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Across Borders: What Role does Culture Play?

A qualitative study at five foreign multi-national companies in three major cities in China

Master of Science Thesis in the Master Degree Program, Quality and Operations Management

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Abstract

With China's growing importance for global companies, being present within the country has become a bigger priority for many multinational companies. But how do the culture differences within global companies with established units in China affect their ability to learn, improve and achieve high operational performance? Additionally, is there something about the Chinese way of working that can be of value for the company as a whole in the form of increased operational performance, learning or improvement?

The subjects of this study where five global companies with offices in China, two of them with headquarters in Sweden. The study was performed qualitatively as a combination of a case study but with elements of a comparative study. A total of 23 employees, managers and non-managers, participated in the study through semi-structured interviews. The results of the study were analyzed using a modified Affinity and Interrelationships Method (AIM).

The study shows that cultural elements create a lack of integration with units in China, inhibiting knowledge sharing and collaboration. Additionally, it is important for Swedish managers in China to shoulder an authoritative leadership role, which will be expected by the workforce. The Chinese workplace has a great power distance, fueled by respect for seniority and authority, which mean deterministic processes and goal setting is preferred. The urgency the Chinese employee feels can turn into a pragmatic behavior if leadership or processes are lacking or inapplicable. However, both a deterministic and a pragmatic way of working can, in their own way, lead to learning and improvement. The pragmatic thinking is seen as an approach that increase flexibility and adaptability, something that can be leveraged as a strategic benefit from Chinese operations, or subject to diffusion in the organization outside of China to tackle rapidly changing conditions.

Keywords: culture, off-shoring, China, learning, improvement, operational performance

This study has been carried out within the framework of the Minor Field Studies (MFS) Scholarship Programme, which is funded by the Swedish International Development Cooperation Agency, Sida. The MFS Scholarship Programme offers Swedish university students an opportunity to carry out two to three months of fieldwork in a developing country resulting in a Master's dissertation or a similar in-depth study. These studies are primarily conducted within areas that are important for development and in a country supported by the Swedish programme for international development assistance.

The main purpose of the MFS programme is to increase interest in developing countries and to enhance Swedish university students' knowledge and understanding of these countries and their problems. An MFS should provide the student with initial experience of conditions in such a country. A further purpose is to widen the Swedish personnel resources for recruitment into international co-operation.

Chalmers University of Technology administers MFS scholarships for students from all educational programs at Chalmers. The department of Technology Management and Economics is responsible for a small number of MFS scholarships for studies related to the field of industrial engineering & management.

Sverker Alänge

Coordinator for MFS Scholarships

at the department of Technology Management and Economics

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Gothenburg, 30 March 2014

Jonas Valkonen Anders Göransson

Table of Contents

1 Introduction

In this chapter, the subject at hand will be introduced together with the purpose of the study and the research questions. The research questions will then be discussed in further detail together with initial notes and delimitations.

1.1 Introduction

In the globalized business world of today, the amount of professional contact that a person has with far-away cultures can be considered high in a historical perspective. The daily tasks of any colleague in a modern globalized company can involve contacts with a majority of the continents of our globe. This study takes its prime inspiration from the excitement the researchers feel for this new world. In an attempt to understand it, it aims to research how the difference between the cultures housed within global corporations affect how work is conducted.

Through previous experience, the researchers have a particular interest and bound to China. China is also one of the prime expansion markets for many companies that have ties, in one way or another, to Sweden. As such, China was chosen as the focus for the study. As a country it carries ample examples of cross-cultural collaboration as well as Swedish-affiliated organizations willing to cooperate with the researchers to find new insights on Chinese culture.

1.2 Purpose and Research Questions

This study aims to research the subjects of *learning and improvement*, achieving high *operational performance* and what can be *learned from the Chinese way of working*. The researchers are interested in how these factors are affected by the culture present in global organizations, operating cross-culturally and across borders. To delimit the study, it is focused on global companies that have operations in China who collaborate globally. Specifically, the empirical study concerns the collaboration with the Chinese unit within a multinational corporation. The three research questions cover the topics above and focus on the processes these companies have, that span borders and cultures.

For an organization collaborating between China and other parts of the world:

1. How does national cultural factors influence the ability to learn and improve?
2. How does cultural factors influence the ability to achieve high operational performance?
3. What aspects of Chinese way of working have the potential to improve operational performance?

1.2.1 Research Question 1

For an organization collaborating between China and other parts of the world: How does national cultural factors influence the ability to learn and improve?

Companies that operate globally face many challenges. They concern not only differentiation in the marketplace but also understanding of its own workforce and the cultural conditions under which it develops, improve and thrive. Yet, differentiation in the marketplace and bringing value to the customer is always at the heart of the business. Thus, it is interesting to understand how the processes within the global company, creating that value, are affected by the difference in cultural conditions within it.

This research question focuses on how learning and improvement within a global organization is affected by the difference in culture within the organization. The question, in its formulation, not only encompasses how culture influences the ability for a business to improve at something, e.g. become more efficient or effective, but also make the assumption that it is closely linked to the process of learning.

1.2.2 Research Question 2

For an organization collaborating between China and other parts of the world: How does cultural factors influence the ability to achieve high operational performance?

This question, in the same manner as the previous, focus on the effects of cultural factors except, in this case, on the operational performance of the company. In this research, operational performance is defined as the ability to *“produce more value, of the kind the customer wants, for less resources”*. This definition originates early research in the project into the interests of the participating companies on the output of the research. Throughout this process, it became clear that although the influence of cultural factors can prove a complicated subject, the end result sought is indeed simple, to add value.

The relevance of this question lie in the potential difference in long-term development to ensure future competitive edge, here denoted as the ability to learn and improve, and the short-term ability to deliver on target and efficiently. As the pace increases in the company, so does the need to ensure that the global organization is efficient and effective.

1.2.1 Research Question 3

For an organization collaborating between China and other parts of the world: What aspects of Chinese way of working have the <u>potential to improve</u> operational performance?

The final research question is more explorative in its nature, using the results from the first two research questions. The intention is to evaluate what aspects of Chinese way of working may be of value to the organization and improve its operations elsewhere as well. The ways of working in China might affect the global collaboration or make up a strategic competitive advantage compared to other units present within other national cultures. A Chinese way of working might also be subject to diffusion and used throughout other part organization.

1.3 Initial Notes and Delimitations

1.3.1 Using the word China

Due to the political turmoil the Chinese nations have experienced over the past two hundred years, using the word China and Chinese to as reference to a specific region is not uncomplicated.

Firstly there is the People's Republic of China (henceforth referred to as the PRC), the name of the large region on mainland Asia that has carried the name, in one form or the other, for centuries. Secondly, there is the Republic of China, otherwise known as Taiwan, so-called due to its founding by the losing party of the Chinese Civil War. Thirdly, it is important to note that there are regions that are today part of China but have, due to their history, a somewhat separate culture compared to the PRC. Such a region is Hong Kong, until 1997 a part of the United Kingdom. These regions share many cultural aspects with the people of PRC and other parts of Asia. (Wright, 2001)

Finally, the PRC is vast country, stretching from central Asia to the Pacific Ocean, encompassing much difference in terrain, climate and lineage of its inhabitants. It has rural areas less affected by modern industry, industrial cities of mostly domestic companies on one hand and internationalized cities on the other hand.

For the purpose of this research, it is thus important to note that the meaning of the word China will be the PRC. Other regions, such as Hong Kong, if included, will be explicitly referred to. However, in practice, this study is yet more delimited than that, since all data is gathered in organizations and from people residing in small parts of the eastern coastal regions of the country, more specifically in Beijing, Shanghai or Hangzhou. Although several interview subjects might be migrants within the country, the sample as such, can only be said to scratch the surface of the plethora of cultures, customs and values that the country offers.

This study concerns the influence that cultural differences between nations has on organizations. As such, it is important to recognize that cultural differences within a nation, and certainly within such a large one as China, may very well be greater than between them. Additionally, although differences are in focus in this research, it must also be recognized that the similarities between countries may greater than the differences.

1.3.2 Using the word West

China is the focus of the study related to the rest of the world. The empirical context can be described as being on a global level, but with a special focus on the relation between China and Western countries, especially Sweden. The reason for this is that most of the studied units in China have a frequent and important interaction with people from Western countries, and especially Sweden.

1.3.3 Geographical delimitation

The research questions in this master thesis revolve around subjects that are certainly interesting on a global scale. However, for the purpose of this research, a geographical delimitation has been made to only study operations that span China and Sweden, or in some cases China and another country. The majority of data collection was made in China. The focus has been on processes that span borders, in other words processes that are not confined within China.

1.3.4 Improvement and Innovation

It is important to note, that throughout this report the concept of learning and improvement will be closely linked to the concept of innovation. This is because of their close relation in definition and because they overlap in use by study subjects.

Baragheh et al. (2009) define the word innovation as the process leading to a product, service or process that enables the company to differentiate in the market. Baregheh et al. also, however, define that innovation can be of a certain type, in other words product, service or process. As such, the word innovation will, in this report, be used to denote both the process and the entity resulting thereof with the context of its use indicating the intent.

The relation between improvement and innovation, see 2.2 and for results on how the concepts of improvement and innovation are used by interviewees, see 4.5.

2 Theory

In this chapter, parts of literature will be discussed that is of value for understanding the concepts in the report. The sub-sections 'will cover different theoretical areas that span the width of the subject research such as culture, learning, pragmatism, integration and the Confucian, Communist and Western Management systems of Chinese values.

2.1 Understanding 'Culture'

2.1.1 Hofstede's Five Dimensions of Culture

According to Hofstede (2007), there is no general management technique that is equally suitable for all countries. Indeed, important elements in effective management differ between national cultures, as do the goals of managers. This impact of national culture means, according to Hofstede, that companies have home countries, national cultures, that define them more than what is perceived and more than is generally wanted by its leaders. (Hofstede, 2007)

Culture, in the sense mentioned above, is, according to Hofstede and McRae (2004, p.58), the "collective programming of the mind that distinguishes one group or category of people from another". It is defined as something common to most people in a category, manifested by the actions of those people, as opposed to something explicitly visible, and something that exist within the collective of that group as opposed to in each individual of the group (Hofstede & McCrae, 2004).

The components of Hofstede´s definition of national culture was formulated after an analysis of a study of IBM employees, performed between 1967 and 1973. The dimensions formulated by Hofstede were *power distance*, *collectivism versus individualism*, *femininity versus masculinity* and *uncertainty avoidance*. (Hofstede, 1980) In 1991, Hofstede added a fifth dimension, *long-term versus short-term orientation* based on a questionnaire created by Chinese scholars. (Hofstede & McCrae, 2004; Hofstede & Minkov, 2010)

While Hofstede´s original dimensions showed correlation to national wealth in two cases, the fifth dimension differed in that it correlated to then-recent economic growth, which is increase in national wealth, which also helped predict the economic success we now see in China. (Hofstede & Minkov, 2010)

2.1.1.1 Power Distance

Power distance relates to the extent to which less powerful individuals in a group context, such as a country, accept and expect that power is distributed unequally. As such, it is defined from the viewpoint of the less powerful and a high power distance mean that inequality is endorsed even by those who do not benefit of it (Hofstede, 1980). According to Hofstede and McRae (2004), the power distance results from how families socialize their children into being either more obedient or to take more initiative.

2.1.1.2 Uncertainty Avoidance

The second dimension relates to the degree of tolerance to ambiguity and uncertainty in the members of the society. Since the future cannot be known, uncertainty avoidance relates to how individuals approach that fact. The two opposites here are the path of rigid principles, exhibiting strong uncertainty avoidance, or the path of flexibility, exhibiting weak uncertainty avoidance. Strong uncertainty avoidance also means that unorthodox ideas are not accepted while the opposite means that new practices, as long as they achieve the goal, are welcomed. (Hofstede, 1980; Hofstede & McCrae, 2004)

2.1.1.3 Collectivism versus Individualism

Collectivism signifies a society where individuals are highly integrated into groups and where that group, usually involving the family, supports the individual in exchange for unquestionable loyalty toward the group. Collectivism is often a result of integration from birth, tying the individual in. The opposite, individualism, signifies a society where loyalty and support without questioning does not stretch outside the immediate family and ties between society members are loose. As such, there is a sense that the individual should look foremost to herself. (Hofstede, 1980; Hofstede & McCrae, 2004)

2.1.1.4 Masculinity versus Femininity

The fourth Hofstede dimension relates to the general societal preference for assertive, competitive individuals, called "masculine", and more modest, caring and cooperative individuals, called "feminine". Apart from this one-dimensional consideration, there is generally a greater difference between the roles of the sexes within a masculine society. This means that while women in masculine societies are more competitive and assertive than in the feminine societies, the men of masculine societies are even more so. As such, the discrepancy between the roles of the sexes is greater in the masculine societies than in the feminine. (Hofstede, 1980; Hofstede & McCrae, 2004)

2.1.1.5 Long-term versus short-term orientation

The fifth, late addition, Hofstede dimension relates to the degree of thrift and persistence in the society as opposed to personal stability and tradition. Hofstede and Bond (1988), in recounting the emergence of the dimension, point out its early reference as ´Confucian Dynamism', relating to classical Confucian teachings such as societal stability and stability in relations, the important role of family and the patient and persevering nature of the life-task. However, high-scoring cultures are not always ones where the Confucian teachings are common and as such the reference was changed. What remains, however, is the definition of high-scoring, i.e. long-term oriented, societies to focus on work values such as learning, accountability, honesty and self-discipline. In such societies, one is brought up with a sense that investment in relations is important. Short-term societies, in contrast, have a greater focus on respect for social codes and being a stable individual. Additionally, short-term societies have an additional norm of sensitivity to social trends and immediate gratification. According to the authors, the dynamic of the two norms in short-term societies is one of potential conflict, with a consequent potential to create a diverse set of individual behaviors. (Hofstede & Minkov, 2010)

Hofstede's fifth cultural dimension, not originating from the same study as the first four, has been argued to have a very limited relevance in cross-cultural management research, according to Fang (2003). Fang emphasizes, among other things, the difference of sampling population from the earlier IBM studies, where the student population used in this case would be less able to represent the values of the population at large. Additionally, Fang proposes including the Chinese concept of Yin Yang in the evaluation, meaning that it is at the core of the Chinese cultural values that there are always two sides to a way of thinking, both of which much coexist and neither of which is always positive or negative but counteracting to create balance. Not taking into account the highly integrative nature of the values used as basis for the research on the fifth dimension, Fang argues, discredits the conceptualization on terms of viability.

2.1.1.6 Country scores in Hofstede matrix

Looking at the two countries most prevalent in this study, Sweden and China, a comparison can be made that not only sheds light on how the two countries' cultures can be compared but also on the structure and evaluation used in the Hofstede Matrix, see Figure 1 and Table 1.

Table 1 A selection of general characteristics of the country scoring of Hofstede's five cultural dimensions model. (Hofstede, 2013)

Country	**Power Distance**	**Individualism**	**Masculinity/ Feminity**	**Uncertainty avoidance**	**Long term orientation**
Sweden	Low power distance: "...hierarchy for convenience only". "Employees expect to be consulted" and "control is disliked". "Communication is direct and participative."	Individualistic: "...loosely knit social society". "...individuals are expected to take care of themselves and their immediate families..."and "...management is the management of individuals."	Feminine: "...important to keep the life/work balance...". "Managers strive for consensus...". "Incentives such as free time and flexible work hours and place are favored."	Little avoidance for uncertainty: "...more relaxed attitude...". "...should be no more rules than are necessary...". "Schedules are flexible...". "...innovation not seen as threatening."	Short term orientation: "keep up with the Joneses, impatience for quick results [...] strong concern with establishing the Truth."
China	Higher power distance: "...subordinate-superior relationship tends to be polarized..." "Individuals are influenced by formal authority and sanctions..."	Highly collectivist. "...people act in the interest of the group..." however "Employee commitment to the organization [...] is low". "Personal relationship prevail over task and company."	Masculine: "...success oriented and driven." "...many Chinese will sacrifice family and leisure [...] to work." E.g. services provided until very late at night.	Little avoidance: "The Chinese are comfortable with ambiguity..." They are "...adaptable and entrepreneurial. " This is relative though, in the immediate social circle, rules are set and followed when suitable for the situation..	Highly long term oriented: "...persistence and perseverance are normal." "...investments tend to be in long term projects." "Traditions can be adapted to suit new conditions."

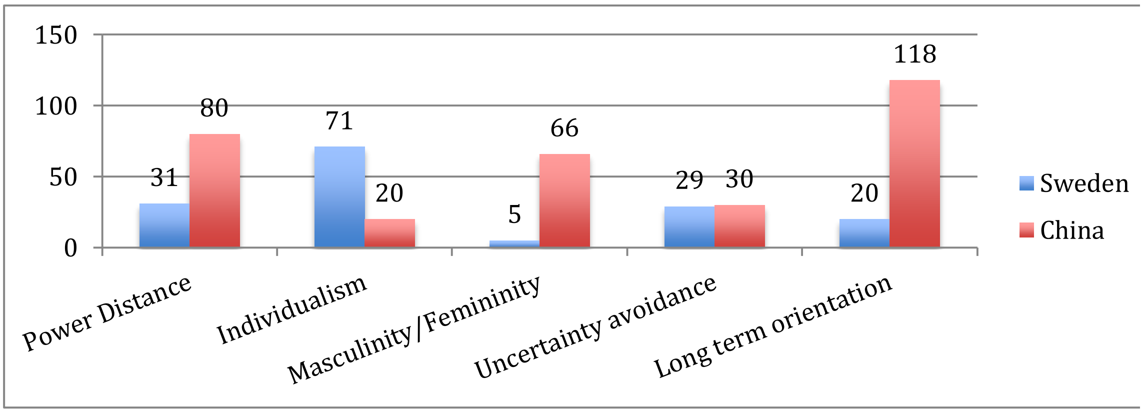

Figure 1 The scoring of selected countries according to Hofstede's five cultural dimensions model. (Hofstede, 2013)

2.1.2 Cultural Synergies

Adler (1986) poses the question: “How should business people manage diversity? Should they ignore it, minimize it or use it?” Adler means that many good managers see themselves as world citizens and think that good organizations are beyond nationality, a phenomenon described as culture blindness. Many times, recognizing cultural differences can be viewed as simplistic, primitive or immoral. Managers who recognize diversity can be labeled as prejudiced, racist, ethnocentric, sexist or unprofessional, especially in North America at the time Adler’s work.

Adler’s (1986) conclusion is that a manager should recognize the cultural differences, but not go so far as to judge the differences as good or bad, or judge a person based on cultural belonging instead of judging the specific person. By recognizing cultural differences, we increase our ability to handle it. If we don’t recognize the cultural differences, all other people become projections of ourselves. A synergistic organization consists of people that recognize the differences but don’t judge them as good or bad, which is a platform for leveraging the cultural synergies present. It is based on a view on the world that is pluralistic instead of homogenous, seeing the specific person or group instead of assuming we are all the same. The synergistic organization further believes that there can be many different ways to reach the same result.

Cultural diversity creates disadvantages such as miscommunications, ambiguity, difficulty to reach agreement etc., especially when it comes to convergent processes. But considering divergent processes, when creativity is key, diversity is helpful, for example when starting a new project, coming up with a new idea, developing a new market plan or operation, or to understand the diversity of the customer base. (Adler, 1986)

2.2 Improvement and Innovation

In this study, the words improvement and innovation will both be used in such a way that they may sometimes overlap in meaning, representing their kinship in reality and use by respondents in the study. An attempt to clarify the view taken on these two concepts by the researchers will thus follow. The differing positions taken toward the concept by respondents are elaborated upon in 4.5.

Innovation is the multi-stage process whereby organizations transform ideas into new/improved products, service or processes, in order to advance, compete and differentiate themselves successfully in their marketplace.

(Baregheh et al., 2009, p.1334)

The definition for innovation used here-in stems from a content analysis of definitions of innovation through a literature review by Baregheh et al. (2009). In its condensed form, seen above, it defines the process of innovation rather than the entity that result from it, i.e. the product, service or process. That entity, however, is no excluded but rather part of the definition. It is designated as the "type" of innovation. (Baregheh et al., 2009, p.1333)

The study by Beregheh et al. (2009) forayed into multiple disciplines for the purpose of finding an integrative definition of innovation to be broadly applicable. Disciplines included economics, innovation and entrepreneurship, business and management, and technology, science and engineering. Baregheh et al. argue that the lack of a definition for innovation that transcend disciplines is problematic and confusing, drawing on earlier research, and that it is of value to understand the dimensions of innovation in a multi-disciplinary perspective since this is where much innovation occur in a modern business context. For the purpose of this study, the definition is suitable since it is broad in its formulation, e.g. encompassing not only new tradable entities but also improved ones.

2.3 Learning

According to the Oxford Dictionary of English, learning is defined as the *"acquisition of knowledge or skills through study, experience, or being taught"* (Stevenson, 2010). For the purpose of this study, a more nuanced picture of the concept will be painted through a brief literature analysis.

2.3.1 Single Loop and Double Loop Learning

Argyris (1976), attempts to elaborate on the concept of learning and differentiate between learning that is aimed at solving problems at hand and learning that aims to further one's understanding and while solving the problem also understanding its implications. He proposes two modes of learning, single-loop and double-loop, which represent these two different aims. The first mode, single-loop learning, aims at solving a problem at hand, understanding how well you meet the goal, as opposed to the validity of the goal, and aiming to come as close to it as possible. It is based on the principle of rationality and achieving purposes based on how the individual perceives them.

