

Getting dressed for success

– Designing organizational cultures in the Chinese context

Abstract

This thesis assesses the organizational culture of Swedish companies in the Chinese market by applying a China-specific model developed by Professor Carl Fey at the Stockholm School of Economics and professor Katherine Xin at the China Europe International Business School. The model is comprised of eight dimensions; mission, societal orientation, flat, feedback, involvement, speed, customer orientation and change. The model includes internal and external factors as well as the forces stability and change.

My results are mainly based on qualitative research from 42 interviews with employees at various levels at Atlas Copco, DeLaval, Ericsson and SKF. Quantitative research has also been conducted and the results have been related to Fey's findings for some 200 companies in China. Furthermore, Fey's results about what dimensions of the Fey model of organizational culture are most important for enhancing performance for a company in the Chinese context are presented.

The dimensions the companies in this thesis are focusing most on is involvement, flat, feedback and customer orientation. Flat and involvement are the dimensions encouraged by management which tend to be most challenging for Chinese employees to adapt to. To better fit the Chinese context the Swedish companies in this study adapt their speed, customer orientation and involvement. According to Fey's results the most important traits for firms in China to focus on are flat, change, speed, and important but a bit less so, involvement.

Key words; China, organizational culture, performance

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1. Introduction

This section introduces the subject, purpose and research questions. It also contains a brief background to the Chinese history.

China is the third largest, and also the most populated, country in the world. (Nationalencyklopedin) After opening up for foreign companies in 1978 the Chinese economy has grown on average 9% per year. (Swedish Trade Council) According to the same source, China is the fourth largest economy in the world today and aims at four-doubling the GDP from year 2000 to 2020. China is one of the countries that receive most foreign direct investments in the world. Swedish companies see great potential in the market and about 400 Swedish companies are present in China. How to succeed in the Chinese market is an essential question for companies interested in establishing in China.

Organizational culture is considered to have a great influence on how the employees work, thereby influencing the company's results. One important aspect for foreign companies striving to succeed in China is to recognize what kind of organizational culture is appropriate in the Chinese context. Research indicates that successful companies have a culture which *fit the context and is adaptable*. (Kotter and Heskett, 1992) To fit the context a multinational company may be required to adapt to local practices; an understanding of the background, the national character and business practice is essential.

In this study the organizational culture of four Swedish multinational companies in China will be examined. The focus has been on qualitative interviews but to support this research a quantitative study has also been conducted. The results will be compared by results found by professor Fey at the Institute of International Business, Stockholm School of Economics and conclusions about features in the organizational culture enhancing the efficiency in China will be made.

1.1 Problem

Extensive research concerning organizational cultures has been conducted. However, the organizational theory is mainly developed in the United States. Denison, Haaland and Goelzer (2003) found that it is possible to compare cultural traits of organizations and their impact on business performance across nations. Nevertheless, questions if management practices optimal in the United States also are optimal in other countries have been raised in the literature. (Boyacigiller et al, 2004) Research suggests that national contexts should be taken into consideration when examining management theories due to cultural (Boyacigiller et al, 2004; Hofstede, 1993) and institutional (DiMaggio & Powell, 1983; North, 1990) differences. Fey and Denison (2003) examined the link between organizational culture and effectiveness for foreign-owned firms active in the Russian market with help of a model developed by Denison. They found that effectiveness in Russia relies more on adaptability and flexibility than it does in the United States.

In this thesis I will investigate what type of organizational cultures is encouraged in Swedish companies in China. My study will be both qualitative and quantitative and a model of organizational culture developed by Fey will be applied. In this thesis the model will be referred to as Fey's model. The model was specifically developed with the Chinese context as a starting point. Based on this model I will investigate the organizational cultures of Swedish companies in China. By applying a model specifically developed for the Chinese market the results are highly relevant and interesting for companies active in this market. Furthermore, the results found in my quantitative investigation will be compared to other firms in a database of 205 firms in China which has been compiled by professor Fey based upon distributed questionnaires. This will facilitate comparison and give a better understanding of the extent that the Swedish companies examined in this thesis have organizational cultures which Fey's results have shown to be performance-enhancing.

1.2 Purpose and Research questions

The purpose of this study is, with the help of the Fey model, to explore the organizational culture of four Swedish companies in China and to connect their culture with previous results on what leads to good performance for companies in China. To make my purpose more specific I will answer four research questions.

R1: Which dimensions of organizational culture are Swedish firms in China focusing most effort on?

R2: What aspects of typical Swedish organizational cultures, if any, tend to be those which are most challenging for Chinese employees to adapt to?

R3: How, if at all, do Swedish firms adapt their organizational culture to better fit the Chinese context?

R4: Which dimensions of the Fey model of organizational culture are most important for enhancing performance for a company in the Chinese context?

1.3 Limitations

In this thesis I will examine Swedish companies in China. I will relate the results from the quantitative study with other companies in China. My study only focuses on Swedish companies in China hence I am not able to make any explicit comparisons to the results relating to organizational culture in other countries. Regarding what type of organizational culture is appropriate for companies, I rely on previous results found by professor Fey. The companies in my study have more than a hundred employees in China, some of them thousands, and their business in China was established more than 10 years ago. There is no attempt to reach any conclusions about smaller companies establishing in China.

Furthermore, a dynamic view on how the companies' organizational cultures have evolved during time is not described, except for the case with DeLaval which now is in the process of restructuring the company and is in a breaking point.

1.4 Background

The "People's republic of China" was established by the Chinese communists and their leader Mao Zedong in 1949. Mao Zedong's goal was to change the social order and to get the economy flourishing again. (Bigsten and Ljungwall, 2000) In order to do so, huge restructructions of the Chinese society were carried out during the 50's with Soviet as a role model; for example five-year plans were introduced. In 1958 the Great Leap Forward aimed at collectivizing the farms and increasing the steel production. This led to a big disaster where about 20 million people starved to death. In 1966 the Cultural Revolution was set in progress to transform the country into a school of Marxism-Leninism. Higher education and the legal system were under attack and abolished during this time. Mao Zedong's died in 1976. China was at this time a poor country but people had a better health and a better basic education than people in poor countries usually has. (Swedish Trade Council)

In 1978 Deng Xiaoping began implementing reforms. A new economical politics encouraging decentralized decisions and foreign investments began to take place. Special economical zones close to Hong Kong started to open up for foreign companies agreeing to form joint ventures with Chinese firms, and later this phenomenon spread to the mainland of China. Local firms forming joint venture with foreign firms got access to new technology and the foreign firms got access to the gigantic Chinese market and cheap labor. (Fang, 2005)

Since 1978 a massive economical transformation has taken place in China, and is still progressing. Capital investments have contributed tremendously. (Bigsten and Ljungwall, 2000) There are however a few concerns; China is still not a democratic country and the government continues to play an important role in economic and social affairs. The Chinese system generates uncertainties both regarding direction

of reforms as well as speed. (Child and Tse, 2001) The Chinese leaders present China as a “socialistic market economy with Chinese character”. (Bigsten and Ljungwall, 2000) The Chinese economic reform is based on the assumption that it is possible to develop a market economy while keeping a significant level of economic ownership and overall regulation by the state. (Child, 1996) Furthermore, nationalism in the economy is increasing. (Swedish Trade Council) The Chinese government wants to ensure that Chinese companies can compete with foreign ones and direct investments that do not contribute to the technological transfer and increased knowledge will not be encouraged in the future.

2. Theory

This section defines the concept of organizational culture and gives an overview of the development of the concept over time. The model developed by professor Fey which I will apply is presented as well as an attempt to describe the Chinese national character.

2.1 What is organizational culture?

Many definitions of organizational culture exist, among them the following can be found;

- “The dominant values espoused by an organization, such as 'product quality' or 'price leadership'” (Deal and Kennedy, 1982)
- “The deeper levels of basic assumptions and beliefs that are shared by members of an organization, that operate unconsciously, and that define in a basic “taken-for granted” fashion an organization’s view of itself and its environment.” (Schein, 1985)
- “The underlying value, beliefs, and principles that serve as a foundation for an organization’s management systems, as well as the set of management practices and behaviors that both exemplify and reinforce those basic principles.” (Denison, 1990)

Schein (1985) claims that organizational culture has three levels:

1. Artifacts. This is the most visible part of organizational culture. The behaviors in a group can be studied by listening to how the employees communicate with each other and by observing the atmosphere. To interpret the artifacts can be difficult.
2. Values. Created when successful solutions are found.
3. Basic assumptions. Values, as described above, can turn into basic assumptions. This occurs when solutions become taken for granted because they have worked repeatedly for the company in the past. The length of the group’s common experiences and the stability of the group affect the strength in the organizational culture. The basic assumptions are the inner core and the essence of organizational culture.

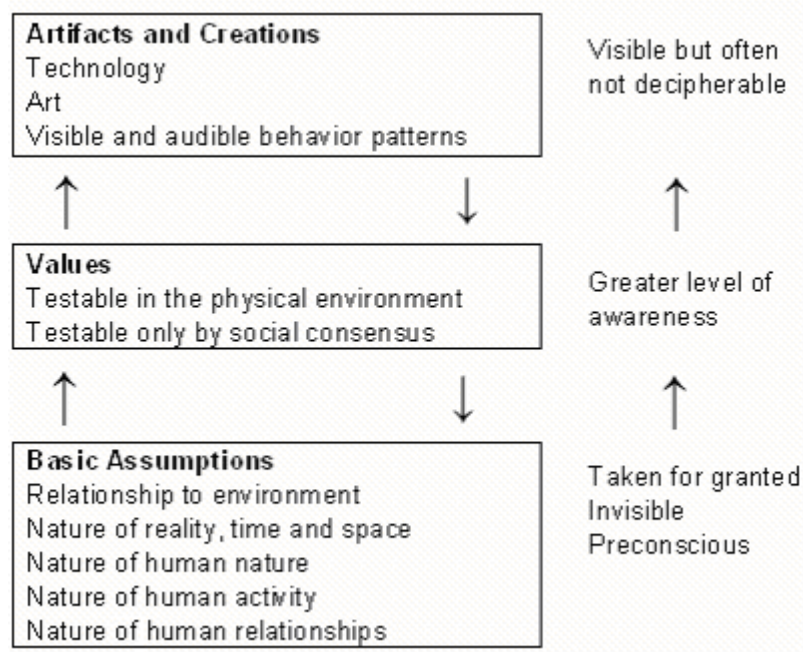


Figure 1. Levels of Culture and Their Interaction. (Schein, 1985, page 14)

When exploring organizational cultures the goal is according to Schein to find the basic assumptions. In order to do so, I will interview employees and observe artifacts in the companies.

2.2 Organizational culture studies over time

The emphasis in the studies of organizational cultures has shifted over time. During the 80's literature indicated that successful companies had a *strong culture*. Deal and Kennedy's (1982) and also Peters and Waterman's (1982) research had a great impact on this view. After establishing that strong cultures were important, scholars began investigating other important attributes of organizational culture. Kotter and Heskett's (1992) work had a great impact on the view that successful companies have cultures which *fit the context and are adaptable*.

In the past a clear distinction has been made between 1) organizational culture and 2) organizational climate. (Denison, 1996)

1.) From an organizational culture point of view the evolution of social systems in organizations is observed. The structure of organizations is believed to be based upon values and the shared assumptions of the members in the organization. The culture literature is based on thoughts from sociology and anthropology. Traditional culture studies are qualitative, not quantitative. Traditionally culture researchers claim that cultures are unique and that generalizations can not be made.

2.) Organizational climate on the other hand has focused on the impact of organizational systems on groups and individuals in relatively static terms. The climate literature is based on psychology and quantitative survey data is used to explore studies from this perspective.

Since the 1990's scholars began to combine the two research methods. Denison suggests that this can be an advantage and that the difference between organizational culture and organizational climate should not be exaggerated. Statistical tools and numerical measures to analyze companies' organizational cultures was something Denison introduced in his research during the 1990's. Also in work by Fey, the research methods have been combined. What in this study is called organizational culture and explored with Fey's model therefore has a great influence from, what in the past has been seen as, organizational climate.

2.2.1 A strong culture

During the 1970's the competition increased for American companies and the threat came especially from Japan. Deal and Kennedy (1982) argue that an important reason why Japanese companies were successful was their ability to unite the employees with a strong culture. To build a strong culture the specific market conditions for the company, such as customers and type of products, have to be considered. Deal and Kennedy propose that values defining success should be incorporated into the culture and communicated through cultural networks and "heroes" who will function as role models. Rites and rituals can also communicate encouraged behavior.

Deal and Kennedy state that the employees are the main strength in an organization and the organizational culture connects the employees and give them a meaning in the daily work. A strong culture will help the employees work better in two ways;

- *"A strong culture is a system of informal rules that spells out how people are to behave most of the times."*
- *"A strong culture enables people to feel better about what they do so they are more likely to work harder."*

Peters and Waterman (1982) argue that successful companies produce winners and celebrate them. Peters and Waterman claim that people don't act rational. People like to see themselves as winners, even though they are overestimating their ability. Successful companies take the fact that people are irrational into account. Shared values and control from the top management should be combined with worker autonomy. To involve the workers in managing the company as well as building trust is also something which Ouchi (1981) propose was an important explanation to why Japanese companies managed to raise the productivity and create successful companies.

With time it became clear that many of the companies that Peters and Waterman defined as successful companies did not stay successful over time. The earlier assumption that strong cultures per se lead to better performance was questioned. Perhaps it is not only important that the culture is strong but that it fits the context and is adaptable?

2.2.2 A fitting and adaptive culture

Kotter and Heskett (1992) conducted a large-scale survey among a broad range of companies. They found a weak, positive correlation between a strong company culture and long-term profitability. However, companies with weak cultures can also be profitable. According to Kotter and Heskett it is important that the organizational culture fit the company and the market conditions. Companies with a fitting culture; the company emphasizes the customers, stockholders and employees, are likely to perform better than other companies. Furthermore, a company with a fitting organizational culture at one time can reach short-term success but to be able to succeed in the long run the company has to be able to *adapt* to new conditions. Schein (1985) states that it is possible for a strong organization to also be change-oriented. An organization should not prescribe norms for every action but rather fundamental assumptions important for the organization's survival should be influenced by a strong culture. This is in accordance to Collins and Porras (1994) who argue that successful companies stimulate progress while preserving basic, timeless, core values.

Research described above tried to identify a distinct type of organizational culture. However, could it not be a mix of aspects that all are important to balance in order to create a successful organizational culture?

2.2.3 Statistical tools and numerical measures

Denison (1990) has developed a model based on companies in the United States. His model takes into consideration that there is a complex and dynamic ensemble between different traits. According to him, the shared assumptions and beliefs the organizational culture is based upon influence the way the employees act. This implies that an organizational culture is observable and since it is observable it can also be measured. Hence, Denison applied precise statistical tools and numerical measures in his research.

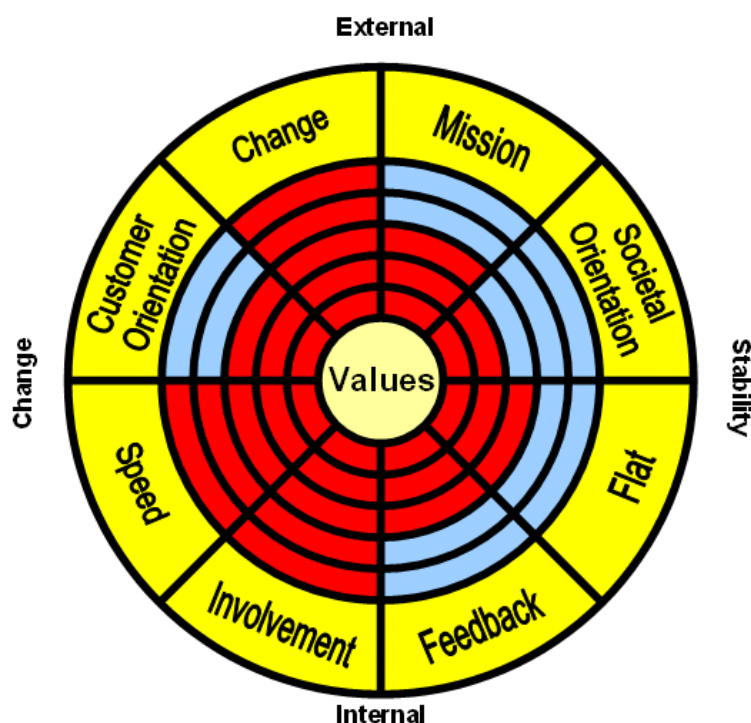
Denison developed a model which measures mission, involvement, adaptability and consistency. Denison's model consists of an external perspective (mission and adaptability) and an internal perspective (involvement and consistency), a short term perspective (involvement and adaptability) and a long term perspective (mission and consistency). Denison and Mishra's research (1995) shows that there is a relationship between the traits and performance of companies and that the different traits influence different performance measures. Fey and Denison (2003) applied a revised version of Denison's model on foreign firms in Russia and found that different dimensions in the model are more important for enhancing effectiveness in Russia than in the United States. Fey and Denison (2003) is the first published study in an academically peer-reviewed journal to use Denison's revised model. Fey and Denison found in this study that the model works rather well in different countries but that there are some important aspects of organizational culture in Russia not captured by the model.

Can the same model be applied for companies in different countries and different contexts? This is a relevant question to consider. Boyacigiller et al (2004) believe this is not the case and suggest that management practice optimal in the United States may not be optimal in other countries. Maybe different organizational cultures are developed in China and in the United States to better fit the different contexts? This is what leads on into the model developed by Fey which I will apply when analyzing organizational cultures for Swedish companies in China.

2.3 Fey

Because of his discovery in his work with Dan Denison (Fey and Denison, 2003) that some important country-specific dimensions of organizational culture are missed by leading general models of organizational culture, professor Fey from Stockholm School of Economics decided to inductively develop models of organizational culture which were optimal for Russia and for China. (Fey, 2007) Fey asked 100 managers in China to list five words which best describe a company's organizational culture. The words which were most commonly mentioned were then used to form questions for a questionnaire. After careful pretesting and refinement the questionnaire was administered to multiple respondents from 205 firms in China. Significant psychometric analysis followed to ensure that the questionnaire was carefully developed and statistically sound including factor analysis, reliability analysis, and structural-equation modeling. The result was the Fey model of organizational culture (Fey, 2007) which is specifically developed for the Chinese context and is comprised of eight dimensions; mission, societal orientation, flat, feedback, involvement, speed, customer orientation and change. The model includes both internal and external factors that both need to be considered, as well as the forces stability and change.

