would still be a quite a number of interactions between employees from difference departments, China Merchants Bank management team would need to take into account of the cultural difference for its hiring process.

In spite of the differing perception provided by the respondents on cultural differences, it can be summarised that cultural differences is and would definitely continue to be an important consideration for bank's management. For so long as China Merchants Bank has bank employees under its books, cultural differences will be an important aspect of consideration in the management of its human resource. Therefore, in order for China Merchants Bank to achieve its goals in its expansion to overseas markets, the management of China Merchants Bank may wish to adopt the earlier above recommendations in its human resource management for its overseas entities.

## **Chapter 6: Summary of dissertation**

### **6.1 Outline of summary**

This chapter aims to present succinctly the overall content of this dissertation that was discussed and presented in Chapter 1 to Chapter 5 earlier and also the summary of the salient findings from the research conducted by the researcher in this dissertation. In addition to the foregoing, this researcher will also discuss in this chapter the possible implication of the salient findings of this dissertation and how such findings would possibly affect the planning and decision making by the management of organizations in particularly financial institutions that have global presence in other countries in terms of their human resource management and business strategy and planning. Besides the above, this chapter will also provide all the possible limitation of the research that may be present and also recommendations on areas to be researched for future researchers who may be interested to conduct research in area similar to the research conducted for this dissertation.

### **6.2 Summary of research**

The advent of the era globalisation in the early 1990s heralded a new beginning for closer ties and relationship among nations across the globe. Spurred by technology advancement such as the creation and proliferation of the use of mobile telecommunication and the internet and speedier mode of transportation, the speed and ease of communication and interaction among nations become faster and almost instantaneous. It is against such backdrop of globalization that the relationship between Australia and China began to flourish. The Sino-Australian relationship especially in the area of international trade and commerce was supported by the government of both nations and this is reflected in the execution of several key milestone agreements including the China-Australia Free Trade Agreement in 2015. Over the years, many Chinese investors have shown interest in Australia in particularly

in the area of mining and commodity industry, property development, agriculture and food product and banking and financial sectors. Due to the foregoing, there has been considerable interest shown by various stakeholders on the area of relationship between Australia and China and in particular on how economical stakeholders could leverage on the favourable legal and political environment to drive the economic growth of both countries. Notwithstanding the favourable legal and political environment to support the international trade and commerce relationship between China and Australia, one potential hindrance to the economic development and cooperation between both countries is the difference in cultural practices by both countries. As such, this researcher is keen to analyse the cultural differences between China and Australia. Since banking and financial sector is an important area in China's economy and is expected to remain as a vital component to drive China's trade and economic growth, this researcher plan to analyze the cultural differences from a banking and financial sector viewpoint.

The banking and financial sector in China is dominated by ICBC, CCB, ABC and BOC, which in 2015 have been named as the world's top four largest banks in terms of total assets held. This is a significant watershed moment for Chinese banks as they dominated the top of the global chart ahead of more established banking behemoths such as Citigroup Inc, HSBC Holdings Plc, Mitsubishi UFJ Financial Group Inc, Bank of America Corp and Wells Fargo & Co. The rise of Chinese banks to the top of pinnacle was astounding considering that Chinese banking system was still in its infancy, having been established only after 1978 after the liberalisation of the Chinese economy from a closed government-controlled economy to an open market-driven economy. The rise of the Chinese banks coincides and are in tandem with the rapid growth enjoyed by the Chinese economy. Over the past two decades after the liberalisation of the Chinese market, the Chinese economy enjoyed an average growth of more than 9% per annum and in several peak years, the average growth hit above 13%. The entry of China into World Trade Organization in 2001 not only propelled China to overtake Japan to become the second largest global economy behind United State of America but also opens up unlimited potential opportunities for foreign investors to invest in China and for Chinese investors to seek for new opportunities in overseas market outside China. The

continuous flow of trade and investments in and out of China creates more demand for cross-border banking transactions and China local banks took this opportunity to expand to overseas markets outside China to cater to this growing demand for financial and banking services by Chinese investors.

Historically, BOC was the first local Chinese banks to establish a branch outside of China, with its first overseas branch being established in London in 1929. In recent years, especially after the entry of China into World Trade Organization in 2001, many local Chinese banks started to expand rapidly into overseas countries. As at 2016 the top four local Chinese banks, ICBC, CCB, ABC and BOC have a combined 133 branches out of China. As local Chinese economy begin to experience tepid growth in recent years, many local Chinese banks have been aggressively pursuing their overseas growth plan due to the high profitability offered by overseas markets. The continuous growth in outbound merger and acquisition activities undertaken by local Chinese companies in recent years also directly support the local Chinese banks' expansion plan to overseas markets. In pursuit of such expansion strategy, many of the Chinese local banks face numerous hurdles and challenges in managing their expansion plan. Some of the potential challenges faced by emerging markets-based banks when expanding beyond their border include, among others, language barriers and cultural differences (Deloitte, 2014).

Premised on the potential issues faced by local Chinese banks when expanding their overseas presence, this researcher aims to conduct a research to analyse issues relating to cultural differences that may exist when local Chinese banks expands their presence to overseas market and determine if such cultural difference could be managed through human resource management. In addition, this research also aims to research whether the appointment of Chinese employees as expatriates in overseas entities of Chinese local banks would be useful to bridge the gap in cultural difference between the Chinese culture and foreign culture.

There are myriad of definition of what constitute culture and one of the many such definition was provided by Schwartz (1994) and Hofstede (2001) who both view culture as a set of norms, beliefs, expected behaviours and shared values that shape individuals lives and

also guide their daily activities. Culture is simultaneously manifested and interpreted in a particular social context, and often in relation to other individuals (Zolfaghari et al., 2016) and as such, different societies may have their own distinctive cultures. Culture, just like its form, is subjective by nature and as such difficult to be defined and expressed in words. Similarly, it is also difficult, if not impossible to measure and quantify culture. According to Kroeber and Kluckhohn (1952), one feasible way to measure culture is through value mapping, and one of the popular value mapping method is the Hofstede's cultural dimension (Hofstede, 1980). Hofstede's (1980) original cultural framework consists only of four (4) cultural dimensions, namely, individualism, uncertainty avoidance, power distance, and masculinity/femininity. Hofstede's cultural framework was later expanded to include short term/long term orientation as the fifth dimension (Hofstede, 1991) and Indulgence and Restraint as the sixth dimension (Hofstede, 2011). Besides Hofstede's cultural measurement, the other prominent measure of culture was the Global Leadership and Organizational Behavior Effectiveness (also known as GLOBE) study of national cultures developed by House, Hanges, Javidan, Dorfman and Vipin in 2005. The GLOBE study introduced 9 dimensions of culture – namely, Power Distance, In-group Collectivism (previously known as Family Collectivism), Institutional Collectivism, Uncertainty Avoidance, Future Orientation, Gender Egalitarianism, Assertiveness, Performance Orientation and Humane Orientation. A detailed comparison between the Hofstede's cultural dimension with GLOBE cultural dimensions were discussed previously in Chapter 2.3 above.

