

# CHALMERS



## The Unleashed Tiger's New Hunting Ground

How culture affects Volvo Car's Lean Production in China

*Master of Science Thesis in Quality and Operations Management*

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*"I see Volvo as a tiger. (The) tiger belongs to a forest, it can't be found in a zoo ... We need to liberate this tiger"*

*"The tiger has a heart and it lies in Sweden, (and) in Belgium but its power should be projected all over the world"*

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- Li Shufu<sup>1</sup>, chairman at Geely

<sup>1</sup> AFP (2010) Geely to harness Swedish 'tiger' Volvo, *The Independent*, March 28 2010



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# CHALMERS

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

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

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

Sverker Alänge  
Coordinator for MFS Scholarships  
at the department of Technology Management and Economics



## Abstract

In March 2010, the Chinese company Geely Holding group acquired Volvo Cars Corporation, from here on referred to as Volvo. Since the early months of 2011, Volvo is building its first Chinese factory in Chengdu, Sichuan Province. One of the major challenges for Volvo is how to design its operations in China to allow for implementation of their newly developed production system. The purpose for this study has therefore been to investigate how Lean-based leadership and team cooperation can be adapted to the Chinese context, and which concepts of Chinese leadership and teamwork could be subject to global diffusion.

The research was conducted as a qualitative study using action research as main approach, meaning that the research was done in close cooperation with Volvo. The research was also designed as a cooperation initiative with the University of Electrical Science and Technology of China in Chengdu. In total, 31 semi-structured interviews were held with Chinese students and Chinese and Swedish employees at Volvo Chengdu. Also, one workshop with 15 participants was conducted at Volvo Chengdu.

The study found that Chinese prefer leaders to use instructions and recommendations for execution of task, and emphasise the leader's responsibility of the result. Chinese also prefer leaders who can be both controlling and supportive, which can facilitate implementation of dual roles of leadership as used in Lean-based systems. This two-folded leadership is also reflected in relationships between leaders and subordinates. These relationships are separated into an informal and a formal dimension, which can be executed in different environments. Formal relationships, which exist at work, include power distance, leading to difficulties for subordinates to question their leaders. That in turn hinders open discussions, which are used in the production system for problem solving and improvement suggestions. In the informal forums, on the other hand, relationships are more similar to those between friends, and consequently open discussions are more likely to take place. Another aspect related to discussions of ideas is that Chinese emphasise preparations to make sure their ideas are constructive, thereby avoiding the risk of losing face. The study could also see differences in how Chinese use several plans and flexibility to handle unpredictability.

The recommendations to Volvo include discussing and training of coaching leadership to help with the balancing act between controlling and supportive leadership styles. Informal forums should be used to enhance cooperation and open discussions and it should be discussed if and how Volvo Cars Manufacturing System, VCMS, can be adapted to Chinese preferences for lifting ideas. Finally, the difference in how Swedes and Chinese use planning is something that should be utilised and also subject of global diffusion. General recommendations for Volvo's operations in China are also given, which are not directly linked to leadership and teamwork in VCMS.

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# Part I: Presentation of research

The first part of the report aims at introducing the research area and method. First, a background description of the project is given. Second, a short problem analysis is presented, which leads up to purpose and research questions. Finally, the research methodology is presented.

**GDP:**  
Gross Domestic  
Product

## 1. Introduction

In recent years, the world has seen a change in economic power between nations. In 2010, China bypassed Japan in economic size, making it the second-largest economy in the world (see Appendix 1). The projection for 2011 is that China will become the world's largest manufacturer and push United States to a second place (Hout & Ghemawat, 2010). Even though the **GDP** per capita in China is low in comparison with the rest of the world (see Appendix 1), China is home to an affluent upper class (Zhang M. , 2011), which makes it a powerful nation also in terms of consumption. In 2009, the increasing demand for transportation made China rise as the world's largest automotive market (Tse E. , 2010).

Many Western companies have already entered China, inspired by the increasing economic power of the Chinese consumers and the availability of low-cost resources (Huang, 2009). However, many companies have run into problems, as the institutional environment in China is very different from that in Western countries (Bremmer & Zakaria, 2006). Also, the business environment is subject to large and intense change. The likelihood of success is therefore linked to how well Western companies understand the Chinese culture, and to what extent they use this knowledge to build global competitive advantage (Tse E. , 2010).

### 1.1. Background

Volvo is one of the companies given the opportunity to enter China. The reason behind the entry and the future plans are described below.

#### 1.1.1. Geely's acquisition of Volvo is a milestone in history

In March 2010 the Chinese company Geely Holding Group acquired Volvo from Ford (BBC news, 2010). This marked the new role of China in the global business environment but also meant a shift for Volvo. Already in the early months of 2011, Volvo is building its first factory in China with the long-term ambition to conquer the upper segment of the Chinese car market (Lövgren, 2011).

#### 1.1.2. The tiger is unleashed

As a result of the new ownership and in accordance with Geely Holding Group's ambitions, Volvo will be given freedom to function as an autonomous unit. That freedom will enable Volvo to act independently in the Chinese market. This stands in contrast to the situation faced by many other car manufacturers with Western roots, which are required to form joint ventures with a maximum ownership of 50% in order to reach the Chinese market (Tse E. , 2010).

#### 1.1.3. Will the production system work in China?

Recently, Volvo developed and successfully implemented a Lean-based production system, further described in paragraph 3.2. This system has been implemented in Volvo's current production sites in Sweden and Belgium (Hermansson, January 12, 2011).

## Illustrative example 1: Red is good

Volvo uses scorecards, marked with either red or green colours, to keep track on performance. In Malaya, no one wanted to use the red colour because of the risk of losing face [risk of losing prestige or reputation]. In order to overcome this problem, the managers emphasised that red is good, since red means an opportunity for improvement.

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- (Nord, March 18, 2011).

The production system, termed **VCMS**, has also been implemented in Volvo's factory site in Malaya. However, some adjustments to the system had to be made in accordance with the cultural differences relating to hierarchy (Nord, March 18, 2011). The hope is now to be able to use VCMS also for the Chinese site. However, because of cultural differences, Volvo is uncertain of whether parts of the system, especially those relating to management and teamwork are suitable for the Chinese context. One such cultural difference is the concept of face or **mianzi**, where "saving face" refers to the protection of the self-image, prestige and reputation, see Illustrative example 1 (Buckleya, Clegga, & Tan, 2006).

**VCMS:**  
Volvo Cars  
Manufacturing  
System

**Mianzi:**  
Ones self-image,  
prestige and  
reputation

## 1.2. Problem analysis

In order to frame the focus for this study and explain how the research purpose and main research questions were selected, a short problem analysis is given below.

### 1.2.1. There are many learning possibilities for Volvo

Volvo's entrance into China can bring advantages both to the company and to the Chinese car industry, since there exists a great learning potential in both directions. There are many positive outcomes of the independence given to Volvo by Geely. At the same time, Volvo needs to learn about the new environment from local employees and suppliers, since there will be no Chinese partner to guide the way. China is not only a huge market but also a source of knowledge in terms of how operations are managed. Chinese companies often have slimmer and more flexible organisations than Western firms, allowing them to keep costs down (Williamson & Zeng, 2004). Uncovering and learning the underlying concepts of "Chinese Business", see Illustrative example 2, can be very rewarding for Volvo especially if that learning can be transferred to other parts of the organisation.

### Illustrative example 2: Chinese Business

Proceeding negotiations with construction firms in Chengdu, Volvo made own estimations of the cost for building a factory. However, when negotiations started, Volvo was given a price proposal equaling about half of the estimated total price. Still, the Chinese firm guaranteed to fulfill all terms in the factory specification. When Volvo asked how the construction firms would be able to complete the work for such a low price, Volvo was given the answer: "Chinese Business"

- (Hermansson, February 4, 2011).

### 1.2.2. Knowledge transfer to Chinese car industry

From the perspective of China, there are many benefits that can come out of Volvo's operations in the country. Opening up national borders for transfer of knowledge and technology is one of the main drivers behind a country's productivity growth (Paul, 2010). Foreign direct investment generates substantial technology spillovers, which benefit Chinese firms (Sun S. , 2011). The transfer of knowledge is likely to give a country the ability to raise efficiency levels in operations, releasing resources that can be used for development within other areas. Also Volvo should benefit from transfer of knowledge to China, since Volvo's Chinese suppliers and employees become more knowledgeable and thereby better able to build cars with the required level of quality and safety standards.

### 1.2.3. Guanxi can help property rights protection

When discussing knowledge transfer in the Chinese context, the discussion easily turns into how to protect company secrets by restricting leakages of critical information, instead of focusing on the learning potential. This is not strange, considering that China has relatively little enforcement of property rights protection (Keupp, Beckenbauer, & Gassmann, 2009). However, there is a need to look beyond obvious issues of information leakage in order to get to the core of the problem. In China, business

**Guanxi:**

Business  
relationships  
combined with  
personal

**Confucianism:**

Philosophical and  
ethical system  
developed by  
Confucius

relationships extend beyond contracts. In addition to contracts, the concept of **guanxi** is important (Huang, 2009). Guanxi is a word that consists of two parts. "Guan" means relevant and "xi" means ties. Put together, the word guanxi can be defined as a combination of business relationships and personal relationships (Liu, 2011). Guanxi is a derivative of a philosophical and ethical system known as **Confucianism** (Lin, 2008), which was developed by the Chinese philosopher Confucius around 500 years before Christ (Hofstede, 2009). A person's guanxi is developed through social occasions such as dinners and gift giving (Chen & Tjosvold, 2007). Western companies need to understand how Chinese companies use their guanxi to manage business and to operate in a rapidly changing environment (Keupp, Beckenbauer, & Gassmann, 2009). This can help companies overcome the problem of lacking property rights protection but also, which is equally important, it opens up new perspectives on how to conduct business and manage organisations.

#### 1.2.4. Cultural characteristics, such as guanxi, influence operational decisions

The concept of guanxi can be used in many settings, not only to develop company contacts, but also to influence employees (Keupp, Beckenbauer, & Gassmann, 2009). Volvo already has developed some relationships with suppliers in China (Hermansson, January 12, 2011), and the greatest challenge lies in how to build up and manage operations. It is therefore interesting to investigate how cultural differences, such as use of guanxi, will influence operations in China. Strongly linked to this issue is whether or not it will be possible to implement VCMS.

#### 1.2.5. Work preferences need to be understood to attract and retain talents

It is important for Volvo to understand the preferences of Chinese workers not only from the perspective of training but also in order to recruit and retain talents. By understanding the preferences of Chinese employees, this knowledge can be used to create employee satisfaction and job commitment (Zhang & Zheng, 2009), which in turn can help reduce turnover. Retention is important for Volvo since implementation of VCMS calls for investments in ongoing training and development (Nord, April 5, 2011).

Recently, the attractiveness of multinational companies over domestic companies has decreased (Schmidt, 2011) and staff turnover is high in China (Au, 2009). The acute shortage of talented and knowledgeable labour can be attributed to the rapid growth of the Chinese market (Au, 2009). As for the high employee turnover, this might be attributed to a cultural phenomenon. For example, it is usual for Chinese workers to quit their job in time for the Chinese New Year since this is a time when many people go home to their families in other parts of the country (Hermansson, February 4, 2011). Other car manufacturers in China have tried to manage these problems by offering higher wages. However, only using increased salary as a motivator can lead to disloyalty if higher salaries are offered elsewhere (Hermansson, February 4, 2011). Research also points to that the decision to leave a firm often has little to do with the pay offered (Wyld, 2009). Volvo therefore needs to adopt a different approach to retain talents. If unsuccessful, Volvo might be forced to change the VCMS model to allow for high employee turnover.

### 1.3. Purpose

Following the reasoning above, one of the major challenges for Volvo is how to design its operations in China to allow for the implementation of the Lean-based system VCMS. This thesis will look specifically at issues relating to **leadership** and **teamwork**, as these are core components of VCMS. The purpose is therefore to investigate how Lean-based leadership and team cooperation can be adapted to the Chinese context, and which concepts of Chinese leadership and teamwork could be subject to global diffusion.

#### **Leadership:**

Influencing a group to work towards a common goal

#### **Teamwork:**

When a group works towards a common goal

### 1.4. Research questions

The main three research questions cover the areas leadership, teamwork and diffusion of lessons from China. They are as follows:

Research Question 1: *How can Chinese cultural characteristics, that are different from Swedish cultural characteristics, influence possibilities to implement Lean-based **leadership**?*

Research Question 2: *How can Chinese cultural characteristics that are different from Swedish cultural characteristic influence possibilities to implement Lean-based **teamwork**?*

Research Question 3: *What aspects of Chinese leadership structure and Chinese teamwork based processes have potential to improve operations performance in other countries, and could therefore be **globally diffused** within Volvo?*

### 1.5. Delimitations

The research is limited to factory operations. Other parts of the supply chain, such as supplier contacts and business relationships, will not be covered in depth. Nor will consumer contacts and market demand be investigated.

The focus of the research is on Chinese cultural characteristics that are different from the Swedish cultural characteristics. There is limited research on differences between Sweden and China and in order to build on theory, some assumptions have been made regarding the cultural characteristics of Sweden. The theory chapter investigates theory connected to the research questions from a Western culture perspective instead of a Swedish culture perspective.

Regarding data collection, information about the Swedish cultural characteristics will mainly be limited to Volvo. Here it is important to point out that Volvo, although the company has its headquarters in Sweden, does not only have influences from Swedish culture. Volvo has a Chinese owner, was previously owned by an American company, and has factories in many countries. Also, as VCMS is inspired by Lean Production principles and Lean Production was developed in Japan, Volvo's operations also have influences from Japan. Because of this, the data gathered from Volvo is likely to be influenced by more national cultures than the Swedish culture. Still, the Swedish culture is believed to be the most prominent.

Another assumption that has been done in this research is that Lean-based leadership and Lean-based cooperation are the same as the VCMS model of leadership,

respectively the VCMS model of teamwork. These terms are therefore used interchangeably in the report.

Finally, it should be pointed out that the Chinese culture is not homogeneous, meaning that the culture in China is different in different parts of the country. Still, as the interviewees have come from different provinces, it is assumed that the findings reflect general characteristics of the Chinese culture.

## 2. Methodology – with inspiration from Gestalt theory

This chapter describes the methodology that has been used in the study. First, the research strategy and design are presented. The learning cycle is then presented as a framework for the project execution together with descriptions of each phase of the project. Next, details are given regarding the research methods, and finally ethical and credibility aspects of the study are discussed.

### 2.1. Research strategy

The research strategy of the study has a qualitative approach, meaning that words are more emphasised than quantities during the data collection. Emphasis has therefore been on developing a deep understanding of the meaning of information, rather than confirming a certain hypothesis.

#### 2.1.1. Reality seen as dependent on the views of people acting in it

The qualitative approach infers an epistemological orientation towards interpretivism, meaning that the differences between people and their subjective meanings have to be considered, and hence, a natural science model for gathering data cannot be used. Instead, emphasis has been on understanding the subjective meaning and interpretation of the social world by its participants. The ontological view of the research is based on that of constructionism, meaning that social actors create meanings of a reality that is continually changing. In sum, a qualitative view assumes that the reality is dependent on the people acting in it and that there are no objective realities that can be easily measured or explained (Bryman & Bell, 2011).

#### 2.1.2. Theory has been built on results

The research approach used in this study is **inductive**, in the sense that theories are generalised from information gained in the data collection. However, the research also has **deductive** elements in that it is based on existing theory about the subject of Chinese and Western leadership and teamwork. The deductive elements are good in that they help make sure selected research areas and questions are relevant given what has already been found by other researchers (Bryman & Bell, 2011).

**Inductive approach:**  
Theory is built on the outcome of research

**Deductive approach:**  
Existing theory is confirmed or changed based on findings by the use of hypotheses

### 2.2. Research design

To assure the credibility of findings and enrichment of the analysis **action research** was chosen as the research design. Also, the research was conducted in cooperation with a university in Chengdu where two students performed a similar research from the Chinese perspective. By using **grounded theory** as inspiration, constant comparison was an important ingredient to guide the data collection.

**Action research:**  
Researcher and client collaborate in diagnosis of a problem and development of a solution

#### 2.2.1. Action research to learn together with Volvo

Since the study will have practical implications, participants from Volvo have been involved in the research. The Volvo personnel have supported the work by reflecting upon initial research results that were partly derived from the Volvo personnel themselves. The iterative process of data collection and analysis in action research is a learning process for the research participants. It can also inspire a change in thinking patterns (Bryman & Bell, 2011).

**Grounded theory:**  
Data collection, analysis and eventual theory are closely related in an iterative process

#### 2.2.2. Cooperation with UESTC to get insight into the Chinese culture

To enrich the information gained from the study, and to enable a more thorough analysis of the same, cooperation with the Chengdu University **UESTC** was established. Two master degree students performed a similar project, but from the Chinese

**UESTC:**  
University of Electronic Science and Technology of China

perspective. The cooperation with the Chinese research team included the project phases: data collection and data analysis, as can be seen in Figure 2-1. The same research questions and interview questions were used in both the Swedish and the Chinese research team. Though using the same sample frame, interviews were done separately in the teams, as well as a first analysis of gained data. This enabled a later meta-analysis where the data from both teams was compared. Finally, conclusions were drawn from the joint result of all interviews.



**Figure 2-1:** Cooperation with Chinese students

### 2.2.3. Inspiration from grounded theory to allow for constant comparison

The qualitative strategy of the research has allowed the study to be subjected to constant comparison and choice of direction depending on outcomes. This is similar to grounded theory, which is the most widely used framework in connection to qualitative data (Bryman & Bell, 2011). Grounded theory is also in line with the choice of action research, since participation from interviewees invites to the possibility of constant comparison and reflection since the participants can help guide the project in right direction.

## 2.3. Line of action

The project execution has followed a cyclic model with separate phases (see Figure 2-2). The learning cycle model was developed with the **Gestalt** model “Cycle of Experience” (Scheinberg, 2009) as a reference. The three first phases; background study, focused study and design action; relate to planning and preparation. Then follows collection of data, a short reflective session to make sure that the project is on the right track, analysis of data, integration of lessons into Volvo and finally handover. The main part of the research preparation was done in Sweden, while the major part of the data collection and analysis was done in China (see Appendix 2).

### **Background study**

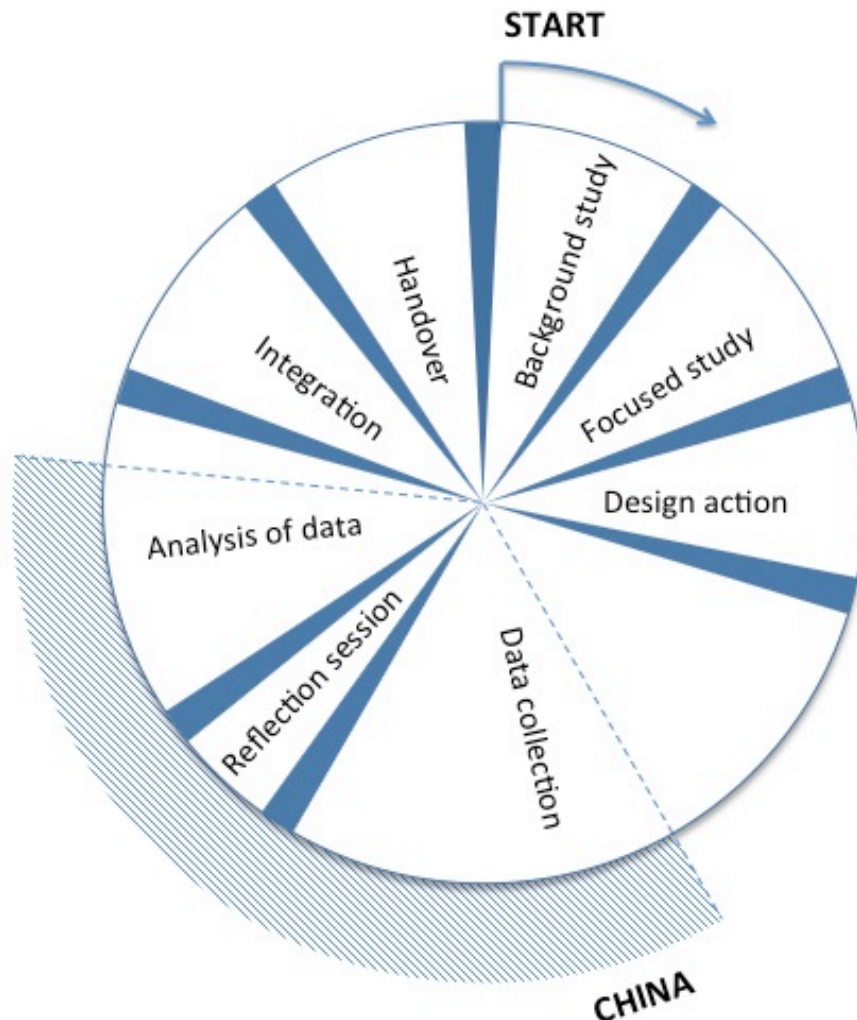
In the first phase of the project, the background study, an introductory study was made. The background study was used to generate areas of interest. The information from this phase was used as basis for the background and problem analysis (see paragraphs 1.1 and 1.2). The methods used for data collection were: literature review of relevant articles and books; unstructured personal interviews with Volvo personnel; semi-structured telephone interviews with two employees from the Swedish company SG-wire with operations in China; and a workshop with Chinese students living in Sweden. The interviewees and workshop participants were chosen on basis of convenience. The background study resulted in formulation of purpose, the three main research questions and delimitations (see paragraphs 1.3, 1.4 and 1.5). Also, information and quotes from the telephone interviews and the workshop have been used as illustrative examples to better describe relevant issues found in literature. However, these initial interviews and the workshop will not be described in more detail as their main purpose

**Gestalt:**  
A theory of  
psychology and  
philosophy

was to direct attention towards interesting issues that could be further researched at Volvo.

Methods used and sample:

- Literature review
- Unstructured personal interviews – three Swedish Volvo personnel in Sweden
- Semi-structured telephone interviews – two SG-wire personnel (one Swedish, one Chinese)
- Workshop – fourteen Chinese students living in Sweden



**Figure 2-2:** The research has followed the cyclic learning model illustrated above.

### **Focused study**

In the focused study, information about the main research questions was searched for in literature. Three areas were investigated: cultural factors, leadership in China and teamwork in China. Also, to better understand the production process used by Volvo, the Swedish researchers attended a one-day training course in VCMS. Observations of Lean Production practices were also conducted in the Swedish factory in Torslanda.

Methods used and sample:

- Literature review
- Observation – employees in the Torslanda factory

The information collected in this phase was used to write the Lean Production and VCMS chapter, the chapter on cultural factors and the theory chapters on leadership and teamwork in China (see paragraphs 3, 4, 5, and 6). The focused study ended with generation of specific questions (see paragraph 7), covering six different topics related to the main research questions. These topics are: leadership, motivation, feedback, relationship, problem solving in teams and improvement suggestions. The first four research topics relate to the main research question on leadership and the last two relate to the main question on teamwork. The focused study phase ended with searching for and writing about theoretical frameworks connected each of the six research topics.

### **Design action**

Design action relates to planning of the data collection and analysis phases. This phase mainly covers the information presented in this chapter on Method. The result of the design action was an initial discussion concerning limitations, ethics and trustworthiness. The final description of these topics can be found further down (see paragraphs 2.5, 2.6 and 2.7).

### **Data collection**

The data collection was the phase in which empirical findings were gathered in Chengdu, China. The method for data collection was semi-structured interviews and there were three different sample groups: undergraduate students at UESTC, Chinese Volvo employees and Swedish Volvo employees. The Volvo employees were all working at Volvo's site in Chengdu. A short introduction to Volvo's current and planned operations in Chengdu is given in Table 1.

## **Volvo Chengdu**

At the moment of writing, the site in Chengdu is under construction. The ground break ceremony was held on the 18<sup>th</sup> of June and it is projected to start operations in the autumn of 2013. The organisation is currently a project organisation, which means that employees focus on construction issues in parallel with preparations for manufacturing. For all employee positions, except for two, there is one Chinese and one expatriate employed with the same title and same responsibility. The two employees who have the same position are referred to as counterparts.

<b>Number of employees</b>		
	Currently, 2011:	Projected, 2013:
Swedish employees:	18	2000-2500
Chinese employees:	42*	
Travelling expatriates:	5-6**	

\*The figure includes both manufacturing and other personnel

\*\*The figure includes both Swedish and Belgian employees

**Table 1:** Key facts for Volvo's site in Chengdu, China (Wikström, June 21, 2011).

In total, ten people from each sample group were selected for the interviews, on basis of convenience. The Swedish research team interviewed six people from each sample and the Chinese research team interviewed four people from each sample. In addition to the Swedish and Chinese interviewees, the Swedish research team interviewed one Thai employee. The Thai employee worked at the Chengdu site and could help give an outside perspective on the Swedish and the Chinese cultures. The results from this

specific interview were used to support comments from both Swedish and Chinese employees.

The reason for choosing students as a sample group in the interviews was that Volvo has not yet employed all personnel for the factory in Chengdu. All student interviewees were interested in manufacturing and were therefore thought to have similar background as the future Volvo employees. They age of the students were between 22-23 years old and they came from different provinces in China. The Chinese students who were interviewed by the Swedish research team were also chosen because they had a relatively high level of spoken English. The reason for this selection was that these interviews were conducted in English.

For the interviews at Volvo, employees from different levels and from five different teams in the company were interviewed. For the interviews with Chinese employees, a Chinese student acted as translator. The interviews with Swedish employees were conducted in Swedish. The Chinese team interviewed Chinese interviewees in Chinese and Swedish interviewees in English.

In total, five women were interviewed, two Swedish employees and three Chinese employees. The selection of only male students for interviews was not done on purpose. The reason for this was instead that a lower number of female students had interest in manufacturing, and the sample was selected based on convenience. Also, this study does not intend to display differences between men and women.

All interviews, independent on sample, were recorded and notes were taken during the interviews. The interviews were then listened to again and notes were complemented. Results of the data collection are presented in paragraphs 9, 10,11, and 12. As part of structuring the results from the interviews the affinity method was used, see paragraph 2.4. With help of the affinity method, information was sorted into the six theoretical frameworks leadership, motivation, feedback, relationship, problem solving in teams and improvement suggestions. For description of these six frameworks, see paragraph 8. Results gathered by both the Swedish and the Chinese research team was organised according to the frameworks. A short comparison to find differences of results between the two research teams was done and is presented as well under the result section, paragraphs 9, 10, and 11.

As second part of the data collection was a workshop, which was held at Volvo. Participants were given the opportunity to reflect upon information found in the interviews and together work to find causes and links to concepts and generate new information. In total, 15 of the Volvo interviewees participated in the workshop and they were divided into three cross-national teams for the discussions and group activities. The workshop was initiated with a 20 minutes presentation of selected findings from the interviews. The findings were divided into five different cases: 'efficiency and flexibility', 'motivation', 'forums', 'improvement suggestions' and 'values'. Each of the cases described a main finding from the interviews ending with a discussion question. Following the presentation, the groups selected two of the cases each to work on separately for 30 minutes in order to find some key points to present to the whole group. The key points could be reflections, statements, agreements or complementary information to the cases given. The workshop ended with presentations from all groups and discussions about their key points.

Methods used and sample:

- Semi-structured personal interviews – ten Chinese students at UESTC
- Semi-structured personal interviews – ten Swedish Volvo personnel in China
- Semi-structured personal interviews – ten Chinese Volvo personnel in China
- Semi-structured personal interview – one Thai Volvo personnel in China
- Workshop – eight Chinese personnel, six Swedish personnel and one Thai personnel

### ***Reflective session***

In addition to day-to-day reflections and discussions regarding the project, the reflective session phase was used in order to raise questions and allow for reflection. The questions that were asked during this phase were: Do we have enough data? How well does the data correspond with our expectations? Are we asking the right questions? Is there something missing in the study? The reflective session contained mainly discussions that ended in confirmation of proceedings. The aim of the reflective session was to ensure that the project was on the right course rather than to produce information. Because of this, no result from the reflective session is presented in this report.

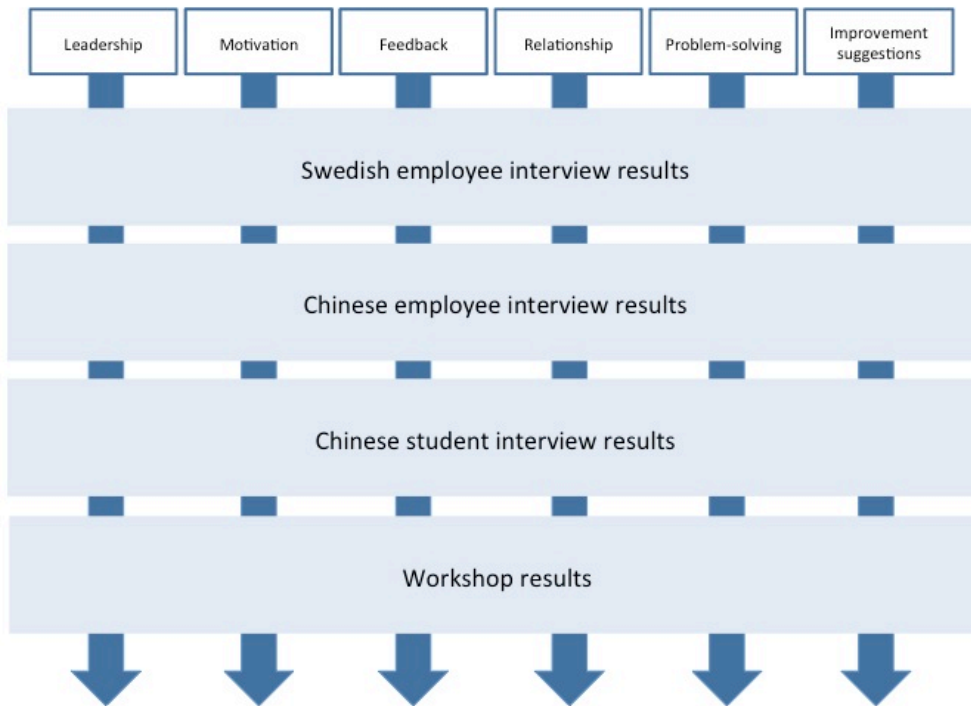
### ***Analysis of data***

In the next phase, the analysis of data, all data collected from the interviews and the workshop was analysed. The analysis was done in three steps. This first step of the analysis is presented in Figure 2-3 and the second and third step is presented in Figure 2-4.

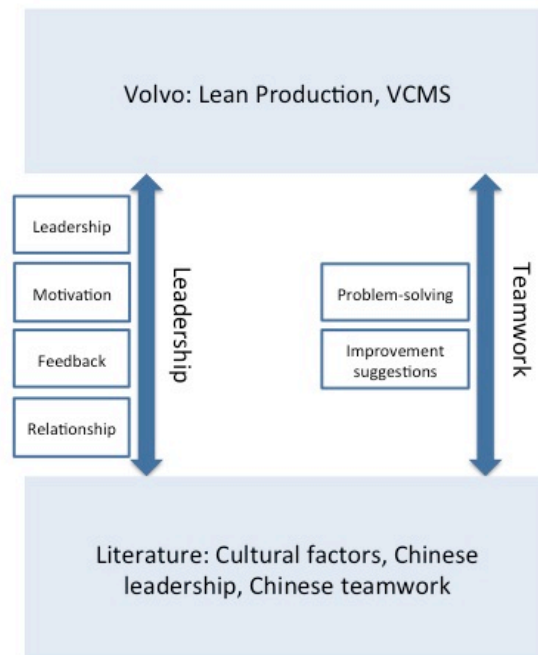
The three steps of analysis:

1. Comparison of results across sample groups: The first step of the analysis was to compare information gained between the three different sample groups and from the workshop, focusing on each of the six research topics. From the comparison, differences and similarities between research samples were identified.
2. Comparison of results with literature: In the second analysis step, the interviews and workshop results were compared with the theory on culture, Chinese leadership and Chinese teamwork.
3. Implications for VCMS: The third and final step of the analysis consisted of comparing results with selected parts of VCMS.

Questions that were investigated in the analysis phase were: Do the result correspond with theory or not? What implications do the results have for Volvo? What contribution do the findings have on other research in the area? The result of this phase can be found in paragraphs 13, **Error! Reference source not found.**, and 14.



**Figure 2-3:** In the first step of the analysis, interview results from the three sample groups and results from the workshop were compared to each other according to the structure of the six frameworks on leadership, motivation, feedback, relationship, problem solving in teams and improvement suggestions.



**Figure 2-4:** In the second step of the analysis the combined results grouped into the six frameworks were analysed against literature on cultural factors, Chinese leadership and Chinese teamwork. In the third step of analysis, the results were analysed against descriptions of Lean Production and VCMS.

### ***Integration***

The Integration phase focused on drawing conclusions from the analysis and highlighting the main findings from the study. The Integration phase resulted in a specification of key findings (see paragraph 15).

### ***Handover***

The last phase was the handover, in which the results from the study were presented both at Chalmers and at Volvo. Also, recommendations on further research and recommendations to Volvo were stated (see paragraph 16 and 17).

## **2.4. Description of methods**

The main method used in the data collection was personal semi-structured interviews, which is also the usual first step of engagement in the action research approach (Scheinberg, 2009), but also unstructured interviews and semi-structured telephone interviews were used in the study. To get a better understanding of the situation under study, observation was used as a complementary research method. An initial analysis of information gained from the interviews was done before the workshop, according to the affinity method and then information could be further analysed afterwards. Below is a description of the methods used: unstructured interviews, semi-structured telephone interviews, semi-structured interviews, participant observation, affinity method and workshop.

### ***Literature research***

The literature search was mainly focused on articles from the research catalogues CHANS, BSCOhost Business Source Premier and ProQuest Central. However, some books were also used when more detailed and comprehensive information was needed. When searching for relevant articles and books, a number of keywords were used. These keywords, which were used both individually and in combination, were: 'leadership', 'guanxi', 'Lean Production', 'cooperation', 'open discussions', 'culture', 'Chinese' and 'China'. Also literature on how to perform interviews and action research were reviewed to guide the research design. The literature research and review relate mainly to the first three phases in Figure 2-2.

### ***Unstructured personal interview***

In an unstructured interview, the interviewers do not follow a strict structure of questions, but instead might have only one or a few questions for the interviewee. The interview therefore resembles a conversation (Bryman & Bell, 2011). Meetings with supervisors from Volvo have in this report been defined as unstructured interviews.

