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Executive Summary

The report aims to offers an in-depth analysis of the corporate culture in Tencent including its company value, vision, and working environment. To this end, the report firstly encapsulates the company's major value, vision and mission. Secondly, it evaluates its organizational culture such as the "996" working overtime policy and the "horse racing mechanism" for internal competition based on the tools of Handy's organizational culture model and Deal and Kennedy's culture types models. And thirdly, conclusion and recommendation are listed in the end for Tencent to reduce heavy work burden for its employees, enhance their working environment and create a harmonious and positive corporate culture.

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1. Introduction

This report mainly focuses on the corporate culture of Tencent, the influence on its employees' life and work performance and its future growth based on the analysis of Handy's model and Deal and Kennedy's four types culture model. Company culture is among one of the critical areas for the human resources management, since a right culture can help employees achieve optimum performance that is conducive to the company's property since people are a critical part of an organization and whether the company will succeed depends on their performance to a large extent, according to Wambugu (2014). The current vision of the company is "Value for users, Tech for Good" and its corporate values — integrity, proactivity, collaboration, and creativity (Tencent, 2019). But such value doesn't represent that there are no problems in the company. And the obvious problems and countermeasures will be listed for the HR department in the report.

2. An overview of Tencent

Headquartered in Shenzhen, China, Tencent Holdings Ltd. was co-founded by Ma Huateng (Pony Ma), Zhang Zhidong, Chen Yidan, Xu Chenhua, and Zeng Liqing in 1998 with the launch of instant messaging platform QQ, a Chinese-version Instagram, which is popular among youngsters. In fact, during the first three years, the company was in losses. But after venturing into online gaming in 2004, Tencent Holdings Limited (SEHK 700) went public on the main board of the Hong Kong Stock Exchange (Presthitha & Goswami, 2021). Since then, it experienced rapid development and emerged as a diversified internet company not only in China but also the whole world, providing a smorgasbord of services, including gaming, social media, e-commerce, networking, artificial intelligence (AI), Fintech, cloud computing and digital technologies (O., 2022).

As one of the most iconic technic giants, this tech behemoth has always sticked to its updated vision and mission. All its employees, from founders to current staff, have

played their own part in shaping the company's corporate culture and made the company stronger and more diversified than before.

3. An Analysis of the Corporate Culture in Tencent

3.1 Human Resource Management

According to Storey (2007), a distinctive approach to employment management always applies a series of cultural, structural and personnel skills with the aim to achieve competitive edges through the strategic deployment of a highly committed and capable workforce. However, Beardwell and Claydon (2007) pointed out that Human Resource Management (HRM) is also related to the cost control and strategies to maintain a certain number of workers, especially in business processes like laying off employees, reducing the wages, and shortening or even cancelling breaks for coffee or tea so as to achieve organizational goals. But the fact is that there has been a tendency to only focus on the behaviors of workers and to ignore the role of employers whose attitudes will impact the corporate culture and thus the outcomes of labor forces (MacKenzie & Forde, 2009).

3.2 Corporate Culture

Hofstede (2001) argued that culture can distinguish one group of workers who have their unique or unified belief from another, which can be considered as a collective thought in people's mind. This can also be applied into the corporate culture since it can motivate employees, meet their spiritual demands and unit the whole organization. Nonetheless, corporate culture, in management literature, is mostly seen as 'a set of referential statements available for management manipulation, a different method from the traditional facts of technology, and finance for corporate control' (Batteau, 2000, p.726). This concept indicates that in some cases, managers will take advantage of the corporate culture for manipulation, thus leading to instability and uncertainty in the company, declining enthusiasm of workers, and even a mass of resignation from

employees. Therefore, a sound corporate culture can deliver benefits to the organization and understanding the role it plays in promoting the company's development is also essential.

3.3 An Analysis Based on Handy's Organizational Model

Handy (2006) presented organisational cultures as classified into four major types: the power culture, the role culture, the task culture, and the person or support culture, as you can see in figure 1. The power culture refers to those central figures in a relatively small company who make important decisions directly. The role culture is typically characterized by organisations who are highly formalized and centralized, such as bureaucracies or large stable businesses, whereas the task culture refers to companies who are highly centralized, but with a low level of formalization, thus more flexible and results-oriented (Francis, 2020a). As for the personal culture, it is more unusual than the previous three since employees under such culture are more concerned about themselves rather than the company which will bring about uncertainty (Veigas, 2022).