According to Argyris (1976), the second mode, double-loop learning, on the other hand, aims at furthering the understanding of the concept, while achieving the purposes. Fundamental to this mode of thinking is the invitation to further an individual's perception through input, reaching a position that is based on the most valid information possible which in turn can create internal commitment. The mode relies on participation, freedom of choice and risk taking on one hand but Argyris (1976) argues that it minimizes defensive behavior of participants and maximizes commitment on the other. Shani et al. (2009) explain double-loop learning as the difference between a manager who simply adjust her behavior to avoid re-making a mistake, single-loop learning, and one who considers how her own thinking may have contributed to the problem, double-loop learning. The latter must subject herself to a reflection of how her unconscious patterns of thought has affected her behavior. When adhering to single-loop learning, a person keeps to his governing values, a sort of constant in the persons mind that are kept within reasonable ranges, limiting the extent to which one ventures into new areas of reflection.

Argyris (1976) argues that keeping with the single-loop model of thinking brings with it limits to what individuals will challenge and test in terms of ideas. Consequently, they will not seek nor voluntarily expose themselves to feedback and keep to their governing values. There is a risk that defensive behaviors, such as these, arise in a person, which prohibits reflections own ones own actions and comes in the way of moving to a double-loop learning behavior.

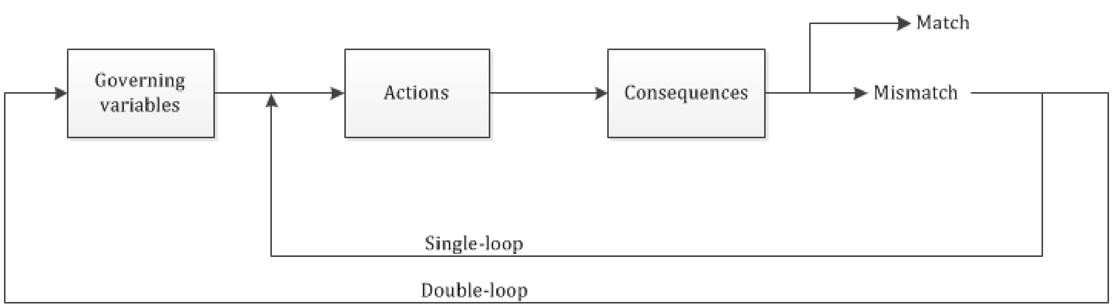

Figure 2 The sequence of single- and double-loop learning. (Argyris, 1999, p.68)

2.4 Organizational Learning

Organizational Learning: Activities within an organization that are aimed at the further training and personal development of employees and are intended to create a willing acceptance of changes and improvements and high levels of enthusiasm, energy, creativity and innovation among them.

When addressing organizational learning, it is interesting to address how knowledge exists in an organization and how it is transformed and transferred between individuals. Nonaka (1994) defines *knowledge* and contrasts it by comparing it to *information*. To begin with, knowledge has long been seen as “justified true belief”. Nonaka, for his purposes, chose to look less at the truthfulness of the knowledge, as he claims has been done frequently in the past, and more to the justification process of a humans beliefs. As such, while previous literature sees knowledge as static and nonhuman in nature, Nonaka looks at it as a human process whereby personal beliefs are justified in a personal attempt to find the truth. (Nonaka, 1994)

To contrast the definition of knowledge, Nonaka (1994) says it is created from the flow of information and shaped by the beliefs and commitment of the individual creating it. This means that for knowledge to be created, a person must act upon the information given and furthermore that the pre-existing commitment and beliefs of that individual shape the resulting knowledge.

In an organizational context, not only is interest taken in what knowledge is but how it exists. This is seen by Nonaka (1994) as the epistemological perspective of knowledge or, in other words, the nature in which knowledge exists in the organization. Knowledge, according to Nonaka, is either tacit or explicit in nature. Tacit knowledge is related to the actions and context-specific commitment of a person, much like is discussed in 2.3. It is hard to communicate since it is not codified or formulated in language. As such, tacit knowledge embraces the principle that what you explain of a concept is just the tip of the iceberg of all you really know about it. By contrast, explicit knowledge is more discrete and digital in nature in that it is captured in records of the past and can be accessed on a sequential basis. Examples of such records can be archives and databases. (Nonaka, 1994)

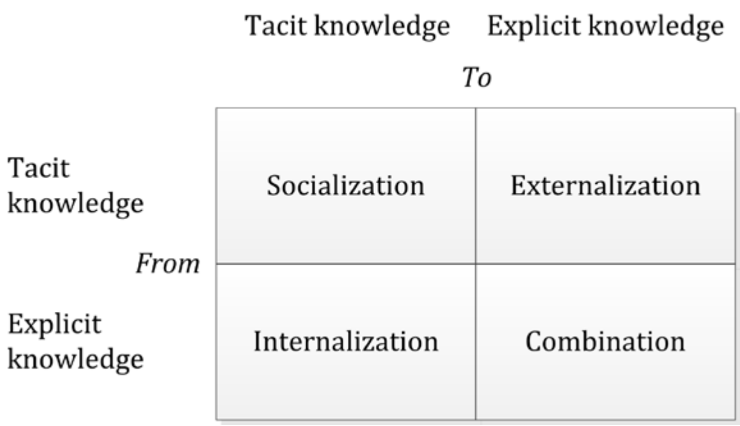

Figure 3 Nonaka's modes of of knowledge creation. (Nonaka, 1994, p.19)

Building on the definition of knowledge, Nonaka (1994) continues to describe the way in which knowledge is spread and refined within an organization. To begin with, new tacit knowledge can arise from other tacit information without it ever being explicitly stated. This is done through e.g. apprenticeship, whereby actions and interactions, either taken part in or observed, create tacit knowledge in a person. This mode of knowledge creation is called socialization. On the other end of the scale; explicit knowledge can be created without it really ever being tacit. This second mode is perhaps best exemplified with a computer system sorting, adding, recategorizing or recontextualizing knowledge. However, the same logic may also apply for formal meetings and telephone conversations, where all the information must be verbal or by images.

The last two modes of knowledge creation involve moving from the explicit to the tacit and vice-versa. Moving from explicit knowledge to tacit knowledge is called externalization and relies heavily on trust within the work group and dialogue wherein the original experience of individuals is the starting point. Without functioning collaboration and considerable time at hand, that process is very difficult. On the other hand, moving from explicit knowledge to tacit, dubbed internalization by Nonaka (1994), involves taking knowledge to heart, "learning by doing", experimenting and understanding the concept.

2.5 The Learning Organization

The concept of organizational learning was further developed as the learning organization (A&C Black, 2006). It is suggested by Senge (1994) that the only real competitive advantage is the rate at which organizations learn. Furthermore, growth and continuous adaptation in a business environment, is said to depend on institutional learning, the process that changes management teams' shared mental models of the markets, competitors and the company itself. Institutional learning is then considered being the same as corporate planning.

Breaking apart problems and looking at the world as consisting of fragmented units might help us reduce the complexity when solving problems, but it comes at a price. By seeing everything as fragmented, it is harder to understand the consequences of our actions and it gives us decreased possibility to grasp the increased complexity of today's growing systems. (Senge, 1994)

As a way of considering the interrelatedness of fragments, systems thinking is a key (Senge, 1994; Bergman & Klefsjö, 2010). Systems thinking means taking into account the bigger picture, how different sub-systems interact with each other and the environment. To achieve organizational learning, Senge (1994) states that four core disciplines has to be practiced and integrated into a coherent whole including, and with the help of systems thinking. The four core disciplines are: *personal mastery, mental models, shared vision, team learning.*

Personal mastery is the discipline of creating personal learning and growth. By having a vision that differs from the present state, a gap can be realized. Personal mastery is about continuously identifying and closing this gap, keeping a steady tension between the states, keeping the vision clearly in mind and as well as clearly seeing the current reality. The reason why personal mastery is important is the realization that a prerequisite to organizational learning is the personal learning of everybody in the organization (but personal learning does not automatically lead to organizational learning). (Senge, 1994)

Mental models are deeply held mental representations of how the world works and they limit us to acting and thinking in familiar ways. A Mental Model is a simplification of the reality, thus it is not relevant whether it is right or wrong. The problem is when the models are tacit, working from beneath our awareness. Working with Mental Models involves both learning new skills but also creating institutional innovations to make sure the new skills are regularly practiced. The concept of Mental Models is a key to understand in order for the systems thinking to be able to manifest itself in the organization. It focuses on exposing hidden assumptions of the people and the systems thinking focuses on restructuring assumptions, revealing causes of significant problems. (Senge, 1994)

Shared vision is the answer to the question "What do we want to create?". It is a vision that people in the organization share, which creates a commonality and gives coherence to separate activities. The shared vision should include a commitment to one another for having it and a deep common caring, giving both focus and energy for learning. A true, shared vision is not based on everybody's compliance to the management vision but a commitment to their own personal vision, mirrored by the shared vision of the organization. The learning fuelled by shared vision fosters risk taking and experimentation with a clear end goal in mind, also creating a commitment to the long-term. (Senge, 1994)

Addressing the fourth discipline, team learning, to reach good results from team efforts, all the members should be aligned and working together in one direction. Individual learning does not necessarily lead to organizational learning, but if a team learns, it can be interpreted as a local organizational learning because it involves the whole team. This learning can in turn be propagated into other parts of the organization, can be used to set a wider standard within the organization, although there is no guarantee this will happen. (Senge, 1994)

So far there has only been accounts of isolated learning organizations in Europe and the US. Some people has suggested that Senge's theories are right and communicated in a good manner, but the real reason for the low adaption is that the people in West do not have the right philosophical and cultural predispositions to have a mindset fit to engage with it. (Elkin et al., 2009)

2.6 Organizational Fit

According to Goodman and Svyantek (1999), the fit between an employee's ideal organizational culture and the actual organizational culture of the organization plays an important role in predicting how an employee will perform in the job role. This can be explained by first dividing the performance of an employee in two parts, task- and contextual performance. Task performance is what the employee is contracted to do and thus promoted through that contract. Contextual performance, on the other hand, is what the employee is expected to add, in terms of value to the company, outside of his or her contract with the employer, such "extras" that would make the employee stand out among others. According to Goodman and Svyantek (1999), there has been a tendency to regard such performance as free due to its tacit nature, however this is not the case. Indeed, this performance is derived from the psychological contract between the employee and the employer and thus serves as an intangible reward-system to promote such behavior.

Considering the tacit reward structure of contextual performance, research reveals that fast-moving job-markets may pose a potential issue. When the long-term commitment of an employee is not there, the psychological contract changes. To promote performance, immediate rewards are used and appraisals are made increasingly valid for the tangible tasks at hand promoting behaviors that can be measured. Goodman and Svyantek argues that organizations in such situations must recognize the fact that the psychological contract has changed and that there is a need to replace it with a reward system that also includes the contextual performance. (Goodman & Svyantek, 1999)

2.7 The Network Organization and Technology Gatekeepers

Allen (1977) addresses the nature in which development organizations keep themselves aware of advancements made outside of the organization. He points to several factors playing a minor role, such as use of consultants, acquisition of literature on the subject and turnover of personnel. Though these sources help the organization acquire new views on the subjects it works on, it does not fully suffice to achieve an effective transaction of ideas with the outside world.

Through measurement of an R&D department's communication structure, Allen deduces that a key role for communication of important information and ideas is, what he calls, the technological gatekeeper. The role of technological gatekeeper is not inherently something appointed to somebody, but rather a natural tendency in some people, a phenomenon that is seen in Allen's empirics. (Allen, 1977)

Allen found that the amount of communications people maintain vary greatly between individuals but that there are some people who act like communication "stars", communicating with almost everyone in their organization. For further research, Allen hypothesized that these individuals were also more diligent in communicating outside of the organization. Allen did indeed find this hypothesis to be right in several organizations and could conclude that these are the people frequently turned to, within the organization, for information on what was relevant to know outside of it. (Allen, 1977)

The technological gatekeepers, Allen found, were not only the ones excelling in maintaining contacts outside of the organization, enabling the organization to reap benefits from it. There were also the one who read more technological journals. Not only the trade magazines that were commonly read by everyone, but the more advanced. Fortunately, these same people also tended to have the ability to not only understand the information in the journals but to carry it on to colleagues. (Allen, 1977)

This network of gatekeepers through which information reach people within an organization is not new, Allen points out, recounting a similar diffusion of ideas within political elections in the 1940:s. However, it forms a powerful part of an organization where new ideas play an important part. Additionally, these gatekeepers and their network seem to take shape spontaneously and without managerial intervention. In fact, Allen explains, "management [...] were generally not aware that the network [of gatekeepers] operated in this way" (1977, p.161).

Finally, Allen offers some identifying characteristics of a technological gatekeeper. Usually a high technical performer, the gatekeeper is also, in more than half the cases, a first-line supervisor. Additionally, Allen says, if you know the technology at hand, the identification of these individuals will be quite easy. However, although they may be easy to identify, due to the informal nature of the formation of such information networks, Allen also caution against recognizing the role by formalizing it. Not only is it unnecessary, the network is already there, it might be counterproductive. (Allen, 1977)

2.8 Integration

Wheelwright and Clark (1992) explore the subject of integration between upstream and downstream units in a process, in the context of product development. The ideas relate to the subject at hand by mapping of collaboration, addressing the whole spectrum from total integration of groups to one-time handovers. Essentially, Wheelwright and Clark address integration from two perspectives, the dimensions of communication (see Figure 4) and the degree of the integration.

The first approach, dimensions of communication, relates to four variables by which communication can be gauged. Wheelwright and Clark stress that it is important to not view any specific level or sort of communication as the absolute right one but rather to reevaluate, based on how a communication is mapped toward the suggested variables, how well that communication meet the needs of the organization. The first dimension addressed is the richness of media, i.e. the degree to which comprehensive transfer methods of data exist. In a face to face conversation, for instance, it is very easy to ask follow up questions and read underlying messages, while reading a document with no models or pictures, makes for a considerable effort to convey the same amount of information. The second dimension is frequency of contacts, an important variable to consider since the receiving party may need time to reflect and act upon even the smallest bit of data. On the other hand, handing over all data in one pre-arranged package can be cost-effective for the sender. (Wheelwright & Clark, 1992)

The third dimension of communication is the direction the interaction takes. On one side is the one-way communication, the monologue, and on the other is the two-way communication, the dialogue. This dimension is very straightforward but important to ensure sufficient feedback in communication. Finally, the last dimension is the timing of communication. This dimension relates to when in a process the communication is initiated, moving from late in the process, making the communication a hand-over, to early, making the communication the starting point and maybe even a totally integrated process where the downstream unit is included in the twists-and-turns from the start. (Wheelwright & Clark, 1992)

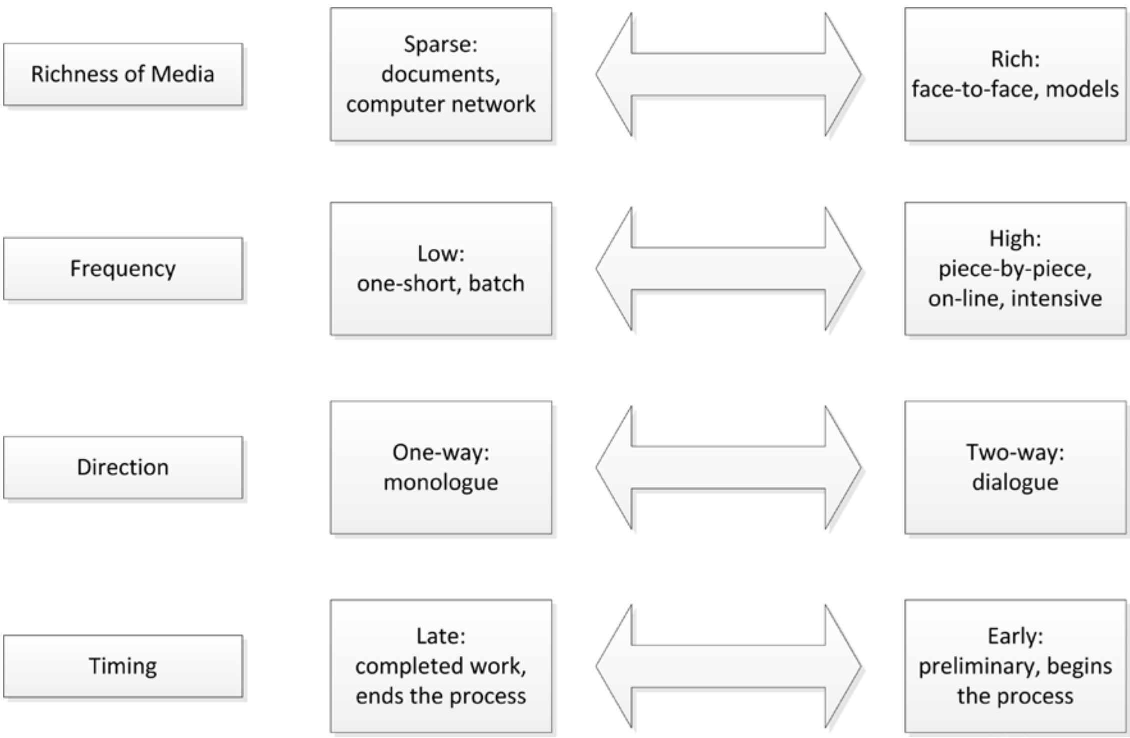

Figure 4 Dimensions of communication between upstream and downstream groups. (Wheelwright & Clark, 1992, p.177)

Supplementing the dimensions of communication is the degree of upstream-downstream communication (see Figure 5). Wheelwright and Clark define four modes of interaction that represents different degrees. The first is the serial/batch mode of interaction where communication is sparse, infrequent, one-way and late in the process. This mode would suffice and be cost-efficient in hand-over of non-complex tasks but makes for one lengthy document when communication do occur. Moving toward more integration, we arrive at the "Early start in the dark" mode, whereby the downstream party begin ramping up their work ahead of the hand-over, usually due to an impending deadline. This mode may shorten overall lead-time but does not reduce much confusion come the hand-over, since it consists of the same batch as the previous mode. (Wheelwright & Clark, 1992)

Moving to yet more integration, we face what Wheelwright and Clark (1992) call, simply, early involvement. In this mode, the communication is rich in nature and a dialogue that is begun well ahead of the hand-over. This means more time for the downstream unit to understand the task and come with questions and feedback. Finally, the forth mode of integration is the integrated problem solving. In this mode, the downstream group is involved and learning about the upstream design from the start, changing fundamentally the nature of communication. Instead of relying on past practices to understand the upstream solution when it arrives, the receiving party can learn of the new solution as it is being made. As with the dimensions of communication, there is neither one right answer between the modes or a discrete representation of reality. (Wheelwright & Clark, 1992)

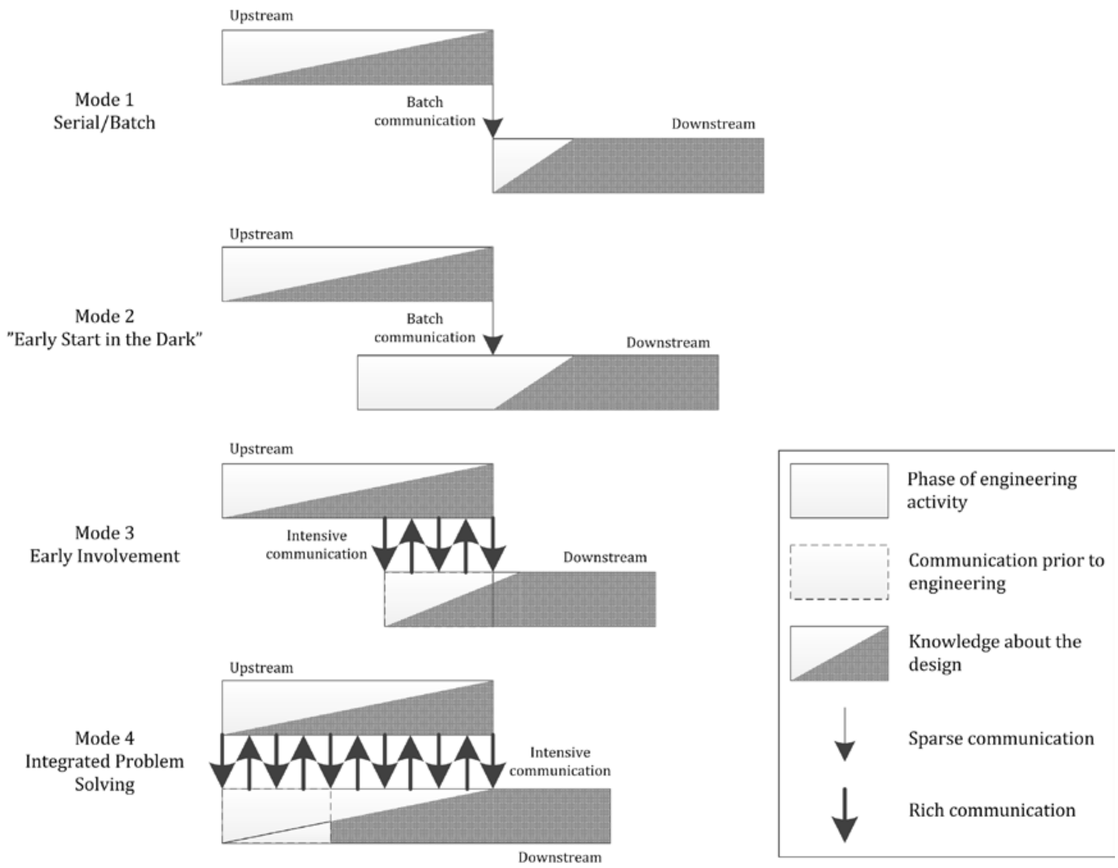

Figure 5 Four modes of interaction between upstream and downstream groups. (Wheelwright & Clark, 1992, p.178)

2.9 Systems of Chinese Values

China has a long history of a diversity of traditions, making today's China a mix of distinct, but still interconnected value systems and philosophical traditions. The complexity of these traditions and systems makes it hard to conceptualize Chinese culture in a holistic way (Lin, 2008). Tsui et. al. (2004) uses a framework consisting of Communism and Confucianism, and economic reform and influence from Western management philosophies to describe the leadership styles of Chinese CEOs.