### ***Semi-structured telephone interview***

A semi-structured interview refers to a situation where the interviewer has a set of questions to be answered by the interviewee, but has the possibility to vary the sequence of questions, to change direction of the interview and to follow up with probing questions for interesting issues. This method is attractive because of the flexibility that it allows (Bryman & Bell, 2011). A telephone interview can be beneficial to use when administrative resources are limited. The disadvantage compared to personal interviews is that it can be hard to ask complex questions over the telephone and the interviewer has less control over the interview situation (Ingelgård, 2010).

### ***Participant observation***

An observation involves studying people in their natural habitat with a common focus on the culture of a group in order to understand the reality of the situation better. An observation makes it possible for the researcher to better understand use of words and to get other information that the person under study takes for granted and does not speak out verbally during an interview (Bryman & Bell, 2011).

### ***Semi-structured personal interview***

For an explanation of the semi-structured interview, see the description for “semi-structured telephone interviews” above. The benefit with using a personal interview is that the interviewer can observe body language and more easily interact with the interviewee. Also, the interviewer has better control of the interview situation (Bryman & Bell, 2011).

### ***Affinity method***

The affinity diagram is a method to analyse large amounts of qualitative data. It involves reviewing information and fragmenting the information into small pieces that are grouped and connected again in order to find the meaning behind the messages and understand how several fragments develop into larger concepts (Bergman & Kleifsjö, 2003).

An affinity diagram incorporates the following three steps:

- Data compilation: Notes are taken during the interview and later complemented with additional information when the recorded interview is listened through.
- Fragmenting of data: All interviews are read through and interesting statements and quotes are extracted from the interviews to form separate fragments.
- Bottom-up sorting of information: The fragments of data are sorted into in small groups in order to create meanings. Several groups are later connected to create a bigger picture of the information developed.

### ***Workshop***

A workshop is a method frequently used in action research as a way for the participants to reflect upon the situation under study. The workshop can be used as a way to collect information and create theory together with participants or as a way to analyse information already gained from other data collection methods. The role of the researcher during a workshop is usually to initiate, plan and lead the process while the participants are the providers of reflections and information. The workshop is part of the analysis of data collected but also a method to be able to find, until then, uncovered data from the participants (Mellby, 2010).

## **2.5. Limitations of methods**

The qualitative approach is by definition about finding the subjective meaning held by different people, but that of course also has its limitations. The conclusions drawn from the results are much dependent on the research sample chosen. This has to be considered when evaluating the information. A limitation connected to this is the problem of generalising findings from the study in order to apply it to other areas (see paragraph 2.7).

Regarding the specific methods, of course they also have their limitations. In comparison to an unstructured interview, having a pre-set of questions as in a semi-structured interview still involves the risk of missing important information and not capturing the view of the interviewee because of unconscious hypothesis covered in the questions. Bryman and Bell (2011) lifts this issue but still recommend the use of semi-structured interview when more than one person conducts the interview and when there is a clear focus, which both apply to this research. The same risk exists in the workshop where a pre-set of questions and already decided activities are used. Another issue to lift with regard to the use of a workshop is that reflections of results in a big group can be different than if the participants are alone. There is therefore a risk that

participants choose to have a different view because of the presence of others and the data from the workshop could therefore be skewed.

## 2.6. Research ethics

There are four main ethical issues that need to be taken into consideration when conducting a study (Bryman & Bell, 2011):

- What harm can come to participants?
- Is there a lack of informed consent?
- Does the study involve invasion of privacy?
- Have the research participants been deceived?

The following text develops upon these four ethical issues in relation to the study that has been made.

### ***Harm to participants***

Harm is here interpreted in broad terms, including both physical and psychological harm (Bryman & Bell, 2011). No physical harm has come to the participants in this study. However, as personal questions have been asked about the relationship between leaders and subordinates, and because of the cultural characteristic of *mianzi*, some research questions can have made participants experience stress during the interviews. In order to minimise this risk, the questions were checked by Chinese students and the Chinese supervisor who, having an inside knowledge of the Chinese culture, could help identify harmful questions and/or formulations.

Still, when it comes to the workshop, it is possible that participation in the group activities was stressful to some of the Volvo personnel. The risk of stress comes from that the participants had to discuss their thoughts around sensitive questions with others. Another possible source of anxiety was when the results of the interviews, in which the workshop participants had participated themselves, were displayed for everyone to see. Especially when answers or findings were presented with focus on negative aspects, this had the potential to make participants lose face. It is also possible that a piece of information presented during the workshop was connected to a certain person because of circumstances unknown by the researchers. One statement could for example be connected to a single person, if the others recognised the described incident, and that would thereby harm that person's anonymity. These aspects were considered early in the planning of the workshop. Therefore, the design of the workshop emphasised neutrality to the results and the results were checked for anonymity before presentation.

Another risk of harm is connected to the interview questions. Some questions, for example regarding the participants' views on Lean Production and *guanxi*, had the possibility to identify knowledge gaps or, from Volvo's point of view, unwanted attitudes. If the answers could be traced back to individuals, this would harm the participants in the study. Therefore, all interviews were coded in a way that made the participants anonymous. Also, when describing interview results, the aim has been to make it impossible to trace back answers or quotes to individuals.

### ***Lack of informed consent***

Informed content is when the research participant has enough information to make a sound judgement of whether or not he/she wants to participate in the study (Bryman & Bell, 2011). The student interviews, interviews conducted during the background study, and the student workshop were all on voluntary basis, while interviews and workshop with Volvo employees were ordered and carried out during work hours. Still, the Volvo

personnel were informed that they did not have to answer the questions if they did not want to.

All research participants were informed of the research questions and how their participation would be used before the interviews and the workshops, but it was still hard to make sure that they were given enough information to decide if they wanted to participate. This is because what is seen as “enough” can vary between different persons. Another aspect that complicated the possibilities to inform the participants was the language barrier. Since many interviews were made on a language different from the interviewees’ mother tongue it was hard to ensure that all aspects of information usage had been fully understood by the participants. The use of translators, which was the case in three of the Chinese employee interviews, also made it hard to control exactly what information was given to the participants.

All interview participants were given a short presentation of the study and they were asked if the interview could be recorded. As for the workshop, a short presentation of the aim of the workshop was described to all participants. Still, as the workshop involved a lot of discussions, it was hard to anticipate which questions and arguments would be raised and therefore it was also hard to make sure that the participants were given enough information for them to decide if they wanted to take part.

### ***Invasion of privacy***

As described by Bryman and Bell (2011, p.136) “Privacy is very much linked to informed consent, because, to the degree that informed consent is given on the basis of a detailed understanding of what the research participant’s involvement is likely to entail, he or she in a sense acknowledges that the right to privacy has been surrendered for that limited domain.” Still, as discussed above, it was sometimes hard to make sure that the participants were given a detailed understanding of what their involvements were likely to entail. Therefore, all participants were informed that they could refuse to answer a question or not take part in the workshop discussions, if they felt uneasy about the questions raised.

### ***Deception***

Deception in research is when a researcher presents his or her research as something it is not. It is unusual for companies in China to work with students and action research is even less common. Therefore, it was important to stress that the researchers roles were different from consultants, even though a workshop was used as a mean to analyse the results from the data collection. In order to clarify the project goals and aims, an introductory presentation was held at Volvo before the interviews and workshops began.

## **2.7. Trustworthiness**

Trustworthiness is often used as a quality measure of a qualitative study. It consists of four criteria, which can each be characterised by a question. The four criteria of trustworthiness have been used as a base to argue for the validity and reliability of this study.

The criteria and the related questions are as follows (Bryman & Bell, 2011):

- Credibility – *How believable are the findings?*
- Transferability – *Do the findings apply in other contexts?*
- Dependability – *Are the findings likely to apply at other times?*
- Confirmability – *Has the investigator allowed his/her values to intrude to a high degree?*

### ***Credibility***

Credibility is about how well the results can be sure to reflect reality. As was described in section 2.3, all interviews were recorded and notes were taken during the interviews. After the interviews, the tape was played and additional information was added to the notes. Also, statements that were very strong or that emphasised a certain concept of interest were transcribed exactly as the interviewee said. These quotes were marked so that they did not get confused with other notes.

Due to the problem of language barriers, translation between Chinese and English, and between Swedish and English could result in some loss of understanding. However, because of the cooperation with the Chinese research team, it was possible to go back to the original language and make sure that the meaning of what the participant had said had not been largely modified. Also, as a workshop was held to feed the information back to the research participants at Volvo, this made it possible to test their reactions, and modify conclusions if misunderstood.

To make sure that the analysis was conducted in a consistent manner, the fragmenting of data for the first six interviews were done twice, one time for each person in the Swedish research team. The results were then compared and discussed in order to make sure that the same method for fragmenting was used.

### ***Transferability***

Transferability is about whether or not the findings can be useful in other contexts. The study has focused exclusively on Volvo and their production system VCMS. Still, findings about the role of the leader and the group in China can be useful also in other settings. In addition, as VCMS is a Lean Production system, findings about the applicability of VCMS have the potential to also be useful for other Lean Production systems.

In order to assure that transferability is possible, detailed information of the context and culture is given in this report. Other researchers and practitioners can thereby judge to what extent the findings can be transferable (Bryman & Bell, 2011). By describing the empirical findings and the contextual setting in detail, it is believed that the transferability criterion is met.

### ***Dependability***

Dependability involves documenting reasoning, the process of data collection and analysis, and results in a way that makes it possible for peers to audit the work process. In order to meet this criterion, the research process has been thoroughly outlined. Also, the report has been organised according to the learning model that was used to structure the project (see paragraph 2.3).

### ***Confirmability***

Confirmability means that the findings should not be influenced by the researchers' personal values. Unfortunately, it is not possible to completely guard against this risk of influence from personal opinions. One problem here could be the way that the interviews were recorded by taking notes instead of using transcriptions. Also, the influence from the workshop participants guided some of the conclusions drawn from the data. Since some participants talked more than others, there is a risk for bias. Still, the interviews and workshop were recorded and listened to again in order to make sure that the right interpretation had been made. In addition, as the research team included both Swedish and Chinese students and the workshop participants were both Swedes and Chinese, the data was analysed from multiple perspectives.

# Part II:

# Theory

The aim with the second part of the report is to present the theory that has guided the data collection and analysis. First, theory related to Volvo's production system is given. Second, the report presents theory from literature, relating to cultural differences and how culture affects leadership and teamwork in China. During the presentation of theory, interesting research topics are identified in form of six questions. The six research topics are then presented together, organised according to the three main research questions. At last, theoretical frameworks for each research topic are presented.

### 3. Lean Production and VCMS

In order to steer the literature review and framework formulation onto relevant issues for Volvo, it was first important to develop an overall understanding of VCMS. Therefore, this section presents information on Lean Production and VCMS, as well as theory on the suitability for Lean Production in China.

#### 3.1. The philosophy of Lean

**Lean Production:**  
Meet demand  
directly, with the  
right level of quality  
and no waste

VCMS is a **Lean Production** system, based on concepts that were originally developed in Japan. Toyota was the company that first began working with Lean Production, but the term “Lean” was coined in 1990 by the authors of the book “The Machine that Changed the World” (Womack, Jones, & Roos, 2007). Lean Production has the goal to meet demand directly, with the right level of quality and with no waste. The four main elements of Lean Production are waste elimination, synchronised flow, employee involvement and close customer focus (Slack & Lewis, 2008).

##### ***Waste elimination***

Lean Production is focused on reducing “waste” in operations, where waste is defined as activities that do not add value to the end customer (Slack & Lewis, 2008). One example of waste is walking across the factory floor or waiting for an undelivered part. One example of a value adding activity is assembly of a new part onto the car (Rasmusson, 2011). In order to eliminate waste, a factory can try to establish “point-of-use delivery” (Taj, 2008), which means elimination of e.g. wasted worker movement and machine downtime.

##### ***Synchronised flow***

The second element of Lean Production is having a synchronised material flow, in which items in a process flow smoothly from workstation to workstation with even velocity. This element relates to the use of inventory, as having inventory makes it possible to smoothen differences between supply and demand. This in turn can lead to that problems in operations become hidden, as the material flow is not disturbed even if there is a problem. By keeping inventory on a low level, irregularities of the flow are exposed and it then becomes easier to identify the underlying problems (Slack & Lewis, 2008). One method that can be used to keep a steady flow of material is scheduling and control (Taj, 2008).

##### ***Employee involvement***

By having smooth flows and little inventory, employees can become motivated to help each other and direct attention to improving the whole process, instead of focusing exclusively on their own tasks (Slack & Lewis, 2008).

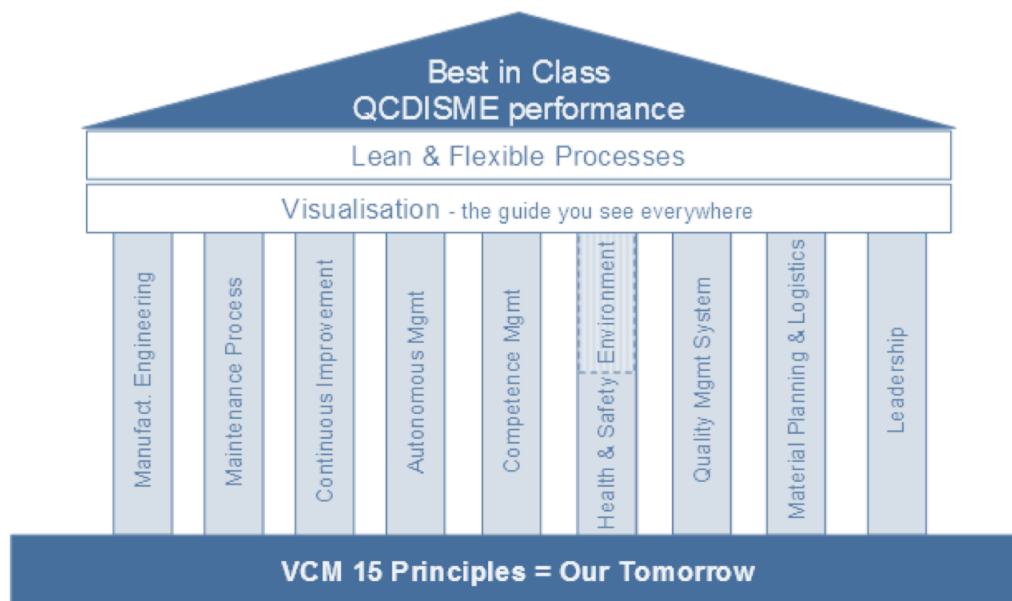
##### ***Close customer focus***

As mentioned above, Lean Production has got to do with on-time delivery driven by demand. In order to meet demand, it is therefore important to understand the nature and level of demand. This comes down to how well the organisation understands its customers, and how easy it is for the organisation to respond to fluctuations in demand (Slack & Lewis, 2008). Lean Production can thereby be said to be customer oriented rather than product oriented (Zhang L., 2008).

#### 3.2. VCMS

As indicated in Figure 3-1, VCMS is based on nine pillars. All pillars are related to the Lean Production principles but only three of them, “Leadership”, “Continuous Improvement” and “Autonomous management” will be developed upon. This is because those three pillars are the most relevant concepts in connection to leadership

and teamwork, which is the focus of this study. In addition to the pillars, there are 15 principles of VCMS. As in the case of the pillars, only principles related to the research questions will be discussed in this section.



**Figure 3-1:** VCMS is built around the framework illustrated above. The aim with the system is to become “best in class” (Rasmusson, 2011).

### 3.2.1. Visualisation of performance builds on goal deployment

Leadership is very much related to clarifying goals and giving directions to the employees. In VCMS, this includes **visualisation of performance**. Visualisation means that performances in the seven areas of focus (Quality, Cost, Delivery, Improvement, Safety, “Medarbetarskap”, and Environment) are regularly measured and the results are displayed for everyone to see. Performance is measured based on key performance indicators and the possible values of these indicators are divided into different ranges and assigned with one of the colours: red or green. Green means that the value is above the set target or that the task is completed, while red means that performance is below the set target or that the task is not completed. The performance measurements for each production team are displayed on a team board and updated every day. In similar way, the performance data for a production unit combines the result of several teams and is displayed on a board in the factory for everyone to see. The visualisation boards are not only used in the factory but also for management personnel and the process of weighting together the results is continued all the way up to the highest person responsible for manufacturing.

**Visualisation:**  
Performance in seven areas of focus are measured and displayed for everyone to see

The performance measurements are based upon goals that are framed each year through a process of **goal deployment**. Goal deployment means that goals are formulated at the highest level of the organisation and then broken down into goals for the level below. These goals are then further broken down into goals for the next level, and the level after that, all the way down to the shop floor (Rasmusson, 2011).

**Goal deployment**  
Deployment of goals from one organizational level to that underneath

Visualisation is also important when it comes to the design of the factory. As pointed out by Taj (2008), having a “visual factory” means that visitors should easily be able to identify the processes and the sequence of the flow in a factory. Thinking in terms of visualisation can make factories become better organised.

### 3.2.2. Leadership in VCMS is a balancing act

In addition to the links to visualisation of performance and goal deployment, leadership in VCMS includes: policy deployment, confirmation, time and data management, coaching, and assessment. All managers are involved in the deployment of goals to the next level in the organisation, but they also need to follow up the goals on a regular basis and visit their subordinates to discuss improvements and problems (Rasmusson, 2011). In order to follow the VCMS model of leadership, two concepts are important to understand and use: coaching leadership and dual roles.

#### **Coaching leadership**

Coaching in the VCMS model follows the same pattern as has been explained by Spear and Bowen (1999), where a teaching approach based on probing questions is used. Examples of questions that are used by the leader when training an employee are (Steven & Bowen, 1999, p. 99):

- How do you do this work?
- How do you know you are doing this work correctly?
- How do you know that the outcome is free of defects?
- What do you do if you have a problem?

#### **Dual roles of leadership**

Managers need to take on a coaching role and listen to what their subordinates say. At the same time, they must not be afraid of making decisions that the subordinates do not agree with. Managers therefore need to find a balance between supportive and directive leadership, in order to both motivate and push the team to improve results. Managers in Malaya have found it hard to take on the directive role, as they do not want to put their subordinates in a shameful situation. How the dual roles of the VCMS leadership will work in China is not known (Nord, April 27, 2011).

### 3.2.3. Teamwork is part of the Volvo heritage

In addition to the nine pillars, VCMS also has 15 guiding principles. Teamwork can be related to both the pillars and the guiding principles. Below is therefore a description of some of the most important concepts relating to teamwork, namely cooperation and continuous improvement. A short presentation of the teamwork development model is also given.

#### **Team cooperation**

One of the 15 guiding principles says that: "Teamwork and 'medarbetarskap' is our heritage and gives us an advantage over our competitors" (Rasmusson, 2011). Cooperation within teams is important in order to make sure that operations can run efficiently. As an example, cooperation between production teams is needed if the team leader is missing from one of the teams (Nord, April 27, 2011).

#### **Continuous improvement**

One of the nine pillars of VCMS, **continuous improvements**, relates to cooperation within teams. Here, Volvo works with tools such as Kaizen workshops, 5 Whys and Failure Mode Effect Analysis (FMEA). Another concept that relates to continuous improvements is what is called the "7 + 1 Wastes". The most severe of these wastes is not making full use of the knowledge and creativity of all employees. One factor that can prevent this waste is open discussions within teams and between teams and leaders. Open discussions allow everyone to get involved and use their knowledge and experiences. Therefore, it is important to investigate what is needed to support open discussions and cooperation in China (Rasmusson, 2011).

#### **Continuous improvements:**

Small-scale, never-ending efforts to improve

#### 3.2.4. Team development is done in seven steps

In VCMS, the teams follow a model of development based on seven steps. This development model is a part of one of the pillars, “Autonomous Management”. Each production team is trained in one step at a time and in order to continue to the next level, a certification for the current step is needed. The first three steps (1-3) focus on standardisation. The next three steps (4-6) focus on improvements. The seventh and last step is not completely defined today, but can be seen as a “perfect state”.

### 3.3. Lean Production in China

To connect VCMS with the Chinese environment and culture, a brief description of Lean Production in China is given below. The description contains a background to the development of Lean Production in China and reasons why Lean Production can help China in its development towards a modern industry. The text continues with what problems can come from only implementing tools and not the philosophy of Lean and how Lean Production traditionally has been modified to fit the Chinese context and.

#### 3.3.1. Chinese enterprises had an interest in Lean already 30 years ago

Chinese enterprises in the automotive industry started deploying Lean Production already in the late 1970's, long before American and European companies (Tai, 2008). In 1978, forty representatives of a large-sized state-owned company in China went to visit Toyota in Japan in order to study and learn the Lean Production processes. From the twenty-first century and onwards, more and more Chinese enterprises have begun to use Lean Production systems (Chen & Meng, 2010).

#### 3.3.2. Lean practices can enable long lasting growth in China

According to Sun (2011), the deployment of Lean Production in China is an important aspect of China's future development. When Lean Production was developed at Toyota, Japan was in a position of lacking capital and changing market demands, which is similar to the position China is in today. Deploying Lean Production is therefore a cost effective way for China to realise long-lasting growth in this challenging situation. Lean Production can be used to redirect the Chinese enterprises' focus from being product oriented to becoming customers and people oriented. It can also put focus on increasing margins by lowering costs, rather than choosing margins depending on cost. An example of the cost-cutting result of Lean Production is that the Chinese automobile industry has experienced rapid growth since the 90's, while the number of employees has declined drastically during the same period (Zhang L. , 2008).

Sun S. (2011) argues that the problems of Chinese companies have traditionally not been related to production equipment, but instead related to operations management and production systems. This statement is based on the finding that some enterprises in China have to a great extent improved their production management by using Lean Production systems.

#### 3.3.3. Implementing Lean Production in China has not been without problems

In a study of 20 companies in China that had deployed Lean Production, the main problem was that attention was only given to the tools and not the philosophy of Lean Production (Chen & Meng, 2010). The same study also found that companies rarely connect their production system to their overall business strategy. As a matter of fact, some business leaders were not even aware of the business strategy of their companies. The inclusive view on quality is lost when only implementing the tools of Lean Production and not taking philosophical aspects, such as “continuous improvement”, into consideration. This problematic issue, related to lacking understanding of the aim

and philosophy behind Lean Production, is not only a problem in China but can also be found in manufacturing companies that are implementing or running Lean Production programs in Sweden (Hermansson, July 21, 2011). As a result of this argument, it would be interesting to know if an understanding of Lean Production philosophies can support the implementation of Lean Production in China by increasing the motivation of employees. The understanding of the philosophy of Lean Production is based on knowledge of when and why Lean Production can be useful. Therefore, it would be interesting to investigate if understanding the aim of using a fixed work routine can influence motivation. This leads to the following question, related to motivation:

#### RESEARCH TOPIC: MOTIVATION

- *What influences motivation for Swedes and Chinese?*

#### 3.3.4. "Chinese lean"-adjusted to China

Another interesting point about implementation of Lean Production in China is that Chinese factories are transforming from a "Fordist" production to a "Chinese Lean" production, based on large-scale, top down controlled versions of Lean Production. The "Chinese Lean" is very different from the approach based on small teams, which is the normal procedure in Lean Production (Brown & O'Rourke, 2007). This could be a potential problem for companies with team-based focus in their Lean Production systems.

### Illustrative example 3: Chinese site best in class

The Swedish company, SG wire started production in China in 2006 with the goal of implementing the same Lean-based production system that had worked successfully in other sites in Sweden and USA. Thanks to the possibility of building a whole new factory with an effective layout tailored to the needs of the production system, the manufacturing site in China is now the most productive factory in the company.

- (Gereonsson, 2011).

#### 3.3.5. China score high in several parts of the Lean Production system

Despite problems relating to the implementation of Lean Production in China, Chinese companies score high in some areas of the Lean Production system, such as material flow, scheduling/control, on-time delivery of finished goods, and in overall defect rate (Taj, 2008). The same study showed low scores in layout design, setup, visual factory and point-of-use delivery, which are aspects that should be easier for Volvo to assist with. This assumption can be strengthened by the experiences of SG-wire, a Swedish supplier to the automobile industry with production site in China, see illustrative example 3.

#### 3.3.6. Opportunities if problems are overcome

Summarising the reasoning above, there are big opportunities for using Lean Production in China and there are also successful examples of the use of Lean Production. However, implementation has not been without problems. Chinese enterprises have solved those problems by adjusting Lean Production to fit with a more controlled, top-down structure, but that could be a problem for companies that wish to use less hierarchical organisational structures. Also, in order to gain an inclusive view on quality and achieve maximum value from the usage of Lean Production, it is important to understand the philosophy of Lean Production - not just the tools.

## 4. Cultural factors

Before analysing literature on management styles and group interactions, it is necessary to investigate which assumptions are needed to guide the study. These assumptions relate to if companies should adapt to, or try to change, the cultural context in which they operate. Should the production processes be adapted to fit the national culture? Or can the national culture of individuals be changed to fit the processes?

Studies on global human resource management can be divided into two different schools of thought. The first school follows a Universalist paradigm, believing that there is “one best way” of managerial effectiveness that is independent of the national context. The Universalist paradigm was developed in the USA and it is based on values that reflect the American culture, such as opportunities for growth and progress based on individual achievements. This focus on American culture can be understood by considering that before the 1990s, most **MNCs** originated from United States and their methods were seen as universally applicable. The second school of thought argues for a contextual paradigm, which includes not only organisational factors, but also contextual factors such as national culture. This view argues that MNCs should adopt their management systems to reflect social and cultural values in the host country (Chen & Easterby-Smith, 2009).

**MNC:**  
Multinational corporation

### 4.1. Hofstede's five dimensions of culture

One person who has been influential in the development of the contextual paradigm is Geert Hofstede. Below, Hofstede's theory on culture is presented together with a summary of the criticism that has been given on Hofstede's work.

#### 4.1.1. Hofstede argues that culture is characterised by different dimensions

Hofstede argues that there is no universal management practice that will work in all countries (Hofstede, 2007). He instead emphasises the importance of **culture**, defined as: “the collective programming of the mind that distinguishes one group or category of people from another” (Hofstede & McCrae, 2004, p. 58). In the 1980's, Hofstede analysed findings from a large survey of IBM employees and was able to construct four dimensions that can help explain differences between national cultures. These are: power distance, uncertainty avoidance, individualism and masculinity. Later, after taking into consideration the findings from a Chinese study, a fifth dimension was added to the four. This dimension is called long-term orientation (Hofstede & McCrae, 2004). A short explanation of each dimension is given below.

**Culture:**  
The collective programming of the mind

#### **Power distance**

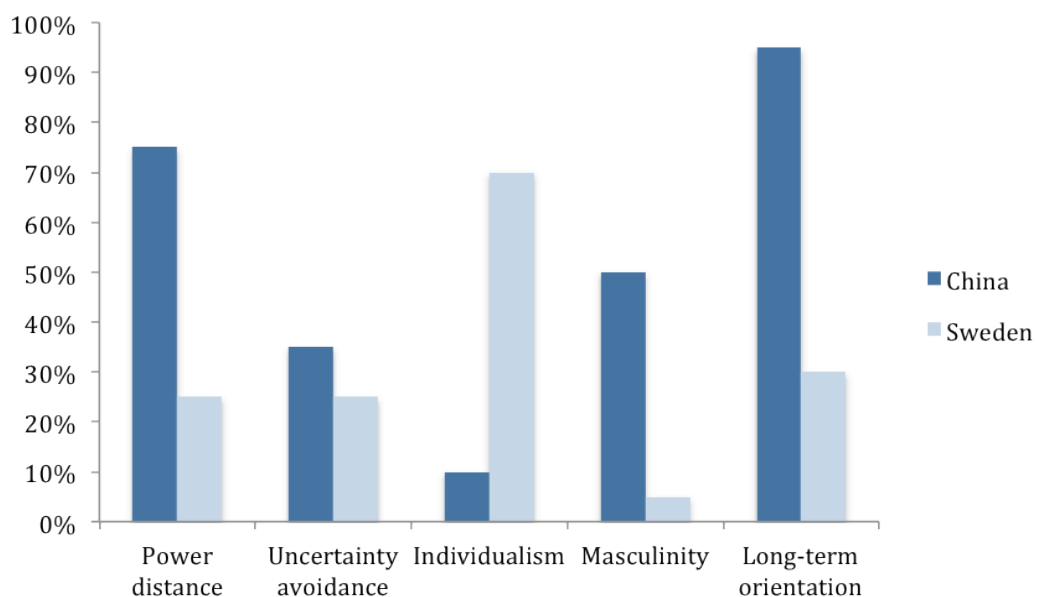
Power distance is defined as the extent to which members of an organisation, who belong to lower levels of the organisational hierarchy, accept and expect power to be unequally distributed. Note that this is the view of the members in the lower level of the hierarchy, not those in the top. One way to better understand the difference between low and high power distance is by using a family as an example. In a high power distance culture, children are taught to obey their parents. In a low power distance culture, children are encouraged to take own initiatives (Hofstede & McCrae, 2004). Recent research (Hofstede, 2007) has pointed out that power distance relates inversely to economic wealth. This means that the wealthier a society becomes, the lower will the tolerance be for unequally distributed power. China and Sweden have a large difference in power distance (see Figure 4-1). The power distance might influence the relationship between leaders and subordinates, making it an interesting cultural characteristic to study. However, the VCMS model of leadership is based on Japanese

principles of Lean Production, and Japan has a relatively high level of power distance (Hofstede, 2009). This implies that Lean Production could work also in a culture with high levels of power distance.

### **Uncertainty avoidance**

This dimension measures a society's tolerance for ambiguity and comfort with unstructured situations. The dimension can be understood by comparing how different cultures rely upon laws and explicit truths. In a high uncertainty avoiding culture, there are strict laws and rules, which can help reduce uncertainty. People are also more prone to take an explicit stand in religious or philosophical questions, believing that there exists one explicit truth. In cultures with low uncertainty avoidance, people like to have as few rules as possible and they take a more relativistic stand towards philosophical and religious ideas (Hofstede & McCrae, 2004).

It has been argued that both China and Sweden are relatively low on uncertainty avoiding (see Figure 4-1). This might seem strange at first, given that Sweden has legal systems that rely upon strict rules, which would put the country into the "high uncertainty avoiding" category. However, this can be explained by the fact that Sweden also is known for being highly secularised (Arlebrand, Hermansson, & Wallin, 1998), which implies low uncertainty avoidance. The same reasoning applies to China.



**Figure 4-1:** The dimensions of culture differ extensively between Chinese and Swedish culture. The only dimension that is somewhat similar is uncertainty avoidance (Hofstede, 2009).

Even if China and Sweden can both be characterised as low on uncertainty avoidance, there still exist important differences between how Chinese and Western organisations handle uncertainty in the form of complexity. Western organisations take the approach of trying to understand the complex situation and reduce complexity by developing one specialised response. Chinese organisations, on the other hand, create a set of flexible responses, allowing for changes to occur (Huang, 2009).

### **Individualism**

The individualism dimension measures how well individuals are integrated into groups. It has two end points: individualism versus collectivism. In an individualistic culture, the integration within groups is limited and ties between individuals are loose. Everyone is focused on himself/herself and only looks after his or her immediate family. In

collectivistic cultures, the family concept is extended to include for example uncles and aunts, who are looked after in return for unquestioned loyalty (Hofstede & McCrae, 2004). The largest general difference between Asian countries and Western countries is related to the individualism dimension, with Western countries being more individualistic than Asian. However, it has been showed that countries that become wealthier also become more individualistic, as in the case of power distance. As a matter of fact, the influence of wealth is even stronger on individualism than on power distance. Nevertheless, Western countries are still a lot more individualistic than Asian countries. This is because Western countries were individualistic also when they were poor, and thereby had a higher level of individualism as starting point (Hofstede, 2007).

Since Hofstede first developed this dimension in the 1980's, other authors have argued that one single dimension is not enough to characterise individualistic and collectivistic cultures. An additional dimension of vertical-horizontal has therefore been proposed. Cultures can then be divided into four different groups: horizontal individualism, horizontal collectivism, vertical individualism and vertical collectivism. In vertical individualism, people want to pursue personal agendas in order to acquire higher status. In horizontal individualism, people want to pursue personal agendas but without interest in gaining higher status. Vertical Collectivists care for in-group relationships and interdependences combined with a strong respect for authorities. Horizontal Collectivists value equality and interdependence without strong respect for authority (Law, Sun, & Tjosvold, 2003). The dimension of individualism/collectivism is likely to affect cooperation within teams, which will be further discussed in paragraph 6.1.2.

### ***Masculinity***

Masculinity is a dimension that measures the distribution of emotional roles between sexes. It has been shown that women's values differ less among societies than men's values. Hence, this dimension is more concerned with the range of emotional roles that men undertake, from being very competitive and self-confident (high on masculinity) to being modest and caring (low on masculinity). In countries where men show high masculinity, women are also more competitive but there is a considerable gap between men and women. In cultures where men are low on masculinity, women and men have similar emotional roles. Therefore, this dimension can be seen as either measuring men's emotional roles or the gap between the emotional roles of men and women (Hofstede & McCrae, 2004).

### ***Long-term orientation***

This dimension was constructed after a study carried out by Chinese scholars. It divides cultures into those with short-term focus and those with long-term focus. Characteristics of long-term focus are persistence and frugality. Characteristics of short-term orientation are respect for tradition, and protecting one's face. These values relate back to Confucianism (Hofstede, 2009).

Western countries often have more short-term focus than Asian countries. This is contradictory to the statement that "face saving" is very important in China and Malaya (Kim & Nam, 1998) and that China is largely influenced by old traditions (Jacques, 2010). Still, there are differences in how time is perceived. An example of the difference in long-term focus between Asia and West is the variety of goals held by managers from different cultures. "This year's profit" is ranked as one of the top five goals held by USA managers, while it is ranked as bottom five for Chinese managers, who are more likely to prioritise long-term goals (Hofstede & McCrae, 2004).

#### 4.1.2. Personality influences behaviour but time makes less difference

Despite a focus on national culture, Hofstede and McCrae (2004) acknowledge the influence of personality on people's behaviour. They believe that it is the combination of national culture and personality that together forms attitudes, values, habits and skills. Therefore, it is important to also take personality into consideration when studying behaviours of individuals. As the same personality types can exist in different cultures, there is an important implication to this statement, which is not developed further by the authors. The implication is that, by finding people with suitable personalities, differences in national cultures can be at least partly overcome when implementing a system with characteristics that depart from cultural values in the host country, as long as they at the same time support specific personality traits. One example is a system that gives rewards based on individual performance, which goes against collectivistic cultural values but might be supported by the personality trait "introversion".

As was discussed above, there are links between the wealth of a country and some of the dimensions. Over time, the economic wealth of a country changes and the cultural differences between societies can therefore come to change. Still, Hofstede (2007) argues that cultural values within a society are stable over time. He argues that management practices within a society, being a part of culture, should then also be relatively stable over time.

