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**SELECTED HRM FUNCTIONS, CHINESE CULTURE AND EMPLOYEE
OUTCOMES IN PRIVATELY-OWNED SMEs IN CHINA**

By

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Management**



**Pusat Pengajian Pengurusan
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ABSTRACT

This research investigates the role of selected human resource management (HRM) functions and the influence of Chinese culture on employee outcomes in privately-owned small and medium-sized enterprises (SMEs) in China. The research employs a regression model to analyse the relationship between HRM functions and employee outcomes using a sample of 308 respondents. The results indicated that HRM functions, such as recruitment, performance management, reward management, learning and development, and HR planning, significantly contribute to positive employee outcomes. Interestingly, the study finds that Chinese culture moderates the connection between HRM functions and employee outcomes, emphasizing the importance of cultural factors in HRM strategies. This research provides valuable insights for SMEs in China, stressing the necessity for culturally tailored HRM functions to achieve better employee outcomes.

Keywords: HRM functions, Chinese culture, Employee outcomes, China, SMEs

ABSTRAK

Kajian ini menyelidik peranan fungsi pengurusan sumber manusia (PSM) tertentu dan pengaruh budaya Cina terhadap hasil pekerja di perusahaan kecil dan sederhana (PKS) swasta di China. Kajian ini menggunakan model regresi untuk menganalisis hubungan antara fungsi PSM dan hasil pekerja dengan menggunakan sampel 308 orang responden. Dapatan menunjukkan bahawa fungsi PSM seperti pengambilan pekerja, pengurusan prestasi, pengurusan ganjaran, pembelajaran dan pembangunan, dan perancangan sumber manusia menyumbang secara signifikan kepada hasil pekerja yang positif. Menariknya, kajian ini mendapati bahawa budaya Cina mengantara hubungan antara fungsi PSM dan hasil pekerja yang menekankan kepentingan faktor budaya dalam strategi PSM. Kajian ini memberikan pandangan yang berharga bagi PKS di China yang mengetengahkan keperluan kepada fungsi PSM yang disesuaikan dengan budaya untuk mencapai hasil pekerja yang lebih baik.

Kata kunci: Fungsi PSM, Budaya Cina, Hasil Pekerja, China, PKS

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CHAPTER 1

INTRODUCTION

1.1 Introduction

The primary focus of this study is to understand human resource management (HRM) issues in China's privately-owned small and medium-sized enterprises (SMEs). This chapter lays the groundwork for this research. It first examines the background and briefly introduces the current situation of SMEs in China. The research highlights the importance of effective HRM functions in promoting employee outcomes in SMEs. It acknowledges challenges specific to SMEs in China, making it difficult to generalise findings. It delves into the research problem of investigating the effects of HRM functions and Chinese culture on employee outcomes in privately-owned SMEs in China (Wu et al., 2022).

The study's objectives are to investigate the current state of HRM functions in Chinese SMEs and explore the impact of the control variable of cultural factors on employee outcomes. This chapter introduces the situation of SMEs in China and presents the related research questions, objectives, significance, gap, and framework.

1.2 SMEs in China

According to Macke and Genari (2019), small and medium enterprises (SMEs) play a significant role in China's economy, contributing to job creation, innovation, and

economic growth. Official data indicates there were around 38 million SMEs in China as of 2021, accounting for more than 99% of all enterprises and generating over 60% of China's GDP (World Bank, 2019).

The Chinese government has implemented policies to support SMEs, such as providing tax breaks, reducing administrative procedures, and offering financing solutions. In recent years, the government has also emphasised innovation and entrepreneurship, encouraging SMEs to develop new products and technologies (Carnevale and Hatak, 2020). However, SMEs in China still face several challenges, including access to finance, high operating costs, and intense competition. Many smaller companies struggle to obtain bank loans, which often favour larger, state-owned enterprises. Additionally, the business environment can be complex and highly regulated, making it difficult for SMEs to navigate (Collings et al., 2021).

1.2.1 Background of Human Resource Management

Human Resource Management (HRM) is a vital component of any organisation and plays a significant role in determining the organisation's success. The study of HRM in the context of small and medium-sized enterprises (SMEs) has gained considerable attention in recent years due to SMEs' critical role in driving economic growth and employment in many countries. In China, SMEs constitute a significant proportion of the country's economy, and their contribution to employment and economic growth cannot be overemphasised (World Bank, 2019). The cultural

context of China has also been shown to influence HRM functions in organisations significantly. The collectivist culture of China emphasises the importance of social relationships, loyalty, and harmony. It has implications for how HRM functions are carried out in Chinese organisations and the functions adopted by organisations to manage their human resources (Roundy, 2022). Despite the importance of HRM in SMEs, there is a relative paucity of research on the effects of HRM functions and Chinese culture on employee outcomes in privately-owned SMEs in China (Trullen, 2020). Understanding these effects is crucial to enhancing the effectiveness of HRM functions in SMEs, improving employee outcomes, and driving sustainable economic growth in China. This study aims to fill this gap in the literature by examining the effects of HRM functions on Chinese culture.

1.3 Research Problem

This study's research problem lies in exploring and understanding the complex interplay between selected HRM functions (recruitment, performance management, reward management, learning and development, and HR planning) and employee outcomes in the context of privately-owned SMEs in China. Understanding these relationships is essential, yet there is a dearth of comprehensive research, particularly when considering the role of Chinese culture as a moderating variable.

Mehralian et al. (2020) investigated the effects of HRM functions and Chinese culture in privately-owned SMEs in China, presenting several research challenges.

These include a paucity of research in this specific context, cultural nuances that may influence the implementation and effectiveness of HRM functions, inherent challenges specific to Chinese SMEs that make it difficult to extrapolate findings, difficulties in quantifying employee outcomes, and the diverse range of HRM functions that can impact employee outcomes. Addressing these challenges is vital to developing a comprehensive understanding of the interplay between HRM functions and employee outcomes in privately-owned SMEs in China, thereby guiding enterprises in formulating effective HRM strategies (Tian, 2022). SMEs play a pivotal role in fuelling a country's overall economic growth. However, these enterprises encounter various obstacles hindering their operation and management. A pressing issue among these is HRM. According to Butterick and Charl (2021), HRM-related issues, such as recruitment, performance management, reward management, learning and development, and HR planning, are perceived as more problematic than issues related to culture or legislation. These HRM challenges pose a significant concern for SMEs, and addressing them is crucial for improving their overall performance and success.

1.4 Research Aim and Objectives

This research investigates the relationship between selected HRM functions - recruitment, performance management, reward management, learning and development, and HR planning - and employee outcomes in privately-owned SMEs in China. Additionally, it seeks to understand the role of Chinese culture as a

moderating variable influencing these relationships, with the ultimate goal of bolstering the SMEs' growth and development in the country.

(1) Explore the effectiveness of attracting and selecting high-quality talent through recruitment activities to enhance employee outcomes and productivity.

(2) Investigate the impact of performance feedback and goal setting on employee outcomes, providing management strategies to improve employee performance and outcomes.

(3) Investigate the influence of rewards and recognition on employee outcomes, providing management recommendations for designing effective reward programmes.

(4) Research the influence of learning and development activities on employee performance outcomes and evaluate their role in enhancing employee capabilities and knowledge.

(5) Explore the effectiveness of HR planning in predicting and meeting organisational HR needs and providing management recommendations for improving employee outcomes and organisational performance.

(6) To explore the degree and manner in which Chinese culture, as a moderating variable, influences the relationship mentioned above.

(7) Exploring the impact of HRM functions on employee outcomes in privately-owned SMEs in China.

1.5 Research Questions

(1) How do recruitment activities influence employee outcomes in privately-owned SMEs in China?

(2) How does performance management affect employee outcomes in privately-owned SMEs in China?

(3) How does reward management influence employee outcomes in privately-owned SMEs in China?

(4) How does learning and development impact employee outcomes in privately-owned SMEs in China?

(5) How does HR planning influence employee outcomes in privately-owned SMEs in China?

(6) How do HRM functions affect employee outcomes in privately-owned SMEs in China?

(7) Does Chinese culture moderate the relationship between HRM functions and Chinese privately-owned SMEs, thereby influencing employee outcomes?

1.6 Research Significance

This research is significant as it fosters a comprehensive understanding of the relationship between selected HRM functions, Chinese culture, and employee outcomes in privately-owned SMEs in China. It aims to help these SMEs formulate more effective and culturally appropriate HRM strategies addressing their unique challenges. This study's findings also benefit policymakers, scholars, and HR practitioners interested in optimising HRM functions and their impact on employee outcomes. By pinpointing the most significant HRM functions affecting employee outcomes and examining the moderating role of Chinese culture on these relationships, this study expands the understanding of HRM in the context of SMEs in China – an area warranting further research. This research contributes to HRM theory by exploring these relationships within a unique cultural and organisational context. Ultimately, this research aims to facilitate the development and success of SMEs in China, which is vital for the country's sustained economic growth (Makhanova & Herzog, 2021).

1.6.1 Practical Significance

This research is significant as it aims to help privately-owned SMEs in China formulate more effective and culturally appropriate HRM strategies. By researching HRM functions and understanding the moderating role of Chinese culture, this study offers valuable insights to these organisations to navigate their unique challenges. This study's findings can also benefit HR practitioners, policymakers, and business leaders interested in optimising HRM functions for better employee outcomes.

1.6.2 Academic Significance

Academically, this research fills a crucial gap in HRM literature by exploring the relationship between selected HRM functions, Chinese culture, and employee outcomes within the context of privately-owned SMEs in China. This area warrants further scholarly attention. This research contributes to developing HRM theory by examining these relationships in a unique cultural and organisational setting. Doing so offers a broader understanding of the interplay between HRM functions, cultural factors, and employee outcomes, enriching the existing body of knowledge in the field.

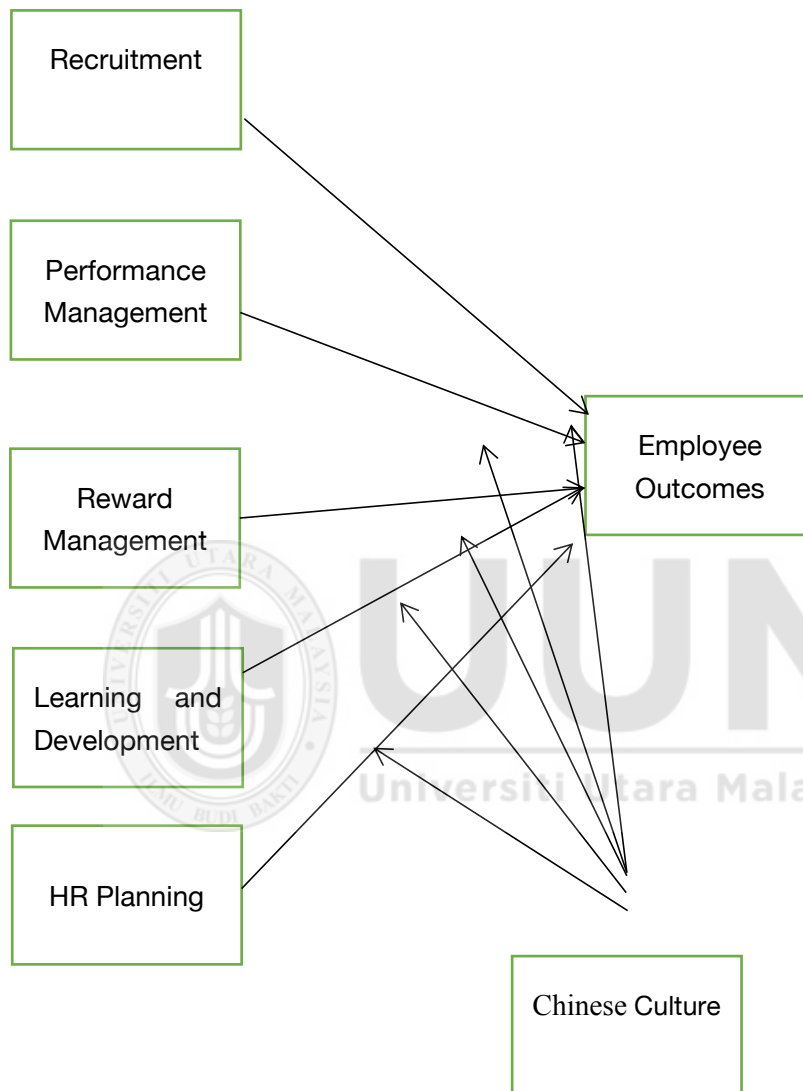
1.7 Research Gap

Despite the growing recognition of the importance of HRM functions in influencing employee outcomes in privately-owned SMEs in China and the moderating role of Chinese culture, there is a research gap in understanding how these relationships are

intertwined. Prior studies have investigated the impact of HRM functions on employee outcomes. However, few have focused on the HRM functions most relevant to SMEs in China and how these interact with the cultural context. There is also a lack of research on how Chinese culture moderates the relationship between HRM functions and employee outcomes. Therefore, there is a need for empirical research to fill this gap, providing practical guidance for the development of effective HRM strategies considering the unique cultural environment of China. This research aims to advance the understanding of the interplay between HRM functions, Chinese culture, and employee outcomes, thus aiding SMEs in enhancing employee outcomes.