2.9.1 Confucian values

Tsui et al. (2004) represents the Confucian values of leadership by four major virtues: the class system (including the five cardinal relationships), obedience, the doctrine of the mean, and renqing.

The class system maintains the rituals and ordering of people according to the five cardinal relationships: emperor-subject, father-son, older-younger brother, friend-friend and husband-wife. The class system dictates the social order and obedience to the relationships maintain the order. (Fu & Tsui, 2003)

The father-son relationship can also be seen as the relationship between the ruler and the masses, where the ruler treats the masses as his own children. The ruler is an exemplary person who is a model for the masses, meaning that the authority in the relationship is build of the ruler's moral character. (Hall & Ames, 1987)

The doctrine of the mean refers to restraining oneself in times of anger. Renqing means being kind, righteous, benevolent and understanding of other people's feelings (Fu & Tsui, 2003). In a study of news media in China, Fu & Tsui (2003) summarizes the Confucian leadership attributes, see Table 2.

Table 2 Confucian leadership attributes in China (Fu & Tsui, 2003).

Class System: • Fatherly figure • Systematic • Procedural Obedience: • Dependable • Responsible • Accommodating	Doctrine of the Mean: • Broad-minded • Tactful • Impartial • Persistent • Objective • Live a simple life Renqing: • Humane

2.9.1.1 Authority in Leadership

Even though modernization of China has made authoritarian leadership less prevalent (Zhang et al., 2011). Still, because of the Confucian virtues, Chinese leaders in business tend to lead with extremely high degrees of authoritarianism, but at the same time showing benevolence to subordinates and a leadership and decision making anchored in a high level of moral character (Tsui et al., 2004). This is not contradicted by Hofstede's (2013) extensive work on national culture in China, among other countries (see 2.1.1.6).

The transformational leadership style is based on the leader generating acceptance and awareness of the purpose and mission of the group, making the employee work for the good of the group (Bass, 1990). When it comes to group leadership's impact on group creativity in China, the transformational leadership style is giving better results than the authoritarian (Zhang et al., 2011).

2.9.1.2 Thinking according to Confucius

Confucius' understanding of thinking consists of a set of interrelated processes where *learning* (学 xue) and *reflecting* (思 si) is in a continual interplay with the consequence *realizing* (知 zhi), which is unavoidably linked to *living up to one's word* (信 xin). It the western paradigm the *learning*-*reflecting*-polarity could be described as reasoning, *realizing* as knowing and *living up to one's word* represents together a specific meaning of truth. This whole thinking process' outcome is practical in its nature, aiming to maximize the potential of existing possibilities, and should not be mixed up with a process of abstract reasoning. (Hall & Ames, 1987)

2.9.1.3 Learning

For Confucius, *learning* is not about gaining knowledge about an objective fact, but rather becoming aware of something (Hall & Ames, 1987, p.44). To make an example, it is interesting to compare this view to that of the Western philosopher René Descartes. René, in contrast to Confucius, emphasizes the need to find a more objective truth. Hall and Ames (1987, p.32) describes Descartes argument that we do not have the possibility to know as the omniscient being (God), and our judgment are very likely to be false. We cannot claim truth or falseness until we have reached the clearest and most distinct grasp of the ideas involved in the judgment, when this grasp of ideas is reached, we have achieved a reasonably degree of accuracy. This division of theory and practice that Descartes describes is not compatible with Confucius' way of seeing it. According to Confucius *Analects* 14/27, seen in Ames and Hall (1987, p.49), "The exemplary person feels shame when his words go beyond his deeds", which the authors explain as ideas and the communication of those should not be only theoretical and academic, but rather, they should have practical value as prompting action.

2.9.1.4 Reflecting

Learning, according to Confucius can be seen as acquiring a cultural legacy, not transforming the culture or generate new meaning. *Reflecting,* on the other hand is more about creative adaptation and reuse of the learned meaning, in order to maximize the prospects of one's own circumstances. *Learning* and *Reflecting* are in a polar relationship, where not one of them is adequate in itself. A quote from Confucius' *Analects* 2/15, which illustrates the relationship between *learning* and *reflecting*, can be read in Hall & Ames (1987, p.47): "Learning without reflecting leads to perplexity; reflecting without learning leads to perilous circumstances". The meaning of this, as interpreted by Hall and Ames, is that learning without critical reflection upon what one learns leads to a failure to act properly, a failure to making the learning meaningful and appropriate in one's own unique context. Learning without reflecting leads to repetition of what others do, and if a different situation were to occur would leave the learner unprepared.

Another illustrating quote from *Analects* 13/5, as seen in Hall and Ames (1987, p.48):

"If someone can recite the three hundred Songs but yet when you give him official responsibility, he fails you, or when you send him to distant quarters he is not able to act on his own initiative, then although he knows so many, what good are they to him?"

2.9.1.5 "Realizing" and "Living up to One's Word"

Confucius' meaning of realizing can be understood as "to realize", as in "making real", but commonly it is also interpreted as "to know". The character for realizing is interchangeable with that of "wisdom", indicating the unwillingness to separate practice from theory. Realizing is performative in its nature and also suggest an inclination to forecasting or predicting the outcome of an event which the forecaster self is part of. Realizing can be about dispelling doubts and distinguishing between what is appropriate or meaningful, and what is not. (Hall & Ames, 1987, pp.50-52)

Even if "realizing" is performative in its direction, the "realization" still is a thought. "Living up to one's word" is the manifestation of the true reality. Knowledge consists of both the thought: "realizing" and the reality: "living up to one's world" in conjunction, where the thought is in true correspondence with reality. (Hall & Ames, 1987)

2.9.1.6 Logical and Aesthetic Order

The question of separation between reason and experience, theory and practice, and rational and experiential modes of knowing has long been discussed by Western philosophers. The most prevailing view on this in the west is that practice is an activity conducted in accordance with theory, indicating a separation between the two concepts, and theory as something preceding practice. (Hall & Ames, 1987)

As seen before in 2.9.1.2, the Chinese way of relating practice and theory is to emphasize their mutual inclusiveness and interaction. This difference in how Chinese and Westerners perceive practice and theory is a first stepping-stone to understanding the difference between the Chinese aesthetic order thinking and the West logical order thinking.

Based on their interpretation of Confucius' analects, Hall and Ames (1987) presents this model to contrast the aesthetic and logical order thinking. The western, logical order on strives to take the concrete and practical towards the universal and generalized. In West, metaphysics has been seen as the science of order, striving to develop universal theory, uniformities in experience and existence. (Hall & Ames, 1987)

Where the Western thinking generalizes, the Chinese, aesthetic order thinking embraces particularity and uniqueness, how the small details relate together, balance and harmonize creating the whole. A culture based on aesthetic order isn't open to the use of standards, rules or norms that seek generalization. Even the consensus is not used for finding an objective ground. This tendency to strive from the general towards the unique is according to Elkin et. al. (2009) fundamental for the pragmatic approach.

2.9.2 Communist Values

The effect of Confucian values on Chinese leadership is profound, and so is also the impact of Communist Values. While Confucius' philosophy is a traditional legacy, the impact of Communism is a more recent phenomenon. The Communist values include loyalty to the party, whole-hearted service to the people, hard work and self-sacrifice (Tsui et al., 2004). In a study of news media in China Fu & Tsui (2003) summarizes the communist leadership attributes as seen in Table 3.

Table 3 Communist leadership attributes in China (Fu & Tsui, 2003)

• action oriented, • abiding by principles, • collectivistic, • corruption resistant, • democratic, • determined, • devoted,	• hardworking, • optimistic, • relying on followers, • self-sacrificing, • servicing, • value driven, and • visionary

2.9.3 Economic Reform and Influence from Western Management

China's economic reform is relatively recent, starting 1978. Before the reform, private enterprises were very rare and foreign invested enterprises non-existent. The economic reform made a big impact on China. Managers of state-owned enterprises became accountable of their decisions, increasing foreign and private owned enterprises (SOEs) forced leaders of state owned enterprises to adapt or retire. Being free of the state regulations of SOEs, privately owned enterprises (POEs) made it possible for them to be quicker in the business environment, to be entrepreneurial. (Tsui et al., 2004)

The values of communism, where pursuing money were seen as decadent, were now exchanged with the slogan of China's then leader, Deng Xiaoping: "getting rich is glorious". The society came to be more and more influenced by the secularization process and consumerism, giving rise to a growing domestic market. (Zhang, 1999)

As the Chinese market opened up, foreign, mainly western management philosophies and practices came to challenge the traditional Chinese way. Chinese executives are today subject to the challenges of continuous restructuring of organization, intense global competition, changing values among the workforce, rapid technological development and high level of complexity in the internal and external environment. They have to constantly adopt and these fast changes result in a big variety of leadership styles among Chinese executives. (Tsui et al., 2004)

Table 4 Leadership attributes in China that are consistent with modern western management (Fu & Tsui, 2003)

Charismatic: • Articulate • Charismatic • Confident • Energetic • Inspirational • Sociable Entrepreneurial • Aggressive • Ambitious • Decisive • Entrepreneurial • Insightful • Shrewd	Change-oriented: • Change-oriented • Competitive • Open to learning • Proactive Skills/knowledge: • Competent • Directive • Experienced • Problem-solving

2.10 Pragmatism

Pragmatism is defined in Oxford Dictionary of English as *"a [philosophical] approach that assesses the truth of meaning of theories or beliefs in terms of the success of their practical application."* (Stevenson, 2010)

An example of Chinese pragmatism is the famous saying by Deng Xiaoping, China's former president: *"It does not matter if it is a yellow cat or a black cat, as long as it catches mice."* This quote is first heard in a speech in 1962, where Deng suggests that household farming could be adopted, suggesting a decentralized model for agriculture where the mode of operations is not fixed, but rather flexible to allow for local adaptation to the specific circumstances. (Zhang, 1999, p.42; Anon., 2013)

Elkin et. al. (2009) discusses the impact of Chinese pragmatism upon the development of learning organizations. They suggest that the Chinese pragmatism creates naturally learning organizations and that a rediscovery of pragmatic philosophy might be a key for the creation of naturally learning organizations in the West. Understanding pragmatism might also allow

Westerners to understand Chinese and Asian organizations and their ways of doing business.

For a company to prosper, it has to transact and fit to the environment. Western organizations have had a tendency to expect people and the environment to adapt to their way of doing things. This might be because the organization believes that it has a model way of doing things that is considered close to what is universally right. This is compared to the tendency of East Asian companies, where the pragmatic philosophical foundation means that what works in practice is right, and the answer to what is right comes from the ever-changing environment. This adaption to the environment is the key learning for the learning organization (Elkin et. al., 2009)

By seeing the relational world that people live in, one can see that managers' understanding of their environment is shaped from the interaction with people. In a Chinese and Asian organizational environment, the basis lies in the maintenance of networks based on trust and reciprocity. Even if individuals in these networks cannot embrace the complexity of the environment, they can at least fall back on learning from experience in the daily life. (Elkin et al., 2009)

Western companies are involved in a finite game, where only winners exist, and winning companies do not learn because the win validates the correctness of their way of working. Further, managers are commonly trained at improving their way of working, not working with others to learn about new ideas. (Elkin et. al., 2009)

But this lack of pragmatism in the West is not total. Charles S. Peirce, John Dewey and William James are three names responsible for shaping the Western pragmatist philosophy, which today is not very visible. Peirce, Dewey and James turned away from the abstract representations and the possibility of a universal global blueprint, instead turning to experience to make sense of the uniqueness and harmonizing our aspirations to our natural and social context. (Elkin et al, 2009)

2.11 A Framework for Behavioral Influence

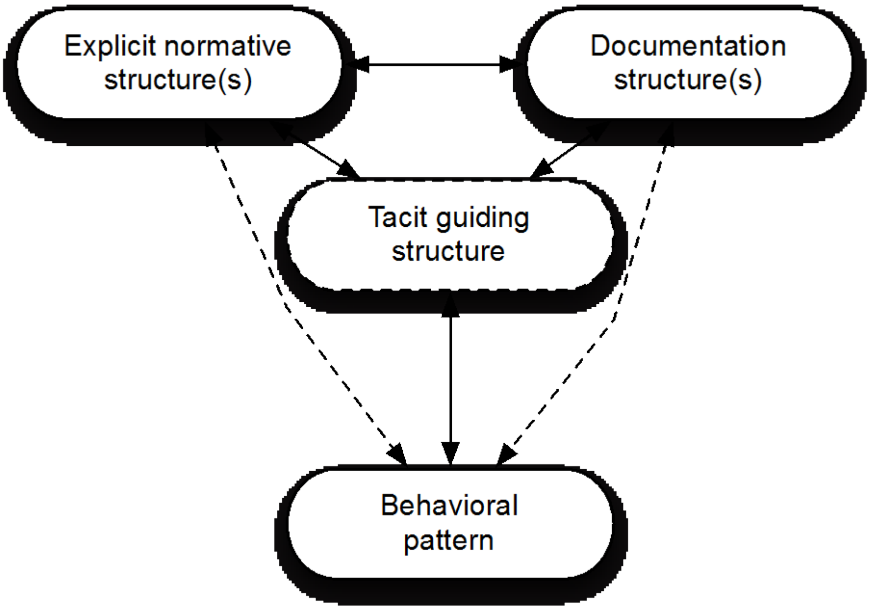

Figure 6 A diagram of the framework for behavior influence. (Marmgren et al., 2012)

Marmgren et al. (2012) suggests a conceptual framework to understand how management systems work (see Figure 6), how they affect the behavioural pattern actually going on in the organization. The framework consists of three structures influencing the behavioural pattern: Explicit normative, Documentation and Tacit guiding.

Documentation structures can be descriptions of visualizations of a process, management model or physical reality. Examples are documented process maps, checklists, descriptions, explicit product requirements etc. There can be multiple different documented structures relating to the same thing, not necessarily in a coherent way.

Sometimes the documentation structures can be referred to as the main or only valid foundation for the behaviour of the organization. For example when something goes wrong, if only the documented structures are addressed, one might miss out the two other affecting structures: Explicit normative and Tacit guiding. (Marmgren et al., 2012)

The explicit normative structures consist of expressions of how things should be done, which means that they are less specific and more complex in their nature.

Ideally, there is coherency between the explicit normative and documented structures, but for example the behavior and talk of the management might contradict and undermine documented structures through the explicit normative structure.

The explicit normative structure might work both through what managers say, what they do, creating an overall fuzzy structure. Moreover, different managers might provide different structures. These norms can also be expressed through systems for promotions and remunerations, and they can also come from outside the organization, there can be certain norms within an industry or profession, multinational or international norms might influence beside the national norms. (Marmgren et al., 2012)

Tacit guiding structures are influencing both individuals and groups. It consists of informal agreements or ideas on personal responsibilities and coordination in the operational procedure. Having a shared mental structure implies that the group has to have a sufficient degree of interaction. The tacit guiding structures have the biggest influence on patterns of behaviors because it reflects the natural behavior. The biggest influence from documentation and explicit normative structures can therefore be seen through affecting the tacit guiding structures.

The tacit guiding structures are not easily observable as documentation or explicit words, rather it can be inferred from the action structure: how individuals or groups handle similar situations in a uniform way or not. The tacit guiding structures are things that an individual does unconsciously, thus not being able to easily explain it explicitly. (Marmgren et al., 2012)

2.12 Standardization for Creativity

According to Alänge (1994), during the 1990s, a new paradigm for industrial processes could be seen evolving. Its common name was Total Quality Management, TQM, but it carried several others, unique for many companies and tailored to their situation. The basic principle was that one could use systematic management principles to make best use of resources, manpower and other, despite facing tough problems. Alänge presents a total of six characteristics of TQM derived from literature review, definitions from quality awards and empirical data from USA, Europe and Japan.

The six categories of characteristics of TQM are customer focus, leadership, total approach continuous learning, process orientation and standardization. Of particular interest here, is the last one, which applies a Pareto approach to creative problems solving. This means that applying only a small set of proven management tools and a problem solving logic, most quality and business problems can be solved. (Alänge, 1994)

Alänge argues that the ability of this standardized ways of working to bear fruit in creative processes is overlooked. Using standardized processes, communication on global scale can be coordinated to take less of the effort from the task at hand. Using standardized principles for creative processes proves somewhat of a conflict of goals, on one hand to achieve maximum resource utilization and on the other to maximize empowerment and ownership for individuals to spur creativity. The examples given, though, reveal that a certain overlay of common goals and guiding principles can allow quite a large degree of autonomy for individuals under TQM. (Alänge, 1994)

Lastly, it is noted that standardization may not only apply to the task at hand to benefit creativity. Training and competence development can have standardized content and procedures that forego the value-adding process. The author points in particular to cascading of knowledge, whereby first the top manager is trained and he then continues to train his subordinates who then do the same. (Alänge, 1994)

3 Method

In this chapter, the methodology of the study will be presented and argued for. Both the philosophical approach to research and procedures will be addressed as well as ethical considerations.

This study is mainly conducted as what Bryman and Bell (2011) describes as a case study design, but also with some elements of a comparative study design. The study includes five different companies located in Beijing, Shanghai and Hangzhou, China, including totally 23 interviewees distributed among the companies according to Table 5.

The cases examined are in a sense separate, they include different companies in different cities. But by another way of thinking, the cases can be seen as more uniform: all cases had some similar characteristics, all cases included working across cultures, between China and the West (mostly, but not exclusively Sweden) and all cases were found in companies within technology-focused industry.

By including several cases across China, across slightly different industries and across organizational cultures, it allows better understanding of the variations coming from these factors, giving rise to the comparative dimension in this study. Bryman and Bell (2011) presents the transferability of a single-case study as a problem, or even as something that intrinsically cannot be found in a single-case study. Because of the comparative dimension, it is it is believed that the transferability of the study increases compared to a single-case study.

3.1 Study approach

According to the description by Bryman and Bell (2011), this study is applying both a deductive and inductive approach to theory. It is deductive because the initial inspiration came from an explorative literature study. A few theories were picked as a foundation for expressing the initial research questions and formulating the first interview questions.

During the interview and result analysis phase, the approach was more inductive in its nature. During the interviews, the researchers traveled to the companies' sites in China. The slightly limited possibility to find new theory overseas and the limited amount of time available for interviews resulted in a focus on collecting empirical data, seeking out areas that intuitively seemed interesting based on the researcher's prior theoretical knowledge, experience and reflections from previous interviews. This way of interviewing is in line with Bryman and Bell's (2011) semi-structured interviewing technique (further described under 3.2.1).

When the time came for the first more structured results analysis (see 3.3), including Transcription, Coding and Analysis, the researchers were back from the field work in China the focus was still on the data, trying to make a model from the data and intuition alone. After the first analysis, iterative inclusion of relevant theories and data from media to further analyze and make sense of the empirical data was made. This way of working is comparable to the systematic combining described in Dubois and Gadde (2002).

Systematic combining describes the iterative approach to case studies, where theory, the empirical world, the case and the analytical framework is matched, as illustrated by Figure 7 Systematic Combining .

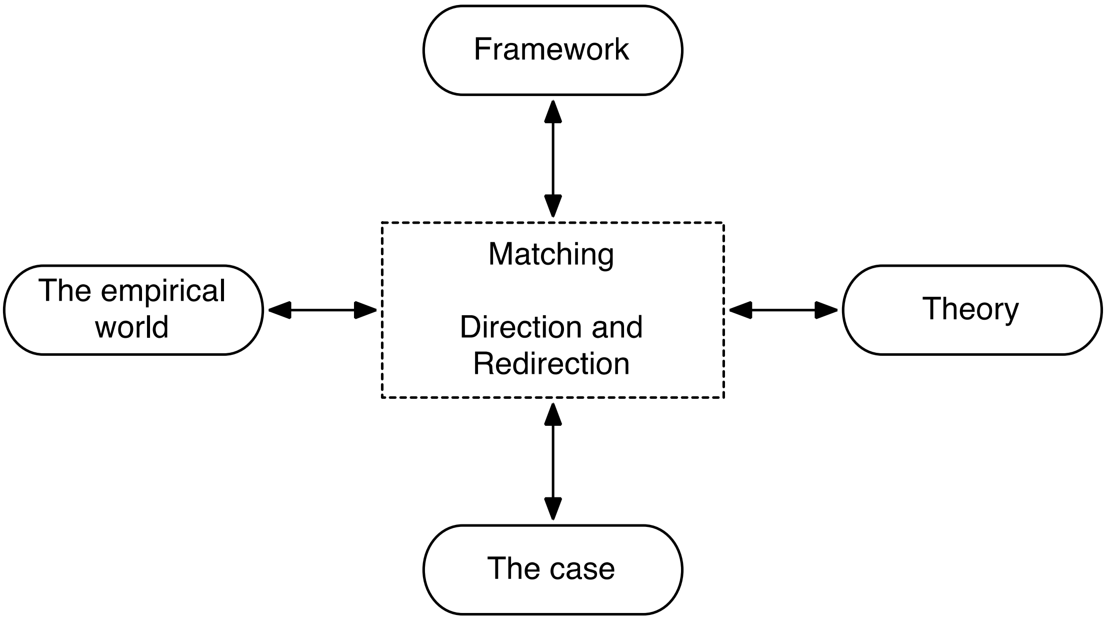

Figure 7 Systematic Combining (Dubois & Gadde, 2002)

3.2 Data Collection

The data collection is in form of interviews, which were carried out at five companies with global operations spanning China, located in Beijing, Shanghai and Hangzhou.