#### 4.1.3. Hofstede's theories have been both praised and criticised

Hofstede has been criticised for the research methodology used, as the research sample that was used to create the different dimensions was taken from one single company. In addition, most responses came from sales and marketing employees. It is therefore a risk that characteristics of the company culture or differences between industry cultures could influence the results (McSweeney, 2002).

Another criticism of Hofstede's work is that it does not offer any insights into the dynamic aspects of culture (Fang, 2009). Hofstede's research was done in the 80's, a time when people lived in relatively closed environments. Today, management practices are no longer static, since people are easily influenced by other cultures through different types of media. Fang (2009) stresses the informational revolution that has come with Internet, mobile phones and services offered by companies such as Skype, Google and Facebook. Fang (2009) argues that today, people have multicultural identities and multicultural minds.

Even though there are important limitations to Hofstede's research and even though the twenty-first century offers better communication and information systems, the number of validations for Hofstede's dimensions of culture has increased and the correlations are not weaker today than they were in the 80's (de Mooij & Hofstede, 2010).

### 4.2. Other frameworks on culture

Hofstede's dimensions are commonly referred to in research on culture, but there are also other important cultural frameworks worth mentioning. A short introduction to other research on culture is therefore given below. In addition to country culture, company culture also influences the behaviour of individuals. This section therefore ends with a part on company culture.

#### 4.2.1. Also other researchers have investigated dimensions of culture

In a study made by Hamed & Miconnet (1998), several researchers' work on defining dimensions to describe culture was investigated. Hamed & Miconnet found overlaps between dimensions of Hofstede and other researchers, but also a few dimensions not covered in Hofstede's framework. Those dimensions are briefly described below.

##### ***Monochromic versus polychromic time***

Hall (1976) has introduced a dimension dealing with differences in perception of time, called monochromic versus polychromic time. Monochromic time is linear and sequential, where activities are done in a given order, one after the other. Polychromic time, on the other hand, is simultaneous and unlimited, where people usually are involved in several activities at any given time. Scandinavian countries are supposed to be more monochromic while Asian countries are polychromic (Bhagat & Steers, 2009).

##### ***Dynamic versus static meaning of events***

Another dimension related to time, described by Nisbett (2003), deals with the meaning of events. The dimension is in this research called the dynamic versus static meaning of events. The dynamic side of this dimension is related to Taoism, in that the states of Yin and Yang is opposing but interpenetrating at the same time and that the world is constantly shifting between the two states. One example is the view "with the bad comes the good" and opposite. In a static view of the meaning of events the world is rather black or white. According to Nisbett (2003) Asian cultures have a dynamic view while Western cultures have a more static view on the meaning of events.

##### ***High versus low context***

Hall (1976) has also introduced a dimension related to how information is transferred between people. In a high-context culture, information is dependent on the person and situation, while in a low-context culture, information must be clear, direct and explicit no matter to or from whom it is transferred. China is considered to have a high-context culture while Scandinavian countries have low-context cultures (Bhagat & Steers, 2009).

##### ***Past, present and future orientation***

Another dimension not covered by Hofstede is about the relative importance of the past, present and future states of time and whether they are integrated. This dimension is tested by asking people to draw three circles representing the past, present and future, where the size of circles show importance and overlapping of circles means integration. There is a difference between cultures where they put their temporal focus. Both China and Sweden are supposed to be more future-oriented (Bhagat & Steers, 2009).

#### 4.2.2. Organisational culture also matters

Also organisational culture plays a significant role in this context. As a matter of fact, organisational culture has been shown to have even more effect on manufacturing performance than national culture (Naor, Linderman, & Schroeder, 2010). One of the most common frameworks used to describe organisational culture is one defined by Edgar Schein (2010). In his model he describes how three different layers build up a culture: artifacts, espoused values and basic, underlying assumptions.



Figure 4-2: The three different layers of organisational culture (Schein, 2010).

### **Artifacts**

Artifacts are tangible, visible or verbally recognisable elements of a culture that can be recognised by a person outside that culture. Examples of artifacts can be dress codes, interior, work processes organisational structure or history. The experienced meaning of these artifacts will however differ dependent on the observer's own experiences and beliefs. When living in a culture long enough, meanings will become clear, but in order to understand an organisational culture quicker, the espoused values, norms and rules behind the day-to-day behaviour of members of the culture have to be investigated. This relates to the next level of culture, espoused beliefs and values.

### **Espoused Beliefs and Values**

Our decisions are based on values and beliefs of what is good or bad, what works or does not work in order to solve a problem. When a group have experienced making a decision based on one person's espoused beliefs and the solution is successful, those beliefs can transform into the groups common espoused beliefs as part of the group culture. When people in a group reinforce each other's beliefs and values, those values start to be taken for granted. Founders or leaders often explicitly articulate values in order to provide meaning and comfort to group members and guide them in how to deal with certain problems. However, that kind of explicit values can be contradictory to the observed behaviour in an organisation. A company's ideology can be to value teamwork while rewards are granted for individual performance. Because of this, there must be a distinction between those beliefs and values that are part of the ideology or philosophy of an organisation and those beliefs and values that are congruent with the basic underlying assumptions that guide people's performance.

### **Basic underlying assumptions**

Basic underlying assumptions differ from espoused values in that implementing solutions based on basic underlying assumptions is done with a belief that, in fact, any other possible solutions is unthinkable. Basic underlying assumptions tend to be undebatable and hence very hard to change. Any challenge of those assumptions create anxiety and because of that, we tend to interpret the world around us based on those assumptions even if it means distorting and denying information given to us. After having created this "mental map" as a set of assumptions we feel comfortable with people sharing the same set of assumptions as us.

A culture has to, according to Schein (2010), be analysed on all of those three levels. Without understanding the basic level of assumptions, the meaning of artifacts or credibility of values and beliefs cannot be understood either.

#### **4.2.3. The conclusion is that culture needs to be understood and adapted for**

To summarise, the dimensions of culture can be used, but with some caution. The effect of time on culture is not fully known and there is disagreement between researchers. Therefore, it is important to recognise the possibility that cultural values have changed in recent years and that they are dynamic. At the same time, since Hofstede's cultural dimensions seem to be valid also today, it appears as if some cultural values are deeply rooted into society and will not be easily challenged. It is here believed that a production process needs to be adapted to its cultural context. However, the degree to which practices can be adopted across countries is also influenced by organisational culture. In addition, it should be remembered that there are many ways to describe the differences that exist between cultures and that no single framework of dimensions seems to have full coverage. Even though Hofstede's dimensions are widely used and adequate to a large extent, it is important to remember their limitations, not only in the form of validity but also coverage.

## 5. Leadership in China

As stated earlier, VCMS and Lean Production is to a large extent built on team structures and supportive leadership (see paragraph 3). To better understand how Volvo can use leadership in VCMS, the following section describes the characteristics of, and expectations related to, Chinese leadership.

### 5.1.1. Traditional Chinese leadership has influences from several concepts

Chinese culture, with its millennial history, has influenced the practices of leadership in many ways. In a review on Chinese leadership, Lin (2008) grouped these influences into the three categories: Confucianism, communism and collectivism.

#### **Confucianism**

Confucianism has been the dominant philosophical heritage of Chinese culture and is hence not surprisingly an important factor of Chinese leadership (Lin, 2008). In Confucian terms, a leader must be a superior man who has high moral and is perfect in his characteristics (Wong K. , 2001). The most important ability for a leader is to identify his or her individual qualities and build on these continuously (Fernandez, 2004). After a person has built on his/her qualities and demonstrated the characteristics of a “superior man”, he/she is a leader and serves as a role model to other people, and will then be able to effectively lead others (Fernandez, 2004). Other Chinese leadership characteristics influenced by Confucianism are directives from authority, centralised decision making and large power distance (Lin, 2008).

Another strong influence on Chinese management practices connected to Confucianism is **paternalism**, which implies an unequal, parent-child relationship between the leader and the subordinate (Kong, 2009). Three underlying assumptions was explained in the study of Kong (2009) as reasons for paternalism to be manifested in China; a hostile and unpredictable environment that creates individuals that are cautious in interpersonal relations, social hierarchical order, and the self seeking of the human being. The latter assumption means that everything people do is connected to individualistic interests. Kong (2009) writes further that paternalism as a leadership style has been criticised, but can be suitable for businesses that require low skill, little creativity and routinised procedures. But he also concludes that as a consequence of the strict parent-child relationship, it is likely that paternalism reduce employees’ willingness and motivation to take responsibility for improvements.

#### **Paternalism:**

Restrict freedom and responsibility of subordinates in what is said to be their best interest

#### **Communism**

The history of communism has also influenced Chinese leadership. That influence mainly concerns the leader’s moral character. Some characteristics of a moral character of a leader are commitment to law, fairness to subordinates and a willingness to follow the organisation’s or party’s dictates also when they interfere with the leader’s own views. Other important aspects of the moral character are honesty, pragmatism, self-discipline, using self as a model and a willingness to contribute to society (Lin, 2008).

One criticism could be made to the way Lin (2008) describe the influence of communism. There seems to be some overlap between the characteristics related to Confucianism and those related to communism. As an example, the focus on morality is linked to both Confucianism and communism. Confucianism is a lot older than communism and it is probable that the Confucianism values have influenced communism, which can explain the similarities.

### Collectivism

Collectivism, which is a dimension of Chinese culture (see paragraph 4.1.1), has influenced the leadership style used by Chinese managers. Several studies have found that the strongest influence from Collectivism on Chinese leadership is the way leaders use **indirect communication** as a mean to reach their goals. In order to avoid the risk of damaging guanxi and/or losing face, Chinese leaders use indirect approaches, coalition tactics and gift giving to handle problematic events or to influence involvement and practice (Lin, 2008). The way Chinese managers use vague language or hints when pointing out faults to their subordinates is related to the concept mianzi (see paragraph 1.1.3). In this way, managers can make their subordinates feel confident, by promoting interpersonal harmony (Dorfman, 1997).

**Indirect communication:**  
Coalition tactics,  
gifts, vague  
language or hints

Given the different concepts that can affect and influence leadership, it is interesting to investigate general preferences and reflections on what makes a good leader. This leads to the following question, related to leadership:

#### RESEARCH TOPIC: LEADERSHIP

- *What aspects of leadership do Swedes and Chinese find important?*

### Illustrative example 4: Showing hands, losing face

"I do not know why, but somehow I started talking about diseases and I told the group that red palms is a sign of liver cirrhosis. Everyone started to compare their palms with each other except for one man. The group nagged at him and finally he showed his palms, which were very red, almost violet. (...) When we took farewell that evening in Shanghai he gave me a murdering look. I would not like to meet that man again, especially not in a dark ally"

- Chronicle in Faktum, p.41 (Lenarto, 2011)

#### 5.1.2. Confirm face and warmth are important

In contrast to the strategy of indirect communication, a strategic use of mianzi can be used to enhance open discussion. As pointed out by Tjosvold, Hui and Sun (2004) Chinese employees can easily adhere to an organisational culture where direct discussions are valued, as long as the employees feel confident that they will not lose face. Tjosvold, Hui and Sun (2004) therefore propose strategic use of mianzi. People taking part in a discussion want to be seen as strong and capable. If the conflict makes them appear as weak and/or incompetent, this will make them lose face, see Illustrative example 4. Confirming the face of your opponent means that you confirm that he or she is capable and strong. This leads to an open and direct communication as the risk of losing face is eliminated (Tjosvold, Hui, & Sun, 2004).

As described above, indirect communication and confirmation of face are two methods that can be used by leaders when they give feedback to subordinates. It is interesting to find out how often these methods to give feedback are used, and to understand when one or the other of these two methods should be used. This leads to the following question, related to feedback:

- *What attitudes to feedback do Swedes and Chinese hold?*

Mianzi also influences how subordinates exhibit loyalty and conformity to their leaders. If the subordinate questions what the manager says, this can make the manager lose face. As a consequence, the subordinate becomes reluctant to openly criticise the manager's instructions (Dorfman, 1997). Also, the subordinate could be afraid of punishments or losing the job if he/she complains. The problem of openness between managers and subordinates can be illustrated in the Chinese joke below.

*"A Chinese employee is leaving his job in China to go and work in the U.S. The Chinese boss tries to find out the reason:*

- *Are you satisfied with your salary?*
- *Yes I am.*
- *Are you satisfied with your boss?*
- *Yes, I am.*
- *Then why are you leaving?*
- *Because in the U.S. you are allowed to be unsatisfied."*

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- (Chinese students at Chalmers, 2011)

However, according to Chen & Tjosvold (2006) Chinese subordinates can have open discussions with their managers if the discussion takes place within trusted, one-to-one relationships. Another aspect that is linked to personal characteristics and behaviour of the leader is expression of interpersonal warmth. In an experiment with 80 participants from China, communication of warmth helped develop a cooperative relationship, where opposing views could be discussed freely (Sun & Tjosvold, 2003).

#### 5.1.3. Preferences originate both from Confucianism and collectivism

When instead of concentrating on the leader, the focus is turned towards the subordinates and their preferences of leadership style, Dorfman et al. (1997) found that Chinese people prefer a leader who is harmonious but directive. The leadership style is also seen as important, which was confirmed in a study with Chinese managers attending an MBA class. The managers favoured a transformational leadership style,

with emphasis on motivation and vision (Gao, Arnulf, & Kristoffersen, 2011). For a more detailed description on transformational leadership see paragraph 8.1.4.

This statement stands in contrast to the findings of Lin (2008), whose research shows that the collectivistic culture of China makes Chinese place less value on having a motivating boss compared to Americans. Lin (2008) also describes a study in which the collectivistic culture of China makes Chinese subordinates put less trust in their leaders. Lin (2008) thereby identifies a contradiction between the influences from Confucian values, where the leader as a role model is emphasised, and the collectivistic values, which could lead to distrust in leaders. However, one can assume that even if Chinese people would put less value on motivation as an important leader characteristic, having a motivating manager is unlikely to have a negative effect on subordinates.

#### 5.1.4. Guanxi can be an important aspect of promotion

Another important aspect of Chinese social interactions is the concept of guanxi (see paragraph 1.2.3). Guanxi is positively related to the quality of the leader-subordinate relationship. It influences both the commitment of the subordinate, and the subordinate's perception of the leader's performance (Chen & Francesco, 2000). A study by Gao, Arnulf and Kristoffersen (2011) also showed that a close relationship between leader and subordinate is wanted. Since guanxi is used to exchange favours, it can be used in the situation of giving promotions or offering a new job (Bian & Ang, 1997). Guanxi is therefore important for career development in China. In a study of 343 employees, their 343 managers and 662 of their peers, it was found that the relationship between political skill and own job promotion is stronger for employees with guanxi (Wei, Liu, Chen, & Wu, 2010). But it is not only the exchange of favours that makes guanxi important for job promotions. Guanxi can also lead to more dialogues and higher confidence between managers and employees, which make managers more knowledgeable about the employees' capabilities. This in turn makes managers better able to carry out successful assignment of tasks and promotions (Chen & Tjosvold, 2007).

It appears as if guanxi can lead to many positive outcomes for an organisation. It is therefore interesting to investigate further how and when it can be used. Also, as guanxi is linked to relationships between subordinates and leaders, it is important to understand what is really meant by having a good relationship and how these relationships can be created. This results in the following question, related to relationship:

#### RESEARCH TOPIC: RELATIONSHIP

- *What meanings do the relationship between leader and subordinate have for Swedes and Chinese?*

The relationship between guanxi and successful promotions only accounts for relationships between Chinese managers and Chinese employees and does not look the same for American managers and Chinese employees (Chen & Tjosvold, 2007). This finding is interesting to companies that have Western expatriates in China. A possible reason for why guanxi does not work between Western and Chinese employees could be that Western managers may have a tendency to misinterpret the Chinese meaning

of authority. A study by Gao, Arnulf, & Kristoffersen (2011) on how Chinese managers perceive Western theories of leadership found that Chinese managers believe that Western expatriates often misinterpret **authority** as **authoritarianism**. Western expatriates had a tendency to use controlling behaviours and thereby disrupted the, for the Westerners, invisible bond between the leader and subordinate.

**Authority:**  
The power or right to give orders and make decisions

**Authoritarianism:**  
Favoring or enforcing strict obedience to authority at the expense of personal

#### 5.1.5. Influences from Western cultures and rediscovering of own practices

In 1978 China took a new economic stand when the country adopted the “open door policy”, allowing and promoting foreign trade and economic investment. This new position attracted many Western investors and has led to a huge transition of the Chinese economy (see Appendix 1). At the same time, the influence of Western ideologies has come to affect the young Chinese born after the implementation of the economic reform (Li & Li-Hua, 2009). An article in Times describe this generation as “China’s ME generation”, referring to their self-interest (Elegant, 2007).

The arguments presented above can help explain the results from a study on management preferences among young employees in China (post ’80s), which indicated a recent change towards more individualistic values combined with the values of Confucianism (Li & Li-Hua, 2009). The results showed that young employees have individualistic expectations on management, such as the desire of an open and supportive relationship between the manager and subordinates rather than a controlling one, but also that they have expectation of managers to follow the Confucian value to behave morally. The study has limitations such as a relatively small sample of participants. However, the findings are consistent with another study that explored preferences of Chinese managers (MBA students). These managers emphasised the combination of Confucian and Western ideas of management (Gao, Arnulf, & Kristoffersen, 2011).

The trend of Western influences on leadership is questioned by Roland Berger, a strategy consultancy firm with experience from businesses in China (Edenhall, 2011). Roland Berger identified a new leadership culture in China with fewer tendencies of Western practices. Representatives of the firm say that the development since 1978 has been towards Western practices, but that the recent strong development in China also has given rise to a pride of the country’s traditional values together with the view that Chinese people have a lot to learn from themselves and their own traditions. Chinese people have also reacted to the fact that China has withstood the global economic slowdown better than most Western countries.

#### 5.1.6. New influences and old traditions important

It is evident that Chinese leadership has strong influences from the old philosophies from the Chinese culture. But it also seems as if there are both preferences for, and characteristics of, Western influences on Chinese leadership. At the same time there is a discussion whether old values are re-emerging or if Western influences will keep growing. Just as with the concept of culture, both dynamics of values and the heritage of old traditional values have to be considered when studying Chinese leadership in a production process. As stated in Illustrative example 5, it might actually be the combination of Chinese and Western leadership characteristics that together make up the most favourable alternative.

### Illustrative example 5: A fruitful combination

“I like the way Swedish managers respect individuals. In Sweden, position is just a description of different responsibilities and does not have to do with hierarchy. The disadvantage is that it doesn’t work well when people don’t want to take responsibility. Under a Chinese management, employees have to follow orders and work hard to reach the goals but it might be harder to speak openly to the manager. Therefore, the best alternative would be a combination”

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(Yang, 2011)

## 6. Teamwork in China

One condition that is important for VCMS to work is cooperation between members in production teams and between teams. As mentioned in the section on Hofstede's cultural dimensions, Chinese people have a history of collectivism (paragraphs 4.1.1 and 5.1.1). Some researchers argue that this cultural characteristic favours cooperation, as will be discussed below. But even if Chinese are loyal within close relationships, they can still exploit people not part of their group (Tjosvold, Poon, & Yu, 2005). Therefore, it is important to investigate which Chinese culture characteristics are supportive and which are hindering to cooperation within teams, and what can be done to increase the level of cooperation. The concepts of cooperation that will be discussed below are conflict solving, open discussions and joint decision-making.

### 6.1. Cooperation in teams

Successful teamwork is dependent upon cooperation between team members. The following text describes theory on how to encourage cooperative conflict solving.

#### 6.1.1. Cooperative conflict solving leads to many positive outcomes

Cooperative conflict solving in teams can have many positive effects. One example is that cooperative conflict solving promotes confidence in relationships between team members in China. However, if not handled properly, conflicts can have the opposite effect, leading to fragmented relationships (Tjosvold, Poon, & Yu, 2005). Another reason for why the concept of cooperative conflict solving is important to study is because it can lead to more productive teams. In a Chinese study made by Chen, Liu and Tjosvold (2005) it was found that management teams that use cooperative conflict solving are more productive and effective, which in turn results in organisational innovation. Cooperation has also been shown to increase job satisfaction, which in turn lowers employees' intention to quit (Scott, Bishop, & Chen, 2003). Cooperative conflict solving can therefore help reduce employee turnover. Interestingly though, there appears to be differences in the effect of having an open conflict, depending on the nature of the conflict. As described by Tjosvold, Poon and Yu (2005) research has shown that conflict over relationships are negative to group effectiveness whereas conflict over task issues promotes group effectiveness. Another important aspect of cooperation is that cooperative goals used in conflict solving can influence how the organisation and its managers are perceived. It has been found that the stronger the cooperative goals, the more people and productive oriented the leaders are perceived and the more innovative the organisation is seen (Chen, Tjosvold, & Liu, 2006).

#### 6.1.2. There is disagreement over whether or not Chinese avoid conflicts

As discussed above, cooperative conflict solving can bring many positive effects. How then can cooperative conflict solving be promoted in China and what are the barriers? As described by Kirkbride, Tang and Westwood (1991) Chinese often avoid confrontation and favour a compromising and avoiding style of conflict resolution. This can be related to the Confucian emphasis on harmony, where people are encouraged to control their feelings and work with others in a harmonious manner (Morris, o.a., 1998). Another reason could be the risk of losing face (Tse, Francis, & Walls, 1994). Taken together, the arguments above imply that cooperative conflict solving with open discussions might be hard to implement in China, due to the preference for avoiding conflicts. However, there is disagreement among scholars regarding whether or not Chinese avoid open conflicts. Some researchers (Tjosvold, Wu, & Chen, 2010) (Tjosvold, Hui, & Sun, 2004) argue that the collective culture in China supports open-minded discussions. They point to research that has shown how strategic use of saving face can

enhance, instead of hinder, openness in discussions (see paragraph 5.1.2). Another example that supports the theory that Chinese people discuss openly is that collectivistic values can result in strong relationships, not through conflict avoidance but through direct discussion (Law, Sun, & Tjosvold, 2003). The reason for this could be that in a collectivistic culture, as the one in China, people are more likely to view their individual goals as cooperative (Tjosvold, Wu, & Chen, 2010) (Scott, Bishop, & Chen, 2003), and if their goals are cooperative they are more likely to indulge in open discussions (Tjosvold, Lu, & Shi, 2010). As there is disagreement among researchers in regard to the use of open discussions, it is interesting to find out whether or not Chinese are used to joint problem solving and if they use open discussions to develop solutions. This results in the following question, related to problem solving in teams:

#### RESEARCH TOPIC: PROBLEM SOLVING

- *What attitudes to problem solving in teams do Swedes and Chinese hold?*

Different strategies to saving face in a discussion between the leader and the subordinate were discussed in the paragraphs on leadership (5.1.1 and 5.1.2). Both indirect communication, leading to conflict avoidance, and confirmation of face, leading to open discussion, were proposed as effective tools to use. However, when it comes to problem solving in teams, it is important that team members can have open discussions, in order to be able to build on each other's thoughts and ideas.

#### 6.1.3. Cooperative approaches are favoured over competitive approaches

Independent of whether or not Chinese avoid conflict, it is interesting to investigate which approach to conflict solving they prefer when they get into a conflict they cannot avoid. Research has shown that cooperative approaches to conflict solving are generally preferred over competitive ones (Zhang, Cao, & Tjosvold, 2010). What is also interesting is that in a research on preferences for different types of conflicts resolvers, the difference between individualistic and collectivistic cultures was marginal. Both cultures preferred a compassionate peacemaker before a dominating peacemaker. The characteristics of the compassionate peacemaker were kindness, humility, warmth and sensitivity, while the characteristics of the dominating peacemaker were cruelty, pride, coldness and insensitivity (Montiel, 2000). However, the result of this study can be questioned since the characteristics of the dominating peacemaker are described in negatively biased words.

#### 6.1.4. Training, goals and reward systems favour cooperative conflict solving

As stated above, cooperation can bring many positive effects to the organisation (see paragraph 6.1.1) and Chinese generally prefer cooperative conflict solving to competitive conflict solving (see paragraph 6.1.3). Therefore, it is interesting to study what is needed for cooperative conflict solving to become common practice in an organisation. As described by Tjosvold, Lu and Shi (2010), and Tjosvold, Poon and Yu (2005), research has shown that training in cooperative conflict solving can increase the level of **constructive controversy** and cooperation between teams. A positive side effect of cooperative team training is that it enhances the overall effectiveness of learning, making it easier for people to learn new ideas and skills (West, Tjosvold, & Smith, 2002). Another tool to increase cooperation is use of cooperative goals, which

**Constructive controversy:**  
Open-minded discussion of opposing views

can help achieve open-minded discussions between team members (Wang, Chen, Tjosvold, & Shi, 2010; Law, Sun, & Tjosvold, 2003) and open and constructive discussions between teams (Tjosvold, Lu, & Shi, 2010). A third tool that can be used to increase the level of cooperation in conflict solving is compensation linked to group performance (Tjosvold, Lu, & Shi, 2010).

#### 6.1.5. Selection of managers is also important to support cooperation

Another important aspect to consider when wanting to increase cooperation is selection of managers on the basis on their conflict solving skills and how willing they are to listen to employees (Chen, Liu, & Tjosvold, 2005). The type of leadership that a manager uses can also influence the level of cooperation. As found by Zhang, Cao and Tjosvold (2010) cooperation is supported by having transformational leaders as they often encourage teams to adopt cooperative conflict management.

### 6.2. Decision making and idea generation

Another important part for teamwork is how to come up with and select ideas. The following text is therefore about decision-making and improvement suggestions.

#### 6.2.1. Cultural values can both support and hinder joint decision-making

Even if it is *possible* to discuss freely, the discussion is of no use if the opposing views are not taken into consideration when making a decision. It is therefore interesting to also look into the concept of joint decision-making. Scholars have different opinions regarding the issue of whether the Chinese culture is supportive or obstructive of joint decision-making. Tjosvold, Wu and Chen (2010) are of the belief that the collective nature of Chinese culture leads to an integrative decision-making. On the other hand, Scott, Bishop and Chen (2003) argue that paternalism and Confucianism can hinder participative decision-making because of the focus on top-down hierarchy. As discussed in paragraph 5.1.2, the leader might also be unwilling to listen to opposing views, since being wrong would make him or her lose face.

#### 6.2.2. Cooperative goals can also be used to spark innovation

Cooperative goals also have connections to creativity and innovation. Wong, Tjosvold, & Chunhong (2009) found that when team members find their goals cooperative, it convinces them that they have joint potency to overcome obstacles and innovate. By helping each other to succeed in order for the whole group to reach its goals, innovation is stimulated in the group. Besides cooperative goals, different types of rewards can also spark ideas. For example, extrinsic rewards (monetary) are important for innovation, but have to be combined with intrinsic rewards (encouragement and empowerment) to not erode people's innovative skills (Zhou, Zhang, & Montoro-Sanchez, 2009). This results in the following question, related to improvement suggestions:

RESEARCH TOPIC: IMPROVEMENT SUGGESTIONS

- *What influences the process of giving improvement suggestions for Swedes and Chinese?*

#### 6.2.3. Cooperation create effectiveness and innovation

As a conclusion, cooperative conflict solving can lead to many positive outcomes, such as increased effectiveness in teams, and it is also the preferred method to use among

Chinese. To support cooperative conflict solving, an organisation can use training, cooperative goals, and compensation linked to group performance. When it comes to how cooperative conflict solving can be done, there are two main ways: conflict avoidance through indirect communication or open discussions. As it is important for team members to build on each other's ideas and together find a solution to the problem discussed, open discussion is preferable to conflict avoidance. There is an ongoing debate on whether or not open discussions are supported by Chinese cultural characteristics of harmony, mianzi and collectivism. When it comes to improvement suggestions, cooperative goals and reward system can improve the degree of innovation.

## 7. Further developed research questions

From the literature study, it was explored which cultural characteristics are different between Sweden and China, and what concepts are included in the terms Lean-based leadership and Lean-based teamwork. These findings are shortly summarised below.

### **Cultural characteristics that differ between Sweden and China:**

Mianzi, Confucianism, high power distance, guanxi, collectivistic values, paternalism, harmony

### **Lean-based leadership:**

Goal deployment, visual performance, coaching leadership, dual roles of leadership

### **Lean-based teamwork:**

Joint problem solving and expression of ideas for continuous improvement within teams

## 7.1. Research Questions and research topics

The literature study was also used to identify a number of specific topics, in the form of questions. These topics and questions are here presented together with the main research questions. Note that all research topics can be relevant for the third research question and hence the topics have been divided into those relating to leader-subordinate interaction and those relating to cooperation in teams.

### 7.1.1. Research Question 1: Leader-subordinate interaction

*How can Chinese cultural characteristics, that are different from Swedish cultural characteristics, influence possibilities to implement Lean-based **leadership**?*

#### **Research topic: Leadership**

- What aspects of leadership do Swedes and Chinese find important?

#### **Research topic: Motivation**

- What influences motivation for Swedes and Chinese?

#### **Research topic: Feedback**

- What attitudes to feedback do Swedes and Chinese hold?

#### **Research topic: Relationships**

- What meanings do the relationship between leader and subordinate have for Swedes and Chinese?

### 7.1.2. Research Question 2: Cooperation in teams

*How can Chinese cultural characteristics that are differences from Swedish cultural characteristic influence possibilities to implement Lean-based **teamwork**?*

#### **Research topic: Problem solving in teams**

- What attitudes to problem solving in teams do Swedes and Chinese hold?

#### **Research topic: Improvement suggestions**

- What influences the process of giving improvement suggestions for Swedes and Chinese?

### 7.1.3. Research Question 3: Diffusion of knowledge

*What aspects of Chinese leadership structure and Chinese teamwork based processes have potential to improve operations performance in other countries, and could therefore be **globally diffused** within Volvo?*

As mentioned above, all previous research topics are relevant for the third research question, as the question relates to what Volvo can learn from Chinese leadership and teamwork.

Before the data collection, one interview guide was developed for each of three interview samples, using the six above presented research topics and corresponding questions. These interview guides are found in Appendix 3.

## 8. Theoretical frameworks

To better analyse and understand information collected in the data collection phase, theoretical frameworks are needed. The frameworks used in this study covers the six research topics presented in the preceding paragraph.

### 8.1. Leadership

Three of the most prominent theories on leadership are trait theory, behavioural theory and contingency theory (Hellriegel & Slocum, 2007). Another theory that often is cited in relation to leadership is transformational theory (van Maurik, 2001). Even though these four theories belong to different generations and intellectual standpoints they are not mutually exclusive. Still, each theory has added new insights to the on-going debate on leadership (van Maurik, 2001). These four theories are described below, together with the X and Y theory, which describes two contrasting assumptions about employees.

#### 8.1.1. Trait theory looks at common traits for leaders

This theory argues that leaders possess certain traits. Although there are many different traits, the most usual are intelligence, self-confidence, determination, integrity, credibility and sociability. However, already in the late 1940's the theory that a leader had to inhibit a certain set of traits was challenged. It was concluded that traits alone cannot define a leader, and that leadership is also dependent upon situational factors and relationships. However, personal traits still contribute to what makes a good leader. (Shriberg & Shriberg, 2010)

#### 8.1.2. Behavioural theory describes different leadership styles

Instead of focusing on leader characteristics and traits, the behavioural theory looks at leadership styles and behaviours, especially with regard to how behaviour influences performance and motivation of employees. Leadership style can be mapped along a dimension of authoritarian (manager-centred) versus democratic (subordinate-centred). The behaviour chosen by the manager depends upon personal values, confidence in subordinates, and ability to cope with uncertainty. This one-dimensional model has been further developed to comprise four different styles of leadership, as described below (Brooks, 2006):

##### ***Joins***

The manager defines the problem, but leaves final definition and scope open for change and discussion. After the initial definition, the leader becomes a group member in the problem-solving group and leaves the final decision to the group.

##### ***Consults***

The manager defines the problem and decides the solution, but first after consultation with subordinates. The definition and decision is adapted according to suggestions made by group members.

##### ***Sells***

The manager defines the problem and decides the solution, and then persuades the group that his/her decision is the best.

##### ***Tells***

The manager identifies the problems, decides the solution, and then expects the subordinates to implement the solution without questioning.

### 8.1.3. Contingency theory covers situational factors

The contingency theory says that the leader's behaviour interacts with the situational factors, which together determines its effectiveness. In short, the theory argues that different situations require different behaviours. There are three broad characteristics that can be observed in the situational context, as given below (Brooks, 2006):

#### **Leader-group member relations**

The first characteristic relates to the atmosphere in the work group, and also includes loyalty and trust between the group members. Frameworks on leader-subordinate relationships, which describe this further, are given in paragraph 8.4.

#### **Task structure**

The second characteristic, task structure, relates to if subordinates understand what should be done and what the goals are.

#### **Position power**

The third characteristic is about whether or not the leader has legitimate power to tell others what to do.

### 8.1.4. Transformational theory relates to organisational dynamics

In leadership research, authors often make a distinction between transformational and transactional leadership. Transactional leadership relates to leadership when the corporate environment is stable, while transformational leadership relates to organisational change (Brooks, 2009). The differences between the two types of leadership can be seen in Table 2 below.

A transactional leader uses...	A transformational leader uses...
<ul style="list-style-type: none"><li>• Rewards based on performance</li><li>• Intervention only when standards are not met or rules not followed</li><li>• An avoiding style when faced with difficult decisions</li></ul>	<ul style="list-style-type: none"><li>• Charisma and visions</li><li>• Inspiring leadership and sets high expectations</li><li>• Coaching and gives personal attention to subordinates</li></ul>

**Table 2:** Transactional and transformational leadership (Brooks, 2006).

### 8.1.5. Theory X and Y describe assumptions about employees

What makes a leader choose a certain type of leadership? The answer can be related to the values and assumptions held by the leader. Theory X and theory Y relates to the assumptions managers make about their employees. Leaders following theory X assume that employees work for money or in order to avoid punishment. Because of this assumption, theory X managers closely monitor their subordinates and use rewards and punishments to motivate employees to do a good job. Theory Y leaders, on the other hand, assume that employees are ambitious, self-motivated and that they want to take on responsibility for the work outcome. Because of this perception, theory Y managers give employees more autonomy than theory X managers. (Cohen, 2010).

## 8.2. Motivation

Motivation can be connected to different types of incentives. In a research by Friberg (1975) he discusses what kind of incentives make an individual willing to spend time and energy on a collectivistic goal. The research found that incentives are of four different kinds: coercive forces, material incentives, normative incentives or inherent incentives. These four different motivational factors will be described further below and are also illustrated in Figure 8-1.