1.8 Research Framework



This research proposes a theoretical framework that includes five independent variables, one moderating variable, and one dependent variable. The following is an explanation of these variables:

Independent Variables: We anticipate these factors will influence the dependent variable (i.e., employee outcomes). This study's independent variables include recruitment, performance management, reward management, learning and development, and HR planning. These are critical functions of HRM, and we anticipate that they will impact employee outcomes, such as satisfaction, performance, and loyalty.

Moderating Variable: This variable alters the relationship between the independent and dependent variables. In this study, the moderating variable is Chinese culture. It means that Chinese culture may influence the impact of the HRM functions (i.e., independent variables) on employee outcomes (i.e., dependent variable). Specifically, we anticipate that the impact of HRM functions on employee outcomes can be either strengthened or weakened under the influence of Chinese culture.

Dependent Variable: This is the primary outcome or effect we are studying, which we expect to be influenced by the independent and moderating variables. This study's dependent variable is employee outcomes, which include employee satisfaction, performance, and loyalty.

Thus, the research framework essentially involves understanding and measuring how these HRM functions impact employee outcomes and how Chinese culture

influences these relationships. This theoretical framework aims to better understand and optimise HRM strategies in privately-owned SMEs in China, aiming to enhance employee job satisfaction, performance, and loyalty.

1.9 Chapter Summary

This chapter has introduced the research, focusing on the complex relationships between HRM functions - recruitment, performance management, reward management, learning and development, and HR planning - and employee outcomes within privately-owned SMEs in China, with Chinese culture as a moderating variable. Initially, the chapter presented a brief overview of SMEs in China, highlighting their significance within the Chinese economy and their challenges, particularly in HRM. It then delved into the background of HRM, emphasising its importance in the SME context, and discussed the influence of the Chinese cultural context on HRM functions within organisations. The research identified a gap regarding the effects of HRM functions and Chinese culture on employee outcomes in privately-owned SMEs in China. Subsequently, the chapter outlined the research problem, including understanding the relationship between HRM functions and employee outcomes, investigating the moderating effect of Chinese culture on this relationship, and identifying strategies to optimise HRM functions in the context of SMEs in China to enhance employee outcomes.

Finally, the research objectives and questions explored the relationship between the selected HRM functions and employee outcomes and how Chinese culture influences this relationship. It also seeks to uncover how HRM functions can be adjusted and optimised to improve employee outcomes considering the influence of Chinese culture. The forthcoming chapters will provide a detailed literature review, discuss the research methodology, present the research findings, and draw conclusions based on the results.



CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

To further clarify the research questions raised in the previous chapter, this chapter mainly summarises the domestic and foreign research results on the connotation, dimension, theoretical basis, influencing factors, and other aspects of the research variables in this paper, exploring the relationship between human resource management (HRM) functions, such as recruitment, performance management, reward management, learning and development, and HR planning, Chinese culture, and their impact on employee outcomes. These variables are crucial for organisational success, and culture can influence how employees perceive and utilise them in their work.

2.2 Overview of Human Resource Management in Small and Medium Enterprises (SMEs)

According to Arslan (2021), small and medium-sized enterprises (SMEs) are essential to China's market development, especially the private economy. To a large extent, they have promoted the development of local economies and solved problems, such as restricting labour force employment. They have become an excellent supplement to the state-owned economy. Especially in the new period, China's

economic development has entered a new normal, and developing SMEs face new challenges. HRM is essential (Heneman et al., 2022). HRM in SMEs includes the activities, processes, and functions used to manage people in a company. A comprehensive approach to HRM involves various functions aiming to attract, retain, and develop a talented workforce, including talent acquisition, performance appraisal, employee training and advancement, compensation and rewards, labour relations, and organisational planning and innovation. HRM in SMEs aims to ensure that the organisation has a high-quality workforce, meeting the business needs and goals (Graziano, 2020).

2.2.1 Definition of SME

The HRM function is an umbrella term referring to the activities, processes, and functions used to manage people in an organisation. According to Cook (2020), these activities may include recruitment, performance evaluation, skills training and development, compensation and benefits, employee engagement, and overall SME improvement. The HRM function is designed to ensure that the organisation has a quality workforce to meet the goals and objectives of the SMEs (Nasution & Prayogi, 2020).

According to the latest data in 2021, different countries and regions classify and define SMEs from multiple indicators. The following table lists the classification standards for local SMEs in four countries and territories, including the United States

(Sanni, 2020).

Table 2-1: Classification standards for local SMEs in four countries

Country and Region	Name and classification standard
United States	There are less than 500 employees.
UK	Manufacturing: less than 200 employees; Construction and mining: less than 25 employees;
JAPAN	Manufacturing: less than 300 employees Wholesale business: less than 100 employees Retail: less than 50 employees Services: less than 100 employees
China	Manufacturing: less than 1000 employees Wholesale industry: less than 200 employees Retail: less than 300 employees Service industry: less than 300 employees

SMEs have production efficiency and cost advantages compared to large enterprises. Therefore, when conducting business operations, it is necessary to effectively integrate production, sales, research and development, and others, so that the effectiveness of internal communication can be significantly improved. When the market changes, it can respond immediately to ensure more rational decision-making (Mohamed & Ahmad, 2019).

With the continuous acceleration of technological development, the market demand has also changed significantly, and the response of large enterprises is relatively slow. Although it has obvious advantages in process technology, the

application effect is not ideal. SMEs can use advanced technology around the market to obtain more positive benefits (Gelle & Aguilin, 2021). Talent is an essential factor in developing any enterprise, and the management of human resources is to continuously stimulate employees' enthusiasm, improve the team's results, and then continuously improve the overall competitiveness of the enterprise. On this basis, the training, introduction, and re-education of talents are included in the long-term planning of enterprise development (Otoo, 2019). Facts have proved that large enterprises pay more attention to cultivating talents and team building because talents are essential wealth for enterprise development.

2.2.2 Significance of SMEs

The importance of SMEs has garnered increasing attention, given their substantial influence in various contexts. While the primary focus of this discussion is on SMEs in China, it is essential not to overlook global perspectives. Indeed, incorporating global insights can provide a more comprehensive and well-rounded understanding of SMEs.

SMEs play a significant role in economic, technological, and social development globally. They contribute to economic growth by stimulating global and national economies and enhancing technological advancement through innovation. They also enhance social stability by creating employment opportunities and

reducing poverty. Roughly 80% of global economic growth is attributed to SMEs' contribution, providing many jobs in developed and developing countries. In the UK, for instance, SMEs account for 52% of turnover and 56% of non-government employment. In Japan, SMEs account for 81% of employment. SMEs also make a relatively greater contribution to low-income countries than high-income countries. Table 2 below overviews SMEs' share in national employment, gross domestic product, and exports in selected countries, focusing mainly on Asian and developing countries.



Table 2-2: Contribution of SMEs in the selected countries

Country	SMEs' Contribution	Sources
Philippines	99% of all business, 56% of employment, 32% of GDP	Sardi & Ferraris (2021)
Thailand	96% of all business, 78% of employment, 10% of total exports	KHAN et al. (2020)
Indonesia	98% of all business, 53% of employment, 11% of total exports	
Pakistan	78% of employment	Harney & Alkhalaf (2021)
Bangladesh	41% of employment	
Nepal	95% of employment	
Vietnam	85% of all business, 53% of employment, 24% of GDP	Kitchot & Sukhotu (2021)
South Korea	99% of all business, 87% of employment, 46% of GDP	
India	95% of industrial units accounting for 35% of exports, 40% of added-value in the manufacturing sector	Tambunan (2019)
Malaysia	94% of enterprises in the manufacturing sector, 26% of value-added production, 39% of employment, 20% of total exports	Chinyamurind et al (2021)
Singapore	91% of all business, 66% of employment, 16% of total exports	SINGH et al. (2020)
Japan	99% of all business, 72% of employment, 56% of GDP, 14% of total exports	Moustaghfir et al. (2020)
China	99% of registered companies, 78% of employment, 80% of job opportunity creation, 60% of GDP, 40%-60% of total exports	Klepić (2019) Rathnaweera (2019)
Brazil	50% of employment	Mulolli & Islami (2020) Cuéllar Molina et al. (2020)
Ghana	84% of employment	
Mexico	82% of employment	
Nigeria	97% of employment	
South Africa	91% of formal business, 51%-57% of GDP, 60% of employment	Kusumawati (2021) Kuma & Reddy (2019)

2.3 Related Variable Literature Review

2.3.1 HRM Functions

HRM functions are a vital organisational function encompassing various sub-functions, including HR planning, performance management, reward management, recruitment, and learning and development. A significant amount of literature has been published on these functions individually and their interrelationships. This literature review aims to provide an overview of the literature on the related variables of these five HRM functions (Chen and Fang, 2021).

(1) HR Planning

Effective human resource (HR) planning is a crucial aspect of HR management in organisations. It enables them to assess current and future staffing needs, identify gaps in the workforce, and devise strategies for recruitment, training, and performance management. However, the suitability of HR planning in a turbulent market environment may be limited, as relying solely on past experiences may not account for potential changes that may occur during the process. A well-crafted HR plan can help organisations ensure they have the necessary talent and capabilities to achieve long-term success (Zeebaree and Hussan, 2019).

Based on AM et al. (2020), HR planning is essential to successful business management. It helps ensure that the organisation has the right number of employees

with the right skills to meet its objectives. A successful HR plan can maximise talent acquisition and retention, improve employee satisfaction and motivation, and reduce staff turnover. It can also help ensure that salaries are competitive and that employees can access training and development opportunities (AM, 2020).

Referring to Vrchota and Řehoř (2019), a good HR plan can help create an environment where employees feel valued and appreciated, leading to higher satisfaction and motivation. It can also help to ensure that employees have the necessary skills and resources to perform their roles effectively. According to Vrchota and Řehoř (2019), this can lead to increased productivity and better performance, ultimately benefiting the organisation's overall success. An effective HR plan will help organisations achieve their goals more effectively, improving corporate performance (Nawangari & Sutawidjaya, 2019).

(2) Performance Management

According to Tweedie et al. (2019), performance management is essential to any successful business and can significantly impact employee performance. Performance management systems provide a framework for setting objectives and assessing performance, which can help ensure that employees meet defined goals. Malik (2021) highlighted that by providing feedback and support, performance management systems can help motivate and engage employees, increasing productivity and job satisfaction.

Performance management plays a significant role in privately-owned SMEs in China, closely intertwined with Chinese culture and employee outcomes. It helps create a culture of accountability and encourages employees to take ownership of their roles, leading to improved problem-solving, decision-making, and creative thinking. By leveraging performance management initiatives, organisations can ensure the alignment of all employees with strategic goals and foster collective efforts towards common objectives (Audenaert et al., 2019). Performance management also provides valuable insights for the workforce (Saminathan & Gopinath, 2020). It helps identify employees' strengths and weaknesses, enabling companies to tailor training and development plans to meet specific needs. Ultimately, performance management ensures that employees receive the necessary support and feedback to succeed in their roles and contribute to the organisation's overall success (Khaltar & Moon, 2020). Performance management is a critical HRM function in privately-owned SMEs in China, deeply influenced by Chinese culture and significantly impacting employee outcomes. According to Ngoc et al. (2021), performance management systems can motivate and engage employees by providing feedback and support, increasing productivity and job satisfaction. They also offer valuable insights to customise training and development programmes based on employees' strengths and weaknesses. In Chinese culture, performance management is crucial in privately-owned SMEs to ensure employee and overall organisational success.