Table 5 A summary of the number of interview subjects by each company and job role.

Job role	Ericsson	Swedish Manufacturing Company	Swedish Manufacturing Company	Nordic IT and R&D Services Company	Eng. and Man. Consultancy Firm
Leaders, operational managers or project managers	7	3 of which 2 in a group setting	1	1	1
Engineers	3	4 of which 2 in a group setting	3		

3.2.1 Interview Procedure

The interviews where what Bryman and Bell (2011) call semi-structured, guided by the use of an interview guide (see Appendix 2). This meant that categories of questions were kept the same for each interview, but the specific questions under each category were changed depending on factors such the role of interviewee and thus his or her perceived understanding of the system, understanding of specific subjects on the part of the interviewee or time restrictions for the interviewee and thus a priority of certain subjects. This semi-structured technique is consistent with how Dubois and Gadde (2002), in their Systematic Combining approach urges researchers to be less predetermined during interviews, allowing for active data to be gathered. Active data is connected to discovery of something new, and distanced from the passive data, which is discovered by searching for something that the researcher is set out to find.

Table 6: Categories of questions used during the interviews.

Interview questions were contained within the following categories: ● Your typical task ● Feedback ● Governance ● Learning ● Cross-Cultural Communication ● Standardization ● Gatekeepers/Systems Thinking ● Questions based on Hofstede's Cultural Dimensions (source) ○ Power Distance ○ Uncertainty Avoidance ○ Collectivism vs Individualism ○ Masculinity vs Feminity ● Chinese way of working as opposed to other cultures ● General reflections after the interview

Appendix 2 shows interview guidelines, including introduction and prepared questions the interviewers could chose choose from, not including the spontaneous questions arising during the interview. Each question is found under a category, these categories are seen in Table 6.

The interview was recorded after obtaining approval from the interviewee. Both researchers were present on all interviews except four, at two different companies. The two researchers were both active in asking questions, where one researcher usually asked a series of follow-up-questions at a time. In this way, there was a reduced chance of getting stuck in the interview, because while one researcher followed a certain interesting path of thought, the other kept track of what other subjects would be relevant to go into next.

The interviews were conducted in either English or Swedish using an interview guide written in English. The reason for not conducting all interviews in English was that it would seem strange to do so if all present shared the same mother tongue, i.e. Swedish. In transcription, the Swedish interviews were written down in that language and vice versa. The Swedish text was also kept intact through coding, although all codes were in English along with all subsequent results analysis and summary. This was meant to ease traceability in case any interpretation of the original interviewee message came under scrutiny, something a word-for-word translation by a layman could inhibit. It should also be noted that any sign of confusion between the interviewers and interviewee on meaning of concepts and any English phrases used during the interviews were purposely resolved right away. Addressing issues directly was deemed important since the meaning of a specific concept can be the very foundation of an issue or question in a qualitative study and therefore affect the result significantly.

3.3 Transcription, coding and analysis

Transcription of complete interviews on tape is a time-consuming effort (Bryman & Bell, 2011), something that held true for this study as well. Additionally, the discussions recorded were not always of relevance to the study in their entirety since they also served to familiarize the interviewers with the interviewee and vice versa. As such, it was decided that selected portions of the tapes would be transcribed instead of the entirety of them, as is a suggested option by Bryman and Bell (2011). Preceding the decision was a series of qualitative comparisons of what method proved to produce the best trade-off between exhaustiveness of information and speed of progress, ending in favor of partial transcription. This is mainly due to the considerable time for reflection on the content given when less time was spent on word-for-word transcription.

In practice, this method of transcription could mean that where the interviewee explained a subject in detail or recounted a specific event to exemplify a statement, transcription was combined with or substituted for a summary of the interviewees point, as it was perceived by the transcribers. Additionally, the transcription could be supplemented with an account to the interviewers reflections on the feeling the interviewee tried to convey or any implications he interpreted. Using this method, there is a risk of missing the discussion about how to interpret the words of the interviewees. The researchers tried to be aware of and avoid bias throughout the transcription.

3.3.1 Coding

Coding of interview data was done in the statistical software NVivo 10 and was approached in two ways. Acting on recommendations in Bryman and Bell (2011) coding was first approached on one interview by each researcher alone, assigning keywords for data portions. After the individual coding, the two researchers compared their way of coding in terms of codes used, prevalence of codes and length of text coded. A discussion around these points was conducted to align the use of codes by defining the meaning of each code, the usefulness of each code and possible relationships between the codes. Additionally, there was a discussion about the length of coded text, where it was decided to keep the length as short as possible, conveying the core message. This way it would be simpler to cognitively handle the shorter texts during later stages of analysis.

After conducting this spawning of codes and aligning on the initial interview the researchers continued to cover all transcribed material, dividing the material between them. To ensure the consistency of codes used, the material was merged and reviewed at two instances during the process. During such reviews, codes could and were added, discussed and agreed upon by both researcher to cover any new angles that additional coding uncovered. The software used for the coding process, NVivo 10, also made it possible to quickly find a code's position in the text, making it possible to quickly see the context of the text.

Questions used to guide the coding included, but were not limited to:

- Of what general category is this item of data an instance?
- What does this item of data represent?
- What is this item of data about?
- Of what topic is this item of data an instance?
- What question about a topic does this item of data suggest?
- What sort of answer to a question about a topic does this item of data imply?
- What is happening here?
- What are people doing?
- What do people say they are doing?
- What kind of event is going on?

Bryman & Bell (2011)

For each coded word, a list is retrieved containing all the pieces of transcribed text coded with the specific code. The pieces of text within the list are grouped first by interviewee, and then in chronological order. These lists are used in the next step, as an input to the affinity grouping and interrelations workshop.

3.3.2 Affinity and Interrelationship Method (AIM)

Using the coded data in lists, an affinity grouping was initiated. It was meant as an ongoing source of inspiration and was done on two two-by-two meter pieces of white cardboard. As a general framework, the question "What's the key insight when pursuing efficiency in Chinese global delivery organization?". This broad question could include all three research questions, given that the word efficiency were interpreted both as efficiency of operations and learning. The AIM process, as described by Alänge (2009) is used to achieve the Systematic Combining of Dubois and Gadde (2002), where the end result, the map of interrelations, is seen as the framework, generated by both empirical data and theory iteratively.

The AIM process can also be seen as inspired by a grounded theory-approach to analysis. Grounded theory is a widely used framework for analyzing qualitative data in the social sciences. Grounded theory is mainly concerned with formulating theory out of data in an iterative way, adding new data as the analysis goes along (Bryman & Bell, 2011).

The first list of coded data used as input to the AIM contained pieces of text coded as 'takeaways', which provided a broad base to build on due to that the 'takeaways' code had been used as general takeaways from the perspective of the authors' own judgment. When a point was judged as interesting, it was either cited or simplified and written on a square yellow adhesive note and attached to the board. For each note, it was concluded that both researchers had a common understanding of the meaning of the text written on the note. This is an absolutely essential step in the AIM and is done to avoid "rubbish-in-rubbish-out", increasing quality of the results of the AIM (Alänge, 2009).

15 to 20 notes were put on the board each round, not all pieces of data of the list were taken into the affinity and interrelations map, but a judgment was made by the researchers based on how well the data could be used answering the research questions and if there were any identical or similar piece of data

already on the map. After the selection, the researchers grouped the notes in silence by perceived affinity in groups of max 3 notes. After each session of grouping, the researchers discussed for each group firstly whether it was possible to either describe the notes as one. If not, the researchers discussed whether the notes could be said to belong to a common group under the headline of a concept such as learning, motivating factors or urgency. Because of the familiarity of the data, it sometimes occurred at this stage that a note could favorably be related to another piece of data not yet brought to the board. In that case, this piece of data could be found deliberately by looking up a certain interviewee's transcribed interview, or more broadly search for new data points from a list of a certain code of interest. By identifying a need to include more data related to communication, it was decided to go through the list containing 'communication' coded pieces of data in this broad fashion.

For each new round of 15-20 notes the affinity grouping and headline creation were gone through again. Each time the old groupings were questioned and broken up if another stronger interrelation were being found together with the new notes. As the pieces of data grew on the board, adhering to the three notes per group-rule, groups were used wherein other groups and/or single notes were grouped, thus creating structures with two levels of headlines.

After the lists about takeaways and communication were gone through, the list about efficiency were used in the same fashion as before. When going through that list, it was judged that the data on the board had become saturated, because few of the data points about efficiency added anything new to the board. Then started the evaluation of the interrelationships, with a focus on the learning and innovation as outcomes. After this, a new note was introduced to the map, in the same way as a piece of data or headline, named 'Increased Operational Performance', illustrating the outcome sought in research question 2. This way, the researchers could explore if and how the different data were causally linked to research question 2, taking it one step further towards seeing what factors influence operational performance.

Input from the AIM was captured and added to the report in sections, based on the clusters that formed in the diagram. For each cluster, the researchers used literature already included in the study to gain understanding but also sought new to supplement their view. As such, writing up of the data started in these clusters, using literature and cluster interrelations to build argumentations and discern findings. This formed an iterative process that saw the writing begin in pieces and then growing back together to an interrelated web as the process ensued. Throughout the process, the researchers relied heavily on the interconnections found during the initial result analysis, being careful to ensure that data was the foundation of the thesis formulation.

3.4 Ethical Considerations

When conducting a social study, an ethical code of conduct should guide through the whole research project. Bryman and Bell (2011) presents four main areas of ethical principles within business research:

- Harm to participants
- Lack of informed consent
- Invasion of privacy
- Deception

During the course of the study, the ethical considerations most prominent related to the principle of harm to participants, specifically through the disclosure of information that is meant to be secret. Since many companies' representatives were part of the study, it was of great importance to the participants that there was no information leakage between the companies. Should proprietary information be leaked through the research process, the people participating could be held accountable and thus face consequences.

Part of the solution to not violating the first principle was to strictly follow the second, prohibiting the lack of informed consent. This was avoided by clearly stating the purpose, process and participants of the study as well as being open with the possibility to withdraw any statement retrospectively. Additionally, all participants had prior confirmation from their respective organization on the circumstances that allowed them to participate, further adding to clarity of the conditions of their participation and decreased risk of deception.

At the beginning of each interview, the interviewee is asked to approve the use of a voice recorder. The interviewee is told that the result of the interview is anonymously used and that just the researchers themselves and their academic supervisors will be able to access the un-anonymized data from the interviews.

During the interviews, the researchers sometimes came over sensitive information that could cause potential harm to the participants integrity if for example the participant's manager were to take part of it. When addressing a certain piece of data, at the same time stating the interviewee's company and job role, it could be possible to deduce the interviewee's identity. The personal anonymity is of high priority and the thesis is therefore written without the company name, but including the general job role of the interviewee.

The semi-structured approach made the interviews more friendly and informal, without clear boundaries of what to cover. With boundaries less strict, there is a risk of invasion of privacy of the interviewee. Still, the interviewers tried to be aware of this, maintaining a professional attitude, only asking questions judged as related to the research questions at hand.

3.5 Trustworthiness Quality Criteria for Qualitative Research

Trustworthiness is a quality measure for qualitative research made up of four quality criteria: *credibility, transferability, dependability* and *conformability*. Trustworthiness allows for a measure not based on a realist epistemology, but instead of a epistemology based on the belief that there can be several different accounts of the same social reality (Bryman & Bell, 2011).

3.5.1 Credibility

Credibility stresses the need for several accounts of the reality, something that can be achieved through for example *respondent validation* or *triangulation* of sources. (Bryman & Bell, 2011)

Respondent validation means submitting research findings to people of the social world that is studied, to get confirmation that the understanding of the social world is correct (Bryman & Bell, 2011). *Respondent validation* is not used in this study, and could be subject to improvement. Still, the researchers had access to both a Chinese and Swedish supervisor working at one of the studied companies. By being related to the social reality studied on a daily basis, both supervisors could be used to validate ideas or interpretations the researchers made, leading to a different kind of validation from a key informant.

Triangulation comes from using more than one source of data when studying social phenomena (Bryman & Bell, 2011). *Triangulation* is deliberately practiced in this study, both by including several different people, with both managerial and engineering jobs (see Table 5), but also by researching several social systems within the larger context of Chinese culture. The five different companies in three different cities in China represent the different social systems. The coding of the data where subject to triangulation because the coding where done by the two researchers separately, showing the difference between the interpretations of the two researchers.

3.5.2 Transferability

Transferability regards the applicability of the findings in different contexts or even in the same context at another time (Bryman & Bell, 2011). *Transferability* of the study is increased due to the use of *triangulation* (see 3.5.1). Empirical data is collected at several social contexts within three different cities in China and from several interviewees with different perspectives. The recommendation of Bryman & Bell (2011) is that a thick, detailed description of the details of culture should be present. Having researched several social contexts within China, it is argued that this thesis gives a thick description, not necessarily of one social context or organization, but rather that of the similarities and differences between the social contexts of the researched organizations.

3.5.3 Dependability

Dependability regards the reliability of the findings: whether the findings can be deemed stable, not changing if the research were to be redone. By adopting a high degree of transparency and detailed account of proceedings and data from each stage of the research process, an audit done by peers can question the dependability of the research judging the whole research process. (Bryman & Bell, 2011)

By providing detailed accounts of the whole method the dependability of this thesis is improved because it provides a basis for an audit to examine the dependability. On the other hand, because of the highly set ethical standards, respondents and to some extent, even companies remain anonymous from the results and forward.

3.5.4 Confirmability

Confirmability regards whether the researchers acted in good faith, not allowing clear cases of personal opinions inflicting the research. Total objectivity, on the other hand is not possible because of the qualitative nature of the research and its epistemological orientation that there can be several different accounts of the same social reality. (Bryman & Bell, 2011)

By explicitly addressing the problem of confirmability while describing the method, the researchers show that confirmability has been considered. The structured approach of the research is believed to take away some variation of the researchers subjective reasoning, instead emphasizing a structured logical reasoning throughout data collection and analysis, where as much as possible is under the scrutiny of both of the two researchers. One example of this is the coding process (see 3.3.1), where both of the two researches first independently codes, then together decide on a common way to conduct the coding. Another example is the AIM process (see 3.3.2), where all affinities and causalities of data agreed on by both researchers. More generally, the detailed account of the method is believed to show an awareness of the actions of the researchers, an awareness that allows for a critical reflection on method by the researchers themselves.

While conducting the AIM analysis (see 3.3.2), the practice of reaching an understanding of each post-it note included tracing the meaning of the note back to the interview transcription or even interview tape, allowing the researcher to remove bias and interpret the data in its more original form.

One potential problem influencing the confirmability negatively is the fact that transcription was done not word-by-word, but rater in a summarized form. This way some data might have become distorted by bias at the point of analysis, without coming to the two researcher's awareness if both are subject to the same bias. To the best of their abilities, the researchers took the interpretations seriously and sometimes double-checked the facts from the interview tape if in doubt.

4 Results

In this chapter, the results of the study will be presented. The results consist of the data from the research, i.e. interviews and observations, organized in an initial way by means of affinity and interrelations.

This thesis is based on three separate research questions. However, throughout the compilation of data, the findings point to an interrelation of the questions (see 4.6). An interrelations diagram was used to visually aid the analysis and grouping of data points constituting the contexts of this chapter. The complete interrelations diagram is presented in Appendix 1.

4.1 Circumstances of the Study Environment

This section includes a brief description of the companies included in the study as well as a number of important circumstances that have revealed themselves during the course of the research.

4.1.1 Researched Organizations

The five researcher organizations are all working globally with operations in China. They are all located along the east coast of China in the cities Beijing, Shanghai and Hangzhou.

4.1.1.1 Telefonaktiebolaget LM Ericsson

Ericsson is "a world-leading provider of communications networks, telecom services and support solutions". Ericsson is a Swedish company with over 110 000 employees in over 180 different countries. (Telefonaktiebolaget LM Ericsson, 2013) Ericsson's operations in China deliver services within telecom to a global customer base, often through one of Ericsson's own market units to the external customer.

The idea behind the Chinese operation is to deliver services and solutions both locally and globally and communication with other parts of the world is thus and priority. Ericsson's China operation is spread to five locations, called centers, in China. This research is conducted exclusively at the oldest center in the country's capital Beijing.

4.1.1.2 Swedish Manufacturing Company

The second subject of this study is a Swedish manufacturing company of approximately 500 employees. The company's headquarters is in Göteborg but they have offices with product development personnel in different parts of Sweden.

The company has had two owners since its founding in the 1970's and develop and market high precision equipment in the premium range of their market, globally.

Through their current parent company, the company has seen their product development group supplemented with a team in Beijing, China at one of the sites belonging to the parent. This team is under ramp-up and currently on their first round of projects, which it has been tasked to conduct autonomously but with assistance from their more experienced colleagues in Sweden. Problems have arisen though and as this research was conducted, more resources than predicted are needed to ensure projects proceed.

4.1.1.3 Swedish Manufacturing Company

The third subject of this study is a Swedish manufacturing company with a global presence and approximately 20 000 employees. China is a priority market for the company and to underline this the company has increased its presence there recently and expanded it to include development initiatives aimed at the local market as well as to supplement other development.

Within this initiative, Swedish engineers and managers are contracted to work at the Chinese office to build up functioning work teams accustomed to the technology. Within the teams, the manager is usually a Swedish senior engineer in charge of a group of Chinese junior engineers.

4.1.1.4 Nordic IT and R&D Services Company

The fourth subject is a Nordic company with approximately 15 000 employees providing IT services and product engineering services. They have an office in Hangzhou, Zhejiang province, that supply product engineering services to a large telecom company in the region.

4.1.1.5 *Small, Global Engineering and Management Consultancy Firm*

The fifth company was founded by three entrepreneurs in 2007 as a consultancy specializing in manufacturing, sourcing, quality management and business development in China. The company is composed of employees from Brazil, France and China with office in each country. Through their office in Hangzhou, Zhejiang province, the company helps its clients conduct business in China adding value through their proximity, reactivity, knowledge of local regulations and network.

Through its role as a bridge for companies into China, the company has accumulated much knowledge on how Chinese customs and laws differ from those in Europe and Brazil. The company has used ERP systems to bridge the time-difference gap created between its offices and has developed a mode of operation to maximize efficiency toward cultures at all ends of the cultural spectrum it spans.

4.1.2 Competitive Job Market

Job competition in China is fierce, recounts several respondents. One manager says that when looking for young talent, China offers an unprecedented amount of university graduates. Indeed, according to Yongqiang (2013), 2013 will see almost 7 million fresh college graduates throughout the country, an all time high. It is for these academics the job market will be the toughest though. Davis (2013) report, that 2011 unemployment rates weighed in at 16,4 percent for university graduates while for those who opt out after elementary school it is just 4,2. Indeed, according to Davis, unemployment rates for Chinese in ages 21-25 increases the higher the education.

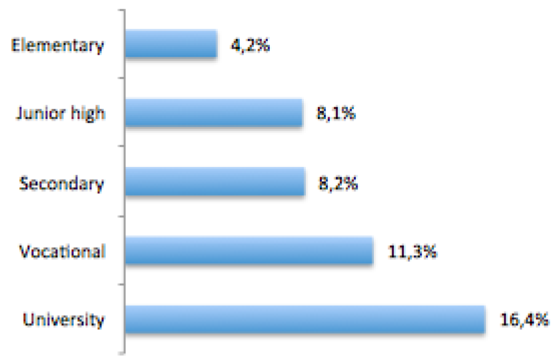

Figure 8 Unemployment rate for Chinese, 21-25 years old, by highest level of education completed. (Davis, 2013)

According to Yongqiang (2013), there are several causes for the current outlook for graduates, including the slight economic slowdown China is currently experiencing, making companies more cautious about hiring graduates. Another is the 1999 decision to expand the higher-education system in China which led to more than a threefold increase in university graduates, from 2,12 million in 2003 to an estimated 6,99 million in 2013. According to Davis (2013), the problem cannot be reduced only to numbers. Since provincial or Beijing officials decide curriculums, a mismatch exists with what local businesses request. This has a further effect of reducing the entry salaries for graduates due to them lacking all necessary skills from the start.

4.1.3 Lack of senior personnel

In contrast to the ample supply of young talent (see 4.1.2), many respondents point to the problem of lack of senior personnel. One manager says that an issue for his organization is that it lacks the depth of experience to develop new employees. Thus, despite the favorable conditions of talent supply his issue lies in developing that talent. Another manager gives a similar account. He says that the biggest difference between his organization and his foreign counterparts is experience, both in terms of specific experience in their field of engineering but also general senior personnel to rely on as mentors.

Yet another Swedish manager is also in a situation where the senior employees are important asset for the operations. According to the Swedish manager, losing a senior person in China would result in a bigger loss than if it happened in Sweden.

A factor that hinders the development of senior personnel and thus exacerbates the issue, is a high rate of personnel turnover several respondents have experience in China. One manager talks about the issue of building competence in an organization where employees may easily leave for other companies, valuing even the slightest of increase in benefits more than loyalty toward the old organization. An engineer agrees to this description of the Chinese job market and explains that it is the tough conditions for living in Chinese cities, such as job competition described in 4.1.2, which largely promote this behavior. One manager from each of two of the companies agree that a high turnover is common in China but both paint a picture of how their organization avoids it. Having an open work climate, through which employees can grow, and their international, some say Swedish, way of working make them attractive and help them retain personnel without offering the highest salaries (see also 5.4).

4.2 Integration

One group of phenomena quickly emerging as an important factor in the study is summarized as a lack of integration, or a sense of separation. Lack of integration is major hindering factor in many of the positive developments in the organizations studied, such as increased learning, innovation and communication.