Generally, one of the main challenges faced by organizations when expanding to foreign markets is the existence of cultural barrier (Barkema et al., 1996). Many of the organizations with global presences, in particular those multinational corporations, often have to deal with cultural issues where these organizations have to face two different cultures – one is the culture of the country of origin and the other is culture of the country where the foreign subsidiary is located at (Angles, 2013). Since Chinese culture is different from Australian culture, many local Chinese banks faces similar challenges when expanding their presence to Australian market. Although the expansion of Chinese banks to overseas market has been an important area of interest to various stakeholders including government agencies, bank

management, investors and academicians, this researchers found it astounding that there is lack of existing literature that research on the impact of cultural difference on local Chinese banks that have expanded to overseas markets. As provided earlier, the purpose of this research is to analyse issues relating to cultural differences that may exist when local Chinese banks expands their presence to Australia and determine if such cultural differences could be managed through human resource management and also to contribute to the lack of existing literature and research on this area.

In view of time, budget and data limitations, the scope of this research will be narrowed down to cover only local Chinese banks that have expanded their presence to Australian banking sector and also selected overseas markets and the primary target bank in this research is China Merchants Bank. For background understanding purpose, the banking system in Australia is structurally different compared to the banking system in China. Banks in Australia are generally private-owned and driven by corporate shareholders instead of the state while banks in China are generally state-owned and the central and local government of China is a key stakeholder and/or direct or indirect shareholder in the many of the banking and financial institutions in China. However, both banking systems have one similarity where both are also primarily dominated and the majority of the market share are controlled by four major banks. In China, the four major banks are ICBC, CCB, ABC and BOC while in Australia, the four major banks are Commonwealth Bank of Australia, Westpac Banking Corporation, National Australia Bank and Australia and New Zealand Banking Group.

China Merchants Bank was established in 1987 in Shenzhen, China, one of the forefront of China's reform and opening-up drive. China Merchants Bank is China's first joint-stock commercial bank that was established to serve Shenzhen economic zone's expansion and growth. Over the years, China Merchants Bank has progressed from a bank with merely 100-million-yuan capital and 30 employees to a commercial banking behemoth that has a total net capital of 140 billion yuan and more than 50,000 employees. In recent years, as part of its global expansion plan, China Merchants Bank began to expand its banking operation outside China to other countries such as Hong Kong, United States (New York), Singapore, Luxembourg and United Kingdom (London). In 2017, China Merchants Banks were granted a

commercial banking license to set up a branch in Sydney, Australia, being the first China-based bank that is granted a license to set up a branch in Australia without having first to set-up a representative office. The China Merchants Bank Sydney branch was officially opened for business on 19 September 2017. The primary reason why China Merchants Bank has been selected as the target bank for this research is due to ease of access to bank network and convenience in obtaining the relevant target participants for this research. This researcher is currently employed in China Merchants Bank for several years and in the last two years have the opportunity to be posted to China Merchants Bank Sydney branch to manage and handle the corporate clientele of the bank in Australia and through business networking, this research manages to approach and recruit potential participants to participate in this research.

This primary data for this research is collected using two main methodologies – questionnaire and interview. Questionnaire method has the advantage of collecting a large sample of data within a limited period of time and is generally more cost efficient compared to other instrument such as interview and focus group. However, questionnaire method has the advantage of low response rate, incomplete response by the response or the lack of opportunity for participants to seek clarification on the questions. As for face-to-face interview methodology, it has the advantage to allow the researcher to evaluate the veracity of the response provided by the respondent and also the opportunity for the researcher to put forward additional questions to clarify the response provided by the respondents. Due to the ongoing interaction between the interviewer and respondent, the responses obtained will be more in-depth compared to questionnaire method (Bryman and Bell, 2011). However, face-to-face interview method has the disadvantage that is costly and time consuming and the lack of anonymity on the identity of the participants may deter the respondents from providing an accurate or honest response or answer to the questions asked during the interview, in particular if such response or answer may prejudice or incriminate the respondent personally. Thus, the validity of the responses obtained from interview instrument may be questionable. This researcher has attempted to mitigate and minimise such potential issue by informing the participants prior to the commencement of the interview session that all responses obtained from the interviewed will be treated with confidentiality and the

participant's identity will not be revealed or linked to the responses obtained and in the event any of the participants felt uncomfortable or unwilling to answer any questions posed, the participants can request to skip the questions. This is to ensure that the responses obtained are valid and honest response.

The questionnaire is separated in two parts – Part A and Part B. Part A of the questionnaire section focus on questions on the demographic aspect of the respondents and there are in total ten (10) questions in Part A. Since the respondents are not required to reveal their identity in the responses to this questionnaire, it is important that information on the demographics of the respondents are obtained for analysis purpose. Some of the demographic questions include the age group, gender, nationality, background, education level, employment status, frequency of banking transactions per week, name of regular bank that the respondent currently banks with in Australia, main reason for choosing the current regular bank, and the type of service provided by the banks in Australia which the respondent think is the most important criterion to attract the respondent to bank with the bank. Except of one question, all the question in Part A are closed-ended questions where the respondents are required to choose their response from the range of response options provided. Part B of the questionnaire focus on questions relating to customer's experience and opinion on the banking services provided by Australian banks. Questions in Part B are divided into three sections – namely Customer Service Experience, Bank Convenience/Location and Bank Visit. There are three statements under Customer Service Experience, two statements under Bank Visit and one ranking of six statements from different circumstances which include Customer service experience, bank convenience/Location and Bank Visit. Respondents are required to provide their response to each of the statements based on the scale provided – by evaluating whether they agree or disagree with the statement and the strength of their agreement or disagreement. The scale employed in Part B is the 5-point Likert scale ranging from 1 to 5 whereby (a) indicates strongly agree, (b) indicates agree, (c) indicates neither agree not disagree, (d) indicates disagree, and (e) indicates strongly disagree. The sample population for the questionnaire for this research would comprise of all customers who have previous dealing and existing banking facilities with any of the banks in Australia. Due to the size of

Australia, it is clearly impossible and impractical for this research to obtain a sample population that reflects the actual composition of all respondents that fall within the scope of the sample population. In the interest of cost and time, the questionnaire were distributed via physical distribution outside of banks at Melbourne and Sydney, via online website at [www.surveymonkey.com](http://www.surveymonkey.com) where the link to the questionnaire was distributed using snowballing technique where the researcher initially forward to 10 persons who fall into the sample population and request their assistance to further share the link to other potential sample population.

For the interview, the primary purpose is to gain better understanding of the experience of bank employees currently working in China Merchants Bank's overseas entities. The questions are divided into two parts – Part A and Part B. Questions in Part A are proposed for employees who belong to junior or mid-level personal while questions in Part B are proposed for employees who belong to senior management executives who are also the decision makers of the overseas branch. The employees selected are mainly either Chinese nationals expatriates who have been transferred to work in China Merchants Bank's overseas entities and also local employees of the host country. As many of the participants are based in overseas branches, in the interest of time and practicality, this researcher try to select those participants who have agreed to participate that are based mainly in areas or locations which are convenient for this researcher.