### ***Coercive forces***

Coercive forces are incentives based on physical or psychological sanctions. It can be both direct through violence or other restraints, but also indirect and structural in the form of a social system. In the indirect form, the participant does not have a choice not to complete a task because of certain circumstances, for example the lack of alternatives. Coercive incentives do not work in those cases where the task demands the executor to feel motivation, responsibility or concern.

### ***Material incentives***

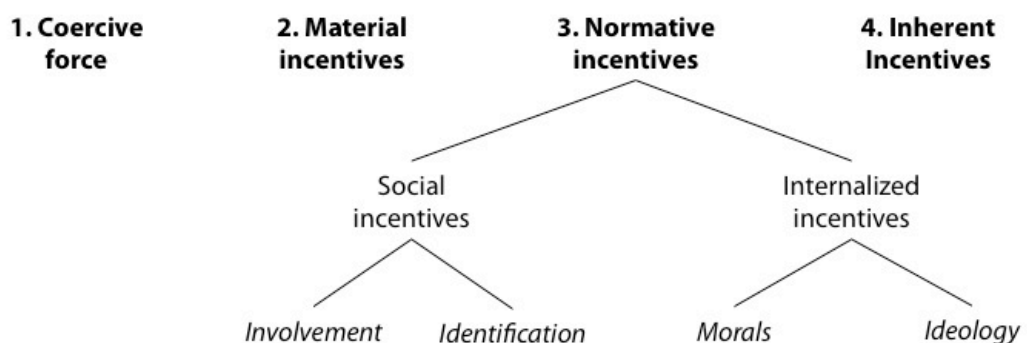
Material incentives are the classical form of motivation. Using material incentives means that performance is rewarded by salary, bonus or other material compensations. The effectiveness of material incentives differs among industries and tasks. Material incentives have turned out to be especially effective for typical blue-collar tasks and on middle management levels, but a limitation is that they stimulates routine work and not creativity or innovation.

### ***Normative incentives***

Normative incentives infer that a person participate in a task only when he or she get social or moral satisfaction from it. These incentives can hence be divided into two sub-groups: social incentives and internalised incentives. Social incentives are related to group effects and have two subgroups: involvement and identification. Involvement is related to getting approval from the group and identification is about finding one's role in relation to the other members in the team. Social incentives have proven to be among the strongest incentives. In combination with internalised incentives they are the most important incentives in manufacturing plants in Sweden, as of 1975 when Friberg conducted the study. Internalise incentives are part of a person's personality and harder for industry to utilise. Also here there are two subgroups: morals and ideology. Morals are incorporated into people's personalities when they are young and ideology is incorporated into the personalities when people become adults. The internalised incentives rather determine what tasks or goals a person is suitable to work against and they have a strong influence on a person's attitude towards work.

### ***Inherent incentives***

When the task in itself is rewarding or releases tensions for the individual performing the task this is called inherent incentives. These incentives hence differ among different individuals depending on their needs and interests. Inherent incentives can be utilised by the practice of job enrichment, when the job is adapted to fit with the individual's preferences in order to create motivation.



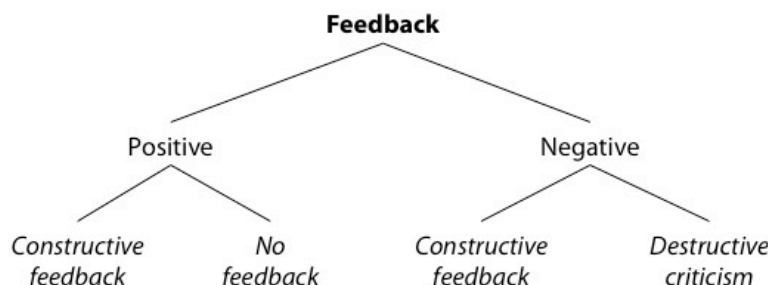
**Figure 8-1:** Friberg's framework on incentives (Friberg, 1975)

### 8.3. Feedback

Feedback can be defined as “information about performance or behaviours that leads to an action to affirm or develop that performance or behaviour” (Thatcher, 1994, cited in Bee & Bee, 1996, p.2). The definition assumes that feedback is constructive in the meaning that the person is either doing something right or has the capability to do so.

Feedback can be positive or negative. Positive feedback relates to comments that refer to positive accomplishments or characteristics about a person in order to strengthen or highlight them. Negative feedback can also be good, when the aim of the feedback is to make a person aware of his or her weaknesses and thereby be able to work with improving them. There is a distinction between feedback and criticism where the first is constructive and the second destructive and without any base for improvement (Bee & Bee, 1996).

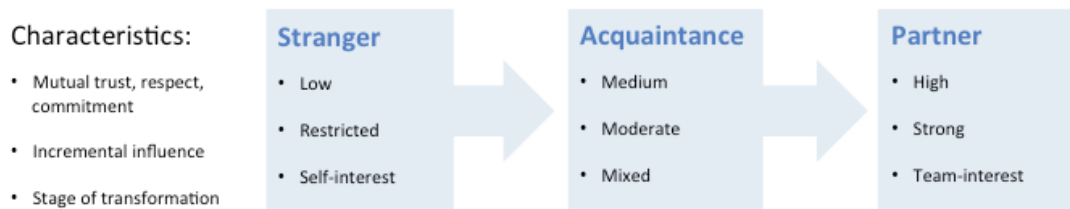
There are two major problems relating to feedback. One is a lack of positive feedback, and the other one is negative feedback provided as criticism. Not giving positive feedback has the problem that it makes it harder for the receiver of feedback to build on his or her strengths. Also, it could even make the receiver of feedback weaker if he or she does not become awareness of what is good. Constructive feedback, on the other hand, “provides information about behaviour and performance against objective standards in such a way that recipients maintain a positive attitude towards themselves and their work” (Bee & Bee, 1996, p. 3). The other problem related to feedback is destructive criticism, which is often related to situations where feedback is given, but there are no agreed standards against which to measure the performance of the individual. The information then tends to be mainly subjective.



**Figure 8-2:** Bee & Bee's framework on feedback (Bee & Bee, 1996)

### 8.4. Relationships

The leader-member exchange (LMX) theory was developed in the 1970's. As the name suggests, LMX theory draws on the assumption that both leaders and subordinates gain from the relationship. The quality of the relationship is therefore the basic unit of analysis. Recent studies on LMX focus on the effectiveness of leader-subordinate relationships. Here, the relationship can be assigned to one of the three quality stages: stranger, acquaintance or partner. As a relationship develops over time, it can move to higher stages, see the figure below (Winkler, 2010).



**Figure 8-3:** Three stages of increasing quality for leader-subordinate relationships (Winkler, 2010).

In the stranger stage, the relationship is formal and contractual. The followers are driven by self-interest and neither the leader nor the follower goes beyond his or her organisational role to develop the relationship. The acquaintance stage is where the relationship between subordinates and leaders start to expand beyond organisational roles. Here, the follower takes on more responsibility and is given access to more information. Also, the relationship becomes more personal. In the third and final partner stage the follower becomes a member in what is referred to as the in-group. This means that the follower acts in accordance with the welfare and not in order to achieve self-interests. Being a part of the in-group also means that the subordinate acts beyond his or her formal role to contribute to the aim of the whole group (Winkler, 2010).

#### 8.4.1. There is criticism of the LMX theory

Empiric results suggest that in-group relationships are more effective than out-group relationships. However, there is criticism to the theory of LMX. It has been stated that the LMX theory makes too vague distinctions between what should be named a low-level respectively a high-level relationship and also that the theory neglects the difficulty of realising win-win situations for all members in the in-group (Winkler, 2010).

#### 8.4.2. LMX does not cover issues related to guanxi

Another criticism is that the LMX theory only includes some aspects of work relationships that are important in the Chinese context. In an empirical study by Law, Wong, Wang and Wang (2000) it was concluded that supervisor-subordinate guanxi is distinct from LMX and that it has additional influence on promotional and bonus allocation. Guanxi may be thought to lead directly to promotions as a result of reciprocity for previous favours. However, guanxi can also help develop communication and understanding between leaders and subordinates and therefore give the leader better confidence when assigning employees to new jobs. A study on 163 Chinese employees conducted by Chen and Tjosvold (2007) showed that leader-member relationship and personal guanxi had positive effects on constructive controversy, which in turn facilitated the process in which employees received challenging promotions.

For foreign managers, it can be hard to understand guanxi in the context of leader-subordinate relationships. As an example, Chinese employees may engage in organisational citizenship behaviour, performing work tasks that benefit the whole group. However, this behaviour might not be without self-interest but could be a way to foster guanxi with subordinates (Wei, Liu, Chen, & Wu, 2010).

Even though the LMX theory does not cover aspects of guanxi, it is still widely used to describe relationships. However, when used for the Chinese context, guanxi needs to be considered as an additional concept.

#### 8.4.3. The quality of the relationship can differ

While the LMX theory describes the different levels of a relationship, Frischer, Alänge, and Scheinberg (2000) describe that a relationship can also be of different qualities. A relationship's quality belongs to one of the four dimensions: polite, instrumental, affective, passion/ethics. These dimensions are described below.

##### ***Polite***

The polite relationship is built upon respect and formality. Emphasis is put on social face and the relationship remains shallow with no attempt to deepen it further. This type of relationship is often found in hierarchal relations.

##### ***Instrumental***

Instrumental relationships focus strongly on the task and often have a specific goal of the same. Roles, responsibilities, duties and rules are clearly stated.

##### ***Affective***

The affective relationship has a clear orientation towards caring for the other person and caring for what he or she likes or dislikes. This kind of relationship prioritises meaning, motivation and needs. The affective relationship is mostly found in personal relations between friends and family.

##### ***Passion/ethics***

In an ethical relationship the parties are connected by a common view on what is good, bad, right or wrong. The relationship is driven by a shared passion, often combined with an ethical and moral perspective. Ethical relationships are dominant in political or voluntary work.

Even though instrumental relationships are task oriented, they lack the possibility to transfer more tacit and subtle kinds of knowledge. The more passion oriented and ethical the relationship is, the easier is it to transfer knowledge that is not purely explicit. However, ethical relationships are the most demanding ones regarding time needed to develop the relationship, since the parties need to know and understand each other.

#### 8.5. Problem solving in teams

Many frameworks on teamwork deal with how routine tasks can be coordinated among members. This has left a need for a framework on collaborative problem solving in teams (Rosen, Salas, Fiore, Pavlas, & Lum, 2009). Fiore, Smith-Jentsch, Salas, Warner, and Letsky (2010) have developed such a framework, looking at the five team knowledge-building processes: team information exchange, team knowledge sharing, team solution option generation, team evaluation and negotiation of alternatives, and team process and plan regulation. The functional view on processes, which is an empirically supported view, states that: "the more group process devoted to the five team knowledge-building functions, the better the problem outcomes will be" (Rosen et al, 2009, p. 1298). These knowledge-building processes are explained briefly in Table 3 on the following page.

Team Knowledge-building Process	Definition
<ul style="list-style-type: none"> <li>• Team information exchange</li> </ul>	<ul style="list-style-type: none"> <li>• Sharing relevant information with team members</li> </ul>
<ul style="list-style-type: none"> <li>• Team knowledge sharing</li> </ul>	<ul style="list-style-type: none"> <li>• Communicating explanations and interpretations of information</li> </ul>
<ul style="list-style-type: none"> <li>• Team solution option generation</li> </ul>	<ul style="list-style-type: none"> <li>• Offering potential solutions to a problem</li> </ul>
<ul style="list-style-type: none"> <li>• Team evaluation and negotiation of alternatives</li> </ul>	<ul style="list-style-type: none"> <li>• Clarifying and discussing positive and negative consequences of potential solutions</li> </ul>
<ul style="list-style-type: none"> <li>• Team process and plan regulation</li> </ul>	<ul style="list-style-type: none"> <li>• Critiquing the team's process</li> </ul>

**Table 3:** The five team knowledge-building processes (Rosen, Salas, Fiore, Pavlas, & Lum, 2009; Fiore, Smith-Jentsch, Salas, Warner, & Letsky, 2010).

## 8.6. Improvement suggestions

There are several initiatives managers can take in order to stimulate ideas among employees and create a positive climate towards innovation. A study by Berggren and Ehrndal (2010) investigated the creativity processes in four different enterprises in China and identified three major areas that can help managers to stimulate ideas among employees. These areas are: openness and interaction, promotion and acknowledgement, and dedicated organisational functions.

### ***Openness and interaction***

Openness and interaction refers to how managers should “focus on creating an open work environment that stimulates interaction” (Berggren & Ehrndal, 2010, p. 65) by making sure physical environment for informal discussion can exist among employees. By establishing policies about “walkabouts” and coffee breaks, employees are given opportunity to meet and share ideas. Managers should be open and available for subordinates and make sure to delegate responsibility. Teamwork, especially in small groups, will also support a creative climate.

### ***Promotion and acknowledgement***

By promoting “creativity and acknowledge successful creative work” (Berggren & Ehrndal, 2010, p. 66) managers should show commitment to creative processes in actions and emphasise the importance of creativity to the firm. Successful creative work should be acknowledged and rewards should have a clear connection between effort and reward.

### ***Dedicated organisational functions***

The third area refers to how managers should create “organisational functions dedicated for creativity work” (Berggren & Ehrndal, 2010, p. 66) by establishing systems for idea generation and capturing. The managers also have to make sure that those systems are easily accessible and understood. To enhance the amount of ideas in an organisation, an idea generation system like “innovation time off” can be implemented. It is however important that the system is not too rigid, in order not to limit the level of creativity in produced result.

# Part III:

# Results

The aim with the third part of the report is to present the results from the interviews and the workshop in a way that is clear and organised, but still objective in the sense that no comparison is made between the results. First, the student interview results are presented, then the Chinese employee interview results and then the Swedish interview results. Lastly, the workshop results are presented. All results are structured according to the six theoretical frameworks: leadership, motivation, feedback, relationship, problem solving in teams and improvement suggestions.

## 9. Student interview results

The results presented here are the combined outcomes from both the Swedish research team and the Chinese research team. No information was different between the research groups, but instead the combined results could help deepen the knowledge of the issues brought up in the interviews.

### 9.1. Leadership

Overall, the results from the student interviews relate to the frameworks on leadership, presented in paragraph 8.1. However, there are also interesting results that are not covered by the frameworks. These results are about the leader's responsibility to help subordinates develop at work and characteristics of good subordinates.

#### 9.1.1. A leader should be capable and show kindness

In the student interviews, the two most frequently stated leadership traits were kindness and capability. Other traits that were mentioned were determination and creativity. Creativity was related to the age of the leader, as younger leaders were assumed to be more creative than old.

#### 9.1.2. Chinese leaders are expected to use a telling leadership style

The characteristics of a traditional Chinese leader, as described by the students, relate to the telling leadership style, where the leader himself/herself decides upon the solution to a problem without consulting the group and expects the group to obey to the decision.

#### 9.1.3. Consulting and selling leadership styles preferred

Even though the Chinese leaders were characterised as telling, the preference for leadership did not match this style. Instead, preferences for leadership styles were split between the consulting and the selling style. Those who wanted a consulting leader emphasised involvement as an important leadership trait, while those who wanted a selling leader focused more on persuasion abilities.

#### 9.1.4. Contingent communication style is highly valued

Some of the students said that a good leader must be able to adapt to different situations and assume different roles depending on whom the leader is communicating to. The students said that they wanted a leader who could talk to all employees, down to the lowest level in the hierarchy, using words that they can understand but at the same time be able to speak to and influence top leaders in politics and business.

#### 9.1.5. A charismatic transformational leader is most popular

The majority of the students preferred a charismatic transformational leader. They described characteristics such as visionary and influential leadership, and also emphasised the importance of coaching from leaders and other experienced workers. Here, coaching was mentioned as a way to receive training on the job. Even though many statements of how a leader should be relate to the transformational leadership style, some students preferred a transactional leader. These students said that they do not like when the manager changes his or her plan, something that can be related more to the stable and more predictive transactional leadership style. The same students said that they could lose faith in the leader if the change of plan is due to insufficient prior analysis or laziness. If the change is due to a situational factor that is out of control of the leader, the students said they would accept the change and keep their faith in the leader.

#### 9.1.6. Theory X leadership is most common and most preferred

The preference in leadership related invariably to the theory X type of leadership, which is a leader who is controlling and directive rather than delegating. The student emphasised that the leader should be in command and that the leader should control the company, making sure that everything runs without disturbance. The students also expected the leader to be controlling and take interest in details.

#### 9.1.7. Collectivistic behaviours are important

Many of the students talked about the importance of doing good things for society as a whole. Also, they emphasised the importance of not doing harm. Here, Google was given as a good example by some of the students, in relation to the company's golden rule "don't be evil", see illustrative example 6. This ambition of doing good and caring for others is something that the students also wanted to see in their leaders. This characteristic was especially emphasised for team leaders, who should care for the good of the whole team and all team members, instead of focusing on self-interests.

#### 9.1.8. Good leaders identify employee strengths

Another important aspect of the leader, which is not fully covered by the leadership frameworks, is the ability to help subordinates develop. The students want their future leader to be able to identify the subordinates' strengths and put them in the right position.

#### 9.1.9. A good subordinate works hard and understands the leader

To be able to better understand what is expected from the leader, it is also important to get an understanding of what is expected from the subordinates. The two most commonly stated traits of good subordinates were "to work hard" and "to understand the leader". To work hard and do what you are told to do was mentioned by the majority of the students, when asked to define a good subordinate. Several of the students also mentioned the importance of understanding and being able to "read" the leader. Some of the students actually said that a good employee should know what the leader is thinking even if the leader does not explicitly say what he or she wants. Also, the students said that when subordinates have finished their own work tasks, they should help the leader. The emphasis on understanding what the leader wants, without him or her stating it explicitly, indicates expectations of indirect communication between the leader and the subordinates, which will be further developed upon in paragraph 9.2.6.

### 9.2. Motivation

In the interviews, students mentioned all types of incentives from the framework of incentives as important aspects of motivation. Salary was a major factor for motivation at work, but also coercive forces such as when the leader demands the student to do a certain task. The relation to the social group was also emphasised, as well as the inherent incentive of being suitable for a job and feeling fascinated and interested in its content.

#### Illustrative example 6: Don't be evil

To be able to do business in China, search engines have to limit the search results and also give up information on people posting offensive material. Yahoo has surrendered information on their Chinese customers, which has led to trials and imprisonment of these customers on several occasions. Google's core value "don't be evil" influenced the company's decision not to offer any services where the customers need to register names and addresses, thereby circumventing the requirement to surrender information to the Chinese government.

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- (Hamilton, Knouse, & Hill, 2009)

#### 9.2.1. Strong emphasis on salary implies high importance of material incentives

All students mentioned salary as one of the most important aspects of motivation when starting to work. Other material incentives, in the form of benefits connected to work, were also seen as important. Students mentioned house supply, bonuses and vacations as desired benefits. The majority of the students also mentioned promotion and career development as well as a good life after retirement as other important aspects of motivation. They explained how it is demotivating to not be able to see a clear future in the company or feel that the company cares about the future of the individual employee. As a result of this, some of the students emphasised that they wanted to know their future employer's ambitions, values and plans. Knowing about the company's goals and plans was seen as a way to develop faith in the company.

*"...I want to see if this company is promising in the future and my job will be interesting and I will have the opportunity to be promoted. The company should make me know that and if they do I will have great faith in that company."*

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- Chinese student interview

#### 9.2.2. High salary and promotion is important to become independent

The students said that one reason for why salary and promotion is important is because of the difficulty of getting a good job with a salary that is enough for the students to support themselves. Because of the difficulty in getting high salary, support from parents or family could be necessary also when the students start working but, as stressed by the interviewees, it is not a sustainable situation. According to the students, it could take 8-10 years before you earn enough to buy a house and a car since the salary for most people when graduating with a bachelor's degree is currently between 1500-2000 RMB (currently about the same amount in SEK). The majority of the students said that their goal is to live a good life where they are able to support themselves.

#### 9.2.3. Motivation also comes from identification through task achievement

The majority of the students also mentioned normative, social incentives in the form of ability to show your work and capacity. Some mentioned competition and trying to get other people to think that you are good in order to get acknowledgment in the company.

#### 9.2.4. Internalised incentives make students emphasise contribution

The purpose of the work and values of the company was also important incentives mentioned by several of the students. The feeling of wanting to contribute to the society and do something of benefit to others was commonly stated. According to one student, a bad purpose or company values that the student could not agree with would lead to demotivation, even if the company offered a good salary.

#### 9.2.5. All students prefer tasks with inherent incentives

One student explained that, during the time in university, an important part of motivation is the desire for knowledge. All students mentioned that this fascination of the task itself also is an important part of motivation when starting to work. A sense of achievement and the feeling of performing the task well were commonly mentioned aspects of a motivating job.

#### 9.2.6. Task responsibility and demand from leader are common coercive forces

Several of the students mentioned motivation related to coercive forces. Motivation comes from a responsibility for performing the task that the leader has delegated and that this responsibility means doing the task independent of if the task is liked or disliked. One student said that if the task is not done there is a risk of getting punished. From the interviews it could also be understood that during the young school years, teachers seldom tell their students *why* they should study. One student mentioned the expression “good, good study – day, day out” as an expression commonly used by the teachers.

*“During our stay in school, few teachers tell us what we are going to be in the future. The teachers just say: ‘好好学习，天天向上’ - good, good study, day, day out.”*

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- Chinese student interview

#### 9.2.7. Motivation changes in different periods of life

From the interviews, it appeared as if the students’ views on motivation had changed during their lives. This dynamic in views was seen from how the students talked about motivation during different periods in their lives. As mentioned earlier, coercive forces dominated the students’ early years in school. Two of the students talked about how motivation changed when they started at the university. At university, learning was connected to inherent motivation. In their future work, however, all students mention material incentives as important.

### 9.3. Feedback

It appears as if students expect to receive constructive negative and positive feedback, but that the desired way to be given feedback is different depending on if the feedback contains negative or positive comments. Also, even though there was a stated preference for direct feedback, there were also comments that contradict these statements. Another interesting result is that many students asked for a formal forum where they can get feedback, such as at home or during an activity outside school or work. When it comes to giving feedback to managers, the ease of giving feedback to a superior was connected to the superior’s personality.

#### 9.3.1. Communication less direct in traditional Chinese companies

The students believed that Western and modern Chinese companies have higher degrees of open communication. Here, the students saw also joint ventures as Western companies. When asked about what a modern Chinese company is, the students said that a modern Chinese company is not state-owned. One student thought that the more open communication in Western and modern Chinese companies is a consequence of a corporate culture that makes everyone feel equal. The communication climate in state-owned companies were seen as more restricted, meaning that leaders will not state directly to the subordinates if something is wrong in order to save face of the subordinates. However, as described by one of the interviewees, Chinese students are given direct, sometimes very harsh, feedback from their teachers during university and therefore they grow used to open communication.

#### 9.3.2. Negative feedback in private or in e-mail, positive feedback in public

Even if the students wanted direct feedback on their work, the feedback content affected the context in which they wanted the feedback to be given. Some students said that they would feel ashamed if negative feedback were given in public. Therefore, they desired one-to-one discussions. Several students preferred written feedback, such as e-mails or reports.

*“We would think that it is losing face and shameful if you speak publically, in front of a lot of people, and say something bad. You feel angry and shameful. In fact, it will not be good”*

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- Chinese student interview

However, as stated by one of the interviewees, if the issue is of serious matters, a public statement should be made in order to make sure that no one else repeats the same mistake. When it comes to positive comments, the students wanted their managers to give the praising in public, for example in a meeting. The results also showed of a higher preference for face-to-face discussions in the case of positive, compared to negative, feedback.

#### 9.3.3. In general, direct communication is wanted

The majority of the students highly emphasised a desire for open communication and honesty from their leaders. One reason that was given for this preference was the belief that work becomes more efficient when open discussions are used. Another reason was that open communication was in harmony with the interviewees' personalities. The students thought that younger Chinese people, especially those born after the 1980's, value open communication more than older generations.

#### 9.3.4. However, there are contradictions to the desire for directness

Even though the interviewees stressed the need for open communication, some statements indicate that the students sometimes use indirect methods of communication. As an example, one student described how, during a project, he had to

conceal his feelings of frustration in order not to affect other team members. Another student described an experience when his team members avoided talking about their individual goals when working together. The student solved this issues by stating his own goals and “taking the lead” to create an open climate for discussions. At the same time, the same student stated that in his opinion, it is still the leader’s responsibility to know what the subordinates are thinking. As was stated in paragraph 9.1.9, the students also think that it is the subordinate’s responsibility to understand the leader. They also stated that the problem of talking openly relates to the risk of losing face.

#### 9.3.5. Private feedback forums could be the solution

According to the students, the problem of losing face when given feedback can be overcome by using informal forums for feedback. Examples of these informal forums were the home of the employee and in a restaurant. Interestingly, the majority of the student interviewees preferred private talks with their leaders, in a context separated from work. This type of talks were wanted mainly when important issues were to be discussed. One interviewee said that he wanted feedback to be written down, as he thought that was more efficient. However, in case of a complex issue, he rather wanted to be given feedback in his home.

#### 9.3.6. Direct feedback can be given to managers with certain personalities

According to the students, in the case of giving feedback to the manager, it is most effective to give it directly to him/her. However, whether or not the students were willing to give truthful and direct comments to their manager depended upon the personality of the leader. The students said that they were more willing to give direct feedback to an “open” manager. Some students said they are afraid that giving negative comments will give the leader a bad impression of them. As a result of the perception that Western and modern Chinese companies have more open communication, the students said that they were less willing to communicate directly with what they called a “traditional” Chinese leader.

### 9.4. Relationships

Building relationships is important in China and relationships are known as the concept of guanxi, as mentioned earlier. Many of the students referred to relationships as one of the most important aspects foreigners have to learn when trying to adapt to the Chinese culture. One of the students pointed out that one interview is not enough to talk about relationships, and that rather a whole week would be necessary. Many interesting topics appeared during the interviews, and they will be presented below. First, issues of manager-subordinate relationship that is possible to fit into the different stages of the LMX framework are presented. Second, issues relating to the relationship quality framework are presented. Then follows a further presentation of the students’ view of guanxi, a partly utilisable relationship that is not covered by the frameworks.

#### 9.4.1. Manager-subordinate relationships are in the stage of a stranger

The relationship between a managers and a subordinate was referred to by some of the students as distant, which could relate to a stranger type of relationship as describe by the LMX framework. The students explained the importance of roles in the relationship between manager and subordinate in a way that could be described as part of the instrumental quality of a relationship, meaning that the relationship mainly exists for the reason of performing a certain task. Subordinates did not expect seeing their leader very often except during status updates. The relationship was described as restricted, professional and only related to business.

#### 9.4.2. However, the same relationship is in the stage of partner during free time

Even though the relationship between managers and subordinates were described as formal during work, some students mentioned that it is possible for a manager and subordinate to have a relationship similar to the affective quality outside work, meaning that it is closer to the one existing between friends and family.

#### 9.4.3. The preferred relationship is separated in private and professional life

The students explained that it is very common for Chinese people to mix private and professional relationships in a way that make the private qualities of a relationship bring benefits also professionally. Some students thought that it is important for the subordinate and leader to be friends, but also said that it is important to keep the private and professional life separated. However, the students also mentioned that they prefer a business relationship where the parties are more equal, something that might sound contradictory.

#### 9.4.4. There are two types of guanxi

The student interviewees explained how one type of guanxi is the one that exist because of a friendship or relative connection. The other type of guanxi is the one that can be bought with gifts or money. Whatever breaks a friendship will break the guanxi in the first case. Regarding the bought relationship, it is not very stable to start with and therefore there is nothing to break.

#### 9.4.5. Guanxi can be utilised in several areas and has many positive outcomes

The students explained that guanxi can be utilised at different occasions, such as when dealing with government, when attending colleague or when running a business. But guanxi can also be used inside companies, according to the students. An example that was given was that relationships between colleagues help make work life easier. Because of guanxi, people get to know each other better, creating a better work environment where people are more willing to help each other, which leads to better results. When people know each other, they will also understanding each other better and know what other people think.

#### 9.4.6. But guanxi is also ineffective both for the company and for the individual

Despite the many positive aspects of guanxi, the students also gave examples of downsides with guanxi. One such downside was that guanxi can affect efficiency negatively. In the students' opinion, a company should be a place to work and the goal of the company should be to make profit. The interviewees reacted to that companies sometimes emphasise relationships more than the benefits of the company. When asked for an example, the students explained how employees might need to spend time on relationships rather than the actual work tasks. The students also explained how guanxi can result in the company losing money to private benefits or utilisations if a person has guanxi with someone working in finance or accounting. Also, not having established guanxi with colleagues at work can get you excluded from a group and make people place unfavourable comments about you to the manager. According to the students, in some companies real efforts matter less than guanxi, when it comes to the possibility to advance in the company, since also promotion could be dependent on guanxi.

#### 9.4.7. The young generation dislikes how guanxi affect promotion

All of the students said that they dislike how guanxi affects the possibilities to advance or perform well in a company. They explained how the young generation want to

change these parts of the guanxi system and that it is a reason for why many young talented students go abroad to study or work.

#### 9.4.8. A lack of guanxi is a competitive advantage for foreign firms

When asked about what type of company the students prefer to work for, the majority of the students chose a joint venture or an international company. Two reasons for this choice were firstly that the students perceived these companies to be more efficient, and secondly because the students perceive that abilities are more important in foreign firms and that regulations in those companies limit the influence of guanxi. Also, guanxi does not work in a similar way between Chinese and foreigners, according to the students, unless the foreigners have been in China for a long period of time. The ways to treat employees was mentioned as another important aspect when choosing international companies together with the possibility to learn both technologies and international management practices.

#### 9.4.9. Relationships are more important in traditional Chinese companies

The extent to which guanxi is used also differs among Chinese companies, according to the students. Newly established companies are more influenced by Western practices, and hence do not utilise the guanxi system to the same extent as traditional firms. In traditional, state-owned companies guanxi was believed to be more important.

#### 9.4.10. Learning the value of relationship is part of the raising of children

Chinese children learn the value of relationships already when they are small, according to the students. The students explained how their parents and teachers had emphasised the importance of having good relationships with classmates and roommates. The importance of relationships was repeated to the students every time they went to a new place and met new people.

#### 9.4.11. The concept of guanxi can be a sensitive subject

When given the question of how guanxi influences relationships, one of the students expressed confusion about what “guanxi” has to do with relationships. The student referred to a province of China, called Guanxi, and said that it is not possible to ask a question about what a province has to do with relationships. Even though the student expressed an unawareness of guanxi in the form of relationships, the interview ended with an interesting discussion about relationships similar to the discussions other students had about guanxi. This incident was thought to be a sign of that guanxi is a sensitive topic to talk about.

### 9.5. Problem solving in teams

Aspects of all five team knowledge-building processes were described by the students when asked about experiences and preferences for joint problem solving in teams. However, only one student could give an example that related to the last process of knowledge-building. The students perceived Western companies to be more efficient in problem solving, which was mentioned as one of the main reasons for why the students would like to work for Western companies after graduation. In addition to the issues covered by the problem-solving framework, the students said that it is important to have a common goal, which can unite all team members.

#### 9.5.1. Emphasis on the first four knowledge-building processes

The students gave examples that related mostly to the four first knowledge-building processes in the problem-solving framework. The majority of the students had

experiences from exchanging information and knowledge within a team, some had experience from generating solutions together in a team and some had experience from jointly evaluating alternative solutions. However, only one student gave an example where the group together, without clear control and influence from a leader, had worked with executing and following up a plan set by the team.

#### 9.5.2. Students prefer Western companies because of their high efficiency

Some students explicitly stated that they want to work for Western companies because they were seen as more efficient than traditional Chinese companies. The Western companies were believed to have a more solution-oriented problem-solving process. One student said that he was impressed by his mother's experience from what he referred to as a Western-style company. When a problem occurred in that company, they focused on finding a solution instead of looking for someone to blame. One student also mentioned that Western companies have more standards and routines, which makes them more efficient.

*"Foreign companies will do things in  
very clear standard routines.  
Chinese companies do not have very  
clear routines."*

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- Chinese student interview

#### 9.5.3. A common goal is important to unite the team

Some of the students stressed the importance of having a common goal in the team, in order to smoothen cooperation and communication. The students also said that a common goal is important in order to make clarify the focus and the scope of the group activities.

### 9.6. Improvement suggestions

Students talked about how what is referred to as openness and interactions in the creativity framework, helps them lifting ideas. Promotions and acknowledgement were also seen as important. None of the students mentioned the third area of the framework, system for suggestions, as something that could facilitate idea generation. However, several students mentioned informal forums, such as dinners or activities, as ways to facilitate ideas. The informal forum does not fit into the framework but could be seen as an unstructured system for suggestions.

#### 9.6.1. An idea is easier to suggest if it first can be presented in a small group

Several students mentioned that they rather first tell an idea to a colleague or a small group before it is presented to the leader or a bigger group. To give a suggestion is a hard thing and therefore they wanted to discuss it with someone before lifting it.

#### 9.6.2. The idea has to be constructive in order to be lifted

The majority of the students said that it is an open environment in a team and that they debate or explain their idea if it is not understood by others. However, several students mentioned that in order to raise an idea, the idea has to be very constructive and you have to make sure that it is realisable. One student expressed a need for confirmation from the manager that bad ideas are not punished, in order for him to feel safe when raising ideas. Another aspect mentioned was that when lifting an idea, you have to make sure not to show off, since that is a bad thing in the Chinese culture.

#### 9.6.3. With the young generation comes a more open environment

Some of the students emphasised how school has influenced their views on giving suggestions. The students also said that the influence from school has changed with time and is still in the process of change. In primary school, students were taught to respect the group's idea and that more attention should be on work than on finding own ideas. When entering the university, students learned to speak up. There was also a view that the education system is in a state of change and that since more young people have access to Internet they will get used to an open environment earlier in life.

#### 9.6.4. Acknowledgement motivates students

Some students expressed the importance of getting acknowledgement or rewards for giving ideas and suggestions. One of the students preferred to present ideas directly to the leader, since that would make the student gain more points by the leader. The same person would also be more motivated to lift ideas if a higher position is available in the company.

#### 9.6.5. Informal forums good for giving suggestions

Some students explained what role the informal forum plays in lifting ideas. One student mentioned that he prefers to raise ideas during dinners and another student stressed the importance of lifting ideas in private. How informal forums can be used is further exemplified in illustrative example 7.

### Illustrative example 7: Dinner with president

When discussing the use of informal forums for improvement suggestions, the translator Xi Ran gave an example from her own experience. She had been selected to take part in a graduation dinner together with the president of her school. Before this dinner, she had contacted the other selected students and together they had prepared an improvement suggestion for the school. The relaxed environment during dinner made it easier for the students to talk directly to their president.

