

Human Resources at Hewlett Packard

CULTURE

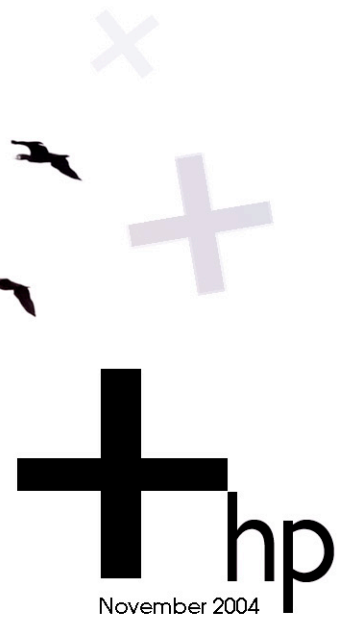
employees are hired and given an autonomy to do their own thing. In 1981, after the launch of the product and the 11 partners, employees are given the right to manage their own work. In 1982, the company introduced a self-managing system. Employees are given the right to work on their own and to manage their own work. We can be sure that this is a good idea to do.

ENVIRONMENT

Though HP is adopted in the US, the HP culture has not implemented such policy. The difference is not only in the way they work, also in the way they are managed. HP is a self-managing system. Employees are given the right to work on their own and to manage their own work. We can be sure that this is a good idea to do.

PEOPLE

employees and our tasks and give us autonomy to do the work. In 1982, after the launch of the product and the 11 partners, employees are given the right to manage their own work. In 1983, the company introduced a self-managing system. Employees are given the right to work on their own and to manage their own work. We can be sure that this is a good idea to do.



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If we could simply get everybody to agree on what our objectives were and to understand what we were trying to do, then we could turn everybody loose, and they would move along in a common direction

Dave Packard
Founder, HP

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Interview Acknowledgements

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1. Foreword

HP is one of the largest providers of digital consumer products and enterprise IT solutions in the world second only to IT giant IBM. Its name is synonymous with printers, scanners, servers and Pocket PCs. Lately, the company has been ranked first in customer support and customer satisfaction in relation to its product maintenance and enquiries.

Founded in 1939, HP operates worldwide with establishments in more than 178 countries. 20,000 products are distributed by more than 5,000 partners. At the end of the 4th quarter, 2004, HP had a turnover of US\$73 billion and was the direct employer of over 140,000 employees.¹

HP makes annual investments of about US\$4 billion in R&D projects in places ranging from Bangalore, India to Tokyo, Japan. In 2002 more than 200 new products were launched and 7,000 applications for patents were filed.

HP worldwide	2001 ¹	2002 ²	2003	2004
Revenue (US\$ Millions)	45,200	72,000	73,100	79,900
Employees	88,000	141,000	139,000	140,000

¹ Pre-merger HP

² Post-merger HP

Table 1 :: HP revenue and employee count

It is HP's premise that its success is attributed to its people – that responsibility, of course, sits squarely on the shoulders of Human Resource Management. This paper aims to study how the work environment at HP supports its culture which in turn guides the way employees contribute to the company.

2. The Advocated Culture at Hewlett Packard

2.1. The Rules of the Garage

“ *The garage is a special place for us. It represents that entrepreneurial, inventive spirit that is special about HP... those are in many cases the most sustainable competitive advantage that you have.*

Carly Fiorina
CEO, HP

The “rules of the garage” are a restatement of the HP Way and serve to remind employees their identification as inventors and the role they play as inventors. They reinforce the thinking that HP is *the* innovator and market leader in computer products and services.

- Believe you can change the world.
- Work quickly, keep the tools unlocked, work whenever.
- Know when to work alone and when to work together.
- Share tools, ideas. Trust your colleagues.
- No politics. No bureaucracy. These are ridiculous in a garage.
- The customer defines a job well done.
- Radical ideas are not bad ideas.

¹ <http://www.jobs.hp.com/>

- Invent different ways of working.
- Make a contribution every day.
- If it doesn't contribute, it doesn't leave the garage.
- Believe that together we can do anything.
- Invent.

Whether these constitute a mere 'shell' that hides the true HP behind powerful media and PR campaigns merits an investigation into Hong Kong's local office, interviews with staff and a study on the effects of culture on the performance of HP. We will also see whether the cultural elements mentioned below are supported by the environment at HP.