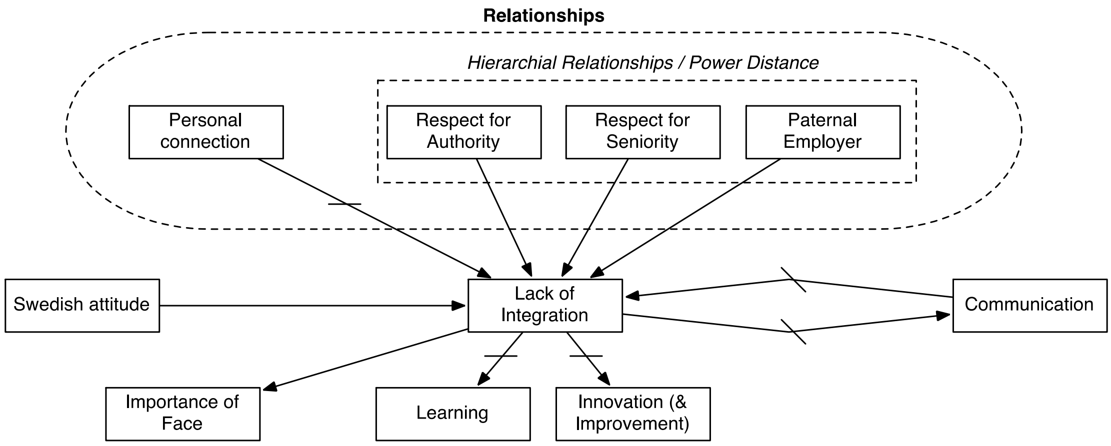

Figure 9 An interrelations diagram displaying the relations of concepts relating to integration.

Lack of integration is manifested, perhaps most strikingly, in a sense of we-and-them-thinking between offices in China and other parts of the world, but also inside local organizations due to the power distance created through, for example, a high degree of respect for authority (see also 4.2.1.2). A sense of separation can seem natural due to the geographical displacement of units and some respondents do, indeed, recount overcoming such feelings as soon as they are able to meet in person. However, respondents across several companies also say the feeling can increase if there is a large shift in workload to the China office, which can be seen as preceding the China office taking over whole job positions in the future. Since China is a country of lower salary levels than the home countries of the companies studied, such a hypothesis is also hard to disregard completely.

When talking to Chinese respondents from one company, a result of the we-and-them-thinking is recounted as them starting of in a position where they must prove their ability to deliver to build trust in their capacity. Although it is reasonable that new colleagues want to judge each others worth, the same respondents note that Chinese are generally better at understanding the capabilities and ways of working in other countries than Swedes, for instance, are at knowing about capabilities and ways of working in China. This means that, while it is reasonable to demand proof of capacity to deliver, there is a general lack of knowledge for the educational and cultural preconditions in China, at least compared to the general level of understanding for the same conditions in other countries among Chinese.

Among respondents in a management position, one important aspect of integration can be summarized as the downsides of having a strong group thinking. One non-Chinese manager notes that to him personal Guanxi networks is a pure transaction cost and not an investment in relationships. Although he is aware of their prevalence, he believes his company's ability to deliver is its strongest tool to form professional connection. Another non-Chinese manager holds a similar opinion, personal network teams, as opposed to teams formed for professional projects, may increase cohesion but ultimately hurts efficiency.

4.2.1 Relationships

Through interrelations analysis of the data a pattern of relationships, that define the interactions of the respondents, emerge. In an attempt to find suitable denotations for these relationships, inspiration was drawn from the traditional Confucian relations (Tsui et al., 2004). The relationships encompass five dimensions entitled emperor-subject, fathers-son, husband-wife, older-younger brother and friend-friend. The relationships found to correlate to the data in the study were older-younger brother, here called seniority, emperor-subject, here called authority, father-son, here called paternal relation, friend-friend, here called personal connection.

4.2.1.1 Respect for Seniority

When addressing the issues collaboration and innovation, respondents, both managerial and other, regularly return to the common theme of respect in Chinese society. This respect can be toward authority, as in toward the manager, but it can also be toward people who have a senior status within the operation. Below, these two sides of respect encountered in the research will be elaborated further.

One non-manager respondent, discussing the extent to which he can contribute to innovation in the company, says that innovation should be based on experience. Since he himself has less experience, he continues, his contribution is not yet worth anything and such, it is not worth the effort for him to try.

Interestingly, he thus does not adopt the otherwise commonly encountered pragmatic view of Chinese, where evaluation is on the end result, instead of on how it was conceived. A recently appointed, non-Chinese manager further explains that respect for seniority runs deep among his staff, even to the extent that a senior professional is also asked for advice on personal matters such as relationships and suitable medication for illnesses.

The concept of seniority refers here to both age and practical experience. However, it is not the absolute knowledge of a certain technology that is most important, but rather years of service. Indeed, in a fast-moving industry, mere years of service do not mean one have the greatest, or even sufficient, knowledge of the technology most important for the company at the present. As such, it is hard to discern whether age alone, or years of service is what matters most in the professional context. The newly appointed non-Chinese manager mentioned before, is relatively young, which might be a problem as he was brought in for his managerial skills rather than his seniority within the technical field of the division he now manages. Showing you still have a basic sense of the engineering field, he says, thus helps you get a level of respect. However, as we will address below, there is also another prominent source of respect.

4.2.1.2 Respect for Authority

In addition to respecting seniority, many respondents across companies recount a great sense of respect for authority in China. One manager says that although he deems Chinese graduates less efficient in the type of work they do at the company, largely, he claims, due to the narrow-minded Chinese education system and authoritarian upbringing, the executive power of managers is much greater than in e.g. Europe. This means that it is easy to achieve efficiency in organization change. From one day to the other, he continues, he could change the whole process within which they work. This, he says, is not possible in Europe, where protests and demands for participation in process design would emerge. This respect for the manager, he says, is good for a for a person in that position but also demands that the manager shows decisiveness and ability to execute decisions to keep his or her reputation as a leader.

This view of Chinese relation to authority is shared by managerial and non-managerial respondents across all companies. One foreign manager says that his move to China meant exercising leadership become much easier but also meant he would have to be less including in the decision-making since he must continuously show that he is not indecisive as a leader. The common view of non-managerial respondents is well summarized by a Chinese engineer, “We follow orders, we work hard...”.

4.2.1.3 Employer has Paternal Responsibility

When examining how respondents see the role the employee takes toward his or her employer, a somewhat passive attitude is unveiled. The resulting need for the employer to assume a guiding role, beside the leading role of normal business, is seen as the employer assuming a form of paternal responsibility. One manager, not Chinese himself, says that his employees are not so proactive in planning their career. He exemplifies this by how they usually would not formulate the contents of their career plan or foresee that different performance could result in different bonus distribution. When one employee gets a bonus, he says, another can come the next day and ask for his - he would not take up the issue in advance or naturally consider his performance to have anything to do with getting it. “...receiving different pay for different performance in your work - that is not Chinese.”, he concludes.

Signs of this passive attitude is recognized by more managers. One manager says that he has to guide his employees in career development and always use some form of tangible provocation to receive a reaction that can show where the employee wants to go. Should, for instance, an employee sub-perform, the manager says, the only really effective way of turning the employee around is by withholding pay or bonuses or by giving a penalty or warning. At this point, he says, the employee would react and a constructive dialog arise. Finally, another manager recounts how this pacifism puts even more pressure on him to ensure that career paths and promotions are believable from the first time they are communicated. Not relying on individuals actively seeking promotion and new challenges combined with the high turnover rate in China today thus means the formulation and communication of the benefits of staying with the company becomes more important.

One manager cares about employees on a personal level. For example: when employees had to work during a time when restaurants are closed, the manager took note of this and took care of that need. Another example from the same manager is that social media is used to check with employees having a personal problem or a rough time.

4.2.1.4 Personal Connections

An important factor for cooperation within global companies organization in China is the personal connections, as many respondents recounts. This has both a global perspective, wherein any dialogue is made easier by the parties knowing each other, and a perspective more common in China, wherein the importance of personal relationships create different priorities for careers and business for Chinese, according to respondents. The first perspective, the general benefit of familiarity in communication, is put forward by, among other, an engineer. “It is important to know the other person […]” he recounts about communication with the Swedish office. Additionally, another engineer states that co-working, as opposed to meeting at talking at social events, is the best way to build trust in a professional relationship. Trust that one can deliver, he continues, has proved to be important when projects are managed globally.

Apart from being important for anyone in working together, personal connections and networks are prevalent in China and can serve an important role in Chinese society. A non-Chinese manager say that although Chinese may not think so long-term in business, sometimes opting for a too short-sighted, pragmatic approach to a solution, they see their personal relationships as long-term. The effects this attitude can have for an employee is exemplified by a non-Chinese engineer, “Chinese are not good at talking and promoting themselves”. From a Swedish point of view, this can be seen as a virtue, but in a global organization it is more probable to be a burden. When other nationalities can be forward and eager to take on new tasks, projects and promotions, Chinese may get an unfavorable image due to what seems like a reluctance to compete. However, that same engineer and a manager both agree that while this behavior can manifest itself as a reluctance to take on new projects, Chinese within their organization are known to be better at finishing what they have started on-time and on-budget than other nationalities that may be better at promoting themselves. Additionally, when a Chinese would finally apply for a project or promotion, that person or organization would be more than prepared to finish it.

4.2.2 Communication

Communication is highly related to the integration. Indeed, the amount and quality of communication could even be seen as a measurement of integration. Below, the major components of communication addressed by respondents will be described.

4.2.2.1 Language Proficiency

Many respondents speak of language as the main obstacle in communication. Indeed, as exemplified by one Chinese engineer with extensive international experience, language is the biggest issue hindering effective collaboration. "[language] is the most important skill for us to develop" he admits. However, he adds, it is important that his colleagues in other countries also keep in mind that their English, if rarely practiced or improved, may be below point as well.

Chief among the issues with language is the fact that the proficiency level needed to communicate is subjective. Throughout the study, respondents point to fact that its not the grammar that is important, anyone but native speakers can struggle with this, but being on the same level and knowing the terminology within the field at hand. Knowing technical terms and having a basic level of fluency can suffice.

Finally, above a certain level, the more proficient one gets in a language, mastering grammar and morphology, the more difficult it can get to communicate. If you are presented with someone with less proficiency but with sufficient terminology, there is a risk that you yet only listen to what the person says rather than what he actually means. For China, where the language has less morphology compared to English, it is rather the word order that play a big part in formulating the sentence (Sun, 2006, p.148). Both the researchers and respondents of non-Chinese origin recount how their way of speaking to Chinese must be adapted to focus more on a few core words to convey a sentence, rather than grammar.

4.2.2.2 One-Point Communication

For an organization, having a single-point-of-contact, a specialized role, for important issues can be a way to ensure consistency and quality in communication. Respondents in this study paint a similar picture. Speaking about the language level, one engineer says that if the issue becomes critical, he can always rest assure that he has a more proficient person to turn to in his manager. According to another engineer, having only one person to turn to at distant locations is preferred since it simplifies communication.

However, many respondents at lower organizational levels, in talking about the one-point communication, inadvertently also touch upon an issue with not being themselves the ones to reach out, they don't get to practice their language. One engineer describes the issue, “telephone communication is not for everyone, because of the language level”. This is despite a manager at the same company says that he has an important role in forcing his subordinates out of the comfort zone to dare lift the phone and call a colleague in another country when they have an issue. A similar issue is uncovered when speaking to another manager; although he has opted to use an real-time project management system to handle a majority of communication with offices globally, he still points to language proficiency and the inability to initiate contact, both via phone and in person, as one of the major issues with having Chinese staff.

4.2.2.3 Choice of Communication Technology

Throughout the study, many respondents touch the subject of means to communicate and which is the best. In the section above, the issue of daring to use the telephone although you may feel your language proficiency is below point is handled. However, many respondents grade the spoken conversation as better than the written, to understand nuances and subtleties in the message and to be ably to ask follow-up questions directly. Additionally, as one manager explains, e-mails may remain unanswered for a long time while an invitation to a telephone meeting at a specific time force the other party to respond and the subsequent meeting leaves no room to not answer questions.

On the subject of the written conversation, a difference in perception of formality can be distinguished. A young engineer, seasoned in global communication, says that e-mail is a “very official” way to communicate, himself rather opting for chat messages to get through quickly in e.g. pressing technical matters. One manager agrees that chat messages are more seen as more informal and says she uses this fact to give her leadership a softer edge. She uses Weibo, a popular Chinese social media service similar to Twitter, to communicate with subordinates outside of work e.g. congratulating them on birthdays and addressing even private concerns they raise.

4.2.3 Importance of Face

Chinese culture strongly involves the issue of “face”. This means, in short, that one's dignity is an important variable in everyday life and something that can greatly affect how one behaves in and outside of work. Throughout the study, respondents report that ensuring that oneself and one’s subordinates and colleagues do not lose face is important for task and operations to run smoothly.

However, despite its great presence, the general attitude to the subject of face, although cemented in culture, is not immovable.

Looking at some cases where face has become less of a factor; one respondent, an engineer, explains that his religious convictions tell him to be open and of service to others and thus losing face is not a concern for him. Additionally, many respondents say that Swedish culture is more open in terms of hierarchies and revealing one's gaps of knowledge and has influenced them to be so as well, including daring to speak out and try ideas. Finally, working in an international company, says one engineer, has made me realize that efficiency becomes low when you constantly must respect that everyone must keep face. Being kind, he says, is nice but also ineffective sometimes. Thus, to be a good employee you must learn not to consider keeping face too much and dare to speak out ideas.

One manager says that the most important thing to build an employee's capacity to think freely is to show them that they can come to the manager when they have made mistakes.

4.2.4 The Swedish Attitude

Throughout the study, a distinct picture of Swedish attitude toward people becomes clear. Swedes are very respectful, says one engineer, they respect people more than you do in China and give ample positive feedback. They give so much feedback, in fact, that "if a Swede says you do a good job, you do a normal job" according to the same engineer. This opinion is voiced by another engineer as well; "[they] don't push us so much" he explains when comparing Swedes, both engineers and managers, to their Chinese counterparts.

Despite the respectful tone many recount Swedes as having, a Swedish engineer indicates, there may be a lingering sense of superiority there as well. She, with several previous international assignments behind her, says that although Swedes, particularly within her company, are good at encouraging people to come with new ideas we may feel that in the end, we still know best. The researchers themselves can give a further observation of that nature. While interviewing a non-Chinese manager with Chinese subordinates, it was obvious that respecting values and ideals regardless of nationality and religion was important to him and within the company. The only issue was that those values were consistently Swedish ones, leaving a sense that the manager was oblivious to the fact that a preferred management style by subordinates can be different in China and other parts of the world.

It should be noted here, that the examples of obliviousness seen above have counterweights in study. One line manager, in a position where coordination with China is important, showed a determination in that any application of one groups values on others is not good. In his words, it is important "not to see it as two groups working together" but to view the organization as one and look at what values and principles apply to the whole. In that sense, it was the company's global way of operating that guided the processes.

4.3 Way of Working in China

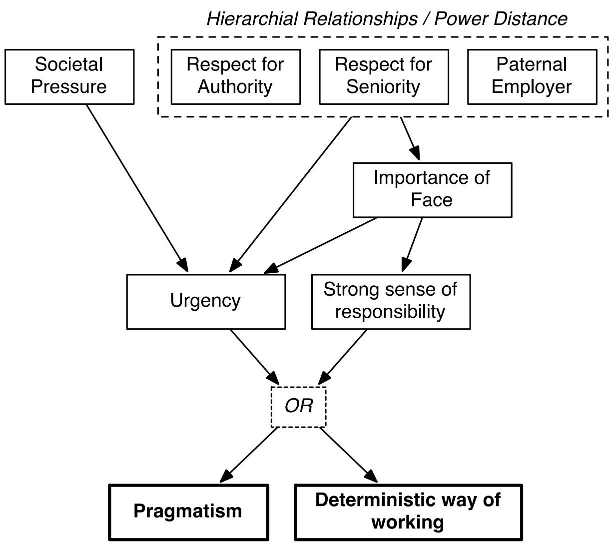

Figure 10 An interrelations diagram displaying the relations of concepts relating to ways of working.

From analysis of the results, two basic ways of working are highlighted: the pragmatic and the deterministic way of working. In an abstract way, they can be seen as two ends on a scale where they mutually exist in the middle. It is hard to find any one example that only adhere to one or the other way of working, thus they can be seen as concepts or archetypes rather than examples.

There will be more detailed descriptions of the two ways of working later on, but a quick take on how they relate follows: the pragmatic way of working leaves more authority over the process to the employee, and the result is not judged based on how it was achieved, but rather on the result. A deterministic way of working means that the employee's process is implicitly or explicitly governed, thus creating a more predictable or deterministic result.

One non-Chinese manager clearly states that Chinese feel the urgency more, while Swedes follow the procedure more strictly. The overview interpretation of this is that the results focus in China comes from urgency, giving rise to a natural tendency to a pragmatic way of working. The more Swedish way of working is more represented by the deterministic way of working, governed by processes.

4.3.1 Factors Influencing Way of Working

In this part, the researchers will attempt to dissect the components of the ways of working above, deterministic or pragmatic way of working.

4.3.1.1 Urgency

The data shows that the societal pressure is very high in China, that individuals easily feeling the urgency and that unresolved urgency can lead to frustration. This urgency is also seen by the researchers as a result of the importance of face, power distance and respect in the form of hierarchical relationships (see 4.2.1.2) and the societal pressure (see 4.1.3) in the Chinese organization and society.

One Chinese manager says that lack of social security in China compared to Sweden creates a bigger sense of urgency for Chinese. Getting admitted to higher education in China is done by scoring high on the national *GaoKao* exam. This is a very competitive situation with high pressure on the students to perform. (FlorCruz, 2013; Siegel, 2007; Hvistendahl, 2013) Moreover, according to a Swedish manager in China, the supply of new graduates in China is high compared to the demand, which leads to a competitive situation when looking for a job.

Another Chinese manager also agrees that Chinese feel the urgency more and a Swedish manager says that Chinese are more driven and alert, which he says, is a big reason to have operations in China. But at the same time as the urgency can be an asset, it can also be a liability and lead to problems. One problem is that the urgency might lead to hastiness, which will with the pragmatic way of working in 4.3.3. Additionally, and related to the sense of urgency, is the problem of unresolved urgency of Chinese employees. An engineer says that when the Swedish guys are on holiday, we cannot talk about efficiency, something that burdens him although he cannot be held accountable for it.

During the study, the researchers encountered several viewpoints relating to urgency and leadership style. A non-Chinese manager, when talking about what motivates a certain style of leadership, stresses that its the free thinking, time to reflect and lack of pride that create the learning and collaboration needed to solve problems in his team. On the other hand, when discussing Swedish leadership style with an engineer, the opinion was that Swedish leadership style is too slow because everybody has to participate. A Chinese manager notes the importance of the feeling of achievement and admittance, which is something that is important when considering the need for motivating factors addressed under 4.4. Finally, several respondents at one company said that they can take a higher work-load and more pressure than they do presently, which was interpreted by the researchers as a result of a frustration from not learning or performing in a high-enough pace.

4.3.1.2 Strong Sense of Responsibility

The importance of face, high power distance and lack of integration have previously been covered (see 4.2.3, 4.2.1.2 and 4.2 respectively), and those are driving forces for the high degree of responsibility seen in China. The high power distance means that managers have more executive powers and can change the nature of processes quicker without conflicts. The importance of face drives a need to be seen as competent, which leads to taking on a personal responsibility for one's actions.

An awareness of a risk aversion in China has been seen. One Chinese manager describes Chinese as cautious. A Swedish manager talks about that decisions needs to be made high up in the organization because of a fear of making mistakes and a risk aversion. At one company, several Swedish managers compared experiences with Indian and Chinese colleagues. The word was always that the Chinese organization takes on few tasks, but when committed, they delivered what they promised. The Indian organization on the other hand took on any task but more often failed to deliver. The interpretation by the researchers is that these are two different ways of relating to risk and different strong sense of responsibility.

One Chinese manager says that, in China, if someone tells me what to do and I make a mistake, it is not my responsibility. The risk is taken by the managers, compared to the Swedish consensus way of working, where the risk is distributed in the team. It also means in the extreme that an individual employee works as a machine, not questioning even evident mistakes in the manager's orders.

4.3.2 Deterministic Way of Working

Determinism is defined in Oxford Dictionary (Stevenson, 2010) as "the doctrine that all events, including human action, are ultimately determined by causes regarded as external to the will. Some philosophers have taken determinism to imply that individual human beings have no free will and cannot be held morally responsible for their actions."

The word determinism is a tricky word and, as such, an interpretation is presented to clarify the researchers' view. First, it is not used in a wide sense, to discuss the question whether there is a free will at all. It is rather used to discuss the degree to which the employee has a free will within the organization, or if it is limited by a sense of authority, or processes to follow. The researchers' interpretation and use of determinism in the context of this study is twofold. *First*, it is about the tendency of the individual to think and act in an easily predictable way, "inside the box", without a degree of creative divergence going outside of the plan or defined wanted outcome. *Second*, it is about the degree of process focus in the organization, which can be deterministic if it limits the possible ways of executing the process, thus creating more predictable results.

4.3.2.1 Inside the Box Execution

What is interesting about the definition of determinism, which makes it suit so well with the data in this research project, is the notion that individuals with no free will cannot be held responsible for their actions. Managers at two of the companies had observed that when an order is followed, the responsibility for the result lies with the person issuing the order and the employee only executes "inside the box", exactly what's requested, no more, no less. This data together with the concept of determinism results in a line of reasoning as follows: if my actions are governed by orders or processes, the responsibility of a mistake is not mine, instead it is the mistake of the people responsible for the orders or processes. Addressing responsibility (see 4.3.1.2), it was stated that a risk aversion can be seen in China. The risk aversion suits well to this line of reasoning.