(3) Reward Management

According to Upadhyay and Adhikari (2021), reward management is a powerful tool for motivating employees and increasing productivity. It is possible to reward employees in various ways, including salary bumps, bonuses, special incentives, recognition programmes, and others. The rewards provided can be both monetary and non-monetary in nature.

Zahoor et al. (2022) highlighted that research studies have shown that effective reward management strategies can improve job satisfaction and employee engagement. This increased motivation can result in improved job performance and increased organisational productivity. Miyamae et al. (2022) found that appropriately rewarded employees are likelier to remain with their current employer and have better job satisfaction. Evidence suggests that when rewards are linked to performance, employees tend to take more risks and be more creative in their approach to problems (Upadhyay and Adhikari, 2021)

According to Alhmoud and Rjoub (2019), reward management can positively impact the organisational culture. Employees who feel valued and appreciated for their efforts are more satisfied with their job, leading to increased employee morale and higher performance. Reward management is essential in creating and maintaining a positive work environment. By properly rewarding employees,

organisations can foster greater engagement and improved job performance, increasing productivity and tremendous success.

(4) Recruitment

Recruitment and selection are crucial HRM functions essential in organisational resourcing efforts within privately-owned SMEs in China, aligning with Chinese culture and influencing employee outcomes. These interconnected processes aim to identify, attract, and hire suitable candidates for open positions, employing specific strategies and techniques (Pauli & Pocztowski, 2019). Although closely related, recruitment and selection are different activities occurring sequentially, each with its focus and objectives.

According to Kuchеров and Tsybova (2021), recruitment is an integral part of any business, particularly SMEs. SMEs often lack the resources and infrastructure to support large-scale recruitment processes but still require a specialised workforce. Recruitment has a direct influence on SME performance and growth. Quality recruitment practices can reduce staff turnover, reduce costs associated with training new employees, provide access to a diverse talent pool, and ensure that the right skills are in place at the right time. According to Obaid and Abid (2020), in addition to helping SMEs find the right talent to fill positions, recruitment also helps SMEs evaluate the competencies of their current staff, plan for future staffing needs, and improve their overall business operations. Effective recruitment processes can ensure

that competent and skilled employees are retained, especially during organisational change (Abbasi & Shabbir, 2022).

As per Chen's (2020) perspective, the recruitment process can potentially enhance employee morale. A well-executed recruitment process can uplift the overall morale and establish a positive work culture, ultimately leading to better productivity, superior customer service, and increased profitability. Therefore, recruitment should be considered a crucial process for all SMEs and given importance. Ensuring that hiring processes are streamlined, efficient, and cost-effective is essential. Additionally, SMEs should take the time to evaluate their recruitment practices and ensure they align with their overall business objectives. Doing so will ensure their staff is best suited to help their company meet its goals. Meanwhile, Khan (2021) indicated that recruitment is the preliminary stage of the resourcing process, focusing on searching for and attracting an adequate number of candidates, persuading them to apply, and creating a solid foundation for successful selection. However, despite its critical role, recruitment has not received the same level of attention as selection, as stated by Adla and Calamel (2019). Therefore, it is essential to consider recruitment as an integral part of the resourcing process.

(5) Learning and Development

Chams and García (2019) highlighted that learning and development programmes can benefit employees and employers. Such programmes can improve employee

performance and productivity, reduce turnover rates, and foster a positive company culture. By working in human resources, one can understand the significance of investing in learning and development programmes that can contribute to the career development and growth of employees, as well as the overall success of the organisation.

According to Andrew and Seville (2020), learning is an essential part of any employee's career and necessary for personal and professional growth. Learning helps employees acquire new skills and keep up with the latest trends and technologies. It also opens new career opportunities and enables them to take on more advanced job roles. Learning also helps employees to stay engaged and motivated at work. Werdhiastutie and Partiwi (2020) indicated that when employees have the opportunity to learn, they feel more valued and appreciated, improving their job satisfaction and morale. In addition, learning helps employees become better problem solvers and better at handling challenges. Through exposure to different perspectives and knowledge, employees understand better their work environment, helping them make more informed decisions, thus influencing employee outcomes.

Chams and García (2019) emphasised that learning and development programmes offer numerous employee benefits. Such programmes can enhance employee performance and productivity, reduce turnover rates, and cultivate a positive organisational culture. Investing in learning and development initiatives

enables SMEs foster employees' professional growth and advancement and contribute to the overall prosperity of SMEs. Meanwhile, Andrew and Sevilla (2020) pointed out that learning and development are crucial factors in employees' career paths, playing a pivotal role in their personal and professional development. Learning enables employees to acquire new skills and knowledge, stay updated on industry trends and advancements, and expand their career options by taking on more complex job responsibilities, thus contributing to their accomplishments. Ultimately, employees' continuous learning can facilitate SMEs' overall success and development. Learning also helps employees maintain engagement and motivation in their work. According to Werdhiastutie and Partiw (2020), when employees have learning opportunities, they feel valued and appreciated, which, in turn, can enhance their job satisfaction and morale. Additionally, learning can help employees become better at solving problems and coping with challenges. Exposing employees to different perspectives and knowledge enables them to understand better their work environment, which can help them make wiser decisions and impact their performance and outcomes.

Building on the work of Churiyah and Sakdiyyah (2020), learning and development activities help ensure that employees stay up-to-date with the latest information relevant to the needs of SMEs while also keeping them informed about the latest trends and technologies. Darling and Osher (2020) suggested that organisations can increase competitiveness by focusing on employee development.

Learning and development activities also contribute to developing organisational culture. According to Delahanty and Jones (2019), learning materials emphasising diversity and respect for various backgrounds, cultures, and ideologies can help create an open and inclusive environment, increasing employees' enthusiasm for work and enhancing their accomplishments. Learning and development are vital factors for SMEs. SMEs should prioritise providing high-quality learning and development activities emphasising diversity and inclusivity to ensure their knowledge pool remains up-to-date, relevant, and accessible to all (Stofkova & Sukalova, 2020).

2.3.2 Chinese Culture

National culture is crucial when transferring Western HRM functions to other contexts (Rowley et al., 2021). Culture significantly impacts human behaviour in tangible and intangible ways, making it essential to understand its definition and differentiation before exploring its influence on HRM functions (Karim & Qamruzzaman, 2020). An effective organisational culture rooted in core values is pivotal in shaping employee behaviour and creating a conducive work environment (Karim & Qamruzzaman, 2020). A positive corporate culture fosters collaboration, innovation, employee engagement, and trust, leading to improved performance, productivity, and talent attraction and retention (Polyanska, 2019; Zollo & Ciappei, 2019; Zakirova et al., 2019). In the context of SMEs, corporate culture has a significant impact. It helps create a positive work environment, encourages

collaboration and innovation, promotes employee satisfaction, builds trust, and enhances engagement (Polyanska, 2019). Recruitment, a crucial HRM function, allows organisations to introduce talent, and considering cultural fit becomes essential (Benkarim & Imbeau, 2022). The cultural compatibility between candidates and the corporate culture should be assessed to ensure a comprehensive understanding and match (Benkarim & Imbeau, 2022). Corporate leadership plays a significant role in advocating and shaping the corporate culture (Urinov, 2020). Ultimately, corporate culture acts as a mediator between strategic HRM functions and innovation performance. Focusing on talent selection, utilisation, cultivation, and rewards helps strategic HRM functions contribute to innovation performance. When human resource functions are guided by development, transformation, and innovation, the corporate culture emphasises development and innovation, enhancing organisational innovation performance (Chakraborty & Biswas, 2020).

In conclusion, Chinese culture significantly influences HRM functions and outcomes. An organisational culture rooted in core values shapes employee behaviour, enhances performance, and creates a conducive work environment. In the context of SMEs, corporate culture significantly impacts productivity, competitiveness, and talent attraction. Aligning with cultural values enables recruitment and strategic HRM functions to contribute to SMEs' innovation performance. Understanding and managing corporate culture is crucial for successful HRM functions and SME performance.

2.3.3 Implications for Employee Outcomes

Chinese culture also extends its influence on the impact of HRM functions on employee outcomes (Adla et al., 2019). According to Bush (2020), the emphasis on “guanxi” in culture may imply that employees recruited through personal networks may exhibit greater loyalty and commitment to the organisation. The cultural preference for harmony may lead to higher satisfaction with performance management practices, even if these practices may not improve performance. Similarly, employees may feel more satisfied and motivated in organisations providing collective rewards and sufficient learning and development opportunities aligned with cultural values. However, it is essential to consider potential negative implications as well. For instance, emphasising hierarchy (at the cultural level) and conformity may stifle innovation and employee engagement. The relationship focus may lead to fairness and bias issues in human resource practices. Chinese culture plays a crucial role in shaping HRM functions and their impact on employee outcomes. Organisations within this cultural context must be mindful of these influencing factors to design effective HRM strategies. Future research should delve deeper into these cultural nuances and their implications for HRM in the Chinese context (Cooke et al., 2020).

2.4 Factors Influencing HRM Functions in SMEs

HRM is critical to organisational success, particularly in SMEs. The effectiveness of

HRM in SMEs is influenced by various factors closely related to the selected HRM functions, Chinese culture, and employee outcomes in privately-owned SMEs in China.

Research has shown that HRM functions have a significant impact on the HRM functions of SMEs. It is because smaller companies often do not have well-developed HRM functions and offer more flexibility but less structure in managing employees (Cardon & Stevens, 2016). In addition, usually, SMEs need to be in a position where culture plays a crucial role in shaping the HRM function. SMEs with solid and positive cultures tend to have more effective HRM processes (Wickramasinghe & De Zoyza, 2019).

Financial resources have a significant impact on HRM in SMEs. Limited financial resources often lead to less investment in learning and development, affecting employee performance and retention (Kaul, 2019). Moreover, entrepreneurial leadership plays a vital role in HRM within SMEs. In smaller firms, leaders often take a hands-on role in HR functions, influencing the overall HRM strategies (Hussain, Mahmood, & Scott, 2020). Additionally, market competition drives SMEs to prioritise talent acquisition and retention, shaping their HRM strategies (Lee & Kim, 2022).

2.5 Chapter Summary

This chapter offered an extensive literature review examining the interconnected variables of HRM functions, Chinese culture, and their impact on employee outcomes. It overviewed these variables' connotations, dimensions, and influencing factors, emphasising their significance for employee outcomes and SMEs. The literature review encompassed various sub-functions of HRM, such as HR planning, performance management, reward management, recruitment, and learning and development, exploring their interrelationships. Additionally, the chapter highlighted the profound influence of Chinese culture on employees' perception and utilisation of HRM functions and Chinese culture.



CHAPTER 3

METHODOLOGY

3.1 Introduction

This chapter describes the methodology used to conduct and achieve the research objectives. The methodology outlines the research design, data collection methods, and data analysis techniques. The methodology aims to explain the procedures followed to collect and analyse data to draw valid conclusions. The data collection methods describe the techniques used to collect data, including primary and survey instruments and sampling techniques. The data analysis techniques describe how the collected data will be analysed to answer the research questions. By providing a clear and transparent description of the research procedures, the methodology enables other researchers to replicate the study and build on its findings.

3.2 Research Design

In this chapter, the quantitative research analysis is utilised. While research design can encompass all decisions made in a research project, this section focuses explicitly on validity and reliability, the research sample, and the design of research instruments in terms of methodological issues.

3.3 Questionnaire Design and Sample Selection

3.3.1 Questionnaire Design

The sample size is determined based on the desired level of statistical power and the feasibility of data collection, with the primary data collection method being a survey questionnaire. The survey is administered to employees who have worked for over three years in the selected SMEs. A practical questionnaire design is essential for ensuring the research data's accuracy and authenticity and the conclusions' reliability. When designing the questionnaire, strictly following the basic design principles is necessary. For example, if the research purpose is clear, the question set should be based on the research content, and at the same time, the principle of accuracy should be reflected. The scale should use mature domestic and foreign scales. The proposal should be concise, clear, easy to understand and reflect the true thoughts of the respondents as much as possible to obtain accurate and true research data smoothly (Adla et al., 2019).

When designing the questionnaire structure, the employees' basic questions and work background are first investigated, and the items of independent, mediating, moderating, and dependent variables are placed in the Appendix. The central part of the questionnaire, mainly about HRM functions, is various sub-functions, including HR planning, performance management, reward management, recruitment, learning and development, and employee outcomes. The variables mentioned in this research are all measured using the five-point Likert scoring method.