2.2. Key Cultural Components

2.2.1. Teamwork and Communication

Teamwork is the way of life at HP, giving rise to a dynamic flow of information and cooperation amongst co-workers. To this end, HP endeavours to maintain openness, trust, and cooperation in the company. Employees should be able to speak amongst themselves as friends, not as competitors and to their supervisors without fear of reprisal. How information flows dictates how team members cooperate and how knowledge is shared. Messages from headquarters and ideas from engineers scattered across the globe should be instantly relayed to offices worldwide and the company should thus use a wide range of communication channels.

The need for teamwork can be seen from the fact that major customers buy products and service from two, three, or more product lines, e.g. servers, backup systems and workstations. There needs to be a lot of interaction between the salespeople servicing these customers. They have to work together as a team.

2.2.2. Trust and Integrity

HP gives full autonomy to employees so they can do their jobs independently. For example, there is no time stamping even for their employees in manufacturing posts. The onus is on individual employees to decide when to work and to make sure the job is completed. Employees thus empowered, in theory, are willing to contribute more. By trusting its employees, HP attempts to cultivate a dual relationship of understanding, raise staff morale and increase company performance.

2.2.3. Continuous Improvement

Besides its relentless pursuit of performance, HP realises that its innovativeness rests on the willingness of employees to improve themselves. They must keep abreast of the latest technological developments and customer needs in the market. The company intends self-development to be everyone's own responsibility and pushes training material to employees' fingertips to encourage them to take action.

2.2.4. Customer Satisfaction

As noted previously in the Rules of the Garage, the customer is considered king and HP endeavours to maintain a high level of service quality that keeps customers happy, returning for more products and services. Service quality is directly correlated to the morale of staff in the company. If the staff are not motivated or well compensated, the service provided will not be up to par and customers may turn to competitors.

2.2.5. Internationalization and Diversity

HP, has grown globally and internationalization is a management challenge. HP's strategy must be coordinated on a worldwide basis and the firm must extend its HR policies and systems abroad.

Hong Kong HP follows all the basic cultural 'guidelines' as other HP offices do. Policies such as equal opportunities for men and women and equal career opportunities for the representative of all ethnic groups are adhered to. On the other hand, each country has their own domestic culture which explains causes minor differences between HP in different countries. For example, Hong Kong people are less vocal than Singaporeans and Mainland Chinese – they may not express their opinions in formal meetings where hundreds of staff attend.

2.3. Cultural Melting Pot

In May 2002, HP bought Compaq which earlier merged with computer giant Digital Equipment Corporation (DEC) in October 1998 and prior to that, with another computer company: Tandem. These acquisitions have poured very different cultures of large computer companies into one melting pot. We asked the general manager of the Hong Kong office, Mr. Peter Yeung, whether these acquisitions have diluted the culture of HP. He responded by reporting a finding by a consulting company. That study compared cultural values of major IT companies including DEC, Tandem, IBM, Compaq and HP finding that cultural values across the companies were essentially the same. Mr. Yeung substantiated by saying that HP, selling large-scale solutions to corporate clients had cultural similarities with DEC and Tandem. HP also sold consumer products like printers and scanners and the culture of those product lines was very compatible with the original Compaq.

Although the cultural values are essentially the same, the implementation methods were varied. People from both sides changed to support a 'new' culture that was in essence, stronger and more relevant to HP's strategy to provide low cost, high-tech products to satisfied customers on both the consumer and enterprise sides.

3. The Environment at Hewlett Packard

The environment of a company should support its culture. According to HP, an exciting, stimulating work environment is crucial to invention and commitment to service. To this end, HP provides their employees with a safe, exciting and supportive work environment that values their diversity and recognizes individual contributions. It also provides many opportunities for employees to participate in 'creating business success', regardless of their ranking positions. Such an environment is used to further enhance employees' commitment and enjoyment working at HP.

3.1. Diversity

HP is an international company and diversity is inevitable. The message from headquarters endorses diversity as a facilitator of creativity. To maintain diversity and

reduce occasions of injustice that may arise, HP enforces a non-discriminatory and harassment-free work environment. The company attempts to include as many types of people as possible by offering flexible working hours, and accessible work areas. In Hong Kong, 1% of the workforce have handicaps and that is to relay the message of diversity to employees.

