

HOME COUNTRY INSTITUTIONS AND
THE INTERNATIONALISATION OF
EMERGING MARKET MULTINATIONALS:
AN ETHNOGRAPHIC STUDY OF THE
ORGANISATIONAL CONTROL SYSTEM IN
A CHINESE MNC

By

KEYAN LAI

*A Thesis Submitted in Fulfilment of the Requirements for the Degree
of Doctor of Philosophy of Cardiff University*

*Management, Employment and Organisation Section of Cardiff
Business School, Cardiff University*

September 2016



DECLARATION

This work has not previously been accepted in substance for any degree and is not concurrently submitted in candidature for any degree.

Signed (candidate)

Date

STATEMENT 1

This thesis is being submitted in partial fulfillment of the requirements for the degree of(insert MCh, Md, **MPhil**, PhD etc, as appropriate)

Signed (candidate)

Date

STATEMENT 2

This thesis is the result of my own independent work/investigation, except where otherwise stated.

Other sources are acknowledged by footnotes giving explicit references.

Signed (candidate)

Date

STATEMENT 3

I hereby give consent for my thesis, if accepted, to be available for photocopying and for inter-library loan, and for the title and summary to be made available to outside organisations.

Signed (candidate)

Date

TABLE OF CONTENTS

ABSTRACT	iv
ACKNOWLEDGEMENTS	v
LIST OF FIGURES	vi
LIST OF TABLES	vi
LIST OF ABBREVIATIONS	vii
 CHAPTER 1: INTRODUCTION	 1
 CHAPTER 2: THE STUDY OF EMNCs AND THE ROLE OF HOME COUNTRY INSTITUTIONS	 7
2.1 The study of EMNCs: an opportunity for theoretical extension	8
2.2 Studying EMNCs from an institutional perspective	12
2.2.1 Dominant themes in current studies	13
2.2.2 Studying EMNCs studies from an institutional perspective	17
2.3 The role of home country institutions in general MNCs study	22
2.3.1 Comparative institutional analysis and home country institutions	22
2.3.2 The dynamic relation between institutions and actors	28
2.4 The study of control mechanisms	32
2.5 An analytical framework	39
 CHAPTER 3: METHODOLOGY	 43
3.1 Philosophical position: a critical realist perspective	43
3.2 Studying MNCs with qualitative methods and ethnography	48
3.2.1 Qualitative research in IB	48
3.2.2 Ethnography in IB	51
3.3 Research design	54
3.4 Fieldwork: data collection	57
3.4.1 Phases of data collection	58
3.4.2 Collecting data through participant observation	62
3.4.3 Collecting data through semi-structured interviews	66
3.4.4 Collecting data through documents	71
3.5 Data analysis	74
3.6 Conclusion	80
 CHAPTER 4: OVERVIEW OF TELEMAN, ITS ORGANISATIONAL STRUCTURE AND EMPLOYEE GROUPS	 82
4.1 Introduction	82
4.2 Who is Teleman?	83
4.3 The matrix structure of Teleman	85
4.4 Teleman's three employee groups	90
4.4.1 Local employees	91
4.4.2 The local Chinese	92
4.4.3 Expatriates	94
4.5 Conclusion	98

CHAPTER 5: PERSONAL CENTRALISED CONTROL IN TELEMAN	100
5.1 Introduction	100
5.2 Personal centralised control in Teleman	100
5.2.1 Expatriates as a control mechanism	100
5.2.2 HQs' direct involvement in decision making	106
5.3 Response to personal centralised control	109
5.4 Conclusion	115
CHAPTER 6: BUREAUCRATIC FORMALISED CONTROL IN TELEMAN	116
6.1 Introduction	116
6.2 Bureaucratic formalised control in Teleman	116
6.2.1 Rules and procedures in Teleman	117
6.2.2 The 'rigid rule- changing rule-no rule' paradox	122
6.3 Response to bureaucratic formalised control	125
6.3.1 Experiencing the matrix structure	126
6.3.2 Experiencing the rules and procedures	128
6.4 Conclusion	135
CHAPTER 7: IDENTITY CONTROL IN TELEMAN	137
7.1 Introduction	137
7.2 Managing meaning through discourses	138
7.2.1 JKFD as corporate values	139
7.2.2 Articulating the meaning of JKFD	141
7.3 Creating invisible identity cage	144
7.3.1 The identity of 'FD-Man'	145
7.3.2 From FD-Man to corporate soldier	146
7.3.3 Expatriates as model corporate soldiers	149
7.4 Trapped in the identity cage: confirming and resisting	151
7.4.1 The willing participants	153
7.4.2 The strategist, the negotiator, and the cynic	160
7.5 Absence of control in the UK and Europe	165
7.5.1 The company's hands-off approach	166
7.5.2 Employees' responding to JKFD	168
7.6 Conclusion	170
CHAPTER 8: CONTROL BY REWARDS IN TELEMAN	172
8.1 Introduction	172
8.2 Financial control: the monetary rewards	173
8.3 Career development as a control mechanism	178
8.3.1 Rapid promotion	179
8.3.2 Internal transfer	181
8.4 Expatriates response to control by rewards	184
8.4.1 Responses to financial control	185
8.4.2 Response to control through career development	188
8.5 The absence of control in the UK and Europe	191
8.5.1 Absence of control on local employees	192
8.5.2 Absence of control on local Chinese	195
8.6 Conclusion	200

CHAPTER 9: UNDERSTANDING TELEMAN’S CONTROL SYSTEM.....	202
9.1 The control system in Teleman: summary of key features	203
9.2 Understanding the control system: an Actor/Institution Interaction Process Model.....	206
9.3 Variegated capitalism: Chinese institutional environments	209
9.3.1 Chinese labour market	210
9.3.2 The role of state government and the resulting politicised business environments	218
9.4 Understanding Teleman’s control system: interactions with the paradoxical labour market in China	224
9.4.1 Leveraging the enabling institutional dimension	225
9.4.2 Tackling the constraining institutional dimension	227
9.5 Understanding Teleman’s control system: interactions with the politicised business environments in China	230
9.5.1 Leveraging the enabling institutional dimension.....	231
9.5.2 Tackling the constraining institutional dimension.....	238
9.6 Conclusion.....	240
 CHAPTER 10: CONCLUSION	 242
10.1 Do EMNCs internationalise differently from AMNCs?	242
10.2 Can existing theories explain EMNCs’ differencing behaviours?.....	245
10.3 How can studying EMNCs contribute to theory extension?	252
10.4 Limitations of this study and suggestions for future research	255
10.5 Concluding thoughts	256
 REFERENCES	 258

ABSTRACT

The internationalisation of emerging market MNCs (EMNCs) has been one of the most notable dynamics in international business in recent years. Despite the fact that there has been a growing literature over the last few years which has generated considerable knowledge about their motives to internationalise, their competitive advantages, their entry strategies, and their performance, we know very little about how EMNCs actually organise their work and manage their employees globally. With EMNCs taking their first steps towards internationalisation, studies of these infant firms are believed to yield insights about how firms become internationalised and provide us with a unique opportunity to challenge and extend existing IB theory.

Drawing on an ethnographic study of a major Chinese firm, this study offers detailed accounts on how the company manages its European subsidiaries and employees. Focusing on the organisational control system, it reveals that Teleman's control system is a highly centralised system with expatriates being placed at the centre, who are motivated by strong corporate culture and a well-designed reward system.

This study takes a comparative institutional perspective, and investigates how such a control system has been developed in a Chinese context. Departing from the conventional wisdom about the deterministic nature of institutions, this thesis argues for a dynamic relationship between institutions and corporate actors, and suggests that the control system is the outcome of the company's interactions with the institutional environment in China. An *Actor/Institution Interaction Process Model* has been developed to capture such a process. This study empirically demonstrates how firms as corporate actors interact with multi-dimensional institutional environments and develop their management strategies and systems in order to achieve their business objectives.

This study contributes to the study of MNCs in a number of ways. First, by giving detailed accounts on micro-level internal organisation and management within the case company, it enhances our understanding of the internationalisation process and behaviours of EMNCs and MNCs in general. Second, with the *Actor/Institution Interaction Process Model* describing the steps and process by which the interactions between institutions and actors take place, this study opens the mysterious black box of how exactly institutions affect the behaviours of firms, and provides clear guidance on how institutions can be studied. In doing this, the study also demonstrates how studies of EMNCs can contribute to the extension of existing theories in IB.

ACKNOWLEDGEMENTS

This thesis would not have been possible without help from Professor Glenn Morgan. I thank Glenn, first of all, for accepting me as his student despite my relatively unusual background. Without his support, I would not have been able to change my career path to academia after working in industry for eight years. I would also like to thank Glenn for his guidance and encouragement throughout the course of this research. He has given me lots of freedom in pursuing a topic which I truly felt excited about, and his invaluable insights have continuously pushed me to the limits of my possibilities and to challenge conventional wisdom in the study of MNCs.

I would also like to thank Professor Jonathan Morris, who is my second supervisor, for spending lots of time reading my thesis, giving me feedback, and correcting my grammar and spelling mistakes. This thesis has benefited tremendously from Jonathan's experience and expertise, and I have learnt a lot from him during the process of working on it. My thanks also go to Professor Tim Edwards for sitting in my research panel, reading my first draft of this thesis, and offering very detailed feedback. I benefited a lot from his comments.

I am immensely indebted to my friends WLY, XS, XM, YH, MM and others, who worked in the case company of this study. They spent hours and hours talking with me, shared with me their insights and private details (e.g. their salary!), helped me to get hold of their colleagues, and introduced me to their friends. I am extremely grateful for their trust, their support, and their valuable time. Their friendship is something I got unexpectedly from this study and something I will continuously cherish in my life.

My sincere thanks also go to my colleagues and friends Theresa Chika-James, Dr. Takahiro Endo, Dr. Heike Doering, Dr. Lorant Haszab, Dr. Marco Hauptmeier, Anna Galazka, and Dr. Zhao Yang at Cardiff, and Dr. Zheng Yu and Dr. Zhang Ling at Royal Holloway. Thank you for your friendship, advice, help and encouragement. In particular, I would like to say a big thank you to Dr. Jingqi Zhu for being my personal advisor, therapist and collaborator for the past four years.

I am also indebted to the Sino-British Fellowship Trust based in London, which provided funding to my study at Cardiff University. I would like to express my great gratitude to the trust, and particularly to Mrs. Anne Elizabeth Ely, Chairman and Honorary Director of the organisation, for their great support to my study. This is the second time they have sponsored my study in the UK, and I feel very grateful for their generosity.

Finally, I would like to acknowledge the enduring love and support of my parents. This thesis is dedicated to my two sisters and my two beautiful nephews Duo Duo and Pi Pi.

LIST OF FIGURES

Figure 2.1: Harzing's classification of control mechanism on two dimensions	36
Figure 2.2: An analytical framework for the study of home country institutions and the behaviours of EMNCs.....	42
Figure 6.1: Teleman's global job grading and internal qualification system	119
Figure 9.1: Actor/Institution Interaction Process Model.....	207
Figure 9.2: Teleman's Interactions with Chinese labour market.....	225
Figure 9.3: Teleman's Interactions with politicised business environment.....	231

LIST OF TABLES

Table 3.1: Research phases and major research activities	58
Table 3.2: Coding: Themes and analytical concepts.....	77
Table 10.1: EMNCs compared to AMNCs.....	243

LIST OF ABBREVIATIONS

ACFTU	All-China Federation of Trade Unions
AMNC	Multinational corporation from advanced markets
CEO	Chief Executive Officer
CIS	Commonwealth of Independent States
CGN	China General Nuclear Power
CME	Coordinated Market Economy
CR	Critical realism
CSA	Country specific advantage
EMNC	Multinational corporation from emerging markets
FD	Fen Dou
FSA	Firm specific advantage
HRM	Human resource management
IB	International business
JKFD	Jian Ku Fen Dou
LME	Liberal Market Economy
KPI	Key Performance Index
M&A	Merger and Acquisition
MNC	Multinational corporations
OFDI	Outward foreign direct investment
PBX	Private Branch Exchange
R&D	Research and development
SOE	State-owned enterprise
WHO	World Health Organisation
WTO	World Trade Organisation
VoA	Varieties of Capitalism

Chapter 1: Introduction

“Since the birth of the IB and strategy fields, there has been no richer opportunity than now to study how firms *become* MNEs, because the drama is unfolding before our very eyes across the developing world.’ (Ramamurti, 2012, p. 46)

The ‘drama’ Ramamurti refers to is the internationalisation of multinational corporations (MNCs) from emerging markets, or EMNCs. Data from UNCTAD (2015) shows that the share of EMNCs in the world’s outward foreign direct investment (OFDI) in the past few decades has maintained an upward trend. While the figure was 0.35% in 1970, and 5.05% in 2000, it increased dramatically to 24.39% in 2012 (cited by Ramamurti, 2014). In 2014, EMNCs’ share in global OFDI reached a record high of 35%; notably, for the first time, MNCs from developing Asia became the world’s largest investors, contributing almost one third of the total (UNCTAD, 2015).

The rise of EMNCs is said to be ‘the most notable dynamic in international business in the last few years’ (Kostova, Marano, & Tallman, 2016, p. 182). Although studies on EMNCs date back to the late 1970s and 1980s (Ghymn, 1980; Heenan & Keegan, 1979; Kumar & McLeod, 1981; Lall, 1983; Lecraw, 1977; Vernon-Wortzel & Wortzel, 1988; Wells, 1983), EMNCs ‘were actually relatively rare firms on the world stage until the 2000s’ (Cuervo-Cazurra & Ramamurti, 2014a, p. 1), and it is believed that the internationalisation of EMNCs in the 2000s is ‘a qualitatively different phenomenon’ from that during the 1970s-90s (Jormanainen & Kovesnikov, 2012, p. 713).

Accordingly, since the last decade, increasing numbers of studies have been devoted to better understanding this new phenomenon, including those in the business press (e.g. BCG, 2006, 2008, 2009, 2011, 2013; Economist, 2008) and those of academics (Cuervo-Cazurra, 2012; Cuervo-Cazurra & Ramamurti, 2014b; Fleury & Fleury, 2011; Guillén & García-Canal, 2012; Rugman, 2009; Williamson et al., 2013; Zeng & Williamson, 2007).

According to Cuervo-Cazurra & Ramamurti (2014a, p. 3), the first step in understanding the novelty of the EMNC phenomenon was to ‘gather basic facts about their origin and evolution’, and this task had been largely accomplished by 2013 thanks to some case studies of leading EMNCs on their business models for internationalisation and how they compete with MNCs from advanced markets (AMNCs) (e.g. Casanova, 2009; Chattopadhyay, Batra, & Ozsomer, 2012; Santiso, 2013; Sauvart, 2008). While prior works on EMNCs often highlight ‘the implications for theory’, Cuervo-Cazurra & Ramamurti suggest future studies should seek to improve our ‘theoretical understanding of EMNCs’ and contribute to ‘a deeper understanding of the internationalisation of process and the behaviour of multinational enterprises’ (2014a, p.3).

Following this line of enquiry, this study investigates how EMNCs internationalise, how they manage the internationalisation process and why they manage in this way. This task is accomplished through an in-depth case study of a Chinese firm operating in the telecommunications industry.

Rationale and approach of this study

This study is mainly motivated by two reasons. The first is concerned with the potential contribution to theoretical extension by studying EMNCs, and the second is the dearth of research on micro-level management issues in EMNCs.

Firstly, studying EMNCs provides a unique opportunity to enrich existing IB theory. Extant research generally points to the fact that EMNCs behave differently from AMNCs, and therefore IB theories, which are largely based on analysis of AMNCs, provide unsatisfying explanations to the behaviour of EMNCs (Bhaumik, Driffield, & Zhou, 2016; Cuervo-Cazurra, 2012, 2016; Guillén & García-Canal, 2009; Luo & Tung, 2007; Mathews, 2006; Ramamurti, 2012; Rugman, 2009; Williamson et al., 2013). Ramamurti, for example, argues that when the IB field was born in the 1960s Western MNCs were already quite internationalised. Therefore, existing IB theories do not provide us with adequate knowledge of how firms become internationalised. Studying ‘infant’ EMNCs, that are taking the first steps towards internationalisation, can enrich our knowledge about the process (Ramamurti & Singh, 2009). Cuervo-

Cazurra (2012) believes that by studying EMNCs' differing behaviours, 'unstated assumptions and boundaries' can be revealed to extend existing theories and models, including the OLI framework, the product life cycle model, the incremental internationalisation process model, internalisation theory, the integration/differentiation model and the resource-based view.

Secondly, although studies on EMNCs have developed rapidly in recent years, there is a notable gap in the area of micro-level management. In a review of studies published in top international management journals in the period of 2000-2010, Jormanainen and Koveshnikov (2012) find that research on EMNCs have mainly focused on five topics: EMNCs' motives of FDI, the investment location patterns, their resources and capabilities that enable them to internationalise, their entry strategies and their performance. Half a decade has passed since this major review; however, studies of EMNCs still have 'mainly examined the patterns, motivations, location choices and entry model selections of EMNEs' (Liu et al., 2016a, p. 142). So far, we have generated relatively rich knowledge about why EMNCs internationalize (i.e. motives), what enables them to internationalise (i.e. capabilities and competitive advantages), where, when and how to internationalize (i.e. locations and entry strategies), and what the outcomes are (i.e. performance); however, we still know very little about how EMNCs actually organise their works and manage their employees globally. This is even true with Chinese MNCs. Despite Chinese firms having been most studied of EMNCs (e.g. Jormanainen & Koveshnikov, 2012), studies on how Chinese MNCs manage their overseas operations and their employees have been largely absent (Smith & Zheng, 2016; Zhu & Wei, 2014).

Given the important implications of EMNCs to theory development, and the dearth of micro-level management research, this study seeks to contribute to a better understanding of how EMNCs, in the process of internationalisation, manage their overseas subsidiaries and global workforce. Drawing on an ethnographic study of a major Chinese firm, this study offers detailed accounts on the company's international management system and employees' working life within this system. Focusing on the company's control system, the study reveals that the company has developed a unique expatriate-centric control system to support its internationalisation ambition.

Most importantly, this study takes a comparative institutional perspective, and investigates how such a control system has been developed in a Chinese context. It takes the notion of ‘what sets DMNCs (developing market MNCs) apart as a different phenomenon is their country of origin’ and follows the suggestion that ‘Studies of DMNCs that want to extend theory by using DMNCs as a laboratory need to be explicit about which conditions of the country of origin they study and explain how they impact firm behavior’ (Cuervo-Cazurra, 2012, p.162). Thus in this study, two major institutional domains are examined, i.e. the Chinese labour market, and the role of the Chinese state government, and an Actor/Institution Interaction Process Model has been developed to capture the dynamism between institutional environments and corporate actors. It departs from the conventional wisdom about the deterministic nature of institutions, and empirically demonstrates how firms as corporate actors interact with multi-dimensional institutional environments and develop their management strategies and systems in order to achieve their business objectives.

Overview of this thesis

This thesis is organised as follows: In Chapter 2, a literature review is presented, focusing on three areas: the study of EMNCs, the role of home country institutions in general MNCs study, and control mechanisms. This review points to the prominent role of home country institutional environments in shaping EMNCs’ behaviours, and the need to study EMNCs from an institutional perspective. To capture the process of home country institutions affecting firms’ behaviours, this chapter develops an analytical framework to study organisational control systems in EMNCs.

Chapter 3 deals with the methodological issues. It discusses the philosophical underpinnings of this study, and explains how a single case study approach is selected to answer the research questions. It also gives details about how data has been collected with a combination of participant observation, in-depth interviews and content analysis.

Chapter 4 and the following four chapters present the empirical findings of this study. They provide detailed accounts on how Teleman manages its overseas operations and employees with a unique control system, and how employees respond to such a

management approach. Following Chapter 4, which provides an overview of the organisational contexts of Teleman's control system, and sets the stage for later discussion on Teleman's four types of control, Chapter 5 focuses on personal centralised control, highlighting the critical roles played by expatriates, and the frequent involvement of China HQs in decision making, which lead to an exclusion of European and locally hired Chinese employees from participating in decision-making, and the gloomy career prospects for them.

Chapter 6 looks at bureaucratic formalised control, focusing on the rules, processes, and systems in Teleman. One major finding of this chapter is the 'rigid rule-changing rule- no rule' paradox within the company; that is, whilst there are some rigid rules for the employees to follow, there are also rules that keep changing, thus leading to a situation of no rule. This chapter also discusses how local employees and local Chinese constantly challenge the company's control efforts through voicing their complaints and criticisms.

Chapter 7 shows how organisational control is accomplished through controlling employees' identity. It reveals four distinctive characteristics of identity control in Teleman: 1) the highly militarised nature of managerial discourses; 2) employees as willing participants in the control programme; 3) weak resistance from employees; and 4) Chinese employees as the only control target.

Chapter 8 examines the reward system as a control mechanism in Teleman. It looks at two types of rewards, compensation and career development, with the former being a financial control mechanism, and the latter non-financial. Drawing on labour process theory and Smith's (2006, 2010) concept of 'labour mobility power', this chapter argues that a reward system in Teleman functions to weaken the threat posed by employees' mobility power.

In Chapter 9, I offer an explanation on the underlying generative mechanisms that produce the observable empirical events discussed in the previous five chapters. From an institutional perspective, I argue that the control system adopted by Teleman is an outcome of a process of interactions between Teleman as a corporate actor and China's different domains of institutions. To capture this process, an Actor/Institution

Interaction Process Model is constructed to explain how two domains – the Chinese labour market and the politicised business environment - affect the behaviours and the management approach of Teleman.

In the final Chapter of this thesis, I relate the Teleman case to the on-going debate about EMNCs in IB study, and demonstrate the value of studying EMNCs. I provide answers to three important questions frequently asked by IB scholars: Do EMNCs internationalise differently from AMNCs? Can existing theory explain EMNCs' differing behaviours? And how can studying EMNCs contribute to theory extension? Limitations of this study and suggestions for future research are also discussed.

Chapter 2: The study of EMNCs and the role of home country institutions

This chapter reviews extant studies on the role of home country institutions in EMNCs and general MNC literature. It provides theoretical underpinnings on why EMNCs are studied and how they should be studied; it also identifies key areas to which this study can make contributions.

Three strands of literature are examined: first, the literature on EMNCs. EMNCs as a fast growing research field is introduced as providing unique opportunities to extend existing IB theories. In particular, the review focuses on how EMNCs so far have been studied, highlighting 1) the prominent role of home country institutional environments in EMNCs' internationalisation, necessitating study of EMNCs from an institutional perspective, and 2) the need to study EMNCs at a more micro-level, e.g. how EMNCs actually organise their work activities and manage their employees globally. Furthermore, a review on EMNCs studies also indicates that although it is often acknowledged the behaviours of EMNCs are affected by home country institutional environments, the 'how' issue is not clear. In most cases, studies make assumptions about the deterministic nature of institutions, and unconvincingly show the outcomes, rather than the process of how institutions affect the behaviours of EMNCs.

This leads to further exploration of how institutions affect the behaviours of MNCs in the second strand of literature, i.e. the role of home country institutions in general MNCs studies. It is found that most of the studies only provide a snapshot of patterns of the influence of institutions on MNCs, and they fail to clarify which element of institutions and how it shapes the behaviours of firms. Fortunately, a relatively small but burgeoning body of studies has been identified, which proposes an actor-centred, more dynamic relation between institutions and firms. Theorising these studies (e.g. Aoki, 2007; Deeg & Jackson, 2006; Jackson, 2010; Morgan, 2005, 2007; Streeck & Thelen, 2005) provides the basic theoretical underpinnings for this study.

The third strand of literature is concerned with control mechanisms in MNCs. Review in this area helps to determine what aspects should be examined to show how MNCs

organise their work and manage their employees. In this regard, Harzing's (1999) framework about four types of control mechanisms provides helpful guideline.

Based on the review of these three strands of literature, an analytical framework is developed to look at the role of home country institutions in shaping EMNCs' behaviours, i.e. how they control their overseas operations and employees with a sophisticated control system.

2.1 The study of EMNCs: an opportunity for theoretical extension

Studies on EMNCs date back to the late 1970s and 1980s (e.g. Ghymn, 1980; Heenan & Keegan, 1979; Kumar & McLeod, 1981; Lall, 1983; Lecraw, 1977; Vernon-Wortzel & Wortzel, 1988; Wells, 1983). However, the 2000s has witnessed a new wave of internationalisation of EMNCs, and accordingly, some renewed interest on this topic because of the proliferation and global success of these firms (e.g. Ramamurti & Singh, 2009; Ramamurti & Cuervo-Cazurra, 2014). According to Jormanainen and Koveshnikov (2012, p.713), the internationalisation of EMNCs in the 2000s is 'a qualitatively different phenomenon' from that of the 1970s-90s on several dimensions: the wider variety of institutional pressures they are subjected to, the variety of ownerships of these firms, their wider arrays of geographic origins, and their aggressive behaviours in the process of internationalisation. Ramamurti (2009, p. 4) believes that the rise of these firms is 'a long-term trend with important consequences for the global economy, rather than a flash in the pan', and he predicts that more MNCs are expected to spawn from emerging markets.

Given the increasingly important role EMNCs are playing in the international business arena, an on-going debate in IB research is whether existing IB theories can fully explain the novelty of this new phenomenon in recent decades, and, if not, whether and how studying EMNCs can contribute to new theory development (Bhaumik, Driffield, & Zhou, 2016; Cuervo-Cazurra, 2012, 2016; Guillén & García-Canal, 2009; Luo & Tung, 2007; Mathews, 2006; Ramamurti, 2012; Rugman, 2009; Williamson et al., 2013).

Discussions in this field, as Cuervo-Cazurra (2012, p.154) observes, have generated a ‘Goldilocks debate’ with two camps at two extremes and the third group taking a middle ground position. On one extreme, authors such as Guillen and Garcia-Canal (2009), Luo and Tung (2007) and Mathews (2006) claim that existing IB theories are based on analysis of MNCs from advanced economies, and therefore new theories are required to explain EMNCs as a new phenomenon. To this end, Matthews (2006), for example, introduces the Linkage-Leverage-Learning (LLL) framework to explain how EMNCs internationalise through acquiring advantage externally (i.e. linkage), using networks to obtain resources (i.e. leverage), and learning to upgrade (i.e. learning). Luo and Tung (2007) propose a springboard perspective, suggesting that EMNCs use internationalisation as a springboard to acquire strategic resources and reduce their institutional and market constraints at home, thus overcoming their latecomer disadvantage.

At the other extreme, authors such as Dunning, Kim and Park (2008), Narula (2006) and Rugman (2010) believe that there is nothing new about EMNCs and existing theories are adequate to explain their behaviours. For instance, Rugman (2010, p.82) claims that ‘existing international business theory fully explains the nature and positioning of emerging market MNEs’; therefore, no new theory is needed. One model, he suggests, is the country-specific advantage/ firms-specific advantage framework (Rugman, 2006, 1981).

Between these two extremes are those who take a middle ground position (Cuervo-Cazurra, 2012; Cuervo-Cazurra & Ramamurti, 2014b; Hennart, 2012; Meyer, 2014; Ramamurti, 2012). To this group of authors, existing IB theories provide ‘unsatisfying explanations’ to some of the puzzles about EMNCs (Ramamurti, 2012), and the analysis of EMNCs can ‘contribute to the extension and modification of existing theories by clarifying their assumptions and boundaries’ (Cuervo-Cazurra, 2012, p.155).

According to Ramamurti (2009, p. 4), existing IB theories can explain a lot about EMNCs, but ‘not everything of interest to managers and policy makers’. He contends that studying EMNCs is ‘a way to enrich existing IB theory, particularly about the

process by which firms internationalise and become multinational enterprises.’ He suggests three important reasons for studying EMNCs.

First, studying EMNCs provides the opportunity to enhance our understanding of early-stage internationalisation. He argues that when the IB field was born in the 1960s, Western MNCs were already fairly internationalised. Therefore, existing IB theories do not provide us with adequate knowledge of how firms become internationalised. Studying ‘infant’ EMNCs, that are taking the first steps towards internationalisation, can enrich our knowledge about the process.

Second, to study EMNCs is to ‘bring context more explicitly and comprehensively into IB theory’. This includes home-country context, industry context, and macro international context. For example, in terms of home-country context, it is pointed out that emerging markets tend to have distinctive and idiosyncratic characteristics, and they shape the country-specific advantages (CSAs) and firm-specific advantages (FSAs) of EMNCs. Given that ‘CSAs and FSAs seem to have a more complex relationship than is recognized in IB theory’, studying how and why country-specific advantages translate into firm-specific advantages for EMNCs should ‘yield rich theoretical dividends’ (2009, p.422).

Third, studying EMNCs highlights ‘the value of studying internationalisation in a more strategic and managerially relevant manner than is normally the case in IB research’. He argues that many IB theories look at internationalisation in a piecemeal fashion, and research on EMNCs ‘provides the opportunity to make such horizontal connections between islands of IB theory’. In short, Ramamurti (2009) believes that EMNCs can be used to ‘buttress’, to ‘challenge and debunk’, and to ‘enrich and extend’ existing mainstream IB theory (2009, p.423).

One example of theory extension is reflected by authors such as Cuervo-Cazurra (2012), Hennart (2012) and Narula (2012) on Dunning’s OLI model (Dunning, 1977, 1988, 1995). Based on Dunning’s original model, a firm will internationalise on the basis of a definable competitive advantage, which allows them to secure enough return to cover the costs and risks caused by such internalisation activities. In other words, a firm internationalises to exploit its ‘ownership advantage’ it currently has.

Such an advantage, as discussed in literature, mainly refers to cutting-edge technology, innovative designs, well-known brands, etc. (Cuervo-Cazurra, 2012; Bhaumik et al., 2016). However, as observed by many authors, EMNCs seem not to possess this technology, brand, or management advantage (e.g. Ramamurti, 2012). Then how have EMNCs internationalised and achieved tremendous success in the past two decades?

Studies in recent years have generally agreed that EMNCs ‘do possess ownership advantages, but these are different from the ones we have been trained and conditioned to see’ in traditional MNCs, which include ‘their deep understanding of customer needs in emerging markets, the ability to function in difficult business environments, their ability to make products and services at ultra-low costs, their ability to develop “good enough” products with the right feature-price mix for local customers, and so on’ (Ramamurti, 2012, p.42). Therefore, with reference to the explaining power of Dunning’s model on EMNCs, Ramamurti (2012, p.45) concludes:

The notion that firms must have ownership advantages before they can engage in market-seeking internationalisation seems to hold up well even for EMNEs. However, we must be open to the possibility that EMNEs have different ownership advantages than DMNEs, reflecting the distinctive conditions of their home market. *Prima facie*, there is no reason to believe these ownership advantages are less valuable or special than those of DMNEs, especially when applied to emerging markets, which are now the world’s growth engines.

Regarding the theoretical extension of the OLI model, Cuervo-Cazurra (2012, p.160) further points out that the study of EMNCs also ‘draws attention to the existence of disadvantages that the OLI framework’s focus on advantages neglect’, because on the one hand, EMNCs ‘are more likely to move abroad not only to exploit O advantages developed in the home country, but also to reduce O disadvantages’; on the other hand, EMNCs ‘may invest abroad to escape L disadvantages at home in the form of poor institutions or asphyxiating regulation’.

Henart (2012) also acknowledges the difficulty the OLI model has when explaining EMNCs’ foreign investment, especially their intangible-seeking investments in developed countries. He extends the framework by arguing that location advantages

(CSAs) are not freely available to all firms operating there; EMNCs control location advantages at home and use this monopoly power to obtain their FSAs they lack through intangible-seeking investments in developed countries, thus competing with FSA-rich MNCs (i.e. those from advanced markets) in their home market and then internationally. Similarly, Narula (2012) extends the OLI framework by focusing on the impact of home country location conditions on the ownership advantages of MNCs. It is argued that EMNCs and AMNCs are different in the level of location advantages, which leads to different internationalisation patterns. It is predicted that as EMNCs evolve, the difference between these two groups will diminish.

