



An Empirical Study of Performance Management Systems in SMEs in the Republic of Ireland and the People's Republic of China: A cultural Perspective

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1st September, 2011

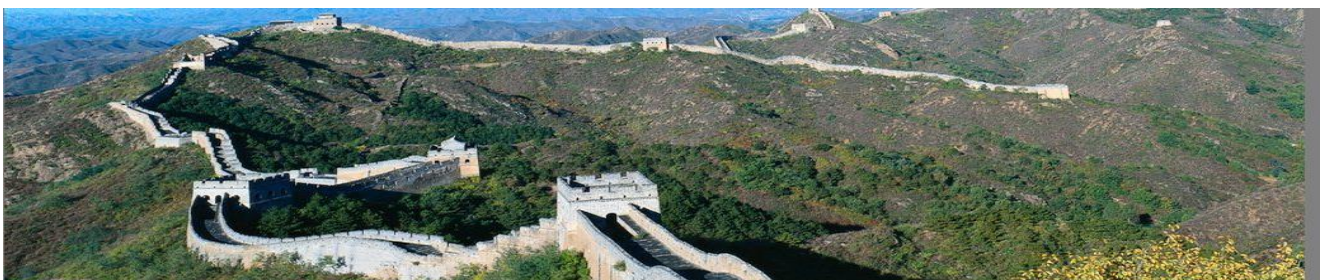


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Chapter 1 Introduction

1.1 Introduction to the Republic of Ireland and the People's Republic of China

1.1.1 The Republic of Ireland

The republic of Ireland is a country located in Western Europe which has five thousand years history; Irish people have a special art sensibility toward everything and devote themselves to discover and chase the beauty of art, and the Irish history is teemed with famous musicians and poets. In 1922, through national movement the most part of Ireland was totally independent from the domination of Britain, and the Republic of Ireland was proclaimed in 1949.

1.1.2 The People's Republic of China

As one of the four countries with ancient civilization, China has a splendid culture with five thousand years old history. Since in 1840 be invaded by Britain and started the modern history, China suffered one hundred years chaotic and turbulent social condition. Coincidentally the People's Republic of China was proclaimed in 1949, either.

1.1.3 Comparison of the basic data between the two countries

Based on the data from World Economic Outlook Database that released by International Monetary Fund (IMF) in October, 2010, the basic economic data of China and Ireland is shown in table 1.1:

Table 1.1 Basic information the Republic of Ireland and the People’s Republic of China

Country	Subject Descriptor	Units	Scale	2009
China	Gross domestic product, current prices	U.S. dollars	Billions	4984,731
Ireland	Gross domestic product, current prices	U.S. dollars	Billions	222,356
China	Gross domestic product per capita, current prices	U.S. dollars	Units	3734,608
Ireland	Gross domestic product per capita, current prices	U.S. dollars	Units	49863,415
China	Unemployment rate	Percent of total labor force		4,300
Ireland	Unemployment rate	Percent of total labor force		11,825
China	Employment	Persons	Millions	Data miss
Ireland	Employment	Persons	Millions	1,929
China	Population	Persons	Millions	1334,740
Ireland	Population	Persons	Millions	4,459

1.2 Research question and research objectives

1.2.1 Research question

The research question I looking at in this thesis is: Performance management system in SMEs in the Republic of Ireland and the People’s Republic of China: A cultural perspective. Therefore this thesis is based on comparative studies of the two countries, and performance management system; SMEs and culture are three key words in the comparative studies.

1.2.2 Research objectives

There are three research objectives in this thesis: First, finding and analyzing the differences of performance management system in SMEs in Ireland and China; second, finding the cultural differences between China and Ireland; third, integrating the research outcomes of the first and second research objectives, and then analyze the effect of these cultural differences on performance management system in SMEs in

China and Ireland. These three objectives are strongly related and none can be dispensed with excluded.

1.3 The value of this thesis

This study looks at the performance management system in SMEs in China and Ireland based a cultural perspective. This work is important from a number of perspectives. First, the performance management system plays a central role in an enterprise's overall management system. A good performance management system properly aligns the employees' interests with that of the corporation, and it provides the right incentives for its employees to work hard. This way, both the corporations' value and individual employees' performance can be maximized at the same time. Second, the culture of a nation deeply influences the culture of the enterprises as well as the conducts of the employees in that nation. Both Chinese and Irish cultures have very long histories, and they represent two very different ways of thinking: the eastern and the western ways. Therefore, the comparison of the performance management system between Chinese and Irish enterprises will provide insights on how different elements in the culture affects different components of the performance management system, and on the effectiveness and ineffectiveness of each culture in impacting the performance management system. This will help us to understand the driving forces in performance management system, and offer guidance on how to achieve a better system. Third, both Chinese and Irish economies are among the most important economies in the world, and it is important to understand them. This study focuses on small and medium enterprises because these enterprises are less mature and less established than large enterprises, and hence there are more variations and diversities among them, which would make the research findings more robust. In addition, small and medium enterprises are much more susceptible to cultural influences than large enterprises, and thus they make the ideal subjects for this study.

1.4 Brief introduction to each chapter

The first chapter is an introduction to the thesis itself, including the research question and research objectives of the thesis; rationale of the research question; an overview of each chapter's content; and some basic information of China and Ireland,

The second chapter is a literature review on performance management system in small and medium enterprises. Totally based on literature, chapter 2 introduces some basic information of performance management system and SMEs, as well as some school thoughts about matters needing attention for SMEs when they are building their own performance management system.

Also based on literature review, the third chapter emphasizes on the differences of culture and employees' working attitude between China and Ireland. Chapter 2 and 3 offer a theoretical basis for the following two chapters.

The fourth chapter is an introduction to the research methodology that used in this thesis, including what method that I choose, why choose it, how I get in touch with the target people and how I conserve and analyze the data.

The fifth chapter is last part of the thesis. First I elaborate the research outcomes, and then based on the theoretical basis from chapter 2 and 3, I put some analysis and personal ideals in the discussion section, and at last I put some recommendations and make a short conclusion as the ending part of the thesis.

Chapter 2 Literature review on performance management system in small and medium enterprises

2.1 Introduction to chapter 2

In Chapter 2, based on literature review, I will give an overview of various kinds of school thoughts toward the definition of performance, performance management and performance management system; the key factors in the process of performance management system; the mainstreamed tools for performance appraisal; the definition and characteristics of SMEs; and the selection of the tools of performance appraisal in SMEs.

2.2 An overview of the performance management system

2.2.1 An overview of performance

Holton and Bates (2000) defined performance as a multi-dimensional structure, and the outcomes of performance evaluation will also become diverse as a result of different ways of observation and measurement. Fu and Xu (2003) further suggested that performance is constituted by a series of desired outcomes of one enterprise. It's the effective outputs that displayed by one enterprise in multifarious hierarchies, which aim at achieving the organization's objective.

However, till now there is still no unanimous view on the definition of performance. Niu and Li (2005) classified these diverse opinions into 3 categories:

1. Take performance as one kind of outcomes: Bernardin (1995) identified that performance is the outcome of the whole work of organization. Kane (1996) thought that performance is "something left by someone which independently exist". These perspectives take performance as an outcome of work or the record of someone's working performance.

2. Take performance as a kind of behavior: Campbell (1990) defines job performance as variable at an individual. In this way, performance is something that is performed by a single person and is part of that person's characteristics. Therefore,

this way of viewing performance is different from the more encompassing constructs such as organizational performance or national performance which are higher level variables. This concept makes performance different from outcomes. Wang and Long (2002) added that “outcomes are the result of an individual's performance, but they are also the result of other influences. In other words, there are more factors that determine outcomes than just an employee's behaviors and actions”.

3. Take performance as competences: Xiufen Li (2005) argued that “performance is illustrated by the evaluation of individual competences”, because employees who have these competences will more likely to be successful.

2.2.2 An overview of different perspective on performance management

Aubrey Daniels first coined the broad term of performance management in the late 1970s. Daniels et al. (2004) described performance management as “a technology for managing behavior and result, the two critical elements of what is known as performance”. Sparrow & Hiltrop (1994) suggest that “performance management is a strategic technique which management which links organizational objectives and strategies to individual goals, actions and performance appraisal through a defined process”. However since concept was first brought forward, the debate on the definition and nature of performance management never stopped. Williams (1997) admit that the term is difficult to define after he collected and analyzed the mainstream perspective on performance management. The mainstream perspectives on the definition of performance management are as follow:

1. Take performance management as a system that manages employee performance: Ainsworth & Smith (1993) thought that performance management is the evaluation, rewards and punishment of one employees' job performance and development potential, and both people who manage others or people who being managed should have an accordant cognition on the expectation value of employees. This perspective advocate that the performance management system should encourage employees directly engage and participate in the organizational affairs by comprehensively using diversiform motivational approaches to induce employees'

individual objectives that correspond with organization objectives, and managers of each department are responsible for scheming these performance motivation activities.

2. Take performance management as a system that manages organization performance: Rogers (2004) integrated the findings of many management thoughts, perspectives and practices together and identified performance management as a process that manages organizational performance. He argued that performance management is implemented and executed by making organization strategies and crafting organization structure, technology and career systems and functional systems; it concerned the target making, performance improving and reviewing from the standpoint of organization. In this perspective, employees are not one of the major objectives and factors that should be taken into account preferentially.

3. Take performance management as a system that integrated the management of organization and employees: This is a collective idea that integrated the last two perspectives, Lin (2010) suggest that the first perspective was based on the subject nature of psychology, which concerned more about individual mentality and consciousness; and the second perspective was on the standpoint of organization, which emphasized on the shaping and developing of organization structure and environment. Zhang (2008) suggested that performance management should be based on the interaction of organization and every employee, which means the crafting of organization strategy and structure should also take employees' working attitude and nature into account, and the designing of motivation mechanism should also correspond with the organization objective and environment.

2.2.3 An overview of performance management system

2.2.3.1 The origin and development of performance management system

Yi (2006) figured that although the concept of performance management has been brought forward for some time, lots of enterprises still didn't realize that performance management should be an integrated system which is supposed to correspond with the organization strategies and objectives. Wang (2004) indicated that

for several decades the performance management in people's mind is actually equal to performance appraisal, for example, Levinson (1976) indicated that in 1970s although most of enterprises already realized the importance of performance management, their performance appraisal are full of defect. Spangengerg (1992) figured that the traditional performance appraisal is actually an independent approach which totally separates itself from other important organization background factors, for example, organization strategies and objectives, corporate culture, entrepreneur's commitment and support, and so on; and those factors play a leading role in the execution of performance appraisal activities.

Li (2005) suggested just because the traditional performance appraisal only have very limited effect on enhancing employees' job satisfaction and capabilities, thus limited its effect on facilitating organization's final objective; therefore this situation stimulate the development of performance management system. Pamerter (2010) also thought that the traditional performance appraisal has lots of defect, for example, because of the subjectivity of appraisal, in private and in public employees can get two totally different results of performance assessment from their manager, because the result may be influenced by individual preference and bias. He suggested that the modern enterprises should change the traditional purpose of performance management system, to be specific, from appraise employee's performance to not only so but also enhance the capabilities of employees.