The questionnaire for this study focused on HRM functions, Chinese culture, employee outcomes, and demographic information. The targets were limited to employees, as asking business owners about their employee outcomes was irrelevant. The questionnaire was created using a combination of approaches, including adopting questions from established questionnaires, adapting questions from existing questionnaires, and developing questions by the researchers.

Table 3-2.1: Approaches employed for formulating questions in the questionnaire

Sections	Approaches Employed
HRM functions	Questions adapted from existing questionnaires in previous research were selected based on their relevance to the HRM functions such as recruitment, training, performance management, compensation, and HR planing and were modified to fit the context of the study.
Chinese culture	Questions were adapted from other questionnaires and developed by the researchers.
Employee outcomes	Questions were mainly adapted from existing questionnaires in previous research.
Demographic information	Questions were developed by the researchers.

3.3.2 Sample Selection

The study's research sample only included privately-owned SMEs in urban areas with less than 308 contracted employees in mainland China, regardless of the industry sector. Because China is a "relationship" society, this study uses a convenient sampling to avoid the influence between individuals.

In addition, the data collected should be more comprehensive and extensive to make the conclusions drawn from this study more general. This research did not impose too many restrictions on the industry in which it is located, its nature, the company's size, and the time of establishment. Based on some of these requirements, this research randomly selected SMEs from various regions in China during the research process. In addition, it covered a wide range of industries as diverse as software, manufacturing equipment, finance, biomedical, information technology, and education.

3.3.3 Variables and Measures

This research has developed a conceptual framework focusing on how organisational, institutional, and cultural factors shape HRM functions in SMEs and how these functions affect employee outcomes. A questionnaire was designed to measure these key constructs, including sections on HRM functions, employee outcomes, culture,

and demographic information. Table 3-2 provides an overview of the questionnaire's main structure, including the variables and measures used in each section.

Table 3-2: Main structure of the questionnaire

Sections		Variables	Items	Type of questions	Source
1	Demographic Information	Individual information	5 items (Q1-Q5)	Closed-ended (list questions) Open-ended	N/A
2	HRM functions	Recruitment	8 items (Q6-Q13)	Closed-ended (rating questions with five-point Likert scale)	Cassell et al. (2002) Cunningham (2007, 2010) De Kok and Uhlaner (2001) Kotey and Slade (2005) Nguyen and Bryant (2004) Wiesner and McDonald (2001) Zheng et al. (2006) Zheng (2011)
		Learning and development	13 items (Q14-Q26)		
		Performance management	9 items (Q27-Q35)		
		Reward management	8 items (Q36-Q43)		
		HR planning	5 items (Q44-Q48)		
3	Employee outcomes	Employee outcomes	6 items (Q49-Q54)	Closed-ended (rating questions with five-point Likert scale)	Meyer et al. (1993)
4	Cultural values	Chinese culture	6 items (Q55-Q60)	Closed-ended (rating questions with five-point Likert scale)	Cunningham (2007) Schlevogt (2001)

3.4 Analytical Method

This research adopts quantitative analysis, which is collected by collecting questionnaires. By reviewing the literature, the research background, research significance, and relevant supporting theories are elaborated, and this study was analysed using multiple regression models:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \epsilon.$$

3.5 Tool

Before the formal research, a small-scale survey was conducted on the research subjects, and SPSS 27.0 was used to conduct exploratory factor and reliability tests on the questionnaire samples. After the formal questionnaire was collected, the reliability and validity of the sample data were examined.

3.6 Chapter Summary

This chapter provided a detailed discussion of research methods that can guide the selection of methods for each analysis phase. Given the need for quantitative data to address the research questions, the research design chapter outlined data validity and reliability measures involving sampling and questionnaire design. At the same time, this chapter also listed sample selection, variables and measures, analysis methods and instruments. In addition, given the vast size of China and the importance of protecting respondents' privacy, a random sampling method was used, resulting in 308 valid questionnaires. Finally, ethical considerations regarding anonymity, confidentiality, and topic sensitivity were discussed.

CHAPTER 4

ANALYSIS AND FINDINGS

4.1 Introduction

In this chapter, the authors use quantitative data collected through questionnaires to analyse the relationship between HRM functions, Chinese culture, and employee outcomes. The chapter seeks to answer seven research questions related to the effects of HRM functions on employee outcomes in privately-owned SMEs in China, with the moderating role of Chinese culture. This chapter presents an overview of the data, including the overall and subscale reliability tests and factor analysis results.

4.2 Descriptive Statistics Analysis

These data were collected from January to February 2023 in Chinese provinces such as Shaanxi, Henan, and Jiangsu. The questionnaire was designed in bilingual Chinese and English to facilitate the data collection. A pool of 308 eligible and complete questionnaires was collected from 24 SMEs for analysis in this study. The following are the details of the sample population, including gender, age, education level, length of employment, and job title.

Table 4-1: Gender ratio of the results of the questionnaire collection

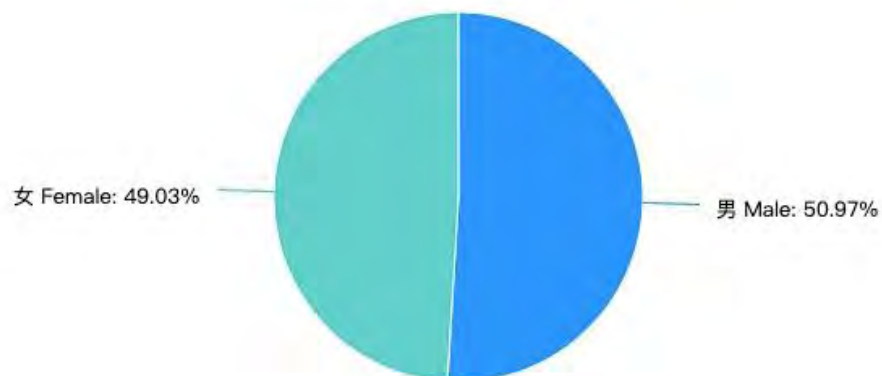


Table 4-2: Age proportions of the results of the questionnaire collection

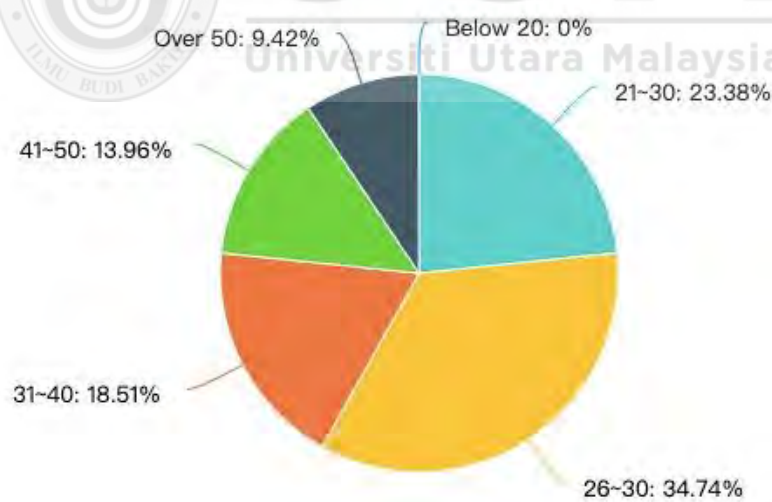


Table 4-3: Distribution of education levels in the questionnaire results

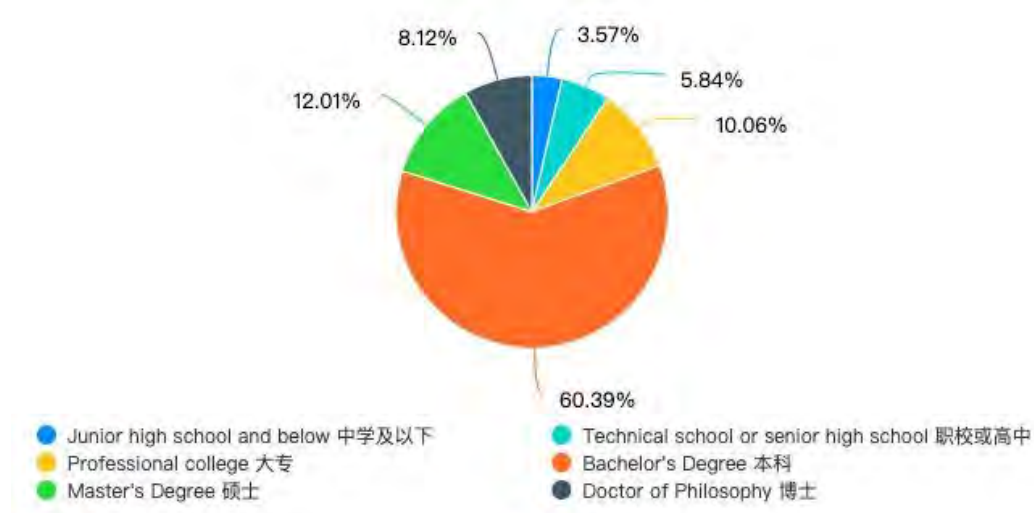


Table 4-4: Number of months working in the survey population

Months of work	Number of employees
36	177
48	39
180	15
72	13
60	23
240	5
96	9
120	27

Table 4-5: Position profile of the survey population



4.3 Regression Analysis

Regression analysis is a statistical method used to understand the relationships between variables. It can be used to explain how one variable is affected by others and predict the trend of an outcome variable based on changes in other explanatory variables.

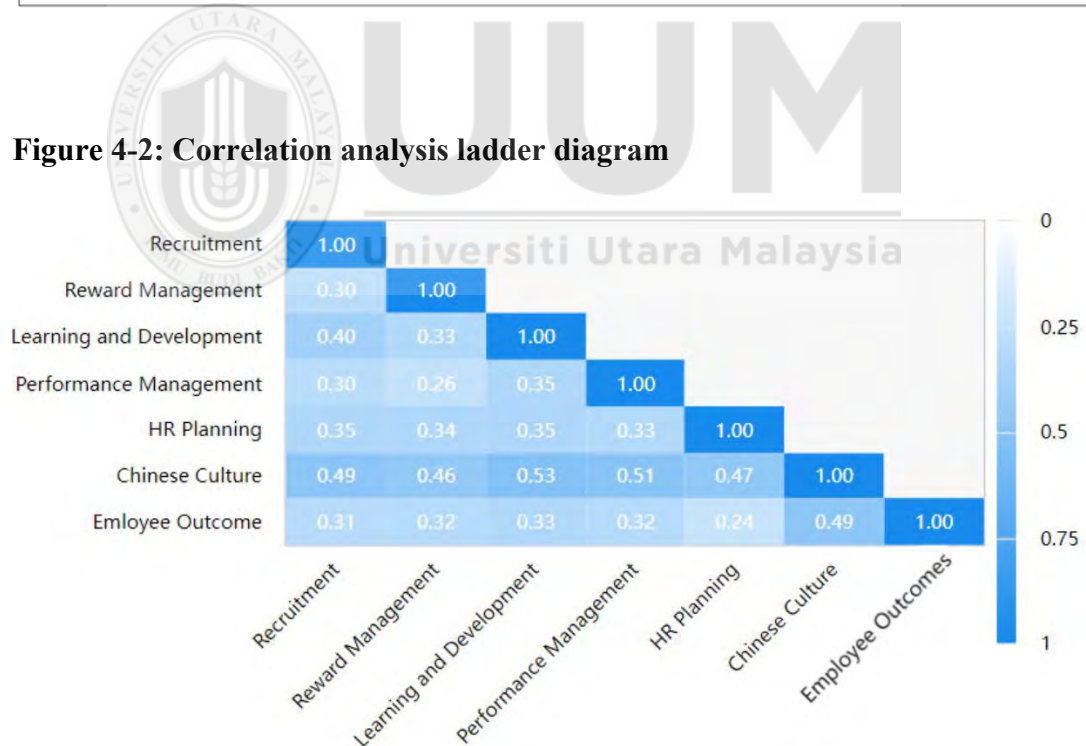
4.3.1 Correlation Analysis

Figure 4-1: Correlation analysis

Pearson Correlation Analysis									
	Average value	Standard deviation	Recruitment	Learning and development	Performance Management	Reward Management	HR Planning	Culture	Employee Outcomes
Recruitment	1.978	0.777	1						
Learning and development	2.370	0.931	0.398**	1					
Performance Management	2.044	0.772	0.302**	0.346**	1				
Reward Management	2.322	0.829	0.296**	0.328**	0.256**	1			
HR Planning	2.327	0.897	0.346**	0.350**	0.327**	0.342**	1		
Culture	1.966	0.841	0.492**	0.532**	0.507**	0.462**	0.474**	1	
Employee Outcomes	2.201	0.778	0.306**	0.335**	0.315**	0.316**	0.242**	0.489**	1

* $p < 0.05$ ** $p < 0.01$

Figure 4-2: Correlation analysis ladder diagram



The Pearson correlation matrix provides insight into the relationships between seven variables: recruitment, learning and development, performance management, reward management, HR planning, Chinese culture, and employee outcomes. These

relationships are measured using the Pearson correlation coefficient, measuring the strength of these associations.