In addition to the OLI framework, Cuervo-Cazurra (2012) believe that by studying EMNCs' differing behaviours, 'unstated assumptions and boundaries' can be revealed to extend existing theories and models, including the product life cycle model, the incremental internationalisation process model, internalisation theory, the integration/differentiation model, and the resource-based view. By summarising these key theories of the MNCs and their extension from the analysis of EMNCs, he contends:

Existing models and theories have been developed by observing and analysing the behaviour of AMNCs. In many cases, they have taken for granted certain conditions of the advanced country and the global environment at the time when they studied AMNCs. The analysis of EMNCs can help identify these assumptions and extend the predictions of the theories; the interaction between theory and observed reality can lead to more powerful explanatory engine... (2012, p.158)

To sum up, studying the internationalisation and behaviours of EMNCs could yield some new knowledge about MNCs, thus extending existing IB theories.

2.2 Studying EMNCs from an institutional perspective

This section examines existing literature on EMNCs. It first looks at 'what' has been studied. It reveals that four themes dominate current studies of EMNCs: the motives to internationalise, the competitive advantages of EMNCs, their entry strategy, and their performance. This section then turns to the 'how' question, which shows that institutional perspective is advocated as suitable for the study of EMNCs.

2.2.1 Dominant themes in current studies

In a review of studies published in top international management journals for the period 2000-2010, Jormanainen and Koveshnikov (2012) find that research on EMNCs has mainly focused on five topics: EMNCs' motives of FDI, the investment location patterns, their resources and capabilities that enable them to internationalise, their entry strategies and their performance. Since Jormanainen and Koveshnikov's review, although studies on EMNCs have been growing rapidly in recent years, they have still 'mainly examined the patterns, motivations, location choices and entry model selections of EMNEs' (Liu et al., 2016, p142). My review indicates that existing research on EMNCs largely concentrates on the following four themes: 'Why internationalise?' (i.e. motives), 'What enables them to internationalise?' (i.e. capabilities and competitive advantages), 'Where, when and how to internationalise?' (i.e. locations and entry strategies), and 'What are the outcomes?' (i.e. performance).

The motives to internationalise

On the 'why' question, following a well established belief that EMNCs internationalise to acquire strategic assets in order to overcome latecomer disadvantages and address competitive weakness (Agyenim, Wang, & Yang, 2008; Boisot & Meyer, 2008; Child & Rodrigues, 2005; Deng, 2009; Li, Li, & Shapiro, 2012; Luo & Tung, 2007) recent studies have continued to explore the antecedents, process, and nature of strategic asset seeking of EMNCs (Anderson, Sutherland, & Severe, 2015; Awate, Larsen, & Mudambi, 2015; Liu & Woywode, 2013; Nicholson & Salaber, 2013). For example, Zheng et al. (2016) identified the nature of strategic assets sought after by Chinese MNCs, and found that Chinese firms seek complementary strategic assets in a similar domain, but at a more advanced level, and they achieve this through a partnering approach which emphasises limited structural integration. Anderson et al. (2015) looked at how Chinese MNCs acquired codified strategic assets such as patents for the purpose of imitation and exploitation in the domestic Chinese market, and Cui et al. (2014) found that Chinese MNCs' strategic asset seeking intent is influenced by three factors: their exposure to foreign competition, their governance structure, and relevant financial and managerial capabilities.

Another related often-discussed motive for EMNCs to internationalise is knowledge seeking. Previous studies have found that given their disadvantaged competitive position, EMNCs tend to adopt learning-based knowledge-seeking strategies in order to improve their technological and commercial capabilities (Luo & Tung, 2007; Makino, Lau, & Yeh, 2002; Mathews, 2006, 2002; Narula, 2012; Rugman, 2009). Following this line of enquiry, recent studies have continued to examine the international knowledge-seeking activities and knowledge flows of EMNCs (Awate et al., 2015; Giuliani et al., 2014; Jindra, Hassan, & Cantner, 2016; Liu & Giroud, 2016; Nair, Demirbag, & Mellahi, 2015; Thite et al., 2016). For example, Jindra et al. (2016) reveal that agglomeration economies and knowledge externalities in the EU have attracted OFDI from EMNCs because they are considered as potential sources to propel learning and technological catch-up, and a study by Thite et al. (2016) shows how Indian firms become global players by leveraging on their learning through acquisitions in developed markets.

The capabilities and competitive advantages of EMNCs

Academics have not recognised the fact the EMNCs have competitive advantages in the global market until recently (Williamson et al., 2013). It was generally believed that their success originates from the ‘country-specific advantages’ (CSAs) such as cheap labour and natural resources, not firm-specific ownership advantages (Rugman & Verbeke, 2001; Rugman, 2009). However, this view has been challenged by a growing body of studies that draw a similar conclusion; that is, EMNCs do possess ownership advantages, but they are different from that observed in western firms (e.g. Rammamurti, 2009, 2012, 2013). Although most EMNCs lack traditional ownership advantages such as cutting-edge technology and strong brands, the special types of advantages they have such as their flexible approach to products and to cater for customers’ needs, their ability to function in a unstable institutional environment, and their innovative capabilities contribute to their global success (Cuervo-Cazurra & Genc, 2008; Govindarajan & Ramamurti, 2011; Guillén & García-Canal, 2009; Williamson et al., 2013). In recent years, more studies have been conducted along these lines (Bhaumik et al., 2016; Hashai & Buckley, 2014; Kim, Hoskisson, & Lee., 2015; Kirca, Fernandez, & Kundu, 2014).

In a volume edited by Williamson et al. (2013), the authors examined the three potential sources of EMNCs' competitive advantages (i.e. innovation, value-chain configuration, and cross-border merger and acquisitions) in Brazil, Russia, India and China, and found that these three factors 'closely interact to facilitate the process of learning and to transform that learning into new capabilities that can then be exploited for competitive advantage both in their home market and in foreign markets'. Therefore, EMNCs do have their own firm-specific advantages, and for most of them, internationalisation is 'as much about accessing new resources and knowledge to enable them to extend their competitive advantages, as it is a route to exploiting existing advantages over a larger set of markets' (Williamson et al., 2013, p.291).

Surveying 61 Brazilian multinationals, Fleury et al. (2013) identified their four approaches to innovation, i.e. business models, customization of products and services for niche markets, product innovation in global value chains, and commodity innovation, and claimed that Brazilian firms' internationalisation process relies on their innovation capability. The authors argued that although Brazilian firms do not possess strength in R&D, they 'are able to combine skillfully their organizational competences, manage to develop innovative capabilities which allow them to internationalize successfully' (2013, p.260).

Entry strategies

Previous studies have examined EMNCs' different organisational modes for international expansion and various factors that contribute to their strategies. For example, various studies have revealed that aggressive M&As are particularly favoured by EMNCs and this makes them very different from AMNCs (Aybar & Ficici, 2009; Deng, 2009; Gubbi et al., 2010). Authors have investigated different factors, particularly institutional factors to explain EMNCs' choice of entry mode (e.g. Ang & Michailova, 2008). For example, with reference to EMNCs' preference for M&As, it is argued that such entry mode is an outcome of firms taking advantage of political and financial support from the government and avoiding 'institutional voids' of their home country environments (e.g. Deng 2009). In terms of location choice, studies focus on EMNCs' strategic motivations in making the choice (e.g.

Demirbag & Glaister, 2010; Miller et al., 2008). For example, Li and Yao (2010) discussed the imitation effect among Chinese MNCs and Miller et al. (2008) argue for the critical role of location in Latin American banks' survival.

Studies of EMNCs entry strategies in recent years have continued the tradition of identifying patterns and analysing factors. Whilst Jindra et al. (2016) discuss how EMNCs' location choices are positively affected by agglomeration economies and knowledge externalities, Wei et al. (2014) look at how internal factors (i.e. productivity, technology-based capability, and export experience), industry entry barriers, and institutional environment (i.e. subnational institutions, and intermediary institutional support) affect Chinese firms' decisions on the entry mode.

In these studies, institutional factors are frequently examined. For example, Lu et al. (2014a) study the moderating effects of home country government support and host country institutions on Chinese firms' FDI location choices, and Meyer et al. (2014) reveal that Chinese state-owned enterprises are subject to more complex institutional pressures in host countries than private firms, due to a weak legitimacy of 'state ownership' in some countries; and accordingly they adapt their foreign entry strategies in order to reduce potential conflicts and to enhance their legitimacy.

The performance of EMNCs

The performance of EMNCs has been an important topic for researchers. Whilst some researchers have focused on whether mergers and acquisitions by EMNCs lead to value destruction or value creation (e.g. Aybar & Ficici, 2009; Gubbi et al., 2010; Rui & Yip, 2008) others have examined the overall internationalisation performance of these firms (e.g. Chittoor & Ray, 2007; Contractor, Kumar, & Kundu, 2007). In addition, various factors that affect EMNCs' performance have been discussed, such as the firms' network capabilities (Musteen, Francis, & Datta, 2010), adaptive capabilities (Lu, et al., 2010), realised absorptive capacity (Kotabe, Jiang, & Murray, 2010), and alliance experience in home countries (Thomas et al., 2007).

Dealing with similar topics, studies in recent years have continued to contribute to a better understanding of EMNCs performance in international markets (Liu et al.,

2016b; Narula, 2015; Wu et al., 2016; Yuan, Pangarkar, & Wu, 2016). For example, Du and Boateng (2015) looked at the value creation in Chinese firms' cross-border acquisitions activities, and Wu and Voss (2015) discussed the relationship between absorptive capacity and the international performance of Chinese firms. Whilst Sanfilippo (2015) found that EMNCs operating in Europe are at the bottom of the productivity ladder, with an average productivity gap of around 30 percentage points compared to more established competitors, Bello et al. (2016) recognise the critical role of innovative services and firms' capabilities (i.e. entrepreneurial orientation of management and expert human capital) in the performance of professional service firms from India.

Given the extant literature's dominant focus on these four themes, studies exploring management issues at a more micro level are rare. Even for Chinese MNCs, which are the most heavily studied compared with other EMNCs, research on micro-level management issues is limited (e.g. Smith & Zheng, 2016; Zhu & Wei, 2014). According to Deng (2012), issues such as organisational design and structure (e.g. expatriate management, multinational team management), and subsidiary role and control are largely ignored. According to the author, research on the internationalisation of Chinese MNCs to date has been 'fragmented and piecemeal', and many theoretical and empirical areas have been 'significantly underinvestigated'. More longitudinal, qualitative work and multi-level studies are suggested in this regard.

2.2.2 Studying EMNCs studies from an institutional perspective

One of the central threads when discussing the above themes (i.e. the motives, the capabilities and competitive advantages, the entry strategies, and the performance), is how institutional environments at home affect EMNCs in these four areas. A general observation about EMNCs is that they behave differently from AMNCs (e.g. Guillen & Garcia-Canal, 2009; Ramamurti, 2012), and a growing body of studies attributes such difference to where they come from (e.g. Luo & Tung, 2007). Therefore, an institutional perspective is advocated by a number of authors as a fruitful approach to study EMNCs (e.g. Cuervo-Cazurra, 2012). This is in line with the broader discussions of placing 'contextual variations at the centre of explanations of business

phenomena' in 'emerging economy business research' (Meyer & Peng, 2016, p.3) and in 'strategy research in emerging economies' (Hoskisson et al., 2000; Wright et al., 2005).

Hoskisson et al. (2000, p. 253), for instance, highlight the potential importance of institutional theory for explaining firm behaviours in emerging economies. They argue that emerging economies are 'characterized by trends towards "marketization" and privatization but still heavily regulated'; because of the speed and nature of institutional change and the impact on firms' strategy, they 'provide the necessary institutional influences in developing and testing theories'. They suggest:

In the early stages of market emergence, institutional theory is preeminent in helping to explain impacts on enterprise strategies. This is because government and societal influences are stronger in these emerging economies than in developed economies. (2000, p.252)

Meyer and Peng (2016) propose an institution-based view when conducting emerging economy business research, including studying MNCs from these countries. They argue that the business environments of emerging economies 'are characterized by diversity and instability', and context-specificity should become 'a defining feature of emerging economy business research' (ibid, p.16). Furthermore, they contend that the institution-based view has become 'an integrative paradigm', and its significance lies in 'its challenge to context-free approaches to building theory in management research' (ibid, p.14). Therefore, they suggest, one way to advance the emerging economy business research agenda is to explore 'how firms engage with different sets of potentially conflicting institutions at multiple levels and locations' (ibid, p.3).

Such an institution-based view, when adopted in the study of internationalisation of EMNCs, is to examine the distinctive characteristics of the institutional environments at home, and analyse how they influence the behaviours of EMNCs. The key to using EMNCs to extend theory, Cuervo-Cazurra (2012, p.163) suggests, is to 'focus on their uniqueness – the country of origin – and study how this affects their global strategy'.

In sum, the ability to use DMNCs (developing country multinational companies) to extend theory depends on whether researchers focus on the specific differential conditions of the home country and how these affect the

internationalisation of the firm, or whether they merely analyze how DMNCs behave. What sets DMNCs apart as a different phenomenon is their country of origin. Studies of DMNCs that want to extend theory by using them as a laboratory need to be explicit about which conditions of the country of origin they study and explain how they impact firm behavior. The question that researchers need to ask when analyzing DMNCs is whether the same arguments, logic, and behavior can be found in AMNCs. If the answer is yes, the study is not about DMNCs but MNCs that happen to come from developing countries. (2012, p.162)

A review of existing literature in EMNCs shows that the role of home country institutions has been studied mainly from two angles: home country institutions as capabilities and ownership advantage builder, and home country institutions as escapism driver.

Institutions as advantages builder

Discussions on EMNCs internationalisation tend to be associated with answering a basic question: what are the firm-specific advantages (FSAs)? In most cases, the answers are related to another concept, i.e. country-specific advantages (CSAs). To many researchers, what makes EMNCs fundamentally different from AMNCs is their home country environments, which endow them with distinctive CSAs; such CSAs lead to a unique set of FSAs for firms, which further result in different patterns and features of internationalisation (Cuervo-Cazurra, 2012; Fleury & Fleury, 2014; Fleury et al., 2013; Ramamurti, 2012; Rugman & Nguyen, 2014; Rugman, 2010; Rugman & Li, 2007).

Based on Rugman's (2006, 1981) CSA-FSA framework, it is argued that successful MNCs, no matter where they come from, are often built on interaction between strong CSAs and strong FSAs; and when they go abroad, they need to transfer their FSAs from the home country to host country. Given the large distance in the conditions of these countries that hinders such transfer, MNCs also need to develop host country-based FSAs.

Using the CSA-FSA framework to analyse EMNCs, Rugman and colleagues (Rugman, 2010; Rugman & Li, 2007; Rugman & Nguyen, 2014) argue that

EMNCs largely rely on their CSAs such as natural resources, low capital costs, low labor cost and government support to develop their FSAs. They point out that EMNCs build their FSAs primarily through ‘recombinations with the complementary assets of home CSAs’. Therefore, EMNCs ‘follow a linear one-way street from home CSAs to home-country-based FSAs, but go off the tracks in seeking to develop host-country-based FSAs’ (Rugman & Nguyen, 2014, p.53).

These home-country-developed and home-country-based FSAs possessed by EMNCs, Williamson (2015) observes, include ‘capabilities for cost innovation’, ‘efficiently unlocking latent demand in low-end segment’, ‘optimising products and processes for emerging markets’, ‘dealing with weak institutions and infrastructure’ and ‘optimising their value chains globally in ways that allow their low-cost talent and resources to be leveraged effectively in emerging markets’ (Cuervo-Cazurra & Genc, 2008; Morck, Yeung, & Zhao, 2008; Prahalad, 2006; Ramamurti & Singh, 2009; Williamson & Zeng, 2009; Williamson et al., 2013; Zeng & Williamson, 2007)

Thus, an underlying argument made by home country institutions as FSAs builder thesis is that the home country institutions affect the internationalisation of EMNCs by defining their capabilities and their ownership advantages, which EMNCs go abroad to further develop and to exploit.

Institutions as escapism driver

Home country institutions are not always positive, and studies have revealed that going abroad can be an escape response to home country institutional constraints for MNCs (Caves, 1996; Gordon & Hines, 2002; Schoppa, 2006; Witt & Lewin, 2007). For instance, Witt and Lewin (2007) suggest that escape is a possible outcome of responses by firms to misalignment between their needs and the institutional environment at home. To avoid such misalignment and associated costs, firms shift some of their activities or assets to another institutional environment through OFDI.

Given the underdeveloped and unstable institutional environment in most emerging markets, using internationalisation as a means to escape the domestic environment seems to be particularly relevant to EMNCs from these economies (Cuervo-Cazurra,

2016; Fleury et al., 2013; Le & Zak., 2006; Liang, Lu, & Wang, 2012; Luo & Tung, 2007; Makino et al., 2002; Mathews, 2006b)

Luo and Tung (2007, p.486), for example, contend that EMNCs ‘use international expansion as a springboard to alleviate domestic institutional constraints’, which include institutional voids such as ‘lack of legal protection for property rights, poor enforcement of commercial laws, non-transparent judicial and litigation systems, underdeveloped factor markets, and inefficient market intermediaries’ and political hazards such as ‘political instability, unpredictable regulatory changes, government interference, bureaucratic red tape, corruption in public service and government sectors, and extremely discretionary explanation or enforcement of ambiguous laws and rules’. These domestic institutional constraints, they argue, undermine the competitiveness of the firms, and propel them to go to another more efficient, transparent and encouraging institutional environment. In this way, they suggest, EMNCs are able to ‘concentrate on building, exploiting and upgrading their competitive advantages in international markets’. Le and Zak (2006) empirically demonstrate that political instability, economic risk, and policy uncertainty drive capital flight in developing countries.

Focusing on EMNCs from Latin America, Cuervo-Cazurra (2016) looks at four distinctive characteristics for their home countries, i.e. political uncertainty, violence, pro-market reforms and reversals, and geographic isolation, and examines how these home country conditions become ‘the escape driver’ and induce firms’ internationalisation. An extreme case cited by the author is that the rum producer Bacardi relocated from Cuba to the Dominican Republic after the revolution in Cuba in order to escape the new government policies (Inamete, 2014).

However, no matter whether institutions are studied as advantage builder or escapism driver, a thorough examination of these studies reveals that they are often underpinned by an assumption of the deterministic nature of the institutional environments. For instance, Cuervo-Cazurra (2012) argues that poor governance, high uncertainty and fewer rights and freedoms in developing countries mean that EMNCs become resilient to the uncertainty and volatility and accustomed to poor governance and regulation. Accordingly, when it comes to internationalisation, EMNCs enter

advanced economies with resilient innovations that address extreme conditions, and they tend to exercise higher levels of control in their foreign operations. Similarly, Fleury and Fleury (2014) argue that distinctive home country institutions in Brazil (i.e. the industrialization policies, macroeconomic policies, and the Brazilian cultural legacies) on the one hand, have led to Brazilian MNCs' firm-specific advantage which is based on manufacturing excellence and mainly derived from innovative business models; on the other hand, they resulted in Brazilian firms' concentration on low-tech industries, resistance to long term investments, and conservative and risk-averse decision making.

To these authors, home institutional environments play critical roles in the internationalisation of EMNCs in the way they determine the capabilities and behaviours of EMNCs. However, it is largely unclear how this happens. Without specifying the agency of corporate actors and their interactions with specific aspects of institutions, such arguments are more like assumptions and fail to offer any valuable insights.

2.3 The role of home country institutions in general MNCs study

This section investigates how the role of home country institutions has been studied in general MNCs literature. It starts with studies adopting a comparative institutional perspective to examine home country effect in MNCs; then it focuses on a relatively new and small body of literature advocating an actor-centred approach to study the dynamic relations between institutions and actors.

2.3.1 Comparative institutional analysis and home country institutions

It has been argued that MNCs are deeply rooted in the institutional environments of their home country, and their behaviours are influenced by the institutional arrangements at home. Much research has identified distinctive patterns of the international management approach, particularly in the area of human resources management, taken by MNCs of different nationalities (Almond et al., 2005; Edwards & Ferner, 2004; Ferner, Quintanilla, & Varul, 2001; Ferner, 1997; Harzing, 1999;

Noorderhaven & Harzing, 2003; Pudelko & Harzing, 2007; Tüselmann, McDonald, & Thorpe, 2006).

This distinctive strand of studies has been conducted to examine the role of home country institutions in shaping MNCs' behaviours, a phenomenon labelled as the 'home country effect'. Although the home country effect has been conceptualised in different ways (Zhu, Zhu, & Cieri, 2014), sometimes manifested by consequence of ownership nationality (e.g. Bae, Chen, & Lawler, 1998; Harzing, 1999; Wang, Clegg, & Kafourous, 2009), and at other times manifested by transfer of home-country practices (e.g. Collings, 2003; Ferner et al., 2001), transfer of management ethos (e.g. Almond et al., 2005; Tüselmann et al., 2006), and competitive disadvantage (e.g. Zhu et al., 2014), studies examining the home country effect often share a similar belief, that is, nations vary in the way economic activities are organised, and the firms' strategies, structures and management practice correspond to national institutional arrangements. With reference to MNCs, their behaviours at international level are informed by management routines developed at home and are influenced by the home country's institutional environments (Morgan, Kristensen, & Whitley, 2001; Morgan, 2007b, 2011; Whitley, 2001). For this reason, MNCs from the same institutional environment are expected to display patterns of similarities in managing their overseas operations, particularly in the field of human resources management.

For example, the literature generally indicates that Japanese MNCs tend to adopt a highly centralised management approach and heavily rely on expatriates to manage their overseas operation; MNCs from liberal market economies such as the UK and US typically appear to manage their overseas subsidiaries through budget-setting and monitoring systems and tight financial and performance control; and German MNCs, influenced by the long-termism in their home environment, have much fewer short-term performance requirements, and rely less on formal financial control measures, but more on formal feedback and communications.

These discussions on home country effect in MNCs often adopt a comparative institutional perspective, which examines how institutions across several economic domains interact to form distinctive national systems, and how such national systems affect the strategy, structure, and organisation of firms and the interrelationships

between firms (Amable, 2003; Hall & Soskice, 2001; Whitley, 1999). Several more specific research programmes, such as the varieties of capitalism approach (Hall & Soskice, 2001; Hancke, Rhodes, & Thatcher, 2007), the national business systems approach (Whitley, 1999, 2007), the regulation school approach (Amable, 2003; Boyer & Drache, 1996; Hollingsworth & Boyer, 1997), and the societal effects school approach (Maurice & Sorge, 2000; Sorge, 2005) have been taken in regard to this research agenda. In general, these authors share a similar focus on the ‘system’ nature of institutional arrangement and focus on how these institutional arrangements lead to the emergence of special types of firms, with distinctive forms of configuration of labour, management, capital, inter-firm relations, and innovation (Morgan, 2011).

For instance, Hall and Soskice (2001) make distinctions between *liberal market economies* and *coordinated market economies*. Four institutional domains, namely financial systems and corporate governance, industrial relations, education and training systems, and the inter-company system have been discussed to show how firms are embedded in an institutional context that define their incentives and constraints. For instance, according to the authors, in liberal market economies, such as the US and UK, the market plays the dominant role in coordinating economic behaviour, and they are, therefore, characterised by short-term oriented company finance, a deregulated labour market, general education and strong inter-company competition. Firms in liberal market economies can benefit from the institutional advantage of radical forms of innovation. On the contrary, firms from coordinated market economies, such as Germany and Sweden, benefit from the competitive advantage of incremental forms of innovation, provided by institutional contexts characterised by long-term industrial finance, cooperative industrial actions, high levels of vocational and firm specific training, and close collaboration among companies.

Whitley’s (1999) ‘national business system’ framework extends the impact of institutions on firms at national level to international level, and can be used to predict the behaviours of MNCs in foreign contexts. Whitley (2001) identifies three types of business environment: *Particularistic*, *Collaborative* and *Arm’s length*, and argues that they generate three ideal types of firms with distinctive characteristics (i.e. *opportunistic*, *cooperative hierarchy*, and *isolated hierarchy*), which pursue

particular patterns of internationalisation strategies. For example, *opportunistic* firms, which are products of particularistic business environments, tend to adopt flexibility and responsive competitive strategies because of the unpredictable environmental changes. Ownership control is typically direct and personal, and they barely develop complex and stable organisational capabilities for managing activities and resources across geographic boundaries. Thus, in terms of internationalisation strategies, opportunistic firms have limited willingness to transfer or invest major resources into different kinds of business system; rather, they tend to invest in geographically or culturally proximate territories so that close supervision and tight control can be exercised. To summarise, Whitley (2001, p.38) states:

‘These environments are dominated by different institutional arrangements controlling access to capital and skills that encourage different ways of coordinating and controlling economic activities, and hence lead to contrasting strategic priorities, forms of owner control and authority-sharing, and varied collective competencies. Firms’ management of risks, perceptions of dominant interests, and competitive strategies all differ as a result and affect their predilection for, and management of, internationalization.’

Studies on the role of home country institutions from a comparative institutional perspective generally stress the prerequisite importance of the home country’s institutional environments for MNCs, and make connections between the firms’ behaviours and the features of dominant institutions. However, my review indicates that most of the studies suffer from a lack of systematic analysis on institutional settings and their impact on the behaviours of MNCs, and only achieve the task of revealing the observable patterns of management in MNCs from a certain country. They fail to, first, identify what the elements of national business system they referred to, and second, provide detailed accounts of how these elements influence the behaviours of the firms. For example, in Harzing and Sorge’s (2003, p. 206) important study, they compare the organisational control practices in European, US and Japanese MNCs, and find that ‘control mechanisms remain firmly and primarily impregnated by the country of origin’; however, such a claim is questionable since it reveals nothing about the institutional environments of the home country, and it fails to confirm why such differences in control practice can be attributed to the country of origin; and if they do, in what way.

Edwards and Kuruville (2005) also observe the inadequate conceptualisation of national influence. They point out that a particular problem in many studies of the home country effect is their failure to locate themselves in a detailed account of the national systems of HRM in question. One example they refer to is the study of Bird et al. (1998) in which they claim that some Japanese MNCs have undertaken a 'wholesale transplant of the HRM system from the parent company to the affiliate'; however, they do not describe the Japanese system in sufficient detail, thus remain unconvincing. Ferner et al. (2004a, p. 368) make a similar point. They argue that existing literature on the home country effect tends to provide 'a broad snapshot of patterns', and they contribute such a shortcoming to the overwhelming survey-based, quantitative research methods used in these studies.

Two exceptions are worth mentioning here. The first is by Ferner (2000) who looks at the embeddedness of US multinational companies in the US business system and the implications. In his study, he systematically examines seven domains of the US business system, namely: the products market, the role of the state and interest associations, financial markets, labour markets, capital and labour, work organisation and skill formation, and organisation of the personnel/ IR function, and then relate these factors to the behaviours of US MNCs. For example, he argues that the American pattern of work organisation has been strongly influenced by the legacy of standardised mass production, which provides the habitat for scientific management. This, together with other factors, generates a tendency for 'the codification, formalisation and bureaucratisation of management functions', and as a result, 'codified and reproducible management systems exist that can be transferred easily to other contexts and which are not highly dependent on tacit knowledge'. In terms of international HRM, this can be translated into 'standardisation and formalisation of centrally propagated policies', and 'broader management controls and accountability as reflected in budgets, plans, etc.' (2000, p. 36). Through linking these distinctive features of various business institutions in US to the behaviours of American MNCs in the areas of HRM and industrial relations, the author convincingly demonstrates that US multinationals are embedded in their home country business system, and their behaviours are affected by the home country institutions.

Another good example in successfully building the linkage between the national business system and MNCs' behaviours is provided by Lane (2000), who discusses the impact of globalization on the German model of capitalism. Three 'central components' of the German business system are analysed: the financial system, the innovation system, and the industrial relations system. With regard to Germany's financial system, for example, it has been founded on bank credit and an underdeveloped stock market, and has fundamentally shaped the pattern of ownership and governance of firms. It is believed that such a financial system has formed the basis for the long-termism in German firms' investment decisions in capital, labour and knowledge, and leads to the notion of stakeholder capitalism. Under the impact of globalization, Germany's financial system has witnessed some new development, namely the modernization of the German stock market, the Anglo-American model and weakening of ties between German banks and firms. Such a new institutional arrangement, the author observes, has driven many German MNCs to become quoted on the New York Stock Exchange in order to finance their expansion and innovation cost, and to pay more attention to shareholder value. In addition, there is also organisational restructuring taken by German MNCs to realise a market-oriented network structure with more organisational flexibility and financial transparency. Although the study does not discuss the home country effect directly, it shows how the national business system influences the German MNCs' strategy and management process.

In summary, the role of home country institutions has been studied under the label of 'home country effect' using comparative institutional theories. Such an effect can be traced back to the varieties of institutional arrangements in different markets, and reflects the resulting difference in the configuration of labour, management, capital, inter-firm relations, and innovation. However, a review of literature reveals the limitation of existing studies of only providing a broad snapshot of patterns, rather than a systematic analysis. To fill these gaps, more efforts are needed to identify concerned institutional domains and provide convincing accounts on how these institutional domains influence the behaviours of firms.

2.3.2 The dynamic relation between institutions and actors

When adopting comparative institutional theories such as the Varieties of Capitalism approach (Hall & Soskice, 2001) and the national business system approach (Whitley, 1999) to analyse the role of home country institutions, existing studies tend to treat institutions as a deterministic context for the actions of firms, and firms are considered as passive institution-takers. In other words, the relationship between institutions and actors is static.

However recently, a growing literature has rejected this notion, and proposed an actor-centred, more dynamic relation between institutions and firms. Proponents of this approach (e.g. Aoki, 2007; Deeg & Jackson, 2006; Jackson, 2010; Morgan, 2005, 2007; Streeck & Thelen, 2005) recognise the importance of actors and their creative, entrepreneurial nature, and suggest taking a 'constitutive approach' to conceptualise 'actors and institutions as being mutually interdependent and reflexively intertwined with one another' (Jackson, 2010, p. 65). To this group of researchers, institutionalisation is a dynamic and actor-centred social process, and actors have skills and capabilities, and are 'active participants in their own fate' (Morgan, 2005, p.417). Based on this central idea, a number of arguments have been made.

First, they challenge the notion of institutional complementarity in the traditional literature, which is commonly recognised as a central idea in institutional analysis. Hall and Soskice (2001, p.17) define complementarity as when 'the presence (of efficiency) of one [institution] increases the returns (or efficiency) of the other' and similarly Aoki (1994) defines it as when the enhancement of one will facilitate the provision of the other. While Amable (2000) uses the concept to support the assumption that the national system should possess overall internal congruence, both Deeg (2005) and Whitley (2005) conceptualise complementarity as 'a logic of synergy' whereby particular economic rationalities and patterns of behaviour encouraged by one institution domain will influence institutional arrangements in another one. Although these definitions may have different emphasis and expressions, they share a common implication; that is, strong complementarity between institutions gives rise to a strong institutional lock-in and a strong set of 'rules of the game' that

constrain actions; and because such complementarity arises from path dependency, it would be costly to move in a new direction.

However, Morgan (2005) argues that this notion has a number of problems: first, it does not consider the capacity of actors to search for new complementarities; second, it fails to recognise that new combinations of institutions and contexts can occur. According to Morgan, existing institutions or historical institutional legacies can be drawn upon to reactivate new types of complementarities, and because institutions in a particular society ‘differ in their degree of malleability and significance for the dominant social bloc’, new complementarities ‘can be picked out’ (2005, p.441). This leads to the next point on how institutions are conceptualised.

Second, the idea of dominant institutions and their constraining and determinative nature have been questioned. This group of authors argue for a recognition of heterogeneity and diversity of institutions in particular societies. Crouch (2005, p.64) suggests describing our societies as ‘containing much internal diversity and unresolved contradictions and tensions’. As Morgan (2007, p.363) puts it: ‘there is no single logic in a society but a series of different logics sustained by local and regional conditions, by sectoral differentiation, and by social and political factors (e.g. the degree of cohesion in particular societies). Sometimes these different logics become complementary in the sense of being different but reinforcing. Sometimes these logics may be similar. Sometimes these logics may become relatively autonomous and deemed irrelevant to economic issues.’ Jackson (2010) introduces the concept of institution ambiguity, suggesting that ‘institutions can take on two or more specific meanings depending on the situational context’; and because institutions are understood in more than one way, gaps between ‘institutionalized expectation’ and ‘strategic action’ are filled by actors through creative ‘interpretation’, ‘application’, and ‘enactment’ in the process of ‘iteration, projection, and evaluation’. Therefore, he suggests, ‘no society or business system can be said to empirically consist of fully integrated and complementary elements’ (2010, p.78).