In addition to the above questionnaire, another set of questionnaire in the form of an Organizational Culture Assessment Instrument (OCAI) that was developed by Quinn and Cameron (2006) was also conducted for this research. The OCAI consists of six (6) categories of items – Dominant Characteristics, Organization Leadership, Management of Employees, Organization Glue, Strategic Emphases, and Criteria of Success. Each category has four alternatives for respondents to choose and allot points to. Respondents are required to assign points to each alternatives so that the total maximum points for all alternatives under that category is exactly 100 points. Respondents are required to give a higher number of points to the alternative that is almost similar to the organizational unit they are evaluating and that is being researched. In the OCAI table, respondents are required to evaluate the scoring based

on two scenarios – “now” and “preferred”. “Now” means the score of the organization based on the current situation while “preferred” means the score of the organization based on how the respondents perceived how the organization should be in five (5) years later in order to be successful. The total points allotted to alternatives A to D under the same category should totalled up to exactly 100 points for “now” column and “preferred” respectively.

The results obtained from the three different research instruments yielded interesting results. For the questionnaire methodology, a total 314 responses were obtained from the participants where 88 responses were obtained from physical distribution of questionnaire by this researcher while the remaining 226 responses were obtained through snowballing distribution technique of the link at surveymonkey website. Demographic analysis of the responses obtained from the 314 respondents indicates that majority of the participants are above the age of 30 years old (more than 80%), half of the participants are male (50.64%), majority of the participants are Australian citizen (85.67%), majority of the participants belong to the Australian and New Zealand ethnicity (64.95%), majority of the participants have at least a diploma or a degree education qualification (68.79%), majority of the participants are employee (55.41%), and majority of the participants perform below five (5) number of banking transactions per week (55.41%). When it comes to the participants’ first preferred choice of bank, majority of the participants chose either Commonwealth Bank of Australia (25.48%), National Australia Bank (15.92%), Westpac Banking Corporation (14.33%) and Australia and New Zealand Banking Group (13.06%) as their preferred regular bank in Australia. The main reason why the participants selected their choice of preferred regular bank in Australia is due to convenience (45.22%) and being comfortable with how the banks work and operate (30.89%).

In relation to the most important criterion that attract the participants to bank with a particular bank, the majority of the participants place emphasis on the facilities provided by the bank (44.55%). When it comes to direct dealing with the bank’s officer at the branch, majority of the participants agree that they enjoy doing so (47.29%) but however when the participants were asked whether participants prefer to interact with bank staff when dealing in banking transaction or to use the internet banking for similar purpose, surprisingly higher

number of participants prefer to use the internet banking (35.98%) compared to those who prefer staff interaction (34.72%). This seems to suggest that although majority of the participants enjoy dealing or interacting with bank staff when conducting banking transaction, many still prefer to conduct their banking activities using internet banking rather than to visit the branch and deal through a bank officer. This suggestion is supported by the fact that majority of the participants do not visit bank branch more than two times a week (75.47%) indicating that many of the participants indeed prefer to perform their banking transaction through internet banking rather than through bank branch. In fact, there are higher number of participants who are of the view that they do not enjoy visiting the bank branch to conduct their banking transaction (39.81%) compared to those participants who enjoy visiting the bank branch to conduct their banking transaction (26.12%). Notwithstanding that majority of the participants prefer to conduct their banking transaction through internet banking instead of visiting the bank branch, majority of the participants still think that customer service experience is an important factor that influence their decision on their choice of bank (66.56%). When it comes to the result of the most important criterion for the participants to ranked when choosing a bank, this researcher also find it surprising to note that the top criterion selected are that the participants prefer to deal with banks staffs whom they are comfortable with (4.48 score) and that they prefer to deal with a bank that is located nearby their workplace or home (4.63 score). The selection of these two criterion seems to be ironic and contradictory to the participants' earlier selection in other questions. Considering that majority of the participants hardly visit the bank where many actually visit the bank branch less than two times a week and majority prefer to perform their banking transaction using internet banking rather than to deal directly with a bank officer at the bank branch, it is perplexing to find that the same group of respondents actually ranked comfortability in dealing with bank staffs and the proximity of physical presence of the bank branch location to their home or workplace are the two most important criterion when it comes to choosing a bank.

For the OCAI assessment questionnaire, a total 187 responses were obtained from bank

employees employed at variety of different capacity in many different banks located at many different branches in different countries. Analysis of the overall OCAI score for all the 187 respondents indicate that the respondents consider that their banks are practising hierarchy culture (36.95 score) and the market culture (27.70 score) at the present time. Hierarchy culture means that the organization focuses on internal maintenance with a need for stability and control while the market culture reflect an organization that focuses on external positioning with a need for stability and control. The preferred OCAI score reflected almost similar score to the “now” which means that the respondents are happy to maintain the similar culture that is currently being practised at their respective banks.

In order to assess whether there is any difference in the OCAI scores between respondents who are based in local banks that are located in mainland China and respondents who are based in overseas bank outside of mainland China, the OCAI scores are recalculated to provide a separate result for these two groups of respondents. The total respondents who fall within the category of those who are based in local banks that are located in mainland China is only 46 while the total respondents who fall within the category of those who are based in overseas bank outside of mainland China total 141 persons. The respondents who are based in local banks that are located in mainland China provided higher score for hierarchy culture (50.11) while the respondents who are based in overseas bank outside of mainland China provided high but comparatively lower score for hierarchy culture (30.03). The OCAI scores for while the respondents who are based in overseas bank outside of mainland China are generally similar to the OCAI scores for the overall 187 respondents. This suggests that banks in mainland China are very structured based and are designed specifically to maintain the stability and control of the banks by the higher echelon. The OCAI scores certainly reflect the general culture of Chinese people who embrace high respect to the elderly and also to higher authority. Even the political structure of the government of China is hierarchical by nature where there is a particular system of management and hierarchy of power and authority. In terms of the “preferred” OCAI score, the hierarchy culture score is still the highest for respondents who are based in local banks that are located in mainland China but the value of the score has dipped from 50.11 to 43.37 reflecting the respondents preference to have a lower

hierarchy culture being adopted by their banks. Besides the above, respondents who are based in local banks that are located in mainland China provided higher score for adhocracy culture (22.19) compared to score provided by respondents who are based in overseas bank outside of mainland China (13.58).

For the interview methodology, a total nineteen (19) respondents were interviewed for the purpose of this research. The respondents comprised of individual from diverse background and experience – bankers, ex-bankers and executives of companies that have experience dealing with banks in Australia. Some of the respondents even have more than 30 years' experience in the banking sector and have experience working in banks in different countries. Out of the nineteen (19) respondents, six (6) are Chinese national and of Chinese descent, ten (10) are of Australian or New Zealand national but of Chinese descent, and the remaining three (3) respondents are Australian or New Zealand national but not of Chinese descent (local). Based on the responses obtained from the nineteen (19) respondents who participated in the interview, the respondents provided two conflicting view on whether cultural plays an important role in bank's operation in particular in client facing role. On one side, the respondents view culture to be an important aspect to be considered by banks in dealing with entities from different cultural background. On the other side, the respondents do place such importance on cultural influence in banks dealing but instead focus more on other aspects such as competency and capability of the bank employees.

At one end of the argument, John Kwong and ZH, both of whom who have more than 30 years working experience in the banking industry are of the view that culture is an important consideration in the hiring process of bank. According to ZH, Chinese culture which is traditional by nature is more rigorous and disciplined compared to Western culture which is open by nature and is more free-spirited and easy going. John Kwong considers Australian to adopt a more individualistic culture compared to the Chinese culture which is more of community based. John Kwong as view Chinese employees to be more active, responsive and easy going compared to their Australian counterparts. Yi Bian pointed out that the difference in culture may result in difference in business processes such as negotiation and working style of the employees. Yi Bian noted that Australian place an important distinction

between working hours and personal hours and generally Australian prefer not to contact their clients after office hours or during the weekend. Chinese employees who may not be versed with Australian culture may unintentionally contact their Australian colleagues or Australian clients after working hours or on the weekend for work related matters. Due to the difference between Chinese and Australian culture, there is a need for banks to adopt specific hiring process to minimise any potential friction that may arise due to the cultural difference.