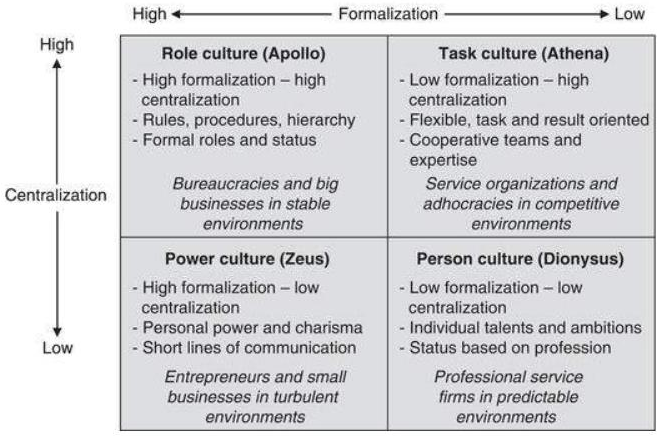

Figure 1: Handy Organizational Culture Model (Handy, 1996)

In fact, the organizational culture of Tencent has been evolving over the past two decades with the initial one of becoming the most popular internet company across the world and the mission of improving the life quality of all human beings. And then, its culture was transformed to providing high-quality customer-oriented services since technology only servers as a tool for humanity (Tencent, 2019). The current mission and vision are "value for users, tech for good" with the novel value of integrity,

proactivity, collaboration and creativity, but the company also realizes that technology is a double-edged sword with both pros and cons, and thus it's important for the organization to know what to do, and what not to do (Tencent, 2019).

Based on the introduction of the values and missions of Tencent, it seems that its corporate culture should be the role culture, but actually it should be the task culture, which is why many of its employees always complain about the company's culture, working pressure, salary and so forth. The reason for this is the so-called "996 work culture" where people work from 9am to 9pm, six days a week (Yip, 2021). Nearly every Tencent worker has to challenge the company's hyper-intensive work environment so as to accomplish an enormous amount of work in good time, and HRs of the company expect their staff to work for extended hours in order to compete with other strong competitors such as Alibaba and ByteDance (Ge, 2022). To tackle this issue, Tencent released some countermeasures, for example, providing one day break for its employees to go home on time at 6pm per week, which aroused fierce backlash on social media in China (Borak, 2021). It is easy to analyse from this example that Tencent now has a punishing task-oriented or results-oriented culture which evaluate workers' performance on the basis of KPI that is highly related to their salary. As commented by some of Tencent's employees, such kind of intensive work stress breaks their work-life balance, endangering their health (Deng, 2022). And the Supreme People's Court (SPC) has already released a guideline, stipulating 10 typical cases of overtime work, all of which are ruled illegal, including the controversial "996" overtime work policy (Zhang, 2021). Despite the legislation, Tencent hasn't changed too much of its overtime work "culture" which will do damage to the internal solidarity of the company since the corporate culture is impacted by the cumulative traits of its employees, their satisfaction, and business hours (Tarver, 2022). Therefore, the longer working hours are, the less satisfied employees will be, which in turn deals a heavy blow to the working environment in the company. For a good human resource manager or management team, it should come to realize how significant corporate culture is for a company, not only because it can elevate the company above its competitors and achieve long-lasting success, but also can create a sound and benign working

environment, make employee more enthusiastic, engaged and motivated, and drive productivity dramatically. As a result, what Tencent human resource department should do is not to ask its PR department or even hire a PR firm to pass the buck, or lay off those workers who complained about the overtime work policy, but to appease all employees without spoiling the internal solidarity and restore a positive working environment by cancelling the "996" policy and offering them overtime pay.

3.4 An Analysis Based on Deal and Kennedy's Model

Deal and Kennedy suggested that six interconnected cultural elements: history, values and beliefs, rituals and ceremonies, stories, heroic figures and the cultural network serve as the foundation of the corporate culture (Deal & Kennedy, 1982). By studying these six intertwined fields among different corporates, Deal and Kennedy put forward four disparate types of cultures characterized by feedback speed and degree of risk (figure 2), namely two marketplace factors that are closely related to cultural patterns and practices (Gordon, 2022).

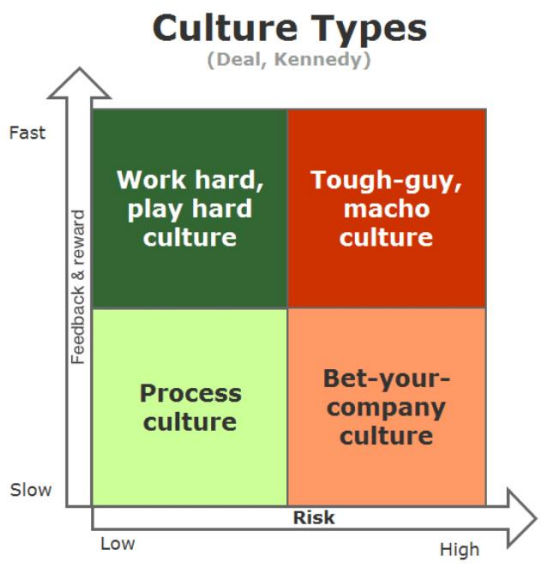

Figure 2: Deal and Kennedy's Culture Types Model (Deal & Kennedy, 2000)

Based on the Deal and Kennedy Culture Model, organizational culture falls into four types: work hard / play hard culture, which is likely to be a goals-oriented culture in which workers barely need to take risks, but with fast responses on their decisions and actions; macho culture, which is often relevant to employees who don't fear to take

risks but expect responses as soon as possible; process culture, in which risks and feedback are at the lowest level since all workers can play their own role in organizational activities, which will generate disagreement; and bet-your company culture refers to a reality that high risky decisions are always made, whereas employees may have to wait years before they realize whether their efforts work or not (Francis, 2020b).