These arguments emphasised the multi-dimensions of institutions, thus downplaying the determinative nature of institutions. To these authors, institutions are just ‘one element of a situation’ (Jackson, 2010, p.77), and ‘an imperfect guide for action’

(Deeg & Jackson, 2006, p.162). Most important, Morgan (2005) argues, they are 'weak' in the sense that 'they do not have a centre of decision-making':

'They grow out of historical circumstance and this means that in any particular context, there are a diverse range of institutions, where complementarities are many and varied, where not all institutions contribute to this complementarity and where the selection pressures on institutions to 'make' them contribute are weak. There are multiple institutional legacies, memories, and possibilities that vary in their significance across institutional contexts... thus firms and other actors have diverse options open to them and 'paths' are much less determined and much more varied (2005, p. 424). '

Third, with the nature of institutions being reassessed, these authors argue for an actor-centred approach to conduct institutional analysis, which 'allows for the non-identical nature of those actors across societies, sectors, or over time' (Jackson, 2010, p. 81). Under this approach, actors are regarded as both 'rule-makers' and 'rule-takers', being the former but defining their identities and interests based on existing rules, and being the latter but modifying or overturning those rules from time to time (Jackson, 2010). Here, institutions are defined in terms of a dynamic process of institutionalisation, being produced and reproduced by the behaviours of actors, as Aoki (2007, p. 8) states:

'An institution as a summary representation of equilibrium is produced and must be repeatedly reproduced as an endogenous outcome of strategy interplays of all the agents in the domain...while it appears as if it were an external entity beyond their individual control which needs to be taken into consideration for individual choices.'

In a similar vein, Hall and Thelen (2005) suggest that institutions are best seen as 'resources' that actors can use to achieve their ends, rather than as a matrix of incentives and constraints. Institutions provide opportunities for particular types of actions, and actors constantly assess the institutions, test the limits of existing institutions, and engage in different types of experimentation, thus becoming what Crouch (2005) describes as institutional entrepreneurs.

For this reason, Jackson (2010, p.81) claims that 'institutions are not the product of the same actors playing the same game with different outcomes'; rather, 'different actors may play different games with the same outcomes'.

Lastly, there is the question of how actors actually work. This group of authors has made attempts to show how actors initiate and engage in dynamic relations with institutions. Both Jackson (2010) and Streeck and Thelen (2005) emphasise the ambiguity of institutions, and thus actors need to constantly reinterpret institutional opportunities and constraints, and then adapt or modify institutional rules accordingly.

Morgan (2007) emphasises the diversity of institutions and contends that in any particular society, institutions and logics operate at multi-levels, and pull in different ways, and actors can use this to develop their own distinctive trajectories. He pays particular attention to those ‘partially embedded institutions’, ‘some of which have moved from the institutional centre of the periphery, some of which never became fully established but were given enough of a life to keep ticking over after the initial flush of enthusiasm for their establishment has long passed’, and argues that actors can pick up and develop these partially embedded institutions and look for new ways to do things (Morgan, 2007, p.361).

Crouch (2005) also emphasises the heterogeneity and diversity of institutions, but with the idea of institutional entrepreneurs breaking out from a suboptimal path dependence and moving onto a new path. The basic idea of his argument is that there is always more than one path of institutional development, and alternatives always exist somewhere within an agent’s repertoire. He states (2005, p.88):

‘Path dependence theory necessarily deals only with situations in which actors can pursue one and only one path. This has been a useful base for most neo-institutionalist theory, which assumes, or asserts, that actors are confined to one typical course of action, usually dictated to them by their nation-state context. However, if we model the responses of entrepreneurial actors, it is essential that this assumption is relaxed, since entrepreneurial action consists of springing surprises, and clearly this is not possible if actors are constrained to one predictable repertoire. If the diversity available to them is very extensive, then path dependence does not apply; actors can more or less choose as they wish from an open menu of repertoires. Our concern here is with the scope for innovation available to actors subject to path dependence constraints. This scope can exist if such actors are involved in a small number (greater than one) of constraining paths, movement between which is difficult but not impossible.’

Based on this, the author extended the path dependence theories, and identified a number of path-changing possibilities for actors. For example, actors can use the 'hidden or dormant alternatives within their own repertoires', transfer experience from different action spaces, and transfer experience from other agents through networks of structured relationships (ibid, p. 99). An important argument made by the author concerns the importance of institutional heterogeneity. He argues that institutional heterogeneity will facilitate innovation, because it presents actors with alternative strategies when existing paths are blocked and it allows actors to make new combinations among elements of various paths; therefore, he contends, 'the more heterogeneous the context within which actors operate, the more opportunity they will have of encountering practical knowledge which they have not used before in the immediate context, but which is part of the more general repertoire they have acquired or which is relatively accessible to them' (ibid, p.71) .

In summary, a recent development in the institutional analysis has challenged the conventional view of 'strong institutions' and 'weak actors'. This group of researchers maintains that institutions are multi-levelled, contested, and liable to be reconstructed; actors are creative, skilled, and entrepreneurial so redefine institutions to pursue their interests; and an actor-centred approach is required to study the dynamic process of institutionalisation and the relationship between institutions and actors. These arguments point to a new approach to study the dynamic relationship between MNCs and the home country institutions. Through taking an actor-centred approach in the analysis of how country institutions affect the behaviours of MNCs, we might be able to generate a deeper understanding of the distinctiveness of the institutional environment in society, and the distinctiveness of firms from their particular societies.

2.4 The study of control mechanisms

To explore how home country institutions affect the behaviour of MNCs, researchers have examined different aspects of the organisational behaviours of firms, such as human resource management (e.g. Ferner et al., 2001; Ferner & Quintanilla, 1998; Ferner, 2000), the corporate production systems (e.g. Herrigel, 2010; Herrigel, Wittke, & Voskamp, 2013), and the national innovation systems (e.g. Lundvall, 1992; Nelson, 1993; Patel & Pavitt, 1991, 1997). In this study, the aspect to be examined is

control mechanisms, a topic which has been heavily studied in general MNCs studies (Bartlett & Ghoshal, 1989; Belizon, Gunnigle, & Morley, 2013; Brenner & Ambos, 2013; Ferner et al., 2013; Harzing, 1999; Jaussaud & Schaaper, 2006; Prahalad & Doz, 1981; Pudelko & Harzing, 2007). These studies generally point to two issues: the varieties of typology of control mechanisms, and a close relation between control mechanisms and MNC nationality of origin. Given that the ‘home country effect’ has been discussed in the previous section, in this section, my review focuses on different types of control mechanisms discussed in existing literature. Particularly, it looks at Harzing’s (1999) typology, which will be adopted in this thesis.

The definitions of organisational control vary with different authors, but often point to two important elements: the control target and the control goal. According to Child (1984, p. 136), for instance, organisational control is ‘a process whereby management and other groups are able to initiate and regulate the conduct of activities so that their results accord with the goals and expectations by those groups’. Similarly, Snell (1992, p. 293) sees organisational control as ‘any process that helps align the actions of individuals with the interests of their employing firm’. A more recent definition is offered by Cardinal, Sitkin and Long (2010, p. 57), which defines organisational control as ‘any process whereby managers direct attention, motivate, and encourage organizational members to act in ways desirable to achieving the organization’s objectives’. Based on these definitions, organisational members are the control target, and the control goal is to regulate their activities and achieve interest alignment between organisational members and organisations.

To achieve this goal, organisations develop and use various control mechanisms, which refers to ‘the individual molecular units of organizational control (e.g. standards, policies, norms) that are applied in control processes’ (Cardinal et al., 2010, p. 57). They include formal policies (Barnard, 1938; Selznick, 1957), rational-legal authority and rules (Weber, 1946), cultural norms and rituals (Trice & Beyer, 1984, 1993), incentive systems (Dale, 1958; Whyte, 1955), direct supervision (Mintzberg, 1979), work design such as assembly lines (Richardson, William, & Walker, 1948; Taylor, 1911) and others (Cardinal et al., 2010).

Efforts have been made by a number of authors to categorise these different individual control mechanisms. For example, Ouchi (1977) identifies three types of control: behaviour control, output control, and 'ritual'; Snell's (1992) categorisation includes behaviour control, output control and input control; and Child (1972, 1973) makes a distinction between bureaucratic control and centralised control. Some of the often-discussed types of control include the following:

Behaviour control: behaviour control is based on direct and personal surveillance of behaviour, and involves monitoring ongoing employee activities in order to get things done (Eisenhardt, 1985; Ouchi, 1977; Snell, 1992). It can be achieved by setting up rules and procedures, and closely monitoring employees' compliance with these rules and procedures (Cardinal, 2001). In some studies, behaviour control is also referred to as structural control, bureaucratic control, or process control (Blau & Scott, 1963; Jaeger & Baliga, 1985; Lebas & Weigenstein, 1986; Snell & Youndt., 1995; Turner & Makhija, 2006).

Cultural control: cultural control is based on informal socialisation mechanisms which aim at creating shared value, beliefs, and understanding among organisational members (Govindarajan & Fisher, 1990; Ouchi, 1979, 1980; Rowe & Wright, 1997). This type of control is achieved through exercising normative pressure to employees to ensure social obligation and inspire goal congruence and common interests among organisational members. In some studies, cultural control is also referred to as social control, clan control or input control (e.g. Cardinal, 2001; Ouchi, 1979, 1980; Snell, 1992).

Output control: This type of control focuses on the outcomes and results specified by the organisation. Different from behaviour control's focus on 'means', output control focuses on 'ends' (Eisenhardt 1985; Ouchi 1977, Snell 1992). It can be achieved by setting targets and providing rewards/ punishment for success or failure in achieving targets (Cardinal 2001; Turner & Makhija, 2006). In some studies, output control is also called outcome control (e.g. Brenner & Ambos, 2013; Turner & Makhija, 2006).

As a special form of organisation that comprises 'geographically dispersed' subunits operating 'in environments of varying degrees of complexity, heterogeneity, stability,

and hostility' (Baliga & Jaeger., 1984, p. 25), MNCs exercise different types of controls to their overseas subsidiaries in order to 'reduce the uncertainty of their investment' and ensure that 'the behaviors originating in separate parts of the organization are compatible and support common goals' (Chang & Taylor, 1999, p. 542).

Although studies on this topic have been 'largely atheoretical in nature' and define control in many different ways (Chang & Taylor, 1999, p.542), my review indicates that in general control mechanisms have been studied as a tool of integration and coordination for MNCs HQs to reduce uncertainty, increase predictability, and ensure that 'behaviours originating in separate parts of the organization are compatible and support common organizational goals' (Egelhoff, 1984, p. 73). Therefore, 'control' in an MNC context can be considered as the means to achieve the specific ends; that is, coordination among and between HQs and different overseas units (Harzing, 1999; Schreuder, Spangenberg, & Kunst, 1988). Perhaps it is for this reason that in many studies 'control mechanisms' and 'coordination mechanisms' are sometimes used in an interchangeable way (e.g. Martinez & Jarillo, 1989; Bartlett & Ghoshal, 1989).

Martinez and Jarillo's (1989) review conducted nearly three decades ago still sheds light on how control mechanisms have been studied in an MNC context. They trace the study on this topic back to Barlow's work in 1953, which examines structural and formal mechanisms that U.S. MNCs use to control their Mexican subsidiaries. This was the start of a strand of studies on control mechanisms which concentrate on control through organisational structure and other formal mechanisms (Egelhoff, 1982; Fouraker & Stopford, 1968; Franko, 1976; Stopford & Wells, 1972).

The second strand of studies, according to Martinez and Jarillo (1989), focuses on the study of centralisation of decision making and bureaucratic control. The degree and extent of formalisation, centralisation, and standardisation in different MNCs and in different functions are key themes of these studies. For example, it was reported that financial and R&D are the most centralised functions in MNCs, personnel the least, and production and marketing in between. This strand of studies also revealed that U.S. MNCs tend to rely more on bureaucratic control through higher formalisation of policies and procedures compared to MNCs from other countries such as Japan and

Germany (Negandhi & Baliga, 1981; Negandhi & Prasad, 1971), a finding consistently echoed by later studies (Ferner et al., 2013, 2001; Ferner, 1997).

The third strand of studies deals with subtle control mechanisms. In this regard, special attention has been paid to ‘cultural control’ in Japanese MNCs, which is based on the use of expatriates, high frequency of visits, a policy of transfer of managers, and a strong socialisation process (Egelhoff, 1984; Jaeger & Baliga, 1985; Jaeger, 1983).

As pointed out by Cardinal et al. (2010, p.55), extant research on control suffers from a lack of conceptual consensus and fragmentation. Although the control literature has a long history and strong tradition, it consists of a ‘fragmented and largely independent collection of typologies and concepts’, and as a result, control research has not ‘coalesced around common frameworks’. Therefore, one important step in studying control mechanisms in MNCs seems to be deciding on typology and frameworks. Following other important works in this field, this thesis adopts Harzing’s (1999) classification. Based on two dimensions, i.e. personal or impersonal, and direct or indirect, the author produces four types of control mechanisms as shown below.

	Personal/cultural	Impersonal/Bureaucratic/Technocratic
Direct/Explicit	Personal centralised control	Bureaucratic formalised control
Indirect/Implicit	Control by socialisation and networks	Output control

Figure 2.1: Classification of control mechanism on two dimensions (Harzing, 1999)

Personal centralised control

Control mechanisms in this category are mainly concerned with centralised decision making and personal surveillance of their execution. This type of control is similar to what other authors refer to as centralisation (Child 1973; Bartlett & Ghoshal, 1989), direct supervision (Mintzberg, 1979, 1983), and personal supervision (Blau & Scott, 1963).

In the case of MNCs, personal centralised control can be reflected by the fact that decision-making is centralised in HQs, leaving little autonomy to subsidiaries, and large numbers of expatriates are designated to work in overseas subsidiaries. In some studies, particularly about Japanese MNCs, centralised decision making and use of expatriates are coupled and supplemented with each other. For example, Morgan et al. (2003) report that in Japanese banks, while ultimate decision-making powers in most cases rested with head office, many Japanese managers are staffed in the UK subsidiary, acting as gatekeepers in this process and their UK colleagues depend on them to get approval. Through these actions, the expatriates closely control the subsidiary operation in line with the requirements and expectations of HQs. This makes Ferner (1997, p. 22) claim that ‘the foremost characteristic of Japanese companies...is the strong but informal centralised coordination of their foreign operations, highly reliant on establishing an international network of Japanese expatriate managers’. Bartlett and Ghoshal (1989) also suggest that centralisation is the dominant type of control mechanism in Japanese MNCs.

Bureaucratic formalised control

Control mechanisms falling into this category are indirect and impersonal. A key feature of this type of control is concerned with the high degree of formalisation and standardisation through written rule procedures. This type of control is also labeled by other authors as ‘rules and regulations’ (Blau & Scott, 1963), ‘paper system’ (Lawrence & Borsch, 1967), ‘standardisation of work process’ (Mintzberg, 1979), and ‘formalisation’ (Bartlett & Ghoshal, 1989). Edstrom and Galbraith (1977, p. 250) refer to this type of control as ‘a mechanism to control behaviour indirectly by relying upon procedures and records as methods of limiting discretion’ and Martinez and Jarillo (1989) include such devices as written definitions of jobs, procedures and rules to their category of formalisation and standardisation. Studies generally indicate that U.S. MNCs rely more on this type of control with formalised, codified and standardised global policies and monitoring systems (e.g. Ferner et al., 2013; Harzing, Sorge, & Paauwe, 2002).

Control by socialisation and networks

Control mechanisms in this category are said to be informal, subtle and sophisticated, and are similar to what I have discussed as cultural control, or social/clan control. The author identifies three subcategories in this large group: socialisation (e.g. value/vision/mission statements, selection, internal transfer); informal, lateral or horizontal exchange of information (e.g. daily communication, feedback, training, meeting); and formalised lateral or cross-departmental relations (e.g. task force, cross-functional teams). A common goal of these wide ranging mechanisms is that through socialisation, communication and formalised relations, a homogeneous culture is built within the organisation and employees share the common organisational values and goals.

Output control

Consistent with what has been discussed, control mechanisms in this category are concerned with outcomes and results, and may include detailed figures about sales, productivity and investments, and goals setting. Some other authors associate this type of control with ‘planned targets’ (Galbraith, 1973), ‘result’ (Merchant, 1985, 1996), ‘performance records’ (Blau & Scott, 1963), and ‘coordination by plan’ (Thompson, 1967).

Harzing’s typology provides a useful framework to discuss different types of control mechanisms used by MNCs to control their overseas subsidiaries. In particular, it highlights a particular control mechanism, that is, expatriate. Based on this model, the use of expatriates falls into the ‘personal centralised control’ category; however, expatriates are considered to ‘effectuate’ other types of control, such as bureaucratic formalised control and cultural control.

Such conceptualisation clarifies some of the confusion and helps us to better understand the role of expatriates discussed in other studies. For example, it has been discovered that MNCs consider sending expatriates abroad as an effective way to control and coordinate overseas operations (Belderbos & Heijltjes, 2005; Kabst, 2004; O’Donnell, 2000). This could be expatriates exercising personal supervision (i.e.

personal centralised control); it could also be monitoring their compliance to rules and procedures (e.g. bureaucratic formalised control). It is also argued that expatriates have a good understanding and buy-in of the HQ's procedures, values and goals (Doz & Prahalad, 1986; Kobrin, 1988). Therefore, employing expatriates is one of the most effective ways to exercise behaviour and cultural control at subsidiaries (Chang & Taylor, 1999; Groot & Merchant, 2000; Rosenzweig & Singh, 1991).

However, one problem about Harzing's classification is that because this model is developed to specifically examine the relations between HQs and overseas subsidiaries, it might miss out some mechanisms that MNCs use to target employees at headquarters. For example, MNCs might use high salary and good career development opportunities to regulate employee behaviour, and under such circumstances, related devices would be considered as a particular type of control mechanism. However, it would be difficult to locate them in Harzing's typology. They are neither about rules and procedures (i.e. bureaucratic formalised control), nor about target (i.e. output control); and they are obviously not personal centralised control, or control by socialisation and networks. They are closer to cultural controls; that is, they control employees' behaviours through creating a culture of working hard, earning more, and developing fast. In this sense, they belong to Harzing's fourth type, i.e. control by socialisation and networks.

2.5 An analytical framework

So far, my literature review has concentrated on three areas: EMNCs, the role of home country institutions in general MNCs study, and the study of control mechanisms. This review highlights the following points. First, existing IB theories fail to fully explain the behaviours of EMNCs; for this reason, the study of EMNCs provides an opportunity for theoretical extension.

Second, studies on EMNCs so far have pointed to the prominent role of home country institutional environments in shaping EMNCs' behaviours. However, institutions tend to be studied as deterministic contexts without paying attention to the agency of firms. Furthermore, existing studies are mainly concerned with such high-level issues as internationalisation motives, competitive advantages, entry strategies, and

performance. We know very little about micro-level management issues such as how EMNCs actually organise their work activities, and manage their employees.

Third, the role of home country institutions has been widely discussed in general MNCs study; however, most of the studies only provide a snapshot of patterns of such influence, and fail to clarify which element of institutions and how they shape the behaviours of firms. Furthermore, similar to the case of EMNCs, a deterministic view of institutions also dominates these studies, neglecting the process of interactions between institutions and corporate actors.

These three arguments on EMNCs and home country institutions pose a couple of important questions: How do EMNCs organise work and manage their employees globally? Why do they manage in this way? How do home country institutions affect the way of management? How do we interpret this phenomenon with reference to existing IB theories and MNC theories?

Answering these questions highlights the need to study the *process* of home country institutions shaping firms' behaviours in EMNCs contexts. To capture this process, this thesis follows the suggestion of Child and Rodrigues (2005) and uses a single case of a Chinese firm to make such an attempt. According to Child and Rodrigues, studying the internationalisation of Chinese MNCs would offer an opportunity to extend present theorizing in home country effects, particularly through looking at the following two areas: institutional analysis and the role of government, and the relations between entrepreneurs and institutions.

Firstly, they emphasised the role of institutional environments in the internationalisation of Chinese MNCs. They suggest that 'the process of internationalization by Chinese firms appears to be significantly impacted by institutional factors' (ibid, p.404). 'A specific issue raised by consideration of Chinese internationalization', they argue, 'concerns the extent to which the pattern of firm internationalization is *institutionally embedded* rather than reflecting a *strategic choice* by the leaders of firms'. And their analysis concludes that 'although the motivation to internationalize among Chinese firms can be explained in terms of the same strategic factors that apply to western firms, namely the need to compete by

exploiting or seeking assets, the decisions that they make about the pattern of internationalization will be informed by established mind-sets and existing practice, reinforced by institutional norms' (ibid, p.405).

Secondly, they point to the role of agency of Chinese firms and managers, or 'institutional entrepreneurship' in Chinese firms' internationalisation process. They observe that 'the Chinese entrepreneurs who have successfully steered their companies into internationalization appear to have found ways of accommodating to the institutional embeddedness that remains in China'. They suggest that the China case 'calls into question assumptions widely made by institutional theorists themselves that institutional dependence means path dependence and a constraint upon the exercise of entrepreneurship by the firms concerned' (2005, p.404). They further suggest that 'it is likely that the interaction between the institutional legacies of developing economies and the dynamic capabilities of their corporate entrepreneurs will be crucial for understanding the internationalization strategies that the latter pursue' (ibid, p.405).

Thus, to make a contribution to the theoretical extension, one potentially fruitful approach to study Chinese MNCs is to capture the uniqueness of institutional environments in China, and examine how firms, as institutional entrepreneurs, engage themselves with these institutional settings and turn those available institutional opportunities and constraints into resources, thus developing their unique business strategies and management systems in the process of internationalisation. To this end, this thesis focuses on control mechanisms, and explores how Chinese MNCs control their overseas operations and employees by various mechanisms, and how such a control system has been established in a unique Chinese institutional setting. An analytical framework is developed (see Figure 2.2 on next page) to guide the process of research.

Based on this framework, MNCs' control strategy is the outcome of the interactions between institutional environments and corporate actors, and the resulting control strategy impacts the working life of employees in different ways. This framework highlights two tasks of this thesis.

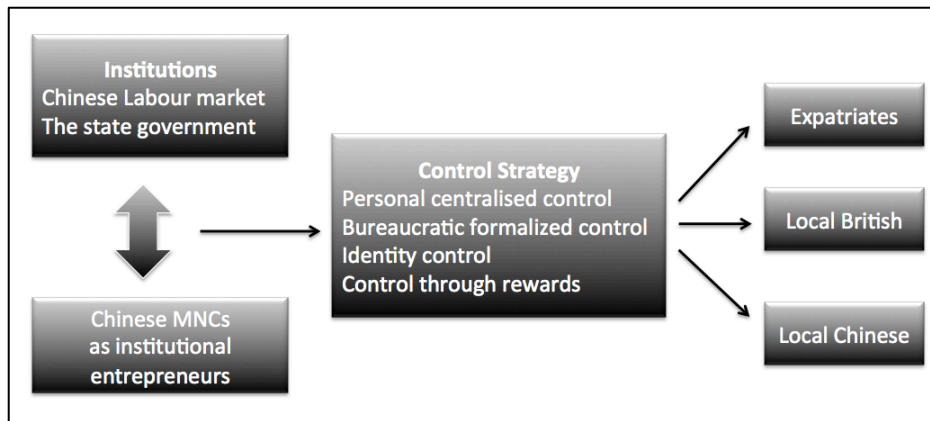


Figure 2.2: An analytical framework for the study of home country institutions and the behaviours of EMNCs

First, it seeks to provide detailed accounts on how Chinese MNCs manage their overseas operations and employees. To achieve the goal, this thesis examines a wide range of control mechanisms used by the company to manage the overseas subsidiaries; and most importantly, discusses how employees respond to these control mechanisms.

Secondly, this thesis seeks to capture the process of home country institutions shaping MNCs' behaviours. To achieve this objective, this thesis examines two major institutional domains in China, i.e. the Chinese labour market, and the role of Chinese state government, and demonstrates how Chinese firms engage with these two domains in order to make the most out of them.

To accomplish these two tasks, this thesis chooses a single case study as the investigation strategy and conducts an ethnographic study on a major Chinese MNC operating in the telecommunications industry. This will be discussed in the next chapter in more detail.

Chapter 3 Methodology

This chapter explains the ‘methodological strategy’ of this study, ‘the logic by which you go about answering your research questions’ (Mason, 2002, p. 30). It is divided into six sections. Section 1 introduces the philosophical position of this study. By looking at the ontology and epistemology of critical realism, it highlights ethnography as an ideal choice for retroductive investigation when located within the critical realist framework. Section 2 discusses the strengths and the scarcity of qualitative research and ethnographic study in the field of international business, justifying the research methods adopted in this study. Section 3 and 4 present the research design and data collection process and Section 5 details how data was analysed. This chapter concludes with a summary of the methodology followed in this study and a brief discussion on the validity and generality issues.

3.1 Philosophical position: a critical realist perspective

Ontology and epistemology are concerned with what constitutes reality and how knowledge of reality can be produced. Burrell and Morgan’s (1979) typography of different ontological and epistemological assumptions points to the fact that in social science research, different paradigms are associated with distinctive ‘understandings of the nature of the world and the people in it’ and ‘preferred methods for discovering what is true or worth knowing’ (Alvesson & Deetz, 2000). In other words, one’s own philosophical position determines the way in which research is undertaken.

In the field of IB, research has long been dominated by positivist perspectives (Birkinshaw, Brannen, & Tung, 2011). Such a methodology can be observed in many studies of control mechanisms in MNCs, where researchers assume the existence of an ordered social reality, and try to identify a set of variables that explains the presence of control mechanisms in MNCs (Chang & Taylor, 1999; Harzing, 1999; Harzing & Sorge, 2003). Ragin (1989) contends that such an approach leads to the loss of identities of the sample cases and an unequivocal answer to the research question. Given the multi-cultural, multi-dimensional and dynamic nature of IB, Birkinshaw et al. (2011) suggest a broader range of research methodologies in this field, rather than a single positivist-dominant one.

This research adopts a critical realist position in order to overcome the limitations of the positivist tradition in the IB field, and accordingly the critical realist ontological and epistemological assumptions shape the research design, data collection, and data analysis of this study. Ontologically, critical realism proposes a ‘double recognition’ of social reality: on the one hand, it holds that there is a reality out there independent of our knowledge of it; and on the other, the social world consists of subjective interpretations (O’Mahoney & Vincent, 2014, p. 2). According to Bhaskar (1975), social reality is stratified into three domains: the empirical, the actual and the real. Thus, social reality exists not only in the objective world but also in our minds (Ackroyd & Fleetwood, 2000). Bhaskar (2014, p. ix) contends that the social world ‘is an emergent, concept- and activity-dependent, value-drenched, and politically contested part of the natural world. In it, social structures pre-exist and enable or constrain human activities’. Therefore, to understand the social world is to understand the underlying structures and mechanisms that produce empirical events, rather than the empirical events in themselves. The focus is on the domain of the real, rather than the actual or empirical (Reed, 2005).

Epistemologically, critical realism (CR) posits that social phenomena occur in an open system, which is characterised by both complexity and emergence. Events are determined by a multiplicity of mechanisms, and more importantly, mechanisms operate dependently of their contexts. For this reason, critical realists emphasise the quartet of context, structure, mechanism and outcome. To understand the complex social reality, it is suggested that the underlying structures and mechanisms have to be theoretically constructed and modeled through a process of conceptual abstraction and retrodution (Reed, 2005).

Underpinned by such ontological and epistemological assumptions, critical realists study the social world with particular research strategy and design. First, CR-guided research is typically exploratory, and primarily interested in explanation (Ackroyd & Karlsson, 2014; Bhaskar, 2014). Focusing on structures and mechanisms, research typically seeks to identify, discover and explain how they produce empirical events and regularities under certain conditions (Reed, 2005). Second, a ‘retroductive’ research strategy, rather than ‘deductive’ (i.e. characteristic of positivism) or

‘abductive’ (i.e. typical of constructionism and postmodernism), is often adopted (Reed, 2005). The core of retroduction is ‘transcendental argumentation’, seeking to ‘clarify the basic prerequisites or conditions for social relationships, people’s actions, reasoning and knowledge’ (Danermark et al., 2002, p. 76). Third, CR research is characterised by an active engagement with theory. Studies from a CR perspective usually contain a thick description of empirical events, as well as an analysis that theorises the mechanisms that generate these events, featuring ‘a movement from consideration of the intransitive world of actual events, mechanisms, and structures to the transitive world of measures, descriptions, and theories’ (O’Mahoney & Vincent, 2014, p.11).

The distinctive ontological and epistemological position of critical realism and the implications to research make ethnography, or to be more specific, critical realist ethnography, a perfect choice for conducting a certain type of research.

First of all, ethnography is ideally suited to facilitating the retroductive process. Critical realism proposes a complex view of society in which human agents, being neither passive products of social structure nor entirely their creator, are ‘placed in an iterative and naturally reflexive feedback relationship to them’ (Davies, 2008, p. 26). To understand the social reality, the key is to examine the underlying ‘generative mechanisms’, which can only be understood through retroduction, a process of conceptual abstraction which leads to ‘a view of scientific explanation as entailing the identification of underlying and unobservable structures or mechanisms acting in particular social situations and contexts so as to generate observable tendencies or regularities and their effects’ (Reed, 2005, p.1631). Methodologically, this requires a research method that can identify and explore details of studied phenomena, and reveal the complex interaction between relevant corporate agents, structured conditions and situational contingencies (Reed, 2005). It is suggested that ethnography, ‘entailing direct, detailed, and sustained contact with individuals over time, is ideally suited to facilitating this retroductive process’ (Rees & Gatenby, 2014, p. 139).

Secondly, ethnography can be strengthened by recourse to critical realism; in other words, ethnography is ‘most useful when located explicitly within a realist

framework' (Rees & Gatenby, 2014, p.146). Porter (2002) points out the weakness when ethnography is guided by alternative paradigms such as phenomenology and postmodernism. According to Porter, the problem with study from a phenomenological standpoint is that 'the restriction of the interpretation of behaviour to the subjectivity intended meanings that immediately generated it obviate the possibility of deeper analysis of the social situation encountered by the ethnographer... While understanding the interpretations of the social actors is a necessary condition for sociological knowledge, it is not a sufficient one' (ibid, p.57). For study with a postmodernist position, the difficulty is that 'if ethnographies are simply authorial inventions, rather than reflections, of greater or lesser accuracy, of social reality, then what is the point of ethnography?... If absolute uncertainty and relativism are accepted, there is little else for ethnographers to say about the social world, for what they say can claim no superiority in terms of adequacy over that which anyone else says' (ibid, p.59). Alternatively, Porter proposes critical realism as a suitable philosophical underpinning to ethnography, which 'accepts that there is a reality beyond individuals, but which does not over-extend its claims about how much we can know about the reality (in response to postmodernism) or that the degree to which external reality controls the decision of individuals (in response to phenomenology)' (ibid, p.60). Davies (2008, p.18) echoes this point, claiming that effective ethnographic research 'requires both an ontology that asserts that there is a social world independent of our knowledge of it and an epistemology that argues that it is knowable'. It is suggested that critical realism offers such suitable ontological, epistemological, and methodological positions (Rees & Gatenby, 2014).

Thus, critical realist ethnography has three core tenets: 1) it posits a stratified emergent ontology; 2) it takes structures and generative mechanisms as its objects of inquiry; and 3) it understands events as the outcome of multiple causal processes (Rees & Gatenby, 2014). Following these contentions, it is suggested that critical realist ethnography could be usefully applied to studying the dynamics of relations and processes within MNCs. This can be done through examining three layers of reality: observable events and experiences in the empirical domain, social events and headquarters-subsidary relations in the actual domain, and then the conditions, contexts, and reasons for events happening in the real domain (Rees & Gatenby, 2014).

The ontological, epistemological, and methodological positions of critical realism provide foundational orientations to this study in terms of research strategy, research methods, data collection, and data analysis.

First, it is clear that the social reality under study in this thesis is the international management and control system in Chinese MNCs, and the object of the inquiry is the underlying generative mechanism; that is, the factors contributing to such a system. As pointed out by critical realists, social reality is stratified into three domains: empirical, actual, and real, and they can be understood through a process of retrodution. To study the international management system as a complex social reality, ethnography is selected to facilitate such a retroductive process, which reveals three types of reality: employees' working life, which can be observed and experienced (i.e. empirical domain of reality), the company's management practices, some of which can be observed and experienced and some of which cannot (i.e. actual domain of reality), and China's institutional environments, which lead to the first two types of events (i.e. real domain of reality). The ultimate goal of this study is first, to use ethnography to first describe events, and second to explain how they are caused by structural factors.