Figure 2. The Fey model of organizational culture



<i>Mission</i>	is the extent that an organization has clear overarching goals which are clearly communicated to the organization.
<i>Societal Orientation</i>	is the extent that the organization is focused not only on making money, but also on helping society and working in a way that is good for the environment.
<i>Flat</i>	is the degree that the organization is not hierarchical.
<i>Feedback</i>	represents the extent that employees are informed about their performance and that communication flows well in the company.
<i>Involvement</i>	describes the extent that employees actively participate in the company and the extent that the company is devoted to their employees as seen by, for example, investing in training.
<i>Speed</i>	is how quickly the organization is able to make decisions and take action.
<i>Customer Orientation</i>	is the extent that the organization strives to understand customer wishes and adjust to them.
<i>Change</i>	is the extent that change is viewed as a potential opportunity as opposed to a threat.

2.4 Other research

Organizational culture has been examined from different angles by many researchers. Culture is believed to function as a motivational tool for the employees. Maslow's ideas (1954) about a hierarchy of human needs and McGregor's (1960) two fundamental sets of assumptions underlying human behavior, Theory X and Theory Y are important foundations. Organizational culture contains information about what the

employees are supposed to do and what rewards and punishments their actions have. (Heath, 1994) Feedback is something which Huselid (1995) claims is important and appraisal systems are part of this. Furthermore, training is important. (Becker 1975)

Culture from a strategic perspective is something which Barney (1986), Ott (1989) and Wilkins and Ouchi (1983) have studied. They argue that culture can be a source of competitive advantage. Barney (1986) claims that the company culture must be valuable, rare and imperfectly imitable in order to generate competitive advantages. Barney further argues that companies can not choose to change their organizational culture since imitable cultures not is a competitive advantage. Hampden-Turner (1990) on the other hand claims that an organizational culture can be changed successfully. He proposes to slowly implement new concepts. Changing the leader of the company is another way.

The leader of the company often plays a great role for the company's organizational culture. (Bass and Avolio, 1993) They set the objectives and organize, motivate and develop the employees. (Drucker, 1954) They transmit the organization's culture and values as well as the organization's purpose and vision. Effective organizations have a clear purpose and direction. (Mintzberg, 1987, 1994; Ohmae, 1982 and Hamel and Prahalad, 1994) The leaders can also play a great role in creating a feeling of family in an organization. Scott and Bruce (1994) argue that leaders influence the climate for innovation.

Organizational cultures and management practices in subsidiaries outside the home country has also been examined. (Teagarden and von Glinow, 1997) The country origin of the multinational corporation has significant effects on the management systems, organizational culture and human resource management practices in the subsidiaries. (Lau and Ngo, 1996; Rosenzweig and Nohria, 1994; Schuler and Rogovsky, 1998; Yuen and Hui, 1993) There is a tendency towards a taken-for granted view what kind of practices is efficient in the foreign market since it worked well in the home market. (Westney, 1993) Uncertainties about efficient cultures in the foreign market also play a part in this. (Brooke and Remmers, 1970; Bartlett and Ghosal, 1989) Another influence on the organizational culture may be the organizational culture in other foreign companies in the market. An interaction between foreign managers with the same nationality is something Björkman and Lu (1999) has found support for in China. Furthermore, it has been suggested that the legal and economic environment influence companies to adopt similar management practices thereby creating what is commonly known as local isomorphism. (Rosenzweig and Singh, 1991)

2.5 National character

O'Reilly, Chatman and Caldwell's (1991) propose that the organizational culture should fit the individuals' preferences to make the workers satisfied and committed. This leads to a higher turnover. Boyacigiller et al (2004) argue that optimal management practice in countries might differ because of cultural differences; hence cultural traits are important to understand. China is a huge country and there is diversity in dialects and traditions. Furthermore, China is going through a rapid, but geographically uneven, modernization and growth. Giving a picture representative for a common Chinese can therefore be hard. However, that being said, it is possible to identify certain core cultural values for Chinese people wherever they live. (Fan, 2000)

Hofstede (1980, 1993) states that management can not be isolated from processes taking place in a society and that cultural differences exist between societies. Hofstede has developed a model to compare what traits best describe different societies. His model has five dimensions; power distance, individualism, masculinity, uncertainty avoidance and long-term versus short-term orientation.

Power distance: To what extent do less powerful members of organizations or institutions accept and expect that power is distributed unequally? All societies are unequal but some are more unequal than others.

Individualism: To what extent are individuals acting like individualists instead of a group? Individualism comprises traits such as looking after yourself, and the immediate family. The opposite of individualism is collectivism.

Masculinity: To what extent are people in the society assertive and competitive? These traits are here labeled masculine traits. Caring for the weak and solidarity are feminine traits.

Uncertainty avoidance: To what degree does the society have tolerance for uncertainty and ambiguity? Do unstructured and surprising situations feel uncomfortable or not? Uncertainty avoiding cultures have strict laws and rules and people are emotional. In uncertainty acceptant societies the opposite traits are dominating.

Long-term versus short-term orientation: To what extent are values such as thrift and perseverance prevailing? (Long-term orientation) To what extent is respect for tradition, fulfilling social obligations, and protecting one's "face" important? (Short-term orientation) In the long-term orientation values focusing on the past are found, in the short-term more focus is given to the present and the future. This dimension was not in Hofstede's original model but was added later on.

On Hofstede's homepage it can be read that he has estimated that China scores fairly low on individualism. Chinese people do not only look after themselves but the family, also the extended family, is truly important. China also scores low on uncertainty avoidance and this implies that Chinese do not feel uncomfortable in new situations. However, it should here be said that Hofstede in previous work has estimated the uncertainty avoidance higher. (Hofstede, 1993) Masculinity is fairly high which implies that Chinese are assertive and competitive. Power distance is even higher which indicated that Chinese accepts and expects that power is distributed unequally. Long-term orientation is very high and values such as thrift and perseverance are important for the Chinese.

Fan (2000) argues that the Chinese culture can not be seen as either masculine or feminine. He emphasizes the unity of both and the idea of Yin and Yang is part of this. Also Fang (2005) claims that Yin and Yang influence the Chinese mentality profoundly and that this can explain the contradicting personality among Chinese business men. Yin and Yang create a dynamic unit together. Fang states that this has influenced that Chinese are careful even during good times and optimistic even when there is great danger.

The culture in China today consists of traditional culture, communist ideology and western values. (Fan, 2000) Confucianism has influenced the traditional culture greatly, but also Taoism and Buddhism have been important. Confucianism states the social structure, the human relationships and the importance of work ethics. Relationships are guided by different Confucian principles. From a business and management perspective two important guidelines for relationships are "master and follower" where loyalty and duty are the principles and "friend and friend" where trust is the key word. According to Fang (2005) respect for age and hierarchy, the importance of family as well as Guanxi and Mianzi are values influenced by Confucianism. Guanxi can be explained as "connections that are defined by reciprocity and mutual obligation" and is important in China since Chinese business society is relationship-based. (Chen, 2001, page 46) "Mianzi" translated into English means "face" and "denotes a social standing based on one's character and reputation within a given social group." (Chen, 2001, page 72) In China you are supposed to take responsibility for not damaging the reputation of others, thereby making them loose face. Creating harmony and avoiding conflicts as well as develop moral principles are influenced by Confucianism according to Fang. Something which also is part of traditional culture and something which Fang propose influence the business life in China is the Chinese war art. To win without having to fight is a key word. Sun Tzu's book "The Art of War", written two thousand years ago, is an example of this. An example of how this affects the business life is, according to Fang, that Chinese people might let the other part believe that he has an overhand but when the right situation comes it becomes clear that this was

never the case. Influences from the People's Republic of China and the communist ideology are according to Fang that a bureaucratic system is in place and that politics play a great role in business life.

3. Methodology

This section describes how I have conducted the study, my choice of theory and companies to study. It also discusses the concepts of validity and reliability.

3.1 Choice of theory

Carl Fey has together with Katherine Xin at the China Europe International Business School (CEIBS) developed a China-specific model of organizational culture. The model is comprised of eight dimensions; mission, societal orientation, flat, feedback, involvement, speed, customer orientation and change. A quantitative analysis has been done; over 200 firms in China have answered a questionnaire that has been sent out to them by Fey et al. With the help of this theory and model I want to get a deeper understanding of organizational cultures in Swedish firms in China.

3.2 Selection of firms

Eisenhardt (1989) proposes that four to ten cases are recommended to include in a case study. Five organizations were contacted and four of them wanted to take part in the study.¹ Instead of including a vast sample of companies in the study I have emphasized on making in-depth interviews with employees at all levels in the organizations.

The sample of firms is somewhat of a convenience sample. However, according to Eisenhardt (1989) this is not a problem since the goal is to obtain accurate statistical evidence on the distributions of variables within a distribution. I have tried to choose companies that are comparable, however some differences exist. All of the companies have Swedish origin and have been present in China for more than 10 years. Atlas Copco, Ericsson and SKF's history in China goes long back. The companies sold their products in the Chinese market through distributors before Mao Zedong closed the market for foreign companies. When the market opened up again, the companies returned and set up their own offices in China. DeLaval has not been in the market as long as the other companies but set up their business in China 11 years ago. All the companies are engaged in some industrial production in China. DeLaval however has a limited part of the production in China and it is mainly assembly. DeLaval has also a significantly smaller amount of employees than the other three companies. Despite differences, a common ground has been found. It should also be interesting to include these organizations in the study since they all have an origin in Sweden and now face the local Chinese market. I believe that these four firms are possible to compare from an organizational culture perspective even though there are differences between them.

3.3 Case study versus questionnaire

A comprehensive quantitative study trying to link organizational culture and effectiveness has been conducted by professor Fey. The study involved 200 firms in China and questionnaires were sent to these companies. The aim of my study is to do in-depth interviews trying to understand some of these companies better. A case study can, according to, Eisenhardt (1989), be used to provide a description, to test theory or to generate theory. The main purpose for my study is to elaborate Fey's model and get a deeper understanding of it by conducting mainly a qualitative study. A case study can according to Yin (1984) involve single or multiple cases. The evidence may be qualitative, quantitative or both. (Eisenhardt, 1989) This study will consist of multiple cases. It will be based on both qualitative and quantitative evidence, but the main focus is the qualitative evidence where questions such as "how" and "why" will be answered.

Conducting both case studies and handing out questionnaires is something which Yin (1994) recommends to increase the reliability. In case studies a risk that the interviewer asks question influencing how the

1) In the fifth company a similar study had been conducted not too long ago.

respondent answers exists. There is also a risk that the respondent answers the questions to present the company in the best possible way. Besides from conducting interviews, I have therefore distributed a small number of questionnaires at the companies. The results from the questionnaires made it possible for me to see if my results from the case studies were coherent with the other result. The two ways of conducting the study can therefore be seen as complimentary.

3.4 The interviews

The interviews were conducted in Beijing, Shanghai and Nanjing during June, July and August, 2007. See appendix D for employees interviewed. The interviews lasted between about half an hour and two hours, most of them about an hour.

I interviewed employees at different levels in the organization; the management, middle-level management and average employees. I interviewed employees in the sales departments, R&D department, human resources (HR), production workers, quality check etc. My intention was to interview around 8 employees in each company with the following distribution: 1 person from HR, 1 person from general management, 1 manager + 2 employees from manufacturing, 1 manager + 2 employees from sales, R&D, or some other non-manufacturing function. I have also included both Chinese and Swedes in the study. The contacts at the companies helped me set up the interviews with the aim of giving me a broad perspective of the organizational culture of the companies.

In the beginning of the interviews the employees were asked about personal reflections about the organizational culture in the company. The questions that followed were based on Fey's model about Organizational cultures in China. Before conducting the interviews I prepared an interview protocol covering Fey's model. The questions posed to the employees were based on this with different follow-up questions depending on what the employee told me during the interview. The interview protocol which was used as a starting point when conducting the interviews is found in appendix B.

To make sure that I included employees from all levels in the companies I conducted the interviews with the help of an interpreter when it was necessary. The interpreter was usually someone working at the company. There is a risk that some of the information got lost in translation. If something not has been clear I have asked one more time and if still not clear I have excluded it from the analysis.

In addition to the interviews at the companies I also conducted an interview with Sara Dahlsten, Second Secretary at the Swedish Embassy in Beijing. This interview aimed at understanding the Chinese background and conditions facing the Swedish companies in the market.

3.5 Questionnaire design

The questionnaire was designed by Fey and Xin. I distributed two versions of the questionnaires; the management received a version with somewhat more questions than the other employees. The questions covered the eight dimensions of Fey's model. To compare the results from my study with earlier research conducted by Fey I did not use all the questions from the questionnaires in my quantitative study. The questions I used in the analysis are found in appendix C.

Between 20 and 22 employees at each company, both foreigners and Chinese people at all levels in the organization, answered the questionnaires. The questionnaires were distributed by my key contact at the companies in order to give a fair view of the company. The questions were of Likert-type, ranging from 1 = strongly disagree to 5 = strongly agree. The respondent had the possibility to choose whether they wanted to answer the questionnaire in English or Chinese, both of the versions were provided by Fey. To be sure that the Chinese version was in agreement with the English version Mona Liu, the assistant of Katherine Xin, at CEIBS went through the questionnaire.

3.6 Validity

To construct validity, the right operational measures for the concept being studied should be used. By applying a model developed specifically for the Chinese context I believe that the right tools to explore the subject are provided. Information from multiple sources of evidence was collected as recommended by Yin (1994). Furthermore, several employees at different positions, nationalities and gender in the companies were included in the study. In addition, I have distributed questionnaires to backup my results and thereby I have strengthened the validity.

Internal validity is important when studying explanatory or causal relationships to show that certain conditions actually lead to other conditions examined. To ask follow up questions to what the employees emphasized during the interviews I have increased the internal validity. In this study I am relying on previous studies examining if organizational culture affects the performance of the organization. In the qualitative study I have merely indicated if my result is in accordance with the results of Fey.

A high degree of external validity is obtained if generalizations of the results beyond the immediate case study conducted are possible. By letting my key contacts at these companies choose which employees to interview there is, according to Trost (2005), a risk that the sample has been biased and that employees who are believed to have an “interesting” view or strong opinions are chosen. Also it has not been possible for me to visit all the places where the companies are located. By making sure to interview employees at different positions and departments in the company, both at production sites as well as offices, I believe a broad and fair view of the organizational culture in the companies can be presented in this study. Also I had the possibility to add more interviews than I had planned to include. My sample of organizations is not big enough not make any generalizations outside of these companies. However, by connecting this to results reached by Fey, the external validity is enhanced.

3.7 Reliability

The concept of reliability indicates if a later investigator would reach the same findings and conclusions repeating the case studies following the same procedures as the previous investigator. In order to create reliability in my qualitative study I have not only spoken to employees but also taken part of written material. I have been attentive to what the interviewee communicate both explicitly, what is said, and implicitly, how it is said. (Trost, 2005) I have recorded the interviews, listened to the recordings and then transcribed the material to be able to go through the material several times. For some of the interviews a translator has attended and it is possible that this has influenced my perception of the answers. Except for the few times a translator has been present I have conducted the interviews by myself. Eisenhardt (1989) recommends teams when conducting interviews since different perspectives more easily can be applied and the risk of hastened conclusions are reduced. I have interviewed one person at the time and this is something which Trost (2005) recommends. In a group interview there is a risk that not everyone gets to speak their mind and group behavior might influence the answers. Since the employees have been interviewed one by one it might have been an advantage that I have conducted the interviews by myself since a balance was created. (Trost, 2005) To increase the reliability of the quantitative study I have applied an existing questionnaire developed by Fey.

4. Empirical material

This section gives a background to the companies and presents the results of the case studies.

4.1 Background for the companies, globally and in China

4.1.1 Atlas Copco

4.1.1.1 Background

In 1873 AB Atlas, which later would become Atlas Copco, was founded. (Nationalencyklopedin) Today the company has products within three different areas (Atlas Copco's homepage):

- Compressor Technique. The products are sold mainly to the construction sector. Development, manufacturing and assembly are concentrated in Belgium. The headquarter for this business is located in Belgium.
- Construction and Mining Technique. The product range includes different kinds of drills and other equipment intended for infrastructure projects and mining companies. The principal product development and manufacturing units are located in Sweden and in the United States. The headquarter is based in Sweden.
- Industrial Technique. The product range includes power tools and other types of equipment applied in industrial manufacturing, like the automotive and aerospace industry. The business area has its principal product development and manufacturing in Sweden, China, Great Britain, France, the United States and Italy. The headquarter is located in Sweden.

The company has about 26 000 employees in total around the world. In 2006 Atlas Copco had revenues of over 52 billion Swedish crowns.²

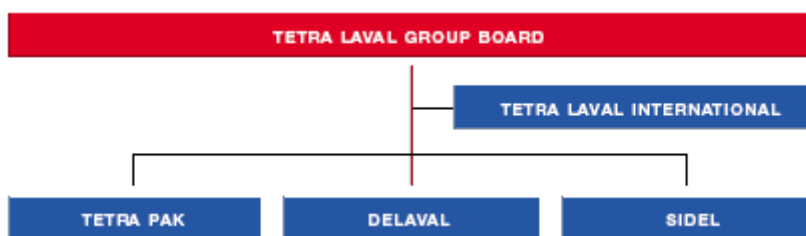
4.1.1.2 Atlas Copco in China

Atlas Copco's products have been available in the Chinese market since the 1920's. From the establishment of the People's Republic of China in 1949 until the death of Mao Zedong in 1976, the market was closed for Atlas Copco. China started to open up for foreign companies in 1978. However, further development of the business in China was already conducted during the 60's with direct selling from Sweden and through a distributor in Hong Kong. A sales company in Hong Kong was established in 1983 and representative offices were opened in Beijing, Shanghai and Guangzhou. Between the years 1993 and 1998 the company developed joint venture partnerships. After 1998 Atlas Copco started to get approval for their business to become wholly foreign owned enterprises. China represents 6% of Atlas Copco's total turnover and is one of Atlas Copco's most important growth markets. Atlas Copco in China has over 129 sales and service offices, 10 factories and over 300 distributors. The factories are mainly located on the east coast. The company has around 2600 employees in China.