2.2.3.2 The definition and structure of performance management system

From the foregoing paragraphs we can see that the definition of performance management system experienced a huge transition. Lin (2010) figured that in the past performance management system equals to performance appraisal, Gu and Liang (2004) suggested that the modern enterprises should replace the old independent appraisal to an integrated performance management system which really coincide with the organization culture and strategies. Jenkins and Coens (2002) suggested that the transition from performance appraisal to performance management system should involve total organization culture, including the transition of job guideline, way of

feedback, compensation system, promotion system and those items' way of expatriation in organization regulations.

Williams (1999) suggested that performance management system is constituted by 4 phases:

- First phase - planning and direction: Establish the standardization of performance objectives and performance evaluation; make sure employees fully understand these standardizations.

- Second phase – administration and support/facilitation: Offering feedback and support timely to facilitate the intendance of employees.

- Third phase – assessment: evaluate and assess employee's performance.

- Fourth phase – encouragement and development: Based on the result of performance assessment and evaluation, appropriately arrange reward and training activities to employees.

Schneier, Beatty and Lloyd (1986) suggested that performance management system should experience one whole cycle which went through: evaluation and standardization; achieve contract; planning; intendance, support and control; feedback; personnel matters decision; exploitation and then back to evaluation and standardization.

2.2.4 An introduction to most common performance appraisal methods

Lu (2006) suggests that nowadays performance appraisal is no longer that isolated approach which is full of drawbacks, but being integrated into the performance management system and become the most important link in the whole process of performance management. Zhang (2004) defines performance appraisal as a review process conducted by an organization to examine its members on their job performance over a period of time. It is a summary of the members' past work; it provides a basis for various decisions such as promotion, termination of contracts, pay raise, bonus amount. The most common performance appraisal methods are as follows:

1. 360-degree feedback

Edwards and Ewen (1996) describes the 360-degree feedback as a multi-angled approach that aims to collect information on employee in a thorough and all-inclusive manner. It involves collecting evaluations, in an anonymous way, from the employee's supervisors, colleagues, subordinates, as well as the customers and clients that he serves. It also involves asking employee to make self-appraisal with detailed questionnaires. The examiner then combines all the collected information, sorts them out to obtain a comprehensive view of the employee. Based on this information, the examiner provides detailed feedback to the employee, helping him to understand his strengths and weaknesses, and provide specific suggestions on improving his performance.

2. Key Process Indication (KPI)

Zhao et al. (2005) defines the Key Process Indication as a tool for performance evaluation which analyzes key parameters of a process' input and output through proper data taking and analysis algorithm to provide a quantitative measure for assessing the performance appraisal. Lu (2006) suggest that this technique decomposes the main line of business into key performance areas, then analyses the key areas, then produce the key performance indication. Li (2004) identifies KPI is a tool to decompose the company's long term goal into detailed and specific objectives that can be implemented; it helps the managers to understand the main tasks of their divisions, and to set up performance appraisal criteria base on that.

3. Balance Score Card (BSC)

Kaplan and Norton (1996) describe that the Balance Score Card is a comprehensive evaluation system; it aims to achieve strategy management through the following four levels: finance, customers, internal processes, and employee' learning curve and growth ability. Zhao et al. (2005) suggest that its biggest advantage is ability to balance factors between finance and non-finance; between internal and external assessments, between results and the efforts leading to the results, and between management performance and operation performance.

4. Management by Objectives (MBO)

Ducker (1954) first mentioned the term “Management by Objectives”, and Lu (2006) defines the Management by Objectives as an approach that goes from top to bottom. The highest management assesses the company’s internal and external environments and sets up an overall objective for the company. The highest management requires the lower managements and the employees to make concrete plans in order to fulfill the objectives designed for them, and thus establish an integrated system of objectives, and use these objectives as criteria for performance appraisal. The goal setting method encourages the managers as well as their employees to participate in the goal-setting process, and stimulates them to make efforts in achieving their objectives.

2.3 An overview of Small and medium enterprises

Fu (2003) suggests that the definitions of small and medium enterprise are varied in different national conditions, different economic cycle, and different industries. In addition, the conception of SMEs is also dynamically changed over time.

After reviewing relevant legislation about the definition of SMEs, for example, “U.S. Small Business Act” of America and “Recommendation 2003/361/EC: SME Definition” of Europe union, Qi and Zhang (2010) find that occidental countries usually use two figures to define small and medium enterprise: quality and quantity. Quality involves one enterprise’s organization structure, way of financing and the company’s market place in the industry that it operated in; Quantity involves one enterprise’s number of employees, paid-up capital, total assets, etc.

Since the norm of quantity is easier to be directly perceived through the senses and more convenient to index data, it’s advocated by most of countries. However, European Union also takes the norm of quality as a supplementary approach.

2.3.1 The definition of Small and medium enterprises in Ireland

The definition of SMEs in Ireland follows the European consolidated standard. According to the "Recommendation 2003/361/EC: SME Definition" that released by European Commission in 2003, its current definition of quantity categorizes are as follows:

- Micro enterprises: Companies with fewer than 10 employees.
- Small enterprises: Companies with more than 10 employees but fewer than 50 employees
- Medium enterprises: Companies with more than 50 employees but fewer than 250 employees.

The definition of small and medium enterprises in Europe union also has standardization of quality.

- The annual production value of the company has an upper limit of 40 million Euros.
- The annual total indebtedness of the company cannot exceed 27 million

2.3.2 The definition of Small and medium enterprises in China

According to the “temporary provisions of standard of medium and small size enterprises in China” that established by the State Economic and Trade Commission, the State Planning Commission and the Ministry of Finance and State Statistical Bureau, China has very strict and clear definition in the SMEs in each industry.

1. The definition of small and medium enterprises in industry: The number of employees less than 2,000, the total value of sales not more than 300 million, the general assets not exceed 400 million.

2. The definition of small and medium enterprises in construction industry: The number of employees less than 3,000; the total value of sales not more than 300 million; the general assets not exceed 400 million.

3. The definition of small and medium enterprises in retail trading business: The

number of employees less than 500; the total value of sales not more than 150 million.

4. The definition of small and medium enterprises in Wholesale business: The number of employees less than 200; the total value of sales not more than 300 million.

5. The definition of small and medium enterprises in transportation industry: The number of employees less than 3,000; the total value of sales not more than 300 million.

6. The definition of small and medium enterprises in post industry: The number of employees less than 1,000; the total value of sales not more than 300 million.

7. The definition of small and medium enterprises in accommodation trade business and catering industry: The number of employees less than 800; the total value of sales not more than 150 million.

2.3.3 The characteristics of small and medium enterprises

1. Small, nimble, and fast

Ma & Long (2004) suggest that compared with large companies, one of the most distinct characteristics of small and medium enterprises are that the company's size is moderate; the management and operations lines are highly centralized. Because the market condition is unpredictable and may change rapidly, the centralization of management and operations not only saves costs, but also enables the company to make quick decisions. Moreover, Liu (2009) suggests that the number of employees in a small or medium enterprise is relatively small, the organizational structure is simple, it is relatively easier to recognize an individual employee's contribution, and so it is easier to provide incentives for the employee to work hard. Furthermore, small and medium enterprises also have more flexibility in designing their strategies as well as designing the incentive policies, and thus they are able to quickly adjust policies when market condition change.

2. Small but specialized

Zhang & Liao (2008) suggests that SMEs face the limitation that their size are not large and they do not have much access to resources, they can not engage in

multiple products and diversify the risk, nor can they compete with large companies on the large-scale production of any specific product. Therefore, in order to succeed, they need to develop their strengths that are to be specialized and be good. They will use their limited manpower, financial wealth and other resources to focus on those businesses that are ignored by large companies, to specialize in some specific small products and be good at them, and to improve their efficiency. This will help them to obtain advantage in the market competition and to succeed.

3. Small quantities and large varieties

Li and Fan (2010) argue that large companies will be more likely to choose to mass produce certain products. However, the mass production of a single quantity can only satisfy certain specific aspects of people's needs. When there is demand for small quantities of customized products, as large companies have more inertia and it is costly for them to change to different productions, large companies cannot meet the demand for these customized products. Therefore, in today's society with more and more demand for customize consumptions, consumption products are changing from large quantity, few variety to small quantity and large variety, SMEs are very much suited to fill this market gap and make profit from that.

2.3.4 The characteristic of SMEs and the special request of performance management in SMEs

In the research on SMEs in China carried out by Beijing University in 2007, Li (2009) suggests that after SMEs step into the fast growing phase, or say, when SMEs are in early stage of growth stage (aggregation stage), the development of whole enterprise is drove and led by a injunctive management mood, the quality of policy and process as well as the execution/implementation decide the destiny of the whole organization. In this period, organization must reinforce the management of transactional operation. The management style is centralized and strong. Therefore, process management must be emphasized in this stage, management must set the priority of process performance management and working standard assessment.

Li (2009) also suggest that when SMEs step into the later stage of growing (standardization phase) after a period of development, this injunctive management mood may cause autocracy crisis which will block SMEs' future development. To avoid the threat the potential declining, in this stage the leader in SMEs must delegate powers to lower levels to make management become more dynamic and flexible. Organization should reinforce change management and authorization, which means decentralization of authority, authorization, communication and freedom, are the topics of this stage. Therefore, the performance management in this stage should emphasis on effective authorization and staff self-management.

However, Xue and Liu (2009) suggest that organization's controlling force may be weakened by the authorization and staff self-management, which will cause the crisis of losing control in performance management (for example, lose control of operation cost and internal management). Therefore, in this stage performance management must emphasis on process management again. Generally speaking, after overcame the threat and crisis of losing control in performance management, SMEs will step into mature phase.

Upon the whole, performance management in SMEs must be flexible, successful performance management is based on faithful analysis and identification of the phase that organization is in.

2.3.5 The selection of the tools of performance appraisal in SMEs

Li and Fan (2010) suggest that the MBO approach decomposes the company's objective and break down to lower managements and employees, this strengthen the company's management efficiency and make the operation executable. BSC approach focus on the company's long term strategy, not only examines today, but also examines future; not only examines the results, but also examines the process. The advantage of this approach is that it balances today and the future, but disadvantage is that it may not be suitable for young and new companies. 360 degree feedback overcomes the disadvantage of single-dimension appraisal, it is more suitable for developing employees' abilities and suitable for examining middle and high level

managements. However, Ji (2010) argued that it is not too suitable for SMEs which are fast changing and emphasize on creativity and innovation. Manager status report appraisal is only suitable for middle and high managements.

Zhang & Liao (2008) suggest that the value of performance appraisal comes from fact that the gain from performance appraisal is bigger than the cost from performance appraisal. The cost from performance appraisal includes cost of management and operation, cost of organizing the appraisal and collecting data. The size of company directly affects the cost of performance appraisal. SMEs have more simple organization structure, there are smaller levels of managements, smaller amount of information lose, can examine more information in performance appraisal. Therefore they can use the method of goal management.

Yang, Yang and Cao (2008) suggest that it is also effective for small and midsize companies to learn from and use KPI method. KPI method focus on companies operation indexes that can be quantified, this makes the performance appraisal easier to operate and also more objective. For SMEs with Chinese culture background, personal relations are more complicated, and many people are not willing to criticize others. Therefore, this make performance appraisal not very effective, and this will hurt the company's competitiveness. Lin (2010) argues that KPI method focus on quantitative method and based on actual data, which means it is able to offset the negative impact of such culture influence.