HP helps employees understand differences and realize their customers' needs in different countries so as to provide better products and service. Ms. Regina Yau, human resources director at HP Hong Kong, mentioned that there have been no problems in Hong Kong as regards to racial and gender differences in the workplace. Indeed, 77% of Hong Kong's top management team are female (2004). There has been a 1% increase in females in leadership positions at HP from 22% to 23% in Hong Kong last year (2003). HP Hong Kong has a Mentoring Women@HP program to provide professional mentoring to high-potential women. It aims to retain women who have the potential to make significant contributions to the company. Mentees will have the opportunity to participate in HP's 360-degree management feedback process with the mentor helping to create the development plan and provide guidance for its implementation.

We feel that the culture of diversity, being a key publicity factor for the company, has been well implemented in HP.

3.2. Open Door Policy

According to Mr. Yeung, all HP managers' rooms do not have doors as a sign of openness. The theoretical function of such a policy provides opportunities for subordinates to see how their managers work, reducing the separation effect of hierarchy. Most importantly, it encourages employees to discuss problems with a manager without reprisals or adverse consequences. This continued relationship building fosters trust and mutual understanding.

As visitors to the HK office, we felt that an open door policy, though well intended, cannot live up to its potential. Chinese people are generally a submissive one and one can hardly expect a (new) employee to voice suggestions to a superior especially if the manager still has a 'room' to work in. The MbWA style on page 8 below seems to be capable of alleviating this problem.

3.3. Flexitime at Hewlett Packard



To my mind, flexi time is the essence of respect for and trust in people.

Dave Packard
Founder, HP

Introduced in 1967, the flexitime program allows employees to arrive early or late to work as long as they accomplish at least 8 hours of work per day. The purpose, as explained by Bill Hewlett is "to gain more time for family leisure, conduct personal business, and avoid traffic jams or to satisfy other individual needs".

In Hong Kong, this policy is that every employee must be present during 10am to 4pm (Core Hours). This core hour policy allows important meetings requiring staff attendance to be held during that time.

The scheme aims to alleviate employees' worries about job security when they encounter an unfortunate incident that intrudes upon otherwise normal working hours. This way,

employees have fewer worries, less stress and they can thus work more efficiently. It reflects that HP greatly cares for their employees and fully understands their worries and freedoms. After all, the only thing that matters is that employees contribute to their company and not when nor how.

This policy is well received in Hong Kong despite that people are generally accustomed to standard 9-5 hours. It proves that flexibility is generally enjoyed by everyone. Aside from being aligned with the free spirit of the HP Way and innovation strategy, the negligible costs of the system make this policy well suited for implementation at HP.

3.4. Working from Home



Whether an employee works in the office at HP or at home is the decision of the individual only regulated by the job profile. The only important thing is that he or she delivers the necessary contribution to HP. It's the employees who form the company.

Fritz Schuller
ED, HR
HP Germany

Flexibility manifests itself in many forms: for some countries, apart from different work-time models, some employees are permitted to either work in the office at HP or at home. The working style can be decided by its employee subject to his/her job profile.

Full time telecommuting is common in America where an office can be miles away from employees' homes. From the past experience, implementation has been without major glitches. HP believes that it is acceptable to work at home unless the employee's job is mainly based on teamwork performance.

Apart from saving office space rent (arguably negligible compared to employee compensation), this arrangement provides employees with convenience and the freedom to work where they choose.

Though this is adopted in the US, the HK division has not implemented this practice. It is not a matter of technological feasibility and Mr. Yeung did point out that HK's broadband internet coverage is among the highest in the world. It is mainly because the Hong Kong branch focuses on sales, marketing and support – entirely customer-based functions. It is unfeasible to telecommute as employees simply cannot do their jobs at home.

3.5. Communications in the Office

Mr. Yeung mentioned that communication by email, instant messaging, telephone and fax are all widely used in the office. The well-structured and extensive intranet also provides the latest news and announcements to employees at their fingertips. In conjunction with an open and free environment, employees are both empowered and more willing to share their knowledge with co-workers who they believe are not competitive threats. Knowledge sharing supports the strategy of HP in providing the most innovative high tech equipment and service solutions to clients.

The annual 'Coffee talk' was originally aimed to provide a casual atmosphere for managers and subordinates to chat. Now, however, this has turned into a formal Friday morning meeting at HP. And since, as commented by Mr. Yeung, "Hong Kong employees are not outspoken in [a] crowd", the effectiveness of this meeting is shadowed by the small, informal meetings (hiking trips, golf outings, lunches, etc.) that managers organize at their own volition.