John Kwong, who has worked previously in Japanese banks in Australia, suggested that foreign banks in Australian may follow Japanese banks' style in terms of hiring process. According to John Kwong, Japanese banks hiring policy depends on the role of the employees – certain positions may require local employees while some may require Japanese employees. ZH is of the view that Chinese banks in Australia should adopt Japanese banks hiring policy whereby roles that involve dealing with the bank's headquarter in China (for instance, human resource, information technology, credit review and corporate banking) may be suitable to be filled by Chinese employees while roles such as compliance and operation matters may be suitable to be filled by local Australian employees. The reason for the distinction in hiring process is due to the cultural character, mindset and language ability of the employees. If a local Australian is hired to deal with the bank's headquarter in China, the local Australian may find it difficult to deal with his Chinese colleague due to language and probably working culture difference. Besides the hiring process, John Kwong, who specialises in financial accounting for banks, opined that the difference in culture may also affect the back office operation of banks including the style of the management and the business direction and strategy of the bank. For instance, John Kwong, drawing from his extensive experience, remarked that Japanese bank operates differently from Chinese banks. Chinese banks are mainly state-owned while Japanese banks are privately owned and the difference in ownership status will affect the bank directs its capital and also its credit risk management. In order to bridge the cultural gap that exist for banks operating or dealing with foreign entities, ZH suggested that Chinese banks in Australia to establish an Australia help desk which is to be manned either by a local Australian born Chinese who have mastered the local culture or local Australian to deal with Australian clientele. Herman Yu recommend that Chinese banks

that operate in overseas market to hire a local employees for certain roles such as front desk. Amanda Wei noted that in Chinese banks in Australia, the department head of some departments such a treasury department is usually filled by Chinese employee seconded from China while the deputy head position is filled by local Australian. The mixture of Chinese employees and local Australian employees is important to ensure that the bank can operate efficiently within the local context while at the same time ensure the Chinese connection is maintained with the head office. Based on the above, Chinese banks in Australia may want to consider the cultural aspect in regard to its operation and management in particularly on its hiring policy.

However, at the other end of the argument, Le Mule, who works as a relationship manager in an Australian bank, does not think that culture or language is the most important aspect of his job scope. He considers personal relationship between the banker and client as the most important consideration of his job. Similarly, JD also consider culture background to be a secondary factor in banking transaction. Based on JD's observation, he found that there are many Chinese employees who have migrated to foreign countries such as Australia who actually speak better English than the local and have a good understanding of the culture and needs of local Australian clientele. Similarly, there are also local Australian employee who are able to converse in Mandarin language and have experience in dealing with Chinese culture who are well equipped to deal with Chinese clientele. Premised on the above argument, JD thinks that there is no such thing as cultural barrier and as long as the employee is able to communicate in the language of the client, that said employee is competent to manage the client. In some bank department, for instance, credit assessment department, culture is not an important consideration when it comes to hiring as the department does not deal with clients from different background.

Michael Volkiene is of the view that it is a wrong assumption that clients from a particular cultural background would prefer to deal with another person from the same of similar cultural background. This means that a Chinese client does not necessarily would want to engage the service of a Chinese banker. In Michael Volkiene's experience in dealing with Chinese clients, he said that sometimes Chinese clients prefer to deal with local Australian or

non-Chinese bankers due to privacy reason. Sometimes Chinese clients would be wary to share personal information with bankers who are from China to maintain confidentiality of their personal dealing. Michael Volkiene, also added that many international clients especially those dealing with corporate transactions place more emphasis on the knowledge and value offered by the bankers instead of relying just on the cultural background of the bankers. This is by no means to devalue the importance of cultural in bank dealings but Michael Volkiene consider that there are other more factors that are more important than cultural similarity.

In addition to the above, many respondents also pointed out that cultural implication could be less significant in the future due to the adoption of new technology banks such as artificial intelligence and robo-banking. The adoption of technology will reduce the need for face-to-face interaction between banks' employees with banks' clients, hence there is less need for cultural understanding between the banks and its clients. Besides the rise in the use of technology to facilitate banking transaction without the need of bank staffs, there is also a rise of virtual banks and staff-less banks. In Australia, ING Bank Australia is a pioneer in staff-less bank innovation. According to Aliya Ren, although ING Bank Australia only has one branch in Australia and it offer a staff-less branch experience, ING Bank Australia is ranked as one of the top bank in Australia in terms of retail client volume. The introduction of such type of bank will definitely render cultural consideration to be a non-existent issue for banking operation.

Based on the arguments above, it is suggested by the respondents the bank staffs need not have the same or similar cultural background with the client in order to facilitate good banking relationship with the client. It was argued that knowledge and value offered by the bank staffs are more important in facilitating good banking relationship with client instead of cultural similarity. Besides that, the move by banks towards technological advancement where there is less need for clients to conduct banking transactions through bank staffs means that cultural implication may become less significant in the future. Although the arguments above are accurate, it should be pointed out that the above only focus on bank's external relationship with its clients and does not consider the culture implication within the bank itself. For Chinese banks with overseas branches, definitely there will be cultural implication between

the staffs at the overseas branch with the staffs at the country of origin. Therefore, in the opinion of this researcher, cultural implication is still an important consideration in any bank's operation in particularly when there is interaction between staffs of diverse cultural background within the bank itself.

### **6.3 Limitation of this research**

It should be caveated that the results obtained in this research and presented in this dissertation should be treated with caution and several limitations. Firstly, all the findings in this research should strictly be interpreted and analysed within the context of this research only. The findings in this research should not be interpreted as to provide a general finding that reflect the overall perception of customers of banks in Australia or the view of banking personnel of banks in Australia or of China Merchants Bank whether in China branch or overseas branches. Due to the small number of sample population selected for the research instruments employed in this research (314 participants in the questionnaire survey, 187 bank personnel for the OCAI questionnaire and 19 respondents for the interview session) compared the higher number of overall population available, the responses obtained from such small number of sample population, from a statistical viewpoint, is unable to provide an accurate representation of the view of the general population. In addition to the above, it will also be difficult to juxtapose the findings from this research with other findings done by other researchers in similar area. Although a general comparison could be made between the findings from this research with other findings from other research, the outcome of the comparison should be treated with cautious with possible several assumptions and limitations.

Further to the arguments above, this researcher is also of the view that the responses obtained from the respondents in the interview session is very subjective and personal in nature. Many of the responses shared by the respondents in the interview session are strictly based on each respondent's personal view based on their personal experience in working or dealing with the banks. As such, the responses provided may or may not provide an accurate reflection of the actual situation or scenario of the bank. Similarly, for the OCAI interview, the OCAI score provided by banks' personnel is also strictly based on the respondents'

personal view on how things are happening in their respective bank. Another individual when placed in the respondent's shoe may choose a totally different outcome and provided a different OCAI score than the respondent. Therefore, the outcome of the analysis of the OCAI score and the view and opinion of the respondents in the interview session should strictly be interpreted with caution.