A none-Chinese manager has the opinion that efficiency is achieved when they know exactly what to do and a Chinese engineer says that he himself "appreciate clearly defined tasks". Also, a Swedish manager has the opinion that Chinese has a good ability to execute given tasks. One Swedish manager says that initiatives outside of the given order, which for a Swede would be implicitly demanded, is nothing to expect from a Chinese employee.

One manager gives a very practical account on how to make employees learn to do something. The key, according to the manager, is to start with giving detailed orders and directions and then slowly giving more and more freedom to finally being able to give a open task, like finding the best solution to a problem.

4.3.2.2 Process Oriented Way of Working

One type of deterministic way of working according to the result analysis is the process-oriented way of working, which in all studied cases originated in and was supported by the non-Chinese part of the organization. The process-oriented mindset and knowledge is actively diffused over to China. One Chinese manager emphasizes that the procedure is followed more strictly in Sweden compared to China, although another, a Swede, state that the Swedes in his company are sometimes so knowledgeable and think so highly of their own abilities in contrast to the process that they may sidestep it in an attempt to gain better results.

One of the companies is according to an engineer mature when it comes to processes, compared to a competing Chinese company in the same industry. Clear processes and responsibilities means that project managers have less freedom in taking own decisions at the company, while at the same time distributing power to others in the group. The same engineer also compares his company's and the competitor's training for new employees. According to the engineer's experience, his company's training is more based on formal courses covering tools and practices needed, whereas the competing company bases its training more on on-job-training. This very example highlights a more deterministic and a more pragmatic process for training. Whereas the Chinese company gives big freedom for the employee to find a way, that company relies more on formal training which more deterministically decides one way in which everybody do things. According to the engineer, his company's formal way is better suited for experienced engineers, whereas the competitor's training better suits someone coming directly from the school, giving the practical abilities to complement the knowledge from school.

Even if the process focus is more present in Sweden, it is possible to see other deterministic properties coming from the Chinese way of working: here called "Inside the box execution". Inside the box execution comes from the high power distance, addressed further under relationships in 4.2.1, and has to do with the risk.

4.3.3 Pragmatic Way of Working

Several data points showed that a pragmatic way of working is common in China. At one company, there is a problem getting the Chinese employees to see the need for each process step, which leads to employees skipping process steps to reach the end results faster. This way the lead-time might be reduced, but it could also lead to skipping steps that are vital to the quality of the process output. As mentioned in 4.3.2 above, a Chinese manager recount that processes are followed more strictly in Sweden compared to China. He says that the Swedish employees have a greater sense of the necessity of following the process for the result to be in accordance with quality demands, regulations and certifications. Also, in the cases where Swedes are mentioned to sidestep the process it is motivated with them being so senior in their role that they believe that action will increase the quality of the output. This can be contrasted to the recounts of Chinese sidestepping processes, where the motivation concerns the need to move forward in work and not the end result.

One Chinese manager explicitly says that Chinese tend to be pragmatic, that they don't think so much on how to make "a better world", but instead think about how to get money to buy for example an apartment. In this statement, it is possible to see the link from the societal pressure (see more under 4.1.2) where achievement and buying an apartment is valued for social status. It also shows the importance of understanding that China is a developing country where big masses drive the urbanization and the focus on basic needs such as the safety of owning your own apartment is highly valued.

One manager gives an illustrative example of pragmatism; sometimes, a higher manager visits the office to talk about the future and the strategic intent. When there is time for questions, the Chinese tend not to ask about the topic but rather about when the next bonus payment will come, when they will get their next project, how long it will be and what they will learn. The questions are results oriented and related to more short-term, pragmatic issues. One manager also says that Chinese are very good at quickly solving problems temporarily, outside the process, which is something that resonates with our high-level description of pragmatism as something results oriented with no emphasis on process.

One manager uses an information system to manage and lead the workforce. By instructing everyone to document progress and report issues in the system, escalations or problems can be surfaced and handled.

Under 4.3.2, on the deterministic way of working, the issue of risk aversion was handled. If a deterministic way of working moves the risk of bad results to the manager giving the order or the process designer, a pragmatic way of working can on the other hand be seen as a way of mitigating the risk if you need to handle it yourself.

4.4 Need for Motivating Factors

The data suggests that there is a need for motivating factors, or incitements when managing the Chinese organization. The motivating factors come from for example management systems with monetary incitement structures, leaders' praise and opportunities for professional or personal development. The data suggest two distinctly different yet coexisting forms of motivation, se figure XX, and this part will attempt to outline theses two and shed light on their relation.

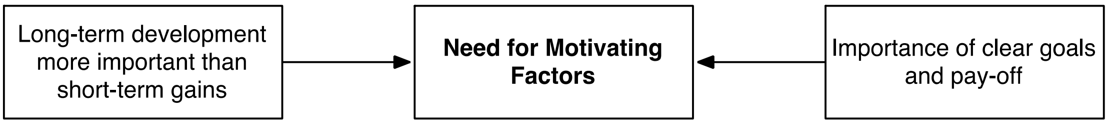

Figure 11 An interrelations diagram displaying the relations of concepts relating to the need for motivating factors.

4.4.1 Long-term Development More Important Than Short-Term Gains

The urgency present in Chinese society is an expression of short-term thinking. At the same time, there is also evidence of a long-term orientation. Analysis of the results shows that motivating factors can be used to leverage or handle the urgency, making long-term development more important than short-term gains.

One Chinese engineer think it is attractive that the company takes in ideas from the employees, which was something not provided at the engineers previous employee, a rival Chinese company.

A Swedish manager says that the freedom to work innovatively, develop yourself and having clear career paths make new employees chose his company despite the low salary level compared to other Chinese competitors. Another Swedish manager says that a key in motivating the employees is the defined career paths and job positions, which shows the possible long-term development possibilities.

One Chinese manager says a high salary is important to retain personnel, but even more important is the improvement space. One engineer says that every time you change job within the booming industry he works in, you expect a salary increase. Therefore, to retain talent, the engineer says, it is very important to provide space to grow and develop your career. At one company, a manager gives an example of an employee who went from secretary to being a manager, stating that this is something that inspires other employees and clearly shows that rising through the ranks is possible.

4.4.2 Importance of Clear Goals and Pay-Off

Even though the previous section argued that long-term development is more important than short-term gains, it could also be the other way around, which describes the duality of short-term versus long-term thinking.

Throughout the study, above-mentioned duality of long-term and short-term thinking can be traced back to the issue of hygiene factors. Both managers and engineers mention that the expenses for food and living in Beijing are very high. According to one Chinese and one Swedish manager this is a problem especially for young, because of the urgency and pressure from society (see also 4.3.1.1 on urgency) includes for example that a man should own a house before getting married.

One manager says that it is important to measure what is expected from the employees. A Chinese manager says, for instance, that innovation, although a lucid and complex thing to manage, works best if there is a scorecard by which to measure contributions of such nature. That way, he says, there is a clear way of knowing when you have contributed, something that then could be used, for instance, to negotiate a promotion. Indeed, within the company in question, contributing to innovation is a necessary gate to pass on the promotion ladder. Additionally, when one manager talks about promoting teamwork, the manager says that management systems that work in China are competitive based.

A Chinese engineer mentions that the fact that idea generation is measured and valued when seeking a promotion, makes him want to come with ideas and be innovative. A Swedish manager says that if something is incentivized with money, it will motivate the employee to perform.

4.5 Use of the word Innovation

As addressed in 2.2, the word innovation can mean different things. As such, it is interesting to note how it is used and what similar words are used to see what discrepancies there are in the perception of its meaning.

Throughout the study, the researchers note that it is indeed more common to use the word innovation for novel processes and products in China than in Sweden. To exemplify this, a representative of the global headquarters of one company express that the unit in China should not be concerned with innovation, but rather efficiency improvements. In contrast, a Chinese manager of the same company state that innovation is of the utmost importance, because that is what drives efficiency.

Additionally the study shows that, in China, the development of new products is preferably part of a process in the shape of an innovation program, as exist in some of the studied companies in one form or another. The preference for such a program is expressed from both engineers, who have gone through or are about to go through the program, and managers. The programs are commonly related to the career development of the company as one of several gates to pass for promotion. To pass the gate, an employee must reflect on some project, process or product and how it can be improved. The resulting suggestion is the evaluated by a program board of manager and senior engineers and if it holds a certain standard, the employee has passed. The ideas are then adopted in the extent that they are useful and diffused with sponsorship from the board. The innovation programs are not limiting submission of suggestion, so it is possible to submit more ideas than necessary to pass for promotion. The board's evaluations may come seldom though, perhaps once a month, and a high pace in regular work, perhaps a strong sense of responsibility to finish given tasks quickly and a reluctance to loose face means few engineers voluntarily submit more ideas than necessary.

Systematic innovation programs can be related to the deterministic way of working present in China, addressed in 4.3.2. Indeed, the researchers saw several links between a desire to work in a systematic, pre-defined way toward set goals, often personal career goals, and the innovation process of Chinese individuals in the study. Additionally, a need to be informed of when to start working in a innovative way, or start looking for new solutions or ways to execute a task, could be seen. This relates to the paternal view of the employer, addressed in 4.2.1.3, whereby the employer is supposed to be controlling the career path and development of individuals tightly.

Differing from the experience from China, other nationalities in the study, and Swedes in particular, tend to talk about improvement of processes and products with a more nuanced vocabulary. Formulations such as improvement of efficiency and of effectiveness, the difference between a breakthrough product and an incremental improvement to a previous product were more frequently used in the interviews. Additionally, not only were non-Chines more prone to talk about innovation as a result of empowerment and free reign of the individual over the process but these ways of working were also said to be important to achieve any form of improvement, innovation, incremental improvement or just problem solving.

4.6 Connection to Research Questions

This chapter aims to clarify the connection between the data and the research questions.

Research Questions

For an organization collaborating between China and other parts of the world:

1. How does national cultural factors influence the ability to <u>learn and improve</u>?
2. How does cultural factors influence the ability to <u>achieve high operational performance</u>?
3. What aspects of Chinese way of working have the <u>potential to improve</u> operational performance?

All parts of the results and supporting data have previously been accounted for in this Chapter. During the AIM method (see 3.3.2), the causality of the data to three concepts was also judged: learning, innovation and improvement, and increased operational performance. Learning and innovation are both linked to RQ1, whereas operational performance is linked to RQ2.

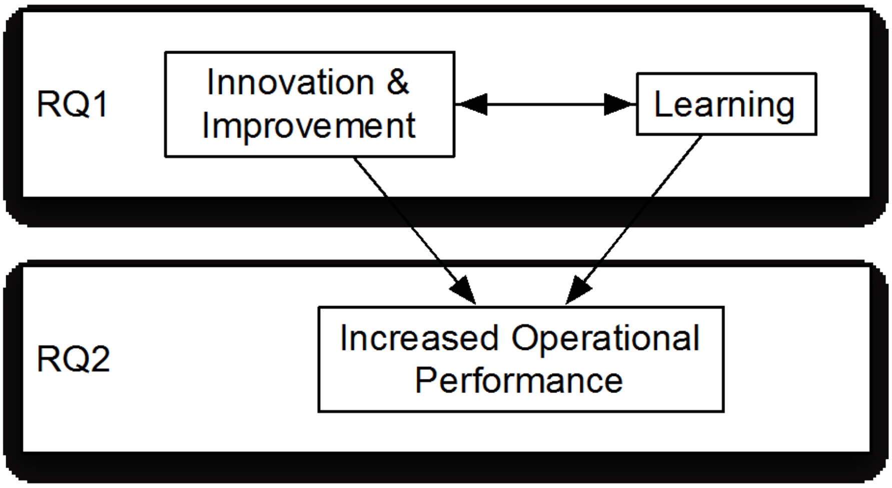

Figure 12 Illustration of the causality between Innovation & Improvement, Learning, and Increased Operational Performance

The analysis of the results, in their entirety, resulted in a final map of the concepts resulting from the AIM. In Figure 13 and Figure 14, the concepts that are part of the research questions and the concepts that relate directly to them are outlined. For the complete AIM map see Appendix 1.

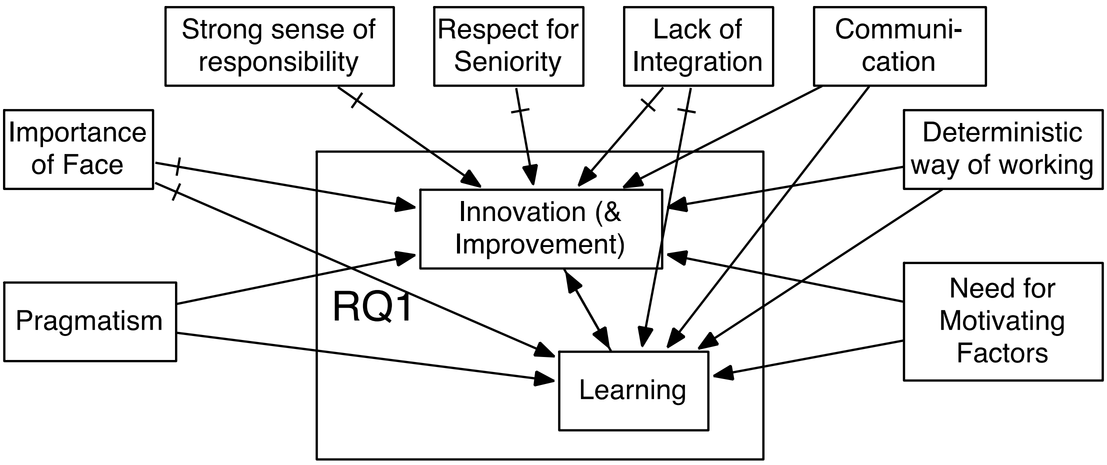

Figure 13 The interrelations diagram displaying the concepts relating directly to 'Learning' and 'Innovation'

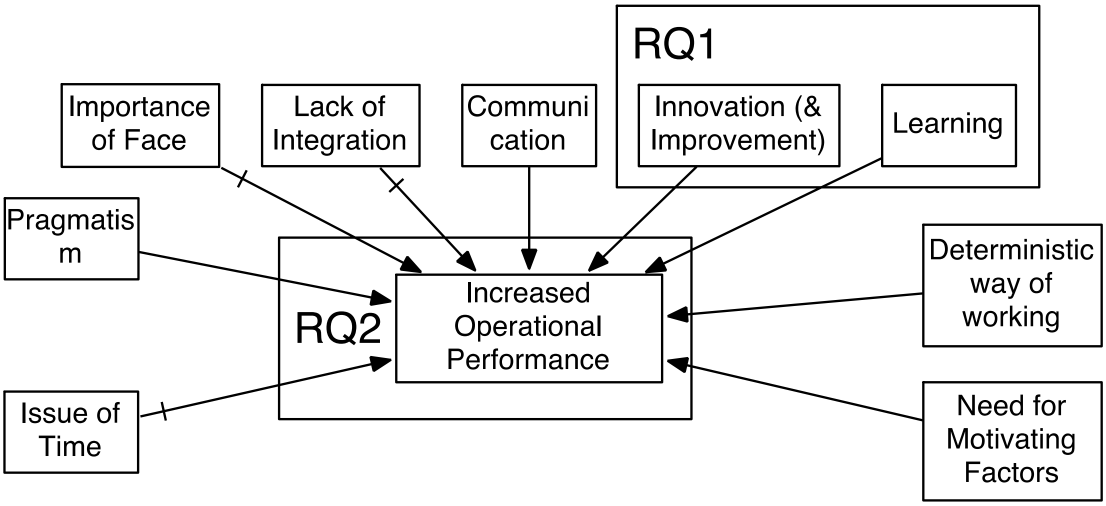

Figure 14 The interrelations diagram displaying the concepts relating directly to 'Increased Operational Performance'

4.7 Causality Between Topics Included in Research Questions

Innovation and improvement as well as learning are deemed highly interlinked and together they represent what is sought in RQ1. In turn, both innovation and improvement as well as learning lead to increased operational performance. When considering this connection, it is important to note that there is dynamism of strategic fit that has to be taken into account. Innovation and improvement as well as learning would, certainly, only lead to increased operational performance if their outcome is aligned with the organization's strategic direction, or maybe even shapes or improves the organization's strategic direction.

4.7.1 Urgency

The urgency of the employees creates a drive for both learning new things and achieve results. The results achieved, or operational performance, which has been mentioned before, come fast, but sometimes at the cost of poor quality. But as suggested before, systems to control quality and issues can give good support with this.

4.7.2 Pragmatic and Deterministic Way of Working

According to the results of this study, both a pragmatic and deterministic way of working can lead to learning. Pragmatism, on the other hand can lead to learning from doing. It includes trying doing new things as well as new ways of doing things.

Talking about deterministic way of working, it is important to keep in mind that the authors define it as a way of working where the process or way of execution of the subject (entity subject to executing work, i.e. one person or a group of persons) is governed by either a leader or by a process. A rationale behind this is that the entity directing the work (leader or process) has a knowledge advantage compared to the subject. Using processes and strict orders is a way of teaching, creates a safe environment for new employees to learn while just replicating someone else's way of working. This is especially important when the subject has a fear of losing face when making mistakes.

To explain how deterministic way of working leads to learning, innovation and improvement, keep in mind the picture where a central entity (leader(s) or process(es)) has a knowledge advantage and is assumed to know "the truth", or at least better than the subjects. This way, if all subjects execute in an uniform way based on one central entity, changing the behavior could in theory be done by only change the central entity.

When it comes to innovation and improvement, the pragmatic mindset can be a disadvantage when considering idea generation. The fact that incentivized idea generation is considered effective and that there is a slow transition to handling open problems, leads to that ideas don't come easily without outside governance. On the other hand, the pragmatism can also be seen as guiding the innovation or improvement in more executive stages, making it focus on the customer or stakeholders, creating organizational fit, as suggested by Elkin et. al. (2009).

4.7.3 Motivating Factors

Motivating factors are still important to consider when managing a Chinese workforce. It can help with learning, innovation and improvement and operational efficiency, (but one must be aware of the implications on a long-term ineffectiveness and perhaps also build capabilities in different ways)

Importance of face is something that according to the results inhibit both learning, innovation and improvement, and operational performance.

5 Discussion

In this chapter, the results of the study will be discussed to shed on them further light. As an aid, the theory used in 2 will be used. In this chapter, findings will emerge, of which those most relevant to the research questions will be addressed in 7, the summary of key findings.

Research Questions

For an organization collaborating between China and other parts of the world:

1. How does national cultural factors influence the ability to <u>learn and improve</u>?
2. How does cultural factors influence the ability to <u>achieve high operational performance</u>?
3. What aspects of Chinese way of working have the <u>potential to improve</u> operational performance?

5.1 The Issue Lack of Integration

The research questions of this study revolved around the issues of learning, improvement and operational performance. One of the foremost issues arising when discussing theses subjects with respondents was integration. This is made even more clear when looking at the interrelations diagrams in Figure 15, where the lack of integration, although in itself a combination of concepts is found to negatively affect both Innovation (& Improvement) and Learning, who themselves impact the ability to improve operational performance (see Figure 12 under 4.6).

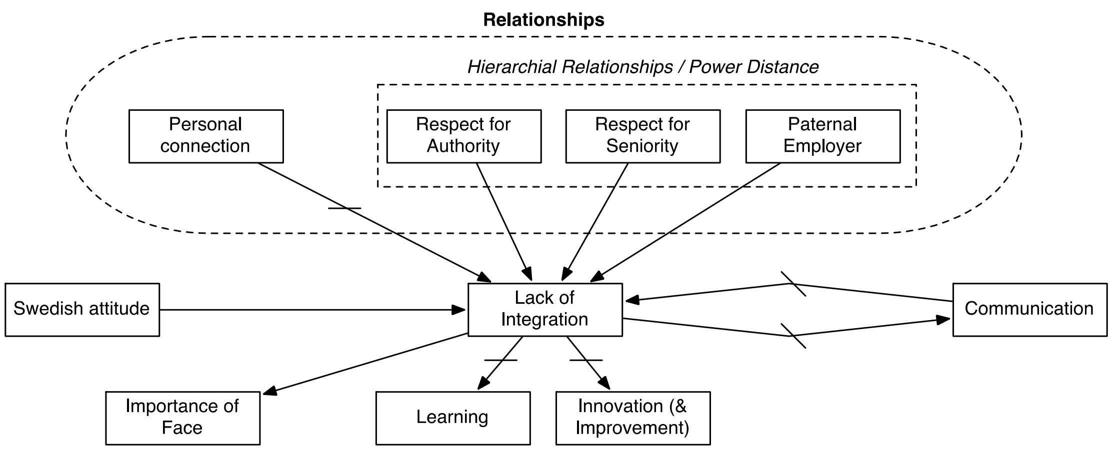

Figure 15 An interrelations diagram displaying the relations of concepts relating to integration.

The issue of integration is in itself fairly easy to grasp, can be characterized, as by Wheelwright and Clark (1992) (see 2.8) and, separate from cultural factors. However, as the study unveils the factors leading the lack of integration or, in its extreme form, a sense of separation may very well be culturally bound, e.g. a strong sense of respect (see 4.2). In the end though, it is argued that it is important to view the cultural factors inhibiting or increasing integration as just one factor among many others and not as a subterfuge to not aspiring to reach a common ground of collaboration. Indeed, much of basic integrative functions, such as those of Wheelwright and Clark (see 2.8) can be constructed from understanding and adjustment of the dimensions of communication within the organization. For instance, if a Chinese work team is downstream, receiving a task, and not fully comprehending its content, it is quite possible that just involving them earlier in the process through meetings and progress updates may be the solution.