Employee focus groups are held irregularly to collect feedback on significant recent changes in company policy. In providing a forum for employees to voice their opinions, it helps the manager to build a relationship of trust.

At the year's end, there is an employee satisfaction survey, asking several closed and one open-ended question. The senior staff and HR personnel will analyse the survey and report the results to the headquarters. In the interview, Ms. Yau claimed that all HR personnel and directors in the headquarters would know about the opinions contained in the survey. However, it does not seem to be a feasible arrangement.

3.6. Managerial Styles at HP

3.6.1. Management by Objectives

“ *This system places great responsibility on the individuals concerned... It makes them feel that they are a part of the company and can have a direct effect on its performance.*

Dave Packard
Founder, HP

The activities of HP employees are guided by management by objectives (MBO). It begins with the establishment of long and short-range objectives, starting from headquarters. At each company level, overall objectives are communicated and subunit objectives are negotiated.

Since objectives are goals and not tasks, they provide much freedom in how the goals are to be accomplished. This ties in with the trust HP vests in employees who are expected to suggest ways they could help attain the unit's goals in order to create individual accountability. MBO apportions responsibility towards front-line staff who are more knowledgeable about the work in specific areas compared to executives back in headquarters.

3.6.2. Management by Wandering Around

Management by Wandering Around (MbWA) means basically getting out of one's office and visiting people around the office to see what is going on.

In our view, it is a necessary extension of the Open Door Policy as it is (probably) not enough to wait in the office for people to come through with problems and ideas. It allows employees and managers to exchange ideas and generate high levels of creative synergy. The effectiveness of this management method is tied to a manager's relationship with his or her subordinates. If the manager is perceived to be unfriendly and overly work-oriented, their wandering around the office will be likened to policing patrols and will not be welcomed by employees. Hence, managers must be friendly and try not to mention work every time s/he wanders the hallways.

3.7. E-learning @ HP

“ *E-learning is not only a technology but also a change of the learning culture and knowledge transfer, it demands more self-responsibility.*

Fritz Schuller
ED, HR
HP Germany

HP uses e-learning to train apprentices, students, managers and employees. There are three key factors for its success and acceptance:

1. The company must provide adequate learning conditions.

2. The technique must meet the requirements.
3. The training result must justify the sacrifices.

E-learning is economical. The cost for training 20 employees including a trainer for one day amounts to over HK\$75,000. An equivalent e-learning course amounted to less than HK\$40,000. Besides the costs savings, there are further advantages concerning flexibility. The courses can be quickly amended to fit the ever-changing technology landscape. In addition, employees can take e-learning sessions anytime.

“Problems must be solved when they occur, not at a scheduled training date in the far future”.

HP's Integrated Learning Approach, capitalizes upon online technology within the organization, coupling material online with practice workshops for necessary practice and reinforcement. Education consultants are hire to help understand the culture and needs of the people within HP. They then deliver the most relevant aspects of HP's e-learning portfolio. Mr. Yeung himself attends online classes around his demanding schedule to inform himself of new HP products and services as engineers around the globe share their views on the uses and functionality of their innovations. Prior to his position as general manager, he has also attended management courses designed by top managers from around the world.

3.7.1. HP Virtual Classroom

Another example of HP's use of technology in training and development is the virtual classroom, E-Learning-on-Tap. It provides 24/7 access to 'live' simulation training to sales staff and technicians who sell and maintain high-tech equipment. Owing to the expense and limited space, HP cannot have the necessary instructors and equipment all around the world. Virtual classrooms reduce the cost and time for newcomers to get familiar with the machines. This invention has been so successful that although HP is still testing the lab concurrently with more traditional training methods, it is already considering to sell the system to the high-tech industry.

Mr Yeung did not mention such facilities in the interview. However, as Hong Kong's HP focuses mainly on sales, marketing and services, Virtual Classrooms do not have such an important role in Hong Kong compared to the US headquarters and Singapore's manufacturing centre. Definitely, the most practical use of the virtual classroom is for the technicians who assemble the equipment. However, in order to provide a greater Total Customer Satisfaction to Hong Kong's customers, we think that the Virtual Classroom should also be used by Hong Kong's engineers, who are responsible for repairing/checking service to customers, and also to the sales staff, so as to familiarise them with the company's dynamic products portfolio.

3.8. Employment Laws in Hong Kong and its Implications

HP is a responsible employer that complies with the employment laws in Hong Kong. In the past few years, there were only a few cases of labour disputes that went to the Labour Tribunal. All these cases were settled by negotiation.