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- (Ran, 2011)

## 10. Chinese employees interview results

As in the case of the student interviews, the following results are the combined outcomes from both the Swedish research team and the Chinese research team. The Chinese employees interviewed by the Chinese research team were generally more willing to describe problematic issues about working with Swedes than the Chinese employees interviewed by the Swedish research team. Still, the findings from the two studies were mostly the same. The results departed only in very few occasions. These differences have been clearly stated in the text.

### 10.1. Leadership

Most of the results on leadership relate well to the frameworks on leadership, although some findings were not possible to assign to a specific framework. These additional results relate to the leader's responsibility to help subordinates develop at work and characteristics of good subordinates.

#### 10.1.1. Kindness is the most important trait

Several of the Chinese employees wanted their leader to show kindness. Other characteristics, which were mentioned by individual employees, were: experience of different cultures, professionalism, goal oriented, and openness. From the Chinese research team results, a good manager was compared to a teacher or parent who teaches the employees and cares about their lives. According to the Chinese employees, a leader that has these characteristics will help the team members get closer to each other. The Chinese employees also explained how the leader has to take responsibility of the results performed by the team if a mistake is made. However, if the team succeeds with the task, praise should be given to the team, not the leader. This points to a trait of modesty.

#### 10.1.2. Consulting and a combination of telling and selling are preferred

The preferences for leadership behaviour in relation to decision making were relatively well distributed between consulting leadership style; where the employees help come up with solutions but the leader makes the final decision, selling leadership style; where the leader comes up with the solution and convince the employees that it is the best solution, and the telling leadership style; where the leader expects the employees to follow his or her decision without giving any explanations. The employees thereby wanted both empowerment and recommendations from the leader. One of the employees summarised this by saying that there are both soft and hard ways to convince the group that the solution decided by the leader is the right one.

*"In China we use soft and hard ways to convince the people. If too hard, they won't accept. If too soft, they won't listen."*

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- Chinese employee interview

#### 10.1.3. Contingency is important in order to balance different cultural values

Some of the Chinese employees thought that it is important that the leader can adapt his or her leadership style to different situations and different people. One interviewee talked about contingency in relation to when the leader deals with a subordinate who has done a mistake. The interviewee said that the leader should try to understand the employee's situation, why the employee failed, before yelling at him or her. Another interviewee reflected upon that Chinese generally are better at adapting to different situations, and the interviewee said that this could be the reason why Chinese Volvo employees easier adapt to Swedish leadership styles than the other way around.

#### 10.1.4. Transformational leadership style wanted

The majority of the interviewees wanted a leadership style that corresponds well with the description of transformational leadership, in regard to visionary leadership and coaching leadership.

#### 10.1.5. Different results from the research teams regarding Swedish leadership

In the interviews conducted by the Swedish research team, the Chinese interviewees described that visionary leadership is commonly used in China, but that it is seldom very clear what is your task. The interviewees had seen a difference between Chinese leadership and European leadership. The Chinese employees said that Swedish managers more precisely state what they expect their subordinates to do. These findings are contradictory to the findings from the Chinese research team. Here, the majority of employees indicated that Swedish managers do not give directions that are clearly enough. The Chinese employees explained that Chinese are used to get clear directions and that this is something that working after clear instructions is learnt already in the early school years.

#### 10.1.6. Coaching leadership and support through daily interaction is desired

The Chinese employees specifically mentioned coaching and support as positive, which are parts of the transformational leadership style. The employees mostly used the word "coaching" to describe the process when the leader gives instructions or explanations on how to perform a task. In addition to coaching, support was mentioned as an important trait that also relates to transformational leadership. Some interviewees specifically mentioned that the Swedish managers were good at supporting and listening to them. One interviewee never got support or help from the Chinese manager in the company where the interviewee had worked before. The interviewee had experienced a large difference when starting at Volvo. According to the interviewees, support and coaching should be given in the daily work. One interviewee said that the best way to get support is when the manager comes directly to the employees and asks them questions about their work.

#### 10.1.7. Chinese leaders are seen as more controlling and demanding

The leadership style generally assigned to Chinese leaders resembles the theory X leadership style, as the Chinese leaders were thought to be controlling and wanting to know all details in the employees' work. One employee said that the Swedish managers are not as interested in details in the solution and therefore not as many details or different solutions need to be prepared before presenting the work to a Swedish manager. The interviewees also said that Chinese leaders generally put higher pressure on the subordinates, in terms of when an assignment should be finished and whether or not the subordinate should work overtime.

#### 10.1.8. Should help others develop and assign the right task to the right person

A good leader, in the eyes of the Chinese employees, should identify the subordinates' abilities and thereby assign suitable project tasks to them. The manager was seen as responsible for knowing the employees' strengths and weaknesses in order to be able to utilise their knowledge and experience in the best possible way.

#### 10.1.9. A good subordinate is hard-working and reliable

The most commonly mentioned trait of a good employee was hard working. Other traits that were mentioned by different employees were reliable and able to complete the work assignment even if that means working long hours. Some employees also mentioned that the subordinate should take active part in his or her position to be able to achieve the goals.

### 10.2. Motivation

For the Chinese employees, material incentives were the most commonly mentioned motivators in work, which was also mentioned in relation to the possibilities to improve the family and life situation. The second most common incentive was inherent motives, such as learning and development. Interestingly, the interviewees mentioned no coercive forces.

#### 10.2.1. Promotion to get higher salary is the most common material incentive

The majority of the Chinese employees mentioned salary and promotion as important motivations to work. Several of the interviewees mentioned a will to improve the situation for their families and their lives as the major reason for why they wanted promotions and higher salary. One interviewee said that thinking of his family makes him motivated every day at work, even though they live in different cities and can only see each other occasionally. Another employee also emphasised the family situation and said that the only time he felt demotivated was when his wife asked him to come back home.

#### 10.2.2. Large difference in salary and benefits creates a feeling of unfairness

Several of the Chinese employees mentioned how the difference in salaries between the Swedish and Chinese employees is demotivating. All Chinese employees interviewed by the Chinese team also expressed this issue. Many of the Chinese employees mentioned feelings of unfairness also because Swedish employees are given longer vacation. Some of the interviewees said they understand that the differences have to exist but that there are complications for the work and for their motivation. As an example, the differences in days of vacations result in that there are few Swedes left at work during the summer, which is disruptive to the work in the mixed teams.

#### 10.2.3. Salary a reason for choosing Volvo

To have a clear career path and possibility to advance in position was important aspects for the employees when choosing job and also one of the reasons for choosing Volvo, since the company was perceived to offer many future opportunities for promotion. Another reason for choosing Volvo was the opportunity to learn. The organisational design with counterparts was seen as something that makes learning part of the everyday work.

#### 10.2.4. Company values, as another reason, connected to internalised incentives

Some employees stated that the company values in Volvo are important and that a reason for choosing the company was because of its fame and its good reputation, which can be categorised as internalised incentives.

#### 10.2.5. Challenges and development important inherent incentives

Working for Volvo gives the possibility to learn and develop skills, according to the Chinese employees. Other aspects mentioned were learning English, but also learning and development within the field of work. Some interviewees also saw their work as a great challenge since they are part of building something new. One employee perceived Volvo to be one of the top car manufacturers in the world, and gave this as a reason for joining the firm.

#### 10.2.6. Social involvement the most important normative incentive

Several of the interviewees mentioned open communication and the opportunity to learn from different cultures as an important motivation trigger. One interviewee mentioned that he is motivated when his manager sees him and acknowledges what he is doing, which can be characterised as an identification incentive. In the same way, as was explained by another employee, demotivation is created when the manager does not care about the work done by the employees and does not give credit to other people.

### 10.3. Feedback

The Chinese employees said that positive feedback can be given at many times, but negative feedback has to be constructive and private. None of the employees talked about a lack of positive feedback or feedback in the form of destructive criticism, which are the two other parts of the feedback framework.

#### 10.3.1. Positive feedback at many times but negative in individual setting

Several of the Chinese employees explained that positive feedback is not dependent on the situation and can rather be given at many times. For negative feedback the Chinese interviewees preferred the manager to use private media for communication. Separate meetings were given as examples of how to give negative feedback, as well as e-mails or over the telephone. One employee said that if a separate meeting is to be used, it is important that a clear description of the problem is given. Another employee said that the advantage of using a separate meeting is that it allows for the employee to discuss with the manager. By analysing the problem together the feedback can lead to own reflections and better understanding of the issue. This was also exemplified in another of the interviews where the interviewee after the interview reflected on how the questions given during the interview had led to more reflections about the interviewee's situation at Volvo. The same person also pointed to the importance of keep asking "why" and not just focus on completing the work task (see full quote in paragraph 18).

#### 10.3.2. Important to distinguish between person and work

Negative feedback that applies to many people can be done in public, according to one of the interviewees. However, in those situations feedback can only be about work and not cover personal issues. One of the employees had noticed a difference in what issues Swedish and Chinese employees rather talk about. The employee said Chinese rather discuss work related problems, and Swedes rather lift personal problems.

#### 10.3.3. No difference between Swedish and Chinese managers

Methods for feedback do not differ with the nationality of the manager, according to one of the interviewees. Another employee also mentioned that reversed feedback from subordinate to manager does not depend on whether the manager is Chinese or Swedish. However, one interviewee mentioned that the Swedish managers are seldom angry when giving feedback, something that the interviewee appreciated.

### 10.4. Relationship

It was understood from the Chinese interview results that relationship is an important aspect of the Chinese culture and work culture. The descriptions of the relationship between a manager and employee differed for the time at work and outside work. Also, an important aspect of relationships in China related to an “utilisable” type of relationship, something that is not covered by the frameworks on relationship.

#### 10.4.1. Leader-employee relationship is instrumental and as stranger during work

The interviewees explained how the leader and subordinate during work hours have “straight faces” and that both have clearly distinct roles because of their different positions. This type of relationship can be related to the stranger relationship described in the LMX theory. What is different, though, is that a stranger relationship is supposed to include a low respect and commitment. This is something that was not mentioned in the interviews and which therefore does not apply.

#### 10.4.2. The relationship is affective and as partner during free time

Even though the relationship during work is very restricted, it is different from the relationship outside work, where there is a possibility for the leader and subordinate to be friends. This could relate to the partner relationship described by the LMX theory and the affective quality of relationships. Interviewees also commented upon how they find the Swedish employees relaxed at work and that a reason why they like Volvo is because they feel a possibility to be equal to each other also during work hours.

#### 10.4.3. Relationships are important

All interviewees stressed the importance of relationships and related to how relationships facilitate contacts with government or other business partners or customers. One of the interviewees mentioned an incident when the interviewee’s Swedish counterpart could not understand why one of their business contacts did not fulfil the contract with Volvo. The interviewee said that the real reason was a lack of relationship between Volvo and the business contact.

#### 10.4.4. There are two types of guanxi

The Chinese interviewees explained how there are two types of guanxi. One type is developed by money or gifts. The interviewee stressed however, that the use of gifts does not oblige for the receiver to give something back, but it is expected that the gift will make it easier to approach each other next time. The other type of guanxi is related to friends and family, meaning that a gift is not needed for exchange of favours –the fact that you are related or close friends is enough.

#### 10.4.5. Guanxi has positive effects

The use and existence of guanxi make people more willing to help each other, which is one of the positive outcomes mentioned by the Chinese employees. Relationships were also said to make it easier to talk openly and express problems when asking for help. The employees further said that since guanxi leads to more communication, it also

facilitates work and cooperation as well as contributes to a better understanding of each other's thinking and ideas.

#### 10.4.6. Guanxi facilitates promotion

Relationships facilitate promotion in the sense that if you have relationships, you will be promoted faster than someone without guanxi. Guanxi is in some cases even a must in order to get promoted, according to some of the Chinese employees. Some of the interviewees mentioned how it is unfair that experience does not influence possibilities to get promoted to the same extent as relationships. The employees also explained how use of guanxi is something that everybody knows about but few talks about. Especially in the Chinese research team's interviews, the interviewees stated very negative reactions towards systems that allow promotions based on guanxi.

#### 10.4.7. Relationships are created outside work

Dinners and other activities are places where relationships can be created. Still, as was mentioned by one employee, it is also important to attend personal activities outside work. By inviting a person to a personal activity, the person is invited also into the personal sphere of the host. Rejecting an offer to an activity can make the host lose face. It is perceived as very impolite to turn down an offer for a dinner, according to the interviewees.

### 10.5. Problem solving in teams

The Chinese employees commented upon all five team knowledge-building processes. Also, in addition to the points covered by the framework, the Chinese employees discussed solutions that could help enhance the cooperation and communication between Swedish and Chinese employees.

#### 10.5.1. Information is exchanged mainly with the manager

The Chinese interviewees' statements about information sharing in teams implied that information is mainly shared with the manager and not between team members. The interviewees said that their managers ask them for detailed information and then they share that information with their manager.

#### 10.5.2. Low efficiency when information must be shared with Europe

One complaint that the interviewees had regarding information sharing was that many decisions are made in Europe and that information needs to be transferred between China and Europe, which causes inefficiencies and time-delays.

#### 10.5.3. Official forums hinder team option solution generation

When discussing how solutions to problems are generated in a team, the Chinese employees said that it could be hard to take part in discussions during formal meetings. Instead, they preferred to give ideas in unofficial meetings. In contrast to this statement, one employee said that public discussions are important in order to reach consensus. Also, one employee said that Swedish managers are humble in their ways of discussing. The majority however did not prefer to use official meetings for generating solutions to problems.

#### 10.5.4. Informal forums facilitate discussions around ideas and questions

Several employees said that they use informal forums, such as dinners, for discussing work related problems. Some of the Chinese employees also said that they use dinners to discuss questions related to Volvo standards and procedures. During meetings the

employees do not ask about things they do not understand, because that could cause them to losing face. The more relaxed setting in the dinner party gives the employees courage to bring up questions. Another example that was given in the interviews relates to evaluation of ideas. If an employee believes that a decision that has been agreed upon in a meeting is wrong, he or she might hesitate to say something in the meeting. The reason is that the employee might be wrong, and giving a wrong comment in a team meeting could be embarrassing.

#### 10.5.5. To keep a low profile as a subordinate is a cultural value

One employee described that a Chinese cultural value is to keep a low profile, not showing off or trying to prove your ability. According to the employee, expressing your idea or giving a comment in a meeting could be seen as threatening to the manager as it would indicate that you compete for his or her position. The interviewee did not like this cultural value.

#### 10.5.6. Evaluation and negotiation of alternatives is leader-oriented

The Chinese employees focused mainly on the leader when describing the official process of evaluation and negotiation of alternatives. It was seen as crucial that the Swedish and Chinese counterparts agree upon the solution to the problem together and that they give the same directions to the group.

#### 10.5.7. Back-up plans used instead of selecting one solution early

The Chinese employees said that they sometimes use back-up plans, such as alternative solutions to show for their managers, or different scenarios when the future is uncertain. One employee described an incident when the interviewee's Swedish manager was not shown all alternatives at once but only given the alternative solutions when asking for them. That had upset the Swedish manger, as the manager wanted to see all alternatives at the same time. Another employee said that there was a difference in how Swedish employees make plans, as they focus on one statistical analysis rather than developing many alternatives simultaneously.

#### 10.5.8. The organisation and process can sometimes be confusing

When it comes to the fifth team knowledge-building process, team process and plan regulation, many of the Chinese employees stated that the current process and organisation at Volvo is unclear. One employee wanted to have a more structured and clear process, in order to be given a clear direction and to know what is expected from each employee. Also, the dual management that is a result from the counterpart organisation with two people having the same role was seen as confusing to some of the Chinese employees. In relation to the criticism on unclear roles, the Chinese employees said that they would like to gain an overall understanding of Volvo.

#### 10.5.9. Need of clear, yet flexible processes

Even if the Chinese employees stressed that they want a clear process, they also pointed out the need of flexibility. One of the employees said that being able to adapt to changes is especially important in China, as unforeseen changes often occur.

*“...So we adapt to different element, to every situation. When something change we adapt and think about different ways to solve this.”*

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- Chinese employee interview

#### 10.5.10. Chinese and Swedish team members are separated in some groups

Some Chinese employees described that their teams often split up into one Swedish side and one Chinese side. The separation is more distinct in some teams than in others. At the same time, some interviewees emphasised that the cooperation in their groups have become a lot better since they first started working together. One issue that was brought up by the Chinese interviewees is that Swedish employees do not listen to the Chinese manager. Another issue discussed by one employee was that Chinese employees work longer hours and therefore there have been occasions, during late evenings, when the Swedish employees did not take part in the team discussions.

#### 10.5.11. Better understanding of each other's opinions and views can help

In order to decrease the gap between team members, the Chinese employees emphasised respect and mutual understanding. They also said that it is easier to work together in a group when the group members know each other well.

#### 10.5.12. Understanding can be created through communication

In order to create mutual understanding and respect, communication was seen as the key. However, the language barrier was seen as a major hinder for efficient communication. One example that was given relates to when Chinese employees start a discussion in Chinese or when Swedish employees start a discussion in Swedish. The Chinese employees said that when the Swedish employees speak Swedish, they feel that the discussion is secret and that they are not supposed to know what the Swedish employees talk about. Another stated problem with communication is when the Chinese employees cannot follow the discussion in English, because they do not know the words used or because it is hard for them to understand the pronunciation. One Chinese employee said that it is often easier to read or write English than to listen or speak.

#### 10.5.13. There are best practices to overcome the language problem

As a result of the language problem, several of the Chinese employees had come up with best practices to make communication easier. Six different solutions were mentioned. First, one employee wrote down comments in order to be understood by team members. The same employee said that it would be easier to follow what was decided upon during meetings if main points and decisions would be written down. Second, one employee found it easier to understand the manager when the manager used pictures or figures. Another employee said that making a drawing of the process is the best way to illustrate to the employees what they should do and how they can

contribute. Third, one employee used stories and metaphors to explain to the Swedish colleagues how Chinese think and act. Fourth, translation tools such as mobile applications were given as example of how communication problems can be overcome. Fifth, tools for recording could also be used in order for the employees to go back and listen to conversations again. One employee wanted to get a recording device that would allow the employee to listen to old meetings after work. Sixth, it is important to make sure that the group members really understand what has been said. As described by one employee, if the manager asks: “do you understand?” it can be hard for the employee to say no. Instead the employee often smiles back and the manager might think that the employee knows what was said. To overcome this communication problem, the manager should ask questions to the employee, and in that way figure out how much the employee has understood.

## **10.6. Improvement suggestions**

Results from the Chinese employee interviews showed that openness and interaction from the leader can facilitate expression of ideas. Promotion and acknowledgement in the right way was also seen as important and written ideas were thought to be the best system for suggestions. However, also methods not covered by the framework of improvement suggestions were mentioned. Formal forums such as dinners and activities, and preparation of ideas were expressed as good ways to encourage ideas.

### **10.6.1. Suggestions are often given directly to the leader**

Some of the interviewees expressed that suggestions are rather lifted directly to the leader than discussed openly in a group. One employee expressed a shyness to state thoughts openly in a group. The same employee said that openness from the leader in terms of questions and personal contact changes that feeling of shyness and makes it easier to lift ideas. Other employees said that they would lift ideas both with the leader and in team meetings. In general, e-mail was one of the most commonly suggested medias for information exchange.

### **10.6.2. Promotion and acknowledgement good ways to encourage suggestions**

One of the employees suggested promotion, bonuses and spiritual appraisal as good ways to encourage suggestions. Another employee said that it is important that the leader gives credit to the person who first thought of the idea instead of presenting the suggestion as his or her own idea.

### **10.6.3. Written ideas is a good system for suggestions**

The Chinese employees preferred to use reports and other written media to present ideas. One of the employees suggested the use of large format paper and brief descriptions, as good ways to present and communicate ideas.

### **10.6.4. The informal forum is also a good place for improvement suggestions**

One of the Chinese employees talked about the informal forum and how that can be used to get suggestions from employees. By starting the dinner with discussions related to personal issues and later changing topic, the manager can make the employees motivated to discuss solutions. The same employee also believed that it would be easier for employees to speak up during the dinner. The employee further explained how most Chinese are quiet in a meeting room, but when they come out of the meeting they have a lot of criticism and ideas. Chinese employees in the Chinese

research team interviews discussed a similar usage of informal forums also. The informal forums were seen as good situations to bring up non-emergency suggestions or personal issues.

*“If it is not an emergency suggestion or if it is just a suggestion about the way you deal with things, about your person, I choose to tell you at the dinner party.”*

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- Chinese employee interview

#### 10.6.5. Swedes' practice of generating suggestions makes meetings run late

In the Chinese research team's interviews the Chinese employees said that the Swedish way of lifting ideas and discussing for a long time is very time consuming. The Chinese way of telling the subordinates what to do takes less time than discussing the idea. At the same time, Swedish people are stricter about work hours, making it hard to get fast results from the group, as less time is left for work in favour of discussions.

#### 10.6.6. Overtime work gives time to prove the benefit of suggestions

Chinese employees are less strict about work hours and rather use over time hours to prepare ideas or suggestions that they have, according to several of the interviewees. That extra time makes it possible to prove the benefit of ideas that they believe will work.

#### 10.6.7. Suggestions not taken seriously by the Swedish employees

Interviewees from the Chinese research team expressed confusion about how their ideas are received by the Swedish employees. One of the interviewees said that Swedish employees could agree with an idea, but still not use it later on. There had been incidents where the Chinese employees had to prove that they were right before their ideas were used, which had resulted in a project delay.

#### 10.6.8. Identified misunderstanding of Chinese view on quality

Some Chinese felt that one reason for this ignorance from the Swedes, as mentioned above, is a misunderstanding of how Chinese look upon quality. Chinese employees interviewed by the Chinese research team said that Swedes believe Chinese employees prioritise cost, which is not true. According to the Chinese employees, the difference between the European and the Chinese market makes it possible to prioritise quality and at the same time focus on cost. The reason was said to be the large number of suppliers in China, creating a situation where the suppliers have to fight each other and cut their profit margins. All employees interviewed by the Chinese research team said that the greatest problem in their work was the perceived difference in meaning of quality.

## 11. Swedish employees interview results

Also the results from Swedish employees are the combined outcomes from both the Swedish research team and the Chinese research team. Most of the results were similar between the two studies, except for that the Swedish study gained more detailed descriptions of what the Swedish employees saw as problematic with the teamwork.

### 11.1. Leadership

Most of the results from the interviews could be assigned to the different frameworks on leadership. However, two issues from the results could not be included in the frameworks. The first issue was the Swedes' reactions to the Chinese managers' high demands on subordinates. The second issue relates to traits of good subordinates.

#### 11.1.1. Different traits are valued by different people

The Swedish employees gave very different examples of which traits are important for a leader. Examples were: being a good listener, being clear on what is the goal, being competent and experienced. Some of the employees mentioned that leadership skills are hard, if not impossible, to acquire by training alone but they are rather dependent on having the right genes.

#### 11.1.2. The consulting leadership style is preferred

All Swedish interviewees said that the leader should consult the group in order to hear everyone's thoughts but that it is the leader alone who has to make the final decision.

#### 11.1.3. Involving Chinese employees in discussions is thought to be difficult

In relation to the preference for a consulting leadership style, discussions with subordinates were seen as crucial to the Swedish employees. However, the Swedes perceived discussions with Chinese colleagues to be difficult. The reason for this was said to be that the Chinese tend to agree with the leader instead of questioning the idea. This is described in more detail in paragraph 11.5.

#### 11.1.4. An explanation could be the importance of hierarchy in China

The Swedish interviewees identified hierarchy as one of the reasons for why Chinese subordinates are reluctant to question their managers. One example of the difference in hierarchy, which was stated by several Swedish interviewees, relates to how suppliers act in business meetings. In the meetings, engineers employed by suppliers are not allowed to speak directly but instead have to whisper the answer to their manager who does the talking. According to the Swedish interviewees, there is no clear distinction in hierarchy between Swedish leaders and Swedish subordinates. One interviewee explained that being a leader is simply a responsibility dedicated to one team member.

#### 11.1.5. Distinct hierarchy can be advantageous

Even if the Swedes thought that the difference in hierarchy is a problem when it comes to the possibility to have open discussions, they still pointed out that having a hierarchal organisation also has advantages. One interviewee said that by having a clear hierarchy, it is easier to establish a clear and unambiguous line of action.

#### 11.1.6. Transformational leadership wanted

The Swedish interviewees talked about the importance of visionary leadership to be able to inspire a group of people. Some interviewees also talked about the importance of everyday conversations and coaching. One interviewee said that it is hard to talk to

Chinese managers. The same interviewee had the impression that the Chinese managers do not want to be bothered with questions from the subordinates.

#### 11.1.7. Confusion about organisation and leadership roles

Most Swedish employees preferred a transformational leader, who is generally described as visionary. Still, many of the interviewees also wanted order and structure, which are characteristics of transactional leadership. The interviewees expressed a dislike for the unclear leadership roles and reporting procedures in place at the company site in Chengdu. The organisational set-up with counterparts was seen as the major reason for confusion. As an example, one Swedish manager described an incident when his subordinates had worked on a task that had been given to them without his knowledge. This had caused problems as the interviewee had planned for the subordinates to finish other tasks. Another interviewee said that counterparts sometimes give opposing orders, leading to confusion. The Swedish interviewees said that Swedes handle mixed signals by questioning the managers and asking for clear directions. However, the Swedish interviewees believed that Chinese employees do not question the manager when they are given mixed signals, but instead the Chinese employees complete both tasks even if that means working overtime and working through weekends.

#### 11.1.8. Preference for theory Y leaders who delegate responsibility

The Swedish employees had a preference for theory Y leaders, who delegate responsibility. The employees said that it is important that the leader trusts the employees and therefore do not get too involved in details but instead encourage employees to take own initiatives.

#### 11.1.9. Delegation of responsibility is difficult to execute in China

The Swedish employees complained about the difficulty of applying a delegating leadership style, i.e. a theory Y leadership style, in China. The reason that the Swedish employees gave was that Chinese employees are reluctant to take responsibility for the group results. One Swedish employee also explained that a common criticism that the Swedish managers have received is that they do not have control over what the group does, that they are not involved in the details.

#### 11.1.10. Swedes react to high demands from Chinese leaders

One comment that several Swedish employees gave during the interviews was that Chinese subordinates are under high pressure from their Chinese managers. The Swedes also disliked the authoritarian Chinese leadership style and that Chinese managers sometimes yell at their subordinates.

#### 11.1.11. A good subordinate is loyal and speaks up when something is wrong

According to the Swedish employees a good subordinate should support the team manager by taking responsibility for the group result. Also, the employee should be loyal and do his or her work as decided upon in the group.

### 11.2. Motivation

The Swedish interviewees' motivators were mostly normative and inherent incentives. Some interviewees were worried about the effect that differences in salaries and benefits can have on the motivation of their Chinese colleagues.

#### 11.2.1. Normative and inherent incentives most commonly mentioned incentives

When asked about motivation, the Swedish employees gave examples mostly related to normative and inherent incentives. The Swedes described that acknowledgement and the possibility to influence are important, which are normative incentives that can be assigned to the identification category of the motivation framework. Another motivators were feelings of doing something good for Volvo when helping build the factory in Chengdu. That motivator can be assigned to the category internalised, normative incentives. Examples of inherent incentives that were given were to learn about a new culture, to take on the challenge of creating something new and to make it work.

*“Three or four times the same question arises.  
That is frustrating. Still, I am motivated by  
working with these (cultural) differences and  
making it work together”*

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- Swedish employee interview

One employee mentioned coercive incentives as a way to get employees to deal with questions or tasks that they do not feel passionate for. According to the employee, the best way is for top managers to show their support and give instructions on what to do. The Swedish employees did not mention material incentives as an incentive in their daily work. However, one employee said that it is important to get about the same standard of living in China as in Sweden and also get about the same salary to be able to pay bills in Sweden. Without that, moving to Chengdu would not have been an option for that employee.

#### 11.2.2. Swedes worry about how differences affect Chinese employees

Several Swedish employees believed that their Chinese colleagues feel unfairly treated, as the living conditions and family situations are different between the two groups. As described by the Swedish employees, Swedes have more benefits and the majority of the Swedes have been able to bring their families. Many of the Chinese employees have their families in other cities than Chengdu and can therefore only visit their families about once a month. The Swedish employees worried that that the Chinese are thinking: “why do we have so many Swedes here when they cost so much”.

#### 11.2.3. A solution is to discuss the situation openly

The Swedish employees also said that the situation is understandable given that Swedish and Chinese employees have different contracts and that it would not be possible to change the situation. The Swedes generally referred to the “market value” of employees and said that the Swedish employees would not have moved to China if they had not been given similar standard of living and similar salaries. They also said that the benefits and salaries given to the Chinese employees is based on benchmarking in China, and is therefore fair seen from that perspective. When asked about how to deal with the feeling of unfairness, one Swedish employee answered that it is important to discuss all problems openly and be transparent.

### 11.3. Feedback

The amount and media of feedback seems to differ with many variables. The Swedish employees however talked about the importance of constructive negative feedback that is part of the feedback framework. They also mentioned positive feedback and how a lack of a positive feedback could be a problem, which also fits into the framework. Additionally, the amount of feedback was related to the nationality of the person giving feedback.

#### 11.3.1. Negative feedback is hard but a responsibility of managers

One of the Swedish employees explained how negative feedback is sensitive and hard to express, and that because of this, Swedish managers often choose a forgiving leadership instead of a coaching leadership in order to avoid giving that kind of feedback. The same employee however emphasised how it is part of the responsibility of a managers to give constructive negative feedback.

#### 11.3.2. Important to distinguish between person and work

Some of the Swedish interviewees pointed to a difference in how feedback can be communicated. According to the employees the preferred method of communication is dependent on what the issue is about. Personal feedback about a colleague or subordinate should be done in private. If the feedback instead is about a technical issue it should be lifted directly in the discussion. It is therefore important to distinguish between person and work.

#### 11.3.3. Negative feedback in private – positive not expected

The Swedish employees wanted to get negative feedback in private. They wanted to be given feedback personally and not written down. One of the Swedish employees explained how Chinese colleagues could leave feedback via e-mail, while that is something rather rare in Sweden unless it is feedback from an employee to the manager. Positive feedback was however less expected. According to one Swedish employee people in general are bad at giving positive comments to each other.

#### 11.3.4. Personal relationship makes feedback easier

If a personal relationship exist between the manager and the subordinate, feedback is easier, according to some of the employees. The employees said that negative feedback is seldom expressed to someone that you do not have a personal relationship with.

#### 11.3.5. Lack of feedback is also an issue

There are circumstances where feedback is less frequent, which could also be a problem. The majority of the Swedish employees mentioned different situations where people are not given any feedback. Also, there is a tendency that people with higher positions get less feedback. Some of the employees had also noticed that when people meet each other less, they also give less feedback to each other.

#### 11.3.6. Swedish employees can give feedback to Swedish managers

The amount of feedback can be dependent on the nationality of the person. One of the Swedish interviewees said that Swedish employees seem to find it easier giving feedback to their managers than Chinese do. The same interviewee also mentioned that it might be harder for Chinese managers to give feedback to Swedish employees.

## 11.4. Relationship

All Swedish employees talked about the relationship stage partner, as described in the LMX framework. However, the Swedish employees' description on how relationships work in China does not fit into the framework.

### 11.4.1. Relationships between manager and subordinate are as partner

Swedish employees talked about open relationships when describing a good connection between a manager and subordinate. An open relationship was described as one where it is easy to lift issues and where both parties take responsibility of the own work. This type of relationship can be related to the partner stage of the LMX framework. The Swedish interviewees also emphasised how listening and understanding are two important characteristics of a good relationship. Also, the employees said that dialogue and visual leadership help the communication and help to create an understanding of each other.

### 11.4.2. Guanxi is about relationships but the actual meaning is not clear

All Swedish employees defined guanxi as strong relationships. Some described it as networks or a friendly relationship. Many emphasised how the same type of relationships exists in Sweden but that the quality and use of relationships might be stronger or different in China. Some of the Swedish employees stated that they are afraid of using guanxi, as they feel they do not fully understand the meaning of it.

### 11.4.3. Guanxi can be used to smoothen business operations

Guanxi can be used in order to get useful information from other companies and institutions, as was explained by the Swedish employees. Guanxi is also helpful in negotiations with government regarding issues that otherwise would be hard to realise. One employee also mentioned that guanxi can help when employing people, by using recommendations.

### 11.4.4. But there are also perceived risks with guanxi

One of the risks with guanxi in employment, which was identified by one Swedish employee, is that if one single employee recommends several people, these people have the same background and bring with them a certain culture. Other Interviewees talked about the risk of using guanxi in order to get hold of useful information, as the other parties might want information on Volvo in return.

### 11.4.5. Activities outside work is a good way to create relationships

Teambuilding, dinners and other activities are good ways to create better cooperation and commitment between the employees according to the Swedish interviewees. This kind of activities gives the possibility to talk about other things than work and leads to a better personal relationships.

### 11.4.6. There are differences in the Chinese way of creating relationships

Even if the Swedish employees explained how time outside work is important to create relationships, they saw a difference compared to the Chinese way of meeting outside work. One Swedish employee explained how Chinese find dinners more important than spending time together during work. According to the Swedish interviewees, Chinese do not use coffee breaks. Another difference that the Swedish employees had seen was that Chinese treat invitations to off-work activities as mandatory and seem surprised when Swedish people reject an invitation to an activity in favour of family or other

activities. According to the Swedish interviewees rejecting offers for off-work activities are common in Sweden.

#### 11.4.7. Confusion about the private and professional roles of the Chinese

One of the Swedish interviewees said that Chinese employees behave differently at work compared to in private. Some employees who are very focused at work can be very open during a dinner or an activity. However, the Swedes said that both business issues and personal issues are discussed at dinners.

### 11.5. Problem solving in teams

The Swedish employees focused on group involvement in all five team knowledge-building processes. Also, in addition to the topics in the framework on problem solving, the Swedish employees discussed issues related to how the cooperation between the Swedish and the Chinese employees can be facilitated.

#### 11.5.1. Focus on team information exchange and knowledge sharing

The Swedish employees emphasised the importance of discussions and open communication when exchanging information and building knowledge. According to the employees, meetings are commonly used as a way to make sure that everyone can make his or her opinion heard.

*“Meetings are part of the Swedish management system. It is about bottom-up, making everyone understand and get involved in what is decided.”*

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- Swedish employee interview

#### 11.5.2. Everyone should be part of generating solutions

Also in the solution generation phase, the Swedish employees highly emphasised the contribution of the whole group. However, the Swedish employees said that language differences complicate communication. Most of the Swedish employees gave examples of when their Chinese colleagues could not understand or communicate in English. However, one employee also pointed out that the Chinese employees sometimes have problem understanding the English dialect spoken by the Swedes.

