Analysis on the Influence of Organizational Cultures on Economical and Managerial Performance - A Case Study of Huawei and Lenovo

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Abstract. Chinese tech industries open the new window of internationalization in 21th century, and the experience of managing in their oversea offices is good as gold in one's resume. Among them, Huawei and Lenovo represent two typical routes of cultures and management strategies that the latecomers can learn. However, part of scholars regard organizational cultures as a feasible concept and relative research on the connection between culture and performance is scarce. This paper adopts empirical analysis method and fundamental compare-contrast based on the examples of Huawei and Lenovo. In addition, the author discusses the impact of organizational culture on company policies from the perspectives of internationalization and diversity management. Huawei creates a strong, pragmatic culture during the internationalization process, but its success is difficult to imitate and decidedly negative in terms of organizational diversity, the author concludes. While Lenovo successfully manages its international businesses through cultural integration, the price of diversity is internal confusion. The two operational models represent the global picture of the Chinese technology industry, allowing other businesses to evaluate their organizational cultures.

Keywords: organizational cultures, Chinese tech industries, Huawei, Lenovo, internationalization, managing diversity

1   Introduction

The world has taken notice of the growing reputations of Lenovo and Huawei in the Chinese technology sector. A growing number of Chinese companies are capitalizing on internationalization and expanding internationally. Specifically, Zaagman's research on human resource management has revealed the existence of two distinct strategies [1]. His article investigates the causes of the divergence. In light of organizational culture, internationalization, and managing diversity, the purpose of this essay is to compare and contrast Huawei and Lenovo's policies and performance. The author believes that examining the relationship between cultures and business performance will aid Chinese companies in identifying their core competencies on international markets and locating expansion opportunities.

2   Basic information of Huawei and Lenovo

At the beginning of this year, the world's largest advertising company, WPP, recognized Lenovo and Huawei as, respectively, China's most powerful worldwide brand and second most powerful brand overall. Fortune's Global 500 list places Lenovo at position 226 thanks to the company's global workforce of more than 52,000 employees. If Lenovo is a large company, then Huawei is a veritable behemoth, since it has more than 180,000 workers and is ranked 83rd on the Global 500. The majority of each company's revenue comes from their operations in other countries; the proportion varies depending on the company (70 percent for Lenovo and Huawei, respectively).

However, when considering organizational cultures and the global picture, it has been determined that the significant distinctions in their organizational setting fall into one of three categories: corporate cultures, worldviews, and internationalization tactics [1]. Respect, trust, and collaboration characterize the work environment at Lenovo. Huawei's inclusive "wolf" culture, in contrast, requires a high level of devotion, skill, scepticism, and pragmatic commitment. Lenovo has adopted a "global-local" approach that emphasizes integration with local cultures when conducting global business, whereas Huawei maintains the excessive authority of its headquarters.

In addition, the origin of their peculiarities may be traced back to the distinct early expansion techniques that each of them utilized. The acquisition policy compels Lenovo to acknowledge and embrace the company's diverse workforce. As a direct result of this, Lenovo earns more good remarks all across the world than Huawei does. However, because of the technique of expansion known as step-by-step, Huawei places a higher priority on the achievement of its short-term goals than it does on minimizing any cultural friction that may arise. Therefore, in spite of the difficulties experienced by specific groups of employees while interacting with other cultures, Huawei is able to acquire the favour of Chinese customers and is highly regarded by aspirational people who are aware of its culture.

3   Cultures in Huawei and Lenovo

Employees at Lenovo believe in a culture of trust, tolerance, and compliance in the workplace. This is in addition to the managers' openness to cultural integration, which is interpretable using Groysberg's paradigm [2]. Lenovo's culture can be characterized as one of learning, care, and order by analyzing the relationships and responses of its internal members to change. In addition, Lenovo CEO Gina Qiao sees the cooperation of many organizational cultures as a "bridge" that requires the early participation of managers, while the leadership management style is adopted differently. The cultures at Lenovo are more adaptable than rigid since employees find it rewarding to collaborate and recognize opportunities in a new cultural setting.

The situation at Huawei is very unique. The culture is characterized by rigorous employee competence, continual striving, and results-driven behaviour. According to Hofstede's theory, Huawei's culture is results-oriented, as workers are motivated by rewards and punishments to earn their "first pot of gold." It is a closed, pragmatic, and

unified framework that differentiates between in-group and out-group experiences. This enables Huawei to deliver cost-effective, high-speed value [3]. As a consequence of Huawei's culture emphasizing managerial accomplishments and strategic resources, it has developed into a robust culture with competitive advantages. Huawei's performance is strengthened by an united conviction in striving, the 'wolf' emblem, and a stringent necessity for loyalty and commitment (striver agreement).

Barney investigates the managerialization issues that arise in organizational culture and how they manifest themselves in the cases of Huawei and Lenovo [4]. It was difficult to interpret the employees' achievement because the culture is predetermined by the management teams. However, the employees were able to express the principles of the "wolf spirit" or visions as a worldwide identity. Notably, Zaagman arrives at the conclusion that the performance of cultural partnership is a myth due to the fact that distinct approaches bring in comparable problems for both Lenovo and Huawei [1]. Workplace disruptions are caused by Lenovo's multiple cultures and the company's multiple time zones, whereas Huawei's strong culture contributes significantly to major issues of labour discrimination. Because Huawei's structure lacks trust and inclusion, opportunities and information are distributed unequally between Chinese and foreign workers. This leads to employee exclusion and a misjudgment of the realities of the market [1].