HP emphasises equal opportunity and in fact, the majority of Hong Kong's top management team is female. HP's dedication to diversity is more developed than Hong Kong's lax discrimination laws, adhering to the more stringent US human rights laws and

labour laws. Indeed HP has been awarded for this in its Singapore and US divisions.² We asked about the impact to Hong Kong HP if the government amended the discrimination law to the effect that every company has to hire a certain percentage of people with special needs. Ms. Yau, the HR Director answered, “Our company policy [practically] would not even have to change to satisfy any reasonable developments in the labour laws of Hong Kong”. And that, we feel is a well-grounded opinion.

3.9. The Workplace

A walk around the Hong Kong office is revealing. Employees work in walled cubicles in an otherwise open-plan environment. The pantry is large, containing a coffee machine, vending machine and several empty seats with round tables. True to the spirit, executives’ offices have no doors (see ‘open door policy’ above) and the sales staff are ‘hot-seated’ at the end of the room. The colours used in the office are somewhat dull. There is little evidence of a ‘fun’ and ‘dynamic’ workplace so crucial to creativity. If marketing is a job function of the Hong Kong office, we saw little bearing of the general workplace environment that facilitated creativity advocated by headquarters. Walled cubicles were definitely not expected given the supposedly open and free culture of HP. Hot-seating is a scheme for sales staff whereby they had to grab a desk wherever it was available. Since they were outside the office most of the time and used portable computers, hot-seating saved space in the office and provided, albeit as a unintended side effect, some dynamics in the office.

We saw the Rules of the Garage hung in the pantry but that can only constitute a symbol of culture – much like how the Bank of China symbolizes Hong Kong. Employees may still lose touch with the actual feel of the HP Way. Mr. Yeung himself the general manager was not clear on what the rules were. On the face of it, the message from headquarters had lost its impact. Also on the wall were employee achievements (mostly in training qualifications). They were presented along the corridors of the office – mainly leading from the reception area. These, we think, serve to encourage employees to take up training and development provided by HP.

The office had a large conference room where at the time of our visit, was being used for the quarterly orientation process (on page 12 below). HP’s achievements were being presented to new employees and the whole atmosphere was surprisingly quiet. Perhaps this is an example of how the more submissive Chinese culture conflicts with the more outgoing cultural base of HP, an American company.

All in all, the general ambience of the workplace in Hong Kong did not, in our view, live up to wholly serve the purpose of fulfilling the cultural objectives of HP. Creativity was being neglected in the workplace. Even if Hong Kong is not an R&D centre, the marketing function and sales department both need creativity to provide (potential) customers with a positive image of HP.

² <http://www.hp.com/hpinfo/globalcitizenship/gcreport/employees/diversity.html>

4. The People at Hewlett Packard

People is the most important element of HR at HP. Without people there will be no culture. And without the right people it is useless to have a pleasant working environment. We emphasize that the culture is used to help the company find the right people for the right job.

4.1. New Employees

4.1.1. Recruitment



Hiring is an art

Peter Yeung
General Manager
HP Hong Kong

Unlike many other large business enterprises, the candidates do not have to go through a series of screening processes like aptitude tests, group discussions, management games and presentations. The selected candidates are granted a panel interview with five interviewers, comprising the potential employee's supervisor, heads of the hiring division and the HR director, sometimes even the general manager of Hong Kong, Mr. Yeung, sits in. The company thus, in our opinion, saves a substantial amount of time and money in not having to design and organise different "hiring activities" and panel members can contribute to the hiring decision to ensure the recruit will be able to fit the needs of all. We voiced our concern on how the company would be able to select the best candidate given only a interview. Ms. Yau replied, saying that HP's experienced HR personnel can tell whether a candidate is suitable for the post and can fit in quickly into the company's culture.

Ms. Yau explained the selection criteria. One very important consideration is whether the candidate can fit in his/her future working team.

Also, some candidates used to work in SMEs. Some of them may encounter difficulties in working in such a large organisation (around 150,000 people). The services provided by HP to corporate clients are on a huge scale, leading to a very delicate division of labour. Different working teams would be on different parts of a project. New recruits may not know which team/department he/she should go for inquires and Mr. Yeung admitted that the steep learning curve was inalienable.