*“Ju nåw its nått såw isi tu anderstånd  
gotenbörg inglich (English with Gothenburg  
dialect: it is not easy to understand  
Gothenburg English).”*

---

- Swedish employee interview

#### 11.5.3. Communication tactics and informal forums can help

In order to overcome the language problem, the Swedish employees believed that it is important how they formulate questions in order to get the Chinese employees involved. One Swedish manager said that it is better to ask “what is your suggestion” before presenting an own idea, as the Chinese subordinates often hesitate to give new suggestions after the manager has presented his/hers. Another tactic to engage all employees, used by one employee, was to bring up work discussions during informal meetings such as dinners.

#### 11.5.4. Counterparts need to agree in order to select the best alternative

The Swedish employees also preferred a very group-oriented process for evaluation and negotiation of alternatives. However, the Swedish employees also stated that in the final selection of alternatives was up to the manager and therefore it was seen as important that the counterpart managers agree upon the best solution together.

#### 11.5.5. Improvement potential in team process and plan resolution

When asked about team planning and process, some interviewees said that they should sum up what was decided in the meeting but that they do this too seldom. The Swedes also mentioned confusion about the process, since there had been cases of misunderstandings between counterparts and mixed signals to subordinates on what they should do. Several of the Swedish employees reported incidents when Chinese employees had not followed what was decided upon in the team. Additionally, there were also several complaints about meeting invitations. The Swedes explained how Chinese often have much shorter notice on invitation to meetings and activities.

#### 11.5.6. Uncertainty regarding the suitability of VCMS in China

Some of the Swedish employees thought that the standardisation part of VCMS will be easy to implement, given that Chinese are good at following instructions. However, one employee worried that the “soft” parts, such as team spirit and own initiatives, will be hard to implement given that Chinese wait for the manager to give suggestions. However, another Swedish employee said that an organisation based on teamwork makes it easier for employees to give suggestions as the suggestions are given as a group, with less focus and pressure on the individual.

#### 11.5.7. Flexibility identified as the major skill that can be learned from Chinese

The majority of the Swedish employees discussed the difference in flexibility between Swedish and Chinese employees. One example was that the time for setting up

meetings with external partners or suppliers is a lot quicker and easier than in Europe. Another point relates to the attitude of the Chinese employees. The Swedish interviewees described their colleagues as “willing to change” and having an attitude of “everything is possible”. This flexibility and openness to change were things that the Swedish employees wanted to learn. At the same time, the Swedes said that the Chinese employees should learn more structure and Volvo standards.

#### 11.5.8. Communication, training and common goals can improve cooperation

In order to improve cooperation between Swedish and Chinese employees in the teams, the Swedish employees gave three suggestions. First, they pointed out that close communication is the starting point for cooperation. However, as stated before, the employees saw differences in language skill as a barrier for communication. Second, team training was given as a suggestion for how to improve teamwork. Third, discussions around team goals was seen as important in order to make clear what is the purpose of working together in a group.

### 11.6. Improvement suggestions

The Swedish employees emphasised discussions, listening and encouragement as most important to support improvement suggestions, which could relate to the part of the framework called openness and interaction. Discussions are held during meetings, which could relate to the current system for improvement as explained by the framework. The third part of the framework, promotion and acknowledgement, was discussed mostly in relation to the Swedish employees’ view on Chinese culture. Other parts of that view did not fit into the framework but is still presented below.

#### 11.6.1. Ideas should be given with little effort but in the right way

One of the Swedish employees emphasised the non-formality in lifting ideas. Permission is not required; the idea should rather be discussed with the responsible person or leader. If there is something that cannot be solved quickly the idea should be discussed in one of the coming meetings. The Swedish employees said that lifting suggestions should not be very formal or done in a structured way. However, the Swedes said that the suggestion should be stated first in the team before it is presented in an official meeting, since the team otherwise will appear unsynchronised.

#### 11.6.2. Younger Chinese lift suggestions but after thorough investigations

One of the Swedish interviewees had experienced that young employees give suggestions more frequently. Many of the employees at Volvo are young and give ideas, but only after thorough preparations, according to the same interviewee.

#### 11.6.3. Chinese should be more open with suggestions

Swedes believed that Chinese do not always say what they know. The Swedes also said that they would like the Chinese to be more open with their suggestions. However, several of the Swedish employees also expressed a frustration when Chinese bring up ideas, since it often is the same idea presented several times even though a decision about the idea has been made.

#### 11.6.4. Open suggestions from Chinese can be encouraged

The Swedes believed that the Chinese would become more willing to give ideas by an open environment where everyone can have their say and people are listened to. In order to create that open environment, one interviewee said that it is important for the team members to get to know each other. One of the Swedish employees had

experienced that explicitly asking for suggestions makes it easier for team members to give ideas.

#### 11.6.5. Chinese's focus on cost makes it hard to take their ideas into account

One problem mentioned related to improvement suggestions was the perceived difference in how Swedes and Chinese prioritise quality. Many of the Swedish interviewees said that Chinese focus too much on cost instead of quality. This therefore makes it hard to take their suggestions into account.

#### 11.6.6. Possibility to lift suggestions is thought to be related to rank

The Swedish employees said that there is a rank in the Chinese society. One interviewee said that there are companies in China where the employees can get fired if they question their managers too much. This aspect relates to the improvement suggestion framework called promotion and development, however working in the opposite way than the framework describes, meaning that suggestions rather could lead to unemployment than promotion.

#### 11.6.7. The vast number of meetings is the system for improvements

One of the Swedish interviewee clarified that all processes are designed from scratch and that the system for improvement that is supposed to be used in VCMS is dependent on having a process in place. Another employee, however, mentioned that the vast number of meetings held at Volvo is a way for them to lift everyone's suggestions, which relates to the part of the framework called system for improvements.

#### 11.6.8. To get improvement suggestions is identified as the biggest challenge

Several of the Swedish employees said that Chinese seldom say what they think or question statements during meetings. Many of the Swedish employees thought that the reason is that the Chinese cannot question their manager, even if the employee knows that the decision is wrong. One possible reason for this was thought to be that the Chinese employee wants to be loyal and might get punished if questioning his/her manager. One Swedish employee said that the Chinese employees might not think about what is right or wrong, but rather trust the manager to make the right decision.

#### 11.6.9. There could be many reasons why suggestions are hard to get

Some Swedish interviewees had other possible explanations for the lack of suggestions from Chinese employees than the one stated above. One Swedish employee said that not questioning decisions made by authorities could be a habit from growing up, another employee said that might be hard for the Chinese employees to follow the discussions in English and that some employees might have difficulties expressing their improvement suggestions in English.

## 12. Workshop results

The following text summarises the reactions from the workshop participants on the combined results from the interviews. The workshop participants were organised in three groups that together discussed the results. Even though selected results from all areas of leadership and teamwork were presented, the workshop teams were asked to pick out the issues that they thought was most interesting to discuss. As a result, only issues related to motivation, problem solving and improvement suggestions were discussed in the workshop. This section starts with a description of what was said during the workshop. Then follows a description on how the teams interacted during the workshop in order to complement the results.

### 12.1. Motivation

Two of the three groups in the workshop chose to discuss motivation. Overall, they could agree to and understand the result presented but did not agree with the statement that there appears to be a difference in what kind of incentives different sample groups responds to.

#### 12.1.1. Difference in motivation is not distinct

The two workshop groups discussing about motivation pointed out that both material and inherent incentives are important for both Chinese and Swedish employees. This statement was made in response to that the Swedish and Chinese research teams had identified differences in motivation between Chinese and Swedes. One Swedish employee explained during the workshop how both salary and personal interest were two important factors taken into consideration when deciding to leave for China, and the interviewee did not agree with the finding that inherent incentives were most common among Swedish employees.

#### 12.1.2. The feeling of unfairness can be counted by discussions and explanations

Related to motivation is the feeling of unfairness expressed by Chinese employees during interviews. Two of the workshop groups chose to discuss the differences in work privileges among the employees and recognised the unfairness as an important issue. To decrease the feeling of unfairness a discussion about the differences were suggested in order to get everyone to understand why they have to exist.

The participants emphasised that the reason for the differences have to be understood and that the differences originate from differences in market value of Swedish and Chinese employees and a need of having Volvo personnel from Sweden at the Chinese site. The difference in market value was explained as differences in salary levels together with what other alternatives Swedish and Chinese employees had when choosing to work for Volvo China. Employees were asked to compare their salary level to previous jobs instead of comparing with each other.

One employee said that everyone had gotten a salary increase when starting at Volvo. According to one participant a salary increase of 50-60% would be normal in China when switching jobs. However, a Chinese employee pointed out that since other car manufacturers in the area recently have increased their salary levels, the salaries for Chinese Volvo employees might not be as competitive as before.

#### 12.1.3. Improved skills can improve salaries

One group in the workshop argued for training as a way to improve skills of employees and explained how that in turn would be a reason for higher salaries. Improved skills

among Chinese employees could also in the long term reduce the required number of expatriates in future developments of Volvo China. That would also leave room for higher salaries for Chinese employees.

#### 12.1.4. Training, high salaries and clear career paths are needed to retain talents

One of the challenges for Volvo, as brought up in the workshop, is to retain talents. In response to this challenge, training of employees was mentioned as a way of keeping good employees. Another suggestion that came up during the workshop was to create clear career paths in order for the employees to know what measures their performance is evaluated upon and how their performance affects possibilities to advance to higher positions. This should be important, according to one workshop group, since promotion was one of the important incentives for the Chinese employees in their work.

### 12.2. Problem solving in teams

Many of the workshop participants wanted to discuss the results related to problem solving in teams. The statements saying that the current organisation and process is confusing were confirmed but it was emphasised that Swedish and Chinese employees work more closely together now than before. Flexibility was also debated.

#### 12.2.1. No difference in long-term planning but Chinese are more flexible

One of the results that were presented to the workshop groups related to differences in planning between Chinese and Swedish employees. Two of the three workshop groups stated that there is no big differences in how Swedish and Chinese employees plan activities, and that Chinese as well as Swedish employees make up long-term plans. However, all teams agreed upon the statement that Chinese employees are more flexible in their planning than Swedish employees and that this is something that Swedish employees can learn from Chinese employees.

#### 12.2.2. Following orders without questioning could be reason behind flexibility

In the workshop, one Swedish employee said that the reason for why Chinese are more flexible could relate to that they always follow the manager's decisions, without reflecting upon the implications of making a change. Another Swedish employee said that, if a high manager is calling for the Chinese employee, he or she puts everything else aside and works on the task assigned by the higher manager. Since the other work is left behind, this hurts the process. According to the workshop participants, Swedes are more stubborn and ask "why should I do this in that way?"

#### 12.2.3. Sometimes not questioning orders is preferred, sometimes not

The participants said that there are situations when it is preferred that the employees follow orders without questioning, especially in an emergency situation. Still, it is important to identify problems early by having employees who ask questions, and in that way avoid emergency situations. Therefore, both the non-questioning and the questioning approach can be preferred but in different situations. The challenge is for the employees to identify when a certain approach is wanted. The manager also has a responsibility to let the employees know when their questions are wanted.

#### 12.2.4. Swedes and Chinese were separated before but not any more

One workshop group reacted to the statement that Swedish and Chinese employees are sometimes separated into different groups within the work teams. The workshop participants said that the situation was worse before but that now the cooperation has

improved between Swedes and Chinese. Also, they said that there are differences within the Chinese group as the Chinese employees have worked in different companies before they started at Volvo and therefore they bring with them different company cultures.

#### 12.2.5. Language barrier causes extra work

Some of the workshop participants said that a reason for why some work teams had problems cooperating was due to language problems. One incident was described in relation to this. In the incident, the same idea was brought up many times by one Chinese employee because the employee could not express the idea clearly and therefore felt that the others in the work team did not grasp the meaning of the idea. The work team members had become frustrated and simply answered: "we have already decided, why do you continue with this suggestion?"

#### 12.2.6. Language training, respect and patience is the solution

One workshop participant reflected upon the incident mentioned above, as the participant had been part of the same work team as the Chinese employee who brought up the same idea several times. The workshop participant thought that the language barrier was the biggest problem but also thought that the work team members should be more patient and respect all ideas. During the workshop, the importance of language training was brought up many times by both Chinese and Swedish participants. The discussion focused on English training for the Chinese employees.

#### 12.2.7. Confusing organisation and processes due to lack of experience

Many of the workshop participants agreed upon the result that the current organisation and processes are seen as confusing. However, it was pointed out that the set-up in Chengdu is a green field approach and that Volvo does not have clear routines on how to build new factories. Still, the participants recognised that there is an issue in how orders are given and what responsibilities the employees have. The workshop participants said that it can be confusing who should do what.

#### 12.2.8. Clear processes needed for how to give orders

The workshop participants concluded that there is a need to create a structure for how to give orders. Still, it was said that the improvement work for establishing well-functioning processes is in itself an on-going process and will take a lot of time.

#### 12.2.9. Important to combine flexibility with standard procedures

As described above, the workshop participants stated that Swedish employees should become more flexible. In relation to this, the participants said that it is important to allow for adaptation of Volvo procedures. It was emphasised that the Chinese employees come from many different companies and that Volvo should utilise their different experiences by designing processes built on knowledge from all employees. In order for this to be possible, the process has to be given a lot of time, for everyone to get involved. One participant pointed out that having standard ways of working is not in conflict with the possibility to be flexible, since the standards can allow for flexibility and situational adaptation.

### 12.3. Improvement suggestions

The topic related to improvement suggestions was discussed by one of the three workshop groups. They did not agree upon the results that Chinese and Swedish

employees use forums differently. However, they recognised the problem related to how Swedes and Chinese prioritise quality and cost.

#### 12.3.1. The informal forum is used in the same way by Swedes and Chinese

One workshop group reacted to the description of the result in how Swedes use dinners to talk about other things than work while Chinese use dinners both for personal and professional conversations. The group pointed out that Swedes and Chinese both use dinners to talk about several types of topics. However, when the results were first presented to all workshop participants, before the discussions, some of the Chinese participants giggled and smiled. This could imply that the Chinese participants recognised the situation and agreed with the results. Further, the workshop group agreed with differences in how work hours are spent by Chinese and Swedish employees. One Swedish group member mentioned that it is less common with personal conversations among Chinese employees at work.

#### 12.3.2. The definition of quality is different

Participants in one workshop group discussed the difference in how Swedes and Chinese value quality and how that influences discussions about ideas and improvement suggestions. They explained that the reason for disputes between Swedes and Chinese is often different perceptions of quality. Swedish participants from the workshop group explained that the problem is that Chinese employees do not know what quality is, while one Chinese participant countered with emphasising that the problem is an absence of explanation of the concept of quality from the Swedish employees. As a solution to the quality problem, the participants emphasised discussions, leading up to a common definition and standard of the quality concept.

### 12.4. Observations from workshop

During the workshop, notes were taken on how the workshop participants acted together and who was talking. Even though Swedish employees and Chinese managers led the discussions, the topics appeared to be engaging to most participants and the intensity rose in the end of the workshop discussions.

#### 12.4.1. Swedes and Chinese managers led workshop discussions

In the workshop groups, the Swedish employees and the Chinese managers led the discussions and therefore it is probable that their thoughts dominated the findings. As a result, it might be that not all workshop participants stated their thoughts during the group assignment. Also, all the three workshop groups had a manager present and this might have made some participants nervous.

#### 12.4.2. Workshop discussions started slowly but became loud and hard to still

In the beginning of the workshop discussions, the workshop groups started very slowly but after 15 minutes the discussions became loud. When the 30 minutes for discussions had passed it took 15 additional minutes to get everyone settled for the presentations.

# Part IV:

# Analysis

The fourth part of the report aims to analyse the results across sample groups, according to literature, and according to the VCMS system. The analysis is divided into two steps. In the first step, the interview results are analysed across samples, also taking the workshop results into consideration. In this step, the results are also related to literature. In the second step, the combined results are compared with literature on Lean Production and VCMS, in order to identify implications for the implementation of VCMS in China.

## 13. Comparison of results across samples

The following text is a comparison of all interview results across samples, also taking the workshop results into consideration.

### 13.1. Leadership

From the comparison of results, some differences in preferences for leadership between Swedish and Chinese can be seen. Generally, the Chinese had more trust in and put larger pressure on their leaders. The Swedish employees preferred a less hierarchical relationship and emphasised the contribution from the group more than the Chinese students and employees.

#### 13.1.1. Chinese value kindness, but Swedes believe Chinese leaders are strict

"Kindness" was the most commonly mentioned trait of a good leader in both the Chinese employee and the Chinese student interviews. Even if the Chinese students and employees believed kindness to be the most important trait for a leader, Swedish employees perceived some Chinese managers to be harsh in their treatment of Chinese subordinates. These two findings appear to be contradictory. Possible explanations for this are that the Chinese do not assign the same meaning to the word kindness as the Swedes, or that the perceptions of the Swedish employees do not give a fair view of the Chinese employees' experience. Another explanation could be that the Chinese want paternalistic leaders. In a paternalistic leadership the relationship between the manager and subordinate is as that between a parent and a child (Kong, 2009). A paternalistic leader should care about the employees but at the same time be strict.

#### 13.1.2. Chinese students and employees have higher faith in leaders

Chinese students and employees wanted both consulting leaders and leaders who give directions without asking for the employees' suggestions, while Swedish employees invariably wanted consulting leaders. Swedish employees said they are prepared to question what their leader says if they disagree. The Chinese employees wanted recommendations and support from their leaders to a higher extent than Swedish employees. Chinese students and employees also put larger pressure on leaders in terms of responsibility and competence. They believed that the leaders should be able to know what the employees are thinking and know the employees well enough to assign suitable work tasks to them.

#### 13.1.3. Swedish leaders want subordinates to take responsibility

The difference between how Chinese and Swedes looked upon the role of the leader was also reflected in their answers on what makes a good subordinate. The Chinese students and employees put larger focus on being hard-working while the Swedish employees put larger focus on that the employee should give ideas and speak up if in disagreement.

#### 13.1.4. Visionary and coaching leadership wanted by all

All sample groups wanted to have transformational leaders, in the sense of being visionary and coaching. The visionary leadership style was described as having the ability to inspire others. All sample groups also requested coaching leadership.

#### 13.1.5. Coaching leadership might have different meanings

Both Swedish and Chinese employees praised the Swedish managers for their supporting style of leadership. Many interviewees mention that it is good that the leader spends time visiting the employees in their work environment. However, the

Swedish and the Chinese employees might still assign different meanings to the word coaching.

As a matter of fact, the same Chinese students who wanted consulting leaders also preferred theory X leaders. This seems contradictory, given that theory X leaders are controlling and not very willing to give autonomy to subordinates, while consulting leaders listens to the ideas in the group. However, the Chinese students and employees mentioned coaching leadership as a way to be given explicit instructions and training on the job. Therefore, there might not be a contradiction after all. The meaning of consulting could be similar to being supportive and helping the employees to reach the right solution, though you as a leader still should know the right answer. Also, the Chinese employees saw the leader as responsible for knowing the details of the solution.

Still, there might be differences between preferences held by young and old Chinese. The Chinese students perceived younger Chinese leaders to be more creative than old Chinese, and maybe this could be a sign of that young Chinese want to have more freedom in their work and use their creativity. Still, the students also emphasised that a good leader should be capable and directive. Therefore, it appears as if the Chinese in general wanted to be involved and be given some freedom but still they put a lot of faith in their leaders' capability.

From the Swedish perspective, the coaching leadership style and the theory Y leaders were preferred. As theory Y leaders give autonomy and trust to their subordinates, being coaching in the Swedish sense might therefore mean to listen to the group and to help the group reach the right solution, without having to know the right solution. Also, according to the statements on what makes a good subordinate and how solutions are generated and decided upon, the Swedes assign a lot of responsibility for the solution to the subordinates.

#### 13.1.6. Students' preferences in conflict with Swedish management style

The Chinese students expressed a desire for having controlling leaders. The Chinese employees confirmed the students' perception that Chinese leaders usually are controlling. However, the employees did not state a preference for the controlling leadership style. Still, both Chinese employees and students emphasised a desire for clear instructions. According to some employees, the Swedish managers do not give clear enough instructions and do not care about details to the same extent as Chinese managers.

One possible problem with the less controlling leadership style is that it could be interpreted as if the subordinates' work is not important and therefore not monitored closely. Another problem could be that the employee only looks into alternatives and possibilities that the leader explicitly asks for, and if the leader does not ask for many alternatives it will limit the scope of possibilities. In order for the less controlling leadership style to work, the employee needs to feel accountability for the work task and the leader should find other ways of showing to the employee that his or her work is important.

### 13.2. Motivation

Results showed a difference in motivation between the Chinese and Swedish employees. This difference could be explained by how the students expressed that their motivation changes in different stages of life. Also, differences in salaries and

benefits between Chinese and Swedish employees were said to create a feeling of demotivation. This is supported by the findings from the researchers Ordonez, Connolly and Coughlan (2000). Their research showed that the relative differences in salaries affect the feeling of fairness, not the absolute level. The same researchers also showed that the perceived unfairness is higher for those who get a lower salary than those who get a higher salary. It is believed that discussions and clear career paths can counter the feeling of unfairness by using transparency in order to show the reason behind the different salary levels.

#### 13.2.1. The most striking difference is importance of material incentives

Although all sample groups talked about different types of incentives, it was still possible to distinguish a difference in what incentives are the strongest in each sample group. All Chinese employees explained how part of their motivation come from material incentives, such as a will to perform in order to get promoted and get higher salaries, while all Swedish employees talked about how challenges and development were important incentives for them in their work. This statement was however strongly disputed during the workshop, where several of the Chinese employees said that development and a willingness to contribute is important motivations for them, and several Swedes said that salaries are motivating to them.

#### 13.2.2. Differences in motivators relate to differences in work privileges

The Chinese students explained that their motivation had changed in different periods of their lives, depending on external factors such as a need for economic support. While in university the students experienced more inherent incentives, but later when starting to work the need of supporting oneself became stronger and motivation to work is therefore more driven by material incentives. The difference in motivation incentives between Swedish and Chinese employees could in the same way be explained by the different life situations the Swedes and Chinese are in. These life situations are formed by many factors, such as differences in salaries and benefits but also personality and society as well as the fact that many Swedish employees see their stay in China as temporary.

#### 13.2.3. Differences in privileges cause feelings of unfairness and demotivation

Both Chinese and Swedish employees mentioned the difference in work privileges between the two groups during the interviews. The Chinese employees explained how those differences result in feelings of unfairness, which in turn leads to demotivation in work.

#### 13.2.4. Discussion and explanations are needed to counter the problem

The motivation issue was discussed by two of the workshop groups during the workshop and explanations and discussions about the differences were proposed as suitable actions against the feelings of unfairness. Both Chinese and Swedish employees understood why the differences in privileges exist, but they also stressed that it still is a problem. They further said that recognising that it is as a problem and talking about it could remedy the demotivation.

#### 13.2.5. Clear career paths and training could also help

Participants in the workshop also proposed training for employees as something that could motivate higher salaries. Higher skilled employees would also reduce the need of expatriates in the long term, leaving room for salary increases. As was stated in the workshop, training and salaries is also a way to retain talents. However, training without higher salaries also increases the risk of losing talents since employees will be more

attractive to other employers and companies. Another suggestion mentioned in the workshop was the use of clear career paths as another way to retain talents, as the employees would be better able to see a future in the company. Clear career paths can also respond to the material incentives that are of importance for the Chinese employees.

### 13.3. Feedback

The Swedish and Chinese interviewees had similar views on many aspects of feedback. However, the way of giving feedback and the relevance of meetings differed between Swedes and Chinese.

#### 13.3.1. All sample groups agree that negative feedback should be done in private

When comparing results between the three sample groups it is clear that all agree upon that negative feedback is something that should not be expressed in public. Both Chinese and Swedish interviewees also expressed the importance of separating between person and work when giving negative feedback, meaning that information should be given differently depending on if it is related to a task or to personality and behaviour of the person. The importance of separating feedback about person and task is something that, if related to the work by Tjosvold, Poon and Yu (2005), should help the group in becoming more cooperative.

#### 13.3.2. E-mails is a good media for feedback according to Chinese

Chinese students and employees mentioned e-mails as a possible and suitable media for feedback exchange. The advantages with e-mails were said to be that technical issues more easily can be expressed and written feedback also makes it easier for the receiver to think through the information before giving a response. Mianzi could be one possible reason for the need of preparing, as preparations can help make sure expressions are correct in order to avoid the risk of anyone losing face. In the Swedish interviews, e-mails were seen as a strange way to give feedback.

#### 13.3.3. Swedes emphasise that people need to meet to give feedback

While Chinese talked about the importance of privacy when it comes to feedback, Swedes talked about how important it is with visual leadership and for people to meet in order to be able to give relevant feedback in the daily work. One of the issues discussed by the Swedish employees was that lack of feedback often is connected to a lack of arenas where people can meet. The importance of personal meetings for giving feedback was therefore different between Swedes and Chinese.

### 13.4. Relationship

Guanxi was said to be an important aspect of the Chinese culture and something that influences relationships between leaders and subordinates. Guanxi was also related to connections created outside of work. However, the results showed a difference in how Swedes and Chinese use the time at work and outside.

#### 13.4.1. A broader view on guanxi can explain the emphasis on separation

All students put emphasis on the separation of private and professional life, which can be explained by that the students had a broad view on what implications guanxi can have at a workplace. In accordance with the criticism of the LMX framework (see paragraph 8.4.2), the relationship concept in China was hard to fit into the LMX framework. Instead, the results referred to an "utilisable" type of relationship.

#### 13.4.2. Guanxi leads to desired understanding between leader and subordinate

The Chinese students said that relationships are used to create a better understanding between employees within the company, thereby making work more efficient. At the same time, as mentioned in paragraph 9.1.9, one of the most important aspects of a subordinate, according to the students, was to be able to understand the leader. A good leader was also seen as one that can understand the subordinate. This can help explain why good relationships are important also in work situations for Chinese.

#### 13.4.3. Large variety in responses when describing guanxi

There were many aspects of guanxi explained by the Chinese employees and students, which were not covered by the Swedish employees' explanations of the concept. The Chinese research team also pointed out that the Swedish interviewees in general had a limited understanding of guanxi and its implications on both business and personal life. In the interviews with Swedish employees, by both research teams, there was a large variety in the interpretations of what guanxi is and how it can influence internal operations. This might not be too strange, given that guanxi is a complicated concept. It should also be added that the descriptions of guanxi from the Chinese employees and students also varied, even if they were broader and more comprehensive than the descriptions made by the Swedes. Another reason for why the concept of guanxi can be hard to grasp for Swedish employees could relate to difference between Sweden and China in terms of individualism versus collectivism, as described by Hofstede (2007). According to Hofstede's research, Swedes are a lot more individualistic than Chinese, which could be related to the wider meaning Chinese students and employees put on relationships.

#### 13.4.4. Students and Chinese employees explain the duality in relationships

It was understood both from the Chinese employee interviews and the interviews with Chinese students that the relationship between a manager and subordinate in China is twofold. One is the professional relationship that relates to the stage expressed by the framework as stranger where roles are explicit and formal. The quality of that relationship was described as polite or instrumental when relating to the framework on relationship quality. The other side of the relationship is the private one, where a friendship exists. That relationship is related to the stage of partner and with quality of affective. These two relationships were explained to exist at the same time but be practiced in different environments, or forums, see paragraph 13.4.7.

#### 13.4.5. Students prefer the duality to remain separated

The students emphasised the importance of distinguishing between the two types of relationships mentioned above, and a possible explanation could be the feelings they expressed about how guanxi makes a company ineffective both for individuals and for the benefits of the company. The Chinese employees did not mention whether duality in relationships should remain, but instead they talk about how Swedish employees seem more relaxed during work hours while Chinese must have a straight face.

#### 13.4.6. Promotion is a sensitive part of guanxi vaguely mentioned by Swedes

A very important part of the ineffectiveness described by the students was the use of guanxi in promotions and that was an aspect of guanxi that all interviewed students expressed as something they disliked. The Chinese employees also mentioned promotion as something creating unfairness in the company. A possible reason for these feelings could be, as was explained by Chinese students and employees, that when guanxi is used in promotions, the real work effort is less valued. One could assume that it is difficult also for the person who gets promoted because of guanxi,

since other people could doubt that person's abilities. The use of guanxi in promotions was mentioned by only one of the Swedish employees, which could mean that it is an important aspect of guanxi not yet known by all Swedes.

#### 13.4.7. Informal forum is personal for Swedes but work related for Chinese

The results showed a difference in the way Swedish and Chinese employees use the informal and the formal forum. Swedish employees expressed how dinners and activities are good ways to get to know each other and create personal relationships with colleagues, by talking about other things than work. The Chinese employees also said the informal forum are used to create relationships with colleagues but that they are also used to discuss work issues in an informal manner, see further paragraph 13.5. This was one of the issues not agreed upon by the Swedish employees during the workshop. In the workshop, it was said that Swedes also talk about work during dinners. One big difference, though, could be the view of dinners as mandatory among Chinese but optional among Swedes, as was explained by both, which could also point to the work related meaning that dinners have for the Chinese employees.

#### 13.4.8. Swedish employees use formal forums to also be personal

The Swedish employees did not distinguish between the personal and professional role in the same way as the Chinese did. Instead, the Swedes said they explore personal traits of people also in the daily work. This is in accordance with the Chinese interviewees statement about how Swedes seem relaxed at work. Chinese, on the other hand, were said to have "straight faces" at work and are very different during dinners. The change in personality for Chinese outside of work was recognised both by one participant in the workshop and was also mentioned in interviews with both Swedish and Chinese employees.

#### 13.4.9. The findings on forums can be linked to quality control circles in Japan

This study can be related to research done in other parts of Asia. Similar patterns of changed behaviour depending on the level of formality at work have been described in Japan, where "quality control circles" have been used in order make employees come up with ideas and be able to criticise their leaders. In Japan, employees voluntarily form the quality control circles in which they define and solve problems. Therefore, the quality control circles are separated from the daily work routines and the normal work roles (Lillrank and Kano, 1989).

### 13.5. Problem solving in teams

The major problem identified in relation to problem solving was the unclear process and organisation. Also, differences in openness and language barriers were said to complicate communication between team members. However, the employees also stressed learning potentials and gave suggestions for how to overcome communication problems.

#### 13.5.1. Chinese students value efficiency in the problem solving processes

The Chinese students said that they want organisations to be efficient in their problem solving process, and the students also said that it is important to have a clear, common goal for teamwork to take place.

#### 13.5.2. The current process at Volvo is seen as inefficient by the employees

The Chinese students believed that Western companies are more efficient than traditional Chinese firms, and this was also mentioned as a reason for why the students

wanted to work for Western companies. However, both the Swedish and Chinese employees described confusion about the current process at Volvo and did not view it as efficient. This was also commented upon in the workshop. In relation to the confusing process, some employees said that Swedes and Chinese are separated in the groups. This statement was however rejected during the workshop as the workshop participants said that the situation have become a lot better. Still, some employees talked about it during the interviews and there could be differences between the teams. One issue that was brought up by the Chinese interviewees was that Swedish employees do not listen to the Chinese manager. The question is if this issue is related to the Swedes' habit of questioning orders that they do not approve of, instead of focusing on obeying the leader's will? Another possible explanation is that Swedish subordinates react differently to a statement or an order given by a Chinese leader compared to a Swedish leader.

#### 13.5.3. Swedish employees and Chinese students emphasise open discussions

Both Swedish employees and Chinese students stressed open communication to a larger extent than the Chinese employees. The Chinese students also said that there is a difference between generations; that younger Chinese are more used to open discussions. From the interviews it was also clear that some Chinese interviewees were more reluctant to talk about negative feelings, especially with the Swedish research team. Still, the interview situation was different for the students compared to the employees, as the students could be honest without worrying about the consequences while the employees maybe worried about what would happen if their manager found out what they had said. However, the reason for why Chinese employees put less emphasis on open discussions could also be related to efficiency. As described in paragraph 10.6.5, the Chinese employees felt that the Swedish employees' practices of generating and discussing ideas during short meetings is inefficient as less time is left for carrying out the actual work.

#### 13.5.4. Hierarchy, mianzi and language barriers hinder open discussions

All the Swedish employees talked about the importance of involving team members in the decision making process. However, several of the Swedish employees said that the Chinese employees do not state their own ideas but instead follow the suggestion given by the manager. The Swedish interviewees identified hierarchy as one of the reasons for why Chinese subordinates are reluctant to question their manager during group discussions. This belief is supported by Hofstede's study in which the power distance in China was found to be a lot higher than in Sweden (Hofstede & McCrae, 2004). Another reason, related to hierarchy, could be the cultural value of keeping a low profile, as mentioned by one Chinese employee and one student. As a third reason, Swedish and Chinese employees mentioned language as a hinder for communication.

#### 13.5.5. Informal meetings, patience and communication aids can help

As identified by both Swedish and Chinese employees, informal forums could help to overcome the hierarchical differences and make the employees better able to discuss work related problems. Developing on the idea of how different forums can affect the willingness to speak openly, it is possible that the use of informal compared to formal forums can be expanded to also include different types of meetings, such as formal decision meetings, work meetings, informal meetings, one-to-one meetings and so forth. This is however something that needs to be further investigated before any specific conclusions can be drawn on which type of forum is useful for which type of discussion.

In order to overcome communication problems, participants in the workshop mentioned respect, patience and language training as possible solutions. Also, in the Chinese employee interviews, several best practices were mentioned in order to ease communication between Swedish and Chinese employees. These were to use written communication, use pictures and figures, tell stories and metaphors, use translation tools such as mobile applications, use recording devices and ask clarifying questions to the employee to make sure he or she has understood.

#### 13.5.6. Joint decision-making hindered by disagreement on definition of quality

The literature study on joint decision-making showed conflicting results concerning whether or not Chinese are used to solving problems together in a group. In the interviews, the Swedish employees emphasised joint decision-making more than the Chinese employees. However, the Chinese employees gave several examples of when their views had not been taken into consideration during the team activities. Also, the interviewees questioned whether or not Swedes and Chinese employees have the same definition of quality. As a result, it seems as if the Chinese employees involvement in joint decision-making is hindered by disagreement concerning the definition of quality.

It is possible that this problem relates to that the Swedish employees all have similar backgrounds and have worked at Volvo for a long time. Since the Swedes have long experience from working at Volvo, a certain set of espoused beliefs and values might be taken for granted, making values less explicit and in turn making it harder for the Chinese employees to know what should guide their decisions. The Chinese might in turn have their own espoused values and beliefs of what should be basis of decisions in their previous organisations. When not explicit, these differences turn into confusion and cultural clashes. This is supported by the theory that common goals positively influence cooperation (Wang, Chen, Tjosvold, & Shi, 2010; Law, Sun, & Tjosvold, 2003) as having a common understanding of quality is linked to having a common understanding of the goal. In addition, trust between team members is important in the case when the perception of the goal is the same.