In particular, a significant positive correlation exists between recruitment and all other variables. Specifically, the correlation coefficients are 0.398, 0.302, 0.296, 0.346, 0.492, and 0.306 for learning and development, performance management, reward management, HR planning, Chinese culture, and employee outcomes, respectively. It means that as the score for recruitment increases, we also see an increase in the scores for these other variables, indicating a positive relationship. The correlation with Chinese culture is the strongest, signifying a considerable influence of cultural aspects on the recruitment process.

As previously stated, all variables share a positive correlation. Still, Chinese culture consistently shows the strongest relationships, indicating cultural context's essential role in HRM functions. Moreover, we see that improvements in HRM functions and cultural considerations are associated with enhanced employee outcomes. However, the strength of these correlations differs, emphasising the importance of understanding these relationships' nuances when devising and implementing effective HRM strategies.

4.3.2 Recruitment

Table 4-6: Regression analysis graph of recruitment

The regression analysis results (n=308)															
	Model 1					Model 2					Model 3				
	B	Standard error	t	p	β	B	Standard error	t	p	β	B	Standard error	t	p	β
Constants	2.201	0.042	52.043	0.000**	-	2.201	0.039	56.922	0.000**	-	2.185	0.042	52.369	0.000**	-
Recruitment	0.306	0.054	5.613	0.000**	0.306	0.086	0.057	1.505	0.133	0.086	0.055	0.065	0.852	0.395	0.055
Chinese Culture						0.413	0.053	7.814	0.000**	0.447	0.393	0.056	6.953	0.000**	0.425
Recruitment *Chinese Culture											0.050	0.049	1.025	0.306	0.069
R2	0.093					0.245					0.247				
Adjustment R2	0.090					0.240					0.240				
F Value	F (1,306)=31.510, p=0.000					F (2,305)=49.379, p=0.000					F (3,304)=33.275, p=0.000				
Δ R2	0.093					0.151					0.003				
Δ F Value	F (1,306)=31.510, p=0.000					F (1,305)=61.062, p=0.000					F (1,304)=1.050, p=0.306				
Dependent variable: Employee Outcomes															
* p<0.05 ** p<0.01															

Table 4.6 presents a moderation analysis with 308 participants, investigating the potential moderating effect of Chinese culture on the relationship between recruitment and employee outcomes. The results are structured into three models:

Model 1 solely includes the variable of recruitment. The β coefficient (0.306) is significant at $p<0.01$ and explains 9.3% of the variance in employee outcomes ($R^2=0.093$). It suggests that recruitment has a significant positive effect on employee outcomes.

Model 2 adds the moderating variable of Chinese culture. Here, both

recruitment ($\beta=0.086, p>0.05$) and Chinese culture ($\beta=0.413, p<0.01$) are included. However, recruitment becomes non-significant in this model, indicating that its effect on employee outcomes may not be direct but could be moderated by Chinese culture. This model explains 24.5% of the variance in employee outcomes ($R^2=0.245$).

Model 3 introduces the interaction term between recruitment and Chinese culture (Recruitment * Chinese Culture). The interaction term is not significant ($\beta=0.050, p>0.05$), suggesting that Chinese culture does not significantly moderate the relationship between recruitment and employee outcomes. The total explained variance in employee outcomes is 24.7% ($R^2=0.247$) for this model.

While Chinese culture and recruitment significantly affect employee outcomes when considered separately, the interaction between Chinese culture and recruitment does not significantly affect employee outcomes. It implies that the effect of recruitment on employee outcomes is not significantly different at varying levels of Chinese culture.

4.3.3 Reward Management

Table 4-7: Regression analysis graph of reward management

The regression analysis results (n=308)															
	Model 1					Model 2					Model 3				
	B	Standard error	t	p	β	B	Standard error	t	p	β	B	Standard error	t	p	β
Constants	2.201	0.042	52.234	0.000**	-	2.201	0.039	57.102	0.000**	-	2.163	0.042	52.038	0.000**	-
Reward Management	0.297	0.051	5.83	0.000**	0.316	0.108	0.053	2.053	0.041*	0.115	0.085	0.053	1.601	0.11	0.091
Chinese Culture						0.403	0.052	7.791	0.000**	0.436	0.33	0.061	5.448	0.000**	0.356
Reward Management* Chinese Culture											0.116	0.051	2.296	0.022*	0.146
R2	0.1					0.249					0.262				
Adjustment R2	0.097					0.244					0.255				
F Value	F (1,306)=33.994, p=0.000					F (2,305)=50.659, p=0.000					F (3,304)=36.003, p=0.000				
△R2	0.1					0.149					0.013				
△F Value	F (1,306)=33.994, p=0.000					F (1,305)=60.693, p=0.000					F (1,304)=5.271, p=0.022				
Dependent variable: Employee Outcomes															
* p<0.05 ** p<0.01															

Table 4.7 presents the results of a moderation analysis with 308 participants. The analysis investigates the potential moderating effect of Chinese culture on the relationship between reward management and employee outcomes. The results are divided into three models:

Model 1 only includes the independent variable, reward management. This model aims to examine the impact of reward management on employee outcomes without considering the interference of the moderating variable, Chinese culture. From the table, the variable of reward management is significant ($t=5.830$,

$p=0.000<0.01$), indicating that reward management significantly affects employee outcomes. Model 2 incorporates the moderating variable of Chinese culture, building upon Model 1. Finally, Model 3 includes an interaction term, the product of the independent and moderating variables (Reward Management * Chinese Culture). The moderation effect can be examined in two ways. The first is to look at the significance of the change in the f -value from Model 2 to Model 3, and the second is to look at the significance of the interaction term in Model 3. This analysis will focus on the second approach. From the table, the interaction term between reward management and Chinese culture is significant ($t=2.296$, $p=0.022<0.05$). It implies that the effect of reward management on employee outcomes varies significantly at different levels of Chinese culture. The specific variation can be observed through a simple slope graph.

In summary, the effect of reward management on employee outcomes is significantly moderated by Chinese culture, as reflected by the significance of the interaction term in Model 3.

Slope Analysis						
Adjustment of variable levels	Regression coefficient	Standard error	<i>t</i>	<i>p</i>	95% CI	
Mean value	0.085	0.053	1.601	0.11	-0.019	0.189
High level (+1SD)	0.183	0.062	2.97	0.003	0.062	0.303
Low level (-1SD)	-0.013	0.074	-0.171	0.864	-0.158	0.132

The table above presents the results of a simple slope analysis. This analysis breaks down the moderation effect, examining how the relationship between reward management (the independent variable) and employee outcomes (the dependent variable) changes at different levels of Chinese culture (the moderator variable). The table provides three levels for the moderating variable of Chinese culture: the mean value, one standard deviation above the mean (high level), and one standard deviation below the mean (low level). At the mean level of Chinese culture, the effect of reward management on employee outcomes is not significant ($t=1.601$, $p=0.11$), with a regression coefficient (β) of 0.085 and a 95% confidence interval (CI) spanning from -0.019 to 0.189. When Chinese culture is one standard deviation above the mean, the effect of reward management on employee outcomes becomes significant ($t=2.97$, $p=0.003$), with a regression coefficient (β) of 0.183 and a 95% CI spanning from 0.062 to 0.303. When Chinese culture is one standard deviation below the mean, the effect of reward management on employee outcomes is not significant

($t=-0.171$, $p=0.864$), with a regression coefficient (β) of -0.013 and a 95% CI spanning from -0.158 to 0.132.

In summary, the impact of reward management on employee outcomes depends on the level of Chinese culture. At a high level of Chinese culture, reward management has a significant positive impact on employee outcomes. However, this effect is not significant at the mean or low levels of Chinese culture.

4.3.4 HR Planning

Table 4-8: Regression analysis graph of HR planning

The regression analysis results (n=308)															
	Model 1					Model 2					Model 3				
	B	Standard error	t	p	β	B	Standard error	t	p	β	B	Standard error	t	p	β
Constants	2.201	0.043	51.078	0.000**	-	2.201	0.039	56.717	0.000**	-	2.165	0.042	51.600	0.000**	-
HR Planning	0.210	0.048	4.372	0.000**	0.242	0.012	0.049	0.241	0.810	0.014	-0.010	0.050	-0.193	0.847	-0.011
Chinese Culture						0.446	0.052	8.502	0.000**	0.482	0.383	0.060	6.420	0.000**	0.414
HR Planning*											0.101	0.046	2.171	0.031*	0.136
Chinese Culture															
R2	0.059					0.239					0.251				
Adjustment R2	0.056					0.234					0.243				
F Value	F (1,306)=19.113, p=0.000					F (2,305)=47.929, p=0.000					F (3,304)=33.914, p=0.000				
ΔR^2	0.059					0.180					0.012				
ΔF Value	F (1,306)=19.113, p=0.000					F (1,305)=72.292, p=0.000					F (1,304)=4.715, p=0.031				
Dependent variable: Employee Outcomes															
* p<0.05 ** p<0.01															

Table 4.8 presents a moderation analysis consisting of three models. Model 1 includes the independent variable, HR planning. Model 2 adds the moderator variable, Chinese culture, to Model 1. Model 3 introduces an interaction term to

Model 2, which is the product of the independent and the moderator variables.

Model 1 examines the influence of the independent variable, HR planning, on the dependent variable, employee outcomes, without interfering with the moderator variable, Chinese culture. The table shows that HR planning is significant ($t=4.372$, $p=0.000<0.05$). It suggests that HR planning has a significant effect on employee outcomes. The moderation effect can be examined in two ways: one is to check the significance of the change in the f -value from Model 2 to Model 3; the other is to examine the significance of the interaction term in Model 3. In this analysis, we adopt the second approach. The table shows significant interaction between HR planning and Chinese culture ($t=2.171$, $p=0.031<0.05$). It suggests that when HR planning influences employee outcomes, the magnitude of the effect differs significantly at different levels of the moderator variable, Chinese culture. It can be further explored in the following simple slope analysis.

Slope Analysis						
Adjustment of variable levels	Regression coefficient	Standard error	t	p	95% CI	
Mean value	-0.010	0.050	-0.193	-0.010	0.050	-0.193
High level (+1SD)	0.075	0.057	1.317	0.075	0.057	1.317
Low level (-1SD)	-0.094	0.069	-1.363	-0.094	0.069	-1.363

4.3.5 Performance Management

Table 4-9: Regression analysis graph of performance management

The regression analysis results (n=308)															
	Model 1					Model 2					Model 3				
	B	Standard error	t	p	β	B	Standard error	t	p	β	B	Standard error	t	p	β
Constants	2.201	0.042	52.213	0.000**	-	2.201	0.039	56.941	0.000**	-	2.187	0.042	52.245	0.000**	-
Performance Management	0.317	0.055	5.806	0.000**	0.315	0.091	0.058	1.571	0.117	0.091	0.072	0.062	1.160	0.247	0.072
Chinese Culture						0.410	0.053	7.677	0.000**	0.443	0.386	0.061	6.342	0.000**	0.417
Performance Management* Chinese Culture											0.041	0.049	0.830	0.407	0.057
R2	0.099					0.245					0.247				
Adjustment R2	0.096					0.240					0.239				
F Value	F (1,306)=33.712, p=0.000					F (2,305)=49.512, p=0.000					F (3,304)=33.204, p=0.000				
△R2	0.099					0.146					0.002				
△F Value	F (1,306)=33.712, p=0.000					F (1,305)=58.930, p=0.000					F (1,304)=0.688, p=0.407				
Dependent variable: Employee Outcomes															
* p<0.05 ** p<0.01															

Table 4.9 presents a moderating effect analysis consisting of three models. Model 1 includes the independent variable of performance management. Model 2 builds upon Model 1 by incorporating the moderating variable of Chinese culture, and Model 3 builds upon Model 2 by including the interaction term (the product of the independent and moderating variables).