This researcher would also like to point out that the responses provided by the respondents in the interview session may also not be a distorted or biased response to the questions posed by this research. As explained earlier, face-to-face interview session has the disadvantage where the identity of the respondent is made known to the interviewer and as such the respondent may exercise caution when providing response to the interviewer's question especially such response may be incriminating, prejudicial, controversial or sensitive in nature. Although this research minimises the risk of receiving a distorted or biased response from the respondents by informing them prior to the commencement of the interview that the respondents can choose to go incognito (i.e. to have their name and identity to be obscured in the publication of this research), this researcher felt that many of the respondents are unwilling to do so. As reflected in the result of the interview, only two respondents have requested to keep their identity anonymous while the other 17 respondents are happy and willing to have their identities published in this dissertation. Therefore, in the personal view of this researcher, some of the responses obtained may not be an accurate reflection of the honest and actual response of the respondents.

Further to support this researcher's view is that during some of the interview sessions, especially during interview with respondents who are not Chinese national and/or not of Chinese descents, these respondents are somewhat reluctant to provide more response to the questions posed and at times, which happen quite frequently, prefer to keep their response as brief as possible and straight to the point. Based on the personal observation of this researcher, many of the respondents seems not comfortable, based on their body language, to be engaged in a free-flowing conversation with this interviewer. There could be few possible reasons for such reluctance. One could be due to that this interviewer does not personally know the respondent and the interview session was secured through mutual acquaintance or work

contacts. Many of the interview sessions were in fact the first meet up session between the interviewer and the respondents, and first meeting is probably not the ideal for the respondent to feel that comfortable with this researcher to reveal more than necessary. Obviously, it would be ideal if this researcher organised a few casual informal meet ups with the potential respondents prior to conducting the actual formal interview session so as to 'break the ice' and to make the respondents feel more comfortable in dealing with this research. However, as highlighted earlier, prior meet ups were not possible due to logistic and time constraint reasons. Another reason could be that many of the respondents are senior management personnel of the bank and due to confidentiality reason, they may be prevented from disclosing too much information about the operation or internal on-goings of their respective banks to outsiders.

Another limitation of this research is that the findings of this research, especially for analysis of the responses obtained from the respondents in the interview session, are interpreted and analysed strictly based on the viewpoint of this researcher. Other researchers or academicians may have a different interpretation or analysis of the results obtained from this research.

## **6.4 Potential implication and recommendations of the findings**

Although there are numerous limitations of the research conducted in this dissertation, the findings of this research are nevertheless important and useful in providing a better understanding to this researcher and also reader of this dissertation of the difference in culture between Chinese-owned bank in overseas market and also Australian-owned bank and also the general perception of bank personnel of their bank culture and general view of customers on their expectations towards their bank. There are several potential commercial implications that the Chinese banks, in particularly China Merchants Bank, which are looking to expand to overseas markets can adopt based on the findings from this research.

If China Merchants Bank is seeking to target China based clientele that have business operations in Australia, the management of China Merchants Bank can hire Australian born

Chinese employees who are able to speak and converse fluently in Mandarin and also China expatriate employees to serve and cater to these group of Chinese clientele. Chinese clientele are generally more comfortable in dealing with bankers who not only understand their culture and business needs but also those who can communicate in the language of their choice which is usually Mandarin. This research is of the view that the presence of China expatriate employees in the front line team is important as the China expatriate employees can act as liaison person between the Australian born Chinese employees with the China based employees in the headquarter branch in China as China expatriate employee would generally has better relationship or “guanxi” with Chinese colleagues based in China. For back office roles, China Merchants Bank should engage a mixture of local Australian and China expatriate employee. Although employees from back office roles are less likely to encounter cultural differences issues due to the nature of the role, the presence of employees with Australian and Chinese cultural background will make it easier for Australian employees to be familiar with the working culture and style of China based employees and at the same time Chinese employees to be familiar with the working culture and style of Australian employees. This research is also of the view that the ability to adopt and adjust to different working culture and style is an important soft skill that need the inculcated into each China Merchants Bank’s employees regardless of whether the said employee is in front office role or the back office role.

In summary, this researcher strongly believe that cultural differences is and would definitely continue to be an important consideration for bank’s management. Therefore, China Merchants Bank management should prioritise cultural differences in its human resource management and may want to take into consideration to adopt the earlier proposed recommendation in its human resource management for its overseas entities.

## **6.5 Recommendation for future research**

Based on the limitations presented in Chapter 6.3 above, there are few recommendations that researchers for future research in the same or similar area could employ in their research. Firstly, this research only focus mainly on the cultural differences and potential issues arising

from local Chinese banks expanding to Australian overseas market where the primary data of the interview session is collected from bank personnel from Merchant Bank of China and other few banks. This researcher is of the view that future researches should expand the sample population to include respondents from other Chinese banks in particularly the big four banks such as by ICBC, CCB, ABC and BOC. Since the big four banks have a huge number of overseas presences when combined together, the input from bank personnel from these big four banks who have working experience in overseas branches would definitely be invaluable to provide a better understanding on the area of cultural differences. It would also be interesting to see how these big four banks manage and minimise any potential cultural difference issues that arise in their overseas expansion.

## Bibliography

- Alon, I., Lerner, M., & Shoham, A. (2016) "Cross-National Cultural Values and Nascent Entrepreneurship: Factual Versus Normative Values", *International Journal of Cross Cultural Management*, 16(3): 321-340.
- Ambler, T. & Witzel, M. (2000) "Doing Business in China", *London: Routledge Curzon*.
- Angles, V. (2013) "A Case Study in Intercultural Management at Iter", *Wiley Periodical Inc*, 44-54.
- Ariff, M. & Can, L. (2008) "Cost and Profit Efficiency of Chinese Banks: A Non-Parametric Analysis", *China Economic Review*, 19: 260-273.
- Barkema, H. G., Bell, J. H. J. & Pennings, J. M (1996) "Foreign Entry, Cultural Barriers, and Learning", *Strategic Management Journal*, 17: 151-166.
- Berger, A. N., Hasan, I. & Zhou, M. (2009) "Bank Ownership and Efficiency in China: What Will Happen in The World's Largest Nation?", *Journal of Banking & Finance*, 33: 113-130.
- Breidenbach, J. & Nyiri, P. (2009), *Seeing Culture Everywhere from Geonocide to Customer Habits*, University of Washington Press, Seattle, WA.
- Brewer, P. (2008) "Cross-cultural Transfer of Knowledge: A Special Case of Anomaly", *Cross Cultural Management: An International Journal*, 15(2): 131-143.
- Brewer, P. & Venaik, S. (2010) "GLOBE Practices and Values: A Case of Diminishing Marginal Utility?", *Journal of International Business Studies*, 41: 1316-1324.
- Brewer, P. & Venaik, S. (2011) "Individualism-Collectivism in Hofstede and GLOBE", *Journal of International Business Studies*, 42(3): 436-445.
- Brewer, P. & Venaik, S. (2014) "The Ecological Fallacy in National Culture Research", *Organization Studies*, 35(7): 1063-1086.
- Calza, F., Cannaval, C. & Tutore, I. (2016) "The Important Effects of National Culture on the Environmental Proactivity of Firms", *Journal of Management Development*, 35(8): 1011-1030.
- Carl, D., Gupta, V. & Javidan, M. (2004) "Power Distance" in House, R., Hanges, P. J. & Javidan, M., et. al. (eds), *Culture, Leadership and Organizations, The GLOBE Study of 62 Societies*, 513-63.
- Chen, M. & Miller, D. (2010) "West Meets East: Toward An Ambicultural Approach To Management", *Academy of Management Perspectives*, 24(4): 17-24.
- Chen, X., Skully, M. & Brown, K. (2005) "Banking Efficiency in China: Application of DEA to Pre- and Post-Deregulation Eras: 1993 – 2000", *China Economic Review*, 16: 229–245.