4.1.2 DeLaval

4.1.2.1 Background

DeLaval's history goes back to 1883 when the company AB Separator was founded. The company aimed at launching and selling the separator which is used to separate cream from milk. (Alfa Laval's annual report 2005) AB Separator changed name to Alfa Laval AB in 1963. In 1991 Alfa Laval was acquired and became part of the Tetra Laval group. The group was organized in independent industrial groupings. One of these was Alfa Laval Agri which in year 2000 was renamed to DeLaval. (DeLaval's homepage) Today the group looks like this (Tetra Laval's Annual report 2004);



Tetra Laval International is providing financial services and exerts ownership control in the Tetra Laval group. Tetra Pak provides the process and packaging systems for food. Sidel produces plastic bottles. (Tetra Laval's homepage, 2007)

2) 5.6 billion euro converted into SEK. 071002 (1 SEK=0,11 euro)

DeLaval supplies turnkey solutions for complete dairy operations and the product range includes everything from milk automation, milk transport, cooling to feeding, stalling and manure handling. (DeLaval's homepage, 2007)

Today the company has some 4400 employees worldwide. In year 2006 the net sales was 86 million SEK.³ (Tetra Laval's homepage, 2007) DeLaval delivers half of all milking equipment sold worldwide. (Tetra Laval's Annual Report 2004)

4.1.2.2 DeLaval in China

The company DeLaval was established in China in 1996, but already had some experiences in the market from a joint venture in Guangzhou started in 1989. (Tetra Laval's Annual Report 2004) The company is mainly a sales organization in China but also has some assembly and a minor production of hygiene products. More of the production will probably be located to China in the future. DeLaval has about 140 employees in China.

4.1.3 Ericsson

4.1.3.1 Background

The company's origin goes back to 1876 and the headquarters is located in Stockholm, Sweden. Ericsson provides telecommunications equipment and related services to mobile and fixed network operators globally. In 2001, Ericsson and Sony Corporation established a joint venture producing mobile phones. This part of Ericsson is not examined in my thesis. The company is organized in three business areas (Industrivärden's homepage 2007):

:

- Networks, equipment for operators to provide communication for their subscribers.
- Global Services, offering the operators service and installation of network equipment.
- Multimedia, to provide contents in the form of music, games, video etc.

According to the same source the average number of employees was 63 781 in the year of 2006. The net sales were 177 783 million SEK in 2006.

4.1.3.2 Ericsson in China

Ericsson began shipping handsets to China in the 1890's. During Mao Zedong's time the country closed for foreign companies. The first representation office was set up in Beijing in 1985 and Ericsson (China) Co. was established in 1994. Ericsson has several joint venture companies in China since the Chinese government demands local involvement. Today Ericsson in China has around 3000 employees and includes 5 wholly-owned companies, 10 Joint ventures and 26 offices. (Information about Ericsson's internship program 2008 on the internet.) According to one of the employees I interviewed, Ericsson is mainly located in the largest cities in China such as Beijing, Shanghai, Chengdu, Guangzhou, Nanjing and Dalian. Ericsson has one production unit in China. It is located in Nanjing and supplies mobile telecommunication systems and multi service network systems. China is a very important market for China and is Ericsson's second biggest market regarding total sales. (Björk 2005)

4.1.4 SKF

4.1.4.1 Background

The company was founded in 1907 and has its headquarters in Gothenburg, Sweden.

SKF is producing bearings and is organized in three divisions (SKF's homepage 2007);

- Industrial. Supplies bearings for products used in for example aircrafts and railways.

3) 802 million euros converted into SEK. 071019

- Automotive. Supplies bearings to vehicles, such as busses, trucks and two-wheelers, also bearing for such as household appliances are supplied.
- Service. Provides service to the industrial aftermarket mainly through distributors.

SKF has 120 production sites in 24 countries and is represented in more than 130 countries (SKF's homepage). In 2006 the group's net sales was MSEK 53 101. (SKF's annual report 2006) The number of employees worldwide is 41 090. (SKF's homepage 2007)

4.1.4.2 SKF in China

SKF has been present in China since 1912, when the first agent was established. In 1916 the company set up an office in Shanghai. In 1951 the company left the Chinese market. SKF reestablished the business in Hong Kong in 1988. (SKF China Ltd, SKF's homepage)

SKF in China is represented by two units, SKF (China) Investment Co., Ltd., Shanghai and SKF China Ltd. SKF (China) Investment Co., Ltd., Shanghai which is a holding company established in 1997. The investment company has 9 manufacturing units in Shanghai, Anhui, Beijing and Dalian. Six of the manufacturing units are owned by SKF, and three are joint ventures. SKF's goal is to have an even larger part wholly owned and only keep one of them as a joint venture, since that joint venture works particularly well. The other unit is SKF China Ltd which is located in Hong Kong. It has 14 representative offices in Mainland China and more than 70 authorized distributors and dealers. (SKF's homepage 2007) SKF has more than 2800 employees in China. (SKF's homepage 2007)

4.2 Fey's dimensions applied

4.2.1 Mission

China's vast size and the necessity to be close to the customers have a negative impact on the contact between management and the subsidiaries. Furthermore, there are language barriers for the Swedish management. The importance of a mission for the companies in China might be greater than in other countries.

4.2.1.1 Atlas Copco

The mission states that Atlas Copco is a world leading provider of industrial productivity solutions. The vision is to become and remain the "First in Mind – First in Choice" for customers and prospects, and other key stakeholders. The core values are interaction, commitment and innovation. A member of the management team comments the core value interaction with *"Chinese are often pretty shy and reserved. They are not used to blazon out their opinions, like we are. So we want them to interact with their colleagues and their managers"*. The management believes in the importance of a shared mission among the employees. *"They need to get some kind of framework."* The manager for a factory says *"I think that Atlas Copco has a very strong culture. And we have the vision clear "first in mind, first in choice" as well as the corporate vision for the organization and this was the same I tried to stick to the visions of the group and develop the organization also in this visionary picture."*

The employees have a feeling for what the mission is but don't know the exact wording. A few examples of how the employees express the mission are: *"To become a production base of Atlas Copco in China for the construction and mining equipment"*. *"To set up production base and to cover the most of China, the business of China and some international markets"*.

To increase the employees' knowledge about the mission, newly employed at Atlas Copco in China get a two days introduction, "ABC to Atlas Copco", about the company's culture, history and values. The top management is highly involved in this education. The company's mission is also communicated through newsletters and several magazines. "Achievement" is a yearly magazine and "AC news" is distributed quarterly. A tool for the employees in their work is "The way we do things" which includes Atlas Copco's guidelines and processes.

Atlas Copco has since recently only wholly owned companies in China. This facilitates a united organizational culture. A member of the management team comments joint ventures like this *“That was the way it was. There was no other possibility for foreign owned companies to establish really.”* He continues *“But this relates to the company culture and the organizational culture. We believe that it is much better for our customers, for our employees, for our board, maybe for China, that we own our companies completely, like we do in the rest of the world. Where there is one boss, and that is Atlas Copco. When employees come to us they know that. They don’t need the partners, the foreign company and the balancing but here it is crystal clear Atlas Copco, like in the rest of the world, and we don’t behave differently here.”*

4.2.1.2 DeLaval

According to DeLaval’s homepage the mission is “We drive progress in milk production”. The vision is “Whenever dairy farmers have a need they should think first of DeLaval. We aim to always be there, always available, always working on their behalf.” The core values for DeLaval China are:

- “1. We share a passion for dairy farming.
2. Our people are empowered to assume responsibility.
3. We are professionals earning our customer’s trust through commitment and reliability.
4. We believe in partnership build on mutual trust and benefit.”

During the interviews employees mention economical performance measures, hire new employees, “become the leader in the market”, and steer *“a path which is not in conflict with our corporate governance guidelines”* as the mission for the company. A member of the management team says *“I think it might very well be understood from an intellectual point of view, from an understanding point of view. Is it really committed to from a personal point of view? And I think that the answer to that is no. I think there really are a lot of people who still believe no, various ways of doing business and always adapt locally. And that I think is not as well understood, certainly as well as I would like to have it.”*

The company has normally introduction training about the company for new employees. One of the managers says that the introduction is about the *“..company values and the company’s long term goals. Both on a global and local level. And it is a form of a one day education, maybe two days education that are run every year..”* However it seems like a few of the employees did not get this introduction. One of the employees says *“Actually it should be a couple of days..”* but that *“Maybe we are not so strict on this.”*

The company has a monthly magazine, “The mirror”. The magazine is found in the canteen, in the reception and in all of the receptions in the branch offices as well. Information is also given by e-mails. The company also communicates the mission through a published document called the “Employee Handbook”. Top management believes more in face to face meetings when it comes to sensitive information and one of the reasons for this is because there is a risk that printed information is spread outside the company. Twice a year the general staff is gathered and the management gives an update to the staff about previous status, current status, and the top priorities for the coming month.

4.2.1.3 Ericsson

The vision for Ericsson is “to be the Prime Driver in an all-communicating world”. Ericsson does not have a separate mission communicated to the employees globally but the mission can be seen as incorporated in the vision. Some subsidiaries have local missions. The core values are respect, professionalism and perseverance and they constitute the foundation for Ericsson’s culture. The core values influence the way the employees treat each other and their customers. One employee says *“Vision is probably not so familiar to everyone, but everyone knows the core values.”* The organization has expanded fast recently and this can be a reason why the vision not is clear for everyone. One of the employees says that the unit goals for the departments are more important than the company’s vision and says *“For me, yes of course.. It is more close to me..”*

One way Ericsson makes sure that everyone has heard the mission and the core values is that the management goes through it with all the new employees during a two days introduction. Another way is to communicate it during meetings, lectures and power point presentations. One special occasion when Ericsson takes the opportunity to communicate their mission is during their global conferences, this year held in Shanghai. Other channels are magazines and e-mails. The yearly employee survey "Dialogue" reminds the employees about the goals. One employee says *"..one of the questions is "What are the goals?" so it is a reminder. Every year a reminder."* To support the implementation of the vision and the core values in the daily work, a guideline has been developed for the employees. It is called "Our ways of working" and is based on the vision and on the core values. "Our ways of leading" is for the managers.

4.2.1.4 SKF

SKF has a global mission and SKF in China a local mission. SKF's global mission is "to be the preferred company for our customers, distributors and suppliers: delivering industry-leading, high value products, services and knowledge-engineered solutions; for our employees: creating a satisfying work environment where efforts are recognized, ideas valued, and individual rights respected; for our shareholders: delivering shareholder value through sustainable earnings growth." (SKF's homepage 2007) SKF's in China mission is to enhance and develop global leadership in bearings, sales, related products, systems and services. The vision for the group is to equip the world with SKF knowledge. The vision for SKF China Ltd is to be an organization that embodies learning, excellence and sustainability. The purpose of SKF's in China vision is to encourage new factories to meet the SKF standard. The company has also stated drivers and core values for the company. The drivers are profitability, quality, innovation and speed. The core values are; high ethics, empowerment, openness and teamwork. According to SKF's homepage *"They define the essence of our culture - who we are and what we stand for. They apply to every single employee around the world and support the unique SKF spirit that binds us together as one SKF team."*

The employees and the management believe in the importance of the mission and vision. The management claims that since SKF is spread around the world, the company has to be good at communication and to deliver messages. However, the employees express the mission in different ways and a few of them mention the vision for the group. One of the managers says *"I wish I could say that everyone understands. I don't think that is the case"*.

The management has different ways of communicating the mission, but the most important way is to set an example and to communicate it by their own behavior. New employees at SKF have a three day introduction where the mission and vision is emphasized. Employees should *".. really understand the mission and the vision of this company. And he must understand what kind of company he is working for and whether he is really interested in the job. This is quite important. Another thing is whether his values can meet the general values of this company. The more you meet them, the happier you will be, the more satisfaction you will get from the employees, and also the excellence and the output from the company."* The magazine "Connection" is also a way to communicate the goals.

4.2.2 Societal Orientation

To be a serious and honest investor as well as a good citizen is important for the companies on a global basis as well as in China. However, Chinese people are somewhat reluctant to charity and some believe that it is to throw away money. Customers worldwide care about price, but there seems to be more focus on the price in China. Environmentally friendly products are difficult to sell if it implies a higher price. However, reputation is important in China and the companies want to be perceived as taking responsibility.

4.2.2.1 Atlas Copco

Atlas Copco is sponsoring schools and donating money to charity and the individual factories are also trying to contribute. The manager of one of the factories tells me that *“I will try to introduce it in the future... We want to be responsible for the social development and want to contribute to the society...”*

A comment about the environment policy is *“..I think this is very important for the company because we don't focus on just the money.”* Focusing on environmentally friendly products is believed to be profitable for future business. One comment about this is *“I think that it might not sell so much yet, but it will sell and the companies that do not take it serious it won't go well for... we have a sustainability report in the annual report, which is our little green annual report. It is something we worked pretty much on after all.”* An example of what Atlas Copco does for the environment is to produce energy saving machines and applying the ISO14001-standards. The ISO14000 is a voluntary system to establish the routines to work for a better environment. Furthermore, they have two students from CEIBS who every week report to the headquarter in Sweden about environment issues at the factories.

Atlas Copco in China does much to improve the situation for their employees. An example is the extra pension the company has introduced for the employees. Pensions in China are very low and a member of the management team explains that managers' pensions constitute about 5%-10% of the salary. He says *“How can they live on that?”* and continues *“We thought that in order to keep good managers and to get people to work longer for us, we have to do something about this.”* *“Besides we said that we can not only introduce this to the staff, we must also help our workers to get a better future. So we did it also for our workers.”* The company is now thinking about introducing medical insurances to provide even better conditions for the employees.

4.2.2.2 DeLaval

An example of DeLaval's role as a responsible citizen is their environment policy. A member of the management team says *“The abuse of the environment in China today is extreme and as a result of that the sustainability of the type of practices that you have in agriculture, that you have in the entire processing, is certainly a question. That is going to have very serious, negative consequences in the long term.”* A comment about what the company does to prevent this is *“We try to elevate the awareness of the possibilities for more environmental friendly type of dairy farming and for practices even around our own equipment; an example would be oil recycling, energy conservation in relation to something as simple as water heaters etc.”* DeLaval follows the ISO standards and they also make sure that their suppliers follow the regulations.

The company is involved in a milk project giving children the possibility to get milk every day. A comment about this is *“I think that it is an obligation that we have long term, from a purely commercial perspective but it is also from a society point of view...”* The company is not engaged in any direct charity.

4.2.2.3 Ericsson

Ericsson is engaged in charity. The company has donated money to the benefit of the antelopes in Tibet and this project is something many of the employees have heard of. One of the employees says *“Ericsson is dedicated to the societal orientation”* and refers to the project with the antelopes. He also says *“And another thing I remember is to sponsor some poor children to study. And also we sent to those flooded areas for housing. So there are a lot of events.”* Despite the focus on societal orientation the employees believe that Ericsson is doing charity work in about the same range as other international companies.

The employees believe that the company is focusing more on the environment policy than the competitors. One of the employees says *“The environment is a really deep and high focus in Ericsson.”* One of the employees says *“That is very important for Ericsson. For example, the production line must meet some requirements of the European standards, some pollution should be forbidden and there will be*

inspections frequently.” When asked who is making the inspections he answer *“I think that is from some European committee who is responsible for checking the environment.”* He also says *“If it does not meet these requirements the products can not be sold in Europe.”* Ericsson applies the ISO14001 and one of the employees says *“..each subsidiary of Ericsson must comply with the ISO14000. And also we fulfill the government requirements..”*

4.2.2.4 SKF

Sustainability is included in the vision for SKF China and, according to the management, one of the key areas for SKF. This is also clear for the other employees. SKF has a target which is called BeyondZero which aims at a positive environmental impact from SKF’s production. This is achieved by reducing the company’s negative environmental impact and to contribute to the customers improved performance. The management at SKF emphasizes that this is good for profitability. In the factories the ISO14001 is applied. The problem about global warming, and how the employees can help preventing it, is discussed in the company. One employee at the HR department says that *“...we have also started the sustainability awareness training for all the employees and make them more aware about very small things like turn off the lights when you are away.”* Also a policy saying that the company cars should have limits on the CO² emission has been launched.

SKF in China has recently begun with activities such as charity. The Hope-project to support kids in poor areas and support their education is an example of charity work SKF is engaged in. SKF is striving to involve the employees. At the HR department one of the employees says that *“I think that the second level is that we should involve employees more deeply than just donate money, more personal involvement from the employees.”* Each factory in SKF has launched projects where they help the community in different ways. There are also projects where the company donates as much money as the employees donate.

4.2.3 Flat

The hierarchy is much stronger in the Chinese society and in Chinese companies compared to the Swedish context. This affects the employees’ relationship with the managers. Despite the same amount of formal layers in the companies in China and Sweden, the distance between the managers and the employees is greater. As described previously in this thesis a great power distance is accepted. Furthermore, the companies in this study are big multinational companies and their size as such makes it necessary to be organized into a number of layers.