2.4 Conclusion of Chapter 2

Since Aubrey Daniels first coined the broad term of performance management in the late 1970s, the thoughts and theories about performance management become more and more mature, but also diversified. Small and Medium Enterprise, as an indispensable economic unit which play a more and more important role in social economy nowadays, must based on its unique characteristic like “small, nimble, and fast”; “small but specialized” and “small quantities and large varieties”, and cautiously select appropriate performance appraisal tools for the construction of performance management system.

Chapter 3 Culture differences between the people's republic of China and the republic of Ireland: An enterprise focus

3.1 An overview of chapter 3

In chapter 3 I will focus on the culture differences that associated with business and management style between China and Ireland. First I will give an introduction to the culture, national culture and corporate culture. And then, I'll elaborate the relationship between corporate culture and organizational performance management system. This will be followed by an outline of the different cultural factors between China and Ireland which affect these two countries' businesses and management styles. Finally I will present a comparison of employees' working attitude between China and Ireland.

3.2 The definition of culture, national culture and corporate culture

3.2.1 The definition of culture

Tylor (1871) defines that culture is "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." Simmel (1971) suggested that culture referred to "the cultivation of individuals through the agency of external forms which have been objectified in the course of history".

Hu (2002) suggested that in China, the term "culture" emerged in the Eastern Zhou Dynasty (770-256 B.C.). For nearly three thousand years the meaning and conception of the term "culture" kept changing constantly. And now, Chinese academic circle already has a unanimous view on the definition of culture. That is: culture is the summation of material wealth and spiritual wealth that created and emerged in the developing process of human society and history.

3.2.2 The definition of national culture

Editorial Committee of Encyclopedia of China (2009) defined national culture as a kind of culture which has unique ethnic flavor and shaped, developed in the historical development process of one nation. National culture includes material culture and mental culture, for example, diet, clothing, architectural style and tools of production belong to material culture; language, character, science, art, religion and tradition belong to mental culture.

3.2.3 The definition of corporate culture

Since Deal and Kennedy (1982) first proposed the concept, corporate culture aroused wide concerns and consensus in educational circles and business circles. Deal and Kennedy suggested that corporate culture's core is values, and it also contains other essential factors like heroic figure; etiquette; ceremony and culture network.

Pan (2004), from a Chinese perspective, argued that corporate culture is a kind of values in the ideological form; it's the unique culture concept; tradition and business and management style of one enterprise, which is formed in a long-term and thus stable and historied.

The most cited definition of corporate culture in the field is proposed by Schein. Schein (2004) defines organizational culture as: "A pattern of shared basic assumptions that was learned by a group as it solved its problems of external adaptation and internal integration that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way you perceive, think, and feel in relation to those problems".

From these perspectives, we can found that actually people have converge toward the basic meaning of corporate culture, that is: corporate culture is one kind of subculture, which contains the distinctive values, enterprise spirit, ethics and reregulate, management concepts and business/management styles of an enterprise.

3.3 The relationship between corporate culture and organizational performance management system

3.3.1 Corporate culture: a platform of the implementation and operation for performance management

Kotter & Heskett (1992) suggested that corporate culture does exert a strong influence on the organization's long-range performance; it's the bedrock and guarantee of one organization's performance and performance management. Collins and Porras's (1997) research on hundreds of successful companies shown that those companies which have an outstanding corporate culture also have a higher probability to achieve excellent long-range financial performance.

Denison (2006) uses "culture and performance model" to explain and demonstrate the theories above by modelling the relationship between culture and performance, "the survey-based measures of organizational effectiveness used in this study give good support to the idea that the culture of an organization is closely related to organization performance". The model suggested that between corporate culture and performance, there are a series of reciprocities. Wang and Guo (2007) illustrated those reciprocities in Denison's model that corporate culture is the "soft environment" and "terrace" of performance management system, which means corporate culture is the premise of performance management.

Jing, Li and Zhang (2006) explained more detailed about why corporate culture is the premise of performance management. They argued that corporate culture silently influenced employees' thinking, feeling, perspective and movement at all times. Corporate culture is the highest level management thoughts; a successful corporate culture will consistently improve employees' mental stature, culture literacy and loyalty, and this is exactly what successful performance management required. The premises of performance management are correspondent and matching corporate culture and employee capabilities.

3.3.2 Performance management system: Channel and measure for shaping organizational culture

Zhao (2003) suggested that the shaping and formation of an advanced organizational culture required not only guidance from outstanding corporate philosophy, but also a corresponding performance management system to guarantee this advanced organizational culture can successfully impenetrate the whole organization. Dang (2004) added that a good performance management system also means a full set of effective motivation system and commitment mechanism, which can boost organizational culture integrate into employees' behavior.

Wei (2000) argued that although the construction of corporate philosophy is the first target of corporate culture, the biggest purpose of corporate culture is transform this corporate philosophy into the collective idea of all employees. However, it is impossible to achieve this purpose by simply presenting or elaborating corporate philosophy. The amalgamation of corporate culture and employee's collective idea requires a corresponding performance management system. Wang (2002) believed that an effective performance management system can reinforce and embody corporate culture by accelerating the communication between manager and employees, which is propitious to the formation of a dynamic, interactive and strong-centered corporate culture.

Zhang (2002) maintained that when an organization is emphasized on team work, then the managers must take collaborate indicators of each positions and the overall performance from each apartment's influence on employees into account when they are designing indicators of performance evaluation. For example, if the organization really regards the long-term and stable development, its performance evaluation should not only assess the performance, but also assess how tight the linkage between its compensation structure and employee performance is. In this way, a good performance management system can broaden and deepen the function of corporate culture.

3.3.3 Performance management system and corporate culture: complement each other

Yang (2005) believed that performance management system and corporate culture complement and support each other simultaneously. On one hand, corporate culture is the precondition of the designing of performance management by offering a platform of the implementation and operation. On the other hand, Performance management system creates channel and measure for shaping organizational culture. Ji (2004) argued that it's essential for organization to guarantee that performance management system and corporate culture can develop simultaneously.

3.4 The differences in national and corporate culture between China and Ireland

3.4.1 The fountain of the differences: region and history

Zhou (2008) believed that region and history are the biggest two factors which contribute the huge differences between China and the whole Europe. Region is one of the biggest segments of environment; the differences in region can lead to differences in character, behavior and mode of thinking of people who involved. At the same time, historical background is another important factor which results in these differences since national culture and corporate culture are fostered and developed in each country's specific historical background.

3.4.1.1 National & corporate culture differences caused by Region factors

1. Ireland and the ocean culture

Ding (2009) illustrated that ocean culture is derived from the ocean and emerged from people's recognition to the ocean as well as the spiritual civilization, social civilization and material civilization that created in the process of resident's all ocean-related activities. Chen (2007) suggests that Ireland is typically ocean culture; he explained that there are two reasons: first, Ireland is an island country, which means it is in an ocean type geographical environment, thus offered geographical conditions for the emerging of this unique culture; second, the cradle of European civilization—ancient Greek civilization was also typically ocean culture because it is emerged and developed along the Mediterranean sea, which laid the foundation of

whole European ocean-type culture.

Qu (2010) suggests that because the ocean cultural nation were all born beside the wide, mysterious ocean, they had no idea about how big is it, what things exist in the other side of ocean, and how they can stride over this big natural obstacle. Therefore in order to expand their living space, they never stop risking, striving and innovating to look for new ways, new methods and new techniques to overcome this obstacle. Ding (2009) suggests that the ocean cultural nations appeared to be more extroverted, risky and up-and-coming. Chen (2007) believed that this is why Irish enterpriser and employees are generally willing to take the risk of innovation, because the ocean culture encourages the spirit of taking risk and constantly innovating.

Despite Irish enterprisers and employees' spirit of adventure, Ma and Wu (2006) argue that the ocean culture also result in another Irish cultural identity. As an island country, in Irish residents' eyes, the world is multi-component, fragmentized and complicated. "This situation made Irish people developed a world view which especially emphasized on the value of individuals, because every individual is independent and has complex personalities, therefore our estimation must be varies from person to person." Zhou (2008) suggested that the reflection of this world view on Irish enterprise's organization culture is: the organization must respect employee's personalities, independent character and self-determination spirit; and emphasized on employees' personal development and creative thinking. He figured out that this point is the biggest difference between Chinese corporate culture and Irish corporate culture.

2. China and the farming culture

Chen (2007) describe that China is in a relatively close territorial environment; the western, northern and southwest part of China are all obstructed by natural obstacle, such as high mountains or Gobi Desert. Although eastern part of China is Pacific Ocean, the ancient Chinese have little interest in marine navigation, because the origin of Chinese civilization is in Reaches of Yellow River, a place that totally formed by complanate ground with fertile soil, and since people already have such a

wonderful nature condition, there is no reason for them to take risk on sea, which is mysterious and dangerous. Zhou (2008) suggests that the unique territorial environment offers inevitability for the emerging of Chinese farming culture.

Wang (2003) argued that the traditional farming culture make Chinese people like peaceful and stable life. They like proceed in an orderly way and step by step and instinctively evaded things which are novel but may cause radical change to their life. Thus Zhou (2008) figured that Chinese corporate culture tends to be against adventures, which indeed hinder Chinese employees' creative thinking and passion of innovation.

3.4.1.2 National & corporate culture differences caused by history background factors

1. Ireland and the history of being colonized

Jiang (2008) found that the Irish nation has centuries-old historical culture; Irish people have a special art sensibility toward everything and devote themselves to discover and chase the beauty of art, and the Irish history is teemed with famous musicians and poets. Chen (2000) describes the Celtic culture as a peace, sensitive and artistic culture. However, he also pointed that the original Celtic culture was severely damaged because of British's long-period colonial domination. Farrell (1975) argued that in order to justify their colonization, the British colonizers never stopped smearing and defacing the impression of Celtic nations, society and culture. Curtis (1971) figure that the British colonizers employed anthropologists of science and culture to degrade the Irish people and propagandize "the favor" they have done in "enlightening" and "civilizing" the Irish people. Joyce (1922) in his novel "Ulysses" suggested that beside colonization, religious strife is another thorny issue which created big impact on the modern Irish national culture. Peake (1977) described that the original Celtic religion, the druidism was "reduced to a kind of witchcraft" by religious strife, and Catholicism gradually became dominant in Ireland. Attridge 1990) figured that in modern Ireland history, there are two kinds of imperialism exited simultaneously: the British unreligious imperialism and Roman Catholic's religious imperialism.

Zhao (1989) argued that the biggest characteristic of countries which have long period history of being colonized is strong cultural compatibility. For more detailed, in the process of being colonized, one countries' original cultural foundation is gradually being ruined, and people are forced to accept new values and cultures, which also change people's mind invisibly and make them be willing to accept new things. Therefore Irish culture has higher cultural compatibility, which suggest that Irish enterprises and employees tend to be more kind to new techniques, management knowledge or other things that from other countries.

Shang (2005) suggests that the long period history of being colonized made Irish people especially emphasize on independent and freedom. Under Irish culture, enterprises tend to respect employees' individual perspective and give them more freedom to plan and practice their works, and employees also prefer to work freely and independently without too much unnecessary intervening.