Model 1 examines the effect of the independent variable, performance management, on the dependent variable, employee outcomes, without considering the influence of the moderating variable, Chinese culture. As shown in the table,

performance management exhibits a significant effect ($t=5.806$, $p=0.000<0.05$), suggesting a significant influence of performance management on employee outcomes. The moderating effect can be reviewed in two ways: the first is to observe the significance of the f -value changes from Model 2 to Model 3; the second is to examine the significance of the interaction term in Model 3. This analysis uses the second approach. According to the table, the interaction between performance management and Chinese culture is not significant ($t=0.830$, $p=0.407>0.05$). Furthermore, as indicated by Model 1, there is an influential relationship from X to Y, implying that when performance management affects employee outcomes, the magnitude of the influence remains consistent regardless of the different levels of the moderating variable (Chinese culture).

Slope Analysis						
Adjustment of variable levels	Regression coefficient	Standard error	t	p	95% CI	
Mean value	0.072	0.062	1.160	0.072	0.062	1.160
High level (+1SD)	0.107	0.061	1.747	0.107	0.061	1.747
Low level (-1SD)	0.038	0.086	0.443	0.038	0.086	0.443

The table above presents a simple slope analysis at different levels of the moderating variable. This type of analysis helps to understand how the effect of the independent variable on the dependent variable changes at different levels of the moderating

variable. At the mean level of the moderating variable, the regression coefficient is 0.072, with a standard error of 0.062. The t -value is 1.160, and the p -value is 0.247, greater than 0.05. It indicates that the independent variable's effect on the dependent variable is not statistically significant at the moderating variable's average level. The 95% CI ranges from -0.050 to 0.195. At a high level (+1 standard deviation) of the moderating variable, the regression coefficient is 0.107, with a standard error of 0.061. The t -value is 1.747, and the p -value is 0.082, greater than 0.05. It indicates that at a high level of the moderating variable, the effect of the independent variable on the dependent variable is not statistically significant, but there is a trend towards significance. The 95% CI ranges from -0.013 to 0.226. At a low level (-1 standard deviation) of the moderating variable, the regression coefficient is 0.038, with a standard error of 0.086. The t -value is 0.443, and the p -value is 0.658, much greater than 0.05. It indicates that at a low level of the moderating variable, the effect of the independent variable on the dependent variable is not statistically significant. The 95% CI ranges from -0.131 to 0.208.

Overall, this analysis suggests that the effect of the independent variable on the dependent variable does not vary significantly across different levels of the moderating variable.

4.3.6 Learning and Development

Table 4-10: Regression analysis graph of learning and development

The regression analysis results (n=308)															
	Model 1					Model 2					Model 3				
	B	Standard error	t	p	β	B	Standard error	t	p	β	B	Standard error	t	p	β
Constants	2.201	0.042	52.591	0.000**	-	2.201	0.039	57.005	0.000**	-	2.202	0.044	50.345	0.000**	-
Learning and development	0.280	0.045	6.217	0.000**	0.335	0.087	0.049	1.778	0.076	0.104	0.088	0.049	1.773	0.077	0.105
Chinese Culture						0.401	0.054	7.384	0.000**	0.433	0.404	0.069	5.829	0.000**	0.437
Learning and development* Chinese Culture											-0.004	0.049	-0.078	0.938	-0.005
R 2	0.112					0.247					0.247				
Adjustment R 2	0.109					0.242					0.239				
F Value	F (1,306)=38.646, p=0.000					F (2,305)=49.969, p=0.000					F (3,304)=33.206, p=0.000				
ΔR 2	0.112					0.135					0.000				
ΔF Value	F (1,306)=38.646, p=0.000					F (1,305)=54.531, p=0.000					F (1,304)=0.006, p=0.938				
Dependent variable: Employee Outcomes															
* p<0.05 ** p<0.01															

Table 5.10 presents a moderated regression analysis with three models. Model 1 includes the independent variable of learning and development. Model 2 adds the moderator of Chinese culture to Model 1, and Model 3 adds the interaction term (the product of the independent and moderator variables) to Model 2.

Model 1 examines the impact of the independent variable, learning and development, on the dependent variable, employee outcomes, without considering the influence of the moderator, Chinese culture. According to the table, learning and development is statistically significant ($t=6.217$, $p=0.000<0.05$), indicating that learning and development significantly influence employee outcomes. The moderating effect can be observed in two ways. The first is to check the significance of the change in the f -value from Model 2 to Model 3. The second is to look at the significance of the interaction term in Model 3, which is the method used in this analysis.

According to the table, the interaction term between learning and development and Chinese culture is not statistically significant ($t=-0.078$, $p=0.938>0.05$). It, along with the findings from Model 1, suggests that the effect of learning and development on employee outcomes remains consistent across different levels of the moderator (Chinese culture).

Slope Analysis						
Adjustment of variable levels	Regression coefficient	Standard error	<i>t</i>	<i>p</i>	95% CI	
Mean value	0.088	0.049	1.773	0.088	0.049	1.773
High level (+1SD)	0.084	0.061	1.385	0.084	0.061	1.385
Low level (-1SD)	0.091	0.068	1.339	0.091	0.068	1.339

The table above presents a simple slope analysis. The moderator variable levels include the average, high level (+1 Standard Deviation), and low level (-1 Standard Deviation).

For the average level, the regression coefficient is 0.088, the standard error is 0.049, the *t*-value is 1.773, the *p*-value is 0.077, and the CI is from -0.009 to 0.184. Although the *t*-value indicates that the regression coefficient is statistically significant, the *p*-value is greater than 0.05, indicating that this effect is not statistically significant. For the high level (+1 Standard Deviation), the regression coefficient is 0.084, the standard error is 0.061, the *t*-value is 1.385, the *p*-value is 0.167, and the CI is from -0.035 to 0.204. Since the *p*-value is greater than 0.05, the null hypothesis cannot be rejected, meaning this regression coefficient is not statistically significant. For the low level (-1 Standard Deviation), the regression coefficient is 0.091, the standard error is 0.068, the *t*-value is 1.339, the *p*-value is 0.181, and the CI is from -0.042 to 0.224. Like the high-level result, because the

p -value is greater than 0.05, the null hypothesis that this regression coefficient is not statistically significant cannot be rejected.

Regardless of whether it is at the average level, high level, or low level, the level of the moderator variable does not significantly affect the regression coefficient. In other words, different levels of the moderator variable do not significantly change the relationship between the dependent and independent variables.



CHAPTER 5

DISCUSSION AND CONCLUSION

5.1 Introduction

The final chapter integrates the results of the literature review and analysis sections to answer the research questions and achieve the set goals and objectives. It emphasises the contribution and impact of this study on small and medium-sized enterprises (SMEs) in China in combination with existing theories and data analysis. It acknowledges the limitations of this study in certain aspects. Given these limitations, possible suggestions for improvement are proposed, along with future research directions.

5.2 How do recruitment activities influence employee outcomes in privately-owned SMEs in China?

The regression analysis provides insights into how recruitment activities influence employee outcomes in China's privately-owned SMEs. This understanding evolves through three models, each incorporating different variables. The focus is solely on recruitment. The positive coefficient of 0.306 indicates that as recruitment activities intensify, there's a corresponding increase in employee outcomes. The p -value ($p < 0.01$) suggests the relationship is statistically significant. It implies that an average increase of 0.306 units in employee outcomes is projected for every unit increase in

recruitment activities. It may translate into improved job performance, satisfaction, and overall retention rates within privately-owned SMEs in China. While the influence of recruitment activities is undeniably critical, these models suggest a more nuanced picture. They indicate that the direct impact of recruitment activities on employee outcomes may not be as significant when other elements, such as organisational culture, are in play. Thus, privately-owned SMEs in China must recognise the multi-dimensional nature of factors affecting employee outcomes. Rather than focusing solely on recruitment activities, these enterprises should also nurture a positive and motivating organisational culture that can substantially influence employee performance and satisfaction.

Nonetheless, it is also crucial to consider that the variables included in these models do not encompass all possible factors impacting employee outcomes. Aspects such as learning and development opportunities, performance and reward management, leadership style, and work environment, among others, may also play significant roles. Hence, a comprehensive, multi-faceted approach would likely yield the best results for enhancing employee outcomes in privately-owned SMEs in China.

5.3 How does performance management affect employee outcomes in privately-owned SMEs in China?

Based on the regression analysis results, it can be concluded that performance

management significantly positively impacts employee outcomes in privately-owned SMEs in China. Performance management involves goal setting, continuous progress review, feedback, employee development programmes, and rewarding achievements. These practices help create a shared understanding of organisational goals and expectations among employees, leading to improved performance, productivity, and job satisfaction.

Performance management provides employees with clear and measurable goals, enhancing their focus and direction in their work. Regular performance reviews and feedback sessions help employees understand their strengths and areas for improvement, leading to personal and professional growth. Learning and development programmes tailored to individual needs and career aspirations improve employees' skills and make them feel valued, resulting in higher motivation and engagement. Additionally, performance management systems often include reward mechanisms, such as bonuses, raises, and promotions, which incentivise employees to perform at their best. It, in turn, positively impacts both SMEs' performance outcomes. However, it is essential to consider that various factors, including organisational culture, leadership style, and the specific design and implementation of the performance management system, can influence the effectiveness of performance management. Therefore, further empirical studies and surveys within the context of privately-owned SMEs in China would be valuable to gain a deeper understanding of the specific impact of performance management on employee

outcomes in this setting.

5.4 How does reward management influence employee outcomes in privately-owned SMEs in China?

Based on the regression analysis results provided in one of the previous examples, it can be seen that reward management significantly influences employee outcomes in privately-owned SMEs in China.

In the first model, the coefficient for reward management is $\beta = 0.297$, indicating a positive relationship between reward management and employee outcomes. It is statistically significant, as indicated by a p -value of less than 0.01 ($p = 0.000$). It suggests that as reward management improves or intensifies, there is a corresponding improvement in employee outcomes. In terms of practical implications, this suggests that effective reward management strategies must align with the company's culture to influence employee outcomes positively. Thus, in privately-owned SMEs in China, a well-designed reward system acknowledging and aligning with Chinese cultural practices and values might be more effective in motivating employees, enhancing job satisfaction, and improving overall performance. Overall, reward management is critical in shaping employee outcomes. However, it is crucial to remember that these strategies' success relies on other organisational variables, such as the cultural context.

5.5 How do learning and development activities impact employee outcomes in privately-owned SMEs in China?

Based on the earlier regression analysis, learning and development significantly positively impact employee outcomes in privately-owned SMEs in China.

The coefficient for learning and development is $\beta = 0.132$, suggesting that for every unit increase in learning and development activities, we can expect an average increase of 0.132 units in employee outcomes. It is statistically significant, as indicated by a p -value less than 0.01 ($p = 0.008$). This result suggests that learning and development activities positively affect employee outcomes. It could be due to several reasons:

Skill Improvement: Learning and development activities often focus on enhancing employees' skills and knowledge, which can lead to improved performance and productivity.

Employee Engagement: When companies invest in their employees' learning and development, it can lead to increased employee engagement. Employees may feel more valued, which can improve job satisfaction and retention.

Career Development: Learning and development opportunities can provide employees with a clear career path, motivating them and improving their job

performance. However, while the statistical data shows a positive correlation, it is also essential to consider how these learning and development activities are implemented. These activities' quality, relevance, and delivery can also significantly influence their impact on employee outcomes. Additionally, cultural factors may also play a role. For instance, in Chinese culture, respect for authority and collective orientation may influence how learning and development activities are perceived and their ultimate impact on employee outcomes.

In conclusion, based on the provided data, learning and development activities seem to positively and significantly impact employee outcomes in privately-owned SMEs in China.

5.6 How does HR planning influence employee outcomes in privately-owned SMEs in China?

We can examine the relationship between HR planning and employee outcomes in privately-owned SMEs in China based on the regression analysis results. The analysis provides information on the variables' coefficients (β) and statistical significance (p -values). The coefficient for HR planning is $\beta = 0.210$, with a standard error of 0.048. The p -value is 0.000**, indicating a significant relationship between HR planning and employee outcomes. It suggests that HR planning positively affects employee outcomes in privately-owned SMEs in China.