Therefore in the interview, candidates will be asked for their answers to certain scenarios and how they handled work in their previous employment. From their responses the panel can evaluate whether the person has the ability to work in a team. In addition, the HR manager looks at references from previous employment as well as studying their hobbies and extra curricular activities. Mr Yeung quoted an example, "If a person plays the violin but does not join any orchestra, then he is probably a lone-worker". Candidates who love to mix with people and meet people may find it easier to work in teams.

4.1.2. Orientation and Other Issues

Once the new employee goes to work, s/he will receive an informal orientation by the division head about the organizational structure and so on. Then she is acquainted with his or her colleagues who will help him or her get familiarized with the company and the work. All new hires will receive a quarterly-one-day-orientation programme having

worked for some time. This is the formal orientation to welcome new employees. Such a mass orientation saves resources for the company.

Following the dot-com bust, due to the high costs, the company has scrapped apprenticeship/coaching programmes for new employees. We believe that it is also a suitable, strategic move since HP is a high-speed company needing to respond quickly to a fast-changing consumer market. Managers should not spend too much time on telling subordinates how to do their work. Staff would have a higher degree of individualism and autonomy, as stated in the company's value statement.

4.2. Current Employees

4.2.1. Training and development

“ At HP, we invest in our people, equipping them with current and market-competitive skills. Our workforce development investment is based on business performance requirements and is managed at the strategic business level

Employees are responsible for life-long learning

HP³

HP emphasizes self-responsibility. It does not intend to plan each of its employee's career path, rather, as an employer, it facilitates employees to achieve their own career goals. Ms. Yau said that employees and supervisors have to sit down and work together to plan careers. The employees have to determine the direction for his/her own development, and the company provides support to the employees for him/her to fulfil his/her goal. Various training courses are provided and are mostly done online (see e-learning, page 8). Training in HP is delivered in a number of ways depending on the location and business environment. This could be 'on-the-job', via in-house, off-site or overseas training, e-learning, or through coaching from mentors or managers. HP provides wide-ranging support to employees and their career development.

4.2.1.1. E-learning

HP is well known for how it makes the best use of e-learning programs. HP combines e-learning with classroom teaching, and successfully saves money in training staff while increasing workforce effectiveness. This was exhibited especially after the merger with Compaq in 2002.⁴

One part of Hp's intranet portal is called Learn@HP, which “acts as a single gateway for training employees in nearly 60 countries”. The percentage utilization of e-learning in employee training increased from 25% last year (2003) to about 40% this year (2004). The extensive use of e-learning reduces the time employees spend in classrooms. In addition, the flexibility of this arrangement allows managers such as Mr. Yeung who are busy during the day to learn at their own pace and in their own time.

4.2.2. Employee Compensation and Appraisal

The compensation system at HP is divided into three different scales:

³ www.hp.com

⁴ Dow, Hewlett-Packard takes advantage of e-learning's strengths By Stephenie Overman,
http://www.shrm.org/hrnews_published/archives/CMS_006972.asp

1. Company Performance Bonus

About 95% of the staff are rewarded under this scheme. It is based on the revenue of the company that year and the Total Customer Experience (TCE). This bonus is given semi-annually. However, unlike the Pay-for-Results scheme, this scheme relates to the performance of the entire company, i.e. the profit of HP global. The TCE is calculated from responses to questionnaires sent to major accounts

2. Sales Incentive Plan

Applying only to sales staff, this program has 80% of the annual wage fixed and 20% variable pay reflected in the semi-annual bonus payments. Sales incentive is contingent to 3 factors which are the achievement against individual objectives, team objectives and individual strategic targets. Those objectives are set in the beginning of each year at MBO meetings.

3. Pay for Results

This is the reward scheme for senior level managers such as Ms. Yau, employees are rewarded under this scheme. It based on the regional performance. Therefore, if the profit in a certain region is outstanding while global profits are low, it may turn out that only the senior level staffs will have a wage increase under the regional Pay-for-Results scheme, but not the general employees paid under the worldwide Company Performance Bonus.

The base-salary is subject to adjustment in the open market. HP sets 4 levels relating to performance from significantly exceeding objectives to needing improvement: S E M I. In the same performance level, say 'M', a person with a low salary level would get a higher raise than another person with a higher salary would to pull the salary in line with the market.