2. China and its lengthy history of feudal society

Zhang (2006) suggests that Chinese history of feudal society began at B.C. 475 and finished in 1912, which lasted for more than two thousand years; the sense of hierarchy rooted in Chinese culture, which encourages people accept their position in life and obey the authority. Fan and Wang (2008) argued that although nowadays some Chinese large enterprise exert to establish an corporate culture which encourages liberty and equality in organization, the relationship between superior and subordinate in most of Chinese SMEs still looks like nobles and their subjects, which limited the display and development of employees' job capabilities.

Zhang (2006) also figure that centralization (of authority) is one of the biggest characters of feudal dynasties, which emphasized on the perspective of integrity and unity. Cao (2003) suggested that that's why Chinese corporate culture stress on the importance and power of community but depreciate the essentiality of individual power and capabilities, because it believed that in one organization, no one is independent and unattached, every employees live in one community and serve for

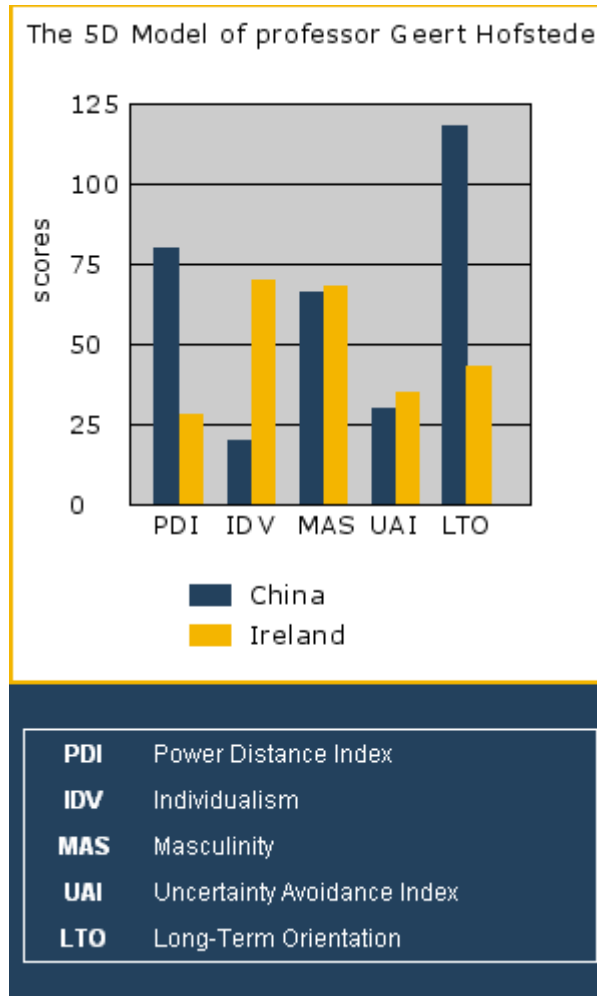
the community, and collective interest always greater than personal interests.

Zhou (2008) believes that except the concept of hierarchy and collectivism, there is also one of the biggest characteristic of Chinese national and corporate culture which results from Chinese unique history background, that is the excessive emphasizing of interpersonal relationship. Most of Chinese traditional philosophy systems, like Confucianism, Mohism and Taoism, all emphasized on the role that interpersonal relationship played in the mountainous of social ethics and morality and the development of human society. Yu and Chen (2008) suggest that actually in most of Chinese SMEs, the power interpersonal relationship even exceed the efficacy of organization regulations.

3.4.2 Differences in five Cultural Dimensions

Hofstede (2003) suggests that culture can be classified into 5 dimensions: power distance index (PDI); individualism (IDV); masculinity (MAS); uncertainty avoidance index (UAI); long-term orientation (LTO). Wu (2006) argues that the most outstanding characteristic the five cultural dimensions theory is it unprecedentedly quantizes the culture, which makes culture no longer be nonfigurative, and thus the five cultural dimensions can be used as a useful tool for the comparison of different cultures. The comparison of five cultural dimensions between China and Ireland are shown in the table 3.1.

Table 3.1 Comparison of five dimensions between Chinese culture and Irish culture



(Source: Geert Hofstede™ Cultural Dimensions

http://www.geert-hofstede.com/hofstede_dimensions.php?culture1=18&culture2=46#compare)

From the table 3.1, we can see that between China and Ireland, there are big differences in power distance index, individualism index and long-term orientation index, therefore the following part will give a detailed illustration of these three cultural dimensions and the comparison of these dimensions between Chinese culture and Irish culture; in terms of the masculinity index and uncertainty avoidance index, since the two countries received very close points, which means these two index have little value for comparative studies, therefore they are temporarily be ignored.

3.4.2.1 Differences in power distance index

Hofstede (2003) describes power distance index “is the extent to which the less powerful members of organizations and institutions (like the family) accept and expect that power is distributed unequally”. In a culture which has low power distance index, people tend to be averse to societies or organizations which has big disparity between each hierarchy, and employees within the organization is more likely to be treated equally. On the contrary, in a culture which has high power distance index, people tend to feel more comfortable with societies or organizations which have great disparity between each hierarchy, and people’s attitude toward others are often rest with their positions in society or organization.

The table 3.1 shows that between Chinese culture and Irish culture, there is a huge difference in power distance index. In this dimension China got 80 points and Ireland got 28, which suggest that under Chinese corporate culture, the leader style in one organization tend to be autarchic and employees are more used to obey the order with little or no queries; while under Irish corporate culture, superiors are more likely to equally treat their subordinates, and employees are willing to express their personal ideas with no worries of offending their managers.

3.4.2.2 Differences in individualism index

Hofstede (2003) describes individualism “is the degree to which individuals are inte-grated into groups”. In a culture which has low individualism index, people tend to take the commitment to organization as their duty, and they believe that between individuals and organization there is an invisible connection that formed by morality and interpersonal relationship; while in a culture which has high individualism index, people feel more comfortable to be independent of the organization, they are reluctant to be totally bonded with organizational commitment because that breach their nature of advocating freedom and independent.

From table 3.1 we can see that in this dimension, Chinese culture and Irish culture have a big difference again. China got 20 points while Ireland got 70 points, which means Chinese employees are strongly leech on to their organization in a

connection of moral and spirit and they tend to believe that group decision making is always more important than their personal decision making; on the contrary, under Irish culture, employees can exactly distinguish organization's collective interest and their individual interest, and they feel although organization decision is important, the company should still respect and consider about their personal ideas.

3.4.2.3 Differences in long-term orientation index

The long-term orientation index reflects that whether one culture encourages people to be far-sighted or not. Hofstede (2003) suggest the corporate culture associated with Long Term Orientation tends to be more concern about the future benefit, and emphasized on risk assessment; The corporate culture associated with Short Term Orientation tend to be more concerned about immediate interests, and emphasized on short-term performance appraisal

The table 3.1 shows that the Chinese culture is typically long term oriented, which means Chinese SMEs may only take the short-term performance appraisal outcomes as one of the multitudinous figures to judge one employees' job performance. The superiors in Chinese SMEs tend to be more concern about appraising future market trend and potential risks. On the contrary, Irish culture is short term oriented, which suggest that Irish SMEs may take short-term performance appraisal outcomes as an important evidence to evaluate one employee's job performance, and may less consider about employees' future value; they tend to make short-term business strategy and emphasize on immediate interest.

3.5 Differences in employee's job satisfaction and working attitude

3.5.1 Correlation theory about job satisfaction and working attitude

Qin and Zeng (2003) figured that working attitude is one kind of individual psychological diathesis. Robbins & Judge (2010) suggested that working attitude is the organization members' attitude toward their works, including positive and negative judgment about the working environment in one organization. Hodgetts & Altman (1979) thought that working attitude is organization members' persistently

evaluation and feeling towards their works, and this kind of attitude not only includes subjective feelings but also objective cognition and other behavior elements.

Cai (2001) believed that job satisfaction is one of the most important constituent part of working attitude, which also in some extent determine organizational member's employee engagement. Hoppock (1935) first put forth the conception of job satisfaction; he suggested that job satisfaction can be seen as employees' attitude or emotional response toward their work and work environment.

Liu (2003) suggested that positive working attitude and job satisfaction often lead to better employee performance and organizational effectiveness by stimulating employees' enthusiastic and dynamic energy toward their job and thus make them become more forwardly to match themselves to organization objective. Therefore, a good performance management would and should successfully create and maintain a working environment with positive working attitude and job satisfaction by establishing diversiform motivation mechanism.

3.5.2 Comparison of job satisfaction based on data

According to the survey of employees and employers' working attitude in Irish enterprises that released by EWCO (European Working Conditions Observatory) in 21st December, 2006, and Li (2007)'s study on business study report released by Watson Wyatt in 2006 which based on a survey of 10,000 Chinese employees, we can make a broadwise comparison through some mutual figures, see the table 3.2:

Table 3.2 Comparison of job satisfaction between China and Ireland: based on data

	Republic of Ireland	The People's Republic of China
General attitude toward their jobs	over 90% of respondents were, in general, satisfied with their jobs	Only 61% were, in general, satisfied with their jobs
Attitude toward the status of their work	80% indicated that they were willing to work harder and that they were proud of the organization for which they worked	<ul style="list-style-type: none"> • Only 59% felt satisfied with their working environment. • Only 57% of respondents had the feeling of job achievement. • Only 59% felt satisfied with their working environment. • More than half of people felt very discontented with their salary; • Half of people thought they couldn't express their real skills and capabilities in the work • Only 54% felt comfortable with the leadership and management style of their company • About 71% of respondents felt totally dissatisfied with the welfare that offered by their company
Attitude toward working pressure	Half of people stated that they worked under a great deal of pressure;	80% of people felt their job is very stressful

The report from EWCO records suggests that there is a “strong positive features in Irish workplaces. Employees had a high level of job satisfaction, high levels of commitment to work and high levels of organizational commitment”. By comparison, it’s obviously that in each figure of employee’s working attitude, Chinese enterprises appeared more negative than Irish enterprises. Yang (2009) suggested that the most important reason for this situation is great majority of Chinese enterprises had poor performance in their payment systems and corporate welfare.

3.5.3 Comparison of working attitude based on relevant literature

1. Different roles that salary played in affecting employees’ working attitude

Fu (2008) suggested that salary plays the most important role in affecting employees’ working attitude. He attributed this phenomenon to the traditional culture and current social problems. Compared with western developed countries, China has a poor social welfare system, however at the same time China has a disproportionate high price level, especially the house price. In this situation Chinese people generally put earning money as their job objective, or even life goal, and therefore salary became the biggest influence factor of their working attitude.

By contrast, Wei and Zhang (2004) found that if use the perspective of Maslow’s hierarchy of needs theory, employees of Irish enterprise has a higher level of job requirement than Chinese employees because of better social welfare and more relaxed working environment. Therefore although salary is also one of the most important factors that influence Irish employees’ working attitude, now they pay more attention on their self-fulfillment in the company, and whether the company can offer them a dynamic but challenging working environment that could enhance their working capabilities and job skills.