#### 13.5.7. Swedish and Chinese employees want to learn from each other

As was discussed above, having different sets of espoused values and beliefs can cause problems. However, the fact that the employees at Volvo's Chinese site have worked at different companies before starting at Volvo was not seen only as a problem in the workshop. Rather, the employees' different backgrounds were seen as an advantage since the employees' experiences and knowledge can be merged with Volvo's standards to create new and better work practices. Also in the interviews, the employees highlighted that the Swedish and the Chinese employees can learn from each other. Interviewees said for example that the Swedish employees should learn to become more flexible while the Chinese employees should learn Volvo standards and routines.

#### 13.5.8. Differences in flexibility could have different explanations

In order to help Swedish employees learn how to become more flexible and open to change, it is important to understand the reason why Chinese employees are more flexible. One theory that was put forward during the workshop from one of the Swedish participants was that the Chinese employees take less ownership of the work task; they see the manager as responsible and therefore just follow the orders given to them. However, some results have also been contradictory to this theory. One example is

when a Chinese employee brought up the same suggestion several times, as a result of a strong belief in the excellence of the idea.

A second theory could be that the high flexibility is related to how Chinese handle complexity and planning. According to Huang (2009), Western organisations take the approach of trying to understand the complex situation and reduce complexity by developing one specialised response. Chinese organisations, on the other hand, create a set of flexible responses, allowing for changes to occur. The Chinese employees who took part in this study explained how they develop different solutions and use back-up plans in order to allow for changes.

A third theory is that both flexibility and complexity handling is related to views on time. Asian cultures are said to have a polychronic orientation of time, meaning that they see time as simultaneous and unlimited, which leads them to work on several activities at the same time (Hall, 1976). Scandinavians are said to have a monochronic time perspective, meaning that they see time as linear and sequential and therefore tend to do things in a given order, one after another (Hall, 1976).

The dimension of dynamic versus static meaning of events, as laid out by Nisbett (2003) could also explain the flexibility among the Chinese employees. Chinese are believed to see the world as in a constant stage of change, which motivates the need of a flexible way of working. Westerners see the world as black and white while Asians rather see it as changing. This could explain the different views on decisions that were expressed in the interviews. To continue working on an idea that has been refused does not seem unreasonable if the world constantly changes.

#### 13.5.9. A clear but still flexible process is desired

When discussing the desired future state, the employees agreed that a clear but still flexible process is needed. The Chinese employees stressed that even though Volvo standards are important the process also needs to fit within the Chinese context. Some of the Swedish employees reflected upon the suitability of VCMS in China but there were no agreement on whether or not VCMS need to be adapted or not. The main question related to implementation of “soft factors” such as teamwork and own initiatives.

### 13.6. Improvement suggestions

The biggest difference identified between the sample groups was how Chinese students and employees stress preparation of ideas while Swedish employees prefer ideas to be spontaneous. Cultural differences such as the concept of mianzi in China and the habit of using discussions to get everyone’s view on subjects in Sweden could explain the differences. Another possible reason could be differences in how work is acknowledged in the two cultures as will be further explained below.

#### 13.6.1. Swedish employees emphasise spontaneity in suggestions

According to the Swedish employees, giving suggestions is something informal and should be done without further investigations. Depending on the situation, it should just be mentioned. A possible reason could be that the habit of discussions and consensus are of high importance to the Swedish employees. By giving spontaneous suggestions, everyone can be part of deciding what ideas should be further worked upon. In that way, people could also know what time is used to develop ideas and there is a possibility for people to spin off other’s ideas.

#### 13.6.2. Chinese students and employees emphasise preparations for idea sharing

The Chinese students and employees, on the other hand, said that they rather prepare their ideas. It appears as if the Chinese have no problem giving suggestions as long as the suggestions can be supported by facts. This became clear from the statements in both the Swedish and Chinese interviews. In addition to the statements in the interviews, the phenomenon was clear also from the interviews and workshop experiences. There were incidents when the Chinese interviewees referred to their friends when they felt they could not answer a question well enough, and some expressed a worry that they could not give good enough answers.

#### 13.6.3. Mianzi, persuasiveness and efficiency could be reasons for preparations

A possible reason for why preparations are important for the Chinese students and employees could be the concept of mianzi that exists in the Chinese culture (see paragraph 1.1.3). As was stated in the interviews, preparation of an idea will make the person more convinced that the idea is realisable and constructive. In that way the inventor of the idea will be exposed to less risk of losing face, since the risk is lower that the idea does not work. Another reason for preparing the idea is because of the risk of making others losing face, as could be the case if an idea is presented in the wrong way when it is contradictory to another person's idea. It is also possible that the Swedish employees' suspiciousness towards the Chinese perception of quality, in addition to language barriers, could make the Chinese more eager to prepare their suggestion before presenting them to the group. Another aspect of preparing ideas before they are presented could be that time is used more efficient during meetings, since facts can back up decisions. This was stated by one of the Chinese interviewees in relation to that Swedish employees sometimes discuss irrelevant issues during group meetings.

#### 13.6.4. Ideas are rather written down by Chinese

Many of the Chinese interviewees explained that they prefer to present their ideas in written format. E-mail was one common media mentioned. This goes hand in hand with the aspect of mianzi and preparations, since written ideas allow for more preparations so that the ideas are expressed accurately, as was also discussed in the aspect of feedback (see paragraph 13.3). However, another possible reason for why Chinese employees prefer written ideas could be difficulties in participating in discussions because of different English levels. Also, both Chinese and Swedish employees mentioned that different views on quality make Swedes question ideas from the Chinese colleagues. This could also make the Chinese employees feel a need to prepare and write down their ideas.

#### 13.6.5. Students see suggestions as a way to gain acknowledgement

The Chinese students explained that they see suggestions as a way to show their abilities and gain acknowledgement from their manager. Many of the Chinese interviewees said that they rather discuss the idea directly with their leader than present it openly in a group.

#### 13.6.6. Both Chinese students and employees prefer an informal forum for ideas

The role of the informal forum in the area of lifting ideas is also important. Both Chinese students and employees explained how dinners or other activities outside work are good environments for lifting suggestions or issues. A possible explanation for why it is easier to lift ideas in the informal forum could be the difference in hierarchy levels that exist in the informal and formal forums. Since hierarchy in the informal forum is less distinct, the risk of losing face also becomes less severe. The Chinese research team supported this idea. Another reason could be related to the cultural dimension high

versus low context. According to Hall (1976) information is dependent on the situation and the person in a high context culture, such as China. This can explain why different forums affect the possibility to lift ideas. In a low context culture such as Scandinavia, information must always be clear, direct and explicit no matter to or from whom it is transferred (Hall, 1976). This could explain why Swedish employees were less dependent on the situation or person when giving ideas or asking questions.

#### 13.6.7. Swedes believe young generations of Chinese to be more open

Swedish employees thought that younger Chinese employees are more open with ideas and suggestions. This goes hand in hand with the explanation from the Chinese students, who said that there has been a change in the school systems, where openness and ideas nowadays are more encouraged than before, when emphasis was more on performing the tasks assigned to you by the teacher.

## 14. Implications for VCMS

In this part, the combined results from both interviews and workshop are compared with the literature on Lean Production and VCMS. From this comparison, implications for the implementation of VCMS in China are identified.

### 14.1. The philosophy of Lean

As mentioned in paragraph 3.1, the philosophy of Lean is concerned with meeting demand directly, with the right level of quality and with no waste. The right level of quality must therefore be defined jointly, as a starting point for VCMS to work. This was something that the employees at Volvo requested. In addition to the definition of quality, the interview results have implications for the four main elements of Lean Production: waste elimination, synchronised flow, employee involvement and close customer focus. This paragraph gives an overview of the implications that the research results might have on Lean Production. A more detailed analysis of the direct implications for VCMS is therefore given in the following paragraph.

#### ***Waste elimination***

Chinese employees' focus on cutting cost relates to elimination of waste. As stated in the interviews, they try to find the less costly way of solving problems, i.e. the alternative with less waste. This mentality is in direct accordance with the lean principle. Also the Swedish employees could be seen as waste oriented, though they might have another definition of what waste means, as in the case of the definition of what quality means. As a consequence, there are activities that Swedish employees define as value adding, which Chinese employees would consider to be waste, and the other way around. For Swedish employees, buying a more expensive component could be value adding, if they believe that maintenance costs will be lower. For the Chinese, it might be more value adding to go out for dinner with the selected supplier, to keep up good relations and thereby assure high quality.

Even if the employees are focused on reducing waste, there is one waste that could still become a problem in the Chinese setting. That is the most severe of all wastes, namely not making full use of the knowledge and creativity of all employees. This is further described below in paragraph 14.2.4, when discussing continuous improvement.

#### ***Synchronised flow***

To create a synchronised material flow, a good relationship with suppliers is vital. Also, which is especially important in China, it is important to have good contacts with the government. To establish these good contacts in China, an understanding of *guanxi* is important. This is something that both the Chinese and Swedish employees commented upon. The Swedish employees felt uncertain of how the creation and utilisation of *guanxi* works. The Swedes said that they are in the process of learning about *guanxi* and relationships with suppliers and the government, by the help and support of Chinese employees.

#### ***Employee involvement***

As mentioned before, the Swedish employees emphasised joint decision-making more than the Chinese employees and students (see paragraph 13.5.6). However, all employees showed a strong will and motivation to make improvements, which gain the company as a whole. At the same time, the Swedish employees identified difficulties in how to engage the Chinese employees in joint decision-making. This is further discussed below, under paragraph 14.2.4.

### **Close customer focus**

Close customer focus is something that needs to be built into the process. However, it is very probable that the Chinese employees have a better understanding of the Chinese market than what Swedish employees have. Therefore, it is important to have a process that captures the ideas and suggestions from Chinese employees. This is true especially important in departments where employees work close to the market, for example in the Marketing department.

## **14.2. VCMS**

In addition to the introductory analysis given in the preceding paragraph, the results from the research are here compared with some of the core values of VCMS.

### **14.2.1. Visualisation of performance might be problematic but has many benefits**

As discussed, many of the interviewees confirmed that mianzi is important in China. Relating to the experience Volvo has had in Malaya, as stated in Illustrative example 1, the introduction of visual results in China might need some modification compared to Sweden.

Visual performance has the potential to show employees how their work supports the whole organisation. The overriding goal and future directions of Volvo was something that the Chinese students mentioned in their interviews, as a way to understand the opportunities for future career advancements and to develop faith in the organisation. The importance of communicating future career possibilities for Chinese employees at Volvo was also mentioned in the workshop. This is also something that is supported in the literature on Lean Production, where it is described that employee involvement comes from an understanding of the employee's role and contribution to the total process.

An additional advantage of having visual performance data available for everyone to see is that the visual performance might hinder unfair promotions, or accusations and gossip, as it is clear to everyone who is doing a good job.

### **14.2.2. Goal deployment responds to request from employees**

Goal deployment should facilitate teamwork since it can create common goals for a team. This was an aspect lifted by the students who talked about the importance of goals to unite a team. Goals can also help clarify the organisation's ambitions to the employees. One of the major issues brought up in the interviews and also in the workshop was unclear processes and organisational structure. The employees requested a more clear structure and clear goals. Having goal deployment and visual goals for all employees make the organisation and the processes more transparent and therefore should go well together with the request from the employees.

As with visualisation, goal deployment can also help employees understand their role and contributions to the organisation, as their goals are linked to the goals of their manager, the manager's manager and so forth. The students talked about the importance of internalised incentives such as a feeling of contribution. That kind of feeling could be created by goal deployment. Both students and employees talked about how motivation comes from normative incentives such as identification and task achievement. When goals are deployed to connect to the employees' tasks, also normative incentives would be easier to create. Normative incentives should however be followed up by acknowledgement from the leaders, since both students and employees talked about how motivation is created from acknowledgement.

The use of goals can also facilitate the indirect form of feedback that was requested by employees. Written goals can create an objectivity regarding the message, which could save the face of the person giving feedback. This was one issue lifted by the students, who said that they would not give feedback to their manager if that would result in giving the manager a bad impression of them. However, it is not clear if it works the same way in the direction from manager to subordinate as hierarchy probably is influencing. Goal deployment should however facilitate also the process of receiving feedback as both Chinese students and employees requested feedback in written form because of the clarity and possibilities to preparation of response. To have formulised goals is one way to create that clarity. Another aspect to consider is the potential problem if the goal deployment and follow up on goals are part of visualisation, as was discussed earlier (see paragraph 14.2.1) since both Chinese employees and students wanted to receive negative feedback in private.

#### 14.2.3. VCMS leadership appears to be very suitable for the Chinese context

The VCMS leadership includes many things but the two main characteristics, which have been described in paragraph 3.2.2, are coaching leadership and dual roles of a leader. Implications related to these characteristics are described below.

##### ***Coaching leadership***

From the interviews, it appears as if both Swedes and Chinese appreciate coaching leadership. The Chinese employees especially appreciated when their managers came to see them in their daily work. The Swedish employees said that visiting the Chinese employees in their work makes the employees more willing to ask questions. Also, which was discussed by one Swedish employee, it might be better for a manager to start by asking: "what do you think is a good way to solve this problem?" before giving an own suggestion. This because of the hierarchy differences in China (see paragraph 13.6.6) can make it hard for Chinese employees to argue against what their managers have said. These leadership tactics, to visit the employees in their work and use questions, are part of the coaching leadership style. However, which was described in paragraph 13.1.5, coaching leadership might have slightly different meanings for Swedish and Chinese employees.

##### ***Dual roles of leadership***

The dual role of leadership in VCMS, meaning that the leaders should be both directive and supportive, fits very well with the idealist leader described by both Chinese employees and students. Chinese students and employees wanted a leader who is directive and controlling, following the theory X principles of leadership, and yet supportive and kind.

The way Chinese students and employees described the relationship between the leader and subordinate, one professional and one private, could also relate to the double role preferred for the leader to have. That dual relationship could then facilitate the dual roles of leadership preferred in VCMS, by connecting the controlling leadership style with the professional and the supportive style with the private. The understanding of each other that Chinese create through the relationship in the informal forum could also help coaching in the formal forum.

#### 14.2.4. Teamwork is affected by hierarchy, language, flexibility and mianzi

Below is a short analysis of how two of the main concepts of teamwork, cooperation and continuous improvement, link to the research results.

### ***Team cooperation***

From the results it appears as if Chinese students are relatively used to working in teams. However, the Chinese students and employees emphasised the role of the leader in the group more than the Swedish employees. This can make the team weak if the leader is missing and it also puts larger pressure on selection of suitable leaders. One major finding from the study relates to both problem solving and improvement suggestions, namely that Chinese students and employees often use informal forums to ask questions, solve team related problems and/or give ideas. As VCMS is designed for team problem solving and improvement in formal forums, the question is if, and how the importance of informal forums can be linked to the manufacturing system?

Language problems were also identified as a hinder when Chinese and Swedish employees work together. Even if the future production teams will not have this language problem, given that the large majority will be Chinese, there might still be expatriates working on managerial positions and the Chengdu site still needs to communicate with other offices abroad. Therefore, language hinders are still importance to overcome, even if not directly linked to the implementation of VCMS.

### ***Continuous improvement***

The open discussions that are proposed in VCMS to reduce the "7+1 Wastes" and make use of the knowledge and creativity of all employees could be hard to reach, according to the results. The reason for this is both because of the risk of losing face and because Chinese students and employees rather prepare an idea thoroughly and then present it in written form. The idea is presented first to a small group or directly to the leader, rather than spontaneously discussed in an open discussion, as was preferred by the Swedes. The reason given by the Chinese was that discussing ideas spontaneously both takes time from the meeting and is more risky in terms of mianzi. On the other hand, team development of suggestions could work in opposite way to save the face of the team members, since suggestions are created in the group and not by individuals. VCMS would in this sense be supportive of the Chinese considerations in relation to giving suggestions.

Another problem connected to the process of discussions about improvements is the definition of quality. With different views on concepts like quality, suggestions will be harder to discuss in a group.

#### **14.2.5. Team development in seven steps can enhance motivation**

The motivation connected to giving suggestions also has to be considered. Chinese students and employees requested promotion and acknowledgement as suitable incentives for enabling employees to give suggestions. The same incentives were mentioned in relation to overall motivation in work. This type of incentives should work well together with the team development in VCMS where teams are developed through seven different levels based on performance. On the other hand, a group development process might not be enough to create motivation unless combined with individual acknowledgements and material incentives.

# Part V:

# Conclusions

The aim with the fifth part of the report is to summarise the conclusions from the research and from that give recommendations, both related to further research and related to Volvo's operations in Chengdu. The report ends with reflections upon what has been learned from the project.

## 15. Summary of key findings

Key findings directly related to the three main research questions are presented below. A more fair and inclusive description of all findings are found in paragraph 13 and 14.

### 15.1. Research Question 1: Leader-subordinate interaction

*How can Chinese cultural characteristics, that are different from Swedish cultural characteristics, influence possibilities to implement Lean-based **leadership**?*

#### 15.1.1. Preferred feedback affects use of visualisation of performance

Chinese prefer written feedback since it can reduce the risk of losing face. The risk of losing face can negatively affect the possibility to use visualisation of performance.

#### 15.1.2. Preferences for support and control influence coaching leadership

Chinese want both controlling and supportive leaders, but there might be differences in how Swedes and Chinese define coaching leadership.

#### 15.1.3. View on responsibility influence subordinate accountability

Chinese prefer leaders to use instructions and recommendations for execution of a task, and they also emphasise the leader's responsibility for the result.

#### 15.1.4. Relationships affect dual roles of leadership

Chinese's preferences for both controlling and supportive leadership can be related to that relationships have two sides, one private and one professional.

### 15.2. Research Question 2: Cooperation in teams

*How can Chinese cultural characteristics that are differences from Swedish cultural characteristic influence possibilities to implement Lean-based **teamwork**?*

#### 15.2.1. Mianzi influences communication and continuous improvement

The Chinese prepare suggestions before presenting them to make sure the ideas are constructive in order to avoid the risk of losing face.

#### 15.2.2. Power distance hinders open discussions

Because of high power distance, meaning that power is expected to be unequally distributed, Chinese leaders are not questioned and this hinders open discussions.

#### 15.2.3. Discussions more open in informal forums

Hierarchy between employees is less distinct in informal forums, such as during dinners and activities, which creates possibilities for open discussions in those forums.

#### 15.2.4. Definition of quality important for cooperation and suggestions

There is an argument between Chinese and Swedish employees concerning quality, which also influences possibilities to discuss and develop improvement suggestions.

### 15.3. Research Question 3: Diffusion of knowledge

*What aspects of Chinese leadership structure and Chinese teamwork based processes have potential to improve operations performance in other countries, and could therefore be **globally diffused** within Volvo?*

#### 15.3.1. Openness to change can improve agility

The Chinese's openness to change is an attitude that, if transferred, can improve performance also outside China by creating fast responses to new situations.

#### 15.3.2. Multiple plans can be useful in volatile contexts

Chinese use multiple plans to handle uncertain contexts, which can improve performance also in other countries if diffused globally.

### 15.4. Additional findings

The course of the research resulted in many additional findings, apart from those connected to the research questions. These are presented below.

#### 15.4.1. Language barrier a major hinder for cooperation

Difficulties in communication are related to the difference in language levels between employees, which is a great hindering for cooperation in teams.

#### 15.4.2. Feedback through e-mails preferred by Chinese

The preference for feedback in the form of e-mails, as stated by Chinese, stands in contrast to the Swedes' preference for personal feedback meetings.

#### 15.4.3. Guanxi can have both positive and negative effects on internal relations

Guanxi creates better understanding between employees but can also result in unfair promotions or involve people being denigrated by colleagues.

#### 15.4.4. Consideration of motivation important to retain employees

Promotion and salary are important incentives for Chinese. The possibility for career development is a major reason for choosing to work for a certain company.

## 16. Recommendations for Volvo

The recommendations given below are divided into two parts: recommendations specifically related to VCMS and recommendations related to Volvo in general.

### 16.1. Recommendations for implementations of VCMS leadership

The following recommendations relate directly to the implementation of VCMS leadership in China.

#### 16.1.1. Discuss how mianzi affects visualisation of performance

The use of visualisation of performance is something that should be discussed together with the Chinese employees in order to understand if there is an issue related to the need for saving face. Still, it is important to point out that visualisation of performance seems to have many advantages (see paragraph 14.2.1), which can be utilised in a strategic way. One example could be to link performance appraisal and promotion to the visual performance. However, it is also important to acknowledge employees on an individual basis.

#### 16.1.2. Train and discuss coaching leadership

Overall, the use of coaching leadership seems favourable for China and all the managers should therefore be given training in coaching leadership. The training should include explanations for why coaching leadership is beneficial. An example is that it is important to go out and see the employees in their daily work because otherwise the employees might not raise questions or concerns they have. However, there might be some differences in how important it is that the leader knows the right answer when coaching the employees and to what extent the leader should be involved in the details of the employees' work. This is therefore something that should be discussed before or during the training in coaching leadership, so that the managers gain a better understanding of what is wanted and expected from them.

#### 16.1.3. Train, encouraged and facilitate dual roles of leadership

It can be hard for the leaders to balance between the dual roles of both being directive and supportive as a leader, which was also discussed by the interviewees. A balance in the styles is needed and it is important for the leaders themselves to get an understanding of how their leadership is perceived, and what they can improve. One way is therefore to include the dual leadership role in the performance evaluation system and to provide coaching for the managers in how to balance the roles.

### 16.2. Recommendations for implementations of VCMS teamwork

The following recommendations relate directly to the implementation of VCMS teamwork in China.

#### 16.2.1. Use informal forums and meetings to enhance cooperation

Both Swedish and Chinese employees said that informal forums make team discussions and problem solving easier in China. Therefore, the use informal forums is something that might be possible for Volvo to use strategically. One possibility is to use team dinners for production personnel in order to make the team members feel more

confident when working together and also in order to give them a separate forum for giving suggestions or asking questions. Other ways could be to design a process that includes less formal meetings, in which the hierarchical differences are not as obvious, and therefore could make employees feel more confident when discussing problems or raising questions. One such example could be one-to-one meetings as used at Ford, see illustrative example 8. Another example could be to use different group constellations, and thereby change the normal hierarchy. This builds on the idea that changing from one group constellation to another has similar effect on hierarchy differences as changing from one forum to another, meaning that the hierarchy levels will be more vague.

### **Illustrative example 8: One-to-one with the manager**

Ford uses one-to-one meetings where the subordinates meet with their direct manager once a week. In 30 minutes long meetings, the subordinate chooses what to discuss during 15 minutes and the manager sets the agenda for the remaining 15 minutes. The discussions can be about anything, from personal life or career prospects. It is also possible for the employees to arrange similar one-to-one meetings with their manager's manager.

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- (Hermansson, July 13, 2011)

#### **16.2.2. Discuss if VCMS should be adapted to preferences for giving ideas**

It is unclear whether the preferences of the interviewees regarding giving ideas will be the same as the preference of the people working on the production line since the teamwork might be different. Discussions should therefore be made to decide whether the way VCMS deals with improvement suggestions through open discussions have to be adapted to fit the Chinese's preferences of written preparations and informal forums, or whether the group development of suggestions is enough to save the face of individuals. It is not for sure either if preparations of ideas only is an issue of losing face. By preparing ideas, the quality should also be higher and there no guarantee that open discussions should be a better way to come to an effective result. The issue of how ideas should be lifted in order to get best use of improvement suggestions should therefore be discussed.

If VCMS need to be adapted, one such adaptation could be in the form of the one-to-one meetings proposed above (see paragraph 16.2.1). The employees would then be given the possibility to prepare an idea and discuss that idea directly with the manager.

If VCMS is not to be adapted, and open discussions is seemed to be the best way to lift ideas, there are possible actions to overcome the risk of losing face in these situations. One such action is to encourage positive relationships between team members. That in turn could be facilitated by use of team activities. Another action is to use cooperative team goals and reward employees based on team performance, as that has been shown to increase the level of open discussions and cooperative conflict solving (see paragraph 6.1.4). A third action is to employ people without any previous experience from working in a factory and train them in Volvo's process for improvement suggestions. The advantage with employing people without experience is that they do not have as many set presumptions and do not bring with them values from another company culture. The disadvantage, however, is that they might need more time to learn how to perform their work tasks.

#### 16.2.3. Select leaders who lift the contribution of others

Since continuous improvement is an important aspect of VCMS regarding improvements, it has to be made sure that leaders encourage ideas and improvements in the right way. The Chinese interviewees talked about how it is important for leaders to acknowledge subordinates for team successes but take responsibility when the team makes a mistake. That type of leadership would encourage suggestions from the team, and hence this type of leaders should be selected or developed. In order to encourage leaders to practice this behaviour it is also important to select the leaders' leaders just as carefully. It has to be made sure that the team leaders acknowledge their team's performance rather than their own ideas. The latter would promote leaders to steal ideas from their team members, which is not in line with the preferred leadership that the Chinese employees say can promote improvements.

#### 16.2.4. Connect individual career plans to the team development process

The team development process could be seen as a promotion model for the team. Chinese employees and students emphasise promotion as incentives and team-based rewards have been linked to openness in discussions. Therefore, the team development process is likely to be successful in China. Grading a team to be considered belonging to a higher step in the development process could be seen as a group promotion. However, it should also be made clear if and how the development process relates to higher salaries, which has also been mentioned as important for motivation. One usual way to get salary increase is through individual promotion, and therefore the team development process could be related to individual career paths.

#### 16.2.5. Jointly define the concepts quality and waste

To follow up the request from the employees in the workshop, there is a need to discuss what quality means. This discussion should include what quality is and it should result in detailed definitions of the required level of quality so that everyone agrees upon what should be delivered. Also, an open discussion of the definition of waste might be beneficial, as it involves discussing the short-term trade-off between quality and cost. But it is also important to point out the long-term correlation between quality and cost. It is important to discuss waste in different time perspectives (long-term versus short-term) and also discuss how the definition of waste can be affected by taking the perspective of different stakeholders (e.g. society, shareholders, customers, suppliers and more). It is also important to create definitions that are best suitable for the Chinese context, by making use of all Volvo employees' experiences and competences.

#### 16.2.6. Encourage waste eliminating behaviour

One recommendation in addition to discussing the meaning of waste is to encourage the Chinese employees' skill in, and focus on, waste elimination. The Chinese employees have a will and knowledge in how to cut cost in an efficient way. It is important that this strive to cut cost does not become synonymous with not knowing the right level of quality since cutting cost in China does not have to include lower quality because of high competition among suppliers. Chinese employees' ambitions and ideas should therefore be supported and their suggestions are taken seriously as a way to eliminate waste.

### 16.3. Recommendations for global diffusion of lessons from China

The following recommendations relate to aspects in Chinese operations that can be subject for global diffusion within Volvo.

### 16.3.1. Learn different methods for planning to become more adaptable

The third recommendation relates to planning. From the interviews, it was clear that Swedes and Chinese have different methods for planning, which is something that could be utilised by Volvo. Being able to switch between different methods for planning can be beneficial as the preferred method of planning can be different in different situations.

There are of course potential problems with using different methods for planning. One such problem is a clash between the delegating management system and letting the leader decide between multiple plans, of which some might not be suitable. In order for the manager to make a wise choice between many alternatives, the manager needs to know enough details to make that choice. This might be contradictory to the delegating leadership used and preferred by many Swedish employees.

At the same time, there are many possible wins that can come from mastering the method of multiple plans. One example comes from how Toyota uses several prototypes also in late stages of their product development process, in order to allow for change, see illustrative example 9.

The Chinese employees could help teach the Swedish employees the method of using several plans. Also, an investigation could be made on when multiple plans are most beneficial and when one detailed analysis is most beneficial. For example, multiple plans could be used in the production teams' work on continuous improvement, by having the teams develop several suggestions for the same problem. This is also something that could be transferred globally within Volvo.

### Illustrative example 9: Multiple plans at Toyota

At Toyota, multiple plans are used in the product development process in the form of several prototypes that are developed in parallel. This method of working has been termed "set-based concurrent engineering". It is claimed to be one of the major reasons behind Toyota's speed and efficiency in product and production development. Toyota's designers work on several designs simultaneously rather than pursuing one alternative iteratively. They gradually narrow the number of designs as new constraints come in until they have a final solution. As an effect, early stated information and decisions are valid from project start to project end.

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- (Ward, Liker, Cristiano, & Sobek II, 1995)

## 16.4. General recommendations for Volvo China

The following recommendations relate to Volvo's operations China on a general level, not specifically tied to the implementation of VCMS.

### 16.4.1. Use suggestion from employees to overcome language barriers

The employees gave many good suggestions in the interviews and in the workshop on how to overcome language barriers, and therefore this text is mainly a summary of what has been stated before. The suggestions were given both on a general level and on a detailed level.

General suggestions related to respecting team members and show patience. Patience is important both when communicating an own idea, in order to adapt language and speed of talk to the respondent, but also when listening to ideas, in order to let the speaker take time to explain the idea even if the idea has been raised before.

Another suggestion was to improve the language level by training. The Chinese employees are already given language training in English, and hence this is something that has already been started. However, which was also mentioned in the interviews,

the Swedish employees also have to consider their English pronunciation in order to make their talk more understandable to the non-Swedes. Two suggestions can be given to solve this problem. The first suggestion is to arrange for an objective language evaluation by a third party, and also let the Swedish employees take training courses in spoken English. This might however be embarrassing, and thereby demotivating, for those who are required to attend the courses. In other words, there is a risk of that the Swedish employees lose face. A second suggestion is therefore to arrange for team training sessions in spoken English, where the work teams go together as a group. This could be beneficial as those who speak a higher level of English can help those who speak a lower level of English, and it would take away the feeling of embarrassment. At the same time, it would give the team members more possibilities to meet outside the work forum, as requested in paragraph 16.2.1.

When it comes to recommendations on a more detailed level, the following were suggested: use written communication, use of pictures and figures, telling stories and metaphors, use translation tools such as mobile applications, use recording devices, and asking clarifying questions to the employee to make sure he or she has understood. For more information on the detailed-level suggestions, see paragraph 10.5.13.

#### 16.4.2. Use written feedback to save face and be clear

As a consequence of the risk of losing face, Chinese students and employees preferred feedback to be written (see paragraph 13.3.2). Using written feedback could also be beneficial when the manager and subordinate speak different languages, as the information will be more clear and the subordinate will have the possibility to read the statement several times in order to be sure that the meaning has been understood. The possibility to use written feedback, such as through use of e-mails, could therefore be offered as a possibility for Chinese employees in their interaction with superiors. It is also possible to offer a written feedback statement before or in connection to a personal feedback meeting. That could make the employees feel more in control and give them the possibility to prepare questions before the feedback session. There could be a risk though, that Swedish employees do not find written feedback as more clear, and rather use oral feedback in order to make sure the meaning come through. Oral feedback is also more personal and therefore could make it easier to communicate it with more attention from the listener. This is also an aspect to investigate further, to see if written feedback will be clearer also in the opinion of the Swedes.

#### 16.4.3. Be preventive towards the use of guanxi in promotions

Guanxi is a concept that can be used to favour promotion and recruitment of employees. In addition, guanxi can be bought by money. It could, because of this, lead to an inefficient organisation where the most knowledgeable people are not promoted but instead those employees with the right connections or those who give bribes to the leader. Guanxi also has the possibility to negatively influence group behaviour. As an example, other team members can denigrate a person without guanxi. This is something that both Chinese students and employees mentioned as a risk and something that they don't want. Being a company with Western roots, Volvo's lack of guanxi could attract talents to the company. The recommendation is therefore for the Human Resource department to discuss how to guard against situations when guanxi affects promotion in a negative way, and how to utilise the lack of guanxi to promote Volvo to Chinese talents.

#### 16.4.4. But utilise guanxi for successful task assignment and supplier relations

There are however several positive aspects of guanxi that should be learned and utilised in favour of the organisation. As was stated both in theory and during interviews guanxi helps develop strong personal relationships that creates confidence between the manager and the subordinate, and also makes it easier to assign the right task to the right person. As was mentioned by the students, guanxi also leads to a better environment since people help each other and understand each other better. This is something that the Swedish employees could learn from the Chinese employees. In addition, the complexity involved in guanxi has implications on how Swedish employees positioned in China should act towards suppliers, something they need to learn from Chinese employees.

#### 16.4.5. Clarify career paths to keep employees

As discussed in paragraph 14.2.1, an explicit definition of how performance leads to promotion is likely to make Chinese employees see Volvo as a place where they can and want to build their future careers. One possible action is to use the Management Performance Review system, as described in illustrative example 10. This system is in use in other Volvo sites but has not yet been implemented in Chengdu. Other ways are to use mentor programs or, as was stated above in paragraph 16.2.4, clearly describe and show how the team development process is linked to individual career paths. Still, offering competitive salaries is also vital.

### **Illustrative example 10: Acknowledge top achievers**

Volvo has a system where the employee is evaluated based on goals that are set once a year and reviewed every six months. At the end of the year, the employee is placed into one of the categories: underachiever, achiever, higher achiever or top achiever. The employee's future career is discussed with this categorization as basis. In the case of a top achiever, the employee's future is discussed in the management group above that of the employee's immediate manager. In the case if an underachiever, the employee's future is discussed with the Human Resource department.

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- (Hermansson, July 13, 2011)

## 17. Recommendations for further research

Based on the analysis of findings in comparison with literature, some suggestions for future research are presented below. Also suggestions related to the six frameworks connected to the six research topics are presented.

### 17.1.1. Different types of forums should be further investigated

One of the main findings in this research was the difference between how Swedish and Chinese employees use informal and formal forums to discuss different issues. This was however an issue that came up in connection to the way employees prefer to bring up ideas, to give feedback or to talk about problems. What would therefore be interesting to look further into would be how these forums are used in more detail. Are there other subjects that are rather lifted in any of the two forums? How can the line be drawn between a formal and an informal forum? What different types of formal and informal forums are there and what can they be best used for? What roles could the differences in forums play more specifically for a company such as Volvo?

### 17.1.2. Deepening study on the role of guanxi is needed

What future research could try to investigate could be to deepening the understanding of the functions of guanxi in internal relationships, especially with respect to how guanxi affect promotions. Our study found that the students had very negative perceptions of the influence of guanxi on promotions. It would therefore be interesting to further study the attitudes that exist towards guanxi and see if there is a link with time and/or occupation.