The regression analysis suggests that HR planning positively influences employee outcomes in privately-owned SMEs in China. HR planning involves forecasting needs, developing recruitment strategies, and designing learning and development programmes. By effectively planning their human resources, SMEs can ensure they have the right employees in the right positions, with the necessary skills and competencies, to drive organisational success. HR planning helps SMEs optimise their workforce, improving productivity, job satisfaction, and employee engagement. It ensures a match between the skills and capabilities of employees and the organisation's requirements, resulting in better performance outcomes. However, it is essential to consider that various factors, including organisational culture, can influence the effectiveness of HR planning. The interaction effect between HR planning and culture suggests that the impact of HR planning on employee outcomes may be further enhanced or moderated by the cultural context. Further research and understanding of the specific cultural dynamics in privately-owned SMEs in China would provide deeper insights into the relationship between HR planning, culture, and employee outcomes in this context.

5.7 How do HRM functions affect employee outcomes in privately-owned SMEs in China?

The six tables comprehensively examine how various HRM functions influence employee outcomes in China's privately-owned SMEs. The HRM functions are recruitment, learning and development, performance management, reward

management, and HR planning.

The analysis underscores that all the HRM functions substantially impact employee outcomes, presenting a significant positive correlation. It suggests that effective HRM functions can contribute significantly to improved outcomes, including productivity, satisfaction, and retention among employees. Recruitment practices appear to have a strong positive impact on employee outcomes, meaning that when SMEs are successful in these areas, they tend to see better employee outcomes. Learning and development also positively correlated with employee outcomes, implying that firms investing in their employees' skills see more positive results. The performance management function was also found to impact employee outcomes significantly. Effective systems that regularly assess, provide feedback, and manage employee performance can result in better outcomes. Reward management, including compensation, benefits, recognition programmes, and others, positively correlates with employee outcomes. Interestingly, the effect of reward management on outcomes seemed to be significantly influenced by the organisational culture. Similarly, effective HR planning is positively correlated with employee outcomes.

In conclusion, this analysis clearly shows that HRM functions are critical contributors to positive employee outcomes in privately-owned SMEs in China.

5.8 Does Chinese culture moderate the relationship between HRM functions and Chinese privately-owned SMEs, thereby influencing employee outcomes?

The linear regression analysis results show the relationship between HRM functions (HR planning, recruitment, performance management, learning and development, and reward management) and employee outcomes. To understand how Chinese culture influences this relationship, we can interpret the results in the context of cultural factors.

HR planning has a statistically significant influence on the relationship with employee outcomes in Chinese culture. The non-standardised coefficient for HR planning is $\beta = 0.024$, and it is statistically significant ($p = 0.000^{**}$). It suggests that Chinese culture significantly influences HR planning and employee outcomes. Cultural factors specific to the Chinese context, such as the importance of strategic workforce planning and aligning HR functions with organisational goals, may play a role in determining the impact of HR planning on employee outcomes.

Recruitment: The non-standardised coefficient for recruitment is $\beta = 0.131$, which is statistically significant ($p = 0.026^{*}$). Chinese culture may shape the relationship between recruitment functions and employee outcomes. It suggests that cultural factors, such as the importance of interpersonal relationships and harmonious work environments in Chinese culture, might influence the effectiveness of recruitment functions in impacting employee outcomes.

Performance Management: The non-standardised coefficient for performance management is $\beta = 0.168$, which is statistically significant ($p = 0.004^{**}$). It suggests that Chinese culture may influence the relationship between performance management functions and employee outcomes. Cultural factors, such as the emphasis on hierarchical relationships and harmony, might impact the effectiveness of performance management functions in influencing employee outcomes.

Learning and Development: The non-standardised coefficient for learning and development is $\beta = 0.132$, statistically significant ($p = 0.008^{**}$). Chinese culture may influence the relationship between learning and development initiatives and employee outcomes. Cultural factors, such as the value placed on collective learning and skill development, might influence the effectiveness of learning and development programmes in impacting employee outcomes.

Reward Management: The non-standardised coefficient for reward management is $\beta = 0.163$, which is statistically significant ($p = 0.003^{**}$). It suggests that Chinese culture may influence the relationship between reward management functions and employee outcomes. Cultural factors, such as the importance of collective efforts and group harmony, might impact the effectiveness of reward management strategies in influencing employee outcomes.

In summary, Chinese culture may influence the relationship between HRM functions (recruitment, performance management, learning and development, and reward management) and employee outcomes. Cultural factors, including the significance of interpersonal relationships, harmony, hierarchical relationships, and collective efforts, may dominate in shaping this influence. Understanding and incorporating these cultural factors into HRM functions can help optimise the impact of these functions on employee outcomes in the context of Chinese culture.

5.9 Implications

To bolster the study's implications, the role of the Chinese cultural context as a moderating variable is imperative. The investigation revealed the influence of HRM functions on employee outcomes being significantly moderated by it. Thus, gaining a nuanced understanding of this cultural backdrop is vital for executing effective HRM strategies. Subsequent research should delve into how Chinese cultural dimensions, such as collectivism and power distance, may affect the execution and success of HRM functions in privately-owned SMEs. Further, the study emphasises the role of HRM functions like recruitment, performance management, reward management, learning and development, and HR planning in shaping employee outcomes in SMEs. Such functions are instrumental in fostering employee motivation and retention, augmenting their skill sets, and guaranteeing job satisfaction and commitment. Thus, it becomes essential for managers and HR practitioners in privately-owned SMEs to emphasise the design, implementation, and assessment of these HRM functions for

superior outcomes.

Lastly, the study elucidates the necessity for extensive research on the nexus between HRM functions and employee outcomes within the SME sphere. Despite this study bridging the research void within the Chinese milieu, additional studies are needed to corroborate and expand these findings to different enterprise categories within China and beyond. This study's theoretical construct and sub-scales can guide future explorations to understand the multifaceted relationships among HRM strategies, cultural aspects, and employee outcomes in SMEs.

5.9.1 Limitations

Several limitations of the research should be noted. This study focused on a particular set of HRM functions, excluding a comprehensive range of potential determinants and outcomes pertinent to HRM in SMEs. Factors like global institutional forces, technological advancements, local economic and business landscapes, and labour union influences may substantially affect HRM functions and employee outcomes. Next, the study's scope was limited to examining HRM functions purely by function (does not extend multiple dimensions). It overlooked certain HRM aspects related to employee safety, health, work-life harmony, and employment relations, which could equally influence employee outcomes. Future investigations should extend to these domains. Third, the study's generalisability is limited due to a smaller sample size and the use of non-probability sampling. The

results may not embody the full spectrum of the Chinese demographic, and potential regional variations might not be reflected in the sample. However, the provinces selected for the study broadly represent China's eastern coastal and western inland regions. The fourth limitation is related to the categorisation of SMEs in the study, which might not accurately reflect sectoral differences. Employing an average size for all SMEs could obscure differences within sub-groups. Lastly, studies spanning multiple languages, like this one, should be mindful of translation concerns. However, the researchers endeavoured to mitigate potential complications or inaccuracies during translation.

5.9.2 Suggestion for Future Research

Given the increasing trend of Chinese enterprises investing in Southeast Asia, future studies could provide a comparative analysis between the HRM functions of SMEs in China and those in Southeast Asian countries. It could offer insights into the adoption and effectiveness of these functions across different cultural and economic landscapes. Additionally, research can delve into the influence of 'Chinese values', such as collectivism and loyalty, on HRM functions in SMEs, particularly in recruitment, learning and development, performance management, reward management, and HR planning strategies. It would be intriguing to explore the extent to which cultural determinants shape HRM functions within Chinese SMEs. Deeper exploration could reveal the unique cultural values and principles informing HRM decisions in these entities. For instance, examining how Confucian ideals like

collectivism and respect for hierarchy play into HRM functions within Chinese SMEs could be a potential research area. Such a study would highlight Chinese SMEs' unique challenges and opportunities in their HRM functions.

5.10 Conclusion

This project paper answers the three research questions, provides corresponding suggestions, and explains the implications, limitations, and suggestions for future research. Overall, further research is needed to address these limitations and to gain a deeper understanding of the HRM functions and their effectiveness in improving employee outcomes in SMEs in China.



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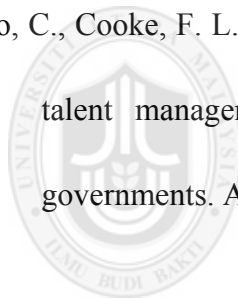
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Appendix

Appendix 1: Questionnaire Link: <https://www.wjx.cn/vm/rmzxDuB.aspx#>



Questionnaire:

Please respond to the following questions by ticking (✓) the box.

Section 1 - Demographic Information (Only for statistical purposes)

1. Your gender is: A. Male B. Female
2. Your age is: A. 20 or below B. 21-30 C. 31-40 D. 41-50 E. Over 50
3. Your highest level of education is:

A. Junior high school and below
B. Technical school or senior high school
C. Professional college

D. Bachelor
E. Master
F. Doctor
4. How long have you been working for this organisation? _____ (months)
5. Which group are you in?

A. Managerial staff
B. Non-managerial staff

Section 2- HRM Functions

To what extent do you agree or disagree with the following statements?

	Items	Strongly Agree	Agree	Not sure/ No ideas	Disagree	Strongly Disagree
Recruiting and Selecting						
6	There are written job descriptions in my organisation that define main job responsibilities.					
7	My organisation recruits new employees mainly based on established personal networks such as referrals by employees, friends and family relatives.					
8	My organisation recruits new employees mainly based on advertisements (newspapers, magazines, internet etc.), job agencies and university/college career centres.					
9	My organisation recruits new employees when instantly needed.					
10	To get my job here, I needed to fill in an application form.					
11	To get my job here, I needed to submit my CV, reference letters, qualification certificates etc.					
12	To get my job here, I needed to make a presentation, complete personality tests, written knowledge tests, practical tests or/and group discussion etc.					
13	To get my job here, I needed to take an interview (one-to-one/group, face to face/telephone).					
Training and development						
14	I know there are written training documents in my organisation that specify training policies and procedures.					
15	I was provided with an induction programme when I started my new job.					
16	My organisation has provided me with training for long-term development purposes (e.g. training for management, communication, team working etc.).					
17	My organisation provides me with training programmes on a regular basis.					
18	On-the-job training is the main method of training in my job.					
19	My organisation provides me a wide variety of training opportunities.					
20	Multiple training techniques have been used in the training programmes I have attended (e.g. case studies, role play, e-learning etc.).					
21	My organisation has provided me with job rotation opportunities.					
22	My organisation has assisted me in setting up my career planning.					
23	Career development paths are clear to me.					

24	I have a formal 'master' in this organisation.					
25	My training needs can be satisfied in my organisation.					
26	The training/development I have received has helped me to improve my work performance.					
Performance Management						
27	My work objectives are based on communication with supervisors.					
28	I have completed some performance management forms (e.g. agreed work objectives, evaluation forms, agreed improved plans etc.).					
29	I have been provided with regular performance appraisals.					
30	My line manager / immediate supervisor is responsible for my performance appraisal.					
31	My performance is mainly assessed by rating scales / quantitative indicators etc.					
32	I receive regular feedback regarding my work performance.					
33	The results of performance appraisal are used to identify my training needs.					
34	My work performance is directly related to my pay.					
35	In this organisation, promotion is mainly based on work performance rather than length of service					
Reward Management						
36	There are written reward management documents in my organisation that specify the relevant policies and procedures.					
37	In the same rank, individuals who have better work performance receive higher pay no matter how long they have worked for the organisation.					
38	My organisation offers wide-ranging non-monetary benefits (e.g. extra holidays, free training courses, free bus etc.).					
39	My organisation applies individual incentive schemes.					
40	My organisation applies group incentive schemes.					
41	My organisation mainly rewards employees by monetary means.					
42	My pay is adjusted at least once a year.					
43	The pay level in my organisation is higher than the market level.					
HR Planning						
44	I am aware that there are written HR plans in my department /organisation.					
45	I am aware that HR planning is carried out in my department / organisation (forecast of labour supply and demand).					
46	Sometimes, my department is short of labour.					
47	Sometimes, there is redundancy in my department.	2				
48	I am informed about HR plans.					

Employee Outcomes

To what extent do you agree or disagree with the following statements?