2. Different reaction to the work order and instruction from higher-ups

Qian and Wang (2003) argued that Chinese staff lack of adequate sense of ownership, they are more accustomed to do what the higher-ups said even they

thought the work instruction is not reasonable or fair enough. People rarely doubt their work in front their managers as long as the task have no or little relationship with their self-interest. Zeng (2003) explained that this is because China experienced 2132 years of feudal age, the perception of “adherence” and “obedience” still marked in Chinese people’s mind.

Qian and Wang (2003) also suggested that instead of completely obey to the higher-ups; employees in Ireland were more independent and conscientious in their works. Compared to Chinese employees, Irish employees usually have more decision-making power and the right to handle enterprises' own affairs in the working range, which enables them with higher subjective initiative and more positive working attitude.

3. Different attitude toward how much effort should be put in the job

Zhu (2005) figured that Chinese employees are famous for their “work till death” working attitude. They can overwork every day and even work uninterruptedly for scores of hours. Fu (2008) also attribute this phenomenon to two aspects: the Chinese traditional culture and current social problems. In all ages the Chinese culture encouraged hardworking and thrifty, and activities like lie fallow always be seen as a way of wasting time. Besides, poor social welfare and huge life pressure and employment pressure also forced Chinese employees to totally devote themselves to the work. Therefore, to most Chinese employees in SMEs, work is life.

Chen and Jiang (2005) argued that in Irish employees’ perspective, job is just a part of life, and enjoy life is equally or more important. They think it’s enough that to just do their own jobs well, instead of totally devote themselves into it. Wei and Zhang (2004) also explained that this is because Ireland has better social welfare and slower life of pace; therefore their employees can have more time and money to do what they really want to do.

4. Different objects of work

As what I introduced in chapter 3.4, “interpersonal relationship” plays a very

important role in every Chinese people's life time. Wu (2009) suggested that "interpersonal relationship" in China already beyond the meaning of social networks, because sometimes its effectiveness can even exceed legislation. Wang (2005) suggests that lots of Chinese employees took their work placement as a tool to broaden their interpersonal relationship network because they will have the chance to associate with people of every sort and kind through their job. For example, if one job can offer people a chance to associate with one dignitary, lots of Chinese people will be willing to take it even this job won't them any salary.

Chen and Jiang (2005) argued that although employees in Ireland also think interpersonal relationship is very important, they won't intentionally take job as a tool to enlarge their relative network. They would rather take their job as a way to earn working experience and practice job capabilities.

3.6 Conclusion of chapter 3

Although more or less, the process of globalization fades the regional diversity, because of different geographical factors and history background, the culture differences that associated with business and management style between China and Ireland are still very obviously. In the perspective of Geert Hofstede's five cultural dimensions, Chinese culture tend to be collectivistic, long-term oriented and have long power distance; on the contrary, Irish culture tend to be individualistic, short-term oriented, and have short power distance. These cultural differences, together with socio-economic factors, led to the completely different working attitude of the employees in SMEs in the two countries.

Chapter 4: Research methodology

4.1 An overview of chapter 4

In Chapter 4, first I'll give a brief introduction to qualitative research method and quantitative research method, as well as a comparison of these two methods and the reason why I primarily use qualitative research method in the thesis. Then I will introduce documentary research and interview method, the two methods that I choose for data gathering. At last I will explain why I choose documentary research and interview, how I use them to collect data and target the sampling people, and how I collect, store and analyze the data.

4.2 Qualitative Research Method: The major Research Method in this paper

4.2.1 Introduction to Qualitative Research Method

Adler (1987) identified Qualitative Research Method as “a method of inquiry employed in many different academic disciplines. It is extensively used in social sciences, and it is also used in market research and other fields as well”. Chen (1996) elaborated that Qualitative Research Method is a research method which analyzes thing/objects by examining their internal natures, through analysis of contradictory variables governing the nature of the things/objects in the process of flux of social phenomenon. Zhang (1999) added that in order to carry out qualitative research method, we have to temporarily leave out the differences in the homogeneities of quantity, and directly grab the key features of things/objects though certain theories and experiences.

4.2.2 Introduction to Quantitative Research Method

The Business Encyclopedia identified Quantitative Research as: “based on traditional scientific methods, which generates numerical data and usually seeks to establish causal relationships between two or more variables, using statistical methods to test the strength and significance of the relationships”. Guan (1999) suggested that

Quantitative Research usually aimed at achieving the statistical results of a specific research object. Hua (2000) added that in Quantitative Research Methods, all the information are presented in some kind of numeric ways; and before handling and analyzing these data, we need to identify the “scales” for measuring first.

4.2.3 Differences between Qualitative methods and Quantitative methods

1. Different philosophy of reality

Zheng (2004) figured that these two research methods are based on two totally different philosophies of reality. The object of Quantitative Research Method must be objective and impersonal; it must be things which really exist in this world. However in Qualitative Research Method, there is a close relationship between the object of study and the researchers, and the researcher endues the research objects with the color of subjectivity.

2. Different opinions on the configuration of research object

Jia (2002) found that the Quantitative Researchers believed the research object can be anatomized into coupled sections. Through observing and analyzing these sections, they can get a general idea about the whole object. On the contrary, Qualitative researchers insist that the research object is an inseparable organic whole; therefore their researches often cover the whole object and process.

3. Different perspectives on human being

Peng (2005) argued that in the perspective of Quantitative Research Method, every people are similar and can simply be classified into coupled categories. However, Qualitative Research Method emphasized on the individuality of human being and the differences between people, so Qualitative Researchers found that it's impossible to categorize people into specific groups because of the complexity of human being.

4. Different purpose of research

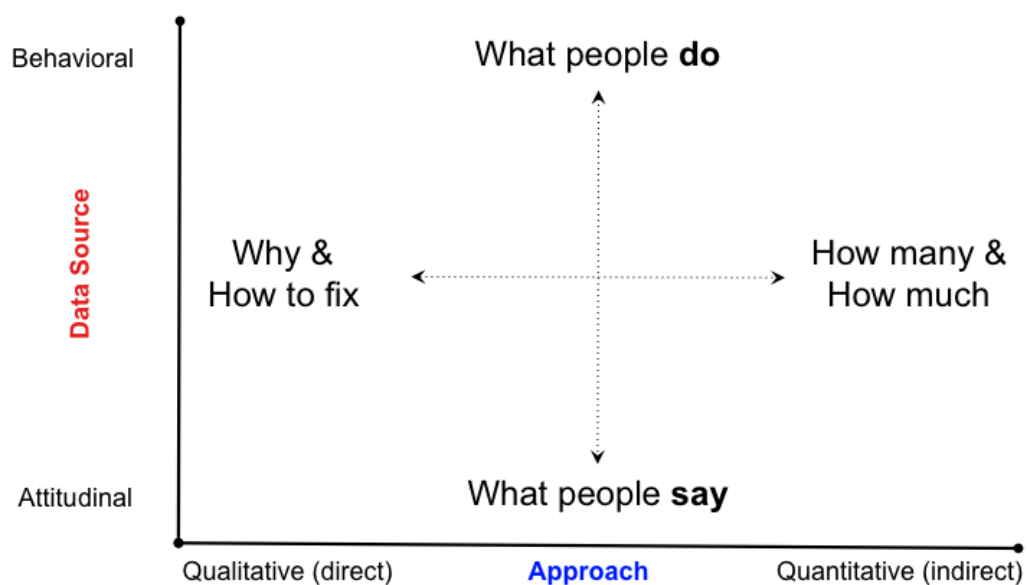
Li (2005) identified that the final purpose of Quantitative Research Method is to discover the general rule of human behavior, and try to make universalistic interpretation on all kinds of things/objects in this world. In terms of Qualitative

Research Method, its purpose is to make specific interpretation on some given things or objects. Wo (2005) stated that Quantitative Research Method commits itself to expand the scope of research object, and Qualitative Research Method attempts to dredge up the depth.

5. Different usages

Rohrer (2008) argued that due to the nature of the differences between “Qualitative methods and Quantitative methods, qualitative methods are much better suited for answering question about why or how to fix a problem, whereas quantitative methods do a much better job answering how many and how much type of questions”. The following chart can illustrate “how the first two dimensions affect the types of questions that can be asked”:

Questions answered by research methods based on **Data Source** & **Approach**



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4.2.4 The reason why this paper mainly uses Qualitative Research Method

This paper relates to many large-scale and complex topics, such as performance management system differences and culture differences, which are all hard to be addressed and dissertated in quantitative dimensionality. On one hand, all the research questions are closely related, for example, when we discuss the differences of

performance management systems between two countries, we inevitably need to do research on the factors that attribute to these differences; therefore, it's also necessary to analyze the differences in culture, employee's working attitude, employment legislation and so on. Jia (2002) suggests that one difference between Qualitative methods and Quantitative methods is that, "Qualitative researchers insist that the research object is an inseparable organic whole", and this coincides with the characteristic of my research question, which is complex but inseparable, because all the components are all interrelated.

On the other hand, even a single component of my research question is hard to be discussed in quantitative dimensionality because of its complexity. Take culture's influence on performance management system for example; for one thing culture is a nonfigurative thing and is hard to be described by numeric characters, for another thing, under different culture background, people will have different world views and sense of worth, and because the complexity of culture and difference between individuals' situations, every an individual can be seen as an independent unit and can't be easily classified in numeric perspective. However, Peng (2005) argued that "in the perspective of Quantitative Research Method, every people are similar and can simply be classified into several categories" this characteristic of Quantitative Research Method offered counterevidence for my choice.

4.3 Major research methods used in this paper

4.3.1 Documentary research

4.3.1.1 Introduction to documentary research

Payne and Payne (2004) describe the documentary method as "a technique used to classify, investigate, illustrate and identify the limitations of physical sources and most commonly written documents from both private and public domain". Mogalakwe (2006) suggested that the main approaches of documentary method is to collect and analyze various forms of existing literature and documents, and then select the target information which can be used to support our study.

4.3.1.2 The reason for using documentary research in this paper

Mogalakwe (2006) states that “the documentary method is just as good as, and sometimes even more cost effective than social surveys, in-depth interviews or participant observation”. Pan (2008) suggested that documentary method can simplify and standardize the analysis process of qualitative research literatures, therefore this method plays a very importance role in all kinds of investigation activities, thus can be used as the first choice in information collecting. Zheng (2004) even argued that only when the existing literature or factual materials are not enough to support one study that we need to consider field investigation.

In general, my study concerns two aspects of literature. Since my topic is on the differences of performance management system between Chinese and Irish SMEs based on a culture perspective, I need to collect literatures that related to SMEs, performance management systems; and respective situation of China and Ireland. Apparently since they are all hot topics, there are great many literatures that related to these keywords no matter from electronic database, journal or book, which means I have enough resources to use documentary method. Another reason for using this method is these keywords are not only hot, but also large-scale, which definitely cannot be simply discussed and proved by small scale field investigations. Therefore this paper needs to be first supported by some authoritative, general and collective ideas and information that came from documentary method.

4.3.2 Interview

4.3.2.1 Introduction to interview method

Liu and Feng (2007) suggested that interview is one of the most popular Qualitative Research Method which collects impersonal factual materials based on the answer of employees in a verbal form, and these factual materials from the Interview can help us get some perceptual knowledge about our research objective.

4.3.2.2 The reason for using interview

This paper comes into the domain of comparative studies, therefore, at first I need to get a general and perceptual knowledge about my research objectives through

factual materials that collected from the interviews of SME employees from both China and Ireland.