4.2.3.1 Atlas Copco

Atlas Copco has a decentralized organization which contributes to a flatter structure. The divisions are responsible for their business activities including product development as well as sales and services. The organization has over 129 sales and service offices, 10 factories and over 300 distributors all over China. The employees find it easy to reach people further up in the organization. One of the employees in the factory says *“The culture of this company I think is a typical Swedish company. Everybody is equal here and we can communicate with each other equally. Everyday we have a lot of problems, a lot of issue to solve, to talk about, so I think it is very important for a company to be equal.”* Another employee says *“In Asian companies and in Chinese companies there is always a code of rang. The manager and the general manager are above you.”* Blue color workers in the factory share this view and the interpreter for one of the workers told me that *“The managers here are better than in the other company he was working with before. Here they don’t shout and it is quite equal.”* The employees normally sit together and only some managers have their own rooms. Furthermore, the rooms that do exist have walls made of glass. A member of the management teams says *“So how do you keep your employees? Except for having a sensible benchmarked salary.. Well, that is the wonderful thing in China, that the Chinese value other things. They want to feel like they belong somewhere. It is tremendously important for them to be taken care of in different ways. For example an open company culture.. You see, here there’s only glass. We see each other, we know what others do. I am the manager, but right opposite to me sits a newly employed guy who reads manuals and learns about computers.”*

Dinners for the employees are organized regularly, at least in some factories. In the departments they are organized as often as once a month and for the teams more frequently. This is a good way for the employees to communicate under more relaxed forms.

4.2.3.2 DeLaval

The organization in China has been very hierarchical in the past. A member of the management team says *"The organizational culture here I think by history, through history and through necessity, has been substantially a top-down organization, very hierarchical and very much based on instructions and on very specific directions. This was the way that business was done in China and this is the sort of culture people expected quite a long time. That was very fine in an early stage of development when it was not so many people involved. Now that the organization has grown to be in excess of a hundred, there is a need to greater delegation, for delegation of authority and for accountability, and for management support systems to help people target and to measure their particular areas of responsibility."* He continues *"In fact I could even take it a step further back, it was even at an earlier stage, it was more like a spoke wheel; in other words that the center of axel of the wheel was very much the management function and then people all around interacted directly with that."* The organization grew larger very quickly during some time and there was not enough time to shape the organization.

To comply with the structure on a global basis and to get the employees to perform better the organization is today striving to become a flatter organization. One of the managers say *"This is not a huge business, this is a reasonable size business and shouldn't be to hierarchical. It should be as flat as possible."*

4.2.3.3 Ericsson

One of the employees comments the many layers in Ericsson by saying *"...people are complaining about that sometimes. The organization is very complicated and the communication with each other, with different organizations, is sometimes very complicated."* In addition to this the company is growing and hiring new people and one of the employees says *"A lot of forces joined Ericsson so maybe from me to the China president there were 3 levels a couple of years ago but now there are 4 levels."*

One way Ericsson makes it easier to reach people further up in the organization is as one employee says *"You can see that from our layout of offices. Only the big boss has a separate room. To the other bosses there are no rooms, no barriers. Even to the boss, I can just knock on his door and say hello."* Another example of how Ericsson is achieving direct communication is the CEO's working breakfasts with sales staff. By stating "respect" as one of the core values Ericsson, as well as letting it influence the guidelines, the company has increased the focus on this. Respect is a word influencing the relationship between the managers and other employees. One employee says *"People respect each other, high level management and common employees respect each other."* These components are contributing to an equal atmosphere and one of the employees says *"we don't have a high-rocky organization like some companies in China"*.

4.2.3.4 SKF

When comparing SKF with Chinese competitors, the employees say that the organization is rather flat. However, SKF have about the same degree of flatness as other multinational companies. SKF is a big organization and when discussing the flatness of the company one of the employees says *"It's also a question about the size of the organization. This is a very big organization, and it means it has to have more layers."* SKF has a matrix organization, divided in country and divisions. The middle level managers are reporting to the management in China but they are also reporting to the divisions. The divisions are mostly located in Europe. The management believes that the formal layers in SKF in China and Sweden probably are about the same, but that the distances between the management and the employees are larger, because of the Chinese culture.

SKF aims for a flatter organization by a management engaged in a close and open relationship with the subordinates. One of the employees says *"Openness is one of the values of our company. When you have*

something, you just talk to your line manager. It is very open here. Actually most Chinese people are quite conservative, they are not communicating in an interactive way. Our company encourages open communication I think.” Another employee says “..people can feel like everyone is equal. That’s the most important.” The offices at SKF have glass doors to contribute to an open atmosphere. Furthermore, SKF is organizing field trips which include team building activities. One employee says “Officially in this company we do it twice a year. We call it a big one and a small one. On the big one we will go out of Shanghai and go to some places, some sightseeing plus some teambuilding activities. The small one is just very close to Shanghai. Last year we organized a factory visit to a SKF factory. Because we have a lot of new people in this office and they have never been to a factory, they don’t know how the factory is running. And we also had a new factory being built close to Shanghai so we went there and showed them around and explained to them how the bearing was made and then we had dinner together.” Some festivities in connection to SKF’s celebration of its hundred anniversaries have taken place and the employees visited the ship “Götheborg” when it arrived to Shanghai.

4.2.4 Feedback

The Chinese culture is not very forgiving when it comes to making mistakes and the concept of Mianzi should be kept in mind.⁴ In general it is not more difficult to tell an employee about unsatisfactory behavior in China than in other markets. However, it is important to inform the employees in a proper manor. Discussions should take place in private and not in front of a group. In some cases it might be sensitive to give people praise in public. In the past Chinese people got praise group-wise and not individually. There are many ways to make someone lose face. Until foreign management has learnt what is appropriate, sensing the way is a key word. Loosing face is normally not so much what you communicate but rather how you communicate. Chinese can in fact be very frank without making people lose face. The differences between being straight forward in China and elsewhere should not be exaggerated however. People generally do not want to have their performance discussed in front of a group but prefer to have it in private with the manager.

4.2.4.1 Atlas Copco

Feedback is important to Atlas Copco and contributes to the employees working towards the same goal. (Hamilton 2007) The company has mandatory appraisal talks once a year. The individual managers decide if they want appraisal talks to take place more often. In practice the appraisal talks often take place twice a year; after 6 months a first evaluation and at the end of the year a final review. The employees also get daily feedback. The company applies a variable compensation as a motivational tool. For the managers the variable compensation depends more on the group’s performance than it does for the employees. However, the part of the variable compensation connected to the group’s performance always seems rather small. In the factory the workers’ bonus is connected to the production; how many they produce and the quality.

Most employees find it easy to give feedback and share information with their managers. One employee says “The managers are willing to listen to your opinions and your experience, and you can share a lot of information with them.” A survey which is called the Atlas Copco employer brand takes place once a year in order to get feedback and evaluate “how conscious are people of the business we do here, how involved do they feel”. This survey consists of three parts; Career offers in Atlas Copco, Style and Culture and also the Business Context. An employee survey measuring employee satisfaction is also distributed once a year. This survey seldom reaches the employees in the factory I visited. Furthermore, they are not informed about the results and do not see the changes based on it.

Atlas Copco is truly striving for internal recruitment and has an internal job market. The internal job market was developed by Marianne Hamilton. In the past it was the managers who contacted employees and future managers regarding their career. (Hamilton 2007) Hamilton wanted to change this to make the company more flexible and give the individuals more responsibility and more equal conditions. An

4) See paragraph 2.4 about national character

international internal job market for manager positions and national internal job markets for other positions were created. About 75% of the positions the company is publishing on the internal job market leads to internal recruitments and the goal is 80%. The internal job market is, according to the employees, a very good motivational tool for, among others, the sales stars.

4.2.4.2 DeLaval

Formal feedback takes place about once a month. It consists of a set of charts produced by the finance and accounting department and goes to the regional managers and the regional managers who cascade the charts.

However, one of the employees says *"It is not so formal... Maybe we just talk to each other if we got a good price or if we finally solved some problems."* Another employee says that the manager *"will inform me immediately."* The company has appraisal talks once a year. They used to call these "We talk" but because of a lack of clarity for the individual targets these were renamed to "Individual target discussion". Key positions within the company have a balanced scorecard deciding their bonuses. The sales men and the service men also have the possibility to get a bonus. In the factory bonuses are not applied today. The production manager considers applying bonuses also in the factory because of its motivational effects. Internal recruitment is encouraged by the HR supervisor sending an e-mail to the employees when there are open positions in the company.

The employees have the chance to provide feedback to the company through employee surveys conducted every two years. In the reception the employees can also get notes to give suggestions. However this system does not work satisfying and normally the employees give the suggestions directly to the managers. There is no actual reward for good suggestions but the management makes sure to acknowledge employees contributing with good suggestions.

4.2.4.3 Ericsson

Good and strong tools for interacting with the employees and for the employees to give feedback are in place. An example of this is the possibility employees have to ask questions and come with suggestions to the management. The system is called "Talk with top management". The management posts the answers on the web available for all employees to read. Another example is the annual employee survey called "Dialogue", which Ericsson emphasizes a lot. The survey takes place every October. The company has managed to communicate the results from the survey tremendously well. Ericsson gives feedback to the employees in the form of personal development reviews held annually and semi annually. In addition to the formal reviews continuous feedback is provided by the local managers.

The company is encouraging teamwork and one way to do so is by letting the bonus depend on the company's performance instead of the individuals'. In Ericsson the bonus mainly depends on the company's performance. One employee says that individual heroes are less important in Ericsson than in companies selling consumer products since producing and selling the products in Ericsson is more of a team effort. Managers make sure to show their appreciation for good contributions and to share the success among the employees during meetings. A comment about this is *"If we reach the common goal successfully, everyone should enjoy that."* One employee says however *"This is a competitive market. If you can not give sales stars more, they will transfer."* He proposes that the bonus for the sales people should be more individual and vary more to increase the incentives. The company provides the possibility for internal recruitment but sometimes the managers do not encourage this. An employee must also work in a department for more than 2 years before he can be transferred. Ericsson does not have an internal job market but share available job offers on the intranet and on the internet at the same time.

4.2.4.4 SKF

In the beginning of the year the managers and the employees work out an individual development plan in which they together decide what the targets are and what training is necessary. During the year the managers have at least one appraisal talk but it is recommended that the managers also do an interim review. Informal feedback is received regularly. The employees can give feedback in a "Working climate

analysis” which is to be filled in once a year. This has about 70 questions covering issues such as how the cooperation between different departments work, what the employees think about the working atmosphere and how they feel about the management.

The employees have the possibility to receive bonuses provided that the company manages to reach a certain profit. The bonus for the staff is based on both the group’s and the individual’s performance. The bonus for the factory workers is only based on how much they produce and the quality and can add 10% of the salary. The company is encouraging internal recruitment but this does not work satisfying today. In the HR department they say *“The thing is that we actually have all the jobs posted on SKF.com.cn. The problem is that our employees do not visit that website so regularly.”*

4.2.5 Involvement

Openness and empowerment are important features in north European and Scandinavian people’s mind. The Swedish leaders believe that this influence the management style at the subsidiaries in China. Teamwork is also considered important by the management. Chinese people are however very good at working individually. They are used to work with tasks assigned and less inclined to work in groups. A common misperception is that Chinese and Japanese people prefer to work in the same. Chinese are different from Japanese and works best as individuals not as a team.

In the past openness has not been encouraged in China. The country is opening up more and more, but the past still influence people’s actions. The political system influence people and makes their behavior more restrictive.

4.2.5.1 Atlas Copco

To get employees who are committed in their work, Atlas Copco put great effort into their recruitment processes. Good relationships with the universities play a great role and Atlas Copco organizes student days to meet future employees. The employees take great responsibility for their own training and career. One member of the management team says *“When we employ new people we tell them that ‘Hey you, training is really important but we will not come to you once a week and say that you should go this or that course, but you have to check what training exists, you have to be up to date’.”* The employees apply for the training, through “AC Academy”, on the web and the reporting manager approves the training suggested by the employees.

The employees at Atlas Copco are young, 41% of the employees are under 30 years old and more than 80% are under 40. Training and keeping these young people is important. One member of the management team says *“To get the young to stay with us and then become experienced managers like you have in big organizations in western companies is a tremendous challenge.”* The same person also says *“The Chinese has a thirst for knowledge I haven’t seen anywhere else in the world”*. The company has a policy that every employee should have at least 40 hours of training per year. In some cases the employees get much more than 40 hours of training. The training is outsourced to different training organizations and the employees can choose from about 25 different courses.

It is important for Atlas Copco to be clear about the employee’s responsibilities. (Hamilton, 2007) I learnt from the interviews that every person has a “procura” which sets the framework for what decisions the employees can make. This ensures that people know what responsibilities and authority they have. When conducting the interviews I got a feeling that the employees feel empowered. A newly employed comments one of her projects like this; *“My boss just offered all the empowerment to me! I could decide everything, the activities, the procedures and how we could improve that. That’s good!”* To make the workers feel greater responsibility for their working environment the factory applies the “5S” system. The 5S system is a method to organize the work places and to remove waste.

In contrast to Chinese traditions it is considered important to create an open and “forgiving” atmosphere with room for initiatives and creativity. To make the employees more confident in making decisions by

themselves the company is communicating that it is ok to make mistakes as long as the employee learns from the mistake and not makes the same mistake again. One employee says *"I just think that if someone makes a mistake then he will try to tell others and say that 'I made a mistake; I will try to solve it' and tell you 'don't make the same mistake again'."* When Atlas Copco in China wrote its first HR-manual a member of the management team remembers reflecting how often his Chinese colleagues used the word punishment in the text. He says that *"I had to teach them at an early stage that this word is not part of Swedish organizational culture"*.

4.2.5.2 DeLaval

DeLaval is a rather centralized organization and many decisions are taken in Sweden. In the past more decisions were taken locally and DeLaval was more like a "loose federation". Within the organization in China DeLaval is trying to make the employees take more decisions by themselves. One member of the management teams says *"Chinese employees here, the vast majority, I think have great problems taking decisions by themselves. And from that I can only conclude that for some reason either in their education or in the previous culture of the company, I don't know which it is, that taking decisions is not something that you dare to do normally. You avoid it if possible. It is much safer to avoid it, then you can't be blamed."* Possibly the employees are not sure what decisions they are allowed to take. A fear for punishment should not be a reason since mistakes are not punished.

Employees describe a "push around culture" in DeLaval. The employees do not always feel they get the help and support they need from their colleagues. It is easy to reach the managers in the company but historically it has not been common for the employees to communicate beyond their immediate line manager. One of the employees says *"I find that in this company it is usually very common to talk to your boss about, and ask your boss about some very small problems. I don't like that. If I ask a colleague or somebody else to help me or something, then he may refuse to help me and say 'I don't have time'."* Cooperation works well within the departments but not cooperation between the different departments. Some employees feel like they do not get the room they need to develop in the company.

The company encourages employees who want to improve their knowledge. An example of this is one of the employees now working as an engineer who is supported to take a master in animal science. The company is adapting a training model which can be described as "train the trainer". Some employees are trained, sometimes abroad, and then they train the others. The possibility to go abroad to meet colleagues and learn more about the company's products increases the involvements for those who get the possibility. Besides from saving costs when sending less people abroad for training the employees who get the original education are supposed to translate the course material into Chinese. In the past much training has been conducted in English but some employees had a problem with this. Today training is conducted in Chinese to a greater extent, something which might increase the involvement for employees. The company has evaluations at the end of each training session to find out what was learnt from the training. Furthermore, the managers believe that an interested management will increase involvement. Sometimes the service manager and service men are traveling together and the manager coaches the employee. To make the employees more involved the company is organizing field trips for the staff to visit farms and to visit some of the key accounts. The factory workers have a desire to also visit the farms to learn more. One way the company is trying to involve the factory workers and take responsibility for the working environment is the "5S" system.

4.2.5.3 Ericsson

In Ericsson the employees are supposed to take a great deal of individual responsibility. However, results from the employee survey shows that the company scores low on the authority index. A reason for this can according to the HR department be that Chinese people are not clear about the word authority. Another reason can be that the employees actually do not have enough authority. One way Ericsson is improving the employee's authority is by clear job descriptions. One of the employees says *"..the job description makes it really clear for each position what kind of responsibility and authority you have."* Another employee also emphasizes that this empowerment is not only on paper but also reflected in his

work. My impression is that the employees feel empowered and one of the employees says *“For some things I need to check with my boss but for most parts I can take the decision.”* Another employee states that *“Every individual has his own authority and is proactive and taking responsibility for the work. This is very good and strong. It enhances the efficiency quite a lot. In other companies it is sometimes only the boss who says everything and is the only brain of the department, and that is not good.”*

Ericsson is a very open organization and it is easy for the employees to speak their mind in discussions between the employees and the managers. One way Ericsson is supporting this is by organizing workshops and “lessons-learned discussions”. Besides interesting suggestions and information sharing this gives involved employees. Coordination works well; the employees respect each other and help each other. One employee says *“In Ericsson people are always ready to help you if you have some problems. They are not saying; ‘No this is not my fault, it is not my problem’ and you can always find some support.”* Another way the company is encouraging involvement is as one employee says *“We have a lot of rewards to encourage the employees to take initiatives.”* He says that the company has rewards such as *“...special award for taking initiatives, innovation reward and suggestion reward.”* According to employees, managers never blame or punish mistakes, but they say *“don’t be afraid to make mistakes and don’t try to hide the mistakes, share that with others and learn from each other”*. Furthermore, training is encouraged. This is of great importance since the employees at Ericsson are young. How much training the employees get differs but seems to be about one to two weeks per year. The employees I interviewed further say that they usually get the training they want and need. New employees, at least in the R&D department, are assigned a mentor and one of the employees says *“Training... I think training is very important... But our real way by training people is not by training courses, it is in the daily work. We always assign a mentor, not that formal, but assign one experienced person to work together with the new one.”* Teamwork is used to a large extent and much of the work is done in projects.

4.2.5.4 SKF

One of the managers says *“..to think, and to develop thoughts together is not something one is used to. You are used to sit down and work and do what you are told and that also contributes to that people are less inclined to work in a team and a group..”*. However the manager also argues that *“..we believe in, and have as one of our values, teamwork. And then we have to work on that and make sure that people here work together.”* The company is also encouraging the employees to take decisions by themselves. However the employees have the *possibility* to take decisions to a larger extent than what they *actually* do.