	Items	Strongly Agree	Agree	Not sure/ No idea	Disagree	Strongly Disagree
49	I would be very happy to spend the rest of my career with this organisation.					
50	I really feel as if this organisation's problems are my own.					
51	I do not feel a strong sense of belonging to my organisation.					
52	Right now, staying with my organisation is a matter of necessity.					
53	I feel that I have too few options to consider leaving this organisation.					
54	If I had not already put so much of myself into this organisation, I might consider working					

Section 3- Chinese Culture

How important are the following factors to you?

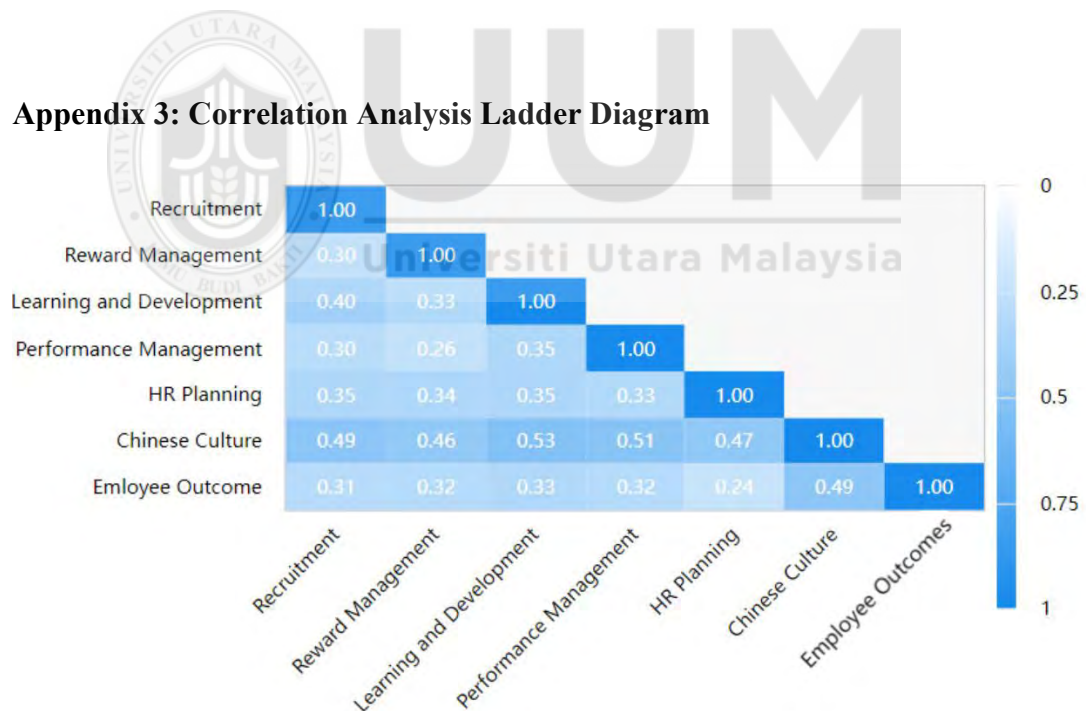
	Items	Extremely Important	Important	neither important nor unimportant	Unimportant	Extremely Unimportant
55	Maintaining harmony					
56	Keeping one's face					
57	Respect for seniority					
58	Respect for hierarchy					
59	Collective orientation					
60	Guanxi (relationship)					

Appendix 2: Correlation Analysis

Pearson Correlation Analysis									
	Average value	Standard deviation	Recruitment	Learning and development	Performance Management	Reward Management	HR Planning	Culture	Employee Outcomes
Recruitment	1.978	0.777	1						
Learning and development	2.370	0.931	0.398**	1					
Performance Management	2.044	0.772	0.302**	0.346**	1				
Reward Management	2.322	0.829	0.296**	0.328**	0.256**	1			
HR Planning	2.327	0.897	0.346**	0.350**	0.327**	0.342**	1		
Culture	1.966	0.841	0.492**	0.532**	0.507**	0.462**	0.474**	1	
Employee Outcomes	2.201	0.778	0.306**	0.335**	0.315**	0.316**	0.242**	0.489**	1

* $p < 0.05$ ** $p < 0.01$

Appendix 3: Correlation Analysis Ladder Diagram



Appendix 4: Recruitment of Regression Analysis

The regression analysis results (n=308)															
	Model 1					Model 2					Model 3				
	B	Standard error	t	p	β	B	Standard error	t	p	β	B	Standard error	t	p	β
Constants	2.201	0.042	52.043	0.000**	-	2.201	0.039	56.922	0.000**	-	2.185	0.042	52.369	0.000**	-
Recruitment	0.306	0.054	5.613	0.000**	0.306	0.086	0.057	1.505	0.133	0.086	0.055	0.065	0.852	0.395	0.055
Chinese Culture						0.413	0.053	7.814	0.000**	0.447	0.393	0.056	6.953	0.000**	0.425
Recruitment *Chinese Culture											0.050	0.049	1.025	0.306	0.069
R2	0.093					0.245					0.247				
Adjustment R2	0.090					0.240					0.240				
F Value	F (1,306)=31.510, p=0.000					F (2,305)=49.379, p=0.000					F (3,304)=33.275, p=0.000				
Δ R2	0.093					0.151					0.003				
Δ F Value	F (1,306)=31.510, p=0.000					F (1,305)=61.062, p=0.000					F (1,304)=1.050, p=0.306				
Dependent variable: Employee Outcomes															
* p<0.05 ** p<0.01															

Appendix 5: Reward Management of Regression Analysis

The regression analysis results (n=308)															
	Model 1					Model 2					Model 3				
	B	Standard error	t	p	β	B	Standard error	t	p	β	B	Standard error	t	p	β
Constants	2.201	0.042	52.234	0.000**	-	2.201	0.039	57.102	0.000**	-	2.163	0.042	52.038	0.000**	-
Reward Management	0.297	0.051	5.83	0.000**	0.316	0.108	0.053	2.053	0.041*	0.115	0.085	0.053	1.601	0.11	0.091
Chinese Culture						0.403	0.052	7.791	0.000**	0.436	0.33	0.061	5.448	0.000**	0.356
Reward Management* Chinese Culture											0.116	0.051	2.296	0.022*	0.146
R2	0.1					0.249					0.262				
Adjustment R2	0.097					0.244					0.255				
F Value	F (1,306)=33.994, p=0.000					F (2,305)=50.659, p=0.000					F (3,304)=36.003, p=0.000				
△R2	0.1					0.149					0.013				
△F Value	F (1,306)=33.994, p=0.000					F (1,305)=60.693, p=0.000					F (1,304)=5.271, p=0.022				
Dependent variable: Employee Outcomes															
* p<0.05 ** p<0.01															

Appendix 6: Reward Management of Slope Analysis

Slope Analysis						
Adjustment of variable levels	Regression coefficient	Standard error	<i>t</i>	<i>p</i>	95% CI	
Mean value	0.085	0.053	1.601	0.11	-0.019	0.189
High level (+1SD)	0.183	0.062	2.97	0.003	0.062	0.303
Low level (-1SD)	-0.013	0.074	-0.171	0.864	-0.158	0.132

Appendix 7: HR Planning of Regression Analysis

The regression analysis results (n=308)															
	Model 1					Model 2					Model 3				
	B	Standard error	t	p	β	B	Standard error	t	p	β	B	Standard error	t	p	β
Constants	2.201	0.043	51.078	0.000**	-	2.201	0.039	56.717	0.000**	-	2.165	0.042	51.600	0.000**	-
HR Planning	0.210	0.048	4.372	0.000**	0.242	0.012	0.049	0.241	0.810	0.014	-0.010	0.050	-0.193	0.847	-0.011
Chinese Culture						0.446	0.052	8.502	0.000**	0.482	0.383	0.060	6.420	0.000**	0.414
HR Planning*											0.101	0.046	2.171	0.031*	0.136
Chinese Culture															
R2	0.059					0.239					0.251				
Adjustment R2	0.056					0.234					0.243				
F Value	F (1,306)=19.113, p=0.000					F (2,305)=47.929, p=0.000					F (3,304)=33.914, p=0.000				
△R 2	0.059					0.180					0.012				
△F Value	F (1,306)=19.113, p=0.000					F (1,305)=72.292, p=0.000					F (1,304)=4.715, p=0.031				
Dependent variable: Employee Outcomes															
* p<0.05 ** p<0.01															

Appendix 8: HR Planning of Slope Analysis

Slope Analysis						
Adjustment of variable levels	Regression coefficient	Standard error	<i>t</i>	<i>p</i>	95% CI	
Mean value	-0.010	0.050	-0.193	-0.010	0.050	-0.193
High level (+1SD)	0.075	0.057	1.317	0.075	0.057	1.317
Low level (-1SD)	-0.094	0.069	-1.363	-0.094	0.069	-1.363

Appendix 9: Performance Management of Regression Analysis

The regression analysis results (n=308)															
	Model 1					Model 2					Model 3				
	B	Standard error	t	p	β	B	Standard error	t	p	β	B	Standard error	t	p	β
Constants	2.201	0.042	52.213	0.000**	-	2.201	0.039	56.941	0.000**	-	2.187	0.042	52.245	0.000**	-
Performance Management	0.317	0.055	5.806	0.000**	0.315	0.091	0.058	1.571	0.117	0.091	0.072	0.062	1.160	0.247	0.072
Chinese Culture						0.410	0.053	7.677	0.000**	0.443	0.386	0.061	6.342	0.000**	0.417
Performance Management* Chinese Culture											0.041	0.049	0.830	0.407	0.057
R2	0.099					0.245					0.247				
Adjustment R2	0.096					0.240					0.239				
F Value	F (1,306)=33.712, p=0.000					F (2,305)=49.512, p=0.000					F (3,304)=33.204, p=0.000				
ΔR2	0.099					0.146					0.002				
ΔF Value	F (1,306)=33.712, p=0.000					F (1,305)=58.930, p=0.000					F (1,304)=0.688, p=0.407				
Dependent variable: Employee Outcomes															
* p<0.05 ** p<0.01															

Appendix 10: Performance Management of Slope Analysis

Slope Analysis						
Adjustment of variable levels	Regression coefficient	Standard error	<i>t</i>	<i>p</i>	95% CI	
Mean value	0.072	0.062	1.160	0.072	0.062	1.160
High level (+1SD)	0.107	0.061	1.747	0.107	0.061	1.747
Low level (-1SD)	0.038	0.086	0.443	0.038	0.086	0.443

Appendix 11: Learning and Development of Regression Analysis

The regression analysis results (n=308)															
	Model 1					Model 2					Model 3				
	<i>B</i>	Standard error	<i>t</i>	<i>p</i>	β	<i>B</i>	Standard error	<i>t</i>	<i>p</i>	β	<i>B</i>	Standard error	<i>t</i>	<i>p</i>	β
Constants	2.201	0.042	52.591	0.000**	-	2.201	0.039	57.005	0.000**	-	2.202	0.044	50.345	0.000**	-
Learning and development	0.280	0.045	6.217	0.000**	0.335	0.087	0.049	1.778	0.076	0.104	0.088	0.049	1.773	0.077	0.105
Chinese Culture						0.401	0.054	7.384	0.000**	0.433	0.404	0.069	5.829	0.000**	0.437
Learning and development* Chinese Culture											-0.004	0.049	-0.078	0.938	-0.005
<i>R</i> 2	0.112					0.247					0.247				
Adjustment <i>R</i> 2	0.109					0.242					0.239				
<i>F</i> Value	<i>F</i> (1,306)=38.646, <i>p</i> =0.000					<i>F</i> (2,305)=49.969, <i>p</i> =0.000					<i>F</i> (3,304)=33.206, <i>p</i> =0.000				
ΔR 2	0.112					0.135					0.000				
ΔF Value	<i>F</i> (1,306)=38.646, <i>p</i> =0.000					<i>F</i> (1,305)=54.531, <i>p</i> =0.000					<i>F</i> (1,304)=0.006, <i>p</i> =0.938				
Dependent variable: Employee Outcomes															
* <i>p</i> <0.05 ** <i>p</i> <0.01															

Appendix 12: Learning and Development of Slope Analysis

Slope Analysis						
Adjustment of variable levels	Regression coefficient	Standard error	t	p	95% CI	
Mean value	0.088	0.049	1.773	0.088	0.049	1.773
High level (+1SD)	0.084	0.061	1.385	0.084	0.061	1.385
Low level (-1SD)	0.091	0.068	1.339	0.091	0.068	1.339



Appendix 13 Proofreading Certification Letter



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of ***Universiti Utara Malaysia.***

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