With a low level of risk and fast speed of response, a work hard/ play culture serves as a backstone for a majority of modern companies' culture, including that of the Tencent (Bremer, 2017). Although such kind of a corporate culture can drive workers' performance, it will also exacerbate the internal competition among employees, thus formulating a vicious circle that the more time workers spend, the more progress they will make. However, such a work-hustle culture and heavy workload can endanger people's both physical and mental health, breaking work-life balance and leading to depression, anxiety and even cardiovascular diseases. And the company also boasts its internal "horse racing mechanism", similar to "winner takes all", which encourages each branch or business group of the department to compete with each other and the winner will be the one who produces better revenues (Liu & Fan, 2019). As for the loser, the whole business group will be cancelled and the employees will be dismissed, leading to unemployment and a sense of rage. According to Lucas (2018), the internal competition can be as brutal as the external and Pony Ma, the chairman of Tencent, used to be a product manager, thus focusing less on people development. If such trend follows, the company will be hit hard, not only in terms of internal solidarity, but also the future development. As a result, the human resource department needs to assume responsibility by updating the current internal competition mechanism, reduce additional work burden for employees and thus create a sound and positive working environment. In comparison, ByteDance, the owner of TikTok, has done much more better than Tencent since it has superseded "996" culture with "1075" culture that means working from 10am to 7pm, five days a week, and cancelled the "big/ small week" where people can enjoy the whole weekend in this week and only one day off in small week (Li, 2021). As its competitor, Tencent should follow suit so as to improve

its competency in retaining their high-quality talents who knows cutting-edge technologies. The company also should transform its corporate culture into a more inclusive one so as to hire more professionals globally at the level of business group. In addition, all human resource departments need to hold a conference together, aiming to formulate a uniformed organizational culture. By doing so, the organization will have more confidence in weathering the storm in the post-pandemic era when the economic outlook is bleak.

4. Conclusion

In accordance with the Handy's organizational model, Tencent's corporate culture should be task culture since most of its welfare benefits are results-oriented which means that the better performance workers have, the higher salaries they can receive, thus facilitating a malformed overtime work policy of "996". Such a kind of company culture and working environment with fierce internal competition creates enormous pressure for its employees, breaking their work-life balance, affecting their mental health and damaging the internal solidarity within the organization. And the company will be hit hard if such trend follows as the competitivity of the company to fight against its rivals, such as Alibaba and ByteDance, will be weakened. And on the basis of the Deal and Kennedy's four culture types model analysis, the kernel of Tencent's organizational culture is work hard/ play hard culture with a low degree of risk and quick response. Although it is conducive to enhancing workers' productivity, it also poses additional stress on employees, giving them a misconception that excessive internal competition is normal. And the company even has a "horse racing mechanism" for rivalry within the organization, whose negative effects outweigh its positive effects. With such a rivalry mechanism, the company will only face the declining development, loss of its professionals and weakening power in some fields.

5. Recommendation

The first recommendation for Tencent is to cancel the “996” overtime work policy and change it into a normal one so as to reduce the heavy work burden and ensure all its employees can have enough time to rest and stay healthy. However, this doesn’t mean that workers cannot work for extended hours as long as they will be paid, and such policy should be prompted by the HR department. This policy aims to encourage workers to make more contribution to the company while meeting their demands. Based on the Handy’s model, the HR department needs to transform its corporate culture from task culture to role culture so as to stabilize its working environment and give employees a sense of belonging. By doing so, the organization can prevent the massive loss of its technical professionals, remain competitive and even attract more new talents, contributing to its development.

And the second recommendation for the company is to ditch the “horse racing mechanism” so as to reverse the abnormal atmosphere and create a sound and benign working environment. Although such mechanism may drive productivity, it also breaks the work-life balance of workers and affects their mental and physical health. According to Deal and Kennedy’s model, the HR department should step up efforts to forestall “involution”, or meaningless internal rivalry, releasing their mental pressure. To this end, the department should formulate a unified company culture that sets up normal goals, deliver rewards for highly efficient workers and prevent meaningless competition. With such a positive corporate culture that can unite all its employees, the company is more likely to achieve more progress on the road ahead.

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