Second, as will be discussed in more detail in the following sections, data collection and data analysis in this study are also strongly informed by critical realism. For instance, it takes an 'inclusive' approach to collect data, and incorporate data from three different sources (O'Mahoney & Vincent, 2014); when collecting data through semi-structured interviews, I took a critical realist approach and paid special attention to assessing the comparative adequacy of informants' accounts, and adopting an analytical framework when interviewing (Smith & Elger, 2014). In terms of data analysis, grounded theory methods and coding techniques are used to allow 'higher levels of abstraction'; and they reflect the critical realist retroductive approach, which 'encourages the utilisation of theory and metaphor to enable exploration of the stratified reality' (Kempster & Parry, 2014, p. 98).

3.2 Studying MNCs with qualitative methods and ethnography

This section discusses the situation of qualitative research and ethnography in the field of IB. It is noted that although their strengths in opening the black box of organisational process and their potential contribution to theory building are well recognised, they are in a marginalised position in the existing literature. This not only justifies the research approach adopted in this study, but also points to its methodological contributions to this field.

3.2.1 Qualitative research in IB

Qualitative research has been gaining momentum in social science since the 1960s due to factors such as the inadequacies and growing disillusionment with quantitative research, the promotion of self-reflection, and the diffusion of phenomenology (Alvesson & Deetz, 2000; Bryman, 1988).

Compared to quantitative methods, a qualitative approach allows researchers to establish sustained contact and an interactive relationship with the subjects, and enables them to access first-hand experience and information, thus capturing the full extent of their subjects' accounts of a variety of phenomena (Alvesson & Deetz, 2000; Burns, 2000; Sayer, 1992). A qualitative approach, characterised by greater flexibility and lack of structure, also provides the researcher with freedom to use a variety of data collection techniques to address different layers of reality, and to access unexpected important topics and change the ideas and research direction, thus enhancing the scope and the breadth of the research (Bryman, 1988; Whyte, 1984). Furthermore, qualitative research is characterised by a preference for contextualism, emphasising that an understanding of events and behaviours must be set in the context of the values, practices, and underlying structures of the entity as well as the multiple perceptions that pervade that entity (Bryman, 1988).

In the field of IB, although a rich qualitative research legacy can be found (e.g. Crozier, 1965; Fayerweather, 1969; Johanson & Vahlne, 1977; Kindleberger, 1956; Wilkins, 1974), qualitative research has been 'progressively marginalised' with

quantitative, positivist methodologies becoming the norm (Birkinshaw et al., 2011, p.573).

Marschan-Piekkari and Welch (2004) attribute the low status of qualitative research in IB to a number of reasons. For instance, there are assumptions that qualitative research does not constitute a theoretical contribution and therefore it is not universally accepted as 'legitimate' science; and there is also a strong preference in the IB community for 'hard science' that equates rigour with quantifiable data. Doz (2011, p. 583) argues that it is 'the intrinsic difficulties inherent in high quality clinical studies of multinational companies' that stop IB researchers from taking a qualitative approach.

The marginalised pursuit of qualitative research in IB has resulted in some 'missed opportunities' in a number of areas, particularly the internal organisation and management of MNCs. According to Birkinshaw et al. (2011), landmark studies by such authors as Bartlett and Ghoshal (1989), Hedlund (1986) and Prahalad and Doz (1987) adopt a qualitative case study approach to examine the internal dynamics of large MNCs and focus on topics such as interaction between formal and informal organisation; however, such an approach has been largely abandoned over the past two decades, and studies of the internal organisation of MNCs have been rare. The consequence, Doz (2011, p.587) points out, is that 'we know less about how multinationals actually operate today, or about their current "globalisation", than we did about multinationals' in the 1970s and 1980s.

As observed by Doz (2011, p.587), 'the pipeline of qualitative research on the management of leading international companies, and more generally the empirical research stream on the functioning of the multinational companies, have largely dried up', and IB researchers need to 'rekindle' the tradition of qualitative research, otherwise 'they risk becoming radically irrelevant, caught between an inability to develop original theory and the difficulty of analysing empirical phenomena'.

Fortunately, it is observed that there has been a growing recognition of the value of qualitative research in IB, with some important attempts at 'reclaiming a place' for qualitative methods in IB research (Birkinshaw et al., 2011). It is suggested that the

multidisciplinary nature of IB study (e.g. Cheng et al. 2009) calls for more qualitative research. As Birkinshaw et al. (2011, p.573) note:

While there are clear merits associated with quantitative methods, the multi-cultural, multi-dimensional and dynamic nature of the field of IB lends itself to a broad range of research methodologies, qualitative methods being one of them. In order to understand the complexities of emergent and evolving phenomena scattered over distance, and the differentiated contexts typical to many topics under investigation in IB, it is often inappropriate to engage in large-scale, cross-sectional studies or reductionist methods in the absence of well-developed theory. Rather, thick description, exploratory research and comparative case analysis that focus on inductive theory building and hypotheses generation may be more suitable.

Given the unique strengths of qualitative research discussed earlier, it is argued that qualitative methods are particularly suited to ‘unpacking’ phenomena of interest (Van Maanen, 1979, p. 520) and ‘opening the black box’ of organisation process and the ‘how’, ‘who’ and ‘why’ of individual and collective organised action (Doz 2011, p. 583). For this reason, researchers have particularly highlighted the critical role of qualitative research in theory building within IB. Doz (2011), for example, contends that qualitative research can make a contribution to theory building within IB in the following ways.

First, qualitative research provides rich, thick descriptions of phenomena and allows richer and stronger conceptualisation. In this way, new theory ‘is shaped progressively, in the mind of the researcher, over time, in an interactive “constant comparison” and recursive interplay between rich data and emerging conceptual insights that can be related to existing theories and also allow one to create new theoretical insights’ (ibid, p.584). Second, qualitative research enables researchers to examine a phenomenon through various theoretical lenses and to compare the nature and extent of insights offered by different theories. For example, researchers can compare the prediction of a theory with the observable facts, so as to extend or challenge the theory.

Third, qualitative research helps to achieve a better communication of a theory by showing its applicability and emphasising the key relationships in the theory. Fourth, qualitative research plays an important role in ‘surfacing contextual dimensions in IB,

such as differences between countries'. As contexts are difficult to specify from outside, conducting qualitative research in a new context is a way to 'learn about that context up close, rather than risk assuming away contextual differences'. In this way, qualitative research makes contributions to the contextualisation of general theories.

Last, qualitative research provides 'a strong inspiration for new ideas and research agendas', and thus enables researchers to discover 'the importance of a hitherto neglected phenomenon' or 'the relevance of a particular theoretical perspective to that phenomenon'. Doz (2011, p.584) argues:

In a domain-defined field like IB where new phenomena of interest arise rapidly, qualitative exploratory research may help identify and understand new phenomena as they arise and assess the extent to which they are worthy of academic research. Emerging market multinationals provide a current example: they are certainly empirically important, but do we need new theoretical developments to understand them, or is what we know about multinationals sufficient to shed light on this phenomenon?

To sum up, it is suggested that as a discipline that lacks the sophisticated theory development and relies on borrowings and juxtapositions (Buckley, 2002; Wilkins, 1997), IB requires more exploratory and theory-generating qualitative research (Marschan-Piekkari & Welch, 2004; Mendenhall, Beaty, & Oddou, 1993).

3.2.2 Ethnography in IB

Creswell (2007) discusses five approaches to conduct qualitative inquiry: narrative, phenomenological, grounded theory, ethnographical, and case study research. The approach this study adopts is ethnography.

Ethnography, according to Hammersley and Atkinson (1995), is based on a 'naturalistic' view of social reality. Such naturalism proposes that the social world should be studied in its 'natural' state; 'natural' settings, rather than 'artificial' settings, should be the primary source of data. 'Therefore, 'in order to understand people's behaviour we must use an approach that gives us access to the meanings that guide the behaviour', and ethnography is such an approach that turns researchers into participant observers and allows them to 'learn the culture or subculture of the people

we are studying’, and ‘come to interpret the world in the same way as they do’ (1995, p. 8).

Thus, what distinguishes ethnography from other qualitative approaches is its experiential aspect (Van Maanen, 1979), and accordingly Watson (2011, p. 205) defines it as a research practice which ‘draws upon the writer’s close observation of and involvement with people in a particular social setting and relates the words spoken and the practices observed or experienced to the overall cultural framework within which they occurred’. Similarly, Sanday (1979) considers ethnography as ‘a research process in which the researcher’s experiences, as observer and participant, form the core of the methodology and analysis’ (Moore, 2011, p. 655).

Ethnography has a relatively well-established tradition in management and organisation studies. As argued by Watson (2011, p.204), ‘we cannot really learn a lot about what “actually happens” or about “how things work” in organisations without doing the intensive type of close-observational or participative research’. Therefore, although it is ‘a painful way of doing research’, ethnography has made great contributions to enhancing our understanding of human behaviours and organisational life. Some classic organisation and management studies include Becker et al. (1961) on medical school, Dalton (1959) on managerial work, Roy (1958) on group behaviour, and Lupton (1963) on factory life, and more recent works such as Kunda (1992) on culture in a high-tech company, Watson (2001) on managerial work in a UK Telecom company, Down (2006) on entrepreneurship, Fischer (2012) on organisational turbulence, Bruns (2013) on collaboration across expert domains, McCann et al. (2013) on professionalisation, and Perezts et al. (2015) on the life of anti-money laundering analysts.

Despite its well-recognised merits and potential contributions to better understanding of social reality and theory development, there is very little ethnographic study within IB. Such scarcity can be attributed to various factors such as the difficulty of getting access to multinational companies, the time-consuming nature of ethnographic data collection, and the ‘arbitrary configuration’ of the IB discipline (Chapman, Mattos, & Antoniou, 2004). Moreover, there is the tendency of using ethnography as a means of generating case studies and exploring hypotheses produced by other methods, i.e.

‘wider perspectives on organisations are provided by quantitative methods, or broader-based qualitative methods, and ethnographies serve mainly as means of fleshing these out’ (Moore, 2011, p. 655).

Nevertheless, a number of researchers have adopted an ethnographic approach to study MNCs and empirically illustrate how ethnography can provide us with detailed information and rich knowledge about ‘how things work’ in MNCs (Moore, 2005, 2011, Sharpe, 2004, 2006; Yagi & Kleinberg, 2011). Moore (2011), for example, conducts an ethnographic study on cross-border acquisitions in BMW MINI, and highlights the use of ethnographic techniques in ‘exploring the role played by national identities and cross-border mergers and acquisitions, and the mutual impact of worker and manager perspectives on acquired organisations, as well as clarifying the actual impact of cross-cultural discourses on the success of post-acquisition integration’ (2011, p.669). She further suggests that ethnography is useful in analysing cross-cultural management issues and understanding multiple groups engaged in complex social relations. In a similar vein, Yagi and Kleinberg (2011) demonstrate the value of ethnography for understanding complex organisational processes and for the study of international management by using an ethnographic study of a Japanese-US firm to contribute to theory on boundary spanning with a cultural identity negotiation conceptual framework.

Sharpe’s (2004, 2006) study and arguments are particularly relevant to my study. Drawing on Morgan’s (2001) conceptualisation of MNCs as a ‘transnational social space’, Sharpe (2004) argues that the conventional underlying assumption about MNCs as rational, economic actors has discouraged the adoption of ethnographic approaches in IB; however, studying MNCs from a standpoint of the organisation as socially embedded and contextually rational means that ethnographic research can contribute to IB research through taking into consideration the historical context, and linking micro-level analysis to a macro-level analysis of institutional structures. For instance, when studying the topic of globalisation, an ethnographic approach will be able to ‘delve into the ways in which people experience globalisation, be they shop-floor workers in a multinational, executive directors of these organisations or local communities that interface with and are affected by the foreign subsidiaries’ activities’ (2004, p.320). Following this line of thought, Sharpe (2004) conducts an

ethnographic study of control and resistance in the UK subsidiaries of a Japanese MNC, and offers important insights into the managerial control process and outcomes in different contexts, thus making a contribution to labour process theory and the comparative business systems and divergent capitalism literature.

To summarise, qualitative studies and particularly ethnographic studies are limited in IB study. However, they promise to be able to provide thick and rich description of how things actually work in an organisation and are particularly suitable for studying new phenomena, thus have great potential in making contributions to theory development in IB. As Chapman et al. (2004, p. 303) put it:

We have floundered into theory building without paying sufficient attention to our knowledge of the empirical realities. We have built theories and hypotheses on dubious conceptual bases, and acquired questionnaire data that is thin, trivial and dubious. We have analysed these using statistical analysis that is at once rigorous and meaningless. We need real basic well-founded knowledge about what companies do, and why they do it. Ethnographic research is one sure way of providing good detailed information. Let's try it.

3.3 Research design

The design of this research first considers a selection between quantitative and qualitative methods and according to Sayer (2000, p. 19), such a choice 'should depend on the nature of the object of study and what one wants to learn about it'.

As stated earlier, a major task of this study is to provide detailed accounts on how Chinese MNCs manage their overseas subsidiaries and their employees. This research agenda is based on two facts discussed: first, the internationalisation of Chinese firms, as well as other EMNCs, is a relatively new and underexplored phenomenon. Second, in general, studies of internal organisation and management of MNCs are rare and we do not know much about how multinationals actually operate today (Doz, 2011).

To open the black box of how MNCs, particularly Chinese MNCs, actually organise work and manage their global workforce, it is felt that a qualitative approach is most appropriate, because it enables me to access first hand experience and information and to explore incidents in great detail about the management system of the company, and

employees' lived experiences of the management system. Only by recording rich data on how employees' respond to the company's control system, can we have a full picture of what the control system is like, capture the true reality of such a phenomenon, and provide a valid explanation for it. The rich and thick descriptions of phenomena establish a strong basis for theoretical conceptualisation.

Furthermore, a qualitative research approach was also chosen for its preference of contextualism, which not only provides compelling arguments about how things work in a particular context, but also produces well-founded cross-contextual generalities, through highlighting the intimate connection between context and explanation (Mason, 2002). As discussed, the study of EMNCs provides a good opportunity to extend the established IB and MNC theories, and this could be achieved by learning about the context up close and by contextualising the general IB theories.

In relation to organisation studies in China, Whetten, for example, distinguishes between 'theories *in* context' and 'theories *of* context' (Whetten, 2009). The latter involves bringing an existing theory into the Chinese context and testing it in this context. By comparison, Whetten states that 'contributions *to* theory can be characterised as a shift in focus from 'looking through the lens' to 'improving the lens' (2009, p.35). He continues that 'instead of using context effects to contextualise organisational theories, context effects are used as theories (i.e. explanations...)' (ibid, p.40). Child, commenting on Whetten, emphasises that if we are to treat the Chinese context in this way then 'when comparing Chinese context and management with those elsewhere, we should not overlook the dynamics through which both have evolved over time. There is a risk that the debate over a Chinese theory of management versus a theory of Chinese management is being couched in overly static terms' (Child, 2009). 'One feature that has characterised China above all since the end of the 1970s is the rapid change and hectic growth it has experienced...we cannot therefore treat the context of China's management as a fixed or even uniform phenomenon...It has developed a number of constituent business systems..' (Child, 2009, pp.68-9). My approach in this study reflects these strictures; I am not testing existing theory but seeking to extend it by identifying key aspects of the changing and paradoxical Chinese context. This involves first describing some empirical results about Chinese MNCs' international management and control system and how

employees in European subsidiaries respond to it, and second developing a theory about how these empirical events are produced by a specific Chinese context. In this thesis, existing theory about how institutions shape the behaviours of MNCs is extended by a three step model which captures the interactive relationship between institutions and corporate actors.

It was recognised from the start that there has been very little research examining Chinese subsidiaries from the perspective described. Therefore, it was felt that a qualitative research design would be most suitable. As authors such as Yin (2009) and Eisenhardt (Eisenhardt, 1989; Eisenhardt & Graebner, 2007) have pointed out, it is useful in the early stages of theory formulation to engage in the sort of intensive qualitative case study research which if done properly reveals where the key questions for theory are emerging.

After the selection between quantitative and qualitative research, it was also decided that ethnography is the best approach to study the complex organisational process and dynamic social relations within Chinese MNCs, because its experiential aspect will enable me to collect data on how things really work and what actually is happening there. Such a decision, on the one hand, is justified by the well-established tradition in organisation studies of taking an ethnographic approach, and on the other hand is motivated by the intention to fill the methodological gap resulting from the scarcity of ethnographic studies in MNCs studies.

Although some scholars have advocated multi-sited (Falzon, 2016; Marcus, 1995) or multi-local (Hannerz, 2003) ethnography, ethnography research is primarily conducted in a single site aiming to gain in-depth and fine-grained understanding of a small scale society or community (Geertz, 1973; Hannerz, 2003). A large body of recent organisational ethnographic research also takes such a single site (e.g. Alvesson, 1998; Kaplan, 2011; Orr, 1996; Rouleau, 2005; Samra-Fredericks, 2003; Zilber, 2002). Given the commonly-recognised difficulty in getting access to MNCs, particularly to Chinese firms (Smith & Zheng, 2016; Wei, Clegg, & Ma, 2015), a one-sited ethnographic approach in this study seems to be a feasible choice.

There were a number of considerations when selecting the research site for this study. Firstly, I wanted to look at firms with high levels of overseas employment and commitments, rather than just a few scattered outposts as this would lead to a greater likelihood of the difference between host and home contexts becoming visible. Secondly, and related to this, I wanted to examine subsidiaries in host contexts that were relatively strongly institutionalised, i.e. in Europe, rather than contexts with more limited forms of institutionalisation such as Africa. This was because I wanted to focus on the interaction of the two institutional contexts and where one is seriously weaker than the other, different considerations may come into play. Thirdly I wanted to look at Chinese firms engaged in technologically advanced sectors with high levels of internationalisation rather than areas of Chinese internationalisation such as extractive mining, or simple assembly manufacturing where interactions with local contexts were likely to be less.

Based on these three dimensions, I initially approached four Chinese firms in the telecommunications industry based in the UK, and eventually was able to gain access to one of them, known as *Teleman* to avoid breaching confidentiality agreements. Teleman met the criteria of having large overseas commitments (over 7000 employees in Europe, and about 1000 in the UK), operating extensively in Europe (having teams of marketing & sales, project management, service, and R&D), and working in a high technology environment which required innovation and learning. A more detailed description of Teleman is presented in the next chapter.

3.4 Fieldwork: data collection

In line with the ethnography tradition (e.g. Hammersley & Atkinson, 1995; Moore, 2011; Sanday, 1979), data for this study were collected from multiple sources, including participant observation, semi-structured interviews and documents, which took place between 2013-2015. Such data-source triangulation allowed the comparison of data relating to the same phenomenon but deriving from different phases of the fieldwork, different points in the temporal cycles, and different informants, thus providing a validity check and giving added depth to the description of the social meanings (Hammersley & Atkinson, 1995).

3.4.1 Phases of data collection

Data collection for this study began in February 2013 and was completed in December 2015. The three year period can be divided into three phases when distinctive sets of research activities were conducted, although some of them spanned these phases such as documentation review and interview transcribing. Major research activities are summarised in the table below.

Phases	Major Research Activities
Phase 1 2/2013 - 4/2014	<ul style="list-style-type: none"> • Secondary data review of four Chinese companies (e.g. website, press reports, industry reports), including Teleman • Preliminary interviews with Teleman employees: No.=2 • Formal, recorded interviews with 21 employees: 15 from Teleman, 6 from others • Collecting and reviewing <i>Teleman People</i> newspaper and magazine • Collecting and reviewing <i>Teleman Writings Collection</i> • Collecting and reviewing <i>Teleman annual reports</i> • Collecting and reviewing <i>media reports</i> • Interview transcribing • Initial data analysis
Phase 2 5/2014 - 10/2014	<ul style="list-style-type: none"> • Participant observation at Teleman's UK head office: 3 months • Participant observation at Teleman's Bristol office: 2 weeks • Informal conversations and interviews with Teleman people • Fieldnote taking • Continuous data analysis • Continuously collecting and reviewing related documents
Phase 3 11/2014 – 12/2015	<ul style="list-style-type: none"> • Formal, recorded interviews with 18 Teleman employees • Interview transcribing • Continuously collecting and reviewing related documents • Coding and analysis of interview data • Coding and analysis of document data • Coding and analysis of fieldnote data • Memo-making
Summary	<ul style="list-style-type: none"> • Participant observation: 3 months and 2 weeks • Formal interviews with Teleman employees: N=35 • Formal interviews with industry insiders: N=6 • Total formal interviews: 48 • Documents: 109+59+14+10=192, plus dozens of media reports • Fieldnotes: over 41,000 words in 68 pages

Table 3.1: Research phases and major research activities

Phase 1: February 2013 - April 2014

Data collection for this study started in February 2013 after the decision was made to conduct an ethnographic study on Chinese telecommunications firms in the UK. In order to have a deeper understanding of the telecommunication industry and the general operation of Chinese firms in this industry, I identified four firms (i.e. Firm A, B, C and Teleman) and began collecting secondary data through reading press articles, visiting their corporate websites and reviewing industry reports.

Since this study was designed to take an ethnographic approach, a major task in this period was to get access to these companies and study them in an immersive way. To do this, I started with sending emails and making calls to HR departments in these four firms. Unfortunately and expectedly, I did not receive any reply or positive feedback. Realising I could not rely on conventional ways to get access, I decided to explore my existing *Guanxi* (i.e. personal connections) and continuously expanded it through adding potential interviewees from these four firms to my social media network (i.e. LinkedIn). Eventually, my *Guanxi* and the resulting snowballing approach led to two preliminary, un-recorded interviews with Teleman employees, and several formal, recorded interviews with other employees from both Teleman and the other three firms.

During this period, one important decision was made; that is, this study would be a piece of single-sited ethnography of Teleman. This was for two reasons: first, I found that Teleman had made more resources available on its corporate websites, including annual reports, internal employee publications, and other internally produced materials, which were of great value for the research purposes. Second, after exploring my personal networks, I found that Teleman employees were more approachable, and I was able to tap into a much larger interviewee pool.

After the decision was made to focus on Teleman and its employees, I began to download and review four types of documents from the company's official website: *Teleman People*, the company's internal publication for employees, which is in both Chinese (as a newspaper) and in English (as a magazine); book volumes entitled *Teleman Writings Collection*, which contained various types of articles such as CEO

speeches, meeting diaries, articles selected from the newspaper, and annual reports. More formal interviews with Teleman employees were also conducted.

In addition to getting access to large amounts of data about Teleman's organisational structure, human resources policies, business model, products and markets, internationalisation strategies, as well as employees' working lives, one unexpected outcome of the first phase of research was that I obtained some insider information about the company's business situation and recruitment practice. That is, the company's HR team was hiring a contractor to deliver a recruitment project for its two new R&D centres in the UK, and the contractor was hired through an external agency. This piece of valuable information led to my contact with the Agency and my eventual access to the company to conduct the participant observation as a researcher through taking a full time recruitment specialist role.

Phase 2: May 2014 - October 2014

This phase of research consisted of two periods of participant observation. The first was conducted in Teleman's UK head office from May 1st to August 15th, 2014, and the second was in Teleman's Bristol office, which lasted for 2 weeks in October 2014.

I began the participant observation and my writing of fieldnotes during the interview period. After I was told by an insider that the Agency was helping the company to recruit contractors, I contacted the agency with my CV and was invited for an interview for the position of Project Assistant on May 1st, 2014, followed by another interview with a hiring manager from a project team on May 9th. However, I was rejected by the hiring manager on the grounds that I was 'too mature' and that it would be difficult for me to 'adapt to the semi-militarised management system' of the company (source: quote from the hiring manager). On May 12th, I was invited for another interview with the HR team for the position of Recruitment Specialist where I was told that they were desperately looking for someone like me who had years of working experience, spoke both Chinese and English fluently, and could handle 'the complexity of working with different departments' (source: quote from the interviewing HR manager). Then I was asked to start the job the next day on May 13th. On my first day as a recruiter, I informed my two supervisors that I was

conducting research on Chinese firms in the UK and was collecting data for my thesis, and I was allowed to do so on the condition that I would not disclose the company's name and its products.

In the first period of participant observation, I worked in the company's HR department as a full-time employee, i.e. for 5 days per week and 8 hours per day. My work was recruiting new employees for the company's two new R&D centres in Bristol and Cambridge, as well as for the Teleman UK head office. On each working day, I recorded my activities and observations with a notebook in the form of key points and short sentences; and then after work, I spent about 2 hours on writing the fieldnotes in full accounts. This period of research was characterised by active participation in the company's various events, close observations on events happening around me, large numbers of informal conversations with different employees, and detailed fieldnotes recording my observations, participation and thoughts. This lasted for three months until mid August when I felt no significant new data had emerged in the company's UK head office.

In the second period of participation, I conducted the research in a similar way but was working in the company's Bristol office for two days per week. The stay was planned to be another three months; however, after two weeks I decided to end the participant observation and leave the company for two reasons: first, since the Bristol office was newly established, the team was very small with only 6 employees including myself, and several employees seemed to have a flexible work arrangement, which meant that the office was always empty; second, during my second week in the office, the company was relocating the newly hired engineers to another big office room, and when this was completed, I would share an office with a woman who was in charge of administrative business such as hotel bookings, stationery supply, and office decoration. I felt that my interaction with employees in the Bristol office was very limited, which became a challenge for me to get access to new data. In mid October, I ended my participant observation and moved onto the third phase.

Phase 3: November 2014 - December 2015

As will be discussed in more detail in the following sections about how interview data was collected and how data was analysed, the third phase of data collection in this study was also a step in data analysis, i.e. theoretical sampling. A total of 18 interviews was conducted with Teleman employees. Compared with interviews in the first phase, interview questions at this stage were more specific and had a clearer focus on different types of organisational control and how employees responded and experienced these controls. Puzzles and inconsistencies I experienced in the first and second phases were also important parts of my conversations with informants.

As illustrated, these three phases of data collection had a different focus, with the first phase focusing on interviews and collecting documents, the second phase on participant observations, and the third phase on interviews. However, it should be pointed out that they were not clear cut, because some activities such as collecting data through documents and interview transcribing were carried out throughout the whole nearly three year period.

Furthermore, as Hammersley and Atkinson (1995) have pointed out, a prominent feature of ethnography is the emergent nature of its formulation of precise problems, hypotheses, and an appropriate research strategy. As typically happens in many ethnographic studies, this research project developed in a funnel manner, with research questions and research activities getting more and more focused as time went on. The process of progressive focusing means that the data collection in this study has been guided by an ‘unfolding but explicit identification of topics for inquiry’. During this prolonged process, large amounts of notes and memos had been produced, and they constituted preliminary analyses, providing guidance through the corpus of data (Hammersley & Atkinson, 1995, p.191).

3.4.2 Collecting data through participant observation

‘One becomes an ethnographer by doing it,’ Van Maanen (2011, p. 219) says. According to the author, a ‘definitional’ feature about ethnographic fieldwork is its being ‘immersive’. Based on the original ideas of the Chicago school of sociology,

ethnographic researchers are expected to leave their ivory towers, get closely involved with the people and community under study, and ‘actively interact and share experiences with them in a manner going beyond simple observation’ (Watson, 2011, p. 206).

Indeed, ethnography is a research approach ‘under the stiff but precise tag, participant observation’ (Van Maanen, 1979, p. 539); as such, participant observation is commonly recognised as a key method for collecting data (e.g. Hammersley & Atkinson, 1995). Conducting participant observation means that ‘the researcher engages with the people being studied, shares their life as far as possible, and converses with them in their own terms’ (Gellner & Hirsch, 2001, p. 1). Under such circumstances, the researcher not only observes activities, but also participates in them, takes part in conversations, and reads relevant documents (Watson, 2011). It is suggested that compared with interview-based studies, ‘participant observation provides greater informational yield as well as more detailed descriptions of workplace behaviours and ground dynamics’ when it is used in organisation studies (Tope et al., 2005, p. 471).

Consistent with this tradition, this study uses participant observation as a major method to collect data. Working as a full-time contractor and a critical member of the recruitment team, I was deeply immersed in the social world I studied and managed to collect large amounts of high quality data for this research.

During the period of May-October 2014, I took on the role of Recruitment Specialist at Teleman’s UK head office, and was responsible for hiring employees for its two newly-established R&D centres in England, as well as for its head office. The recruitment team at Teleman UK consisted of four members at the beginning: the recruitment manager, a British woman; the HR manager, an expatriate designated to lead the delivery of the recruitment project for the two R&D centres; a recruitment assistant, a locally-hired Chinese woman, and myself. In the last two weeks of my stay at the head office, another British woman joined the team as Recruitment Specialist.

Given that I was the most experienced recruiter in the team who could speak both English and Mandarin fluently, I was given a wide range of responsibilities, including talking with hiring managers in different departments, meeting with senior executives from China to brief the recruitment status, contacting senior managers in China and Germany to arrange interviews, and attending different events such as meetings, interviews, and job fairs. I once even represented the company to talk in front of the camera when approached by a TV crew from South Korea in a job fair. My relatively senior role in the team provided me with privileges other researchers might not have had in terms of meeting people, building relations, attending events, and making observations. For example, I once had the opportunity to attend an individual meeting with Mr. Q, the most senior manager who was in charge of the company's global R&D activities; and after our discussion on the recruitment status, we discussed the reasons for the company's setting up R&D centres in two different locations in the UK. On other occasions, I had in-depth conversations with several departmental managers who were hiring and was able to explore what kind of candidates they were interested in, and why and how they made their decisions. I also joined these department managers and the HR manager in several interviews. In general, during my stay with Teleman UK, I was largely treated as an insider, and people were willing to talk with me and share with me their thoughts and viewpoints about the company and about working with the company.

As pointed out by Atkinson (1992, p. 5), ethnography is created through 'a double process of textual production and reproduction', and this process starts with day-by-day writing up of fieldnotes which are 'observations and reflections concerning "the field"'. As with other ethnographic researchers, I used fieldnote writing as the major method of ethnographic recording (Hammersley & Atkinson, 1995). On each working day, I had my notepad on my desk, or carried it with me when attending meetings, and took notes about what happened around me whenever I had the chance. The notes sometimes were key words, phrases, symbols, shorthand; other times they were what individual employees said and what I heard verbatim as much as possible. After I finished my work and arrived home, I then used these notes to jog the memory in order to 'recall and reconstruct in close detail significant scenes and events' (Emerson, Fretz, & Shaw., 2001, p. 356).

My final version of fieldnotes, which was over 41,000 words in 68 pages, mainly contained three categories of recording: descriptive scenes and events, personal feelings and emotions, and analytic writing.

Consistent with common practice in ethnographic research, the majority of my fieldnotes provided descriptive accounts of whom I met, what I did, and what I heard and saw, accounts that did not have much explicit theorising and interpretations. They did not have sustained logic or underlying principle, but contained ‘bits and pieces of incidents, beginnings and ends of narratives, accounts of chance meetings and rare occurrences, and details of a wide range of unconnected matters’ (Emerson et al. 2001, p.353). According to Hammersley and Atkinson (1995, p.181), this kind of recording minimised the level of inference and facilitated the construction and reconstruction of the analysis.

I also recorded my personal feelings and emotions with fieldnotes following the guidance that accounts of personal feeling and emotional reactions should be included in core fieldnote accounts (e.g. Emerson, Fretz, & Shaw, 1995; Johnson, 1975; Kleinman & Copp, 1993). It is believed that the researcher’s emotional responses to events in the field may mirror those that naturally occur in the setting, and provides important analytic leads. Furthermore, it enables the researcher to ‘read through fieldnotes to identify biases and prejudices as well as the changing attitudes toward people and events’ (Emerson et al. 1995, p.361). My fieldnotes, for example, recorded many occasions when I felt exhausted because of the heavy workload, and felt sympathetic about my Chinese co-workers’ situations in terms of poor salary and career development. I also recorded my feelings about being verbally abused by an expatriate manager. This kind of recording turned out to be valuable because they revealed a lot about the lived experience of locally-hired Chinese employees, given that I was essentially one of them. The value of these types of fieldnotes, Emerson et al. (1995, p.361) point out, is that they ‘provide particularly rich accounts of the processual nature and full complexities of experience which cannot be conveyed through descriptions of behaviours obtained by direct observation or interview questions alone’, and therefore ‘offer major advantages for developing and refining methodological and theoretical insights’.