Looking at a restricted integration by choice, which is not discouraged in the theory on the characteristics of integration (Wheelwright & Clark, 1992), it is argued that the technological gatekeeper perspective is important to consider. Findings point to an issue on one-point communication (see 4.2.2.2). It may be convenient to assign all communication issues to one person, fluent in English and unafraid to make contact, but it also inhibit other people in the organization in learning communicative skills. Additionally, recognizing who is best suited for that role is not trivial.

According to Allen (1977), people with a particular predisposition to communicate and spread knowledge in technological companies often develop that capability organically and without being appointed to the role. They are not uncommonly senior engineers and through their connections to other parts of the organization and by keeping an eye on development in the industry and having a disposition to understand and diffuse that information, they grow into being communication stars upon which the organization, probably unknowingly, rely to develop its capabilities (see 2.7). Following this line of thought, even if the organization is successful in finding one such individual suitable to be the sole communication node to external parties, the whole process of developing these stars may be inhibited it is only that person who is assigned for that work. Additionally, according to Allen that person may very well function best in the gatekeeper role when also being part of other work and may not perform at all well if the communication role is formalized.

One-point communication can be a suitable alternative in an organization of different cultures and languages to ensure consistency of message in the communication. However, as we find through the study data and through literature, finding the best suitable person to handle a width of messages is organic in nature. If the best person is not used or if he is but other high performers are suppressed from communicating the bandwidth of communication is effectively limited. For the benefits to not only be clarity in communication but the most efficient diffusion of technological knowledge, the rigidness of communication roles should thus be kept at a minimum. If this is not suitable, it is important to be aware of the untapped potential these gatekeepers are in the organization and find a way for them to develop. Even if the organization finds no need for them at the present, diffusion on new technological knowledge is of prime importance in a fast-moving industry and not to be overlooked.

The study finds that there is indeed a sense of a lack of integration present within the studied organizations. This lack is especially easy to see and understand in the upstream-downstream view of collaboration on a project. As seen in 2.8, there lies great importance in awareness of how well a downstream organization is integrated. However, it could also be argued that that awareness is greater in the organizations in the study whose China units are older and more mature.

It is important here to differentiate between the need for awareness of integration and achieving high integration. The reason for this, as seen in 2.8, is that the level of integration needed may differ considerably and any level can, under the right circumstances, be motivated by circumstances relating to cost and the nature of operations. Also, even though individual respondents could voice considerable dissatisfaction with the current level of integration, and have good reasons to do so, immaturity or other factors may delay the organizations aspiration for the desired level of integration. With many companies in the process of expanding their Chinese operations, it is thus also agreed that it is the awareness of difference between the optimum level of integration and the current that is most important. Awareness of that difference not only lay the foundation for the expansion strategy to better suit the optimum end state but can also motivate the organization through tumultuous conditions of organizational change.

At one company, the unit in China can be said to be more experienced in its offshore role due to having been there longer and being part of strategy formulation longer. In that case, strategy formulation for the global units has long incorporated the specific conditions that apply for operations in China and other places around the world. Comparing it to other companies in the study with fewer years in China, make it apparent that many of their problems stem from the fact that there is less of a coherency in how their operations are conducted around the world. There may be different work processes applied at different offices or different career programs in different countries. Of course, that lack of coherency may in many cases already be known. If so it may even be in the process of being rectified. However, the fact remain that maturity is an important variable in achieving integration.

5.2 Language Skills

Despite the report's broad focus on cultural influence, it is interesting how much of issues in collaboration in the research organizations that relate simply to practical language proficiency. As seen in 4.2.2.1 regarding language proficiency, the major factor is finding common ground, i.e. to have a level of proficiency and range of vocabulary on both ends that match each other and the task at hand, rather than perfecting one's general proficiency.

It is interesting that despite the second language skills apparent disconnection from culture, i.e. there may be cases where two people are domesticated to each others' cultures yet still unable to cooperate due to not having learned the language sufficiently, the research uncover cultural factors that may very well affect the degree to which a person ultimately pursue language proficiency. One such example is the Swedish attitude, addressed in 4.2.4. The feeling of 'knowing best in the end' that respondents recount is could perhaps lead to one overlooking the great benefit from learning the nuances and unique expressions stemming from one countries philosophies, such as Confucius in China, which would otherwise prove valuable to deepen the relationship and understanding toward people of that culture.

On the other hand, and much more straightforward, an issue could arise in the fast-paced world that modern business represent wherein the Chinese tendency for pragmatic problem solving would inhibit the gaining of deeper understanding of language. Since such understanding might not pay-off directly, after all much conversation over phone and e-mail may be strictly technical and easy to supplement with charts, drawings and glossaries for understanding, the pragmatic could simply chose to ignore the pieces not understood to finish the task at hand. However, in an integrated business where novel complex solutions are created, it is not hard to see how that situation would harm the operation and company.

Continuing with the Chinese perspective, the tendency to prefer clear goals and pay-off among Chinese respondents (see 4.4.2) would make this situation even more complex. Although test and training could ensure knowledge of the technical terms and translations, the deeper the understanding goes and the higher the ambition to understand nuances in communication gets, the more difficult it is to gauge ones progress and need for further training and thus equally difficult to relate to clear goals.

In the end, it can be concluded that although this project pursued understanding of how culture affects performance and learning within a global organization, the fact of the matter is that language is not uncommon as the single biggest issue to overcome to improve in these areas. This fact, it is believed, is important to take into consideration for companies. This is especially true when the attitudes within the organization are found to be negative toward the state of the global collaboration. Not infrequently, these situations tended to look complex to the people in the organizations, looking at their counterpart's general difference in behavior, attitudes and formalities. However, in cases where a more pragmatic view was applied and effort put on the translation of what one party was really looking to convey, the complexity of the collaboration was substantially disarmed.

5.3 Power Distance and Respect in the Global Organization

In the study, data points paint a picture of Chinese respect for seniority and authority. Both senior roles, for instance a senior engineer, and formal authority figures, such as managers, are subject to a certain power distance toward their employees. Additionally, the study points to Chinese having a general issue with loosing face in the workplace, leading to some uncertainty avoidance. These results both agree with and contrast those of Hofstede (2013) (see 2.1.1.6).

Hofstede (2013) (see 2.1.1.6) also find China to be defined by its power distance and having a polarized subordinate-superior relationship, although he puts more focus on formal authority than seniority. However, Hofstede also point to commitment to personal relationships, investment in long-term projects and success-orientation among Chinese, which can be said to correlate with the respect for seniority uncovered in the study. On the other hand, when it comes to the issue of Face, the study, to some extent, contradict the findings of Hofstede. While Hofstede point to Chinese being comfortable with ambiguity, the study point to how great comfort is taken from knowing how career development will turn out and how tasks should be completed. Continuing, though, the study yet again correlates with Hofstede in seeing Chinese mentality as adaptable entrepreneurial. The reason for this mixed agreement and contradiction of findings may be that Hofstede does no define what make Chinese adaptable. In the study, societal pressure, creating and urgency, point to Chinese being adaptable because they have to stay afloat among their peers, perhaps allowing ambiguity because they have to but certainly not preferring it in tasks. Hofstede (2013), while being and almost peerless work on cultural differences, provide little background to support consequence.

In companies that rely on collaboration across departmental borders and beyond subordinate to manager communication the power distance can be an issue. Adler (1986) (see 2.1.2) it is important to recognize the differences in culture, and thus in preferences, without judgment. This was not trivial in the days of Adlers' work, and the study has encountered similar tendencies. Manager seeing the authoritative role as bad or inefficient because it was not the preferred way in their national culture are still present in global organization to some degree, at least if they have less experience with cross-cultural management.

Adapting to the difference in power distance between China and the West is necessary at both ends and recollecting Hofstede (2007), we know that companies tend to have a home culture. As such, on the Chinese side, an understanding of Western philosophies of empowerment must exist to ensure one does is not disjointed completely in processes as conditions change and individuals within the global organization start to adapt their approach individually. However, perhaps more importantly, the manager who is used to the empowered subordinate must also realize the need to be authoritative and clear in directions. This is particularly true as it is certainly easier for one experienced and well-educated individual, as the general manager is presumed to be, to adapt his or her approach than it is for a large amount of less experienced, less educated group of people to adapt theirs. Thus, the relative ease by which many management issues can be remedied at an early stage by having the manager transition the workforce from their way of thinking on authority and task execution to his, is an important insight for companies that have just recently stepped onto the stage of global processes and leadership. The earlier this insight comes to a manager, the lesser the risk is for that person to fail in these new conditions.

Looking at the prevailing sense of a need to preserve face in China (see 4.2.3) and the preference for a deterministic way of working (see 4.3.2), adapting to the authoritative leaderships style is further justified. An authoritative leader transfers some of the responsibility of the task outcome from the executing subordinate. Using the authority to establish or adjust a process with little room for subordinate input creates, with short lead-time, the determinism sought, and although it can be seen as recklessness in a Western organization context, may instead be a relatively effortless way to adapt the task to the Chinese subordinates preference. Additionally, as seen in Alänge (1994) (see also 2.12), the benefits of standardized processes for even creative processes is not limited to Chinese context. As Alänge show, it is one of the cornerstone characteristics of TQM.

The technology gatekeeper perspective (Allen, 1977) (see 2.7), it is believed, is one that is unknowingly embraced by western engineers and managers. This means they generally agree that free communication is an efficient way to ensure knowledge diffusion since those who need and want knowledge will seek it out, process it and pass it on. They also feel comfortable about contacting people inside and outside of their department or organization who they perceive to have the information they need. This insight was gained through previous experience and confirmed through this study.

Applying this perspective to the collaborations with Chinese departments in the study, the above issue with an increased feeling of respect becomes even more apparent. Not uncommonly, the gatekeeper is a senior engineer or supervisor (Allen, 1977) and the researchers see no problem with the organization listening to a person in that position having gained insight from elsewhere. However, as the study shows how Chinese employees also can be less inquisitive and more passive in a junior role, the issue is in focus. The less tendency junior employees have to, on their own, search for information, the less value there is in the network organization and the more it must rely on control and planning. Additionally, the role of gatekeeper is formed informally on basis of capability to build networks and decipher information that's too complex for others, meaning that strict discipline in restricting ones own inquisitiveness may suppress any revelations of such talent. Indeed, as shown in 4.2.2.2 regarding one-point communication, organization have already begun to designate contact persons, which may further limit the self-esteem of potential communication stars The outcome, should such restrictions prove to be in effect, for a modern information-driven organization acting under the heightened employee turnover that China experiences is nothing short of pure waste.

Finally, in the global, fast-pace environment of today, it is important to note that potential managers seeking a position in China may face particular difficulties. Not only must the incoming manager embrace the authoritative role of the expected in China (see this section above), to some degree, if the organization houses senior Chinese engineers and the incoming manager is younger he must also simultaneously embrace the respect that these individuals expect (see 4.2.1.1). Drawing on the results of both importance of face (see 4.2.3), applying it to such senior engineers, and the experiences of junior manager moving to China, it can be concluded that this is key to retaining the elevated manager role and retaining the integrity and pride of the senior engineers. Indeed, as mentioned in 4.1.3, senior engineers is one of the more scarce resources in China and therefore of particular importance to retain.

5.4 Implications of Pragmatism

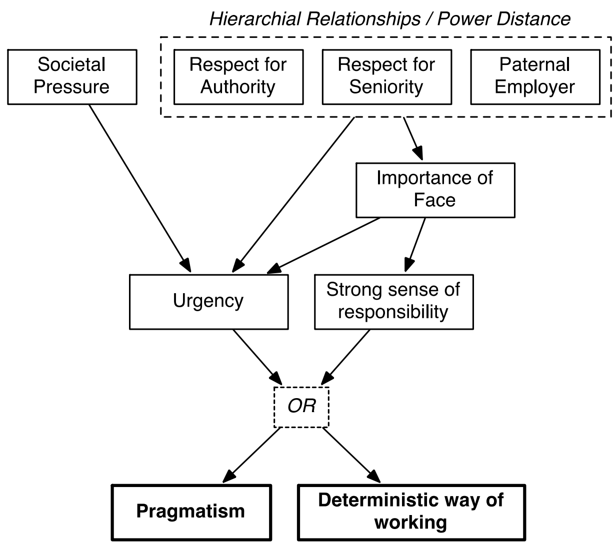

Figure 16 An interrelations diagram displaying the relations of concepts relating to ways of working.

Respondents in the study give a picture of a pragmatic way of working in China, fueled by a sense of urgency; see 4.3 Way of Working in China. This could result in skipping of process steps, creating quality issues or focusing mostly on short-term goals, sub optimizing the long-term benefits. In the context of a process, it can also be a good thing if unnecessary steps are skipped and vital time saved. On a higher level, it is argued by Elkin et al. (2009) (see 2.10) that the pragmatic mindset of China can create an agile, responsive organization.

5.4.1 Anchoring in Chinese Value Systems

As a framework for this discussion, leadership attributes grouped in the areas of Confucian, Communist and Western Management values are used, as presented by Fu & Tsui (2003). The western management values such as being entrepreneurial and the skill of problem solving definitely resonate with a pragmatic way of working. Among the communist values, being action oriented and value driven, could be considered a pragmatic value.

When considering the Confucian values Fu & Tsui (2003) have found, it is harder to find a clear link to pragmatism. Instead, looking at Hall and Ames' (1987) interpretation of Confucius, it is easier to see that it is based on a pragmatic view where learning is a result of and has an effect on practice, as opposed to learning based on logical reasoning. Both the learning and also the reflection should be anchored in the practical world, and the actual performance as a result is seen as mandatory, and as such it is being interpreted as pragmatic. The aesthetic order thinking of Confucianism, emphasizing the particular and unique in every situation is a basis for the reasoning found in Elkin et al. (2009), and thus a root to pragmatism.

The fact that the pragmatic mindset is not as easily seen in Fu & Tsui (2003) as in Hall and Ames' (1987) and Elkin et al. (2009) is interesting. One possible explanation could be found considering the method of respective source. While Fu & Tsui (2003) collects data in newspapers both Hall and Ames' (1987) and Elkin et al. (2009) are more theoretically based, interpreting other sources. A possible explanation is then that pragmatism in a Confucian sense is latent within society, instead taking its expression in other systems of values, such as values of communism and western management. Another explanation is that Fu & Tsui (2003) not interpreted pragmatist values as Confucian, and exclusively labeled them as values of communism or western management, which would indicate that Confucian pragmatist values are latent within Fu & Tsui (2003), represented in the values of communism and western management.

Another way to derive pragmatism from the value systems presented by Fu & Tsui (2003) is to, instead of looking for similarities in pragmatic values, rather see the differences between the value systems. There is arguably a similarity, but obviously also a difference. Being able to change values of large parts of China, as Deng Xiaoping did in 1978 suggests that the pragmatism was transcending the Communist value system in a more fundamental way. The differences between value systems can still be seen in modern China, which concurrently utilizes several value systems, something suggested by the ambiguity presented by Fu and Tsui (2003) and Lin (2008). In this way of thinking, a value system is just a tool for achieving results, being pragmatic, rather than a deep, profound conviction.

5.4.2 Pragmatism and Learning

5.4.2.1 Single and Double Loop Learning

In light of the theories about Single and Double Loop learning presented by Argyris (1976), the urgency-fuelled pragmatic way of working presents a potential problem. There is a great risk in not being able to use double-loop thinking in information-driven companies, like the ones in the study. There may of course, sometimes, be a good thing to focus on how to best deliver the product or service at hand, in other words single-loop learning. This is something that we can learn from the Chinese way of working. There is a great risk, however, that, in the long-term, the capabilities of the organization start lagging behind the demand of the market if reflection and focus goes no further than that.

Despite the gloomy picture painted in the previous paragraph, the study's result do present a rather convenient resort so to remedy the risk of to much single-loop focus. This is through the Chinese preference of a deterministic way of working. In that factor lie an important point for the many managers faced with a global organization and processes that to some degree should apply for its whole. If the general tendency in the Chinese society is to focus on the short-hand targets and pay-offs in a urgent, pragmatic way, the double-loop learning has to be manifested in a process to follow.

Incorporating double-loop thinking, which in itself is based on questioning processes, into a process may however sound conflicting. It is indeed stated that deterministic work in processes limits the ways of how to execute a process (see 4.3.2). It is argued, though, that it is possible to separate processes on different levels, i.e. the process of career development and the processes closer to the value-adding in the company. The former should not frequently be changed, for the sake of the employees it concerns, so if it could somehow help improve the latter, it may stay unchanged but help incentivize change initiatives in lower-level processes.

One thing already being done to include a kind of double-loop thinking in companies is innovation programs (see 4.5). These programs incentivize innovation by including it as a gate in the career development program. As such, it becomes part of the scorecard that employees are benchmarked against for further promotion and salary raise. These programs, where applied, can create new products and processes closer to the value-adding chain than the career program by creating incentives for double-loop thinking and reflection on existing processes. Suggestions can then be made to change these processes, or products thereof, that are then judged by an innovation program panel. As such, the ideas of the employee on process change are brought to light. The innovation program also forms an effective evaluation of the employees and are, as such, part of a bigger system that control the career paths and formation of job roles. This, it is argued, is a good example of how pragmatic, single-loop thinking, in other words the strive for better conditions for the employee that the career program control, can be channeled into double-loop thinking and re-shaping of thinking around processes and products.

5.4.2.2 Learning Organization

Elkin et al. (2009) argued that Chinese pragmatism can lead to a natural learning organization. The learning organization, as presented by Senge (1994) highlights systems thinking as an important discipline transcending the learning organization. In line with the meaning of the aesthetic order thinking from Hall and Ames (1987), systems thinking emphasizes the whole rather than looking at the world as consisting of fragmented units (Senge, 1994). Looking at how Elkin et al. (2009) present the tightly connected network that typically constitutes the organization in China, the systems thinking might not be manifested in a single person, but rather in the social system as a whole, where the behavior of the organization is emergent from the interaction of all its participants.

5.4.3 Balancing: Long-term Structured and Short-Term Pragmatic

One interesting issue is the balancing of the long-term structured approach and short-term pragmatic, the amount of single-loop and double-loop learning. This issue is highlighted by two contradictions in the data and results: first, the relation between the need for both short-term payoff and long-term goals when it comes to motivation, second, the relation between the pragmatic approach and process-oriented approach, which is a part of the deterministic way of working. The pragmatic approach can be seen as more short-term, while the process-oriented has more of a long-term, structured logic where a long chain of events lead up to the results.

When comparing the long-term structured with the short-term pragmatic approach, it is hard to find a universal best practice. And there is not necessarily a need for a best practice. In line with Adler's (1986) synergistic view, a manager should recognize the cultural difference, but not judge them as good or bad, rather as complementary and beneficiary, especially in divergent, creative processes, for example when it comes to generating new ideas, starting new projects or understand the diversity of the customer base.

Synergism could be manifested on an organizational level, where different parts of the organization specialize in different modes of operations: long-term structured or short-term pragmatic. It might also manifest on an individual level where sensitivity to the application determines suitable mode of application.

Elaborating on how a pragmatic and deterministic way of working can co-exist follows: due to changing demands from a process, there can be a strategic need to improve or change processes, but at the same time it needs to be followed to create for example a predictability of quality. A deterministic mindset would give the stability that makes the workforce follow the process steps. A pragmatic mindset on the other hand could give the process a dynamism that questions the purposefulness of process design in a result-oriented, double-loop thinking fashion, allowing for improvement.

5.4.4 Way of Working in the Light of Behavioral Influence Model

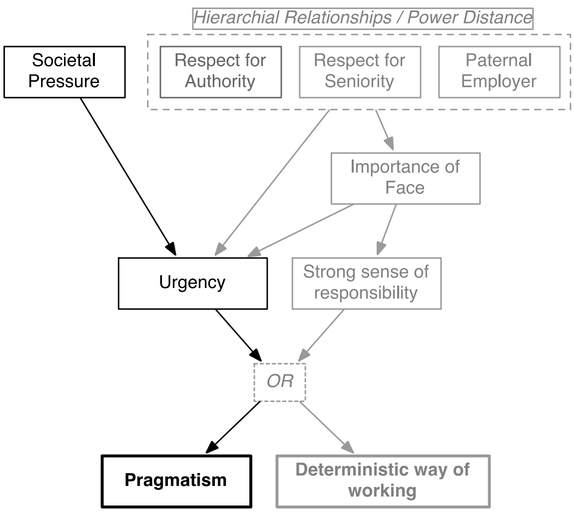

Figure 17: An interrelations diagram displaying the relations of concepts relating to ways of working. The filled in concepts and relations represent causalities if the authority is removed.

The Framework for Behavioral Influence by Marmgren et al. (2012) shows that a management system can influence either by the outspoken (explicit normative) structures or the documented structures. This discussion will proceed by adapting the framework of Marmgren et al. (2012) (see 2.11) to the context studied in this thesis, represented by the model in Figure 17, resulting in Figure 18.

The authoritative nature of the deterministic way of working demands a management system to govern the employee in an authoritative manner, by explicit normative structures, in this context authoritative leadership, by documented structures, for example a well defined and documented process and guidelines, or both explicit normative and documented structures.

When there is a lack of both explicit normative and documented structures, all which is left influencing the behavior would be the tacit guiding structure, which is shaped by for example the culture, experience and personal history. In terms of the model from Figure 16, several influencing factors go missing if the authority is removed, as illustrated by Figure 17, where the inactive nodes are made grey. After excluding the authority from the management system, all that is left is the societal pressure (classified as tacit guiding structure) resulting in urgency and a pragmatic way of working (classified as behaviors). Figure 17 shows the situation without authority, a situation resembling that of an entrepreneurial effort without any management systems giving support. If the authority is removed, success can be shaped by for example the explicit normative structures coming from friends or colleagues and from your own experience, and then resulting in an experience-based pragmatic way of working.