An example of how the company is supporting the employees to take decisions and increase the empowerment is by encouraging teamwork and openness. This in turn increases the speed. The company is trying to achieve good teamwork by teambuilding activities.⁵ Another example of how teamwork and involvement is enhanced is connected to the results from the Working climate analysis. Teams of employees are supposed to, after a consultants company has analyzed the results, decide what are the most important things to change and to work out action plans. Improving the teamwork on a global basis is that the factories get much support from other SKF factories in other countries. One employee says *“We can share the knowledge around the group and we cooperate with each other very closely in this organization..”*.

The company is focusing much on training, something which influences the empowerment. One employee says *“Before empowerment, the subordinate needs to be trained or coached by the supervisor. When he is well trained then empowerment is ok..”* The employees get much training but the amount of differs. The staff has more training than the production workers. The production workers have a limited amount of training, a couple of days per year. In for example the finance department in a factory I visited a couple of weeks per year. SKF runs training through the SKF College, two to three training courses each month. Another way the company is trying to encourage empowerment is by a suggestion box in the

5) See section about flat

factory. However, the workers do not take advantage of the facility and the HR-department is thinking about how they should change this. Suggestions today go the informal way.

The company do not punish employees for making mistakes. An employee says that *“When someone does something wrong maybe first his boss will help to correct this mistake. Then he will train or teach him how to prevent this mistake next time.”* Another employee says *“Because our general manager thinks mistakes are a chance to improve... So we don’t punish mistakes.”*

4.2.6 Speed

Many Chinese companies are tremendously fast in taking decisions and implementing changes. The manager makes a decision and without objections the employees are supposed to execute it. Sweden on the other hand is a consensus driven country and ideas are often discussed before decisions are taken.

The government plays a dominant role in the Chinese society. A few examples of restrictions are; permits needed from the government to open offices, restrictions on banking and the transfer of money, licenses stating what the company is allowed to do. Sometimes it takes the government a long time to reach a conclusion but when they do, implementations are to be carried out right away. When decisions are taken, people adapt to the situation. In Sweden appeals are an option and decisions can take time because of that. The government in China is according to the managers not reducing the speed of the organizations.

4.2.6.1 Atlas Copco

One of the employees says *“Atlas Copco, like our biggest competitors, is a multinational company that has a sales company in China but headquarter and main production in Belgium.”*

The company is trying to increase the speed by a decentralized sales organization. One member of the management teams says *“I think that by having this type of organization, decentralized and with the culture we have, I think that it carries efficiency where you don’t fall on the bureaucracy. You always have to take new directions and new targets, but I think that we reach a market adjusted and employee adjusted structure quickly by the spirit prevailing in the company. If you measure it on the market it is an amazing success. If you measure the employee turnover it is a success. You have to measure it in different ways. But I think that if you do, it looks like it is working. But it can always be improved. It can never stop.”* However the decentralization is not only positive. The same person says *“you can not get together in a big meeting in Shanghai, it doesn’t work”* and that *“It is a rather big challenge from an efficiency and cultural point of view to get the entire organization with you in what you want to do.”*

4.2.6.2 DeLaval

The organization is not very quick. Some employees say that it is hard to get in contact with the right people at DeLaval and this affects the speed. One employee says *“I don’t know how quick it should be but I once worked with a Hong Kong company and in that company it was very quick because that was a small company. And we had several colleagues to communicate with by e-mail, by mobile; we could very quickly communicate with each other. But not here in DeLaval. It is not so easy to find and grab the person because maybe they are on vacation and maybe they are doing other things.”*

Many decisions regarding the business activities are taken in Sweden and this affects the speed of the organization. One of the managers says *“I mean there are very limited decisions we can make here locally. I mean, DeLaval becomes pretty much centralized, multinational business and most of the decisions have to be taken back in Tumba and Sweden. And that cause an issue, a major problem because as you know Sweden, and that part of the world, by no means can compare with the heat here. The need of speed can not meet up with it here. The way Sweden is operating is too far away from the market. I appreciate that they don’t have that sense of urgency but here in the market it is the most dynamic market in the world and things move on very quickly. Sweden talks about weeks, months, here you talk about hours and minutes. I mean the difference you can compare and we paid a lot of cost for that. We lost business because of that. That is part of the cost being a multinational structure.”*

DeLaval experiences that customers demand that projects, which usually takes weeks, should be implemented in a few days. The company is much faster in China than the counterpart in Sweden. To be fast is a prerequisite to survive in the Chinese market. A member of the management team says *"It is not unusual to get a request on a Friday afternoon at 3 o'clock that they really need the detail plan and quotations for the public biddings on Tuesday of the following week. Normally if that was to happen in Europe you would be talking about at least 4 weeks and here you might be talking about 2 working days."* However, the local Chinese competitors are very fast and DeLaval in China has no chance of competing with them regarding speed. A metaphor I am told at the company is *"...we are an elephant whereas some of our competitors are like a little bee. They can pop around and attack from different angles from time to time. But however when the elephant gets in momentum in the jungle it can be very powerful also."*

To increase the speed the employees do not always wait for formal papers to be signed but instead they begin the processes after a confirmation by phone or e-mails. The company plan to review the authorization levels. The purpose is to make it more delegated as it currently is seen as too centralized. Such a change will most probably increase speed. One way the company is trying to speed up the process for important customers is to handle them through key account management. This could be a significant improvement since a few customers account for a great part of the turnaround.

4.2.6.3 Ericsson

When comparing Ericsson's speed with other multinationals it is probably in the same range or somewhat faster. One of the employees says *"If we compare to Nokia and Motorola, I think we are quite fast. But if we compare with some local companies, small companies, then they are more flexible than us."* Ericsson focuses on delivering high quality products applied many years. One of the employees says *"We want to provide a stable product for the customers. That is the culture of Ericsson."* An employee comments this by saying *"Yes, it affects the speed but we must do that, otherwise we can not ensure that the quality of the product is good."* The company notices rather quickly what has to be changed but implementing the changes takes time. One of the employees says *"I think there is room for improvements..."* and continues by saying that the company is *"...sensing the ways very early but when it becomes a decision it takes quite a long time. And when it is executed it takes a long time as well."*

One way Ericsson has tried to speed up their process of handling business opportunities is by reducing the number of documents and necessary approvals. One of the employees also mentions that *"It really can take time for decisions, for some of the decisions. But we should not waste time due to the decisions. In the board room we say that decisions have to be made today, and then we will do it today."* Furthermore, Ericsson is investing heavily in R&D in China and is by doing so increasing their speed because of knowledge to local needs.

4.2.6.4 SKF

SKF does not seem to be a very quick organization. The management says that there is a built-in bureaucracy in the company which is a strength but also has a negative impact on the speed. The employees believe slow speed is a problem that is common for European firms. One employee says *"...European firms, it takes longer time for them to make decisions, I think they are more conservative. But they are more human being oriented. They will take more care of their people. Maybe not that aggressive in the performance system, we will not pay the top salary but we hope that the employees can stay and grow with the company, so it is quite different. But in general I think that European companies are a bit slow."* Another employee argues that this not is the case with Chinese companies and says *"Chinese firms can sometimes be very quick. Especially the private owned. In the private companies the manager makes the decisions, he says 'let's go this way' and everybody follows him, no matter if they agree or disagree. In European companies there can be a lot of discussions."*

SKF's speed is affected positively by the support from subsidiaries in other countries. One employee says *"If you work by yourself then maybe it takes a long time, if we make some mistakes. But we get the experience from the sister company and then if you want some knowledge or some information then you get the information very quickly. That is what I like in SKF."* Furthermore, the company speeds up decision making when necessary. An employee says that *"if there is an emergency then we will quickly do some decisions."*

4.2.7 Customer Orientation

The Chinese market is very competitive and customers today have an increased possibility to set the conditions for a deal. Previously the customers bought what the companies sold; now the customers have begun to think twice what they want and what the companies offer.

China has during recent years experienced an enormous growth. The adoption of technologies has often gone from very basic to very advanced. However, this adoption has not reached the entire country but there is a wide mix of customers. In China the customers are used to buy cheap products and when the products do not work any more new ones are bought. To make the customers understand that it can be profitable to invest in a more expensive product and to maintain it is sometimes a challenge for the companies.

In China personal relationships are very important. Chinese people rarely do business with strangers and it can take time to build relationships with the customers.

4.2.7.1 Atlas Copco

Atlas Copco ensures a good customer orientation by letting the salesmen spend a great deal of their time with the customers. Direct contact is a key word. Almost every month the factories have engineers out working with customers. A factory manager says that this is good because *"...I also need the people to understand the products and how they will perform on the jobsite and what is really the customer's problem when the designers are working on the product because they don't have any idea in the jobsites."* Often it is standard products being sold but Atlas Copco is willing to customize the products.

To get close to the customers and to understand them, Atlas Copco's decentralized organization is important. One member of the management team says *"China is a big country and you have to be present all over the country. So we are everywhere. This has been a very important factor for Atlas Copco's success in China, that we have established us like that."* To understand the customers the company is conducting customer satisfaction surveys every year where the customers' satisfaction with Atlas Copco is benchmarked against the company's competitors.

4.2.7.2 DeLaval

One member of the management team comments the customer orientation by saying *"...of the multinationals, we are probably one of the better. Yes. And we work at it more than others in a more structured way. But I think that we are regularly outsmarted by local competitors...who understand the customer locally much better than we do."* In order to understand the customers DeLaval wants to be close to the customers and the sales men and service men have a crucial part to play in this. DeLaval is inviting potential customers to seminars with the intention to get them interested in DeLaval. Regional representation by service men makes it possible to serve customers' needs quickly. The company is conducting customer surveys to get feedback from the customers to understand them better. In the past DeLaval focused on the sales of the products in their reporting system and this led to less customer focus. Today a greater emphasis is on the customers and on their needs.

The company has a wide product range. However, the company has standardized their solutions because the customers in the past had an extreme range of options. DeLaval is today in the process of simplifying products in an attempt to reach the basic segment. A member of the management team says *"We have done extremely well historically in the last 7-12 years in the China market in the premium segment. We*

had about 60% market share actually of the total installations in China in the premium segment. If we go down to the very basic segment we have more like less than 10% market share. The problem arises in that China as a market doesn't get particularly overexcited over very sophisticated solutions. A small segment of the market does. But the bulk of the business here is about basic, functional solutions which milk cows without an awful lot of attention to convenience or to automation. Therefore we have to get down to that segment to succeed to compete there much more strongly by simplification." He continues *"That doesn't mean lowering the standards. What it means is simplifying the amount of sophistication within the solution down to a very basic level so it is still in a healthy and safe way but that it is not with any of the frills and fancies that it might have from a more advanced engineering solution."*

4.2.7.3 Ericsson

During recent years the competition has been fierce for Ericsson. However, the company is according to the employees very good at understanding the customers and one employee says *"Somehow we know more than our customers. We are more technical oriented. So sometimes we need to help customers understand their own needs."* To understand the customers' needs Ericsson organizes technical seminars, where the product and solutions are introduced.

Ericsson is focusing on long-term relationships with the customers and establishing good relationships with the customers is crucial. One of the sales men comments the contacts like this *"Formal ones is business negotiation, discuss the contract of course. But I also make sure to meet the customers to only have a free talk."* The same employee explains *"I am not sure about other countries, but in China it is a very effective way; informal talks. Not only for business. Normally have a dinner together and then say something else. People feel more friendly and relaxed; like a friend. That is important for sales people."*

One way Ericsson is giving special treatment to their important customers is to divide their sales organization into national accounts and regions and markets. Ericsson's key customers such as China mobile and China telecom are found among the national accounts. Geographically Ericsson is divided in four different regions; north, central, west and south. This structure helps Ericsson take care of all customers in an appropriate manor. One of the managers says *"One of the major contacts with customers in Ericsson is through key account managers; they are the representatives towards the customers. Any customer's voice will be heard through the key account manager. That is the key account manager's mission. Then they transfer the information back to us for the supply requirement, for the product requirement. According to that we make all preparations and fulfill the customer's demand."* Another way to take care of important customers is by giving them possibility to get their products customized. One employee says *"We have a lot of technical seminars, introducing our product and our solutions. And during that time we try to understand our customers' needs. Their market, their problem..."*

By conducting a customer survey every year the company evaluates the customers' opinions about the sales men, the products and the solutions provided by Ericsson in comparison with competitors. The results show that the customers believe that the company is responsive to market demands.

4.2.7.4 SKF

In order to be close to the customers and to serve them with high quality SKF has more than 60 distributors and dealers appointed. (SKF China Ltd, SKF's homepage) The sales men also play a major part in understanding the customers and to win the customers' trust. The sales men are offered much training to perform well. One of the employees says *"Before you create something you must really listen to the voice of the customer"* and he argues that SKF understands the customers better than the competitors. The customers are beginning to ask for environmentally friendly products and an employee says that SKF's strives is to make the *"..customers understand what they really want and help them make the right selection."*

It is common that SKF is involved in designing the customers' products. SKF is good at supplying big complicated solutions, but for more standardized products the position is weaker. The competition is very

fierce for small and standardized bearings. Something which might contribute to SKF's weaker position in the standardized products is that the company is striving for a global standard on the products and the prices. This might make it harder to sell the standardized products on the Chinese market.

4.2.8 Change

In the past Chinese people have been used to have one job the entire life. It is first during recent time options have appeared. On the other hand Chinese people are planning for a shorter time span than Swedish people are used to. According to Fang (2005), Chinese people tend to plan less and to look more on what will happen in the future than what has happened in the past. In the Chinese culture spontaneity and flexibility is more appreciated than planning. The culture is characterized by actions taking place at the same time and a lack of planning. This is what Fang calls a polycronic time culture. Sweden on the other hand is a monochronic time culture where punctuality and planning is appreciated; you are supposed to do one thing at the time.

4.2.8.1 Atlas Copco

Chinese people of today are used to a constant change. One of the employees said *"If we don't change, we die. If you look at the organization we have gone from an organization consisting of five offices for Compressor Technique and now we have forty. We have bought three new companies. It is a huge change, you can't compare it size wise or with the products we are working with. It is a daily change."* The factory I visited also seems to go through changes and a new general manager has been hired. An employee told me that the buyers have changed from government institutions in Beijing to joint-ventures and now also includes local Chinese companies – such changes have of course made changes in the sales organization necessary.

4.2.8.2 DeLaval

Making changes are necessary for the company to face the competition. The competition has during recent years increased and the customers have a broader range of products to choose from. In order to face the competition the company is transforming from a hierarchical structure to become flatter. One of the managers says *"From last year to this year the industry is extremely tough. At the moment it is going through another major consolidation. So you have these ups and downs. 2003-2004 you had this huge spike up, 2006-2007 you have a major down. And now we will soon see that this market is up again. So we need to get ourselves ready before that."* Some employees have experienced adjustment problems and some has left the company while new employees have been hired. New employees joining the company make it easier to implement the changes. Another big change DeLaval has done regarding the structure of the company is by hiring a factory manager. In the past the warehouse manager, reporting to the sales organization, was in charge over the production. With a factory manager clear authority for the different positions will hopefully be achieved.

4.2.8.3 Ericsson

Ericsson is a big organization with a long history; this means that making changes sometimes takes time. However, the management and the employees feel that the company needs to make changes. One of the employees says *"Everyone in Ericsson China feel that we need to make some changes because of the market situation. Compared with five years ago, at that time Ericsson enjoyed very good profit. Competition is always there, but not as fierce as we are facing today. At that time we enjoyed good profit and achievements every year but starting from recent years we have some really strong competitors."*

The company is pushing changes several ways in an attempt to become more competitive. Ericsson acquired Marconi in 2005 to strengthen its fixed network broadband access and this is something employees believe is important. The company is engaged in many organizational changes such as merging business units. The company is trying to make the organization faster, more flexible and more focused. One of the employees says *"I think our CEO Mats Olsson is a person who is very aggressive and pushes changes so I think he is doing a very good job. Still we are a big organization; we are a quite*

complicated organization so I think it is so important that everyone in the management or in the middle level management and everyone above... If everyone can have a commitment to this change and really embrace this change, then change will take place." The company is expanding and the number of employees has increased during recent years. This is to strengthen Ericsson's technical advance. Another change is that the headquarter in China recently has moved to a new location and the new office has much more open space than the old one.

4.2.8.4 SKF

The management would like to see changes implemented more rapidly than today. One comment about this is *"We grow with 30% and people think that change is enough. What I am trying to say here is; that we grow so fast here makes it necessary to change in order to deal with it. Tomorrow we will be a different firm than today. We can not just do more of the same thing but we have to change and make sure that we are well prepared for the future. And you are not used to think like that here"*. Changes made the last two years include turning some factories into wholly owned companies and a harmonization of the rules and policies between SKF's subsidiaries in China is in progress. Furthermore, the company has increased its production and number of employees quite drastically.

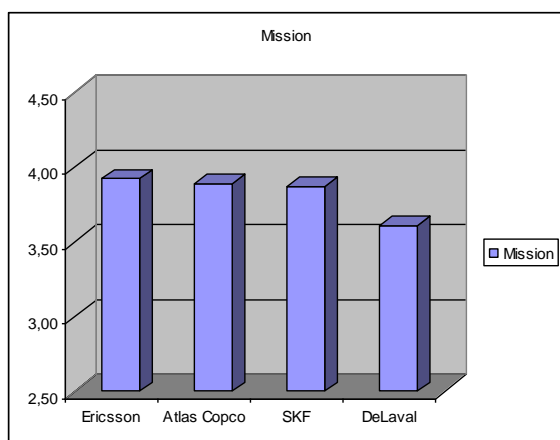
5. Quantitative results

This section presents the result from the quantitative study conducted for the four companies in parallel with the interviews. The results are compared with a larger sample of companies in China.

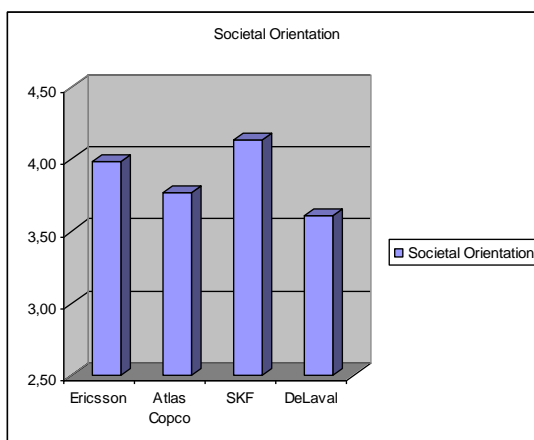
5.1 Mean values

The diagrams below show the mean values to the answers of the questionnaires related to the dimensions.