The last category of my fieldnotes was analytic writing (Emerson et al., 2001), or what Schatzman and Strauss (1973) label as ‘theoretical notes’. This type of fieldnote scattered throughout the 68 pages, but many were recorded at a later stage, typically in the last few weeks when some specific issues had been identified and some analytic ideas and inferences began to occur to me. Writing such theoretical notes was a reflection of my seeing previously unappreciated meanings in particular happenings, making new linkages with previous experiences, and contrasting new and old observations (Emerson et al., 2001). For example, after some immersive research, it became clear to me that in Teleman UK, locally hired Chinese employees were the least favoured employee group, paid below the market rate and facing gloomy career development. At this point, I started to try to make sense of this with reference to such concepts as core and peripheral employees, and some of my fieldnotes had engaged Lepak and Snell’s (1999, 2002) framework with some initial interpretations and discussions on uniqueness and strategic values of different groups of employees. However, it needed to be pointed out that such ‘in –process analytic writing’ was different from the more systematic procedure of coding in the final stage; nevertheless, it recorded observations that ‘confirm, modify, or reject inprocess interpretations’, and enabled me to ‘carry forward analysis contemporaneously with the collection of field data’ (Emerson et al., 1995, p.105).

Through conducting my participant observation in Teleman and recording descriptive accounts, personal feeling and emotions, and theoretical notes, I collected large amounts of high quality data about the internal organisation and management of Teleman and about employees’ lived experience, and I came to discover what really happened within the company and how things worked there. I felt that such richness of data would not be possible to achieve without the immersive approach of participant observation taken in this study.

3.4.3 Collecting data through semi-structured interviews

Interviews in ethnographic research usually consist of two types: spontaneous, informal conversations, and formally arranged interviews. Given the very blurry dividing line between participant observation and informal conversations (Hammersley & Atkinson, 1995), interviews in this study refer to formal interviews

taking place in bounded settings out of earshot of other people and out of the workplace, whereas informal conversations are considered as part of the participant observation.

This study took a semi-structured interview approach where an interview guide was used to follow questions and specific areas of interest during the interview (Bryman, 2004). The value of semi-structured interview lies in its recognition of manoeuvrability in the interaction, which, on the one hand, provides interviewees with a degree of space to respond to questioning 'on their own terms', and on the other, allows researchers to be more responsive to answers and thus explore unforeseeable research avenues (Bryman, 2004). Consequently, a semi-structured interviews take place more like a dialogue rather than a question-answer format; however, its semi-structure-ness allows for comparability across responses because similar topics are discussed (May, 2001).

A total of 48 interviews were conducted in this study with 41 informants. Forty-two interviews were with Teleman's current (n=31) and former (n=4) employees, whilst the other six interviews were with those who worked with Teleman's key competitor and clients, and therefore had good knowledge about Teleman as well as the industry. Interviews were held in Chinese (n=45) and English (n=3), and lasted between 1 to 3 hours. Except for the first two preliminary interviews and two interviews with non-Teleman informants, all other interviews were recorded and later transcribed.

With reference to the selection of interviewees, this study did not aim to seek a representative sample, as 'a representative sample of informants is not always what is required in ethnography' (Hammersley & Atkinson, 1995, P.137); rather, the aim was to target those informants who were especially sensitive to the area of concern, and those more-willing-to-reveal informants (Dean, Eichhorn, & Dean, 1967; Hammersley & Atkinson, 1995). Particularly in the first phase of this study, the sampling was undertaken with a snowballing method, leaving very little room for me to control the sample. However, in the first phase, a basic criterion for selecting Teleman employees was that they should have worked with the company for over 2 years in one of its European subsidiaries. The same criterion was applied to the interviewee selection in the third phase. However, for the second round of interviews,

I was able to exercise more control over the sampling, as most of the interviewees were those I met when conducting participant observations in Teleman's head office. The resulting sample of informants in fact represented a rather diversified background of interviewees in terms of job level, ranging from engineers, sales managers, project managers to account directors, department heads, senior executives. Furthermore, they had the UK, Germany, the Netherlands and France as their major work locations and other host countries included Spain, Italy, Sweden, Czech Republic, Poland, and Romania.

As a critical realist, I conducted the interviews in a way that reflected some of the distinctive features of the critical realist approach to interviewing discussed by Smith and Elger (2014). According to the authors, whilst critical realists (CR) share a common recognition with constructionists and realists that interviews are a fluid interactive process between interviewers and interviewees formulating perspectives, observations, experiences, and evaluations, they also hold some unique assumptions. It is believed that CR interviews give researchers access to two aspects of knowledge: the attitudes and emotions of informants, and the 'richly textured accounts of events, experiences, and underlying conditions or process, which represent different facets of a complex and multi-layered social reality' (ibid, p. 119). In other words, CR interviews do not simply generate narrative accounts, but also provide insights into events and experiences, which form the basis for analysing the interplay of social contexts and generative mechanisms.

However, such knowledge about events, processes, causes and underlying conditions is not a simple and transparent product of interactions between interviews and interviewees. In order to gain insights, first, a theory-led interviewing approach is proposed (Pawson & Tilley, 1997), which requires conversations and interactions between interviewer and interviewee to be informed by an appropriate analytical framework. Second, it is highlighted that informants' accounts should be subject to critical scrutiny not only in their own terms but also in relation to other sources of data. Only after they are assessed in terms of their comparative adequacy or completeness, can they be used to test and develop explanatory theories.

Because of their emphasis on a theory-led approach and scrutiny of accounts, critical realists treat interviews as a ‘cumulative and iterative’ process, rather than a simple indicator of attitudes or sources of narratives. It is suggested that such an approach enables researchers ‘to identify and explore contrasting accounts and gaps in our knowledge; ask more focused and meaningful questions; elicit comments on views expressed by others; and probe matters that might be glossed over’ (Smith & Elger, 2014, p.127).

Guided by this CR approach, interviews in this research paid special attention to two aspects: assessing the comparative adequacy of informants’ accounts, and adopting an analytical framework when interviewing.

As indicated earlier, interviews in this study were conducted in two time phases: the pre- and post observation period. In the pre-observation period (i.e. Phase 1: February 2013- April 2014), twenty-five interviews were conducted, aiming to have good knowledge of four interlinked aspects: the industry (e.g. market competition in China and Europe, and how Telemat is fighting against and collaborating with other players), the business (e.g. the products and services Telemat offers, the business lines, the historical development, its international operations), the management (e.g. Telemat’s organisational structure, human resource policies, organisational culture), and the people (e.g. career history, team members, experience with colleagues and the company, difficulty and challenges when working abroad).

Although this study was about how the company manages its overseas subsidiaries, it was believed that the best way to flesh this out was to examine how employees actually experience it. Therefore, from the very beginning, interviews in this study abandoned the conventional, rational, economic approach to study MNCs by asking grand questions; instead, the ‘transnational social space’ framework (Morgan, 2001; Morgan et al., 2001) was adopted to guide the interview process, which proposed sociological accounts of a company as ‘a structured set of relations between a range of actors with their own powers and interests’ (Morgan, 2001, p. 10). Underpinned by this theoretical framework, interviews in Phase 1 largely centred around the work experience of individual employees and their social relationships with colleagues within the company. However, it was not their experience and social relationship that

I was interested in; rather, they were important because they reflected underlying social contexts and the unobservable part of social reality in the ‘actual’ domain, because employees’ work experiences were shaped by internal factors such as organisation structure, role and responsibility, cultural values, HRM practices, and personal career ambitions, and by external factors such as the company’s overall business strategy, market regulation, market competition and client collaboration. Furthermore, I paid special attention to the cumulative and iterative nature of interviewing, and frequently referred to insights gained from earlier interviews during my interactions with new interviewees, a move to elicit comments on views expressed by others, and identify and explore contrasting accounts and gaps in my knowledge. Such a CR interviewing approach proved to be of great value in enabling me to ask more focused and meaningful questions, and discover matters that might be neglected (Smith & Elger, 2014). More importantly, as these interviews were conducted in phase 1, they laid a good basis for research in the later phases in that they revealed lots of puzzles and inconsistencies, which directed my particular attention for further clarification and exploration.

In this regard, a good example was that informants from Teleman seemed to have contrasting accounts about local European employees in terms of their power and status within the company, and about their relationship with these local employees. Whilst some informants considered local European employees as being well respected and compensated for their expertise (i.e. local market knowledge) and enjoying high status, others believed they were marginalised within the company. Such seemingly contrasting accounts, as we will see in later chapters, in fact pointed to the underlying control mechanism the company used to manage this group of employees. One unexpected phenomenon was also revealed through comparing these different accounts: there was another employee group with the company, i.e. locally hired Chinese, which made social relationships complex within the company and brought difficulty to informants in assessing the relative social status of different groups.

Similarly, interviews in the post-observation period (i.e. Phase 3: November 2014-December 2015) also took a CR approach, but reflected even stronger CR characteristics. First of all, many informant accounts had been accumulated at this late research phase. Therefore, frequent cross-checking and comparison for their adequacy

and completeness were possible during the interviews. Secondly, after the first two phases of research, based on continuous initial data analysis and interpretation during the process, it was decided that organisational control would be the most appropriate theoretical framework for the whole thesis; therefore, interviews in this phase were strongly theory-driven, exploring how different groups of employees experienced the company's organisational control system. Interview questions at this stage focused on particular events and individuals' experiences in specific settings. Informants were asked questions mainly on the following three aspects: specific events and phenomena (e.g. the CEO's speech as an identity control mechanism), their personal experience (e.g. whether or how they are influenced by the corporate culture, for example do they work long hours), their viewpoints on this event (e.g. how they think of identity control). On many occasions, informants were asked questions related to some of the puzzles and inconsistencies I had during the participant observation period. Such questions included: why the company used so many expatriates, why so many local British employees quit the company, and why locally hired Chinese did not quit given their poor pay and career prospects, etc. Owing to the theory-driven approach, interviews in the post-observation period provided me with rich knowledge about the company's management approach, and enabled me to get closer to the social reality under study, both the *empirical* domain of reality (i.e. employees' working life) and the *actual* domain of reality (i.e. the company's management and control system). This laid a solid foundation for contextualisation and theory development at a later stage, leading to the discovery of the *real* domain of reality (i.e. the impact of institutions).

3.4.4 Collecting data through documents

Documents as a data source have their historical place in the intellectual tradition of interpretative social science and ethnographers often take account of documents as part of the social setting under investigation (Hammersley & Atkinson, 1995). In more recent studies, for instance, both Kunda (1992), Moore (2011) and Fischer (2012) have included document data in their analysis.

There are some arguments about documents, particularly those official sources, being biased and distorted. However, according to Hammersley and Atkinson (1995), all

types of data have a similar problem, since they are all produced socially and cannot be treated as an unproblematically neutral presentation of reality; therefore, there is no logical reason to consider documents as especially problematic. Documents are important sources of data, because they not only provide information, but also open up a range of analytic problems. As the authors suggest (1995, p.173-4):

The presence and significance of documentary products provide the ethnographers with a rich vein of analytic topics, as well as a valuable source of information. Such topics include: how are documents written? How are they read? Who writes them? Who reads them? For what purpose? On what occasions? With what outcomes? What is recorded? What is omitted? What does the writer seem to take for granted about the reader(s)? What do readers need to know in order to make sense of them? The list can be extended readily, and the exploration of such questions would lead the ethnographer inexorably towards a systematic examination of each and every aspect of everyday life in the setting in question.

Furthermore, information provided by documents may be different from those accounts in interviews or observations, or even missing from other sources of data. From a critical realist perspective, documents generate another set of data, which can be used to cross-check their comparative adequacy and completeness in relation to other sources of data (Smith & Elger, 2014). In addition, texts from documents endure and therefore can offer historical insight, since ‘there is no “original” or “true” meaning of a text outside specific historical contexts’ and they ‘have to be understood in the contexts of their conditions of production and reading’ (Hodder, 2003, p. 156). Such an emphasis on context is in line with critical realists’ particular attention to the historical dimensions of analyses. As suggested by Mutch (2014), a range of generative mechanisms combine to create the social reality, and such mechanisms operate at a number of levels and at a range of timescales; historical investigation can give us temporal contrasts to inform the contrastive explanation and satisfy the need of retroduction, which sends us back in time to look for antecedents. Therefore, documents, which are in physical form and record events at a wide range of timescales, facilitate the process of understanding the contexts and knowing the emergent and stratified social reality.

In conducting this study, five types of documents were examined, which included the following:

- *Teleman People* newspaper: this newspaper was produced by the Teleman Communication team in China first monthly and then bi-weekly and then distributed to offices around the world. A total of 109 copies were collected from 2001 to 2015. Every issue published from 2009 to 2015 was collected, but many issues from 2001-2008 were missing. This paper was published in Chinese.
- *Teleman People* magazine: this magazine was launched by the company in 2009 and it was published in English. A complete collection of 59 copies from 2009-2015 was reviewed. This magazine was also produced by the China team and distributed to every one of its offices around the world.
- *Teleman Writings Collection*: these were volumes consisting of various types of articles, such as articles from the newspaper, executive teams' speech, important meeting summaries, employees' articles, etc. They were placed online under the 'corporate culture' category on the company's corporate website. A total of 14 volumes were reviewed.
- *Annual reports*: Teleman published annual reports despite the fact that it was not a publicly listed company. Annual reports, both in Chinese and English, from 2006 -2015 were available online and therefore examined in this study.
- *Media reports*: because of Teleman's important position in the industry, it was subject to frequent media exposure. Dozens of media reports were collected and reviewed.

In total, over 200 copies of documents were examined in this study; however, my content analysis mainly focused on the first four types of internally produced publications (i.e. the newspaper, magazine, writing collection, and annual reports) and excluded external source (i.e. media reports) on the basis that 1) internally produced materials reflected how the company portrayed itself, how the company managed its culture (i.e. identity control), and how employees experienced the company's management system (i.e. through their writings in the newspaper); and 2) by excluding media reports, the confidentiality of the company was protected.

The examination of these documents provided rich data on Teleman at two levels. At company level, large amounts of data on the company's history, corporate values, business developments, products and services, HR policies, management philosophies and practices, and internationalisation strategies were obtained. Particularly, from an organisational control perspective, these documents represent 'the voice of leadership', and they 'distill management's collective preferences into abstract principles, catchphrases, and key words openly designed to educate and influence' and 'reflect management's desires, even wishful thinking, in formulations removed from everyday reality' (Kunda, 1992, 2006, pp. 57–58). At the employee level, as demonstrated in Chapter 7, these documents, particularly the newspaper, contained large amounts of personal stories of individual employees, and they offered invaluable data on employees' feelings, attitudes and identity. From a critical realist perspective, such data, of course, should not be taken at face value. They however enabled me to identify contrasting and complementary accounts and events in interviews and observations, thus enhancing the validity of my data, and gaining a better understanding of the underlying structures and mechanisms (Downward & Mearman, 2007; Hammersley & Atkinson, 1995; Yin, 2009).

3.5 Data analysis

Ethnography is characterised by a 'dialectical interaction' between data collection and data analysis (Hammersley & Atkinson, 1995, p.205). It is pointed out that in ethnographic research, data analysis begins when data collection begins (Spradley, 1980, 1979), and data analysis is not a distinct stage of ethnographic research (Hammersley & Atkinson, 1995).

Following this tradition, this research project has a characteristic 'funnel' structure of ethnographic study, which progressively became more and more focused, with research problems being developed and transformed during the course and eventually its scope being clarified and delimited (Hammersley & Atkinson, 1995). In this sense, the data analysis process of this study may be considered to begin when the two preliminary interviews were conducted with Teleman employees, which, underpinned theoretically by the 'transnational social space' framework, began exploring the underlying social contexts and generative mechanisms of individuals' experiences and

social relationships. And such an analysis process continued into the participant observation period, when analytic notes were recorded.

Nevertheless, systematic data analysis for this study took place in 2015 after some of the formal and recorded interviews were conducted with Teleman employees in the post-observation phase. Following the guidance of Charmaz and Mitchell (2001), this study adopted a modified grounded theory method in analysing the data, which is said to ‘increase the analytic incisiveness’ (ibid, p.160) and ‘sharpen the analytic edge and theoretical sophistication’ of ethnographic research (ibid, p.161). The same method has been used by Fischer (2012) to analyse organisational turbulence in a mental health setting. The data analysis of this study consisted of the following five steps, although the actual process was less linear and less clear-cut.

Step 1: Reading

I started the formal, systematic data analysis process with several rounds of careful reading of the corpus of data to ensure I became thoroughly familiar with it. Extensive facts, stories, rumours, numbers, reflections and thoughts contained in the interview transcripts, fieldnotes, and a collection of important articles published in the company’s newspaper and magazine were carefully examined. At this stage, the task was to ‘see whether any interesting patterns can be identified; whether anything stands out as surprising or puzzling; how the data relate to what one might have expected on the basis of common sense, official accounts, or previous theory; and whether there are any apparent inconsistencies or contradictions among the views of different groups of individuals, or between people’s expressed beliefs or attitudes and what they do’ and ‘the aim is to use the data to think with’, laying a solid foundation for the second step (Hammersley & Atkinson, 1995, p.210).

Step 2: Coding

Coding involves developing comparison among what happens at different places and times in order to identify stable features of people, groups and organisation, and the ultimate aim is to reach a position where the researcher has a stable set of concrete and analytic categories for organising the data (Hammersley & Atkinson, 1995).

Blumer (1954, p. 7) refers to these categories as ‘sensitizing concepts’, which give ‘the user a general sense of reference and guidelines in approaching empirical stances’, and ‘suggest directions along which to look’. Therefore, identifying and developing these sensitizing concepts are important, because they are ‘the germ of the analysis’ (Hammersley & Atkinson, 1995, p.212).

Following grounded theory methods, an open coding technique was used to generate categories by looking for key events and instances in the texts of interview transcripts, fieldnotes, and documents (Strauss & Corbin, 1998, 1990). Using a constant comparative approach, I made attempts to ‘saturate’ the categories; that is, to identify key events that represented the categories and to continue looking until the new formation obtained did not further provide insight into the category, and a new category had to be invented (Creswell, 2007). Drawing on my general, common-sense knowledge, personal experience, and existing concepts in the literature, a loose collection of over 50 analytical concepts were initially developed, but were not well-defined elements of an explicit analytical model (Hammersley & Atkinson, 1995). However, the process of coding the data was a recurrent one, with new categories emerging and existing categories being combined and reduced. Eventually, a list of 41 analytical concepts or themes was finalised, as shown in Table 3.2 on next page. These sensitizing concepts represented an important step of ‘data reduction’, which allowed me to think about the data in new ways (Coffey & Atkinson, 1996), and to get ready for the next step, memo-making.

Step 3: Memo-making

According to Charmaz and Mitchell (2001), memo-making is a step between coding and the first draft of a paper, involving writing preliminary, partial and correctable memos. It is an ‘on-going process of analysing and writing’ and therefore ‘reduces writer’s block and increases fluidity and depth’ (2001, p.167). During this process, the research elaborates materials subsumed by a code, plays with ideas, tries them out, and checks their usefulness by going back and forth between writing and social reality; by doing this, amorphous ideas and ambiguous questions become clearer.

<i>Coding: Themes and analytical concepts</i>	
Employee Level	Company Level
1. Working habits & style 2. Job responsibility 3. Career development 4. Compensation & benefits 5. Criticism about the company 6. Criticism about co-workers 7. Loving the company 8. Loving the job 9. Cultural and social conflicts 10. Global mobility 11. Identity 12. Power 13. Frustration & complaints 14. Competition 15. Cooperation & team work 16. Personal network 17. Unfairness and inequality 18. Resistance and negotiation 19. Personal sacrifice 20. Quitting the company 21. Commitment & devotion	1. Business, products & service 2. HQ involvement & interference 3. Chinese-ness 4. Organisation structure 5. International staffing 6. Bureaucracy & rules 7. Internationalisation & localisation 8. Communication & coordination 9. Control 10. Knowledge management 11. Leadership 12. Global HR policy 13. Reporting & approval 14. Corporate culture 15. Nationalism 16. Rewards 17. Recruitment & retention 18. Militarised management 19. Work atmosphere 20. Decision making

Table 3.2: Coding: Themes and analytical concepts

This free-writing or pre-writing stage (Charmaz, 1995; Elbow, 1981), broadly based on the above analytical concepts, produced lengthy memos on the following six topics:

- The working life of expatriate staff
- The working life of local British staff
- The working life of locally hired Chinese staff
- Managing people in Europe
- Managing people in China
- Expatriates and internationalisation

These writings were highly descriptive and full of tales and narratives (in fact, they were so descriptive that one of my colleagues, thinking they were draft versions of my thesis, highly criticised my approach and urged me to pay more attention to theories), and they mainly focused on comparison between different employee groups, and different locations. Such approach proved to be highly rewarding, since ‘making explicit comparisons helps ethnographers discern patterns and establish variations from which they can outline theoretical relationships’ (Charmaz & Mitchell, 2001, p. 167). It was after this step that my original codes were turned into theoretical categories, and I had a clear idea of how they were connected in a larger, overall process. At this point, organisational control was chosen as the major theoretical framework of this study.

Step 4: Theoretical sampling

Theoretical sampling, Charmaz and Mitchell (2001) contend, aims to develop a theoretical analysis or to fill out the ethnographic accounts. It involves ‘going back to the field to gather specific data to fill gaps within categories, to elaborate the analysis of these categories, and to discover variation within and between them’ (2001, p.168). In this step, the research is not to seek any statistical representation, but to selectively obtain data from a particular person for a particular reason. The focus is to get access to data about certain experiences or issues to develop needed theoretical categories.

After the memo-making, it was clear that organisational control would be the most suitable theoretical framework to explain what was happening in Teleman, and in order to acquire such social reality, analysis on different types of control and various forms of responses to such control would inevitably be a major part of the discussion. Therefore, in order to make sure that I had reached the state of ‘saturation’, that is, all categories are filled with data, and variation has been established and accounted for (Charmaz & Mitchell, 2001), I conducted a total of another 18 interviews, focusing on five commonly discussed control types (i.e. behaviour, output, input, cultural and bureaucratic control) and how employees perceived and responded to them. As discussed in the data collection section, interview questions at this step tend to be very specific and the conversations centred around the idea of control and response/resistance. Theoretical sampling here helped to develop a theoretical

analysis of the data; by the end of this step, the previously ambiguous international management issue had been clearly defined in relation to organisational control, and data was well categorised and organised for a more nascent theoretical framework.

Step 5: Integrating the analysis

The last step in data analysis is to integrate categories into a theory, and to construct an integrative framework to frame the story (Charmaz & Mitchell, 2001). Such a process involves trial and error, and is about ‘locating and mapping while keeping empirical locations in mind’ (2001, p.169). One action to facilitate this process is to complete a literature review.

For the data analysis in this study, several rounds of literature review were conducted. The final literature review, which was conducted along with the memo-making, identified Harzing’s (1999) framework as the one that could offer the most complete explanation of empirical reality. The framework, specifically developed in an MNC context, offers a synthesis of various classifications of controls, and integrates many of the classifications previously discussed. Based on this framework, I further explored the theoretical relationship between the 41 analytic categories, and eventually organised all the data into four large groups based on a conceptual framework of control and response/resistance. The structure of this thesis basically follows these four groups of data, namely personal centralised control, formalised bureaucratic control, identity control, and control by rewards.

In summary, data analysis for this study adopts the grounded theory methods, which, according to Charmaz and Mitchell (2001), are characterised by the following strategies: simultaneous data collection and analysis, analytic codes and categories developed from data not from preconceived hypotheses, theory development during each step of data collection and analysis, memo-making, theoretical sampling aimed toward theory construction, and a literature review carried out after developing an independent analysis (Glaser & Strauss, 1967). Such an approach proves to be beneficial and effective in moving the ethnographic study towards theoretical interpretation, thus sharpening the theoretical sophistication of this study.

3.6 Conclusion

This chapter presented the methodology followed by this study to examine the international management and control system in Chinese MNCs. Underpinned by a philosophical position of critical realism, this study recognises that there are three domains of reality: employees' working in the *empirical* domain, the company's control and management practices in the *actual* domain, and the impact of China's institutional environments in the *real* domain. To study the underlying mechanisms and structures which generate the empirical events is to examine how institutions affect the behaviours of MNCs, which in turns leads to employees' unique work experiences.

To study such generative mechanisms, an ethnographic approach was adopted to facilitate the retroductive process, advancing from empirical observation of events and arriving at a conceptualisation of transfactual conditions (Danermark et al., 2002). Multiple data collection methods, i.e. participant observation, semi-structured interviews and documents, were used to generate different types of data for comparative adequacy and completeness assessment, a triangulation technique to enhance the data validity (Hammersley & Atkinson, 1995; Smith & Elger, 2014).

One of the main critiques of qualitative research is concerned with the generalisation issue. Taking a critical realist position, I follow Danermark et al. (2002) who argue for two different ways of defining and using the concept of generality: whilst generality is often about 'how large a group of events or other phenomena an empirical observation can be generalized to' (2002, p.76), as in the case of quantitative studies, a realist concept of generality is more about 'transfactual conditions', which 'are the conditions for something - a social relationship, an action, an institution or a social structure - to be what it is and not something completely different' and such transfactual conditions 'can be more or less general' (2002, p.78). This contention is similar to what Yin (2003) and Maxwell (1992) emphasise in qualitative research: the role of theory. According to them, generalisation in qualitative research is more about analytic generalisation, in contrast to statistical generalisation; and the generality of qualitative studies occurs when a theory is

developed from the data, which can be applied to similar situations, or in realist vocabulary, which can be applied to explain similar ‘transfactual conditions’.

Thus by ethnographically depicting what happens and how things work in Teleman, this study makes no attempt to claim that similar control systems and outcomes exist in other Chinese MNCs or EMNCs. Rather, by investigating the underlying generative mechanisms of Teleman’s control system, this study seeks to develop a theory on the dynamic relationship between institutions and corporate actors, and it is on this theory that generalisation can be claimed.

To develop such theory to capture the interaction between institutions and corporate actors, observable empirical events are regularities that first need to be identified and analysed. The following five chapters take on this task and present empirical findings of this study, with Chapter 4 providing an overview of Teleman’s business, organisational structure and workforce composition, Chapter 5 on personal centralised control, Chapter 6 on bureaucratic formalised control, Chapter 7 on identity control, and Chapter 8 on control by rewards. A theory is developed to explain why and how this happens (i.e. the generative mechanisms) in Chapter 9.

Chapter 4: Overview of Teleman, its organisational structure and employee groups

4.1 Introduction

It's Monday morning again. Fang arrives at the office at 8:15. She briefly checks her email at her desk, and then goes down directly to the reception with her laptop. Next to the reception, a small table and a chair has been set up by the receptionists. Fang sits down, and starts her registration work.

Fang is an HR Administrator working at the UK office of a Chinese firm in the telecommunications industry, and most of her work is involved with Chinese expatriates. In her daily work, she spends lots of time on issuing invitations to Chinese employees in China HQ, and helping them to apply for work permits or visas.

When these expatriates arrive at the company on their first day, they will come to see Fang and register their attendance. Fang keeps a record of every expatriate's visa status, and sends out a reminder when the visa expiring day is approaching.

Monday is always a busy day for Fang, as many expatriates choose Monday as their first day of working in the UK. For this reason, every Monday morning, Fang works beside the reception, and at around 8:30, a queue starts to line up. At 10:00 am, Fang finishes her registration work, and goes back to her desk on the 4th floor.

For Fang, dealing with Chinese expatriates is her daily job. Every week, she issues 10-15 invitation letters to HQ employees for visa applications; then on Monday, she receives probably 10 of these expatriates and registers their attendance. On other weekdays, there are often two or three people every day, dragging their huge luggage, coming to her desk to report their arrival.

These literary paragraphs serve as the beginning of my reports on the empirical events and findings I observed in Teleman, an anonymous name for the case company in this study. In this chapter and the following four chapters, I will provide detailed accounts on how Teleman manages its overseas operations and employees with a unique international management and control system, and how employees respond to such a management approach. These five chapters aim to capture the 'empirical' and 'actual' domains of the social reality under study, and to lay a good foundation for exploring the 'real' domain and explaining the generative mechanisms in Chapter 9.

Whilst the next four chapters focus on four different types of control, this chapter provides an overview of the organisational contexts of Teleman's control system. Three aspects are examined: the business of Teleman, its organisational structure, and its employee composition.

4.2 Who is Teleman?

Teleman is a private company headquartered in China, which manufactures telecommunications equipment for and provides related services to local and international clients. Teleman's business is categorised into three groups: Operator, Consumer and Corporate. The Operator business, which contributes to over 60% of its total revenue in 2015 (source: Teleman 2015 Annual Report), is to provide telecommunication operators (e.g. BT, O2, and Orange in the UK) with services ranging from consulting to network-site building to network management. It also produces and sells related equipment and products to operators. The Consumer business (30% of revenue in 2015) is mainly concerned with self-branded mobile phones and tablets. The Corporate business (less than 10% of revenue) builds internal communication networks and data centres for corporate clients. There are four distinctive features about Teleman, which are important for us to understand its control system discussed later.

First, Teleman is a relatively young company and therefore has a relatively short history of internationalisation. Established in the late 1980s, Teleman started as a sales agent for a Hong Kong company, which produced Private Branch Exchange (PBX) switches. In 1990, the company started its independent research and commercialisation of PBX technologies targeting hotels and small enterprises. In 1992, it launched the rural digital switching solution. In fact, during these years and until 1998, the company's business was largely limited to China's rural areas, and later expanded into China's cities. Teleman started its internationalisation activities around the mid-to late 1990s and accelerated the process in the early 2000s. The company focused its internationalisation efforts initially on Russia and the CIS region in 1996, the Latin American markets in 1997, and the African market in 1998. Since 2000, the company has begun to pay attention to South East Asia, the Middle East and

Europe. The corporate website indicates that it set up offices in both the UK and Germany in 2001.

Second, Teleman is a highly successful company. Despite less than 30 years of history, Teleman has quickly become an industry leader in recent years with tremendous business success. Based on its annual reports, its revenue has increased steadily every year in the past decade. For example, in 2014, its revenue increased 20% from the previous year, and in its recently released 2015 Annual Report, this figure reached 37%. A comparison with Ericsson, one of Teleman's major competitors, reveals a clearer picture. Ten years ago in 2006, when Ericsson, the Swedish company established in 1876, recorded an annual revenue of USD 25.9 billion, Teleman's revenue was only 8.5. While both companies witnessed growth in the following years, Ericsson's annual revenues in the last 3 years remained more or less similar (35.3 billion in 2013, 33.3 in 2014, and 30.43 in 2015), but the annual revenues Teleman generated were 39.5 billion in 2013, 46.5 in 2014, and 60.8 in 2015 (sources: Annual reports of Ericsson and Teleman). *Teleman* currently runs business in over 170 countries through a network of 100 overseas subsidiaries and 14 regional headquarters. Revenues generated overseas reached over 60% of its total revenue in both 2014 and 2015.

Third, Teleman is a knowledge-intensive company. Due to its business nature, the majority of its employees are from a computer science and engineering background. In 2015, approximately 79,000 out of its total 170,000 employees were based in Research and Development functions. And in 2015, the company invested 15% of its revenue in R&D. Currently, Teleman claims to have 16 R&D centres in Germany, Sweden, the US, France, Italy, Russia, India, and China (source: 2015 Annual Report).

The fourth feature about Teleman is that it has large operations in Europe, particularly West European countries such as the UK, Germany, France, and the Netherlands. According to its website, it employs a total of 9900 employees in Europe, and 1100 in the UK alone. Teleman is engaged in relatively extensive activities in Europe, with marketing & sales, and project delivery as the core functions. In more recent years,

Teleman has also started to build up its R&D activities in this region. For example, two new R&D centres have been established in the UK since May 2014.