In a corporate setting, removal of authority can seem risky, but thinking about what is left except managing by authority could give insight how to create an organization less based on hierarchy, instead focused on personal networks. With inspiration from Marmgren et al. (2012), governing the organization could be done by developing people and culture, which are tacit structures and the networks of people in the organization: making sure the personal networks provide the right explicit normative structures for a given employee.

From a management perspective, when there is a lack of integration towards the Chinese organization or when the organization is flat and is subject to a big influx of new employees, it could be a risk that the explicit normative structures including leadership and mentoring are not enough to create the learning needed, resulting in a elevated need for documentation structures and a coherency with the explicit normative structures.

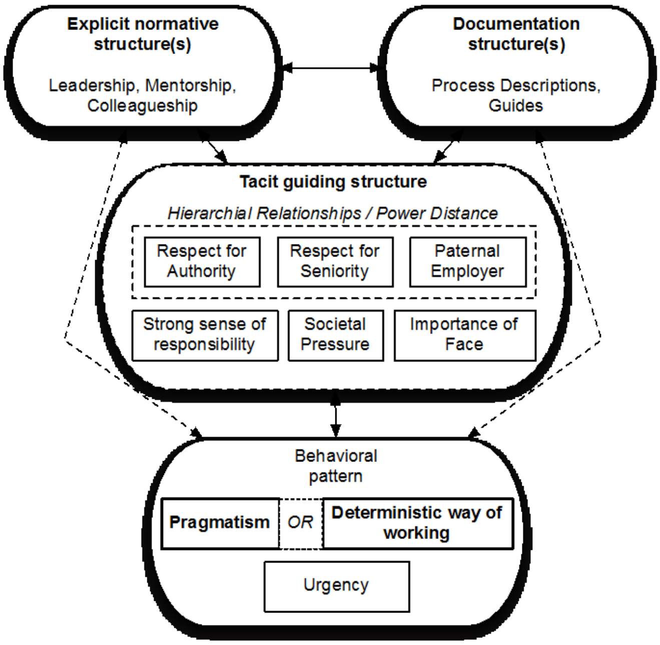

Figure 18: The framework of Marmgren et al. (2012) adapted with Figure 16.

5.5 The Duality of Motivating Factors

As addressed in 4.4, a great need for formalized goals and incentives can be seen throughout the study. In developing new processes and seeking to change focus in the organization in the long term, this can be an advantage, for instance in the shape of innovation programs, see 5.4.2.1. Additionally, specific and important short-term goals can be formalized into scorecards. Since they, by nature, display the correct path and correct goals for an employee to follow and aspire to, scorecards are a preferred gauging method among Chinese respondents. As such, it is an efficient way to channel the urgency many respondents show sign of in the study.

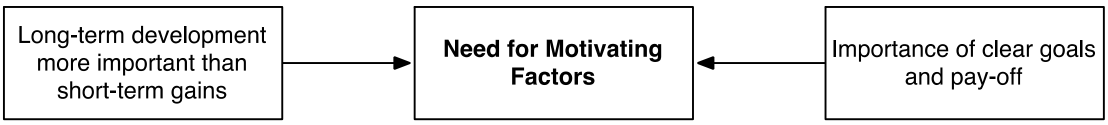

Figure 19 An interrelations diagram displaying the relations of concepts relating to the need for motivating factors.

It is important to realize that although formalized and clear goals are preferred (see 4.4) and thus recommended to use for managers in China, it should not be too trivialized. Hofstede (2013) (see 2.1.1.6) point to the perseverance that can be seen in Chinese society and the tendency to invest in long-term projects. Coupled with low employee commitment to the organization mentioned there, it seems dangerous not to satisfy the need for long-term development if one wants to retain personnel. Looking at 4.4.1, the study is in agreement with Hofstede in pointing to the importance of long-term development and explicitly connects personnel retention with personnel development.

Chinese attitude to motivating factors stems from a plethora of societal ideals and values. Old Confucian values of class and authority (Tsui et al., 2004; Fu & Tsui, 2003) (see 2.9.1) that dictate adherence to set goals have a profound impact on the ways of working in China, creating a distinct power distance and focus on completing the task at hand. Communist values add an action orientation, self-sacrificing ambition and hardworking character (Tsui et al., 2004; Fu & Tsui, 2003) (see 2.9.2), which solidify this and so on. However, on the other side of the spectrum, societal pressure from the fierce job market and the market reform so clearly exemplified by Den Xiaping, "getting rich is glorious", (Tsui et al., 2004; Zhang, 1999) (see 2.9) help create a long-term ambition that cannot be overseen by companies without paying a price. If you don't allow for the employees to grow over time, and make sure that growth is visible, you will not retain personnel. As such, there is a need to combine the clear goals and pay-off with the long-term perspective that make the employment valuable over time.

The study shows that clear goals and pay-off for reaching goals are important (see 4.4) and such pay-offs should have both long-term and short-term elements and not come too late but frequently enough to be tangible and believable. Indeed, for a person facing tough pressure from family and society, being able to rest in the assurance that the employer has a long-term plan for career development is important. For companies that do not wish to compete for talent with the highest salaries or wish to maximize return on talent development efforts, such as staff education, despite high level of turnover in the country, this is especially important.

In the study, some companies are shown to prevail in in retaining staff despite a high turnover rate in the industry as a whole (see 4.1.3). In these companies, efforts to retain personnel have been focused on clear paths of career development rather than salary levels, something that, in combination with factors such as work environment, has played a part in motivating personnel to stay. However, a sign of danger are also uncovered in the study. Some organizations included have an ambition to create a flat organization environment with less hierarchical distance between subordinates and managers. This is sometimes said to correlate with a Western or Swedish style of management and probably lie close at hand to adopt when building the part of the organization in China. This organization style, however, although suitable to prepare a Chinese for an international career, is problematic to combine with the incentive structure discussed in this section.

Goodman and Svyantek (1999) (see 2.6), say that in a fast-moving job-market, which China is much more than e.g. Sweden, the psychological contract with employees change and less formalized tasks, dubbed contextual performance, must be included in the reward system. Applying this thinking to our previous knowledge of pressure and uncertainty avoidance in China, we can see the great importance formalized goals and tasks have. Additionally, a flat organization may annul some of the aspirations of the employees when management positions are diminished and indirectly promote seeking new challenges elsewhere. Finally, with the paternal perspective on the employer (see 4.2.1.3), there lies a certain assurance for the employee in knowing that there is an elevated position from which directions and incentive come and that provide structure to the career path. As such, the increasing possibilities for new areas of responsibility to spur extraordinary achievements may prove counterproductive.

5.6 The Importance of Practicalities

This study is done with the focus on cultural factors, with the ambition to reach under the surface of the phenomena going on in corporate life. Set with this ambition, it is easy to belittle the less interesting, seemingly trivial, but still profoundly important factors that could be described as practicalities. Some examples of practicalities that were identified during the coarse of this study were: *the issue of time, lack of experience, language practice and communication technology*.

In global collaboration across lateral geographical locations, the natural time difference cannot be avoided, leading up to *the issue of time*. This issue was not highlighted in the data, perhaps because both the researchers and the interviewees take it for granted, not consciously considering it subject to any possible constructive change because it is pretty much set in stone. Anyhow, it could be considered of great importance because the amount of common time available for direct communication decreases.

For a “truly global corporation”, it might be a necessary non-issue because the collaboration is seldom directed towards a single epicenter: the headquarters, but rather locally to a customer or to other global epicenters, such as regional headquarters. For this “truly global corporation” the issue of time just has to be dealt with because it is part of the corporation’s nature. On the other hand, for a player with operations spanning a cluster more locally situated, *the issue of time* should arguably be on the agenda when discussing potential expansion of operations into other time zones.

Because of the fast expansion of present ventures in China, the establishment of new ventures in China and also the lack of educated senior personnel (see 4.1.3) in relation to newly graduated (see 4.1.1), it is easy to understand that the organizations in China might have a *lack of experience*. There are less senior personnel to build the skills of new recruits, which is something that has to be kept in mind when considering the general competence in China. Given both the differences in experience-building curriculum in school the different context into which the recruits enter, it is misleading to compare the professional development between the older parts of the organization and the Chinese organization. For example: the issue of inside the box execution (see 4.3.2.1) seen in China can be partly explained just by the fact of inexperience among the personnel.

Communication technology is definitely keeping global organizations together by for example information systems, telephones or e-mail. The continual innovation among these tools has therefore a big potential impact on the global collaboration. Leveraging and progressing in this field of communication technology is therefore arguably a important factor to consider when managing global operations.

5.7 The different viewpoints on what innovation is

Throughout the study, a discrepancy in the use of terms like innovation and improvement has been detected (see 4.5). Baregheh et al. (2009) define innovation as encompassing a process resulting in advancement, increased competitive ability or differentiation in the marketplace. This contrast with the use of the word innovation in Sweden (see 4.5), where it seems a more narrow definition may be used. On the other hand, looking at predefined innovation processes, used in the Chinese units in the study, with the ambition to find new solutions or processes to further the competitive edge (see 4.5), they seemingly agree more with Baregheh et al. However, finding that the use of the word is more common in China (see 4.5) is not proof alone that the understanding of the word is great among the Chinese respondents. Indeed, using an innovation program to spur innovative thinking may prove a blunt instrument in that it takes time before a solution is tested by the market and thus can, correctly, be deemed innovative. This is while the author of the “innovation” may have completed his work, having had it judged by the innovation program board and moved on to new tasks.

The use of the word innovation in China connect in some way to the duality of pragmatic and deterministic ways of working (see 4.3.2 and 4.3.3). On one side, the pragmatic way of working can be seen as taking the word in a simple meaning, for instance “create something new” and moving on to do so. Whether it turns out to be competitive in the marketplace or not then becomes an issue for later evaluation by the innovation program board. On the other side, the new challenge for companies with a young Chinese workforce, preferring determinism in task execution (see 4.3.2), is to find “innovation processes” that provide the comfort of knowing what and why something is done with enough room for truly innovative ideas to grow.

6 Suggestions for Further Research

In this chapter, suggestions for further research will be addressed. These suggestions are based on content in results (see 4) and discussion (see 5) that are not in line with the research questions of this study but still may be of interest in a academic or business context.

This study has been concerned with broad, complex things, a setup which has not allowed for a deep understanding of details. Most things can be taken one or several steps further, but there are certain areas that spark the interest of the researchers a little extra.

6.1 Chinese Social Media

Under 4.2.2.3, there was an example of a Chinese leader using social media service to connect with employees. This service gives the opportunity for a manager to interact with the organization on a personal level and gather information about the daily lives and feelings of the employees.

Chinese leaders or authoritative figures within the organization can have a feeling of paternal responsibility, which was seen in 4.2.1.3 and 4.2.2.3. By using mass communication like Weibo the leader can for example learn about and discuss personal difficulties that the employees undergo and also as a channel of mass communication down in the organization. This possibility for the work-life to merge with the personal activities on social media is certainly interesting, but not covered in enough depth here for it to be taken any further, but it can be an interesting area for further research. For example, from the Swedish perspective of the researchers there can be questions about ethics and personal integrity when the managers gain a bigger knowledge from within the employee's personal domain. It would be interesting, not only to examine the impact on personal integrity, but also if the issue is culturally bound.

6.2 Pragmatism

The research and discussion about pragmatism could be seen as explorative. Even though this study finds empirical evidence of the pragmatism, it could be argued it is studied in not sufficient depth. A comparative, more psychologically inclined study comparing way of handling a given task or the thought patterns when executing a task or solving a problem could perhaps shed some light on the more detailed differences in different degrees of pragmatism.

6.3 Social Networks

Part of this study concerns the relationships and personal networks found in China. There is a suggested difference how people relate to each other in China and the researchers tried to capture some of it through the interviews, but not to a degree leading to any deeper insights. This might be due to a badly suited method for this purpose. The way someone relate to other people is a quite personal thing, which might be a more unconscious process than some of the other culturally bound things.

For further research within this area, better luck might be found using more passive observation or even with inspiration from the method used by Allen (1977), mapping people in networks and a line between the node indicates a presence of communication or a certain quality of the relationship. Using this method to for example study the way a new employee connects with others in the organization could perhaps shed some light on how easily or in what manner relationships are formed. Adding a comparative dimension, either quantitatively or qualitatively based, could highlight certain differences in how relationships are formed within different contexts.

7 Summary of Key Findings

In this chapter, the key findings of the study, that have relevance for the research questions, will be outlined. The findings are presented in a condensed form but relate to subjects addressed in results (see 4) and discussion (see 5). As such, more background to the findings will be found under these chapters.

RQ1: How does national cultural factors influence the ability to <u>learn and improve</u>?
RQ2: How does cultural factors influence the ability to <u>achieve high operational performance</u>?
RQ3: What aspects of Chinese way of working have the <u>potential to improve</u> operational performance?

Finding 1 (RQ1 & RQ2): Elements connected to difference in national cultural factors are found to increase the separation between people in a global context, inhibiting knowledge sharing and collaboration. Two great influencing cultural factors are found to be language differences and differences in power distance.

Finding 2 (RQ1 & RQ3): Both the pragmatic and a deterministic way of working, which are two extremes found in China, can result in learning & improvement, as well as operational performance.

The pragmatic approach is suitable to reach these ends when the environment is rapidly changing, process or expected outcome is vague, or when knowledge cannot be gained from for example managers or process descriptions. Using a pragmatic way of working, however, there is a risk of bad predictability of the quality of the results.

The deterministic way of working, in China, is best used when the environment is not changing too rapidly, process or expected outcome is well defined, or when knowledge can be gained from for example managers or process descriptions. This way of working based on process focus or direct orders is found to help transfer knowledge and know-how to the Chinese employee. However, there is a risk that responsibility of the result is totally moved from the employee to the manager or process description.

Finding 3 (RQ1 & RQ3): Swedish managers who are inexperienced in cross-cultural management risk failing to shoulder the new leadership role shaped by China's high power distance. Adaptation to the cultures within the organization must happen on all sides but it is easier and therefore recommended for it to happen on the manager's side from the start.

Finding 4 (RQ2 & RQ3): The strong sense of responsibility for task execution among Chinese employees creates a responsive workforce when new tasks arise or change. This creates flexibility in process changes. It should not, however, be confused with a guarantee of staff retention since loyalty toward the company is lower than loyalty toward the family and the strive for better living conditions.

Finding 5 (RQ1 & RQ2): Classical Confucian respect for hierarchy, western management influence and soaring cost of living in China drives urgency for career advancement, both long and short-term. This means it is important to show both long and short-term incentives and development scenarios to the employee. Turnover in the Chinese job market is high, so priority must be given to the design of the incentive structure to ensure that investment in personnel development pays of.

Finding 6 (RQ1): Senior engineers have an elevated position in the Chinese workplace regardless of formal rank. Allowing for these people to transition into becoming technology gatekeepers allow for knowledge diffusion in the company. Not adhering to the Chinese respect for seniority, even for people of formal authority, is strongly discouraged since it erodes the leadership position and the workforce.

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Appendix

Appendix 1 – Complete Interrelations Diagram

Appendix 2 – Interview Guide

Below, the complete interview guide used for the study is presented. It was created before the first interview and then amended and corrected throughout the study to reflect new insight. It is important to note that it was not strictly kept to in interviews but rather used as a railing for the interviewers to be able to make best use of the time. As such, although permanent amends were carefully noted, ad-hoc amends were only recorded as they happened, during the interview.

All answers were recorded on tape, rather than on the interview guide, except for small notes by the interviewers during the interview. If the interviewers had any further reflections among themselves, they were recorded also, after the interviewers had left the interviewee.

Interview guide

Revision 2013-07-09 10:26:00

Intro

This study is conducted as part of a Master thesis within a MSc program called "Quality and Operations Management". It is conducted by us, Jonas and Anders, who are students at Chalmers University in Gothenburg, Sweden. Our study is sanctioned from the company and sponsored by XXX, and supervised by XXX. Here in China, our supervisor and contact person is XXX. We will also use other Swedish companies with presence here in China, as additional data sources.

Research questions

- What cultural factors that are important for an organization to be able to learn and improve while having offices in China and other parts of the world?
- What effect cross-cultural collaboration have on a global company's ability to achieve operation efficiency?
- What aspects of Chinese way of working that have the potential to improve operations performance in other parts of your organization?

Topics

- Feedback
- Governance

- Learning
- Cross-cultural communication
- Standardization
- Gate-keeper/systems thinking
- Power distance
- Uncertainty avoidance
- Collectivism vs Individualism
- Masculinity vs Femininity
- (Long-term vs short-term)
- Chinese way of working

About the interview:

- You will be anonymous
- You don't have to answer a question if you don't want to
- You can contact us afterward and have us remove your answer
- Relax and please come with suggestions to our questions and focus

Personal details:

Date and Time:

Name:

Position:

What team do you work in? (role, size, affiliation):

Years within the company:

Within this office:

What previous education and/or positions have you held:

Input on research questions:

RQ1&2

Typical task for you?

- What level you are in
- What you do
- Who is your customer (internal/external)? *(2013-07-02, Interviewee input)*

Feedback

- Do you sometimes communicate directly with the operator?
- How important do you think it is to know what the operator wants?

(2013-07-02, Different views on if this is important. Is vertical integration needed? Is the translation in regional office corrupting the communication?)

- Do you have a lot of contact with the regional offices?
- Do you often feel that the regions are unhappy with what you deliver?
- Do you often feel that the regions are happy with what you deliver?
- Do you feel that the people or organization you deliver to (your internal customers) trust you and give you responsibility?
- Do you get to learn from them?

Governance

(2013-07-02, changed from "Empowerment" - questions evolved to focus on broader scope)

- *New ideas*
  - Are you encouraged to improve the way you work/your daily work?
  - Are you encouraged to come up with new solution ideas?
  - Do you feel that you sometimes would have a better idea if how a solution should be designed or delivered? Which of the two is most prominent?
- Do you think empowerment is attractive for new employees? *(2013-06-28, Interviewee input)*
- *Management and governance*
  - Who do you report to when executing projects?
  - Are provided with any additional communication channels apart from the actual delivery? Are there any formal? What kind?
  - What incentives do you prefer in a project? For efficency? For innovation?

    - Do you think these work for everyone?

(2013-07-02, previous interviews focused a lot on innovation incentives w/o formal question)

Learning

- Do you feel like you have a personal vision about you work?
    - What is it?
    - Do you know how to reach it?
- Have you ever thought about changing career path within the company?
- Do you have a shared vision with other employees here in China and your internal customers?
    - What is your shared vision, what do you want to create together? Would others agree to your answer?
- Have you heard about the company's shared vision? Do you think the initiative works? *(2013-06-28, Interviewee told us he didn't understand it)*
- What size and type of team do you work in? How the internal customer included in that team?
- How does the team, local and global, handle problems with the project? Do you cooperate or is the solving delegated?
- Do you feel that you discuss improvements and learnings within the team?

Cross-Cultural Communication

- How you perceive the specifications given to for projects? Sufficient in detail? Ambiguous?
- Are you given enough time to analyse what the best method of problem solving is?
    - Is it at all necessary to analyze the problem or can you
- Do you feel that there is any difference I how well you cooperate with different regions?
    - Can you name any regions/cultures?
- Does your (Chinese) colleagues agree with your view of communication channels function and problems? *(2013-06-28, Interviewee input)*

Standardization

- Are you aware of the company's standardization efforts?
- What do you think about the standardization efforts?

- How much of your delivery tasks do you believe can be automated/standardized?
- How do you think standardization affect work satisfaction?
- Do you think tasks become more repetitive when you standardize?
    - If yes: what does that mean for the engineers?
    - Do you think repetitive tasks decrease the motivation of engineers?
    - How do you handle this situation?

(2013-07-02, Specifically aimed at XXX who is head of XXX. Previous interviews uncovered tendencies that new employees have more standardized work.)

Gatekeeper/Systems Thinking

- Do you often have direct contact with people in the regional delivery offices?
- Who handles your contact with the regional delivery offices?
- Do you think you understand the whole system that you are working in?
- Are you encouraged to understand about your external customers?

Hofstede (Dimensions of National Culture)

- **Power distance**
    - What do you think about the leader involving other employees or subordinates in decisions?
        - How is this done/not done at this company/office?
        - How would it ideally be?
    - Have you experienced a situation where someone you have worked with has had another view on this (customers, manager etc)?
        - How do you perceive other nationalities' within the company view on this?
- **Uncertainty Avoidance**
    - How do you feel when you get a loosely defined task?
    - Do you think a loosely defined task helps you learn about the subject?
    - How do you perceive your customers and other parts of the company look at this?
- **Collectivism vs Individualism**
    - Can you give us your feeling about loyalty toward the employer in China? Toward the group you work with? As compared to family?
    - Do you think there is a difference with the company as compared to other companies?

    - Do you think there is a difference within the company in different regions?
- **Masculinity vs Feminity**
    - How do you perceive the communication style between different offices of the company? (Direct? Think first? Considerate of the other party's feelings?)
    - Do you feel that you internal customers care for your feelings when communicating? Do you want them to?
- **Long-term, short-term**
    - *(Aggregated opinion based on all answers)*

RQ3

Chinese way of working as opposed to other cultures

- Have you been to another office of the company?
- Have you worked with many people from different cultures?
- What do you think is the general advantage of the way Chinese work compared to people from different countries?

After the interview:

To the interviewee:

- General reflections?

To the interviewer:

- General perception of interviewee?
- Awareness of mental models?
- Awareness of complete system? *(2013-07-02, not specifically stated before)*
- Commitment to personal vision?