In the process of factual material collecting of Irish enterprises, I mainly used individual interviews, there are two reasons. First is the limitation of my situation. On one hand, because of the language barrier, it's very hard for me to organize group interviews in Irish enterprises; on the other hand, since I am not physically present in China, it is also very difficult to do this job there. Second, some questions in the interview may have sensitive issues, and I have mentioned in Chapter 3 that because of the special culture of Chinese people, when people are in a group, they may hide their true feelings. In terms of the Chinese enterprises, I used both group interview and individual synchronous, since some questions required collective ideas and discussion, and some can only be asked individually to avoid group effects.

4.3.3 How these two methods employed in this paper

The research methodology for this study is as follows. I first use documentary research to identify the important factors related to SMEs, performance management systems, and respective situation of China and Ireland. Then I try to obtain a general understanding of the relationships between these factors based on the document research, and then design the appropriate investigation method to prove or disprove these relationships or to discover new relationships. The design of investigation method includes determining the appropriate interview audience, preparing the questionnaires, and choosing the interview channel (for example, in-person or through the internet). Then I conduct the interviews, collect the data, and analyze the data and form recommendations.

4.4 The selection of samples

4.4.1 The selection of sample in China

The sample of Chinese SMEs consisted of 4 Chinese SMEs. Three companies are located in Nanchang city, and the fourth one is in Jiujiang city. Currently these two cities are developing at a high speed and attracting more and more foreign

businessmen and enterprises. These two cities in some extent can represent the average level of the development speed of Chinese cities; therefore the level of development of SMEs' performance management system in these two cities can also relatively reflect the national average level.

In view of the sample's comprehensiveness and rationality, these 4 companies are totally different in their primary business types as well as the enterprise sizes (two small enterprises and two medium enterprises). Here is a brief introduction to these four companies:

1. Nanchang Hongcheng Yurong down and feather filled products Co., Ltd.

Nanchang Hongcheng Yurong is a small enterprise located in Nanchang, Jiangxi province, which specialized in the manufacturing of suitcase and down and feather filled products. Since the business started from August 2006, Hongcheng Yurong developed rapidly and now has nearly one hundred staffs.

2. Nanchang Shenglong door industry Co., Ltd.

Nanchang Shenglong Door Industry Company is a small enterprise which specialized in R&D, manufacturing, selling and servicing of specialized doors (for example, electrically operated folding gate and glazed inductive doors). The company was set up in 2004 and now has approximately 70 employees.

3. Nanchang Jinyuan Electron Co., Ltd.

Nanchang Jinyuan Electron Company was a medium enterprise which specialized in the manufacturing, selling and servicing of LED electronic display screen, touch screen of smart phone and other LCD (Liquid Crystal Display) product. The company was set up in 2004 by a group of IT (Information Technology) technical personnel, and now has nearly 200 employees.

4. Jiangxi No.3 Construction Co., Ltd.: Jiujiang Branch Company.

Jiangxi No.3 Construction Company is an old-line enterprise; its first factory was built in 1954, but not until 2003 did it become a company with limited liability company which specializes in building and construction operations. Now the company has 19 branch companies and 566 staffs, and my interview objective is its

one branch company in Jiujiang city.

4.4.2 The way to target interviewees in China

Since during the time of writing this paper I'm not in China, so all the interviews took place on Internet. To communicate with my target people I mainly used "QQ". "QQ" is one kind of instant messaging (IM) software, in China, "QQ" is much more popular than MSN, and even every company has one "QQ" group that is formed by employees, because it's a convenient way for informal communication. Therefore, I can easily carry out online interview with the target managers and employees from the four Chinese enterprises as long as I have the account number of their "QQ" group. Besides, in one "QQ" group, you can choose to talk with a gang of people publicly, or just talk with someone individually, which means I can flexibly carry out group interviews and individual interviews to get the factual material that I want.

4.4.3 The selection of sample in Ireland

The sample of Chinese SMEs consisted of 4 Irish SMEs which all located in Galway city. There are 3 reasons for choosing these four SMEs: first, Galway as the fourth largest city in Ireland, can in some extent represent the average economic level of Ireland, therefore SMEs in Galway and their performance management system have all-pervading research value; second, I'm familiar with these four enterprises; I once have a work placement for 1 month in Irish Breaks, and my friends are working in another three companies, therefore the interviews can be easier to arrange, and the outcomes of interview is also more convincing since the interviewees won't hide or distort some truths because of disacquaintance. Third, in view of the sample's comprehensiveness and rationality, these 4 companies are also totally different in their primary business types.

1. Irish Breaks Co., Ltd.

Irish Breaks is an Innovative online company; it was set up in January 2010 and specialized in Package Holiday Breaks in Ireland. To be specific, it helps people to

plan their holidays and provides all types of accommodation for holidays in Ireland, from B&B's to Hotels Dunlin, Cork and Galway city, or stately castle.

2. Limeleaf Co., Ltd.

Limeleaf is a catering and retail enterprise located in Renmore, Galway. The company now has two shops, one is a convenience store in Glasn, another offers Chinese takeaway for people near Galway city center. Now the company has ten people (include 2 bosses and 8 employees) and its enterprise scale is expanding quickly

3. Pocket Anatomy (subsidiary of eMedia Interactive Co., Ltd.)

Pocket Anatomy (the Interactive Human Body), created in 2009 by eMedia Interactive Ltd, is a range of medical education software applications to assist medical students, healthcare professionals, and the general public in visualizing the complexities of the human body in a novel format.

(Resource: Pocket Anatomy official website: <http://www.pocketanatomy.com/>

)

4. System solutions

System solutions is a small enterprise located in Loughrea, Galway. Its main business concerns software packages.

4.4.4 The way to target interviewees in Ireland

There are two ways to carry out interview, one is face-to-face and another one is online. Face-to-face interview is applicable to my acquaintance in each company, and online interviews are used for my friends' colleagues. Therefore the way to contact interviewees is based on interpersonal relationships, which is easier to operate and more convincing.

4.5 Data analysis

4.5.1 Data record

1. Chinese Part

The “QQ” software can save the chats records automatically; therefore all the written record of dialogs during the interview is saved. Before each interview I will also ask the interviewees for permission to record our dialogs, and 13 people permit me to disclosure the detailed content of chat in my thesis.

2. Irish part

All the question papers used during the interview are saved; six question papers are hand written and three are typed, which correspond with six face-to-face interviews and three online interviews.

4.5.2 Data analysis

Excluding the basic information (name, position, company introduction, etc.), the interview questions can be sorted into six topics, each topic can reflect part of statues of the performance management system in Chinese SMEs and Irish SMEs. The six topics, interviewees’ choices and the frequency of people for each answer are placed in Microsoft Excel, and using this information I can calculate the valid percent and cumulative percent of the probability of each answer’s frequency. These data will be used as a supportive material in my research findings and recommendations.

4.6 Conclusion of Chapter 4

In sum, I have conducted the document research, and identified the research issues that are to be addressed, and formulated them into appropriate interview questions. I have selected the Chinese and Irish companies for the interview, and decided on the interview channel for the companies in each country.

Chapter 5: Research findings, discussion, and recommendations

5.1 An overview of chapter 5

In chapter 5, first I'll elaborate the research findings and discussion based on the data from interviews and documentary studies. The findings and discussion are divided into two parts, one part focus on the comparison of SME's performance management system in China and Ireland, and another part focus on each culture's impact on its SMEs' performance management. At last, based on all the research findings and discussions, I make some recommendations to the future improvement of performance management system as well as corporate culture of SMEs in China and Ireland.

5.2 Research findings and discussions: focus on SMEs' performance management system

5.2.1 Comparison of employees' awareness of company's strategic objectives

Ainsworth & Smith (1993) suggest that one important task of performance management is to use diversiform motivational approaches and induce employees' individual objectives to be aligned with the organization's objectives. To do so, it is important that the employees have clear understanding of the organization's objectives. The table 5.1 shows a comparison of interviewees' awareness of their company's strategic objectives between China and Ireland.

Chart 5.1 Do you have a clear idea about your company's short-term business objectives and long-term development strategies?

	Frequency of Chinese interviewees	Frequency of Irish interviewees	Percent of Chinese interviewees	Percent of Irish interviewees
Completely unclear	6	0	16.7%	0%
Quite unclear	15	1	41.7%	11.1%
Partially clear	8	0	22.2%	0%
Quite clear	4	5	11.1%	55.6%
Completely clear	3	3	8.3%	33.3%
Total	36	9	100%	100%

The task of performance management is to achieve the organization's vision and mission. In one organization, the top management formulates the strategic objectives; the middle management breaks down the strategic objectives and supervises the process of the strategic execution; and at last it is the employees of grass roots that turn these objectives into outcomes. Therefore, only when employees know exactly what they are doing, the meaning of their works, and where they are going, can they totally bring their capabilities into play. From the table we can see that almost all of Irish interviewees are either quite clear or completely clear about their company's strategic objectives. The case of Chinese interviewees is different; about half of the interviewees are either quite unclear or completely unclear about their company's strategic objectives. This situation suggests that performance management systems in Irish SMEs are propitious to enhance employees' working attitudes and productivities, which can lead to higher job performances.

5.2.2 Comparison of employees' awareness of performance evaluation criteria

Lin (2010) suggests that setting a series of fair and transparent criteria is the cardinal task of performance appraisal. In other words, organization should not only make sure the criteria are achievable and fair to all employees, but also let employees

fully understand those criteria, for example, by explaining what activities would cause punishments and what would cause rewards. The following table shows a comparison of interviewees' awareness of performance evaluation criteria.

Chart 5.2 Do you clearly know the criteria for your performance evaluation

	Frequency of Chinese interviewees	Frequency of Irish interviewees	Percent of Chinese interviewees	Percent of Irish interviewees
Totally no idea	1	0	2.8%	0%
No idea	3	0	8.3%	0%
Know some	8	1	22.2%	11.1%
Know for the most part	18	2	50%	22.2%
Totally understand	6	6	16.7%	66.7%
Total	36	9	100%	100%

There are two reasons for emphasizing the transparency of performance evaluation criteria. First, the criteria are actually telling employees that in this organization, what activities are right and what are wrong, therefore they play a supportive role in regulating employees' behavior and working attitude; second, those criteria determine the outcomes of performance appraisal, and the outcomes of performance appraisal directly relate to employees' vital interests. Therefore, employees need to know what those criteria really are, otherwise the performance appraisal outcomes are incomprehensible and unclear to employees, and employees will lose direction in their work. Table 5.2 suggests that there are still many interviewees in Chinese SMEs not clear or just know some about the criteria for their performance evaluation, but nearly 90% of interviewees in Ireland have a clear understanding of the criteria. Therefore we can deduce that Irish enterprises have stronger communication systems; Irish employees may have higher degree of satisfaction toward the outcomes of performance appraisal, and also have better idea about how to improve their job performance.

5.2.3 Comparison of employees' satisfaction with the performance evaluation criteria

Qian and Wang (2003) argue that employees' satisfaction with the performance evaluation criteria will directly affect their working attitude, since employees won't work hard anymore if they feel that the criteria is not reasonable or fair to them. The following table shows a comparison of employees' degree of satisfaction with the performance evaluation criteria.