In summary, Teleman is a relatively young yet highly successful, knowledge-intensive company with large operations in Europe. These four characteristics have important implications to how Teleman controls its subsidiary units and employees in Europe. For example, as will be discussed in Chapter 6 on bureaucratic formalised control, Teleman's relatively short history and limited internationalisation experience means that it cannot exercise centralised control over its subsidiaries through 'codified and reproducible management systems' as US MNCs do (Ferner et al. 2004, p. 367), since management systems in Teleman are not well established and many rules and procedures are not fixed but subject to change. Rather, it heavily relies on expatriates to effectuate its centralised control (Harzing, 1999). Also because of its rapid development and tremendous success in overseas markets, this requires Teleman to mobilise its Chinese employees to take on various foreign assignments, thus a need to exercise identity control to its expatriates and turn them into 'corporate soldiers' (discussed further in Chapter 7). Furthermore, the company's good financial performance makes it possible for Teleman to accomplish this task with strong financial incentives, a control mechanism to regulate their commitment and mobility power (discussed further in Chapter 8).

4.3 The matrix structure of Teleman

This section provides an overview of the structural context, where Teleman's control system is embedded. I argue that a matrix structure has been developed by Teleman to manage its overseas subsidiary units.

'What's the link between TigerCo and Teleman? Do we own the company?' Sarah asked Emma. Emma moved herself closer to Sarah and started to explain the history of TigerCo, and the relationship between TigerCo and Teleman. Emma said that Teleman 100% owned TigerCo, and it can be considered as a department of Teleman. 'Let me draw a map for you', Emma said and then showed it to Sarah. 'Can I keep it?' Sarah asked. 'Sure,' Emma responded and passed the map to her.

Later in the afternoon, I joined Emma in a meeting with the procurement manager Emily. We planned to discuss purchasing the recruitment service

from two headhunting agencies for the R&D centres project we were working on. When we met, Emma and Emily started their conversation with how much bigger the company was becoming and how complex the organisation structure was. Then Emma talked about the relationships among TigerCo, the UK R&D centres, the European R&D centres, Teleman UK, and Teleman Ireland, and explained why two more agencies were needed.

My above fieldnotes on 19th May 2014 provide some indications of Teleman's highly complex organisational structure in Europe. The complexity not only confused Sarah, the British HR manager who had worked for the company for 4 years, but also Emily, the expatriate who had worked in the China HQ for 5 years and then in the UK office for another 5 years.

Studies on organisational structure have yielded a variety of structures. For example, the classic study by Pugh, Hichson and Hinings (1969) produced a sevenfold classification of organisational structure (i.e. full bureaucracy, nascent full bureaucracy, workflow bureaucracy, nascent workflow bureaucracy, preworkflow bureaucracy, personnel bureaucracy, and implicitly structured organisation), and Mintzberg (1979) identified five types: professional bureaucracies, simple structure, machine bureaucracy, the divisionalised form, adhocracy. In these studies, three structural dimensions were often examined: centralisation, formalisation, and complexity (Pleshko & Nickerson, 2008). Based on these three dimensions, the organisational structure in Teleman more resembles what authors such as Galbraith (2000, 2009) and Habib and Victor (1991) call 'matrix structure', which is 'an overlaying of two or more elementary or single-dimension structures' (Egelhoff, Wolf, & Adzic, 2013, p. 205), or in Davis and Lawrence's (1977) term, a 'multiple command' or 'two-boss' structure.

However, different from most MNCs that adopt a two-dimension structure, which originates either from functional divisions x geographic regions, or product divisions x geographic regions (Egelhoff et al., 2013), Teleman's matrix structure has a lot more flexibility and over-crossings. Broadly based on a matrix structure of functional divisions x geographic regions (e.g. in the case of R&D centre), there are also elements of product divisions x geographic regions, as indicated by the existence of various product/service teams (i.e. project team) managed in a national or global fashion. Therefore, in Teleman's case, it is not a 'two-boss' structure; rather, it is a

situation of ‘multiple bosses’.

To understand Teleman’s organisational structure in Europe, a good place to start is its two new R&D centres (i.e. R&D Bristol and R&D Cambridge), for which I was delivering the recruitment project. Both R&D Bristol and Cambridge belong to TigerCo in China, which is the legacy of Teleman’s ‘unsuccessful business diversification’ (quote from interview with expatriate HR) in the early years. In 2004, TigerCo was turned into a research and development facility, employing over 5000 employees globally and managing the company’s various R&D institutes/centres around the world. Although TigerCo has its own corporate name, website, and email address (i.e. an email address ending with tigerco.com, rather than Teleman.com) for its employees, and in daily work, it operates as a department of Teleman.

Therefore, in Europe, TigerCo oversees the European Research Institute, which consists of units in several countries such as the UK (i.e. the UK Research Institute), France (i.e. France Research Institute) and Germany (i.e. Germany Research Institute). In each of these countries, these research institutes manage different R&D centres, such as R&D Bristol and R&D Cambridge in the UK. And within each individual R&D centre, there might be one or more teams taking on different responsibilities of developing a certain product. For example, in R&D Bristol the whole team is working on Product X, whereas in R&D Cambridge, two teams are working on Product Y and Z respectively.

Within Teleman a system of ‘One Country, One Platform’ has been established, which means that within a single country, one large team provides back-office support to all different entities and business lines or groups. So the two R&D Centres in the UK, although they do not belong to Teleman UK legally, are in fact highly embedded in the company’s UK office, and receive services from it in the areas of recruitment, finance, administration, etc. In daily operations, R&D activities in UK R&D centres are directly supervised by TigerCo in China, while the general administrative management is co-exercised by the European Research Institute, the UK Research Institute, and Teleman UK office.

However, Teleman's 'One Country, One Platform' system is complicated by the fact that within a certain country, there are many sub-units, which do not legally fall under the administration of this country, but still use the shared country services. For example, in the UK office there is a consumer product marketing team, which in fact is part of a larger team based in the Netherlands. People in this team report directly to the Netherlands. However, this team also relies on the UK HR team to help them on recruitment. Another example is a unit called 'Wonder', which serves a major telecoms operator. This unit globally has 195 people, and in the UK alone there are 75 employees. Although this unit is based in a UK office, it has its own HR team. However, their new hires are subject to the approval of the UK HR director and the UK CEO.

To make things even more complicated, in Teleman's overseas subsidiaries the major business activities are organised in the form of project teams, and each project team, which serves different or the same clients, are managed by the subsidiary where they are based (e.g. UK subsidiary) or by higher customer groups based in regional HQs (e.g. the Vodafone West Europe Group based in Germany). Furthermore, each of these project teams is made up of three groups of employees: sales, products, and project delivery (including team members based in Europe and the R&D team based in China), which is called the 'Iron Triangle' of the company. These three groups of employees have different employment contracts with the company and thus different reporting lines. Whilst they all directly report to the project director, employees in the sales function (who are mainly local employees with employment contracts with local entities) also report to their account directors or sales directors in the UK; on the other hand, employees in product and project delivery functions, many of whom are expatriates, also report to their department heads in China. Furthermore, depending on the nature of projects, the UK project directors may report to people based in China HQ and/or to people based in Germany, where the company's West Europe HQ is based. However, some business units or groups may have their West Europe regional HQ in France or the Netherlands.

A good illustration of Teleman's complex organisational structure is the hiring process of an Office Administrator for R&D Cambridge, who is responsible for

reception, purchasing, travel booking, office renovation, and other office administration works. A total of six interviews were involved.

1. As the recruitment specialist, I conducted brief interviews with 10 candidates. Based on their work experience and eligibility to work in the UK, I selected 5 candidates and sent their CVs to Vivien, the Administration Manager of the UK Research Institute.
2. Vivien conducted telephone interviews with these 5 candidates, and shortlisted 4 candidates for the next round.
3. These 4 candidates attended a face -to -face interview with Vivien and Wilson, the Operational head of the UK Research Institute. Two candidates survived the interview (both Vivien and Wilson were based in an office away from the UK HQ).
4. These two candidates were invited to the UK HQs to attend the final interview. The four interviewers were: the Administration Manager of Telemat UK, the HR manager of the two new R&D Centres (an expatriate), the Administration Manager of a Munich R&D Centre (an expatriate), the Administration Executive of the Munich R&D Centre (an expatriate). The interviewers from Munich were linked via a video conference system. After this interview, they decided to offer the job to one candidate.
5. Sarah, the HR manager of Telemat UK, talked with the candidate over the telephone and negotiated the salary.
6. On the first day the candidate came on-board and another interview-like meeting was arranged between the candidate and the Operational Head of the European Research Institute based in Munich.

Therefore, for this role of Office Administrator, a total of 9 people were involved in 6 rounds of interviews. Because so many managers were involved, the candidate herself, on her first day, felt confused about whom she would report to in her position. The expatriate HR manager later explained that she was expected to report directly to the UK Admin Manager and the UK Research Institution Operation Head, but at the same time report to the Administration Manager in Munich. As I will further discuss in Chapter 6, I argue that Telemat's matrix structure is part of the bureaucratic

formalised control system, and it itself has become a key control mechanism to regulate employees' work activities.

4.4 Teleman's three employee groups

Compared to most MNCs studies involving employees, Teleman's case is particularly interesting because of its workforce composition. My study reveals that there are three distinctive employee groups working in Teleman's European units. The first group is **expatriates**, who are sent from China; the second group is local European employees, which I refer to as **local employees** hereafter; and the third group is locally hired Chinese employees, referred to as **local Chinese** hereafter.

My first encounter with Teleman's unique employee composition was in early 2013, when I started this research project by interviewing expatriates. From these interviews, I made two observations: first, I was very surprised by people's accounts of their daily working life, which revealed the presence of large numbers of expatriates in the company's UK, France and Germany units. Second, when I asked questions about 'local employees', my interviewees frequently made the distinction between 'foreigners' and 'Chinese'.

I obtained a clearer picture about these three employee groups when conducting the participant observation in Teleman's UK head office. During my three-month stay with the company, on several occasions, I asked my co-workers about the headcount percentage of expatriates and locally hired employees, and was told the same answer: half of them are Chinese expatriates, and another half are locally hired employees, that include half of local British and half of local Chinese. On another occasion, when having lunch with the British HR manager, she claimed that 60% of the workforce is locally hired, while the rest was Chinese expatriates. Based on these accounts, the total workforce in Teleman UK is estimated to consist of roughly 50% expatriates, 25% local employees, and 25% local Chinese. Put together, about 75% of the total population is ethnic Chinese. Bearing this in mind, it was not surprising for me, on one occasion, to hear two Chinese interns working in the HR team claiming that they felt it was like working in a foreign company in China, where most people are

Chinese with a small number of Westerners. The UK Finance team is a good example to illustrate the unique workforce composition in Teleman. In the Finance team, out of its 21 team members, 7 are expatriates, 9 are local Chinese, and the other 5 are British employees. In the following paragraphs, I will provide a brief description of these three employee groups.

4.4.1 Local Employees

Most local employees in Teleman are engaged in customer-facing work, such as sales, client relations and service management. Even though many of them are based in project delivery or technical teams, their main responsibilities involve direct communications with clients. As one of the primary activities of Teleman in Europe is to sell its project-based services, an important role played by local employees is to introduce the company and its product to the local market, maintain a good relationship with clients, and generate sales and income for the company. It is clear that local employees' biggest advantage over the other two groups is their rich knowledge of the local market and customers. From the company's perspective, a good strategy is to make best use of such advantage. As one expatriate put it,

‘We hire local employees, that’s because we like the advantages they have. For many local employees, particularly our client managers, maintaining client relationships is where they can use their advantages easily. It is true that very few foreigners are good at the internal communications. (However) when British people go to meet a British client, the situation is much better than a Chinese person meeting a British client. You are different from foreigners.’

A second important and related feature about local employees is that most local employees are mature working professionals with years of experience in the telecoms industry. In many cases, they worked for telecoms operators (i.e. Teleman's corporate clients) before they joined Teleman. Given the importance of industry experience and networks in sales and marketing activities of Teleman, adopting a ‘high payment, high position’ strategy for this group tends to staff middle-senior positions with local employees, and offer them above-market payment packages. One important reason, several of my interviewees suggest, is that it still remains difficult for Teleman to hire top talent in Europe for various reasons such as China's image, Chinese culture, Teleman's association with the Chinese government; therefore, higher payment is a

reasonable strategy to solve this problem. A reflection of local employees' seniority in terms of industry experience is their ages. Based on my interviews and observations, most local employees are older than their Chinese peers. For example, in the UK financial team, while the team leader (an expatriate) is in his early 30s, four out of the five local employees are in their mid-40s or early 50s.

As we will see, local employees' job responsibilities (focusing on external communications) and their seniority in terms of industry experience and age have important implications for how they respond to the company's control strategy. For example, they leave as a consequence of personal centralised control because they have no opportunity in participating in decision-making (further discussed in Chapter 5) and they ignore the bureaucratic formalised control because they are not familiar with internal rules as a result of their focus on external communications (further discussed in Chapter 6). Furthermore, local employees' job responsibilities and industry experience also lead to their potential high mobility power in external labour markets, and this causes the company to take a non-control approach in terms of reward incentives (further discussed in Chapter 8).

4.4.2 The local Chinese

A typical local Chinese is a young woman in her 20s or early 30s, originally from China, who has completed her bachelor's or master's degree study in Europe and managed to get a job at Telemat. Local Chinese is a large and unique group in Telemat's European subsidiaries, particularly in the UK, Germany, France and the Netherlands, countries that are attractive to most Chinese people as destinations for study and for migration. For example, in 2014 when I conducted research in Telemat's UK office, the UK HR team, which in total consisted of 11 members, had 6 local Chinese; and in Germany, 6 of its 19 HR team members were local Chinese. Depending on the immigration regulations of the specific country they are in, the local Chinese have different types of visa and might or might not have changed their nationalities. For example, in the UK office, most of them are on a dependant visa (e.g. marrying someone with UK/EU passport, or with Work Permit; or their partners are doing a PhD), thus having the right to work in the UK.

An important feature about the local Chinese is concerned with their job responsibility. As my research reveals, the local Chinese are mainly hired to leverage their Chinese speaking skills and to support the work of expatriates. Therefore, they tend to work in junior, low-skilled positions. With a few exceptions, the majority of the local Chinese are at junior staff level either in supporting functions such as administration, procurement, HR, Finance, and PR, or in project delivery teams as Project Co-ordinators. They are heavily involved in working level communications with people in China and/or in Germany, where the company's Western Europe Regional HQ is based. A good illustration is the work of Lucy, who was my co-worker in the recruitment team.

Lucy is in her late 20s, and joined the company in 2013 after she completed her Masters study in Human Resource Management in a reputable university in England. She is currently on a dependant visa with her husband, who is working in an investment bank with a work permit. Lucy's daily work involves applying new headcounts from China, getting approval for UK new hires from China and Germany, submitting new hires' materials to China to apply for IDs for them, and talking with people in China and handling all kinds of online systems to facilitate the recruitment process, etc. Given the company's strong bureaucratic controls with rigid yet ever-changing rules and procedures that easily put local employees off (further discussed in Chapter 6), like many local Chinese, Lucy is heavily immersed in dealing with the company bureaucracy. She commented:

‘...there are so many processes and procedures in Teleman... all things, even tiny tiny things, need to go to West Europe and Headquarters to get approved. It is impossible for foreigners to do these procedure works. We are such a hierarchical company... And this is our job to make a balance and get things done.’

As we can see here, and discussed further later, the local Chinese play important roles in implementing the company's bureaucratic formalised control and centralised control in the subsidiary units through, for example, facilitating the approval process and decision-making process. However, given the dominant positions of expatriates in the company, the importance of the local Chinese is downplayed by the company, and they are staffed to fill junior positions and engage in low-skilled work. Their low status in the company means that they have weak bargaining power, and when faced

with various controls from the company, they find it difficult to resist. Whilst local employees can fight back or quit to resist control, criticism and complaints are major forms of response of local Chinese to organisational control.

4.4.3 Expatriates

Expatriates are the dominant group in Teleman's European subsidiary units both in terms of population and power. They can be grouped into many categories by different criteria. By hierarchical ranking, they could be country manager, department directors, business unit directors, project managers, and engineers. By function, they may be in a sales team, a project delivery team, a service team and other supporting teams such as marketing, finance, purchasing, administration, and HR. By assignment time period, expatriates are on assignments ranging from 3-6 months to 3-5 years. Based on my interviews and my own observations, the majority of the expatriates are based in project delivery and service team, dealing with technical issues. Roughly half of them are on 3-5 year long-term assignments, and the other half are on 3-6 month short-term assignments, travelling between different projects.

Two occasions are the best time to observe the strong presence of expatriates in Teleman's UK office. The first is in the morning, even before you arrive at the office. On every working day between 8 to 8:30, on the buses from the town centre to the business park, in which Teleman is located, if you ask the passengers about their employers, half of them would tell you they work with Teleman. When the bus comes to its final stop next to the company's massive office building, you will see of the 20 or so people leaving the bus, about 15 of them are Chinese. The second occasion is lunch time. Between 11:30 to 1 pm on a working day, if you go to the company's canteen on the first floor, you will probably be struck by the large population of Chinese employees, and most of them are expatriates from China. They sit in groups, chatting in Chinese, talking about their work, and enjoying the delicious, most likely Chinese, but sometimes western, food provided by the company. Non-Chinese employees are seen scattered among them in different groups.

Due to the large numbers of expatriates present in the UK office, the term '*Waipai*' (which is the Chinese equivalent for 'expatriate') pervades in daily organisational

discourse. For example, in the HR team, there are two staff responsible for employee payroll, one for local employees, and another solely dedicated to '*Waipai*'. Therefore when an employee, who is ethnically Chinese, comes to the HR team to ask about a salary issue, the first question he will be asked is, 'Are you *Waipai* or local?', and he will be directed to the person in charge. There is another HR staff member who is responsible for visa, reception, and registration issues of expatriates. Inside the elevators, there are all kinds of posters and most of them are bilingual; however, sometimes a notice in Chinese will be there, starting something like 'Dear *Waipai*, please note that...'. In the canteen, there are two tills, and at certain periods during lunch time, one till is open to *Waipai* only, and they use a different food card to pay, which is subsidised by the company.

If a portrait needs to be drawn about expatriates, it will be like this. They are between 23-40 years old, they have a university degree in a subject such as engineering and computer science, and some of them have Masters degrees or even PhD degrees from top Chinese universities. They typically join the company right after graduation from university or after a couple of years in other companies, most of them are single young men or women, and for those who are married, it is highly likely that they work and live alone in foreign countries without their families.

In addition to these demographic data, two distinctive characteristics of expatriates distinguish them from the other two employee groups. The first is about their global mobility, and the second about the many 'hardships' that they endure during their overseas assignments.

Global Mobility: A typical career path of expatriates in Teleman is 'China- foreign country A – foreign country B – foreign country C/D/E- China'. As most of them joined the company right after university, they have no family obligations and often happily accept overseas assignments and take it as a chance to see the world. Below is a project list provided by one of my interviewees Daniel.

- 08/2009- 05/2010 Norway, X project Phase I
- 06/2010 – 02/2011 Norway, X project Phase II
- 03/2011- 08/2011 Croatia, T project Phase I
- 10/2011 – 12/2011 Norway, X project Phase III

- 01/2012 – 02/2012 Bulgaria, V project
- 03/2012 Croatia, Y project
- 04/2012 Moldova, V project
- 05/2012 – 06/2012 China, T project
- 07/2012- 02/2013 Poland, P project
- 03/2013 – 07/2013 Iceland, B project
- 08/2013 – 03/2014 Austria, Multiple projects

Daniel is a core network engineer with Teleman. When the interviews were conducted in 2014, he was working in Poland. Daniel joined the company in 2008 after he graduated from a top university in Shanghai with a bachelor's degree in Information Engineering. After one year's training and working in China, he starts his global journey. During my fieldwork period, I have come to know many expatriates who had a similar experience. For example, Lucas, a 35-year-old Chinese man, worked in Germany, France, Spain and Italy for a total of 5 years before he moved back to China. Jake, who joined the company in 2001, similarly worked in South Africa for 5 years, and then in the Netherlands, France and Germany for a total of 3 years.

A document published in February 2015 by the company on its intranet platform clearly illustrated the global mobility of Teleman employees. According to this document (titled 'Teleman People Flying Data'), in 2014 a total of 107,523 employees had travelled 630,749 times, which means on average each employee travels 4 times annually. The 'most diligent' employee travelled 123 times in 2014, which means he/she travels once every three days. The total travelling distance reached 1,158,410,832 km, representing 28905 laps around the earth; and the most frequent overseas destinations are: Jakarta, Indonesia; Dusseldorf, Germany; London, UK; Bangkok, Thailand; and Mexico City, Mexico. Although this document does not refer to expatriate activities specifically, given the large and dominant population of this group, it serves as an indication about their global mobility.

Enduring Hardship: As is further discussed in Chapter 7, in Teleman, expatriates had to endure hardship in either a 'harsh environment' or a 'harsh role'. Here, a harsh environment can be best reflected by the working locations, such as working in a desert, at sea, in a war region, or in epidemic areas. Harsh roles can be best illustrated when working in more developed markets, such as Europe, where the telecoms

industry is highly developed with fierce competition from competitors and clients being demanding.

As mentioned earlier, Teleman initiated its internationalisation activities first in Russia and the CIS region in 1996, Latin American markets in 1997, and the African market in 1998. Therefore, almost all the older-generation expatriates have experienced the hardship in these developing regions. In recent years, the company has put into place the policy that for fresh graduates, underdeveloped or developing regions which are most likely characterised by a harsh environment, should be their first destination of expatriation. Only those who have survived and proved themselves can be sent to developed markets. Therefore, for many expatriates, the first thing they need to deal with is the 'harsh environment'.

Since part of the services Teleman offers to clients is to set up communication networks like building up transmission towers and arranging cables, expatriates are seen working in such 'harsh' natural environments as deserts, plateaus, rain forests and oceans. For example, one expatriate once worked in the Arctic Circle, in two locations within Siberia restoring two transmission towers. The expatriate and his team, including several other expatriates and local Russians, experienced the most serious blizzard in 30 years, and an extremely low temperature of minus 50 Celsius degree (source: *Teleman People* newspaper, 2002).

In addition to a 'harsh' natural environment, many expatriates also have direct contact with social unrest in some Middle East and African countries. For example, in Pakistan, an expatriate was checking on the engine room destroyed by demonstrators when a grenade exploded 10 metres away. When he left the place and on his way back, he was caught in the middle of gunfire between two armed groups. The bullets hit the trunk, but fortunately he was protected by the sponge of the seats (source: *Teleman People* newspaper, June 2009).

Based on the content analysis of the newspaper, the 'harsh environment' also includes virus outbreaks and natural disasters, when expatriates are still required, or choose, to continue their work. For example, in 2007, large scale Ebola struck the Kananga region of Congo, where *Teleman* people were delivering a project. Informed by the

World Health Organisation, they moved to another area to work. However, in order to ensure the project was completed by the end of the year, an expatriate team leader himself insisted on staying in the plagued region and continued his work on rectification and inspection of the network (source: *Teleman People* newspaper, February 2012). Furthermore, to many expatriates, working in natural disasters such as earthquake and flooding is part of their working life, because when that happens, transmission towers might be destroyed, and communication networks might break down. This is the very moment they are needed by the clients. For example, in 2010 when a severe earthquake hit Haiti, four expatriates led a team to restore the completely collapsed communication systems in the country. To be closer to the engine room, they lived next to the ruins and worked until 4 am (source: *Teleman People* newspaper, September 2011).

If harsh natural environment, wars and riots, virus outbreaks, and natural disasters are experienced by expatriates working in developing countries, then challenges for expatriates in Europe are brought about by severe market competition. In Europe, in a highly mature market with well established industry standards and seasoned players, expatriates from China face great difficulties in selling their products and services and, after they eventually do, in delivering projects to meet the requirements of its demanding clients. This was particularly true a decade ago and is true today. Teleman employees, therefore, need to work hard to compete with its strong competitors, many of them having hundreds of years of history in this market. My content analysis of the company's internal newspaper indicates that many expatriates have experienced pain, frustration, and failure when dealing with European clients and competitors. One expatriate refers to such an experience as a process of 'cutting one's feet to fit the shoes', that is, changing and improving themselves to fit an advanced and international market.

4.5 Conclusion

This chapter has provided an overview of the organisational contexts of this study and has sought to set the stage for later discussion on Teleman's international management and control system. The three aspects discussed in this chapter (i.e. Teleman being a young yet successful, knowledge-intensive company with large

operations in Europe, its matrix structure, and its three employee groups) are interconnected in that matrix structure is required by successful global business, and the functioning of such structure is supported by the unique workforce composition of the three employee groups. Overviews in this chapter also provide us with contextual knowledge about the four types of control discussed in the following four chapters.

As we can see later, broadly in line with what has been discussed in literature (Cardinal et al., 2010; Ouchi, 1979, 1977; Snell, 1992), Teleman relies on a combination of various types of control to regulate the activities of its subsidiaries and its employees. However, there are two aspects that make Teleman a particularly interesting case. First, Teleman's control system seems to be based on a pragmatic mentality, and targets different groups of employees with tailored control mechanisms. Whilst the first two types (i.e. the personal centralised and bureaucratic formalised control) are used to control its overseas subsidiaries, thus targeting all employees working in Europe, identity control and control by rewards are only used to regulate its expatriate employees. Second, different from most MNCs studies which typically have discussions on 'home country nationals' and 'host country nationals', the workforce composition of the three employee groups in Teleman's European units makes the control/resistance issue in Teleman exhibit much more dynamism. While existing studies tend to locate the issue of control/resistance to the debate of HQs centralisation and subsidiary autonomy through the lens of politics and power struggle (e.g. Birkinshaw, 1996, 2000; Dörrenbächer & Geppert, 2009; Morgan & Kristensen, 2006), the Teleman case shows how different groups of employees respond to various types of controls differently or similarly, given their unique background, job responsibilities and personal interests. Describing employees' experiences and reactions, I argue, is an important way to paint a full picture of the company's control system.

Chapter 5: Personal centralised control in Teleman

5.1 Introduction

This chapter focuses on how Teleman controls its European units with a personal centralised approach. My analysis points to the critical roles played by expatriates, who are used to effectuate the company's centralised control strategy. In addition, personal centralised control is further strengthened when China HQ frequently involves itself in directly making decisions for subsidiaries. Consequently, such a strong centralisation approach excludes local European and locally hired Chinese employees from participating in decision-making, and leads to their gloomy career prospects within the company. Fighting against control, submitting to control, and quitting to resist control are observed from these employees.

5.2 Personal centralised control in Teleman

According to Child (1977), centralisation is an approach where control is exercised by confining decision-making to a small group of senior people or even one man. This can be achieved either through well- established and formalised management systems (e.g. a budgeting system and an approval system), or through a more personal approach that is using expatriates (Ferner et al., 2004b).

In Teleman's case, centralisation is notable. The company largely confines its decision-making to the China HQ, and delegates little autonomy to its European subsidiaries. This is achieved mainly by a personal approach with expatriates heavily involved in the daily operation of subsidiary units.

5.2.1 Expatriates as a control mechanism

As discussed earlier, employees in the company's European units consist of three groups: expatriates (50%), local employees (25%), and local Chinese (25%). Such an expatriate rate of around 50 per cent is uncommonly high, even compared to Japanese MNCs, where the heavy use of expatriates is a tradition (Legewie, 2002). My research

reveals that expatriates in Teleman play two key roles in their daily work: coordinator and controller.

Expatriates' role as **coordinator** can be reflected in their heavy communication activities with HQs. As my research reveals, an important feature about working in Teleman is the large amounts of internal communication required between China HQ and overseas subsidiaries, and expatriates play a critical role in facilitating such internal communications, particularly those related to technical and business issues. In fact, many expatriates position themselves as coordinators. For example, one expatriate describes his job as the following:

‘We do internal management, dealing with people inside the company. Vertically we talk with HQs, and horizontally, we talk with people in different countries. The majority of people in the HQ are Chinese, so this is not what foreigners are good at. Therefore, foreigners focus on external clients, and the Chinese focus on internal affairs.’

Expatriates' coordinating role can be best illustrated by how they are involved in delivering projects. The project delivery process in Teleman is undoubtedly complex, but can be summarised into the following. First, a project plan will be proposed by Teleman for bidding purposes based on the client's specific needs. Second, if Teleman wins the deal, the next step will be developing and manufacturing related products based on the host country's telecoms infrastructure and the client's existing system. Third, Teleman will send employees to install this equipment. The installation site can be in desolate and uninhabited areas such as the Arctic Circle; it could also be at the client's office site. Fourth, the service team will serve the clients whenever any technical issues come up. Of course, there are always clients managers keeping contact with the clients, and trying hard to win the next project.

Needless to say, the above four steps largely simplify the process Teleman people need to go through to complete a project. First and foremost, there is the issue of getting the business. When Teleman entered the international market, the first problem it faced was the bad reputation of made-in-China products and the close-to-none awareness of the company. Even today with Teleman becoming a big name in the telecoms industry, it needs to fight hard against other western MNCs with long-

established reputations. To get the business, large numbers of expatriates have been sent from China to every corner of the world to ‘open up’ the market and win deals.

After winning the deals, Teleman people need to work even more closely with their clients. In the product development stage, they need to maintain close communications with the clients to understand their real needs and study the feasibility and challenges of implementing the project. In fact, many expatriates I know work on the client side. At this stage, the project scale might change, and clients’ ideas and needs might change. Therefore, there are lots of communications involved between client and expatriates, and between expatriates and development/manufacturing teams in China. When it finally arrives at the installation stage, expatriates are also directly involved. They need to roll up their sleeves, and put their hands on the equipment. After all this is done, they also need to stand by for technical problems that might occur at any time. If they cannot solve the problem themselves, they need to ask for help from technical experts based at the HQ.

Therefore, the project delivery process in Teleman is highly technical and complex and might last for several years. During this process, expatriates function as coordinators, making connections between clients and the company, between China and foreign units, and between different functions such as sales, R&D, production and project implementation.

Expatriates’ second role as **controller** is, first of all, to supervise locally hired employees in order to make sure that they behave in accordance with the company’s requirements and in line with the interests of the China HQ (i.e. ensuring compliance to bureaucratic rules); and secondly, to make decisions on behalf of the China HQ. In Harzing’s (1999, p.126) terms, the former is referred to as ‘direct supervision’, and the latter ‘a quasi-centralization of decision making’. Such direct supervision and quasi decision-making, as I observed, are activated and made possible by expatriates’ endowment of controlling power, which is both institutionalised and non-institutionalised.

Expatriates’ institutionalised power results from their hierarchical positions in the company. In Teleman UK, for example, the CEO position is occupied, expectedly, by

a Chinese expatriate. The director positions in the company's several business units are all staffed with expatriates. Even for supporting functions such as finance, legal, and procurement, the directors are sent from China. The only exception is in the HR team, which is headed by a British woman, and in the administration team, which is supervised by a locally-hired Chinese man. Apart from the departmental director positions, large numbers of middle positions are also staffed with expatriates, such as project directors, project managers, senior engineers, engineers, procurement managers, financial managers, etc. Such institutionalised power gives legitimacy to expatriates to supervise local operations and make decisions on behalf of China. For instance, my fieldnotes on July 21st records my conversation with a local Chinese, and shows how institutionalised power enables expatriate managers to act as controllers.

...Besides, I was very surprised to know that the department manager, Tim, was so young. He was born in 1983, and is only 31 this year. I asked how the several senior local employees (four of them in their late 40s, and one of them a similar age to Tim) felt about working under Tim. She said, 'Well, everybody respects the fact that he is the boss.' She explained that although they don't treat the boss as the Chinese do, they do 'listen to him'. This reminded me of what happened a couple of days ago when Rose (a British Tax manager in the financial team) and I were discussing the two shortlisted candidates for the Tax Specialist position. 'It's really difficult to choose, isn't it? Both of them are so good,' I said. Rose smiled, and said, 'Tim will decide.'

In addition to such institutionalised power originating from their hierarchical positions, expatriates also possess non-institutionalised power. Such power is invisible, but can only be felt when they are reaching out to people in the China HQ, and making important decisions for the subsidiaries. In this regard, one good example is concerned with those expatriates who are in 'deputy' positions. Based on my interviewees and my own observation, in Teleman UK and other European Teleman offices, it is common that for local managers there tend to be expatriates acting as their deputies. According to my interviewees, there are two major reasons for such an arrangement. First, to 'answer questions' from local managers regarding internal bureaucratic procedures and ensure that local operations comply with the company's internal policies (i.e. bureaucratic formalised control); second, to facilitate the communications with HQs and sister subsidiaries. According to an expatriate manager, this is an important 'localisation strategy' of the company.