- Chiaburu, D. S., Chakrabarty, S., Wang, J. & Li, N. (2015) "Organizational Support and Citizenship Behaviors: A Comparative Cross-Cultural Meta-Analysis", *Management International Review*, 55: 707-736.
- Choi, K. S., Im, I. & Hofstede, G. J. (2016) "A Cross-Cultural Comparative Analysis of Small Group Collaboration Using Mobile Twitter", *Computers in Human Behavior*, 65: 308-318.
- Clark, M. J., Quast, L. N., Jang, S., Wohkittel, J., Center, B., Edwards, K. & Bovornusvakool, W. (2016) "GLOBE Study Culture Clusters: Can They Be Found in Importance Ratings of Managerial Competencies?", *European Journal of Training and Development*, 40(7): 534-553.
- De-Lara, P. Z. & Ting-Ding, J. (2016) "The Influence of Corporate Culture and Workplace Relationship Quality on the Outsourcing Success in Hotel Firms", *International Journal of Hospitality Management*, 56: 66-77.
- Du, J. & Girma, S. (2011) "Cost Economies, Efficiency and Productivity Growth in the Chinese Banking Industry: Evidence From a Quarterly Panel Dataset", *Empirical Economics*, 41: 199-226.
- De Luque, M. S. & Javidan, M. (2004) "Uncertainty Avoidance", in House, R., Hanges, P. J. & Javidan, M., et. al. (eds), *Culture, Leadership and Organizations, The GLOBE Study of 62 Societies*, 602-53.
- Den Hartog, D. N. (2004) "Assertiveness", in House, R., Hanges, P. J. & Javidan, M., et. al. (eds), *Culture, Leadership and Organizations, The GLOBE Study of 62 Societies*, 602-53.
- Franke, R. H., Hofstede, G. & Bond, M. H. (1991) "Cultural Roots of Economic Performance: A Research Note", *Strategic Management Journal*, 12: 165-173.
- Fu, X. & Heffernan, S. (2009) "The Effects of Reform on China's Bank Structure and Performance", *Journal of Banking & Finance*, 33: 39-52.
- Giannakis, M., Doran, D. & Chen, S. (2012) "The Chinese Paradigm of Global Supplier Relationships: Social Control, Formal Interactions and the Mediating Role of Culture", *Industrial Marketing Management*, 41: 831-840.
- Gupta, B. (2011) "A Comparative Study of Organizational Strategy and Culture Across Industry", *Benchmarking: An International Journal*, 18(4): 510-528.
- Guillen, M. F. (2002) "Structural Inertia, Imitation and Foreign Expansion: South Korean Firms and Business Groups in China 1987-1995", *Academy of Management Journal*, 45: 509-525.
- Henisz, W. J. & Delios, A. (2001) "Uncertainty, Imitation and Plant Location: Japanese Multinational Corporations 1990-1996", *Administrative Science Quarterly*, 42: 472-500.
- Hofstede, G. (1980) "Motivation, Leadership and Organization: Do American Theories Apply Abroad?", *Organizational Dynamics*, 9: 42-63.
- Hofstede, G. (1991) "Cultures and Organizations: Software of the Mind", *London: McGraw-Hill*.

- Hofstede, G. (2001), *Culture's Consequences: Comparing Values, Behaviours, Institutions and Organizations Across Nations*.
- Hofstede, G. (2010) "The GLOBE Debate: Back to Relevance", *Journal of International Business Studies*, 41: 1339-46.
- Hou, X., Wang, Q. & Zhang, Q. (2014) "Market Structure, Risk Taking and the Efficiency of Chinese Commercial Banks", *Emerging Markets Review*, 20: 75-88.
- House, R. J., Hanges, P. J., Javidan, M., Dorfman, P. W. & Vipin, G. (2005), *Culture, Leadership and Organizations: The GLOBE Study of 62 Societies*.
- House, R. J. & Javidan, M. (2004) "Overview of GLOBE" in House, R., Hanges, P. J. & Javidan, M., et. al. (eds), *Culture, Leadership and Organizations, The GLOBE Study of 62 Societies*, 9-28.
- Javidan, M. (2004) "Performance Orientation" in House, R., Hanges, P. J. & Javidan, M., et. al. (eds), *Culture, Leadership and Organizations, The GLOBE Study of 62 Societies*, 239-81.
- Javidan, M., House, R. J., Dorfman, P. W., Hanges, P. J. & de Luque, M. S. (2006) "Conceptualizing and Measuring Cultures and Their Consequences: A Comparative Review of GLOBE's and Hofstede's Approaches", *Journal of International Business Studies*, 37(6): 897-914.
- Jia, C. (2009) "The Effect of Ownership on the Prudential Behavior of Banks – The Case of China", *Journal of Banking & Finance*, 33: 77-87.
- Jiang, C., Yao, S. & Zhang, Z. (2009) "The Effects of Governance Changes on Bank Efficiency in China: A Stochastic Distance Function Approach", *China Economic Review*, 20: 717-731.
- Kanagaretnam, K., Lim, C. Y. & Lobo, G. J. (2014) "Influence of National Culture on Accounting Conservatism and Risk-Taking in the Banking Industry", *The Accounting Review*, 89(3): 1115-1149.
- Kluckhohn, F. R. & Strodtbeck, F. L. (1961) "Variations in Value Orientations", *New York: Harper Collins*.
- Kroeber, A. L. & Kluckhohn, C. (1952) *Culture: A Critical Review of Concepts and Definitions*, Cambridge, MA: Peabody Museum.
- Kustin, R. (2006) "A Study of Hofstede's Culture Value Survey in a Post-Soviet Country", *Journal of Transnational Management*, 11(4): 3-17.
- Laurenceson, J. & Qin, F. (2008) "Has Minority Foreign Investment in China's Banks Improved Their Cost Efficiency?", *China & World Economy*, 16: 57-74.
- Li, J. & Yang, J. Y. (2015) "Competition, Learning and Foreign Entry Strategy: A Macro Organization Perspective", *Managing Subsidiary Dynamics: Headquarters Role, Capability Development and China Strategy*, 219-240.
- Li, Y., Cheng, H., Beeton, R. J. S., Sigler, T. & Halog, A. (2016) "Sustainability from a Chinese Cultural Perspective: The Implications of Harmonious Development in Environmental Management", *Environmental Development Sustainability*, 18: 679-696.