### 17.1.3. The reason behind flexibility should be investigated

The study found, in accordance with previous studies, a difference between Chinese and Swedes when it comes to flexibility in problems solving. What this study also found, however, was a certain preferred level of details in instructions given by the leader among the Chinese and also an indication of that neither the Swedish nor the Chinese leaders currently give instructions with the desired level of detail. What would be interesting to investigate is therefore if the level of detailed instructions has a connection to flexibility and how that correlation is directed. Have the vagueness of leaders and instructions developed a need of flexibility in order to be able to adjust to the need of the leader? Or are the leaders vague because detailed instructions are not needed, since a number of possible solutions should be generated? Another theory presented in the analysis for flexibility (see paragraph 13.5.8) was about if flexibility when it comes to generating solutions to a problem could be related to the feeling of ownership of the work task. That is also an interesting aspect to look further into.

### 17.1.4. The possible shift in openness among Chinese should be researched

Another issue interesting to investigate further is the extent to which Chinese are willing to participate in open discussions. Previous research showed of two directions in the area. While some researchers had found that Chinese do participate in open discussions, other had found that the risk of losing face makes Chinese avoid open discussions (see paragraph 6.1.2). The results in this research also found these two differences, but also discovered another dimension related to the topic. That dimension is related to difference in answers from students compared to employees. While students were willing to discuss also sensitive topics, many employees avoided conflicts with the risk of losing face. It would therefore be interesting to investigate whether the young Chinese generation lays the ground for a more open environment and if influence of mianzi on people's behaviour will reduce with time.

#### 17.1.5. The link between motivation and stages in life should be further studied

The difference in answers between employees and students brought with it another interesting aspect to be further investigated. Based on the answers from the students, motivation could be related to life situation, which in turn can explain differences in motivation between Chinese and Swedish employees at Volvo. This aspect of motivation would be interesting to investigate since it would give another dimension to differences that is not only connected to culture, but also to stages in life.

#### 17.1.6. Use of several frameworks on culture is proposed also in future research

In relation to future research should be mentioned the importance of bringing in several dimensions on culture besides Hofstede's cultural dimensions. Even though the work of Hofstede is one of the most commonly used framework on the subject, some of the findings in this study would not have been possible to describe fully without the complement of other researchers' work on culture.

## 18. Final reflections and lessons

Working on this project has brought many lessons, on many different levels: professional, academic and personal. One of the things that have been made clear from the project is that there are numerous ways to manage and work together in teams. None of these ways can invariably be stated as right or wrong. Therefore, when differences do exist, it is not clear who should teach what practice to whom. All practices have their pros and cons and their usefulness depend on the context and the practitioners.

In relation to the statement above, it is hard, if not impossible, to maintain an objective view when comparing different practices and methods. Therefore, it is important to be aware of own values and experiences, which affect how information is interpreted. What is right or wrong when it comes to practices are related to personal preferences, which are feelings and not facts.

The problem of obtaining objectivity has been difficult in this study since both researchers in the Swedish team come from Sweden and had little previous knowledge of Chinese culture. Therefore, the cooperation with UESTC and the Chinese research team has been of great value. In addition to getting to know the Chinese researchers on a personal level, the cooperation has brought two major advantages. Firstly, the Chinese research team could help explain and make explicit concepts of the Chinese culture, such as how hierarchy differences become less clear in informal forums. Also, the cooperation made it possible for us to reflect upon differences in the Swedish and Chinese cultures from own experiences.

Even though the cooperation has been valuable, there are still limitations in the results. Language barriers were identified as important barriers for the cooperation at Volvo. Similarly, the inability to speak Chinese has put limitations on the results from the Swedish research team. These limitations relate both to interview results and to the full understanding of the Chinese culture and context. Many concepts are hard to explain or translate and sometimes the true meaning can get lost.

Finally, it should be pointed out that it has been a true privilege to work on this project, which perfectly matches our personal interests. Also, it has been both exiting and valuable to be positioned in Chengdu, being close to the research site and being able to communicate face-to-face with the Chinese research team, instead of over telephone or internet. One of the best parts of the project has been the opportunity to meet and talk to all knowledgeable and friendly participants, who have made large contributions to the results by sharing their experiences, giving advice, and giving suggestions. The most rewarding part of the research has been the positive response from interviewees and workshop participants. Our hope has been to give something back to all these people who have participated. The final findings, as presented in the report, can be of help to practitioners and academics. Still, it is our belief that the research process itself has been beneficial to the participants by giving them time and opportunity for reflections.

- *"Now we have to finish the interview..."*
- *I have never been asked these kinds of questions before.*
- *Not? Was it ok then?*
- *Yes, but I am not sure I expressed myself clearly.*
- *No, it was good! Is there anything you would like to add?*
- *I learned some things from you: that I should also ask the question 'why', not just work."*

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- Chinese employee interview  
in dialogue with Swedish researcher

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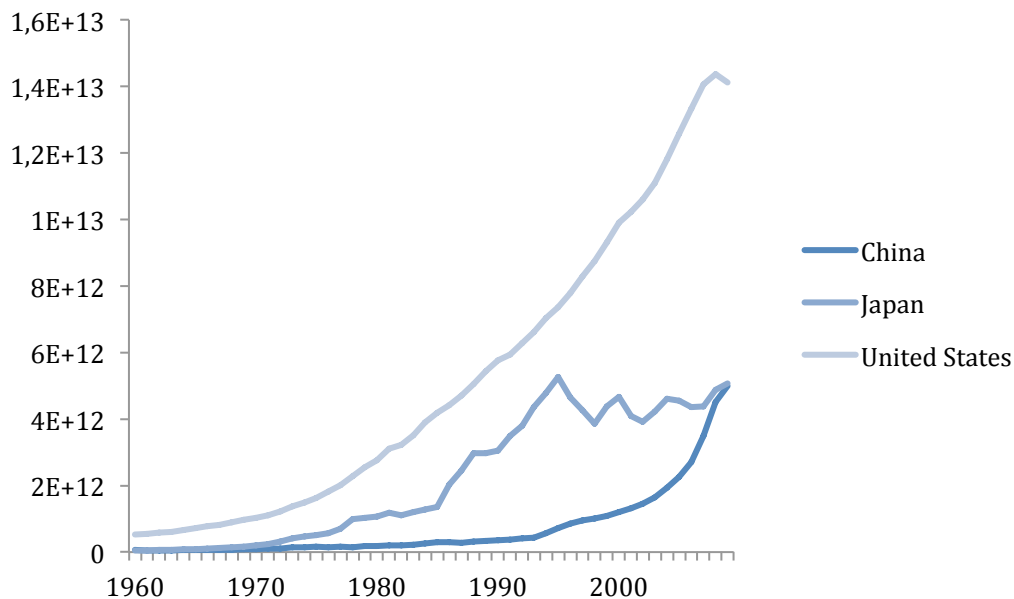
# Part VI:

# Appendix

Additional information that was referred to throughout of the report can be found in this section. Starting with information on China's growth, it is continuing with the time plan for the study, interview guides used and lastly, the slides from the workshop held with Volvo.

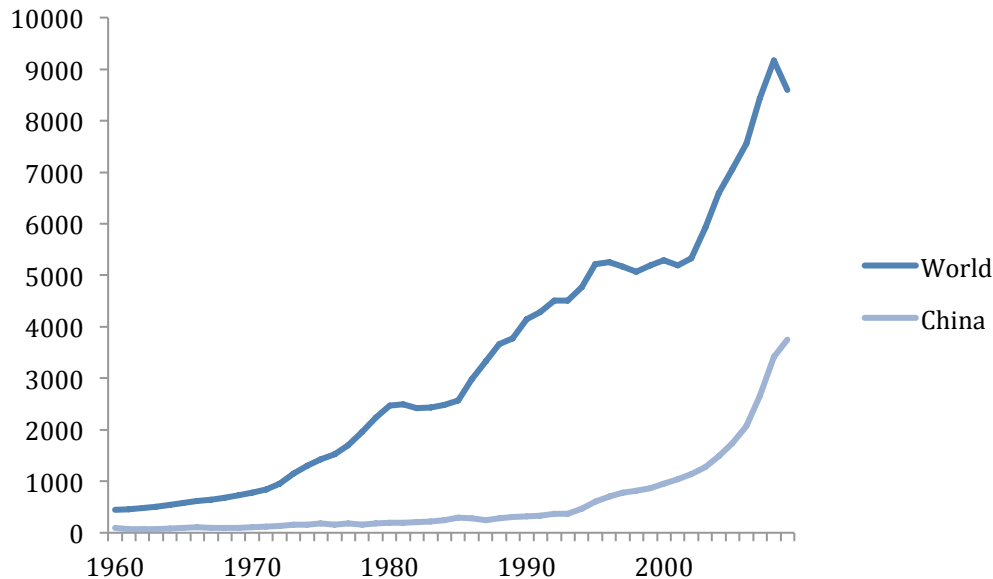
## 20. Appendix 1: Economic Growth of China

### 20.1. Gross Domestic Product (current US\$), 1960-2009



**Figure 20-1:** China's GDP has grown remarkably since the 90's and China has now replaced Japan as the second largest economy.<sup>1</sup>

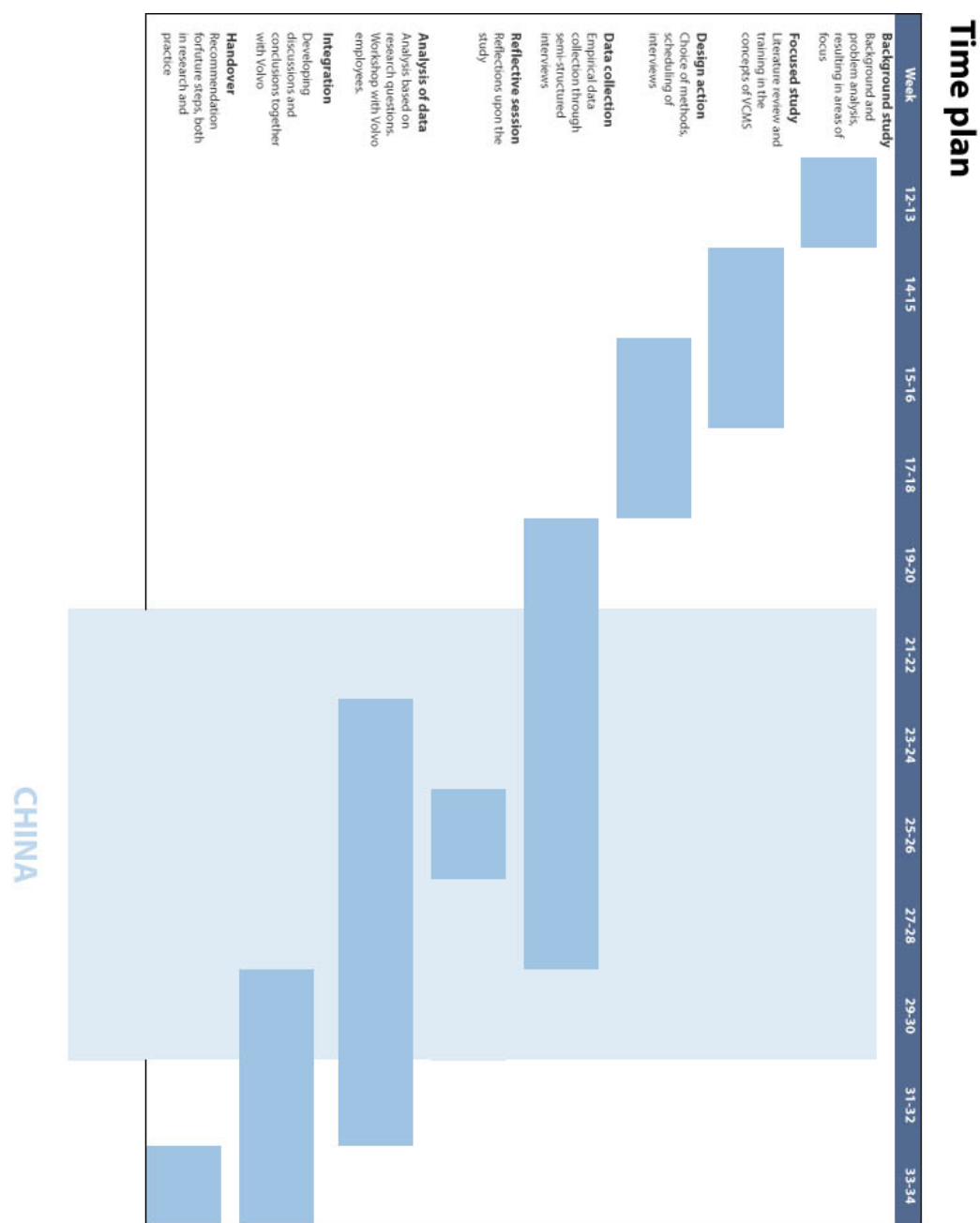
### 20.2. Gross Domestic Product per capita (current US\$), 1960-2009



**Figure 20-2:** China still lags behind the World average GDP per capita. Still, the country has withstood the global economic slowdown in the late 2000's better than most countries.<sup>1</sup>

<sup>1</sup> World Bank national accounts data, and OECD National Accounts data files. (2011). *The World Bank*. Retrieved May 6, 2011 from GDP data by country: <http://data.worldbank.org/indicator/NY.GDP.MKTP.CD/countries?display=default>

21. Appendix 2: Time Plan



## 22. Appendix 3: Interview guides

The following are the three interview guides, which were used for the interviews with Chinese students, Chinese Volvo employees and Swedish Volvo employees.

### 22.1. Interview guide – Chinese students

#### Introduction

The following items should be presented to the interviewee before the start of the interview.

- **Presentation:** who we are and what our project is about. Brief introduction.
  - *Quality and Operations Management at Chalmers in Gothenburg*
  - *This is our master's thesis*
  - *In this project we are cooperating with three Chinese students, who are doing the same study from the Chinese perspective.*
  - *Are you familiar with the car brand Volvo?*
    - *It is a brand that originates from Sweden but recently was bought by the Chinese company Geely*
  - *We are studying Volvo Car's factory processes and want to learn about Chinese leadership and teamwork.*
  - *We are looking at how Volvo practices will work together with Chinese leadership and teamwork and if there is a difference between the two.*
  - *Why you are here is because Volvo has yet not employed people to work in the factory so we cannot interview them. Instead we interview students that might be in the same age and have the same background as the people Volvo will eventually hire.*
- **Aim** of interview
  - *To understand the views of Chinese subordinates regarding issues relating to leadership and teamwork in professional/educational situations.*
- **Duration** of interview:
  - *1-1.5 hours*
- **Recording:**
  - *Is it ok to record by audio recording?*
- **Information usage:**
  - *The information from the interview will be a part of our information data collection to hear about Chinese subordinates' views on the leadership and teamwork. Your answers are anonymous and nothing you say can be traced back to you as a person. The joint outcome of all interviews will be presented in a workshop at Volvo and it will be part of our Swedish master thesis report.*
- **Clarification:**
  - *If you feel that there is a question you don't want to answer, you can always choose not to answer.*
  - *If I am not expressing myself clearly, just ask me to repeat the question in another way.*
  - *Do you have any questions before we start?*

#### Background information

- Where do you come from?
- What is your age?
- What is your education?
  - What is your major?

- What work experiences do you have?
  - How long in total?
  - Did you work in a western or a Swedish company?
- What are your future preferences, would you rather work in a Chinese, Western or joined venture company?
  - Why?

## Leadership

### **Leadership preferences**

First we would like to get your view on leadership.

- How would you define a good leader?
  - Personal traits
  - Work related qualities (experience, knowledge, time in company etc.)
- How would you define a good subordinate?

### **Developing relationships with subordinates**

- How would you define a good relationship between a subordinate and a manager?
- How can a good relationship between a subordinate and a manager be created?
- How would you define the concept guanxi?
- How does guanxi influence relationships between employees in a company?
  - How does guanxi influence relationships between subordinates and managers in China?
- Does the concept of guanxi work in the same way in China regardless of the nationality of the practitioner?
  - If yes, how does the concept of guanxi differ depending on the nationality of the practitioner?

### **Giving and receiving feedback**

We are also interested in how feedback is transferred between managers and subordinates.

- What is a usual way for a manager to give feedback?
  - Is it different depending on if it is positive or negative feedback?
- What is a good way for a manager to give feedback?
  - Is it different depending on if it is positive or negative feedback?
- Are there any difficulties involved in the process of giving or receiving feedback in Sweden/China?
- What influences how a manager chooses to give feedback?
- What is different between how a subordinate gives feedback to a manager compared to vice versa?

### **Motivating employees**

Now, we continue with some questions about motivation.

- What motivates you in your work and studies?
- What demotivates you in your work and studies?
- How do you define a good way managers can use to motivate subordinates?
- What motivates you to work according to a fixed work routine set by someone else?
  - If you know the aim of working with this fixed routine, how would that influence your motivation?

## Teamwork

Now we would like to get your view on working in teams.

- What experiences do you have of working in teams?

### **Problem solving in teams**

- What experiences do you have of solving problems as a team?
- When a problem occurs in a team, what happens?
  - How is a solution found?
- What would make you motivated to openly suggest a solution to a problem in a team?

### **Improvement suggestions**

- What experiences do you have with improvement suggestions in companies/school?
- What would make you motivated to give improvement suggestions in your work/future work?

## Closure

- **Wrap-up:**
  - *Now we have come to the end of the interview, is there something you would like to **add** regarding the issues we have talked about?*
- Repeat information **usage**:
  - *The information from the interview will be a part of our information data collection to hear about Chinese subordinates' views on the leadership and teamwork. Your answers are anonymous and nothing you say can be traced back to you as a person. The joint outcome of all interviews will be presented in a workshop at Volvo and it will be part of our Swedish master thesis report.*
- Ask for **questions**:
  - *Do you have any questions?*
    - *About this interview?*
    - *About this project?*
- **Summarise** what was learned in the interview
- **Thank** the interviewee for his/her time
- Small **gift** to show appreciation

## 22.2. Interview guide – Chinese Volvo employees

### Introduction

The following items should be presented to the interviewee before the start of the interview.

- **Presentation:** who we are and what our project is about. Brief introduction.
  - *Quality and Operations Management at Chalmers in Gothenburg*
  - *This is our master's thesis*
  - *In this project we are cooperating with two Chinese students, who are doing the same study from the Chinese perspective.*
  - *We are studying Volvo Car's factory process, VCMS, and want to learn about Chinese leadership and teamwork.*
  - *We are looking at how Volvo practices will work together with Chinese leadership and teamwork and if there is a difference between the two.*
  - *Why you are here is because we are interested how Chinese look upon issues of leadership and teamwork and your preferences related to these two topics.*
- **Aim** of interview
  - *To understand the views of Chinese employees, regarding issues relating to leadership and teamwork.*
- **Duration** of interview:
  - *1-1.5 hours*
- **Recording:**
  - *Is it ok to record by audio recording?*
- Information **usage:**
  - *The information from the interview will be a part of our information data collection to hear about Swedish/Chinese views on leadership and teamwork.*
  - *Your answers are **anonymous** and nothing you say can be traced back to you as a person.*
  - *The joint outcome of all interviews will be presented in a workshop here at Volvo and it will be part of our Swedish master thesis report.*
  - *The final results will be presented to Volvo initially in July and later in August*
- **Clarification:**
  - *If you feel that there is a question you don't want to answer, you can always choose not to answer.*
  - *If I am not expressing myself clearly, please ask me to repeat the question in another way.*
  - *Do you have any questions before we start?*

### Demographics

- Where do you come from?
- What is your position in the company?
- What is your education?
- What other work experiences do you have?
- Why did you choose to work for Volvo?

## Leadership

### **Leadership preferences**

First we would like to get your view on leadership.

- How would you define a good leader?
  - Personal traits
  - Work related qualities (age, experience, knowledge, time in company etc.)
- How would you define a good subordinate?
- What aspects of the Swedish work culture do you think is interesting?
  - Positive aspects?
  - Negative aspects?

### **Developing relationships with subordinates**

- How would you define a good relationship between a subordinate and a manager?
- How can a good relationship between a subordinate and a manager be created?
- How would you define guanxi?
- How does guanxi influence interactions and relations between subordinates and managers in China?
  - Is it different at Volvo?
- Does the concept of guanxi work in the same way in China regardless of the nationality of the practitioner?
  - If yes, how does the concept of guanxi differ depending on the nationality of the practitioner?

### **Giving and receiving feedback**

We are also interested in how feedback is transferred between managers and subordinates.

- If your manager wants to give you feedback on your work (e.g. a task that you have completed) how would you prefer that feedback to be communicated to you?
  - Is it different depending on if it is positive or negative feedback?
- What is a usual way for managers at Volvo to give feedback?
  - Is it different depending on if it is positive or negative feedback?
- Are there any difficulties involved in the process of giving or receiving feedback in China (relate to previous work experiences)?
- What influences how a manager chooses to give feedback?
- What is different between how a subordinate gives feedback to a manager compared to vice versa?

### **Motivating employees**

Now, we continue with some questions about motivation.

- What motivates you in your work?
- What demotivates you in your work?
- How do you describe a good way managers can use to motivate subordinates?
- What motivates you to work according to a fixed work routine set by someone else?
  - If you know the aim of working with this fixed routine, how would that influence your motivation?

## Teamwork

- To what extent does your daily work involve teamwork?
  - What are your feelings about that?
- How would you describe a good team member?

## **Problem solving in teams**

- When a problem occurs in your team, what happens?
  - How is a solution found?
- What would make you motivated to openly suggest a solution to a problem that has occurred in your team?

## **Improvement suggestions**

- If you get an idea that could improve the result that your team is responsible for, what would you do?
  - Who do you tell?
    - Would you prefer to tell your Chinese or Swedish leader?
  - How do you tell?
  - When?
- What would make you motivated to give improvement suggestions in your team?

## Closure

- **Wrap-up:**
  - *Now we have come to the end of the interview, is there something you would like to **add** regarding the issues we have talked about?*
- Repeat information **usage:**
  - *The information from the interview will be a part of our information data collection to hear about Chinese subordinates' views on the leadership and teamwork. Your answers are anonymous and nothing you say can be traced back to you as a person. The joint outcome of all interviews will be presented in a workshop at Volvo and it will be part of our Swedish master thesis report.*
- Ask for **questions:**
  - *Do you have any questions?*
    - *About this interview?*
    - *About this project?*
- **Summarise** what was learned in the interview
- **Thank** the interviewee for his/her time

## 22.3. Intervjuguide – Svenska Volvoanställda

### Introduktion

Följande punkter ska presenteras för intervjuobjektet innan intervjun börjar.

- **Presentation:** vilka vi är och vad vårt projekt handlar om. Kort introduktion.
  - *Quality and Operations Management på Chalmers i Göteborg*
  - *Det här är vårt examensarbete*
  - *I projektet samarbetar vi med två kinesiska studenter, som gör samma studie från ett kinesiskt perspektiv*
  - *Vi är intresserade av Volvos produktionsprocess, VCMS, i relation till ledarskap och grupparbete*
  - *Vi tittar på hur Volvos riktlinjer fungerar tillsammans med kinesiskt ledarskap och grupparbete och om det finns en skillnad mellan de två*
  - *Anledningen till att vi vill intervju dig är för att få det svenska perspektivet på ledarskap och grupparbete och dina preferenser inom dessa två områden*
- **Syftet** med intervjun
  - Att förstå hur svenska Volvo-anställda ser på ledarskap och grupparbete
- **Tidsåtgång** för intervjun:
  - 1-1.5 timmar
- **Inspelning:**
  - Går det bra att vi spelar in intervjun?
- **Informationsanvändning:**
  - *Informationen från intervjun kommer att vara en del i vår informationsinsamling där vi tittar på svenska och kinesiska anställdas syn på ledarskap och grupparbete.*
  - *Informationen du ger kommer vara helt **anonym** och ingenting du säger kommer kunna spåras till dig personligen. Istället kommer vi titta på alla svar generellt för att se trender.*
  - *Resultatet kommer att presenteras som en del i en workshop där några av er från Volvo kommer vara med och analysera vad svaren betyder*
  - *Slutligen kommer vi att presentera resultatet för er här på Volvo. Preliminära resultat presenteras i juli och slutliga resultat presenteras augusti*
- **Förtydligande:**
  - *Om det är någon fråga du inte vill besvara kan du alltid låta bli*
  - *Om jag inte uttrycker mig tydligt nog så får du gärna be mig att upprepa frågan eller förtydliga den*
  - *Har du några frågor innan vi börjar?*

### Demografi

- Vad är din arbetsroll?
  - Hur länge har du arbetat här?
- Vad har du för bakgrund?
  - Akademiskt
  - Arbetserfarenhet
- Vad fick dig att välja Volvo som arbetsgivare?

## Ledarskap

### **Preferenser för ledarskap**

Först vill vi höra om din syn på ledarskap

- Hur skulle du beskriva en bra ledare?
  - Personliga drag
  - Arbetsrelaterade kvaliteter (erfarenhet, kunskap, antal år i företaget etc.)
- Hur skulle du beskriva en bra underställd?
- Vad i den kinesiska arbetskulturen tycker du är intressant?
  - Positiva aspekter?
  - Negativa aspekter?

### **Relationsskapande mellan ledare och anställda**

- Hur skulle du beskriva en bra relation mellan en anställd och dess ledare?
- Hur kan en bra relation skapas?
- Har du hört talas om konceptet "guanxi"?
  - Hur skulle du beskriva guanxi?
  - Hur påverkar guanxi relationer och interaktion mellan ledare och anställda?
    - Tror du att guanxi fungerar annorlunda på Volvo än andra företag?
  - Tror du att guanxi fungerar olika oberoende av nationaliteten på ledaren eller den anställde?
    - Om ja, hur är det annorlunda?

### **Ge och ta emot feedback**

Vi är också intresserade av hur feedback förmedlas mellan ledare och anställda.

- Om du chef vill ge dig feedback på ditt arbete (t.ex. gällande en uppgift du har utfört) hur skulle du föredra att få denna feedback?
  - Beror sättet du föredrar på vilken typ av feedback det är, t.ex. negativ eller positiv feedback?
- Vad är ett vanligt sätt för chefer på Volvo att ge feedback?
  - Beror detta sätt på vilken typ av feedback det är, t.ex. negativ eller positiv feedback?
- Finns det några svårigheter gällande hur man ger feedback i Kina jämfört med Sverige?
- Vad påverkar det sätt som en chef väljer att ge feedback?
- Hur skiljer sig sättet som en chef ger feedback till en anställd jämfört med hur en anställd ger feedback till en chef?

### **Att motivera anställda**

Nu skulle vi vilja ställa några frågor om motivation.

- Vad motiverar dig i ditt arbete?
- Vad får dig att bli omotiverad?
- Vad är ett bra sätt som en chef kan motivera anställda på?
- Vad gör dig motiverad att utföra en arbetsuppgift enligt fasta rutiner som har beslutats av någon annan än dig själv?
  - Om du får veta syftet med att arbeta enligt denna rutin, hur kan det påverka din motivation?

## Grupparbete

- I vilken utsträckning utför du dina arbetsuppgifter i grupp?
  - Vad anser du om grupparbete?
- Hur skulle du beskriva en bra gruppmedlem?

## Problemlösning i grupp

- När ett problem uppstår i din grupp, vad händer då?
  - Hur kommer ni fram till en lösning?
- Vad skulle göra dig motiverad att öppna för en lösning till det problem som uppstått i er grupp?

## Förbättringsförslag

- Om du får en idé som kan förbättra det resultat som din grupp är ansvarig för, vad gör du?
  - Vem säger du det till?
    - Vem skulle du säga till, din svenska eller kinesiska ledare?
  - Hur ger du förslaget?
  - När ger du förslaget?
- Vad skulle motivera dig att ge förbättringsförslag i gruppen?

## Avslutning

- **Knyt ihop säcken:**
  - *Nu har vi kommit till slutet av intervjun, är det något som du vill **tillägga** gällande de områden vi har gått igenom under intervjun?*
- Repetera informations**användning**:
  - *Informationen från intervjun kommer att vara en del i vår informationsinsamling där vi tittar på svenska och kinesiska anställdas syn på ledarskap och grupparbete.*
  - *Informationen du ger kommer vara helt **anonym** och ingenting du säger kommer kunna spåras till dig personligen. Istället kommer vi titta på alla svar generellt för att se trender.*
- Fråga om **funderingar**:
  - *Har du några frågor?*
    - *Gällande intervjun?*
    - *Gällande vårt projekt?*
- **Sammanfatta** intressanta punkter som har kommit fram under intervjun
- **Tacka** intervjuobjektet för hans/hennes medverkan

## **23. Appendix 4: Workshop presentation**

In the workshop at Volvo, the workshop participants participated in discussions around the initial results from the interviews, presented as five cases. The presentations of the five cases are given on the following pages as they were presented to the workshop participants. The aim with including the workshop presentation is to help the reader better understand the workshop results, and to make the research approach transparent.

Process so far

**Findings**

Group assignment

Group presentations

Reflections

Closure

# Initial findings

2011-06-29

Process so far

**Findings**

Group assignment

Group presentations

Reflections

Closure

Case 1:	Efficiency & flexibility
Case 2:	Forums
Case 3:	Suggestions
Case 4:	Motivation
Case 5:	Values

Each case will be followed by a question  
for you to discuss in the end

2011-06-29

Process so far

Findings

Group assignment

Group presentations

Reflections

Closure

Case 1: Efficiency & flexibility

2011-06-29

Process so far

Findings

Group assignment

Group presentations

Reflections

Closure

Case 1: Efficiency & flexibility

**Chinese students prefer Western companies because of their efficiency**

"Foreign companies will do things in very clear standard routines"

"...The Western culture can make the work much more efficient"

"My mother worked in a Western-style company. Her experience impressed me a lot- they do things more easy and in a more efficient way"

2011-06-29

Process so far	<b>Findings</b>	Group assignment	Group presentations	Reflections	Closure
----------------	-----------------	------------------	---------------------	-------------	---------

Case 1: Efficiency & flexibility

## **The current process is seen as unclear by Swedish and Chinese employees**

Contradictory orders from dual management  
→ *Swedes argue*  
→ *Chinese do double work*

But Swedes and Chinese are separated

Confusing processes, a mix between old and new

Still, a counterpart based organization is attractive because of learning potential

2011-06-29

Process so far	<b>Findings</b>	Group assignment	Group presentations	Reflections	Closure
----------------	-----------------	------------------	---------------------	-------------	---------

Case 1: Efficiency & flexibility

## **Swedish and Chinese employees have different ways of planning**

"Chinese are very hungry to learn... they have a mentality of: everything can be solved"

"There are different time perspectives. Swedes plan two years ahead... Chinese plan for the period up until next coffee break"

"Swedish team carry out a systematic plan before... Chinese team make spare plans"

2011-06-29

Process so far

Findings

Group assignment

Group presentations


Reflections

Closure

Case 1: Efficiency & flexibility

**There is a will to learn from each other in order to build a clear but flexible process**

Swedes want to learn how to be more flexible



Chinese want to learn Volvo standards and procedures

2011-06-29

Process so far

Findings

Group assignment

Group presentations

Reflections

Closure

Case 1: Efficiency & flexibility

**But how exactly can both flexibility and standards be combined in a work process?**

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## Case 2: Forums

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## Case 2: Forums

# Read my thoughts!

At work

What do you think about this idea?

为什么他急于让我给出答案呢？  
也许我的确有一个更好的解决办法  
但如果现在说出来，我觉得不太合适  
因为这可能让我们中的其中一个很没面子

Later at restaurant

I've been thinking about the problem we discussed at work!

Jobbsnack nu? Jag som ville ha kul och lära känna honom bättre.

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### Case 2: Forums

**At work**

What do you think about this idea?

Why is he pushing me to answer now? Maybe I have a better solution, but I feel uncomfortable bringing it up since one of us could lose face

**Later at restaurant**

I've been thinking about the problem we discussed at work!

Job issues now? I just wanted to have fun and get to know him better

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### Case 2: Forums

## Work and private forums are used differently

There are two arenas where interaction between employees takes place:

- **Work forum** (work tasks & meetings)
- **Private forum** (dinners & activities)

*These arenas are however used in different ways by Chinese and Swedes...*

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Case 2: Forums

## Swedes use dinners for personal conversations Chinese bring work issues to the table

"Activities are good – you get the possibility to talk about *other* things than work"

- *Swedish employee*



"Maybe I will tell others during dinner time about my idea"

- *Chinese employee*

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Case 2: Forums

## Chinese are task oriented at work Swedes bring in personality

"At work you need to have a straight face"

- *Chinese employee*



"You explore the person in the daily life"

- *Swedish employee*

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Case 2: Forums

**How can the knowledge of these differences  
be used to improve how a team works  
together in solving problems?**

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Case 3: Suggestions

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Case 3: Suggestions

## Spontaneous ideas from Swedes...

**Ideas should be spontaneous and developed further *after* brought up at a meeting**

"It is not that formal. Depending on the situation – just mention it!"

**... but has to be done in the right situation**

"Important to bring up the issue in a small group first"

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Case 3: Suggestions

## Detailed ideas from Chinese

**Ideas should be well thought through to be presented at a meeting**

"You have to give a very constructive one that has a good impact on the improvement of the team"

"We do the job at night to show the benefit of the idea"

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Case 3: Suggestions

**How can work processes be improved to satisfy both ways of lifting ideas?**

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Case 4: Motivation

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Case 4: Motivation

## Motivation incentives somewhat different between Swedes and Chinese

Chinese employees: **material** incentives most important

Swedish employees: **inherent** incentives most important

<b>Material incentives:</b>	<b>Inherent incentives:</b>
<ul style="list-style-type: none"><li>- Salary</li><li>- Bonus</li></ul>	<ul style="list-style-type: none"><li>- Sense of achievement</li><li>- Personal interest</li></ul>

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Case 4: Motivation

## Difference in motivation related to differences in life situation

According to the students, the top incentive for motivation is related to the life situation. During university years, students are more driven by inherent incentives. When they start work and need to support themselves, they are more driven by material incentives.

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Case 4: Motivation

## **Difference in life situation and work privileges cause feelings of unfairness**

Differences in salary and work benefits between Chinese and Western Volvo employees have been brought up by both Swedish and Chinese interviewees

The feeling of unfairness can in turn cause demotivation

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Case 4: Motivation

## **What can be done to counter the feeling of unfairness, and to decrease demotivation?**

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Case 5: Values

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Case 5: Values

## Similar values different strategies

**Swedes:**  
prioritize quality → believes Chinese prioritize cost

**Chinese:**  
prioritize quality → believes Swedes misunderstand Chinese market

*Since in China, the amount of suppliers makes it possible to focus on cost while maintaining the quality*

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# Group assignment

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## What are your reflections?

Discuss together in the group:

- What stands out?
- What is surprising?
- What is missing?
- What is wrong?

→ Pick 2 cases to discuss  
→ **Write down 3 points per case**

Presentations at 4.10

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