

Student Name:

Student Number:

Huawei: Study of organizational culture in two countries

Introduction

In the context of any organization, culture refers to attitudes, beliefs, values and systems that govern behaviour of the organization and its people (Aktas et. al., 2011). According to organizational researchers, culture of an organization comprises of its shared ideologies, values, beliefs, philosophies, behaviour and norms that cohesively binds an organization and ensures smooth functioning in pursuit of organizational objectives (Kilmann et. al., 1985). Kotter and Heskett (1992) viewed organizational culture to be of strategic importance because of two reasons. First, culture enables an organization to achieve proper fit with the environment within which it operates and second, it enhances ability of organization to adapt to changes and competitive challenges. Given prevalent competitive pressures, organizational culture is not rigid. Depending on the markets they are present in, companies adapt their culture. A case in point is Huawei, whose organizational culture differs from one market to another. In this paper, Huawei's culture in Australia is explored to assess how it is different from culture in the Chinese market.

Profile of Huawei

Of the 91 companies Chinese companies, Huawei is the only organization featured in the list of Fortune Global 500. According to available records, in 2005 Huawei's earnings from foreign operations crossed its domestic earnings (Cremer & Tao, 2015). In 2012, Huawei's revenue from sales and net profit were both more than Ericsson, which was the then leader within the telecommunication and network industry. By 2014 the company earned \$46.5 billion from sales and \$4.49 billion dollar net profit, both the highest ever (Cremer & Tao). Initially Huawei's target market was countryside of China, as the company worked on the strategy of penetrating such areas first before moving into the cities (Business Today, 2009). Post achieving this end, the company forayed into the international market with operations in Southeast Asia, Africa, Russia, Europe and Latin America (The Economist, 2012). In the context of organizational culture, Frost & Sullivan (2007) mentioned that when moving into international markets Huawei

Student Name:

Student Number:

adapted its strategy according to requirement of the market they were entering. This tuning of strategy and organizational culture enabled the company to alter its organizational structure and make its presence felt in other countries. Today Huawei's operations in Europe, Africa and Middle East contribute around \$12.4 billion in revenue which is approximately one-third its cumulative global earnings (Frost & Sullivan, 2007).

Huawei's organization culture in Australia

Though Huawei has been able to scale up its international operations with some success, yet its Australian operations has been in the eye of a storm. The company has been operational in the country since 2004, yet it has not been able to create a favourable brand image in the minds of consumers or authorities of the country. According to company insiders, Huawei is the big company that no one knows about in Australia (Ferguson & Cai, 2013). However, the company hit headlines in recent times when the Australian government barred it from participating in a tendering process for the national broadband network. The reason showcased was security issues of national importance. This decision is significant in the backdrop of the cyber security threats emanating from China and the frequent meetings between Huawei's officials and government officials deputed at the Chinese embassy in Canberra (Ferguson & Cai, 2013). Reports across leading Australian media indicate that the company is perceived as secretive and often paranoid and this has severely undermined its image among consumers. People today purchase Huawei's products without much idea about the company and its strengths (Grigg 2015). This has compelled the company alter its organizational culture so that a favourable image can be created. Observers believe that Huawei is trying to test the effectiveness of its new organizational culture approach in Australia, because if it is successful in this country it can be replicated in US as well. And the latter is an important market for the company (Ferguson & Cai, 2013).

Huawei is constituted a high-power board to oversee Australian operations consisting of a former navy rear-admiral, former foreign affairs minister and erstwhile premier of Victoria. While in most countries the company has an advisory board in place, for

Student Name:

Student Number:

Australia it has formed an independent board (Ferguson & Cai, 2013). It has also formed an international advisory council, to review issues and movements of industry and also formulate strategies that the company can adhere to in the international market. The council consists of thirty non-Chinese chief executives with major representation from Australia (Ferguson & Cai, 2013). If these initiatives are successful, Huawei plans to roll out this model in other countries also.

The company is also offering is Australian employee phantom shares, which marks a departure from its domestic organizational culture. Knowing that Chinese companies that are privately controlled cannot offer shares to foreign nationals, Huawei has worked out a scheme that balances both ends (Ferguson & Cai, 2013). Under this, Australian employees do not own the share issued to them, but receives dividends annually and also capital gains benefits. This has been done to strengthen engagement with employees and stimulate within them a positive image of the company (Ferguson & Cai, 2013).

Besides these some of the organizational culture remains the same in Australia as it is in China. Foremost among these is customer centricity. Since inception Huawei has given priority to requirements of customers and innovated on product offerings to suit customer need. Infact the company has had a tradition of employees turning attention to their customers and back to their bosses (Cremer & Tao, 2015). To keep employees engaged and happy, the company instituted an incentive system linked to performance and introduced a share holding scheme so that employees can be made to feel like owners of the company (Cremer & Tao, 2015). Decision making process is also gradual which helps avoid hasty and faulty decision making. Power of thinking is actively promoted within the organization and staffs are encouraged to read books and topics which will expand their knowledge beyond their regular area of activities (Cremer & Tao, 2015).

Conclusion

From the above discussion it can be concluded that organizational culture followed by Huawei in China and Australia overlaps in certain areas and diverges in others. The

Student Name:

Student Number:

divergence has been prompted by an image crisis the company is battling in the Australian and US markets. Given Huawei's Chinese origin and its perceived link with the country's governments, in Australia there exists an apprehension about cyber security threats associated with the organization. Fallout of this perception is the Australian government's decision to bar Huawei from participating in the tendering process of national broadcasting network. Also the lack of awareness among Australian customers has been a concern area. This has prompted the company to adopt a different organizational culture and approach for the country, which is different from what is followed in China. Constituting an independent board instead of an advisory board and offering shares to the company's employees through an indirect route as examples. But the company has also retained its customer focus, decision making approach and employee engagement interventions for the Australian market as is prevalent in the China.

Student Name:

Student Number:

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Student Name:

Student Number:

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