Chart 5.3 How satisfied are you with the performance evaluation criteria mentioned above?

	Frequency of Chinese interviewees	Frequency of Irish interviewees	Percent of Chinese interviewees	Percent of Irish interviewees
Totally discontented	3	0	8.3%	0%
Discontented	9	0	25%	0%
No feeling	15	0	41.7%	0%
Contented	7	4	19.4%	44.4%
Very satisfied	2	5	5.6%	55.6%
Total	36	9	100%	100%

Excluding any possible biases and subjective factors, there are two factors that influence employees' satisfaction with the performance evaluation criteria: the rationality and fairness of the criteria; and the efficiency and validity of organization's communication system. Table 5.3 shows that only 1/4 Chinese interviewees are really satisfied with their performance evaluation criteria, compared to Irish employees who all chose either contented or very satisfied. In section 5.2.2 I already deduce that Chinese SMEs may have a weaker communication system, and table 5.3 further suggests that the performance appraisal criteria used in Chinese SMEs may also be not feasible enough, which might restraint employees' working enthusiasms.

5.2.4 Comparison of employees' assessment of performance management's effect on enhancing their job capabilities

Nowadays, employees' objectives become diversified; unlike hundreds of years ago when people just took jobs as a tool of earning money, now people emphasize

more and more on what they can learn from their job, in another way saying, employees now want not only material wealth but also spiritual wealth and knowledge from jobs. Therefore, whether a job can offer people opportunities for learning and development, can in large extent influence employees' working attitude and enthusiasms. The following table shows a comparison of employees' assessment of performance management's effect on enhancing their job capabilities.

Chart 5.4 Do you think the performance evaluation criteria place high emphasis on improving employees' working capabilities?

	Frequency of Chinese interviewees	Frequency of Irish interviewees	Percent of Chinese interviewees	Percent of Irish interviewees
It paid no attention	12	0	33.3%	0%
It just paid a little attention	10	0	27.8%	0%
No feeling	7	1	19.4%	11.1%
It paid much attention	5	5	13.9%	55.6%
It paid sufficient attention	2	3	5.6%	33.3%
Total	36	9	100%	100%

According to the learning curve, “the more times a task have been performed, the less time will be required on each subsequent repetition” (Wright, 1936). The learning curve suffices to show how important learning is to employees as well as to the whole organization. To employees, the knowledge and capabilities learned from their jobs is a precious spiritual wealth; to organizations, by improving employees' working capabilities they can achieve a higher performance with a relatively low cost, and at the same time enhance employees' loyalty and job satisfaction. Table 5.4 shows that most Chinese interviewees feel that the performance evaluation criteria in their company have no or little relationship with the development of their working

capabilities, while most Irish interviewees have the contrary opinions. Therefore we can deduce that employees in Irish SMEs may have more chances for learning and development of their job skills, thus their loyalty to organization and working enthusiasms may be relatively higher.

5.2.5 Comparison of interviewees' attitude toward the guidance from supervisors

The guidance provided by supervisors are vital in the whole process of performance supervision and facilitation; the quality of the guidance strongly influence employees' working capabilities and job performance. The best guidance that can be provided by supervisors should not simply teach employees how to behave, but also it should imperceptibly shape a kind of working attitude and values in employees' mind. The following table shows a comparison of interviewees' attitude toward the guidance provided by their supervisors:

Chart 5.5 Are you satisfied with the guidance provided by your supervisors regarding the performance evaluation?

	Frequency of Chinese interviewees	Frequency of Irish interviewees	Percent of Chinese interviewees	Percent of Irish interviewees
Totally dissatisfied	5	0	13.9%	0%
Dissatisfied	7	0	19.4%	0%
No feeling	14	0	38.9%	0%
Satisfied	6	1	16.7%	11.1%
Very satisfied	4	8	11.1%	89.9%
Total	36	9	100%	100%

Even for a talented employee who has great work experience, it is still challenging for him to acclimatize himself to a totally new working environment without any guidance. One of the major tasks of human resource management is to try to consciously or unconsciously influence employees' working attitude and values to make their personal objectives coincide with the organization's objectives, and the

guidance from supervisors plays an important supportive role in this process. From table 5.5 we can see that only about 1/4 Chinese interviewees feel satisfied or very satisfied with the guidance from supervisors, but nearly all of Irish interviewees feel contented. Therefore we can deduce that, in Chinese SMEs, the guidance from supervisors may not be sufficient, or maybe their communication system is hindered or complex, which may confuse and demotivate employees in performance supervision and facilitation process; and Irish employees may be more clear about what they going to do and what they should do, which enables them to be more forwardly to step into next process of performance management.

5.2.6 Comparison of interviewees' attitude toward the performance management system in their company

As employees are the ones who practice the organization's vision and mission and turn its objectives into outcomes, employees have the right and competency to judge the performance management system, which suggest that employees' attitude toward the performance management system can be taken as a reference in evaluating one organization's performance management. On another hand, employees' attitude toward the performance management system will exert a strong impact on employees' working attitude. Therefore the importance of doing research on employees' general attitude toward the performance management system is self-evident. The following table shows a comparison of interviewees' general attitude toward the performance management system in their company:

Chart 5.6 Overall, how satisfied are you with the performance management system in your company?

	Frequency of Chinese interviewees	Frequency of Irish interviewees	Valid Percent of Chinese interviewees	Valid Percent of Irish interviewees
Totally discontented	9	0	25%	0%
Discontented	20	0	55.5%	0%
No feeling	3	0	8.3%	0%
Contented	2	6	5.6%	66.7%
Very satisfied	2	3	5.6%	33.3%
Total	36	9	100%	100%

Employees' attitude toward their company's performance management system can reflect two important facts: one is the feasibility and practicability of the organization's performance management system; another is the efficiency and fluency of the communication system, which may influence employee's attitude and their subjectivity. Table 5.6 suggests that most of Chinese interviewees feel discontented or very discontented with the performance management system used in their company, while the Irish interviewees are diametrically opposite. The outcome suggests that the performance management system in Chinese SMEs is not desirable enough; at least it is inefficient in motivating employees. Compared to Chinese SMEs, Irish SMEs' performance management system appears to be more successful in motivating employees and enhancing employees' job performance.

5.2.7 An overall comparison of performance management system in SMEs between China and Ireland

Based on the results in 5.2.1 through 5.2.6, the performance management system in Chinese SMEs and Irish SMEs differs in many dimensions. In Chinese SMEs, employees tend to have lower awareness of the company's objectives, they are less clear about the performance appraisal criteria and are less satisfied with the system, and the system places less weight on improving employees' skills, and the guidance

that employees receive from upper management is lacking. All these results are related to each other. To understand this relation, note that Williams (1999) breaks down the whole process of performance management system into four links: performance planning and direction; performance supervision and facilitation; performance assessment and application of performance outcomes. These four links are related to each other, and problems in one link will cause problems in other links. For example, in our studies, because the Chinese SMEs place less weight on improving employees' skills and capabilities, employees will be less satisfied with the system, and that will cause them to feel less identified with the company and thus they will not be enthusiastic in understanding the company's objectives. That in turn will increase the gap between the employees and the managers and hinder the effectiveness of the manager's guidance for the employees. The above will form a loop of negative feedback, reinforcing each other.

5.3 Research findings and discussions: focus on culture's impact

In chapter 2 I already elaborated the key factors in the process of performance management system, thereinto Williams (1999) break down the whole process of performance management system into four links: performance objective planning and direction; performance supervision and facilitation; performance investigation and appraisal; the application of the outcomes of performance investigation and appraisal – encouragement and development. The research findings and discussions in this section are based on the analysis of the effect of culture difference on each links in the process of performance management system.

5.3.1 The effect of culture on performance management system in Chinese SMEs

5.3.1.1 The effect on performance objective planning and direction

1. Positive impact

In chapter 3 we know that Chinese culture places a lot of weight on the future, emphasizing greatly on the long-term analysis and development. Therefore in the process of performance objective planning, Chinese culture plays a stimulating role in

encouraging administrators to become more far-sighted and considerate. In addition, Chinese culture values concepts like thrift and perseverance, promoting “saving for a rainy day”. These concepts make the administrators more cautious and more prudent in their planning, thus make the companies less likely to go into financial distress or other type of hardship. In addition, even if the companies do go into temporary distress due to unforeseeable reasons, the concept of perseverance will be vital in keeping the morale high and helping the companies to endure the hardship and go out of distress.

2. Negative impact

There are three key factors that have strong impacts on one organization’s performance objective planning and direction: the feedback channel between administrators and their employees; the alignment of interests between administrators and their employees; and the degree of participation of administrators in the whole process of performance objective planning and direction. The Chinese culture respect for the elderly and for the supervisors, employees are more used to simply accepting the directions from managers with little query; downward communication becomes the main way of communication, and there is not much feedback. In addition, the Chinese culture has a high score in power distance index, which implies that individuals are strongly separated into groups, administrators’ orders frequently supersedes the organization’s regulatory framework, and the interests between the administrators and their employees become misaligned. Moreover, as individuals are separated into groups, the degree of participation of administrators is low in the whole process of performance objective planning and direction. These restrictive factors together create significant interferences to the efficiency of communication and to the speed of feedback, which of course hinders the validity and effectiveness of performance objective direction, as well as the feasibility and objectivity of performance objective planning.

5.3.1.2 The effect on performance supervision and facilitation

1. Positive impact

Chinese culture stresses on integrity and strives to shape and maintain a harmonious working environment. Therefore inside an organization, it looks like all employees are bond in a link of friendship and interpersonal relationship, which creates a sense of community and can in some extent offset certain drawbacks in performance supervision and support performance facilitation by enhancing employee's sense of belonging and job satisfaction. What is more, Chinese culture emphasizes obedience. As administrators in Chinese enterprises have more of an absolute power and employees' degree of order compliance is relatively high, the approaches in the whole process of performance supervision and facilitation can be more efficiently executed.

2. Negative impact

On one hand, the culture of obedience can improve the relationship between employees and their peers; but on the other hand, we cannot forget that the concept of obedience was used by feudal rulers to make people obey from the very beginning. The Chinese culture also emphasized on "gentle and simple" as well as "authority", and as a result, in Chinese SMEs the relationship between administrators and employees is similar to that between people who send orders and people who obey orders. The process of performance supervision and facilitation requires an organization communication system which is open, effective and bidirectional, and in this regard Chinese culture plays an interruptive role in performance supervision and facilitation since it's very hard to build leader-member relations on an equal footing, and the outcomes of performance supervision is likely to be based on leader's individual preference and perception analysis, which is more subjective than objective.

5.3.1.3 The effect on performance investigation and appraisal

Deeply influenced by Confucianism, Chinese culture especially accent the

importance of harmony and interpersonal relation, therefore in order to keep a harmonious working relationship, most Chinese employees are reluctant to offend their colleagues as long as the performance investigation process will not hurt their self-interests. Just as the Chinese proverb goes, “keep out of harm by discretion, be worldly-wise and play safe”. This kind of thinking gives rise to a degree of reluctance in performance investigation. What’s more, excessively emphasizing on the importance of relationship leads to a big discount in the effectiveness of performance indicators and appraisal system; because when the power of interpersonal relation exceeds the potency of organization principia and discipline, the authenticity and objectivity of the results of performance investigation and appraisal will greatly abate.