- Li, J. T., Yang, J. Y. & Yue, D. (2007) "Identity, Community, and Audience: How Woullly Owned Foreign Subsidiaries Gain Legitimacy in China", *Academy of Management Journal*, 50(1): 175-190.
- Lievre, P. & Tang, J. (2015) "SECI and Inter-Organizational and Intercultural Knowledge Transfer: A Case-Study of Controversies Around A Project of Co-Operation between France and China in the Health Sector", *Journal of Knowledge Management*, 19(5): 1069-1086.
- Lui, D., Yao, S., Chen, J. & Wang, J. (2011)" World Financial Crisis and Efficiency of Chinese Commercial Banks", *The World Economy*, 805-825.
- Matthews, K., Xiao, Z. & Xu, Z. (2009) *Rational Cost Inefficiency in Chinese Banks*, Cardiff Economics Working Papers.
- Matthews, K. & Zhang, N. (2010) "Bank Productivity in China 1997-2007: Measurement and Convergence", *China Economic Review*, 21: 617-628.
- McAdam, R., Moffett, S. & Peng, J. (2012) "Knowledge Sharing in Chinese Service Organizations: A Multi-Case Cultural Perspective", *Journal of Knowledge Management*, 16(1): 129 -147.
- McClelland, D. C. (1985) *Human Motivation*, Glenview, IL: Scott, Foresman.
- Minkov, M. & Blagoev, V. (2012) "What do Project GLOVE's Cultural Dimensions Reflect? An Empirical Perspective", *Asia Pacific Business Review*, 18(1): 27-43.
- Minkov, M., Bond, M. H. & Blagoev, V. (2015) "Do Different National Samples Yield Similar Dimensions of National Culture?", *Cross Cultural Management*, 22(2): 259-277.
- Minkov, M. and Hofstede, G. (2012) "Hofstede's Fifth Dimension: New Evidence from the World Values Survey", *Journal of Cross-Cultural Psychology*, 43(1): 3-14.
- Okpara, J. O. (2014) "The Effects of National Culture on Managers' Attitudes Toward Business Ethics: Implications For Organizational Change", *Journal of Accounting and Organizational Change*, 10(2): 174-189.
- Porac, J. F. & Rosa, J. A. (1996) "Rivalry, Industry Models and the Cognitive Embeddedness of Comparable Firm", in Shrivastaba, P., Huff, A. & Dutton, J. (Eds) *Embeddedness of Strategy*, 13: 363-388.
- Pun, K. F., Chin, K. S. & Lau, H. (2000) "A Review of the Chinese Cultural Influences on Chinese Enterprise Management", *International Journal of Management Reviews*, 2(4): 325-328.
- Quinn, R. & Cameron, K. (2006) *Diagnosing and Changing Organizational Culture*
- Recht, R. & Wilderom, C. (1998) "Kaizen and Culture: On the Transferability of Japanese Suggestion Systems", *International Business Review*, 7: 7-22.
- Rezvanian, R., Ariss, R. T. & Mehdian, S. M. (2011) "Cost Efficiency, Technological Progress and Productivity Growth of Chinese Banking Pre- and Post-WTO Accession", *Applied Financial Economics*, 21: 437-454.

- Rode, J. C., Huang, X., & Flynn, B. (2016) "A Cross-Cultural Examination of the Relationships Among Human Resource Management Practices and Organisational Commitment: An Institutional Collectivism Perspective", *Human Resource Management Journal*, 26(4): 471-489.
- Schein, E. H. (1985) *Organizational Culture and Leadership: A Dynamic View*, Jossey-Bass, San Francisco, CA
- Schwartz, S. H. (1994) *Beyond Individualism/Collectivism: Net Cultural Dimensions of Values*, Sage Publications Inc.
- Schneider, S. C. & Barsoux, J. L. (2003) *Managing Across Cultures*, 2<sup>nd</sup> Edition, Edinburg: Pearson Education Limited.
- Shambaugh, D. (2011) "Coping With A Conflicted China", *The Washington Quarterly*, 34(1): 7-27.
- Smith, P. B. & Bond, M. B. (1998) *Social Psychology Across Cultures*, 2<sup>nd</sup> Edition, London: Prentice Hall.
- Smith, P. B., Dugan, S. & Trompenaars, F. (1996) "National Culture and Managerial Values" A Dimensional Analysis Across 43 Countries", *Journal of Cross-Cultural Psychology*, 27: 231-264.
- Tan, Y. (2016) "The Impacts of Risk and Competition on Bank Profitability in China", *Journal of International Financial Markets Institutions & Money*, 40: 85-110.
- Thomas, D. C., Au, K. & Ravlin, E. C. (2003) "Cultural Variation and the Psychological Contract", *Journal of Organizational Behavior*, 24(5):451-471.
- Tong, J. & Mitra, A. (2009) "Chinese Cultural Influences On Knowledge Management Practice", *Journal of Knowledge Management*, 13(2): 49-62.
- Triandis, H. C. (1995) *Individualism & Collectivism*, Boulder, CO: Westview Press.
- Upton-McLaughlin, S. (2014) "The Many Faces of Suzhi in the Chinese Organization and Society: Implications for Multinational HRM Practice", *Journal of Chinese Human Resource Management*, 5(1): 51-61.
- Wang, Q., Hackett, R. D., Cui, X. & Zhang, Y. (2012) "Cultural Differences and Applicants' Procedural Fairness Perceptions: A Test of A Chinese Culture-Based Model", *Chinese Management Studies*, 6(2): 350-368.
- Weber, Y., Shenkar, O. & Raveh, A. (1996) "National and Corporate Cultural Fit in Mergers/Acquisitions: An Exploratory Study", *Management Science*, 42(8): 1215-1227.
- Weyland, A. (2011) "How to Attract People Who Are in Sync With Your Culture", *Human Resource Management International Digest*, 19(4): 29-31.
- Xie, Y., Guo, Y. & Wang, R. (2010) "Employee Turnover and Perception of Incentive: A Cross-Cultural Comparison Between China and Australia", *International Conference on Management Science & Engineering*, 24-26: 964-968.

- Xu, Y. (2011) "Towards a More Accurate Measure of Foreign Bank Entry and its Impact on Domestic Banking Performance: The Case of China", *Journal of Banking & Finance*, 35: 886-901.
- Xue, M. & Cheng, W. (2013) "National Culture, Market Condition and Market Share of Foreign Bank", *Economic Modelling*, 33: 991-997.
- Yao, S., Han, Z. & Feng, G. (2008) "Ownership Reform, Foreign Competition and Efficiency of Chinese Commercial Banks: A Non-Parametric Approach", *The World Economy*, 1310-1326.
- Yin, H., Yang, J. & Mehran, J. (2013) "An Empirical Study of Bank Efficiency in China After WTO Accession", *Global Finance Journal*, 24: 153-170.
- Zheng, C. & Ashraf, B. N. (2014) "National Culture and Dividend Policy: International Evidence from Banking", *Journal of Behavioral and Experimental Finance*, 3: 22-40.
- Zolfaghari, B., Mollering, G., Clark, T. & Dietz, G. (2016) "How Do We Adopt Multiple Cultural Identities? A Multidimensional Operationalization of the Sources of Culture", *European Management Journal*, 34: 102-113.
- Zwikael, O., Shimizu, K. & Globerson, S. (2005) "Cultural Differences in Project Management Capabilities: A Field Study", *International Journal of Project Management*, 23: 434-462.