‘By doing this we want to emphasise the idea that no matter who is the manager, local or Chinese, it is normal for us... we want local employees to better understand some internal requirements. We won’t get rid of their Chinese deputy, and we want to force them to learn. At the same time, this also brings challenges to people in the HQ. In the past when managerial positions were all occupied by Chinese, if they wanted anything they just gave a call... now you have to speak English with our local managers. If you cannot speak English, find someone who can. We want to use local managers, even if this means that we need to sacrifice some of our work efficiency.’

Hierarchically, these Chinese expatriates are the subordinates of local managers, and their job is to assist their supervisors (i.e. local managers) in daily management. In the company’s logic, the relationship between local managers and Chinese subordinates is more like a king-minister relation in ancient China, with Chinese subordinates acting as ministers and providing advice and assistance to local managers, particularly in the areas of internal policy and procedures; and local managers as kings following such advice. Of course, this is the perfect situation; in reality, the outcome is that the king-minister relationship endows more non-institutionalised power to expatriates at the expense of local managers.

The British HR manager Sarah observes this phenomenon. According to her, Chinese people either in the UK or in the China HQ are ‘the true decision makers’ with the company. Even if they are in a lower position than local (British) managers, they have more power and say in the decision-making. She comments:

‘There is always something you don’t know about the company, about the company’s business; however, the Chinese managers know everything... sometimes Chinese managers will override the power of local managers, and make things work in their way.’

Another source of non-institutionalised power for expatriates is the company’s blurred reporting lines in its European subsidiary. In addition to the fact that the company’s matrix structure has created multiple bosses for their employees, another noted feature about Teleman is that there is no organisation chart made public, either at company level or at department level. Furthermore, an individual employee’s job title is not something you can see clearly. Different from other organisations where one may be able to get such information from internal portals, in Teleman such information is simply not available. When working in the UK office, I once asked the expatriate HR

manager Emma for the organisation chart of TigerCo (Teleman's R&D facility), trying to understand it better, and Emma simply responded, 'it's confidential.' In terms of job title, there is an internal portal where you can find all sorts of information, such as contact methods and department information, but not job titles. And in all email communications, most Teleman people don't put their job title at the bottom of the email as part of the signatures.

The consequence of such blurred reporting lines is that people have limited knowledge about where someone sits in the hierarchy, and how much authority you have or someone has. However, this arrangement lends more power to expatriates, since they can leverage their close connections with China, and become an important resource for the Chinese management team, thus getting involved in the decision-making process, and helping the company to exercise control over overseas subsidiary units.

Expatriates acting as coordinators and controllers in Teleman make them very similar to their counterparts in Japanese MNCs. Studies reveal that personal centralised control is prominent in Japanese MNCs, with a high presence of expatriates in their subsidiaries (Kopp, 1994; Legewie, 2002; Tung, 1982). A primary role of Japanese expatriates is coordinating (Yoshihara, 1996, 2005). For example, in Whitley, Morgan, Kelly and Sharpe's (2003) study of Japanese car manufacturers, they find that Japanese expatriate managers and technical staff were predominantly in coordinating roles after the UK plants had been established successfully. In terms of their role as controller, it was discovered that a Japanese expatriate's job is to ensure that the interests of the parent company are protected. In daily work, this can be reflected by the fact that Japanese expatriates frequently consult their counterparts or superiors in Japan head offices, and control the decision-making process in subsidiaries (Elashmawi, 1990; Thome & McAuley, 1992). Morgan et al. (2003) also report that in Japanese banks, while ultimate decision-making powers in most cases rested with head offices, Japanese managers in the UK always acted as gatekeepers in this process and their UK colleagues depended on them to get approval. Through these actions, the expatriates closely control the subsidiary operation in line with the requirements and expectations of HQs. Therefore, Ferner's (1997, p. 22) description about Japanese MNCs that 'the foremost characteristic of Japanese companies... is the

strong but informal centralised coordination of their foreign operations, highly reliant on establishing an international network of Japanese expatriate managers' seems to be also applicable to the case of Teleman.

5.2.2 HQs' direct involvement in decision making

In addition to heavy reliance on expatriates in implementing its centralised control strategy in overseas subsidiaries, Teleman's HQ also frequently involve themselves in direct decision-making, or as one local employee put it, there is always a 'boss' in the company who will make a decision. This 'boss', as discussed earlier, can be those powerful expatriate managers based in the subsidiary and on many occasions, are senior managers based at the China HQ or regional HQs.

I once asked Emma, who worked in China HQ for 7 years, whether she feels any difference when in the UK. Without any hesitation, she answered:

“No. There is no difference. It's all Teleman. Everywhere is Teleman. Leaders have the final say...the biggest strength of Teleman is non-localisation.”

Emma's observation can be supported by the prolonged approval process of new hires for the two new R&D centres discussed earlier. When I was with Teleman, all positions for the R&D centres started from Grade 16 (manager level). Most of them are positions of Grade 17 or 18, which could be considered as the equivalent of a senior manager or director in other organisations, and several are 19 and above. According to the company's policy, all these new hires need to be approved by 5-7 people based in China. And for any position with Grade 19 or above, Teleman's most senior HR officer, the HR VP, needs to get involved. Sitting in China, these senior managers nevertheless decide the job title, job grade, and compensation and benefit packages for new employees in the UK.

Furthermore, Chinese senior managers also frequently involve themselves in the interview process. My fieldnotes recorded many occasions when senior managers in China stepped in even after the candidate had been interviewed several times. Such direct involvement from the China HQ undoubtedly is at the expense of local

managers' decision-making power. My following fieldnotes on July 15th show that local British managers are left out of the final decision-making process even if they are recruiting their subordinates.

... The principle consultant Ken (British) in the UK office had interviewed several candidates and shortlisted three of them for the final interview with a Chinese manager in China. When Sarah designated this task to me and I looked through the email, I found that in fact Ken had already emailed John, the Chinese manager, asking for his availability. However, he didn't get any response from John. I guess this was because his long email was in English. I wrote an email to John yesterday, and got his immediate response this morning. He said he would be in Poland next Monday, and should be available for the interview. However, he didn't mention a specific time slot. I called him directly, and we quickly decided three time slots in the morning for the three telephone interviews. I guess Ken must feel frustrated when he sent out an email to John but just didn't get any response.

...(regarding another role, the Marketing Director one) The British hiring manager Steven has shortlisted two candidates for the final interview with a Chinese manager. And when I got this task, Steven was actually talking with the Chinese manager through emails, back and forth, several times, trying to decide on the specific date. However, because the Chinese manager is travelling, it seemed that it was extremely difficult to agree on a time. After I took over this task, I realised the first thing is to confirm the Chinese manager's schedule. I talked with his assistant Candy on the phone, and then asked her to inform me when she can find some availability of the Chinese manager for the interview. We started talking last Thursday and today (Tuesday) there is still no confirmation. I called her again, and was told that the interviews might be scheduled for next Thursday and Friday when the Chinese manager is in China.

These two cases indicate that the China HQ direct involvement in decision-making has sidelined local employees and undermined their powers, which should have been endowed to them in line with their seemingly high hierarchical positions. In this regard, one expatriate manager made the following observation:

'From a cultural perspective, Teleman still belongs to a strong centralisation model. If the localisation level is higher, Teleman doesn't need so many (expatriate) people abroad to manage things. On the surface, the localisation level looks pretty high, because you can see many foreigners there. But in fact, I don't think it is high... In Teleman, many leaders cannot speak good English, therefore most of the meetings, internal communications, strategies are in Chinese. In most cases, foreigners become 'flower vases', a decoration to Teleman's localisation. In many areas, key decisions are made by Chinese people, and this is the challenge for them (local managers).'

In fact, the ‘boss-making-decision’ mentality seems to be well accepted by Teleman employees. As one local Chinese put it, ‘I think it’s all about what the leaders say. No matter how ridiculous the decisions are, what we need to do is to follow’. On another occasion, a local Chinese employee told me the following story: A British consultant based in the UK office was sent to the China HQ for a short assignment. And within one week, he learned his first Chinese vocabulary ‘*Laoban*’ (boss), because he discovered that this was the most frequently used word in the company, which referred to the number one man in the company.

In summary, Teleman’s personal centralised control approach is characterised by a heavy reliance on expatriates and direct HQ involvement. Such an approach is closely related to Teleman’s global configuration of assets and capabilities (Barlett & Ghoshal 1989). As mentioned in Chapter 4, Teleman claims to have operations in over 170 countries. However, based on my interviewees’ accounts, the company’s overseas subsidiaries are more like sales representative offices, where people win business deals, pass the deals to China, wait to get products manufactured by China, and then deliver the products and services to clients. In fact, in the daily conversations, overseas subsidiaries are referred to by employees as ‘representative offices’. For example, the UK subsidiary is called ‘*Ying Dai*’ (UK representative office). Furthermore, although the company currently runs sixteen R&D centres globally, most of the critical R&D projects are done by its eight huge R&D centres in China. In addition, the company’s entire manufacturing activities are based in China. Such an arrangement makes Teleman a typical ‘global’ company in terms of competitive strategy, which takes global efficiency as its top priority, and manages their overseas subsidiaries in a standardized manner to achieve efficiencies and economies of scales (Barlett & Ghoshal, 1989). Like other MNCs following a *global* strategy, Teleman seems to organise its international activities based on a hub-and-spoke model in which many strategic functions are centralised at headquarters and overseas subsidiaries are mainly acting as pipelines of products and strategies, thus leading to the fact that overseas subsidiaries have a high level of dependence on HQs and are subject to heavy control from HQs (Barlett & Ghoshal, 1989; Harzing, 2004; Porter, 1986). Accordingly, the company relies on large numbers of expatriates in overseas offices to facilitate the complex bureaucratic procedures, centralised

decision-making, and top-down communications. The following remarks made by an expatriate manager also illustrate this point:

‘China back home provides huge amounts of support in terms of resources, and this is the competitiveness of Chinese companies. Chinese expatriates play the role of connection and translation between globalisation and localisation, which are the core element of Chinese companies’ unique competitiveness in overseas markets... For example, Nokia can run the whole range of activities in Europe for its mobile phones, from design, raw material purchasing to manufacturing, sales and post-sales service. However, Telemat and Company X basically only do sales and after-sales here; the rest of the activities are all in China. From the process management point of view, it is long and relatively risky, but cost and the effect of economic scale is the basic competitive advantage of Chinese products in European and American markets, which should not be given up. Expatriates play a big role in this process, linking market needs to R&D and manufacturing.’

5.3 Response to personal centralised control

Existing studies on MNCs tend to locate the centralised control/ resistance issue in the discussion of HQs centralisation and subsidiary autonomy (e.g. Ambos, Asakawa, & Ambos, 2011; Fenton-O’Creevy, Gooderham, & Nordhaug, 2008). Loosely centred around the theme of ‘micro-politics’ (e.g. Clark & Geppert, 2006; Dörrenbächer & Geppert, 2009, 2011), studies have shown how managers in subsidiaries respond to HQs controls in a different way.

For example, Birkinshaw and colleagues (e.g. Birkinshaw, 1996; Birkinshaw, 2000; Bouquet & Birkinshaw, 2008) demonstrate that some subsidiaries possess ‘entrepreneurship’ in challenging HQ authority and control because of their control of critical resources. Ferner et al. (2004) studied the dynamics of centralised control and subsidiary autonomy in US MNCs in the UK, and show policy creation and policy implementation to be two arenas of negotiation between HQs and subsidiaries. Morgan and Kristensen (2006, p. 1467) show that ‘The head office managers transfer practices, people and resources to subsidiaries in order to maintain control and achieve their objectives’; and with two different strategies, i.e. a ‘boy scout’ strategy and ‘subversive’ strategy, ‘local subsidiaries have differential capacities to resist

these transfers or to develop them in their own interests depending on their institutional context’.

In these studies, employees in subsidiaries tend to be regarded as a unified group, who collectively resist the centralised control from HQs and bargain with HQs for more autonomy. In the Teleman case, however, employees are fundamentally different in terms of work experience, job responsibilities, and personal interests. Therefore, they have a different response to even the same types of control. Since expatriates have themselves become a control mechanism, this section will focus on how local employees and local Chinese experience and respond to the company’s control efforts. My analysis indicates that while local employees and local Chinese are both subject to personal centralised control, it is the local employees who suffer most. In contrast, local Chinese are more victims of bureaucratic formalised control, which will be discussed in the next chapter.

As illustrated earlier, personal centralised controls in Teleman are manifested, first, by the heavy presence of expatriates, who are endowed with institutionalised and non-institutionalised power, and second by the direct involvement of the China HQ in decision-making. In both scenarios, locally hired employees are deprived of the opportunity to truly participate in the decision-making process. This has become a particularly serious concern for local employees, who tend to be mature professionals with years of work experience in the telecoms industry and in middle or senior level managerial positions.

Local employees respond to such centralised control in three ways: fighting, submitting, and quitting. To **fight** against the centralised control, one strategy is to promote localisation at subsidiary level by employing more local nationals, which can be illustrated by the following story. In a subsidiary in Western Europe, the position of head of delivery had long been occupied by several Chinese expatriates. So when the position was open again, naturally a Chinese expatriate, who had delivered super performance in the subsidiary, came to the management team’s mind as a perfect candidate. However, in the Western Europe Regional Head Office, a local Vice President was determined to implement a localisation strategy through promoting

local employees. The story ends with a local manager being promoted as the new head of delivery, and the Chinese candidate transferred to another subsidiary.

Given the highly complex organisational structure and existing strong bureaucratic and centralised control over subsidiary units, it might be very difficult to achieve success fighting with a localisation strategy, and therefore would less likely to be taken by local employees. More prominent strategies, as my research indicates, are submitting and quitting.

Submitting to the company's centralised control is to respect the institutionalised and non-institutionalised power possessed by expatriates without challenging it. This, for example, can be reflected by the way local employees try hard to accommodate expatriates' requests, and carry out expatriates' decisions. My fieldnotes on July 16th record an occasion that shows how local British managers, as well as the local Chinese, work hard to entertain the requests from expatriate managers, although they believe that the expatriates' ideas are wrong.

Sarah and Lucy had some disagreement with the hiring manager Toby regarding the package of a candidate. Based on the market rate and her conversation with the candidate, Sarah proposed 85k for the candidate; however, Toby insisted that 80K should be enough. I heard Sarah explaining the situation to Toby over the telephone. After she hung up the phone, Sarah said Toby actually was shouting at her. What is more ridiculous was that he also wanted to reduce the salary of a candidate, who has accepted a previous offer and already signed a contract with the company.

We discussed that Toby had a wrong mentality, and he always believed everybody wanted to work for Teleman, as people did in China. 'Not everyone here has the loyalty to the company as he does,' Sarah said. According to Sarah and Lucy, Toby was also commonly recognised to have a terrible temper. Sarah emphasised that he actually shouted at everyone in his team, and he didn't trust local people. 'He thinks all local people are useless,' Sarah said. 'So how do local people in his team feel about his bad temper?' I asked. Sarah responded, 'Billy left.' She explained that Billy was a local member of staff in a senior position, who had worked with the company for a couple years, until Toby transferred from Switzerland to the UK about 1 year ago. 'He thought I was arguing with him, but I was not. I was advising,' Sarah said emotionally, 'he doesn't like people challenging him.'

Later, Toby called Lucy and they talked in Chinese. Lucy appeared very obedient over the phone, with lots of "Yes" replies. 'Lucy is so submissive.' Sarah looked at Lucy and said to me. 'He seemed to talk to you in a nice way!'

I said to Lucy after she finished. ‘Well, I never challenge him... when he said these kinds of people are very easy to find, I totally disagree, but what I said was yes, they are very popular these days, and maybe we should pay a bit more.’

As illustrated by the above case, local managers, as well as local Chinese, submit themselves to the centralised control without challenging the authority of expatriate managers. Respecting the rules set by China HQ and maintaining the status quo seemed to be a common strategy among local employees, even for local managers in senior positions. For example, when I was conducting my research at Telemann’s UK office, on one occasion the British HR director removed herself from an important meeting with senior managers from Germany and China, because right at the beginning of the meeting, the meeting chairman announced that the meeting would be conducted in Chinese. In such circumstances, the HR director did not argue but withdrew herself.

Another common strategy for local employees to resist such control is to **quit**, a strategy also taken by many local nationals in Japanese multinationals who complain about not being involved in the decision-making process (e.g. Legewie, 2002). As discussed in Chapter 8, turnover rate of local employees is remarkably high in Telemann’s European offices; for example in the UK, the turnover rate was between 20-30% in 2014. In certain offices like Norway, the figure reached 50%. Such a high turnover rate, I argue, is an important manifestation of local employees’ resistance, and it can be attributed to several factors caused by the company’s centralised control. First, the heavy presence of expatriate managers occupying the senior positions in the subsidiaries largely eliminates the career development opportunities for local managers and, second, the heavy involvement of the China HQ leaves little opportunity for local managers to participate in decision-making, even in hiring their subordinates.

Third, on a more surface level, the company’s centralised control approach, when coupled with the bureaucratic control, has created a corporate environment of strong Chinese-ness where Mandarin speaking has become a norm. Whilst centralised control heavily relies on a large population of expatriates (e.g. 50% of total workforce in the UK office), the bureaucratic control requires a large population of local Chinese

to perform internal communication tasks (e.g. 25% of total workforce in the UK office), thus leaving local employees as the minority group.

During my stay with Teleman, I discovered that although English is the official language in the company, it is not uncommon for employees to receive emails in Chinese, and to organise meetings or hold conversations in Chinese, even in the presence of local non-Chinese employees. In the worst scenario, because ethnic Chinese is the dominant population within the company and thus Mandarin speaking becomes a norm, local employees are excluded from daily management activities. The story about the HR Director withdrawing from a Chinese-speaking meeting reflects this. Another example can be seen in my fieldnotes on July 9th 2014, involving a local British employee in the company's purchasing department.

In the afternoon, Sarah told us that an employee, Simon, might leave the company. I recalled that he had only joined a few weeks ago. And Sarah explained that the employee felt very bad because in his team he was the only local (British) employee, and the others all speak Chinese. Lucy then told me that the department head doesn't like foreigners and he doesn't speak good English. 'Just imagine if your boss never speaks to you,' Sarah says. We discussed that maybe in the future the department head will only hire Chinese speakers.

The above story about Simon illustrates how the company's centralised control approach and the resulting 'Chinese' environment leads to the exclusion of local employees, and they resist such control through leaving the company.

Whereas the local employees' career prospects within the company have been undermined by the company's personal centralised control, the local Chinese experience is one of increased workload resulting from such an approach. Due to the relatively lower positions and status of the local Chinese, they are in a much weaker position. While local employees respond to centralised control with multiple strategies such as fighting, submitting and quitting, the local Chinese tend to choose to submit themselves to such control. Complaints and sometimes anger are observed.

As discussed in the previous chapter about the company's matrix structure, job responsibility is not clearly defined in Teleman. Therefore, when there are new tasks

emerging, expatriate managers tend to pass them to the local Chinese. On the one hand, it is easier for them to talk and discuss the tasks in Chinese. On the other hand, it is reported that even if expatriates try to allocate the tasks to local employees, local people can either refuse to do so arguing that the tasks are out of their job scope, or they find the tasks very difficult because they think requirements are not clear enough. As one expatriate manager explained:

‘Foreign employees want tasks from their supervisors to be specific. What do you want me to do, and this should be consistent with their job description... however, one feature of our company is that there are lots of things which are not that clear, but they should be done. The boundary is very blurred. There are good reasons to ask you to do it, and there are also good reasons to ask somebody else to do it. And it makes sense to allocate the task to anyone. But in most cases, we find that it is easier to use Chinese staff.’

Consequently, it is found that local Chinese tend to undertake a heavier workload, and in many cases, overtime working is unavoidable. When this is coupled with the fact that Teleman tends to offer a low salary to the local Chinese (further discussed in Chapter 8), a perceived unfairness prevails among Chinese employees. Based on my interviews, the local Chinese commonly complain about their jobs, and voice their dissatisfaction, and sometimes anger, about the company. One of them made the following remarks:

‘To many Chinese people, when you join the company, you have a kind of patriotic feeling, because it is a Chinese company. Then you feel that since it is a Chinese company, at least it would take good care of Chinese staff. However, after you join the company, you find that many years have passed but no development, and you quit. Put in a way that may sound bad, you work as hard as a dog, but you earn little. After three or four years, you actually earn less than foreigners who just joined the company. You then definitely quit and jump to another company. You earn more and work less.’

Another local Chinese employee, who eventually left Teleman and joined a Western company in London, claimed that the company’s expatriate-centric management approach creates a new form of ‘discrimination’.

‘Why do the Chinese always work overtime. This doesn’t mean that Chinese people have low efficiency. You allocate work to foreigners, and they will say I only work 8 hours a day, so I cannot do this. Then all things go to the Chinese...then a very odd phenomenon happens. In a Chinese company,

Chinese employees feel they are discriminated by their Chinese managers, because you pass all the work to me, which foreigners don't want to take. This brings a big challenge to Chinese managers, because not only do local employees feel unfairness in the company, but also Chinese employees feel the unfairness... I take more work because I am Chinese.'

The above two quotes clearly illustrate the frustration and anger of local Chinese employees about the company's personal centralised control. However, since it is difficult for local Chinese to respond to such control with fighting or quitting, for most of them, voicing complaints and anger is the way they resist the organisational control.

5.4 Conclusion

Focusing on the first type of control, i.e. personal centralised control, this chapter revealed the dominant position of expatriates both in terms of their population and their powers. It was found that expatriates play two critical roles in the subsidiary units, that is, as coordinator and as controller. Endowed with institutionalised and non-institutionalised powers, expatriates helped the company to exercise personal centralised control over its overseas subsidiaries.

This chapter also revealed that although both local employees and local Chinese suffer from this type of control, it is the local employees that experience most direct impact on their career prospects. For this reason, local employees exhibit the strongest form of resistance, that is, quitting. Regarding the local Chinese, they are burdened with an increased workload as a result of the presence of expatriates and their management approach. However, it is the bureaucratic formalised control that makes them suffer most. This will be discussed in the next chapter.

Chapter 6: Bureaucratic formalised control in Teleman

6.1 Introduction

In the previous chapter, I discussed personal centralised control in Teleman, which involves a large population of expatriates and direct decision-making by the China HQ. In this chapter, I will look at another type of control, i.e. bureaucratic formalised control, which is ‘impersonal’ and ‘indirect’, a contrast to the ‘personal’ and ‘direct’ feature in the former case (Harzing, 1999). According to Harzing, bureaucratic formalised control aims at ‘pre-specifying... the behaviour that is expected from employees’ (1999, p.21), and it is similar to what has been discussed in previous studies, such as ‘formalisation’ (Child, 1973), ‘rules and regulations’ (Blau & Scott, 1963), ‘paper system’ (Lawrence & Lorsch, 1967), and ‘work process’ (Mintzberg, 1973).

Therefore in this chapter, I will focus on the rules, processes, and systems in Teleman. Three major items are examined: the reporting and approval system, the global job grading and internal qualification system, and the working procedures. One major finding in this regard, however, is the ‘rigid rule-changing rule- no rule’ paradox within the company. That is, while there are some rigid rules for the employees to follow, there are also rules that keep changing, thus leading to a situation of ‘no rule’. I argue that this is an outcome of the inherent defects of its management systems, and its heavy use of expatriates.

This chapter also discusses how local employees and the local Chinese constantly challenge the company’s control efforts through voicing their complaints and criticisms. In particular, I highlight how local Chinese become victims of bureaucratic formalised control, partly because local employees tend to deliberately ignore the company’s rules and in doing so pass the compliance work to local Chinese.

6.2 Bureaucratic formalised control in Teleman

In a study of a British company called Beverages, Ferner (2000) discusses bureaucratic control with reference to the company’s standardised systems to control

and monitor subsidiaries' investment plans and key HR issues, the common international policies and guidelines in the area of managerial performance appraisal, and a document to codify formal authority levels and approval procedures for decision making. In Teleman's case, similar patterns are observed. Reporting and approval systems, consistent global HR systems, and rigid working procedures are some of the major control mechanisms Teleman uses. However, as my study reveals, Teleman's bureaucratic formalised control suffers from a 'rigid rule-changing rule – no rule' paradox.

6.2.1 Rules and procedures in Teleman

Activities in Teleman subsidiary units are, firstly, closely monitored through **reporting and approval systems**. According to my informants in recent years the control from China HQ over subsidiaries has been getting tighter and tighter. Quarterly reports have been replaced by monthly reports, general guidance replaced by detailed requirements, and KPIs for managers are specified. Many expatriates are required to submit to the China HQ a weekly and monthly report on their work. For example, the expatriate HR manager Emma, who worked together with me on delivering the recruitment project for the new R&D centres, submitted her weekly report every Friday containing detailed information such as how many candidates were interviewed for certain positions, how they were found (e.g. via headhunting agencies, self-application, etc.), feedback for each candidate from different interviews at each stage (e.g. technical interview, departmental interview, and HR interview), how many offers were sent out, accepted and rejected, the major problems (e.g. lack of candidates for certain positions), and other information.

A significant manifestation of such bureaucratic formalised control is the approval system which aims at ensuring that important matters are subject to the approval of regional or China HQs. In Teleman, a system of 'Group Decision Making' has been established, which means that multiple parties will be involved in making a single decision and, consequently, it is a prolonged process. For example, on one occasion, I was told by HR colleagues that one expatriate waited for 6 months and still could not get his RMB 50,000 expense (about £5000) reimbursed. 'Ten people are involved in approving, and anyone could reject,' one of them said.

Tight control through the approval system can be best illustrated by how new employees are hired in Teleman UK. Here, the whole recruitment process starts with UK HR applying for new headcount numbers from HQ. After the application is approved and the headcount number is issued, HR begins the regular recruitment activities, such as posting job advertisements, involving agencies, interviews, etc. As illustrated in a later section in more detail, during the interview process, managers in regional and China HQ are heavily involved in senior level appointments, and sometimes even for mid or junior level. After the candidates are successfully identified, the UK HR needs to submit all related information and documents through an online system to receive formal approval from the management team based in Germany, the company's Western Europe HQ. Finally, UK HR is required to submit related documents for the new hires to the China HQ in order to generate an ID for the employee.

In the case of recruitment activities in the new R&D centres, control is even stronger in that all new hires need to be approved by the China HQ in terms of their salary and job grades. In some cases, as I observed, there were arguments between recruiting team/hiring managers in the UK and people in China, because the new employees' salary and job grades, which are proposed by the UK team, might be downgraded by China HQ. The approval process is undoubtedly long, since it involves a number of senior managers in China, who tend to be flying around the world. And because of this prolonged approval process, the company's internal recruiters (like myself) are frequently pushed by external head-hunters, who are eager to close a deal, about 'when will the approval be out?'. For a similar reason, everybody will be very happy when the approval finally comes out. The text below from my fieldnote on June 30th sheds some light on this.

The approval process of a candidate was finally completed, and everybody, including Emma, Sarah, Chris (from the headhunting agency), and myself, were very happy. On the approval form, six senior managers signed with their signatures to approve, and all of them are based in China. After the approval form arrived, Sarah and Lucy will start working on the paper work and issuing the offers and contracts.

Secondly, similar to other MNCs exercising bureaucratic formalised control over their overseas subsidiaries, Teleman has also sought to establish **a consistent global HR**

system. In this regard, a key component is the company’s global job grading and internal qualification system, which was introduced in China around 2000, and to all overseas subsidiary units in 2013.

Based on this system, all positions, first of all, are graded between 13 (i.e. 13A, 13B, 13C) and 22 (i.e. 22A, 22B, 22C), with 13A the lowest for fresh graduates. Then, based on their job categories (in total there are 11 job categories such as Client Management, Product, HR, and Process Management), each position is matched with a qualification level ranging from 1 to 6. In order to be promoted from a current job grade (e.g. 13A) to the next higher job grade (e.g. 13B), one is required to obtain the corresponding level of qualification (e.g. Level 4). This can be illustrated by the diagram below.

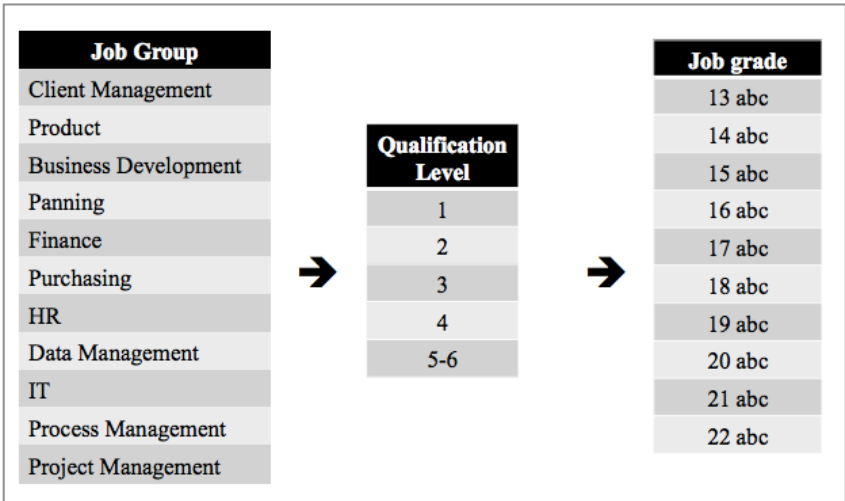


Figure 6.1: Telemat's global job grading and internal qualification system

Take the case of engineering graduates, for example. As fresh graduates, they normally join the company at grade 13A. Depending on their job groups (e.g. Product, or Client Management), after they pass probation, they need to apply for the Level 1 qualification. If they fail the Level 1 qualification, they will not be able to be promoted to Grade 13B. And if they succeed in obtaining the level 1 qualification, and have been upgraded to Grade 13B, their next target would be passing the Level 2 qualification, before they could get promotion again.

There are two basic criteria for an employee to apply for the qualification upgrading: first, the employee needs to have been with the company for over 1 year; and second, the employee's annual performance review should be rated B or above (i.e. B+, A). After meeting both criteria, they can embark on the qualification process, which involves six steps: self- assessment, an application form submission, exams and tests, defence meeting, a company review, and result release.

Exams and tests, and defence meeting are considered the most important elements. Whilst the exams and tests can be either on-line tests or hands-on technical problem solving, the defence meeting is an occasion where candidates are examined by several internal judges, who are experts in particular areas. In the meeting, applicants are asked questions based on their application materials, and they are expected to demonstrate relevant work experience, knowledge and competencies accordingly. The higher the level of the qualification, the stricter the process is. For example, in the defence meeting for a Level 4 qualification for sales people, it is required that at least two judges based in regional offices are involved, and they must come from different regions (e.g. West Europe, North East Europe, China, etc.).

A formalised and consistent global job grading and internal qualification system not only enables Teleman to control overseas subsidiaries through regulating the units' hiring activities, but also helps the company to regulate employees' competencies, learning, and promotions, an effort to internalise local employees and build a more stable workforce. One HR respondent clearly sees it as a mechanism to control employees' mobility.

‘I think they want to keep people. It is like telling you that if you stay with Teleman, this stuff is very useful for your development. However, if you want to leave Teleman, I am sorry, these things are useless to you if you walk away with them.’

For these reasons, Teleman seems to attach great importance to it. In the UK, for example, one HR professional is designated to fully look after related matters, such as reminding people the deadline of the application, preparing paper work, coordinating between employees and internal examiners, and following up results.

The third aspect of Teleman's bureaucratic control is manifested in the large number of **working procedures** designed for subsidiary employees to follow. In many cases, these are related to the approval system discussed earlier; and in most cases, they are facilitated by various on-line systems. One example is the purchasing process, which includes the following eight steps:

1. When the UK HR team, for example, decides to involve external headhunting agencies in recruiting, they need to contact several service providers, and provide them with several forms for them to fill in.
2. After receiving the completed forms, together with related documents from the agencies, the HR team conducts a comparison among these service providers in terms of quality and service fee, and fills in a paper document called the 'Group Decision Form', listing HR's proposed choices about which agency is best, the reasons for this, together with key information of several other potential choices.
3. HR collects signatures from four department heads (i.e. HR, Finance, Legal, Procurement) to support the decision.
4. HR produces some presentation slides, based on a template, explaining why a new agency is required, how it was chosen, why it is better, etc. , and submits these slides, together with the Group Decision Form to the Procurement Department in the UK, which will contact the Procurement team in Germany, and arrange a 'Vendor Qualifying Meeting'.
5. HR attends the 'Vendor Qualifying Meeting', joined by members of the UK Procurement Commission, which include senior managers such as the UK HR Director, the UK Procurement Director, the UK Procurement Manager, and members of the West European Procurement Commission, who are connected through the video conference system. In the meeting the HR team member, who proposes the purchasing order, will be asked to justify their purchasing request.
6. If the purchasing request is approved, the HR staff will lodge a formal purchasing request through an online system, and wait for official approval from Germany, which involves several senior managers clicking on a button through the online system.