Mission



Societal Orientation



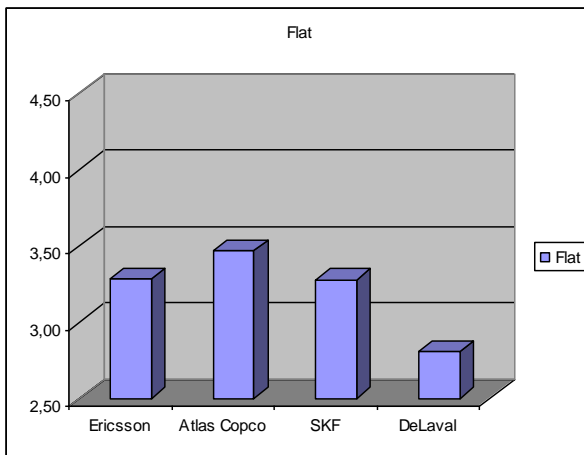
5.1.1 Mission

All of the companies reach a mean over 3,5 on this dimension. Ericsson, Atlas Copco and SKF have means in the same range. DeLaval scores a bit lower.

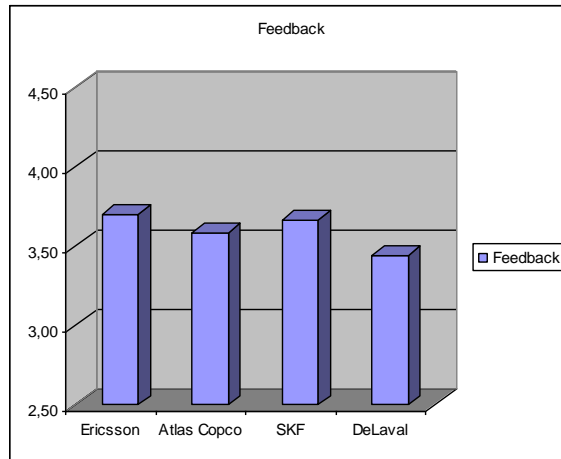
5.1.2 Societal Orientation

SKF has a mean over 4,0 on this dimension, and Ericsson has a score very close to 4. Atlas Copco and DeLaval score a bit lower. All of the companies have a mean over 3,5.

Flat



Feedback



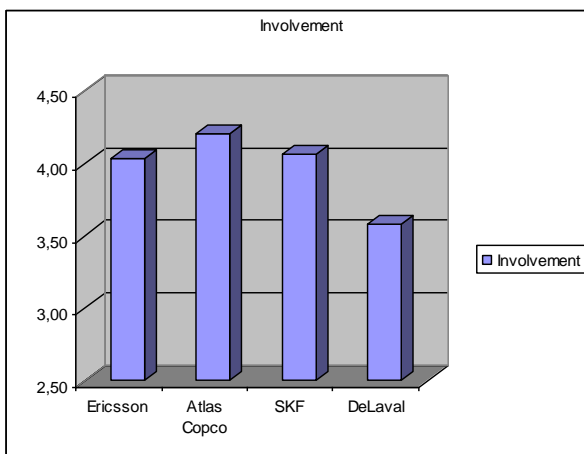
5.1.3 Flat

All of the companies score fairly low on this dimension and none of them have a mean over 3,5. Atlas Copco has the highest mean of these four companies. SKF and Ericsson's mean lie in the same range. DeLaval has a lower mean on how flat the organization is.

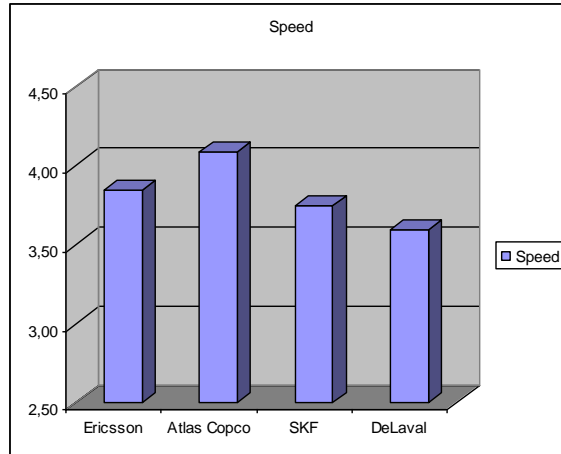
5.1.4 Feedback

The companies score rather even on this dimension and none of them has a mean that is very high. Ericsson, Atlas Copco and SKF have means over 3,5.

Involvement



Speed



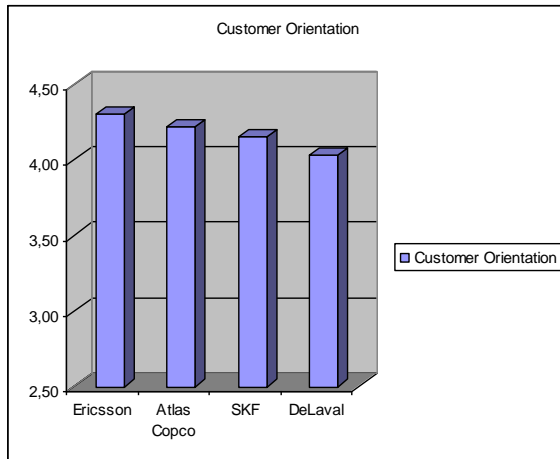
5.1.5 Involvement

On this dimension Ericsson, Atlas Copco and SKF all get means over 4,0. DeLaval has a bit lower mean. All of the companies reach a mean over 3,5.

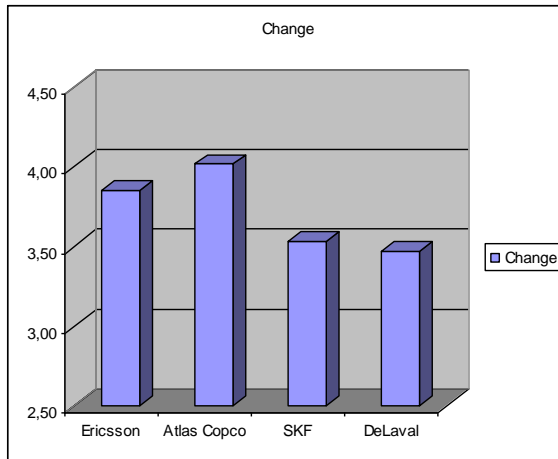
5.1.6 Speed

Atlas Copco has a mean of over 4,0 on this dimension and the other companies score a bit lower. All the companies have a mean over 3,5.

Customer Orientation



Change



5.1.7 Customer Orientation

For all the four companies this dimension is the one they rate the highest. All have a mean higher than 4,0.

5.1.8 Change

Atlas Copco has a mean that is higher than 4,0 on this dimension. SKF and DeLaval score quite a lot lower than both Atlas Copco and Ericsson.

5.2 In comparison with a larger sample

Figure 3. Atlas Copco

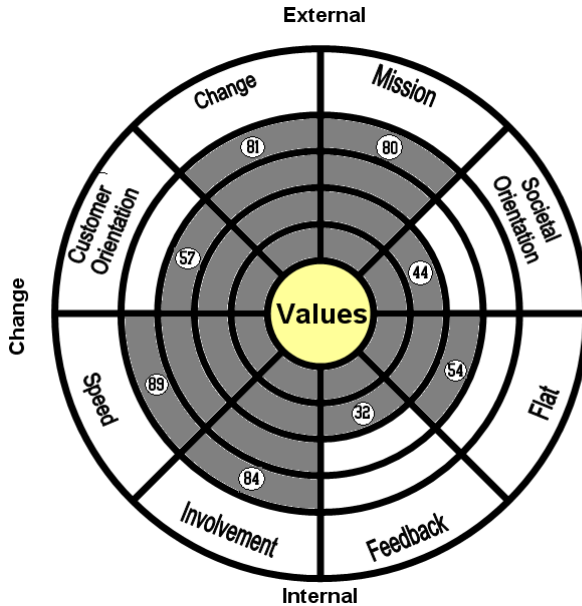


Figure 4. DeLaval

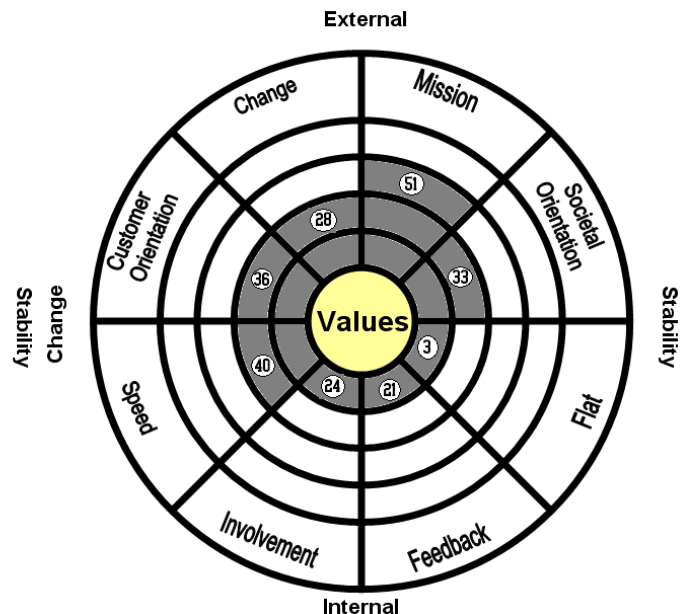


Figure 5. Ericsson

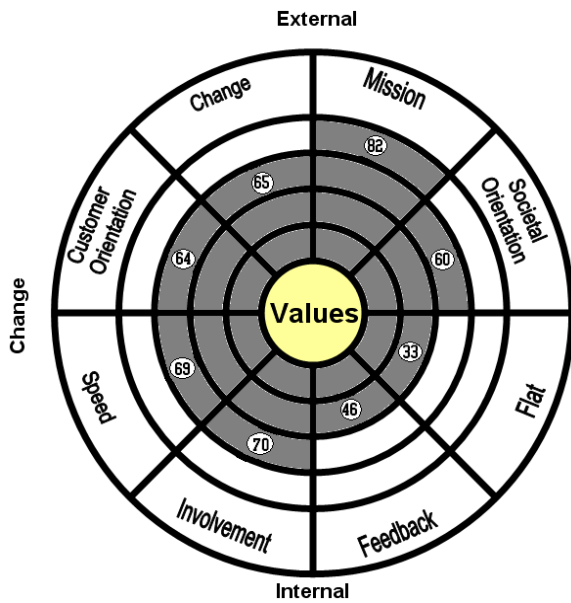
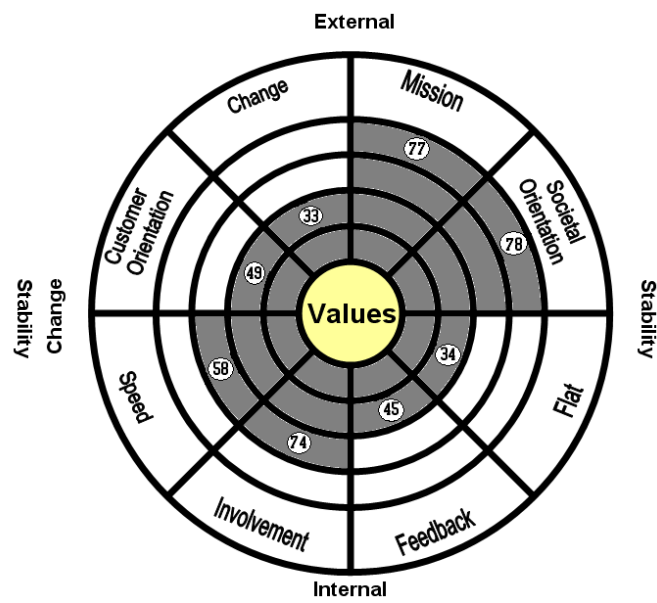


Figure 6. SKF



The numbers presented for each dimension are percentile scores. When comparing the result in each case study with Fey's database of 205 companies operating in China Atlas Copco's values are found in the first quartile (first quartile means those companies which that dimension is highest for) for as many as half of the dimensions. The dimensions where the company lies in the first quartile are speed, involvement, change and mission. Atlas Copco's customer orientation and flat is found in the second dimension and societal orientation and feedback in the third. That Atlas Copco improves the situation for their employees by better pensions and health insurances is something which can be seen as societal orientation but is not included in the questions posed in the questionnaire. This may affect Atlas Copco's results for this dimension.

Ericsson lies in the first quartile regarding mission and the second quartile for involvement, speed, change, customer orientation and societal orientation. When it comes to feedback and flat, Ericsson lies in the third quartile. That Ericsson does not reach higher than the third quartile regarding feedback is a bit surprising since they have good tools in order both to give feedback and to receive feedback.

SKF is found in the first quartile when it comes to societal orientation and mission and the second quartile when it comes to involvement and speed. However, SKF lies very close to being in the first quartile also for involvement. Regarding customer orientation, feedback, flat and change SKF lies in the third quartile.

DeLaval scores fairly low on the dimensions when compared to the 205 other companies. DeLaval can be found in the second quartile when it comes to the mission. For speed, customer orientation, societal orientation and change the company lies in the third quartile. For involvement, feedback and flat the company lies as low as in the fourth quartile, however involvement is close to the third quartile. The company is one of the least flat companies among the 205 companies. However, as mentioned earlier DeLaval is doing huge restructions and the management is working very hard to make the company less hierarchical.

6. Analysis

In this section I compare the companies based on the results I have found. If not otherwise stated the results come from the qualitative study.

6.1. Mission

In Fey's model the mission measures the extent that an organization has clear overarching goals which are clearly communicated to the organization.

According to both the qualitative study and the quantitative study most employees claim that the mission is clear. The quantitative study shows slightly lower results for DeLaval. However, the qualitative study reveals that when asking what the mission for the company is, employees have their own ideas about what the mission is.

Atlas Copco and DeLaval communicate consistent missions and visions on a global basis. Ericsson has a vision communicated both globally and locally. However Ericsson does not have a clear mission stated on a global basis and local missions are found among the subsidiaries. SKF is communicating slightly different missions and visions on a global basis and on a local basis. The global mission focuses on becoming the preferred company, the local to enhance and develop local leadership. The companies are not only communicating missions and visions but also core values. During the interviews at Atlas Copco, SKF and Ericsson employees say that it is not the mission being emphasized but the core values. In Ericsson almost everyone I interviewed told me about the core value respect and how it affected the way the employees treated each other.

To make everyone aware of the mission, the companies have introduction days for newly employed where the mission, vision, core values and the way of working in the companies is communicated. In Atlas Copco, Ericsson and SKF this applies to all employees. This is something also DeLaval does, but the company seems less strict on it. All the companies also have internal web pages, magazines, regular meetings and face-to-face communication. Consistency and face-to-face communication is the most important way to reach out with the mission.

The management believes that it is better for the companies to be wholly owned and not joint ventures. This facilitates a consistent mission and organizational culture. In the past companies entering China could only do so in the form of a joint-venture, this is no longer the situation, and the Swedish companies appreciate that.

In relation to 205 other companies, Atlas Copco, Ericsson and SKF position themselves very well on this dimension and are found as high as in the first quartile. DeLaval has a bit lower value and when comparing with the larger sample, DeLaval's mission lies in the third quartile.

6.2 Societal Orientation

In Fey's model the societal orientation measures the extent that the organization is focused not only on making money, but also on helping society and working in a way that is good for the environment.

In the qualitative study the management for all the companies argues that it is important to be a responsible citizen. In the quantitative study SKF has a mean of over 4,0 on this dimension and Ericsson has a score that lies very close to 4. Atlas Copco and DeLaval have lower means.

In the qualitative study it seems like Ericsson, Atlas Copco and SKF are engaged in charity to the same extent as other multinational companies. The companies emphasize on environmental issues and have environment policies and apply the ISO14001. This is clear for all employees, from the top to the bottom. Environmentally friendly products are something the companies are striving for, not the customers, even

though some customers believe this is an important aspect. Environmentally friendly products are seen as an investment to stay competitive in the long run.

In comparison with 205 other companies SKF position itself very well and the company lies in the first dimension. Also Ericsson position itself well and lies in the second dimension. Atlas Copco and DeLaval score a bit lower than the other two companies and lie in the third quartile.

It should be mentioned that Atlas Copco strives to improve the situation for their employees. They have introduced an extra pension for the workers since the governmental pensions are very low and are now looking into the medical insurances. This aspect is something which may not be reflected in the scores for this dimension, but is of importance for the employees.

6.3 Flat

In Fey's model flat measures the degree that the organization is not hierarchical.

Atlas Copco, Ericsson and SKF are big organizations and this influence the degree of flatness for the companies since layers are needed to get a structure in these big organizations. However, the companies are encouraging an open atmosphere and try to reduce the gap between the management and the other employees. The offices are built very open in order to get closer to each other. The management generally does not believe that the employees work better in a traditional, hierarchical structure.

In the quantitative study all of the companies score fairly low on this dimension. Atlas Copco has the highest mean of these four companies and DeLaval the lowest. A result from the qualitative study is that Atlas Copco is a very decentralized organization and this contributes to a flatter organization. DeLaval has a history of being very hierarchic in China and is trying to become a flatter organization. The results from both the qualitative and the quantitative study however show that DeLaval today still is very hierarchical.

When comparing to 205 companies, Atlas Copco is found in the second quartile when it comes to the dimension flat. SKF and Ericsson's mean lie in the same range and they both lie in the third quartile. DeLaval have a lower mean on how flat the organization is and when compared to the larger sample it lies in the fourth quartile.

6.4 Feedback

In Fey's model feedback represents the extent that employees are informed about their performance and that communication flows well in the company.

The results from the quantitative study show that feedback is important for all the companies. However, in the quantitative study none of the companies receive a high mean for this dimension. The results could indicate that the systems are there and that the management believes it is important but that the system still doesn't work as well as wanted. A possibility is also that the companies, except for DeLaval, are big companies and that this influences the employees feeling about not getting much feedback.