## Webliography

- ABC (2016) “*2015 Annual Report*”, Available online at  
“<http://www.abchina.com/en/investor-relations/performance-reports/annual-reports/>” (Last assessed on 16 June 2016)
- Bank of Communication (2016) “*2015 Annual Report*”, Available online at  
<http://www.bankcomm.com/BankCommSite/shtml/zonghang/en/3182/3195/3196/44485.shtml?channelId=3182> (Last assessed on 16 June 2016)
- BOC (2016) “*2015 Annual Report*”, Available online at  
[http://www.boc.cn/en/investor/ir3/201603/t20160330\\_6626748.html](http://www.boc.cn/en/investor/ir3/201603/t20160330_6626748.html) (Last assessed on 16 June 2016)
- Bloomberg (2016) “*Lending by Chinese banks for global mergers and acquisitions*”, Available online at  
<http://www.bloomberg.com/news/articles/2016-08-09/china-s-banks-come-of-age-to-help-finance-157-billion-m-a-spree> (Last assessed on 16 Aug 2016)
- Bratton, E. & Chaudhary, J. M. (2016) “*Largest 100 Banks in the World*”, S&P Global Market Intelligence, Available Online at  
<https://www.snl.com/InteractiveX/Article.aspx?cdid=A-36076706-13862> (Last assessed on 27 June 2016)
- Calkins, J. (2013) “*Banking Abroad*”, China Business Review Online, Available at  
<http://www.chinabusinessreview.com/banking-abroad/> (Last assessed 27 June 2016)
- CCB (2016) “*2015 Annual Report*”, Available online at  
[http://www.ccb.com/cn/investor/reportv3/20160513\\_1463120204.html](http://www.ccb.com/cn/investor/reportv3/20160513_1463120204.html) (Last assessed on 16 June 2016)
- China Citic Bank Group (2016) “*2015 Annual Report*”, Available online at  
<http://www.citic.com/InvestorRelations/FinancialReports> (Last assessed on 16 June 2016)
- China Merchants Bank (2016) “*2015 Annual Report*”, Available online at  
<http://file.cmbchina.com/cmbir/20160518/7d399873-10b4-4127-9e2f-0e3767e6d35d.pdf>  
(Last assessed on 10 June 2016)
- Chuin-Wei Yap (2016) “*ICBC, China's Largest Bank Suffers An Unexpected Profit Drop*”, The Wall Street Journal Online, Available online  
at <http://www.wsj.com/articles/icbc-chinas-largest-bank-suffers-unexpected-profit-drop-1477656093> (Last assessed on 16 June 2016)
- Deloitte (2014) “*Banking Across Borders: International Expansion Opportunities for Emerging Market-Based Banks*”, Available online at  
<http://www2.deloitte.com/content/dam/Deloitte/cn/Documents/financial-services/deloitte-cn-fs-emergingmarketbankreport-en-110714.pdf> (Last assessed 27 May 2016)

- Global Finance (2005) “*Award Winners: The World’s Biggest Banks 2005*”, Global Finance Online, October 1 2005, Available online at <https://www.gfmag.com/magazine/october-2005/award-winners--the-worlds-biggest-banks-2005-> (Last assessed on 27 June 2016)
- Grocer, S. (2016) “*Chinese Acquisitions of Foreign Firms Already at Full-Year Record*”, Wall Street Journal Online, Available online at <http://blogs.wsj.com/moneybeat/2016/05/10/chinese-acquisitions-of-foreign-firms-already-at-full-year-record/> (Last assessed 27 June 2016)
- Hinze, C. (2015) “*World’s apart: The importance of understanding culture in doing business successfully in and with China*”, Summary of the key differences in business practices between China and Australia, Available online at <https://www.holdingredlich.com/corporate-commercial/worlds-apart-the-importance-of-understanding-culture-in-doing-business-successfully-in-and-with-china> (Last assessed 10 May 2016)
- Hofstede, G. (2011) “*Dimensionalising Cultures: The Hofstede Model in Context*”, Online Readings in Psychology and Culture, 2(1), Available online at <http://scholarworks.gvsu.edu/cgi/viewcontent.cgi?article=1014&context=orpc> (Last assessed 15 July 2016)
- Hofstede’s cultural dimension mode (2016) “*Comparison of the culture between Australia and China using Hofstede’s cultural dimensions*”, Available online at <https://geert-hofstede.com/australia.html> (Last assessed 25 July 2016)
- Hu, Z. & Khan, M. S. (1997) “*Why is China Growing So Fast*”, IMF Working Papers, Economic Issue 8, Available online at <https://www.imf.org/EXTERNAL/PUBS/FT/ISSUES8/issue8.pdf> (Last assessed 27 June 2016)
- ICBC (2016) “*Overseas Branches*”, Available online at <http://www.icbc.com.cn/ICBC/Global%20Service/Overseas%20Branches/Overseas%20Branches/> (Last assessed 27 May 2016)
- ICBC (2016) “*2015 Annual Report*”, Available online at <http://www.icbc-ltd.com/icbcltd/investor%20relations/financial%20information/financial%20reports/2015annualreport20160422.htm> (Last assessed 16 June 2016)
- Jiang, J. (2015) “*ICBC Chairman on the Overseas Expansion of China’s Banking Industry*”, Central Banking Online, Available online at <http://www.centralbanking.com/central-banking/feature/2412016/overseas-expansion-of-china-s-banking-industry> (Assessed on 27 May 2016)
- KPMG (2016) “*2016 Q1 China’s Banking Sector: Performance of Listed Banks And Hot Topics*”, KPMG Huazhen LLP Publication, Available at <https://assets.kpmg.com/content/dam/kpmg/pdf/2016/07/china-banking-sector-performance-of-listed-banks-and-hot-topics-2016-q1.pdf> (Last assessed 27 June 2016)
- Okazaki, K. (2007) “*Banking System Reform in China - The Challenges of Moving Toward a Market-Oriented Economy*” National Security Research Division, Available at [http://www.rand.org/content/dam/rand/pubs/occasional\\_papers/2007/RAND\\_OP194.pdf](http://www.rand.org/content/dam/rand/pubs/occasional_papers/2007/RAND_OP194.pdf)

College, R. (2010) “*Advertisement by HSBC Bank*”, Available online at <http://www.reed.edu/anthro/faculty/mia/Images/Gallery/Pics/LocalKnowledge.jpg> (Assessed on 24 May 2016)

Jiang, X. (2016) “*Bank of China Banks On Overseas Growth*”, China Daily Europe News Online, Available online at [http://europe.chinadaily.com.cn/business/2016-05/10/content\\_25175307.htm](http://europe.chinadaily.com.cn/business/2016-05/10/content_25175307.htm) (Last assessed 22 June 2016)

The Society pages (2010) “*Advertisement by HSBC Bank*”, Available online at [https://thesocietypages.org/socimages/2010/03/16/the-power-of-words/00\\_hsb-oriental-rug/](https://thesocietypages.org/socimages/2010/03/16/the-power-of-words/00_hsb-oriental-rug/) (Assessed on 24 May 2016)

Tu, L. & Wei, M. (2016) “*China’s Banks Help Finance \$157 Billion M&A Spree*”, Bloomberg Markets, Available at <http://www.bloomberg.com/news/articles/2016-08-09/china-s-banks-come-of-age-to-help-finance-157-billion-m-a-spre-157-billion-m-a-spre-157-billion-m-a-spre> (Last assessed 10 August 2016)