5.3.1.4 The effect on the application of the outcomes of performance appraisal

1. Short-term Positive impact

In addition to Confucianism, traditional religion also plays an important role in affecting performance management in China enterprises. The perception of “samsara” from Buddhism encourage people to endure the unfair suffering that others inflicted on them, then after their soul experienced “samsara”, in next life they can be the dignitary. Although nowadays Buddhism is not dominant in China, this perspective already becomes part of Chinese culture that is deeply rooted in people’s minds. When facing something that is not fair to them, Chinese people are more likely to endure it, which means Chinese people have stronger tolerance. For the same reason, in the view of modern enterprises, even sometimes the result of performance investigation and appraisal is not objective or fair enough, they may still accept it, which in some extent decreases the resistance and dissatisfaction in application process. However, the obedience based on inducement doesn’t really eliminate the conflict inside, so the effect of culture is temporary.

2. Long-term Positive impact

In Hofstede’s (2003) 5D model, China received only 20 points in Individualism degree, which suggests that people have stronger tendencies to form organizations.

This makes enterprises in China more like a big household, employees realize that they are in one group, so they don't want to behave too distinctively which may cause them edged out by the majority. Therefore even the outcome of performance appraisal is not fair, as long as their peers receive the same unfair results, they may achieve a psychic equilibrium and still embrace the application of the outcomes. Just as the Chinese proverb goes, "what matters is not wanting but unfairness", the unfairness here does not simply mean that the result is not fair to someone, but rather it means that someone else receives a better result than the rest of the group. This type of thinking and the equilibrium it creates can make the application of the outcomes of performance appraisal and execution of performance management approaches more smooth and unhindered.

3. Negative impact

On one hand the group thinking under Chinese culture can make performance outcomes application process more unhindered, but on the other hand it dampens employees' enthusiasm and creativity toward their work, because they would think that, since they cannot get a performance appraisal result that is better than others anyway, why they need to work harder than others? If they can achieve this result by making only 60% of their efforts, why should they make 65% of efforts or more? The real talented employees may choose job-hopping, and employees who choose to stay are more likely to be of lower quality and lower morale. Therefore this kind of corporate culture makes organization's motivation activities less productive, and it will eventually hinder the application of performance appraisal result.

5.3.2 The effect of culture on performance management system in Irish SMEs

5.3.2.1 The effect on performance objective planning and direction

1. Positive impact

In Hofstede's (2003) 5D model, Ireland received 28 points of Power Distance Index (Chinese culture received 80 points), this suggests that Irish national culture and corporate culture emphasize on employees' individual personalities, independent

character, self-determination spirit, personal development and creative thinking. People are encouraged to think outside the box, to question authorities, and they do not take things personal. In this way, leader-member relation can become more straightforward and harmonious, which make the communication within the organization more convenient and unhindered, thus facilitate the process of performance objective planning and direction.

What's more, 70 points of Individualism degree (China received 20 points) also suggest that the Irish culture encourages organization to construct a balanced line of authority, and make sure that every employee has equal right to engage in the whole organization's business and management affairs, which can largely enhance employee's enthusiasm toward their jobs, and make performance objective planning process more objective and democratic.

2. Negative impact

In Hofstede's (2003) 5D model, Ireland received only 40 points of Long-Term Orientation degree (China received 118 points, and average points of European countries is 70), which suggests that Irish culture emphasizes on immediate interests and short-term advantages. Irish enterprises tend to stress more on the practicality and short-run effects of their performance objective, which may cause short-termism, reduce consistency and coherency in the enterprises' overall growth pattern, and make performance objective planning and direction sightless and myopic.

5.3.2.2 The effect on performance supervision and facilitation

1. Positive impact

Unlike Chinese culture which stresses on integrity and unity, Irish culture encourages each individual to work autonomously, and to learn and develop freely. Irish enterprises tend to give employees more right to design their personal work and engage in the whole company's business and management affairs, which greatly improves employees' sense of freedom, sense of belonging and sense of personal achievements. These factors make the approaches in the process of performance

supervision and facilitation more objective, democratic and concordant, because employees can have the right to join this process, and also the harmonious relationship between superiors and subordinates motivates employees to coordinate themselves with the process more energetically.

Another positive impact of Irish culture is that, since Ireland received 70 points of Individualism degree (China received 20 points), this figure suggests that Irish culture encourages employees to be more independent, more outspoken, and more direct. Compared to Chinese employees who always face an awkward dilemma between their individual consciousness and the relationship with peers and superiors, Irish employees have less possibility to face this kind of difficulty, they are more bold to express their personal feelings and ideas to their peers and superiors, which enhances the objectivity and practicability of the approaches of performance supervision and facilitation.

2. Negative impact

At the same time as employees obtain more rights to join company's management affairs, they are also more likely to challenge their supervisors; and the possibility of the approaches of performance supervision and facilitation facing collision becomes higher. Therefore, although giving employees more power to join the process can largely enhance the objectivity and comprehensiveness of performance supervision activities, meanwhile we cannot deny that it also retards the performance supervision process and reduces the efficiency of related approaches. This negative effect can be particularly severe in times of crisis, because in these situations there is little time for intensive debates, and it is important to make decisions fast and take actions in a decisive way.

5.3.2.3 The effect on performance investigation and appraisal

In chapter 3 we know that compared to Chinese perceptual corporate culture, Irish corporate culture tend to be more rational, which emphasized on the importance of rules and regulations, and the use of data in the process of performance

investigation and appraisal. Comprehensive use of quantitative analysis makes the investigation and appraisal process more fair, objective and convincing, thus encourages employees' enthusiasm to devote themselves to their work, and ensure the effectiveness of the motivation activities in the following links of performance management. However, compared to other Western countries, for example, Germany and USA, which emphasized on completely objective, fair and hardhearted performance appraisal process, Irish enterprise tend to be more flexible in their performance appraisal process by also taking into account external and individual specific situations. In other words, Irish corporate culture finds an equilibrium point between rigidity and flexibility.

5.3.2.4 The effect on the application of the outcomes of performance appraisal

1. Positive impact

The process of performance appraisal outcomes application requires fair and objective appraisal outcomes, and unhindered two-way communication. I have analyzed that Irish culture is propitious to the shaping and development of both situations. The open and objective process of performance investigation and appraisal guarantees the fair and objective appraisal outcome; the humanistic management style and decentralization of authority make communication more convenient and efficient. In this way the application of the outcomes can be more efficient and comprehensive.

2. Negative impact

From the literature review in chapter 2, it is clear that the process of performance management is complex and long-termed, which is a non-ending process. As a link which forms a connection between the preceding process and the next cycle, performance appraisal outcomes application must be far-sighted and comprehensive which requires considerations of both external and future factors. However, as I elaborate before, in Hofstede's (2003) 5D model, Ireland received only 40 points of Long-Term Orientation degree, which suggests that Irish corporate culture emphasizes more on short-term interests and less on long-term benefits. This may cause

short-termism, undermine the consistency in the company's overall development pattern, and make performance appraisal outcomes application unilateral and not inclusive enough.

5.4 Recommendations

In sum, we have two findings from the foregoing parts of the thesis. First, the performance management system in Irish SMEs appears to be more mature and more comprehensive compared to that in Chinese SMEs, which to a large extent still stays in the stage of performance appraisal, as opposed to the real performance management in the strict sense. Second, culture differences do have a strong impact on creating differences in performance management system in SMEs in these two countries, and each country's culture has both pros and cons. Based on these two findings, I propose recommendations in the following part.

5.4.1 Recommendations that associated with organization culture

1. Recommendation for organization culture in Chinese SMEs

On the whole, Chinese culture plays an impeditive role in the development of performance management system in SMEs. Since a nation's culture is not easy to be changed, Chinese SMEs must build an organization culture which facilitates their performance management, while in the meanwhile has no conflict with the traditional culture. For example, disseminating the concept of performance management to employees; creating a fair and relaxed working environment that is in harmony with the existing network of relationships within the organization; encouraging employees to participate in organization business and management affairs; and so on.

2. Recommendation for organization culture in Irish SMEs

Irish culture encourages free and independent thinking, and people do not like to be swayed by the collective thinking. These factors to some extent hinder the alignment between organizational objective and employee's personal objectives. To copy with this problem, Irish SMEs should try to cultivate a sense of community

among the employees. One thing they can do is to try to develop a unique corporate culture that the employees can identify with, which would help to bond them together. Such a culture could include, example, a code of conduct that stresses on morality and ethics, or a ritual that the employees regularly perform, or celebration of important anniversaries for the company. Another thing that Irish SMEs can do to bond the employees together to organize more activities after work, for example, to engage in community services on weekends, or to participate in sports activities, and so on.

5.4.2 Recommendations that is associated with performance management system

1. Recommendation for performance management system in Chinese SMEs

Chinese culture's biggest negative influence on performance management in SMEs is that it excessively emphasizes on the importance of interpersonal relationship, which makes the outcomes of performance appraisal contaminated with subjective factors. Therefore, Chinese SMEs must upgrade its performance appraisal system to a higher level of quantization, which means that they should emphasize more on the role that quantitative index plays in performance appraisal. Therefore, obviously, KPI method is a good choice for Chinese SMEs since it focuses on quantitative method and is based on actual data, which is effective in offsetting the negative impact of such culture influence.

2. Recommendation for performance management system in Irish SMEs

Irish culture's biggest negative influence on performance management in SMEs is that it tends to be short-term oriented, which may cause blindness and short-termism in the performance objective planning, and also in the application of performance appraisal outcomes. Therefore, Irish SMEs must reinforce risk assessment work and build more of the risk management into the system, and at the same time they should try to raise employees' awareness of risk management and integrate more of it into the performance management and appraisal. Furthermore, it would also be desirable for Irish SMEs to give more considerations to employees' future value to the organization in the performance management and appraisal.

5.5 An overall conclusion of This Study

In Chinese SMEs, employees tend to have lower awareness of the company's objective, they are less clear about the performance appraisal criteria and are less satisfied with the system, and the system places less weight on improving employees' skills, and the guidance that employees receive from upper management is lacking. All these results are related because the various aspects of the performance management system are closely linked to each other. To improve the performance management system in Chinese SMEs, they can start by providing more incentives to employees, for example by emphasizing more on improving employees' skills and capabilities, which will make employees feel more identified with the company, and will stimulate their enthusiasm. Employees will participate more in the company's affairs and be more aware of the company's objectives, and this will help to clear up the communication channel between employees and managers, making the managers' guidance more effective. The above process will form a loop of positive feedback, which helps the company to be in a healthy and productive state.

In terms of the cultural impact on the performance management system, although each country has both positive and negative aspects, in general, Irish culture appears to have more of positive effects in supporting its SMEs' performance management, while Chinese culture tends to have more of negative impact on the execution, operation and development of the performance management in Chinese SMEs. One important reason for this difference is that the principle of performance management is proposed and developed by western countries, which is based on western culture and thus is more effective in that culture. As the Chinese SMEs are in a different cultural setting, they cannot simply copy the western mechanism. Instead, they must be creative and find an appropriate and properly-balanced performance management system which integrates Chinese traditional culture and the advanced philosophy of modern performance management.

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