The qualitative study shows that all the companies have appraisal talks at least once a year and try to give the employees feedback also on a day to day basis. Ericsson has very effective tools for the employees to give feedback to the management. The results from the yearly employee survey Dialogue seems to be known to a great deal of the employees and the employees believe that the company really is trying to make changes in compliance with what the results are showing. In "Talk with Top management" the employees have the chance to get their questions answered by the management. Atlas Copco and SKF also have good tools when it comes to feedback. In Atlas Copco it does not seem like the results reach all departments and this is something the company could improve. Atlas Copco seems to strive very much for internal recruitment and have an internal job market where they post available positions before they go public with them. Also in the other companies internal recruitment seems to be encouraged to some

extent. However the companies are all, except for DeLaval, growing and needs to recruit people from outside. DeLaval seems to be recruiting some people but need permission from Sweden before they hire any new people.

For the management it is important to show the employees that it is acceptable to make mistakes. Both the management and the employees emphasize however that you can't keep making the same mistakes over and over again but that it has to be a learning process.

When comparing with 205 companies in China, Ericsson, SKF and Atlas Copco only reach the third quartile regarding feedback and DeLaval reaches the fourth.

6.5 Involvement

In Fey's model involvement describes the extent that employees actively participate in the company and the extent that the company is devoted to their employees as seen by, for example, investing in training.

The results from both the qualitative and the quantitative study show that involvement is important for Atlas Copco, Ericsson and SKF. In the quantitative study DeLaval score lower, but in the qualitative study I understand that the management at DeLaval is striving to change this and it seems like improvements are made.

The results from the qualitative study shows that all the companies in this study are trying to empower the employees by letting them take responsibility and make decisions by themselves. In DeLaval's past there has not been much room for employees to make decisions by themselves but they have done what they were told. In Atlas Copco, Ericsson and SKF this is not the case but in all the four companies it seems like the employees often do not take full advantage of the authority they are given.

In the qualitative study it is found that training, teamwork and cooperation are important for the companies. Many of the employees in these companies are young and a lot of training is necessary. Training seems to be something which is extra strong for Atlas Copco. Atlas Copco has a very good system for training, with a broad range of courses to choose from. At Atlas Copco all employees should have at least 40 hours of training per year. Ericsson seems to be the company which focuses most on teamwork and a lot of the work is done in projects. In Atlas Copco, Ericsson and SKF the employees seem to cooperate well. In SKF the support from subsidiaries in other countries seems to be important. In DeLaval cooperation within the departments work well but there seems to be limited cooperation between the departments.

In comparison with 205 other companies, Atlas Copco's involvement lies as high as in the first quartile and for Ericsson and SKF it lies in the second quartile. For DeLaval Involvement lies in the fourth quartile, however it almost reaches up to the third, when comparing to the larger sample.

6.6 Speed

In Fey's model speed measures how quickly the organization is able to make decisions and take action.

In the qualitative study DeLaval, Ericsson and SKF seem to have a speed that lies in about the same range as other multinational companies. Atlas Copco seem to have rather high degree of speed and this result is also reached in the quantitative study where the mean is above 4,0. The high degree of decentralization of the sales organization of Atlas Copco probably plays a great role when it comes to speeding up decision making.

Many employees believe that European companies are slower than Chinese companies because of a lot of discussions when it comes to decision making. In all the four companies decisions are preceded by discussions and this effect the speed of the organizations. The employees however believe that discussions lead to better decisions. Compared to small competitors in the Chinese market the speed for

the Swedish companies is a great challenge, and competing only on this dimension is not possible. However, it should be mentioned that the Swedish companies have to be faster in providing solutions on the Chinese market than they do in many other markets. Something which seems to contribute positively to the speed in the Swedish multinational companies is the possibility to get help from sister companies in other countries and this seem to be very appreciated.

When comparing to 205 other companies Atlas Copco's Speed lies as high as in the first quartile. Also Ericsson and SKF's speed seem good in comparison with the other companies; they lie in the second quartile. For DeLaval speed lies in the third quartile.

6.7 Customer Orientation

In Fey's model customer orientation measure the extent that the organization strives to understand customer wishes and adjust to them.

The results from the qualitative study show that all of the companies in the study are very customer orientated and several of the employees tell me that the "customer is God". Also the quantitative study shows good results for the companies. For all the four companies this dimension is the one they rate the highest of all of the dimensions and all the companies have a mean higher than 4,0.

The qualitative study shows that the sales people spend a lot of their time with the customers and have close contacts with them. The sales people collect information this way and pass it on in the organization. Relationships in China are not a guarantee for business but it is a prerequisite. One of the employees mentions that *"Many people say that everything in China is about the price, and in a way it is.. They are tremendously price sensitive, and the world's strongest negotiators, but without relations it doesn't matter even if you give the money away."* Ericsson is emphasizing long customer relationships. Atlas Copco's decentralized organization makes it possible to get close to the customers and getting the right information quickly. SKF has many dealers and distributors in order to be close to the customers. The companies are also collecting feedback from the bigger customers after sales in order to understand what the companies can improve. DeLaval is in the process of simplifying its products to make them cheaper.

When comparing the four companies in this study with 205 other companies none of the four companies reach the first quartile. Ericsson and Atlas Copco's Customer Orientation both reach the second quartile however and SKF and DeLaval lies in the third. It should be mentioned however that SKF almost reach the second quartile.

6.8 Change

In Fey's model this dimension measure the extent change is viewed as a potential opportunity as opposed to a threat.

The qualitative study shows that many of the employees, in all the organizations, are aware that the companies have to change and adapt to the market in order to stay competitive. However, there seems to be a common view that human beings in general, not only at these companies but all over the world, feel a resistance towards change. The quantitative study shows that Atlas Copco has the highest mean of the four companies and that the mean is higher than 4,0 on this dimension. The high score possibly depends on the decentralization of the organization and that the company because of this realizes changes that need to be made rather quickly. According to the quantitative study Ericsson lies rather high on this dimension as well. The qualitative study however shows that the employees feel that changes take time. Also in SKF changes seem to take time and the management would like to see changes realized more rapidly than today. According to the quantitative study SKF and DeLaval have lower means than the other companies. Here it should be mentioned that DeLaval is in the process of making the organization more flat. Some employees with difficulties to adapt to the new situation have quit and some new employees have been hired.

A common view in the companies is that the Chinese history does not have a great impact of the attitude towards change among the employees today. Many of the employees are young and there is an optimism and positivism among the employees. A comment from a member of a management team in one of the companies about how the employees see change is *“I don’t think they will embrace it, they will cause it.”*

When comparing with 205 other companies, Atlas Copco lies in the first quartile when it comes to change and Ericsson lies in the second. SKF and DeLaval lie in the third quartile when compared to the bigger sample.

7. Discussion

The purpose of this study has been, with the help of the Fey model, to explore the organizational culture of four Swedish companies in China and to connect their culture with previous results on what leads to good performance in companies in China. I will now proceed by answering the research questions. If not otherwise stated the answers are based on the qualitative study. I will also discuss my results.

7.1.1 First research question

Which dimensions of organizational culture are Swedish firms in China focusing most effort on?

- **Involvement**

- **Empowerment**

The companies are focusing very much on empowering the employees and the employees are encouraged to make decisions by themselves. This is challenging since it is not part of the Chinese tradition. With clear job descriptions the companies set the framework for the employees. By not punishing mistakes employees dare to make more decisions by themselves. SKF organizes field trips two times a year which include teambuilding activities. DeLaval is also organizing field trips in order to create an understanding of the products and the other parts of the company. Atlas Copco’s internal job market is a way to empower the employees. The employees are supposed to actively search for new positions and career development. The internal job market provides a great tool to do so. Ericsson organizes workshops and “lesson-learned discussions” to create an understanding among the employees in order to involve them.

- **Training**

The companies are focusing much on training. Since many of the employees are young, this is very important. Keeping competent Chinese employees is essential for the companies and training gives the employees a possibility to develop. Training is very much appreciated by the employees. The employees in Atlas Copco apply themselves for the training courses they want. All employees at Atlas Copco get at least 40 hours of training per year. DeLaval applies a training model where a few employees get the training and then they are supposed to teach the other employees. In Ericsson new employees in the R&D department are assigned a mentor.

- **Flat**

- **Openness**

In order to create a more open environment, people sit together, instead of having their own offices. The rooms that exist often have a glass door which makes it possible for the employees to see the management and this helps to create an open environment. The management makes sure to spend time with the employees. In Atlas Copco the managers and the other employees have dinner together, in Ericsson the CEO have working breakfasts with employees and in SKF and DeLaval they organize fieldtrips.

- **Feedback**

The management makes sure to both give feedback to the employees and also receive feedback regularly. Bonus programs function as an incentive for the employees. The bonuses in Ericsson depends on the company’s performance as opposed to the other companies where the bonus is more based on the individual’s performance. Formal feedback takes place several times a year, more informal feedback on a

day to day basis. All the companies are conducting employee satisfaction surveys to receive feedback from the employees. Ericsson makes sure to communicate the results to all employees. SKF lets the employees play a great part in implementing and deciding what changes the company should focus on. Ericsson has a web based tool which makes it possible for the employees to ask questions and to get an answer from the top management. The answers are posted on the Intranet so all employees can read them.

- **Customer Orientation**

Understanding the customer is crucial to stay in the market. Personal relationships with the customers are something the companies are focusing a lot of effort on. The sales people spend a lot of time out with the customers to understand what the customers want. Getting feedback from the customers is believed important. Atlas Copco's decentralized organization, DeLaval's regional representatives and SKF's decentralized distributors make it possible for the companies to stay close to the customers. DeLaval has special key accounts for important customers and Ericsson has a sales organization divided into national accounts and regions and markets. These are ways to serve all the customers' needs. DeLaval is in the process of simplifying its products to reach the basic market segment.

7.1.2 Second research question

What aspects, if any, of the organizational culture encouraged by management tend to be most challenging for Chinese employees to adapt to?

- **Flat**

- **Relationship between management and employees**

China has a tradition of being a communistic country where openness not has been encouraged. The Chinese society and companies are characterized by hierarchy. According to Hofstede, Chinese have a high degree of acceptance for power distance and Confucian thoughts about a strict rank and clear roles have most probably played a part in this.

The companies in the study are trying to create an open environment and are encouraging a close and equal relationship between management and employees. Offices are organized as "landscapes" and the existing rooms usually have glass doors. Instructions avoid words as punishment which is associated with a hierarchical organization. Team building activities including dinners and field trips aiming at tearing down barriers are organized.

The Chinese employees appreciate the features of the Swedish companies but there is still quite a big gap between the management and the employees in the employees mind.

- **Involvement**

- **Empowerment**

The Chinese history includes strict ranks and clear leadership. Traditionally the manager made the decisions and then they were implemented by the employees. Due to this Chinese employees are not used to make decisions by themselves regarding work. Furthermore, there is a tradition in China to be punished if you are wrong. The staff in the companies makes fewer decisions than they have the authority to make and thus asking the management about questions they could decide themselves.

The management believes that empowerment makes the organizations faster and more efficient. The staff in the companies is to a great extent given authority and empowerment is encouraged. By stating the goal rather than the exact method the management is encouraging initiatives. Brainstorming sessions are other methods to bring forth creativity. The companies in this study are trying to communicate that mistakes are accepted as long as you learn from them.

When decisions are made in Swedish companies they are often discussed and consensus driven. There is a frustration about the time it takes to make decisions and many employees argue that Swedish companies are slower than the Chinese. The Chinese employees agree that discussions are valuable and that forsaking some speed is necessary to ensure the quality.

- **Teamwork**

Chinese people traditionally work well individually and teamwork does not come natural according to some employees. This can be seen as a bit surprising since a trait for the national character is collectivism. For employees to come with suggestions in front of a group of people, they have to feel trust and security. This is probably the case in all societies, but extra important in China which has, as mentioned above, a tradition with punishment for mistakes.

Teamwork is usual on a global level and this is also encouraged in the companies in China. One way to encourage teamwork is group based incentives. This is something Ericsson is applying to a great extent. Mentorship and use of trained employees to teach others are other methods to encourage the employees to work in groups.

Chinese employees find flat and involvement challenging but have a positive attitude towards these features and appreciate them.

7.1.3 Third research question

How, if at all, do Swedish firms adapt their organizational culture to better fit the Chinese context?

- **Speed**

Chinese companies are very fast. Even though the companies can not compete with the local companies regarding speed, the Swedish companies have to make sure to be fast enough. The companies seem to be faster than they are in other markets such as Sweden.

Atlas Copco is increasing speed by its decentralization. This improves market adaptation and flexibility. By standardizing products DeLaval supplies products faster. The possibility to get help from sister companies in other countries is also something contributing to the speed positively. During an interview at Ericsson an employee said that setting limits for how long decisions were allowed to take was a way to increase speed.

- **Customer Orientation**

- **Connections and relationships**

Connections are of great importance in China. Before negotiating about a deal the companies have to build up personal relationships with the customers. Treating important contacts for dinner and giving smaller gifts are parts of the Chinese culture and this is something the Swedish companies have to adapt to in order to make business in China.

The sales men play an important role in understanding the customers but also to create and maintain good relationships with customers. The sales men do not only have strict business meetings but also socialize with the customers during dinners etc. By being spread around the country, close to the customers, is one way the companies are making sure they maintain good relationships with the customers. Key accounts are a way for the companies to signal that some customers are highly prioritized.

- **Involvement**

- **Training**

The companies have more training in China then they have on a global basis. Training is essential in the companies in China as many of the employees are young and inexperienced. Atlas Copco's employees register for the courses themselves to make sure that they get the training they need. The companies offer a wide range of courses.

7.1.4 Fourth research question

Which dimensions of the Fey model of organizational culture are most important for enhancing performance for a company in the Chinese context?

According to Carl Fey's previous results⁶ the most important traits for firms in China to focus on are;

- Flat
- Change
- Speed
- Involvement. (Somewhat less important.)

Different kinds of performance measures such as overall performance, market share and profit are affected by the same dimensions in Fey's research. The dimensions above are not the dimensions firms in China focus the most on according to Fey. However, when firms focus on these dimensions, it helps their performance most according to Fey's research. In my first research question I conclude that involvement and flat are two of the dimensions the companies in this study focus most on. Neither change nor speed is however among these dimensions. Nevertheless, all the companies say that China is a market in constant change and that the companies have to be willing to adapt to new market changes to survive. Speed is a dimension which the employees in my qualitative study explicitly connect to performance, at least in the negative sense that they have lost contracts by not being fast enough. It should however also be mentioned that my qualitative results show that the companies in this study focus more on speed in China than in other markets in order to better fit the Chinese context.

7.1.5 General discussion

The companies in this study are Swedish multinational companies. They produce different products and thus have different types of customers. DeLaval needs to have close relationships with the farmers while SKF are selling their products to other companies. This could affect what focus is given to dimensions such as customer orientation and speed. DeLaval for example is much smaller than the other companies and the size is also something which may affect the dimensions. There are differences among the companies and in this section I will also highlight what I think are the best, and truly unique parts, of each companies' organizational culture. I will do this by marking the key words with bold typing both in this section and in appendix A, where highlighted features in Fey's dimensions can be found. Even though there are differences between the companies I find however that they have a lot more in common regarding the organizational culture. Some practices efficient in the home market for these companies are also focused on in the Chinese market. There is a risk of a taken-for-granted view.(Westney, 1993) However, the managers I have interviewed seem to know the Chinese market very well and several of them have spent an impressive amount of time in China, gathering experiences. According to (Bass and Avolio, 1993) the leaders of the company often play a great role for the company's organizational culture. There seems to be an interaction between the managers from the companies in my study and during the interviews it happened that they referred to the other companies in this study. This might influence the organizational culture in the companies. (Björkman and Lu, 1999) Furthermore the companies all have to consider the Chinese context when present in China. The legal and economic environment is part of this, as suggested by Rosenzweig and Singh (1991).

According to Deal and Kennedy (1982) shared values and control from the top management should be combined with worker autonomy. Shared beliefs are communicated through the mission of the companies and worker autonomy is encouraged by involvement. If all employees have the same values, the possibility to give them more autonomy should increase. The companies are all communicating a mission and they are doing so in similar ways. According to the quantitative research in this thesis the companies

6) The results are from PLS analysis which is a structural equation modeling technique and the dimensions which have the most significant betas (regression coefficients) were found this way. This is similar to a regression analysis.

have a strong mission. However, in the questionnaire the respondents don't elaborate on what the mission actually is. What has been found from my interviews is that the mission is described in many different ways by the employees. This is a problem for the companies since it should be important that the employees work towards the same goal and that they describe the mission as the company has stated it. I believe that it is good for companies to communicate the same mission and vision on a global and a local basis, as Atlas Copco and DeLaval do. The fact that Ericsson and SKF's subsidiaries are communicating different missions is something I believe is confusing for the employees. A wholly owned company seems to be preferred by the companies in order to communicate a shared mission. Even though the employees do not state a united mission I do think that it is also important per se that the employees know that the company has a clear mission. That the company stands for something can give the employees meaning in their daily work, which Deal and Kennedy states is important. **Ericsson's core value respect** is an example of this since it seems to influence the entire work in the company and is very important. This core value is mentioned by a great deal of the employees I interviewed. By the managers really emphasizing this core value, the employees understand that it is important. However, the managers also act in such a way when it comes to interacting with the employees and this is most probably why the employees also start to practice it and treat each other with respect. Giving the employees responsibility is one way of showing the employees that they are trusted and treated with respect. The working breakfasts at Ericsson are another way the management shows the employees that they are important and respected.