Employees needing improvement are given 6 months time to improve following an action plan after a meeting with the manager. Within that 6 months, the manager will keep an close eye on his/her performance, the action plan's progress and will use appropriate coaching methods to improve the employee's performance. These interim reviews numb down the shock poor-performing employees receive if at the end of the day they still have not achieved the goal set out in the action plan. Termination, lateral transfer or demotions are considered if that is the case but with the records HR has, lateral transfers are preferred. Appraisals in the company are generally informal apart from the 360° reviews offered to 'special' employees. Managers are encouraged to validate the rating assessment of employees with others who are familiar with the employee's performance to ensure consistency.

Concerning retirement, the company provides both MPF and their own ALSO retirement plan. Employees, including the newly employed, can choose either one. The ALSO scheme has been said to be more competitive than the MPF and is thus more popular. Details, however, were not disclosed in the interview.

5. Conclusion

After the interview with Mr. Yeung and Ms. Yau, we understood more about the actual working atmosphere and environment in Hong Kong's HP office. In our opinion, the actual situation is quite different from what is claimed on the corporate website. Many core values and management theories developed in the formative years in the US Headquarters were nothing more than passages on the boards exhibited in the lounge area. Even the Managing Director could not remember vaguely the 'Rules of the Garage'.

Worryingly, we discovered that employees do not have a high sense of loyalty to the company. When we asked the HR director what made her proud of being an employee at HP (after the managing director had gone), she replied with some hesitation saying, "The Company cares for its people" and then she said that some ex-employees miss their old days in HP. The strength of these could be viewed as a sign that HP Hong Kong lacks a strong core culture that is well recognized by its employees.

This contrasts the situation in HP Germany. Fritz Schuller, Executive Director of HR, was well aware of the 'Rules of the Garage', knowing each of them by heart. He also emphasized them as core values for the company and that they are implemented in real life business. People are more outspoken in Europe which helps to support the open mentality of the HP culture. Furthermore, people seemed to be very proud to work for HP. By talking with several production workers, we discovered that the loyalty of employees at HP Germany is very high. This has put HP in the top 100 "Great places to work for – Institute Europe" survey.

The agreeable situation in Germany could be due to the fact that it was where the first office outside the US opened in 1959. It had over 40 years to adapt to the German/European culture. Moreover, the differences between Europe and the US are not as far reaching as those between Asia and the US.

Indeed, the culture at Hong Kong HP can be said to have deviated substantially from the culture established by Bill Hewlett and Dave Packard in the early 40s. However, it does not mean that Hong Kong HP is an ineffective organization. We feel that this deviation is a necessary adaptation to Hong Kong's unique culture. It is unrealistic to maintain the same cultural values halfway across the world. Mr Yeung commented that the pace of work in HK compares with the pace of work in the US, often HK people are even more industrious but HP in Europe is entirely different. People work on a different beat and any forced culture cannot possibly work. HK people are less outgoing and that is clearly reflected in the workplace setting described earlier.

5.1. Suggestions

We suggest forming a social club to be run by volunteers. The current small-group gatherings hosted by managers focus on a single team only. By having a club, cross team interaction can be facilitated and families would be encouraged to join in activities. This would help family relationships and improve the work-life balance with negligible cost and time commitment. The dedication of co-workers to other co-workers should not be underestimated and the warmth they exhibit compared to that shown by a manager will forge closer bonds in the workplace facilitating communication and knowledge sharing.

We suggest removing the rooms altogether except where it is a business necessity, e.g. where HR personnel must handle confidential employee records, etc. A doorway remains a door even if it has no door. By moving managers to workspaces (albeit big ones), both physical and psychological walls are removed, facilitating open communication further. This is susceptible to resistance by managers but we feel that the benefits gained through opened communications will offset that sentiment in the long run.

We suggest radically augmenting the cultural values HP dictates at the Hong Kong office. Like how HP must use a different way to promote its products across the world, it must also realise that domestic cultural differences are real and have an effect on how the workforce interpret and accept cultural values advocated by headquarters. Beginning with small things like the 'Rules of the Garage' billboard in the lounge, it does not take long to realise that it is all in English. Although HP employees are all proficient in English, Chinese remains their interpretative language. Even after translation, these words will mean nothing if they are not implemented. Employees must be bombarded by how employees around the world are achieving success through corporate culture. E.g. engineers free to invent created a radical new technology. Knowledge sharing allowed an increase in production efficiency across the world in days after the employee discovered a new manufacturing method. Only with these examples will employees realise the true value of the corporate culture and how it translates into achieving strategic goals and profits.