4   Internationalisation

Lenovo places a premium on its worldwide identity in connection to the enhancement of international efficiency and the implementation of its localization plan [1]. The corporation has a great deal of faith in the local management when dealing with international operations that embrace various cultural interaction. Lenovo's organizational characteristics align with Bartlett and Ghoshal's model because the international firm concentrates on discovering local opportunities and retaining knowledge within each global unit [5]. According to Zaagman, Lenovo's dynamic cultural perspective derives from its internationalization entrance mode [1]. The corporation views intercultural contacts as pressing concerns for which success comes at a high price. According to Buckley and Casson's entrance mode of transaction costs theory, acquisition is an appropriate worldwide expansion strategy for Lenovo [6].

On the other hand, Huawei views cultural friction as a distracting and untrustworthy source of conflict. When possible, managers like to move strategic assets out from the centre and into an overseas operation. The organic growth entrance style that Huawei is considering adopting is getting very near to being a completely owned green field of investments [6]. In addition, the majority of Huawei's resources are concentrated in the company's Shenzhen headquarters. This is where the fundamental information is refined and stored, making it possible for the central authority to be adhered to by all international branches. As a result, Bartlett and Ghoshal come to the conclusion that characteristics such as the global structure concentrate more on the performance of the organization rather than the interplay of cultures [5].

The year 2005 was the first time that Huawei's income from markets outside of China was higher than that from the Chinese market. This occurred for the first time in 2005. This pattern carried over into Huawei's fiscal year of 2014, which resulted in record-breaking sales revenue of $46.5 billion and record-breaking net profits of $4.49 billion for the company. In terms of sales revenue and net profit, Huawei overtook Ericsson in 2012, which at the time was the industry leader in telecommunications and networks. This trend continued in the fiscal year of 2014, when Huawei reached an all-time high sales revenue, and it is expected to continue in the fiscal year of 2015 as well (both in U.S. dollars).

Huawei and Lenovo are two successful examples of internationalization provided here. The relative data indicates that their approaches are difficult and only accepted in their respective surroundings [1]; First, internationalization is an imbalanced process marked by both conflict and cooperation. Here, Said views the power differential via the lens of postcolonial theory [7]. In particular, the present orientalism emphasises on cultural traits where Western patterns dominate the globe. When a Chinese company like Huawei grows its business in the West, it is difficult for developed nations to accept "wolf culture" leadership. With this knowledge, Huawei's two-class system is the more reasonable and secure structure.

Lenovo's acquisition techniques, on the other hand, consistently negotiate work cultures in international contexts in order to boost motivation. However, rather than presenting a comprehensive financial performance based on cultural integration, Zaagman highlights the diversity-caused imperfection of the company's overall goals and policies [1]. The dynamic interpretations of cultural diversity as chances for knowledge transfer lack duality, whereas the Ying-Yang metaphor is more appropriate for examining the contradictions in international organizations [8].

5   Managing diversity

Huawei and Lenovo, both international firms, have age and linguistic diversity among their employees, which is adverse to their organizational performance [9]. In contrast, possible differences in the economic base of their human development resources may be favourable for organizations so long as their culture separates them from rivals. Lenovo has embraced the strategy of integration and learning with an emphasis on reinventing their markets and products utilizing the many cultural resources to which they have access [10] in order to increase creativity and decrease conflict. Specifically, the Chinese authorities of Lenovo retain an open attitude toward cultural differences because they believe that, if correctly handled, cultural insights will assist in the product development process [1]. Nevertheless, during the acquisition process, the diversity strategy becomes a hindrance that might confuse the company's long-term goals, resulting in a financial loss.

Lenovo became the most popular personal computer (PC) brand in the world after the company purchased IBM ThinkPad in 2005; nevertheless, in recent years, the company has had a difficult time maintaining regular earnings. The year 2015 marked the first time that Lenovo had posted a loss in the preceding six years. Despite the fact

that the company returned to profitability in 2016, the global PC market continues to contract, and Lenovo's server and smartphone businesses have not yet achieved profitability. This places the company in a precarious position.

Huawei, on the other hand, pursues the discrimination and fairness path, in which the "striver agreement" mandates that workers make no distinctions and serve exclusively to achieve outcomes. Consequently, individuals from many cultural origins have equal potential for rapid advancement and aspire for their "first pot of gold." This culture-blindness becomes too results-driven, to the point where Chinese staff prefer bringing their own networks to abroad projects. As a result of Huawei's diversification strategy, there have been colonial troubles in Nigeria and India, as well as discriminatory issues on Chinese soil [1]. When it comes to adopting the Huawei culture, the former commonly occurs because the Chinese cultural background (languages, knowledge training, and relationships) predominates the local region with prejudice, while the latter causes larger difficulties for future generations to overcome.

6   Conclusion

Huawei and Lenovo exhibit distinct forms of cultural management that other businesses might use to evaluate their worldwide growth strategies. Huawei cultivates a robust and pragmatic culture during the internationalization process, but its success is difficult to imitate and decidedly unfavourable in terms of the learning and application of organizational diversity. In addition, Lenovo efficiently manages its international companies through cultural integration, but the company's overall business strategy suffer as a result of this variety. The paper by Zaagman focuses on the past experiences of employees and the historical statistics of the two firms [1]. Therefore, it cannot serve as a comprehensive resource for organizations evaluating their future identities. Further post-pandemic study on organizational diversity is required to give fresh information on cultural cooperation (represented by Lenovo) and centralization (represented by Huawei).

Authors' contributions

This paper is independently completed by Yichen Guo.

Acknowledgements

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