Deeper levels of basic assumptions, as described by Schein (1985), for the companies on a global level are exemplified in the companies focus on involvement and flatness. Since this has proven to work in the past, in for example Sweden, this is something the managers in China also are trying to adapt to. I find it surprising that involvement is less important than the other performance enhancing traits in Fey's research. During my interviews involvement seems to be very important for the organizational culture. The companies are striving to involve the employees by communicating that mistakes don't lead to punishment and that the support training to a great extent. The importance of training is supported by Becker (1975). There are a few examples I find unique in how the companies in practice encourage involvement. **Atlas Copco** let the employees take a great responsibility when it comes to deciding what training they should have. **The employees apply for the courses they want** and the manager usually approves what the employee has suggested. This might be something for the other companies to learn from. Even though the training in these companies is decided during appraisal talks and the employees can influence the training I believe that Atlas Copco's way of handling the training is most effective. The employees feel that they themselves have the empowerment and that they actively have to search for the training they want and what suits them. Furthermore, the company has set a goal of 40 hours of training for the employees per year. This gives the employees a clear vision of the magnitude of training even though the company has more training than this. I also find the **training model used by DeLaval** ("train the trainer") as an interesting and unique way of achieving trained employees when the budget for training is limited. However, careful attention to who originally is trained is very important since the others' training is dependent on this. **SKF put a lot of effort on teambuilding activities** and this seems to work really well. The company organizes two trips per year with the employees and this is also something I find unique among the companies. Teambuilding activities where the employees get to know each other also outside of the daily work should create a more united team that works better together. Ericsson's way of rewarding their employees with bonuses based on the group's performance encourages teamwork. However, reflections about whether practices optimal in Sweden also are optimal for the Chinese employees should be made. According to my study the employees appreciate these features and the dimension seems important. However, Chinese traditions differ greatly from Swedish ones and Chinese employees are used to that it is the managers taking the decisions. Furthermore, what I found out during my interviews is that Chinese people actually are rather individualistic and Chinese and Japanese traits regarding this should not be mixed up. This was also confirmed in an interview I conducted with an employee at the Swedish Embassy in Beijing. With this in mind it might not be so strange that involvement in Fey's result not is as strong as the other performance enhancing dimensions.

All of the organizations are striving for a close relationship between the management and the other employees. Examples of how the companies are trying to achieve a flat structure are; design the offices as landscapes and the rooms with glass doors. (Artifacts reflecting the basic assumptions.) One interesting thing Ericsson does is also to enhance the direct communication by the CEO having breakfasts occasionally with sales staff. DeLaval has in the past been very hierarchical but changes towards a flatter organization are today made.

According to Kotter and Heskett (1992) it is important that the organizational culture in the companies not only is strong, but that it also fits the context and is adaptable. This is also in line with research suggesting that national contexts should be taken into consideration when examining management theories. (Boyacigiller et al, 2004; Hofstede 1993; DiMaggio & Powell, 1983; North, 1990) The companies are trying to create an organizational culture which is in coherence with the organizational culture on a global level. However, to fit the context they also adapt to the local context. One way the companies do this is by adapting their customer orientation. The importance of creating personal relationships with the customers is also very important in China, and the companies have to adapt to that condition. The companies therefore make sure that the sales men spend a lot of time out on the field with the customers. Furthermore, they make sure to take care of their key customers. Ericsson for example has done this by dividing the sales organization into national accounts and regions and markets. DeLaval is inviting potential customers to seminars to present their products. DeLaval's simplification of their products is part of the customer orientation and is also something which hopefully increases the sales. Atlas Copco's decentralized organization contributes positively to the customer orientation. That SKF should adapt their products to the Chinese market; lower the prices, possibly on the cost of quality, was one suggestion I got during one of the interviews. This raises an interesting question of local adaptation versus global standards. However, this connects to quality as a basic assumption in the company. How much would it be reasonable to compromise on this?

Another way the companies are trying to fit the context is by focusing more on speed than they do in other markets. The possibility to get **support from subsidiaries** in other countries increases the speed. This is appreciated by the employees at **SKF**. The companies in this study are multinational companies, with extensive knowledge and experience in other countries and this is something the companies should take advantage of. Creating a relationship with other subsidiaries where the employees find it easy to pick up the phone and ask each other for help is part of an effective organizational culture. **Ericsson's R&D in China** is a unique example of taking advantage of local market knowledge. I believe that the other companies in this study would profit from locating more business units to China in order to do so. Atlas Copco's decentralized organization makes the organization faster and also influences the company's customer orientation. However, in comparison with the other dimensions speed is still not one of the dimensions they put most effort on. The employees believe that their companies are too slow in comparison with local companies. The companies are instead producing products with high quality and this can be seen as a dominant value espoused by an organization as mentioned by Deal and Kennedy (1982).

That so many of the employees at the companies in the study are Chinese, influence the organizational culture and makes it more Chinese. Even though employees worldwide never want to have the unsatisfactory performance discussed in front of other employees, the concept of losing face is for example something which managers have to consider when giving feedback to the employees. As stated by O'Reilly, Chatman and Caldwell's (1991), adapting the culture to the local market the organizational culture should fit the individuals' preferences better to make the workers satisfied and committed. The importance of feedback is supported by Huselid (1995). All the companies apply some kind of bonuses and have regular appraisal talks with the employees. The systems are part of celebrating the winners, as Peters and Waterman (1982) claim important for successful companies. I have written about **Atlas Copco's internal job market** under the section feedback in the thesis. However, the possibility to advance within the company which was former a way to give feedback to the employees by promotions is something Atlas Copco has transformed into involvement and I find this truly unique. This is an

extremely clever and an interesting way to get the employees more proactive in their career and to search for new possibilities to develop. This is something the other companies in this study can learn from. In order to get feedback from the employees the companies are conducting employee surveys. Ericsson seems to be very good in communicating the results from these surveys. **Ericsson** also has an extraordinary good tool in “**Talk with top management**” which makes questions from the employees and answers by the management available for everyone in the company.

Something which should be very important in order to have an organizational culture which fit the context long term is by being able to adapt to changing conditions. (Deal & Kennedy 1982) Fast changes in the market face the companies in this study all the time. The companies in this study have a long history and traditions and changes can be difficult to implement in such companies. In order become more competitive in the market DeLaval is transforming towards a flatter organizational structure. This has met some resistance from employees. However, the managers and the other employees now seem ready to go through with the changes. Another big change for the companies is the greater possibility today to go from joint ventures to wholly owned companies. In addition to this, acting as social responsible companies is a way to fit the market. The companies focus on this in similar ways. All the companies believe that the environment is important and that environmentally products will pay off for the companies in the future. SKF seems to be doing very well in this area and something which is contributing to this is their target BeyondZero. Something I find truly unique when it comes to acting as a responsible citizen is the work **Atlas Copco** is engaged in to improve the situation for their workers with the **pensions**. The pensions function as a motivational tool and the employees feel Atlas Copco’s engagement in their wellbeing.

Reflections whether or not the Fey model is appropriate to apply should also be made. During the interviews I have been told that it is very important to make the employees feel safe and secure in the group in order for them to work well together and come with suggestions. This is a feeling which I believe is important in all countries but seems to be even more so in the Chinese context because of a hierarchical structure. This dimension “security” is something I to some extent miss in the Fey model. Something which also can be included in this dimension is the “be taken care of”-aspect, such as Atlas Copco’s pension systems. When writing this thesis I have included this in the Societal Orientation dimension since it has been brought up when asking questions about this dimension. I would have liked to divide the societal orientation dimension into an internal and an external part. However, I would like to conclude that the Fey model does seem appropriate for the Chinese context and cover the essential dimensions of the organizational culture for the Swedish companies in this study.

My contribution by this thesis is a deeper understanding of what kind of organizational culture exists in the Swedish companies in China taking part of this study and how it is perceived by the employees. I have applied Fey’s model in my analysis of the companies. In the qualitative research I find that the companies examined in this thesis are focusing most on the dimensions involvement, flat, feedback and customer orientation. Examples of how the companies encourage the dimensions of the Fey model have been presented as illustrations. Furthermore, the dimensions the employees find it difficult to adapt to are flat and involvement. These dimensions however, are very appreciated by the employees. I hope that the thesis has contributed to give the reader an insight in what kind of organizational culture works well for the companies in this study.

8. Conclusions

In this section I summarize my key findings.

Schein’s (1985) concept about understanding the basic assumptions and the essence of the organizational culture combined with Denison’s (1990) view that the organizational culture can be measured by the employees’ actions is the foundation of this study. By applying a model especially developed for the Chinese context hopefully a deeper and more accurate understanding has been reached than if applying theory developed for the North American context.

According to Fey's results the most important traits for firms in China to focus on are flat, change, speed, and important but a bit less so, involvement. The answer to what dimensions the companies in this thesis are focusing most on is; involvement, flat, feedback and customer orientation. Empowerment is important and the companies are engaged in intensive training. The companies are focusing on being perceived as flat, however it is important to remember that these companies are big multinational companies and that a formal structure is necessary. The companies are focusing on an open environment where the employees sit together and where the rooms that do exist have glass doors. Feedback to the employees is given regularly in the form of appraisal talks and bonuses. The employees have the possibility to provide feedback in employee surveys. Understanding the customers is achieved by sales men spending much time with the customers. Social contacts with the customers are very important in the Chinese market and customer orientation is one of the dimensions the companies focus more on than in other markets to adapt to the Chinese context. The companies also focus more on speed in China and the companies have to be willing to supply the customers with the products in a short amount of time. Flat and involvement are the two dimensions Chinese employees have the greatest challenge to adapt to. The reasons for this can be found in Chinese culture and history where a hierarchical order and subordinates doing what they were told and not asking questions has been common. Empowerment and responsibility are means to change this and support involved employees.

9. Further research

The companies in this study are Swedish multinational companies. Conducting interviews in Chinese companies would be interesting to learn more about their organizational culture.

To focus more on a cross country comparison to understand effective organizational cultures in different parts of the world could also be a subject for further research.

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11. Appendices

Appendix A

Key Features of the Fey Model Dimensions of Organizational Culture in Case Study Firms

	Atlas Copco	DeLaval	Ericsson	SKF
Mission	+Two days introduction +Transformed into only wholly owned companies	- Less strict introduction training	+Two days introduction +Core value "Respect" influence the daily work -Separate missions for the subsidiaries	+Three days introduction +Transforming into wholly owned companies -Local and global missions
Soc.Orient.	+Environment policy +Pensions	+Environment policy +Milk project	+Environment policy +Charity	+Environment policy = BeyondZero +Charity involving employees
Flat	+ Open office space +Decentralized organization +Dinners for employees	+Transforming into a flat organization	+Open office space +Working breakfasts	+Open office space +Field trips with team building activities
Feedback	+Bonus +Employee survey +Internal job market -The results from surveys do not reach everyone	+Bonus +Employee survey	+Bonus +Employee survey +Questions and answers posted on the Intranet	+Bonus +Employee survey +Encouraging internal recruitment but this could be improved.

Key Features of the Fey Model Dimensions of Organizational Culture in Case Study Firms

	Atlas Copco	DeLaval	Ericsson	SKF
Involv.	+Minimum of 40 hours of training per year +Employee selected training +Good relationships with the universities	-Centralized organization +"Train the trainer" +Field trips	+One to two weeks of training per year +Workshops and "lessons-learnt discussions" +Rewards for taking initiative +Mentors	+Training +Team building activities
Speed	+/- Dual effects of a decentralized organization -Dependent on European production	-Speed delayed by decisions in Sweden +Plan to review the authorization levels	+Investing heavily in R&D in China	+Support from subsidiaries
Cust.Orient.	+Decentralized organization	+Key accounts for important customers +Regional representatives +Simplifying their products	+Sales organization divided into national accounts and regions and markets.	+Decentralized distributors
Change	+Growth +Managed adjustments to new customer structure +Transformed into wholly owned companies	+Structural change in the factory +Transformation to more a more flat organization	+Growth +Merging business units	+Growth +Transforming into wholly owned companies

Appendix B

Question protocol

1. Introductory questions

What is your name?

How long have you been working for this company?

What is your current position within the company?

What is your contact information?

2. Short introduction about me and the project.

3. What are the key characteristics of your company's organizational culture?

How strong is your company's organizational culture? If a foreigner walks into your company and spends a day here can he easily observe your company's culture?

4. Questions

1. Why did you start working for this company?
2. Have you worked for other foreign firms? What is your nationality?
3. Are there any specific differences working in this company as compared to your other work experiences?
4. Do you have any experience working in another country than China?
5. Are there any specific Chinese traits which make it important to have a different organizational culture in China than one would have in other countries?

Carl Fey's model

1. Mission

- a. Are the long-term goals of your company clear? Do all employees know your company's mission? What is it?
- b. Is the rationale behind the goals well explained to the employees?
- c. How are the goals communicated to the employees?
- d. Is there consistency between the goals and the activities of your company?

2. Societal Orientation

- a. Is your organization involved in activities that help society?
- b. Does your company have an environment policy?

3. Flat

- a. Could you please give me a simple sketch of your company's organizational structure? How many levels are there in your firm?
- b. What kinds of decisions are taken locally?
- c. Do you think that decisions that are taken usually are made at the level where the best information is available? How do you make sure of that?
- d. How does the coordination of the different departments take place in your firm?
- e. How does the coordination between the international HQ and the HQ in China take place?
- f. How easily can you approach people further up in your subsidiary?

4. Feedback

- a. Are all the employees getting information about their performance?
 - i. Who is informed?
 - ii. How?
 - iii. How often?
- b. How is an employee informed about unsatisfactory performance?
- c. Does your organization use performance-based incentives?

- i. In what ways?
 - 1. Formal/Informal incentives?
 - ii. Are the incentives group incentives or individual incentives?
- d. Does the company use internal recruitment?
- e. Is employee satisfaction being measured? How?
- f. Do employees have a chance to provide feedback to their managers?

5. Involvement

- a. How are the employees encouraged to take initiatives? If you think something can be done better, can you tell your manager? Is there a way to give suggestions for improvements? Are useful suggestions rewarded? Formal/ informal systems to give suggestions?
 - i. Are the systems actually used by the employees?
 - ii. Does the company evaluate and use some suggestions?
- b. To what extent is empowerment used in this organization?
 - i. How do you actively work for improving the feeling of empowerment among the employees?
- c.. To what extent is an atmosphere where honest mistakes are not punished created in your firm?
- d. To what extent do employees receive training? Who and how much? Average number of hours/year for managers and non-managers?

6. Speed

- a. How quick is your organization compared to its competitors?
- b. How are decisions taken to insure quick actions when needed?
- c. Do you think that informal networks influence how quickly the organization is able to make decisions and take action?
- d. Does governmental control affect the speed?
 - i. Are there regulations that limit the speed of transformation?
 - ii. Does this affect the importance of networks?

7. Customer Orientation

- a. In what ways is the company making sure it understands its customers' wishes?
- b. Do your customers have the possibility to have their products customized?
- c. Can you mention any specific cases when customer proposals have led to changes in your products?

8. Change

- a. How willing is your company to change?
- b. Please describe some key changes/critical events your company has gone through and how they were managed?
- c. Do you think that Chinese history and culture plays a role when it comes to changes?
 - i. Difference between younger and older employees?
- d. To what extent is innovation important to your company?
- e. To what extent is change viewed as a potential opportunity and not only a threat in your organization? What is done to facilitate this?
- f. How has competitors driven change in your organization?

- 9. What factors do you think, if any, affect what type of organizational culture a company should have? Industry? Home country? Host country? Strategy? Etc.?

- 10. Is there any information you have provided us above which you were happy to tell us, but which can not be used in our study?

Appendix C

Questions from the questionnaire used in the quantitative study

Mission

Much information sharing occurs in our organization	1	2	3	4	5
Much communication occurs between different departments	1	2	3	4	5
Employees in our organization all know and share our vision	1	2	3	4	5
People in our organization have common goals	1	2	3	4	5
Our organization has a clear mission	1	2	3	4	5

Societal Orientation

Our firm aims to serve society	1	2	3	4	5
Our organization emphasizes both economic and social benefits	1	2	3	4	5
Our organization facilitates the development of society	1	2	3	4	5

Flat

This organization is very hierarchical*	1	2	3	4	5
People in our organization are very empowered	1	2	3	4	5
Our organization is very flat	1	2	3	4	5

Feedback

Our organization has clear standards about rewards and punishment	1	2	3	4	5
There is much focus on performance evaluation in our organization	1	2	3	4	5
Our organization exercises much discipline over employees	1	2	3	4	5

Involvement

Our organization uses much teamwork	1	2	3	4	5
Our organization encourages sharing among employees	1	2	3	4	5
Our organization encourages co-operation	1	2	3	4	5
Our organization places great emphasis on training	1	2	3	4	5
Our organization emphasizes developing employee potential	1	2	3	4	5

Our organization has much concern for the development of employees 1 2 3 4 5

Speed

Our organization is very results oriented 1 2 3 4 5

Our organization aims to act quickly 1 2 3 4 5

Our organization is very action oriented 1 2 3 4 5

Customer Orientation

Our organization is very customer-oriented 1 2 3 4 5

Our organization places much focus on customer satisfaction 1 2 3 4 5

In our organization, the customer is number one 1 2 3 4 5

Change

Our organization is very adaptable 1 2 3 4 5

Our organization is open to accepting changes 1 2 3 4 5

Our organization is very flexible 1 2 3 4 5

* The results from this question were inverted in the analysis.

Appendix D

Interviews

* Interviews conducted by Carl Fey

At Atlas Copco:

- General Manager
- HR Manager
- HR employee
- Sales Manager
- Sales employee
- Factory Manager
- Factory Manager
- Factory worker
- Marketing Manager
- Employee (Purchasing)
- Employee (Administrative services)
- Product Manager

At DeLaval:

- General Manager
- HR Supervisor
- Factory Manager
- Factory worker
- Factory worker
- Sales Manager
- Product Manager
- Manager (Controller)
- Employee (Sourcing)
- Employee (Sourcing)

At Ericsson:

- General Manager*
- HR Director *
- Sales Manager
- Sales employee
- R&D Manager
- R&D employee
- Manager (Order management)
- Employee (Software engineer)
- Employee (Supply management)

At SKF:

- General Manager
- HR Manager
- HR employee
- Factory worker
- Factory worker
- Factory worker
- Manager (Finance)
- Employee (Purchaser)
- Employee (Logistics)
- Employee (Engineer)
- Employee (Marketing)