7. When all approvals are done, HR will submit all related materials to a specialist team based in Germany, who will then issue a purchasing number.
8. With this purchasing number, HR produces a contract with the selected agency and starts using their service.

As we can see here, working procedures and approval routines are specified, and employees are required to follow them closely. A key element of Teleman's control system, therefore, is formalisation, which Barlett and Ghoshal (1989, p. 80) define as 'institutionalisation of systems and procedures to guide choice'. Formalisation in Teleman is accomplished through its management systems such as the reporting and approval system, the global job grading and internal qualification system, and working procedures. In this regard, Teleman bears some similarity with US MNCs, which tend to use formalised methods to control their overseas subsidiaries such as budget-setting and monitoring systems (Almond & Ferner, 2006; Ferner et al., 2013; Ferner, 2000; Harzing et al., 2002; Harzing, 1999). However, as to be discussed further in the following section, the degree of formalisation in Teleman is much lower than that in US MNCs because of the ambiguous and ever-changing nature of its management systems.

6.2.2 The 'rigid rule- changing rule-no rule' paradox

When working in Teleman, I was often puzzled by the 'rigid rule- changing rule-no rule' paradox. Given the formalised systems and procedures described, one is expected to face large amounts of rigid rules and procedures. However, at the same time, she/he might be surprised to find that in some areas, there are no rules or procedures at all, and in other areas, rules and procedures are underdeveloped but now being upgraded; or they are relatively well developed, but now being revamped. And sometimes, an established rule might change just because someone in a senior position makes up their mind to do so.

An example of 'no-rule' is the documentation system in the project team. As reported by our interviewees, Teleman has a documentation system of poor quality, since people are too busy to do the filing and are not well trained in this regard

professionally. However, documentation is very important for late -comers, like local British employees who join the project team later, because they need to refer to related old documents. ‘Foreigners come to ask me about old documentations, but we don’t have any, ’ one expatriate engineer said, ‘in Teleman, things are passed down mouth-to-mouth!’

The changing-rule situation can be best illustrated by the 8-step purchasing process. In fact, the whole process changed several times during my 3-month stay. At the beginning, I was told that the ‘Group Decision Form’ was to be filled out by several department heads; however, when I submitted the form to the Procurement Manager Emily, she said that ‘the procedure has changed’, that the form now has been replaced by a presentation in front of Purchasing Committee members where collective decisions are made. Knowing about this change, my co-worker Lucy made the following comment:

‘Sometimes, no one knows what exactly the procedure is, and when you have managed to figure it out, it changes after two weeks’

Indeed, about two weeks later, when I submitted all documents to a specialist team in Germany to get a purchasing number for the contract, I was asked, ‘where is the Group Decision Form? It is missing.’ I explained that there was no Group Decision Form, because now we adopted the practice of Supplier Qualification Presentation. And when I told him that I was guided by the procurement manager in the UK, he replied, ‘How come I didn’t know? I am in the Procurement team of Western Europe,’ he said, and explained that without the Group Decision Form, the system would not be able to proceed. The end of the story is that I went back to fill in the Group Decision Form, collected signatures, and rushed to close this case.

Based on my research, I argue that Teleman’s ‘rigid rule- changing rule-no rule’ paradox can be attributed to two factors. The first is concerned with its relatively short history (i.e. less than 30 years) and fast development at an extraordinary pace in the past decades. As a latecomer but rapidly growing company, Teleman is still at the early stage of internationalisation, transforming itself from a Chinese indigenous firm into a multinational company with a business operation in over 170 countries. In

recent years, as reported by my interviewees, the company has been actively engaging international consulting firms such as IBM and Hay Group in an effort to improve its management systems, as well as the competencies of its managers. During this process of transformation, rule changing, upgrading and revamping are to be expected.

Another factor my research reveals is concerned with the extensive presence of expatriates. As the company opts for a 'collective decision-making' system, a relatively large number of senior managers are involved in making one single decision; this is a rigid rule. However, due to the lack of well-defined rules or criteria to guide such action, individual managers can only rely on their own experience to make judgments, thus with different inputs and outcomes. These variances, when coupled with the prolonged decision-making process, become 'changing rules' to employees. And when rules keep changing, one might actually feel there is no rule.

During my 3-month stay with the company, I had considerable experience of how to work hard to keep up with changes resulting from one person's sudden decision. Several of my fieldnotes in June 2014 alone record how I experienced such a situation.

On June 10th:

When I saw that Emma had finally finished her meeting, I asked about whether we were going to attend the job fair in Bristol this Friday. Last week, based on previous discussion, she wanted me to do some research on this job fair in Bristol, and I contacted that organiser, and obtained some basic information such as the price. 'They thought attending the job fair might not help us a lot. So let's drop the idea.' she said.

About 2 hours later, she came to my desk and said, 'we just met David, and he said it is good opportunity to promote Teleman in the job fair. So we will do that'. David is the head of the X product research line, and he flew from the China HQ to do interviews and to meet head-hunters. So I quickly contacted the organiser again, and submitted the booking form.

On June 12th:

The R&D centre is recruiting an IT administrator. On the JD, this position is based in Cambridge. However, Emma said, in fact, this position can be based anywhere, either Cambridge, Reading or Bristol, because the job holder is supposed to travel between these places. I told her that yesterday one candidate doesn't want to come for an interview just because of the location. He wants to be based in Reading, rather than Cambridge. Later in the

afternoon, Emma came to me and said, ‘They decided to hire another IT to be based in Reading. So now you can contact the candidate.’ She continued, ‘the best way to sort things out is face to face. See, if we didn’t meet, we would never have known they want to hire one more guy.’

On June 16th:

In the afternoon, Emma suddenly told me that they would like to organise a paper test exam for the position of Graduate Engineer. As far as I know, this is completely unplanned, and the idea was brought up by X, the hiring manager (an expatriate). What amazed me most is that the technical test is scheduled for next Monday. Therefore, in the afternoon, I quickly produced a breakdown of the activities in the following days, such as test paper development, candidate invitation, on-site reception, etc.

In the afternoon, I had a meeting with X, Emma and Z (the office administrator), and went through the document. After the meeting, Emma continued to discuss the test with me, and she said that I could contact the candidates for test in several batches, maybe some on Tuesday, some on Thursday and Friday. ‘Would it be too rushed for the candidate to receive the information on Friday and then travel to Cambridge to take the test on Monday?’, I asked. ‘Not at all,’ Emma replied, ‘this often happens in Teleman.’

As we can see here, rules and procedures in Teleman are not fixed, but always subject to change due to the sudden decisions of expatriates. This makes bureaucratic formalisation control in Teleman very different from that in US MNCs. Whilst formalisation in US MNCs is based on ‘codified and reproducible management systems’ (Ferner et al., 2004b, p. 367) which tend to have high ‘context generalisability’ (Taylor, Beechler, & Napier, 1996), management systems in Teleman seem to have much lower levels of formalisation, due to the fact that the company itself, as well as rules and procedures, is in a process of transformation, thus the ambiguous nature of rules and the ‘rigid rule- changing rule-no rule’ paradox.

6.3 Response to bureaucratic formalised control

Teleman’s bureaucratic formalised control has important implications for employees’ working life. In this section, I will examine how employees respond to such control efforts. As expatriates are part of the bureaucratic formalised, as well as the personal centralised, control system, I focus on the experience of local employees and local Chinese. In addition to their response to the rules, processes, and procedures

discussed in the previous section, I will first look at how they experience the matrix structure described in Chapter 4, since organisational structure itself is a control mechanism, and a critical part of a bureaucratic system.

6.3.1 Experiencing the matrix structure

Organisational structure has long been recognised as an indispensable element of a bureaucracy and an important component of an organisation's control system (e.g. Anderson & Warkov, 1961; Child, 1972; Terrien & Mills, 1955). Max Webber's (1947) discussion is essentially concerned with 'a theory of bureaucratic control or of bureaucratic structure or both' (Ouchi, 1977, p. 95). According to Child (1972, p. 2), organisational structure is 'the formal allocation of work roles and the administrative mechanisms to control and integrate work activities'. Based on this definition, 'control' is clearly the main objective of organisational structure.

As discussed in Chapter 4, Teleman's organisational structure resembles a 'matrix structure' coined by authors such as Galbraith (2000, 2009) and Stopford and Wells (1972). The structure spells out explicit multiple-command and multiple-boss requirements and expectations from employees, which directly regulate their activities.

The direct implication of Teleman's matrix structure is that employees tend to have multiple reporting lines and multiple bosses. Even if their reporting lines are clearly defined, they often need to serve multiple teams and accommodate requests from these teams. Under such circumstances, confusion and frustrations, thus complaints, from employees are unavoidable. For example, on one occasion, two British employees from a project team came to the HR department and complained that they had been designated to the wrong department on the system. And later it turned out that the same mistake happened to a small group of employees in a project team. The reasons for this, according to HR, is that 'No one knows which department these people belong to, because they report to so many people'. However, such information is important to employees, because it has a direct impact on their performance review and resulting bonus.

A more common problem caused by the complex organisational structure is the daily frustration experienced by the local employees and local Chinese. As I have demonstrated in the case of hiring an administration manager where 9 people were involved in 6 rounds of interviews, coordination among multiple managers, units, and countries is the daily work of many local Chinese employees. For Lucy, the local Chinese HR staff, her frustrations stem from getting signatures and approvals for each new hire of the UK office from people based in Germany and China. And for me, a local Chinese recruiter, my frustrations resulted from the large amounts of time on checking the availability of multiple interviewers in different locations, booking video conference meeting rooms in China, the UK and other European offices, and coordinating the interview processes between these interviewers and candidates. And for Sarah, the British HR manager, her frustrations were from the workload and extra efforts required because of the complex organisational structure.

As the recruitment manager at Teleman UK, and having an employment contract with Teleman UK, Sarah is in charge of all recruitment for the UK office. However, due to the matrix organisational structure, Sarah is also responsible for recruitment activities for teams that are not part of Teleman UK, but are based in the UK office.

Furthermore, she seems to be increasingly involved in recruitment for teams based in France and Germany, because of the teams' over-crossing business among these countries. For these reasons, Sarah seems exhausted every day, and often complains about her workload openly in the office. My fieldnotes record several occasions when she expressed her frustration and complaints by saying things like 'there is so much work', 'I am doing all this crap', 'that's really too much'. For example, on July 16th, 2014:

In the morning, I heard Sarah talking with someone over the phone. 'I am hired by Teleman UK, but 70% of my work is non-UK stuff,' she said. She talked about things she was asked to do by a colleague in Germany to advertise jobs and recruit people. 'They have a big team in Germany but do nothing.' Sarah was also asked to help recruit people for the R&D centre in Dublin, and she said that things there are changing every day, and she could not stand it. Once she was told that she needed to hire 10 people for Dublin, and later was told to hire only 2. Obviously Sarah was pissed off, and she said, 'It's not part of my KPI, and they are completely unrelated.' Then she said, 'It is all politics... They need me more than I need them.'

My fieldnotes on July 22nd 2014 further describe how Sarah tried to put away extra work resulting from the company's matrix structure.

In the morning, Rebecca (a hiring manager from the marketing department) checked with me through Talk (the company's internal on-line tool for chat) about when Sarah would interview the candidate who completed his first interview last Friday. I asked Sarah, and she seemed to be very unwilling to do this HR interview. She repeated several times that she didn't think the candidate was suitable for the Social Media Manager role, as he didn't have related experience. She even asked me to deliver this message to Rebecca on Talk. I did so, and Rebecca replied that she and another interviewer actually found that the candidate was the best, and he made a fantastic presentation.

A few minutes later, both Rebecca and I received an email from Sarah. In the email, Sarah once again repeated her viewpoint and she said she would decide whether to do an HR interview after she met another candidate on this Friday.

The thing is that this hiring manager in fact is not working for Teleman UK. She is based in the UK, but belongs to the West Europe Corporation Business team, and most of the people in this team are based in the Netherlands. I guess that's why Sarah seems to be very reluctant to provide recruitment support for her.

Last Friday, the candidate actually travelled a long way from Manchester to attend the first interview. As planned, after the first interview, Sarah would do the HR interview, so that all things were done in one day. However, even before the interview, Sarah kept saying that the candidate was not suitable for this position. At 5 pm, she announced that she had some other interviews to attend and could not 'move this back'. 'I don't want to be late on weekends, I think the candidate doesn't want to be late on Friday night either,' she said. Therefore, we had to let the candidate go and said that we would follow a telephone interview.

Here we can see that extra work resulting from the company's matrix structure is not welcomed by local employees. They increase workloads and work pressures. As a result, Sarah responded to such organisational complexity with complaints and attempts to shirk her job responsibilities.

6.3.2 Experiencing the rules and procedures

In my discussion of personal centralised control in Chapter 5, I mentioned that local employees suffer most from personal centralised control, because they, being mature professionals with extensive industry experience, are more concerned with their career development which, however, is constrained by the heavy presence of

expatriates and direct involvement of the China HQ. Here, I argue that local Chinese are the group who suffer most from bureaucratic formalised control. This is because, first, local Chinese are the ones who are heavily immersed in work related to reporting and approval systems; and second, local Chinese also need to take on responsibilities related to working procedures from local employees, who are put off by the complexity of rules.

As discussed earlier, due to the company's bureaucratic control approach, there is a large amount of work related to **reporting and approval** and as a result, there are heavy internal communications and coordination among the China HQ, regional HQs, and subsidiary units. While expatriates are responsible for certain higher level, technical and business related communications, daily routine communication tasks, such as administrative reporting, are largely performed by local Chinese.

For example, in the UK site, every project team has hired a couple of local Chinese as project coordinators who are responsible, for example, for arranging the business trips of expatriates from China. In the HR team, one local Chinese is mainly in charge of helping Chinese colleagues to get work visas, and the responsibility of another is to apply for new headcounts from regional HQs, get new labour contracts approved by the Chinese management team in regional HQs and the China HQ, and help new employees to apply for employee IDs, etc. As my research reveals, such deep immersion of local Chinese in internal communications contributes to their poor career prospects within the company, which will be discussed in more detail in Chapter 8. Accordingly, the local Chinese complain about the corporate red-tape they are required to deal with in their daily work. A good example to illustrate this point is the story of my co-worker Lucy. The following two fieldnotes record how she responds to the company's complicated reporting and approval system with complaints because her immersion in the work becomes an obstacle to her career development.

I have been very curious about Lucy's job title and job responsibility. I asked her about it, and she said she should be doing recruitment like what I am doing now. However, as the internal procedures are so complicated, she now commits almost all her time to dealing with things like E-flows. She told me that at the beginning, she actually did some recruitment-related work such as

posting vacancies online. However, as time goes by, she is now completely immersed in the dealing with internal procedures. She seems to be unhappy about this... I can feel that she wants to do something more interesting and is interested in recruitment. (Fieldnotes on May 23rd, 2014)

Today a new (British) contract recruiter came on board... In the HR team meeting in the morning, the HRD passionately commented on the new recruiter and said that she could take on more responsibilities than Chinese employees, because she can do interviews, salary negotiation, etc. This made Lucy feel very bad. "Am I not important?" Lucy asked me. I comforted her that what she is doing is more important, because internal communications with HQs and dealing with internal systems are so complex. "But they didn't think this way," Lucy said. Lucy predicted that in the future, the new contractor will actually work like Sarah, leaving all complex internal Chinese-related work to her, which means that she needs to spend most of her time dealing with something difficult and useless in other organisations, and could not concentrate on what she likes, i.e. recruiting. (Fieldnotes on July 29th, 2014)

The story of Lucy is not uncommon in Teleman's European office. Given the company's bureaucratic control approach, local Chinese employees, to some extent, have become indispensable in helping expatriate managers and local employees deal with complex internal process and procedures. However, the resulting problem is that the longer they work in the position, the more contacts they build with headquarters, and the less possibility that they can leave their current role; or as Lucy puts it, 'your boss never lets you go', and 'your career stops here'. Therefore, to many local Chinese, the company's complex reporting and approval systems are the major source of their daily suffering in the company. However, as further discussed in more detail in Chapter 8, due to personal, organisational and institutional factors, the local Chinese find it difficult to secure a better job in the external labour market. For this reason, they can do nothing but live with the company's strong bureaucratic control, while voicing their unheard complaints and criticisms.

The situation of the local Chinese is worsened by the company's rigid yet ambiguous and ever-changing **working procedures**, which scare local employees away, thus leaving local Chinese alone to take on the compliance responsibilities. In the example of the purchasing process, I have demonstrated how complicated and long-winded the working procedure can be in Teleman. Under tight control from the China HQ, employees in overseas subsidiary units are required to follow these rules and procedures closely.

While most Chinese employees, including Lucy and myself, made efforts to figure out the most updated procedure and try to follow them, local employees tended to adopt a different strategy, that is, to ignore them. For example, Sarah, the British HR manager, always followed her own way in doing things. Regarding the use of an external recruitment agency, for example, Sarah tends to pick up several potential agencies, negotiate with them, reach an agreement, and then sign the contract. This is completely against the rules of the company. 'She has her own logic,' Lucy comments, 'what she wants is to use these agencies to work for us right now. And what we are doing is to make everything look compliant to the policy.' My fieldnotes on May 22nd record another conversation on this topic.

I asked Lucy's opinion on how well local non-Chinese employees can deal with the internal procedures. 'They might just ignore them.' She said. 'And it is our job to make a balance. Our goal is the same, to get things done.' Referring to Sarah, she said, 'Her direction is correct, but we need to help her to work on the procedure.'

The outcome of Sarah's non-compliant approach is that Lucy and I eventually frequently acted as fire fighters and take actions to rectify her mistakes. My fieldnotes on 30th May report one such incidence.

In the afternoon, the HR director came to return to Lucy several copies of the signed contract. There was one contract, which was signed with W Group, and Lucy and I didn't know how to deal with it.

Lucy asked me whether I knew anything about this contract. I looked at the contract and it was new to me. It seemed that Sarah had worked out the contract by herself completely. We decided to ask Sarah what she wanted us to do with the contract. She said, 'please do the online system'. Lucy and I looked at each other and became speechless. 'You can tell Sarah about the procedure. She needed to be told again and again.' Lucy told me later.

The thing is that working on the online system is never the first step to use a supplier. We are required to provide all information to the system, and procurement people will decide whether we can use this supplier. Signing a contract is the very final step.

We later found out that this supplier was sourced for the company's financial team in London. According to Lucy, the scenario might go like this: a hiring manager in the financial centre needs to recruit a new person, and he goes directly to the headhunting agency. The agency happens to provide a really good candidate, and the hiring manager takes the person in. Since the

company takes the person in, we need to make the payment, and before that the contract needs to be made.

Interestingly, the non-compliance approach of local employees seems to have gained some consent and permission from the Chinese peers, i.e. the expatriates and local Chinese. For the local Chinese, probably because they are in lower positions and in most cases work under local employees, they see it as their job to assist local employees and help them out. For expatriates, they justify local employees' non-compliance as a different working style from Chinese people, and as an outcome of the different focus of their jobs, i.e. focusing on external rather than internal affairs.

During my research, one thing I observed and that was mentioned by my interviewees is concerned with the 'dual-track' management approach taken by expatriates towards local employees and local Chinese. Whilst expatriate managers tended to manage local employees in a 'semi-military' way, as they manage people in China, they allowed much more freedom and autonomy for local employees. As one expatriate manager puts it, it is more about 'milestone management', which involves setting up KPIs, providing a general direction, and focusing on results. In other words, expatriate managers have a high level of tolerance to local employees not following rigid rules. The remarks below made by two expatriates shed some light on this mentality.

'Local managers have their own ideas and ways of doing things, and Chinese people can see on first sight that it won't work and they don't comply with HQs...Chinese people know the company better, and their ways of doing things tend to be close to HQs; but local managers are different. They are closer to clients' requirements, and to the business needs. They don't care much about the internal requirements. '

'In Europe, local employees have their independent ideas. Therefore, we tend not to give orders, but to provide guidance. Many of our European employees have a strong background. For example, one of our directors used to be one of the 100 VPs in Company X. When you manage him, you will never do it in the same way as you do in Africa, because it won't work. We are more like a student, consulting him... like would you please share with us your experience in Company X... we want him to give us suggestions, and in fact he did. He did bring up lots of good suggestions. '

Expatriate's respect for local employees' 'own ideas' and tolerance to their non-compliance to the company's rules and procedures may be related to what Smith and Meiksins (1995) term 'dominance effects'. Smith and Meiksins argue that 'firms from countries lower in the hierarchy may perceive an interest in adopting practices from those based in more dominant economies. Conversely, firms in dominant economies may tend to assume that their practices are superior and capable of transfer to less dominant hosts'. In Teleman's case, China's lower position in the hierarchy may reduce the legitimacy of the working procedures and rules, which have been developed by China HQ. As a result, in daily management, Chinese managers tend to respect the tradition and culture of the local market, and tolerate local employees not following the rules and procedure. The implication, however, is that someone needs to do those bureaucratic jobs, and in most cases, it goes to the local Chinese.

Of course, local employees are not free from the company's bureaucratic formalised control at all. They are more or less subject to certain controls. For example, the company's **internal qualification system** is something for all. While it is commonly recognised that getting a qualification is important for salary increase and promotion within the company, there are also agreements that they are not of much value in external labour markets. It is in this aspect that local employees voice their criticism. They not only question the values of the internal qualifications but also challenge the rationality and legitimacy of such a system.

According to my interviewees, exams and tests to obtain the qualification are difficult, because they require, as several people put it, 'comprehensive knowledge'. Such comprehensiveness not only refers to the universal knowledge and skills associated with certain jobs, but more importantly, to lots of company-specific policies, processes, and knowledge of operating the company's self-developed systems and tools. For this reason, it is said that if someone wants to pass the tests and exams without reviewing online exam preparation materials, they need to stay with the company for at least 10 years. And for the same reason, one expatriate claims, an external senior project manager might not be able to pass the exams and tests for the Level 5 Project Manager qualification, because 'the test involved process and the company's internal requirements. There are lots of things he might not know'.

Given the difficulty and company-specificness of the exams, whether it is worth making the effort to take the exams and get a qualification becomes questionable for many local employees. After all, it is clear that such qualifications are not well recognised by the external labour market, and they might become totally useless once you leave Telemar.

Therefore, according to the HR staff in charge of the internal qualification matters, local employees are ‘the most difficult group’, in that they are not willing to take exams. In other words, they are not willing to submit to the bureaucratic control of the company. To tackle this problem, the company has set up a target for each subsidiary unit. For example, the UK office has a target that 85% of its locally hired employees should take the exams and upgrade their qualifications regularly. According to this HR staff, this is her KPI, and her main responsibility is to ‘push these people’ to get things done. However, it seems that it is not easy to achieve, because of the resistance of local employees.

‘Local people are like this; they don’t care. I have been working in the Telecoms industry for all my life, and you want me to certify myself and prove myself? They just don’t understand these things... I tell them if you don’t have a qualification, you won’t be able to get promotion and salary increase. This will scare them most. I used to tell them that doing a qualification can help you clarify your career development, and identify your weakness, your strength, and the areas you need to make improvement. They don’t like these things and listen to me. But when you tell them, no qualification, no salary increase they then really get nervous.’

In addition to questioning the values of the internal qualification system, local employees also cast doubt on whether such a measurement is scientific and reasonable. For example, one local British team leader challenged that the system aims to make every single employee an all-round player, because if one wants to get a higher-level qualification, they need to deliver a good performance level in all required aspects. However, from a team manager’s point of view, he believed that a team should take advantage of each team member’s strengths, and avoid their weaknesses, rather than developing every aspect of a single employee. Under such circumstances, it is not fair to judge every employee with a single competency measurement framework.

6.4 Conclusion

This chapter has focused on the bureaucratic formalised control in Teleman and how employees respond to such control. Through examining the reporting and approval system, the global job grading and internal qualification system, and the working procedures, I revealed the ‘rigid rule-changing rule- no rule’ paradox within the company, which, I argue, is a reflection of the inherent defects of Teleman’s management system due to its relatively short history and its rapid development in the past decades. Because of this paradox, Teleman cannot rely on its bureaucratic formalised management systems to exercise centralised control over its overseas subsidiaries, as US MNCs do. Instead, a large number of expatriates are used, which, in turn, can further be attributed to the ‘rigid rule-changing rule- no rule’ situation.

This points to the dynamic relation between bureaucratic formalised control and centralised control in Teleman. The existing literature on organisational control tends to suggest that different types of controls co-exist in one organisation to support and supplement each other (Cardinal et al., 2010; Snell, 1992). However, in the Teleman case, bureaucratic formalised control and centralised control are in a more complex relation. On the one hand, the relatively low level of codification of Teleman’s management systems and the resulting low level of formalisation requires a large number of expatriates to be in the subsidiary units to make the management systems work. On the other hand, the extensive presence of expatriates in fact undermines the functioning of the management systems in that expatriates heavily involve themselves in decision-making, and therefore rules and working procedure are frequently changed because of their individual input and interference.

Nevertheless, this chapter reveals that both local and the local Chinese employees experience the company’s matrix structure and bureaucratic formalised control with complaints and criticisms. In particular, for the local Chinese, they are required to follow the rigid yet ever-changing rules and procedures and to function as coordinators in the complex reporting and approval systems, whereas local employees tend to ignore the rules and are allowed to work in their own way.

Based on this chapter and the previous chapter on personal centralised control, it is clear that an essence of Teleman's control system is its expatriate centrality. The company relies heavily on expatriates to exercise its centralised control and bureaucratic formalised control, despite the fact locally hired employees are largely marginalised and strongly express their dissatisfaction, complaints and resistance. This leads to the question: Can Teleman rely on its expatriates solely to run its overseas operations? If yes, how? The answers to these questions are related to the discussion of identity control (Chapter 7) and control by rewards (Chapter 8). As we will see, these two types of controls are largely limited to expatriates, and play critical roles in regulating expatriate commitment and retention. In other words, Teleman controls its overseas operations through effectively controlling expatriates with these two types of controls, with the former controlling their subjectivity, and the latter controlling their mobility power. The next chapter will focus on identity control.

Chapter 7 Identity control in Teleman

7.1 Introduction

This chapter focuses on how organisational control is accomplished through controlling employees' identity. My analysis reveals four distinctive characteristics of identity control in *Teleman*: 1) the highly militarised nature of managerial discourses; 2) employees as willing participants in the control programme; 3) weak resistance from employees; and 4) Chinese employees as the only control target.

As argued by Costas and Karreman (2013, p. 398), identity control constitutes 'the construction, production and maintenance of symbols infused with particular meanings and preferred interpretation'; essentially, it is about managing meaning. Therefore, this chapter starts with how Teleman manufactures meanings for the company's official corporate value, *Jian Ku Fen Dou*, or 'plain living and hard work'.

Previous studies (e.g. Fleming, 2005; Musson & Duberley, 2007) indicate that meaning management is achieved through managerially inspired discourses, which produce 'a particular kind of knowledge about a topic' (du Gay, 1996, p. 43), and make 'sense of the world for its inhabitants, giving it meanings that generate particular experiences and practices' (Phillips, Lawrence, & Hardy, 2004, p. 636). My research reveals that the strong militarised discourses initiated by Teleman have greatly expanded the original meaning of the term *Jian Ku Fen Dou*, and it is eventually transformed into something with more specific meanings, i.e. 'hardship endurance and self sacrifice'.

During this process, a distinctive social reality has been constructed within the company, where a good employee is equated with a 'corporate soldier', and taking on overseas assignments exemplifies a model corporate soldier. This chapter seeks to reveal how the 'invisible identity cage' is established in Teleman, and how the company seduces employees into 'calibrating their sense of self with a restricted catalogues of corporation-approved identities' (Alvesson, Ashcraft, & Thomas, 2008, p. 16), and turns them from ordinary employees to FD-Man, to Corporate Soldier, then to Model Corporate Soldier (i.e. expatriates). This chapter also discusses

employees' responses to such identity control, with the focus on four types of employees: willing participant, strategist, negotiator, and cynic.

7.2 Managing meaning through discourses

Discourses have powerful normalising effects (Meriläinen et al., 2004). In Maguire and Hardy's study (2009), discourses have changed three previously take-for-granted meanings of DDT, a top-selling insecticide (i.e. DDT was safe, effective, and necessary), and led to its final abandonment in the market.

In an organisational context, organisations mobilise meaning systems through managerial discourses in the interests of powerful groups (Thompson, 1990). Such groups, often including senior managers, have the power to manipulate the meanings, and develop a dominant definition and interpretation of a certain subject, event and situation (Alvesson, 2002). Previous research on 'paternalism' (Fleming, 2005), 'New Public Management' (Thomas & Davies, 2005), 'Enterprise Culture' (Ainsworth & Hardy, 2008) and 'participation' (Musson & Duberley, 2007) shows how meanings have been managed by power groups and then introduced to organisation members to construct preferred social realities.

In *Teleman*, the whole process of identity control starts with managing the meanings of the company's official corporate value, *Jian Ku Fen Dou*. As my research reveals, such meaning management and manipulation is accomplished by strong managerial discourses led by the company's founder.

In *Teleman*, the founder is a spiritual leader for Chinese employees. Coming from an army background, he probably perfectly understands the importance of propaganda. During the past three decades, he has produced a large number of speeches and articles, which are published on the company's in-house newspaper called *Teleman People*. Some of his articles are distributed to employees directly, and serve as learning materials on various occasions such as meetings and training. As I will show later, his works, which tend to be in a militarised style, have tremendous impact on an employee's work identity.

This section and the next section will focus on his writings, explore the lexical register in these texts (Fowler, 1991), and demonstrate the role of managerial discourses in manufacturing meaning and constructing a particular social reality and identity for Teleman employees.

7.2.1 JKFD as corporate values

Corporate values guide organisational members in their selection or evaluation of behaviour, and have tremendous influence on critical processes and characteristics in organisations (Bourne & Jenkins, 2013). They occupy a central place in many organisational phenomena such as identity (Ashforth & Mael, 1989), and culture (Schein, 1985), and shape an organisation's ethical stance (Finegan & Theriault, 1997) and employee commitment (Ostroff, Shin, & Kinicki, 2005). For this reason, it has become 'a hygiene factor' that organisations articulate and advertise their values (Jonsen et al., 2015).

In *Teleman's* corporate website and annual reports, six core values are listed: customers first, *Jian Ku Fen Dou*, continuous improvement, openness & initiative, integrity, and teamwork. *Jian Ku Fen Dou* is explained as the following:

We don't have any rare resources to rely on. Only *Jian Ku Fen Dou* can win respect and trust from clients. *Fen Dou* is reflected in any tiny activities of creating values for clients, and also in our efforts in improving ourselves when preparing to work. We stick to being *Fen- Dou-* man- oriented, and reward *Fen- Dou-* man reasonably.

If *Teleman's* other core values (i.e. customers first, continuous improvement, openness & initiative, integrity, and teamwork) may look nothing special and may be cherished and promoted by other companies, *Jian Ku Fen Dou* seems to be a very distinctive one for *Teleman*.

Jian Ku Fen Dou (艰苦奋斗 in Chinese characters, short for JKFD hereafter) is a term without proper English equivalence. *Jian Ku* literally means harshness and hardship, and *Fen Dou* literally means working hard and fighting to achieve

something. In *A Modern Chinese-English Dictionary*, it is translated into ‘plain living and hard work’.

JKFD has strong cultural and historical meaning, and is a term familiar to all Chinese people. It is generally believed that it first came from Chairman Mao’s 1936 work *The Strategic Issues of Chinese Revolution Battle*, Chapter 2, where he claims, ‘Without the JKFD of the Chinese communist party in the past 50 years, it would have been impossible to save the country from national subjugation.’ And right before the establishment of the new China in 1949, he says, ‘Chinese revolution is a great one, but the post-revolution road is longer, greater and harder. We must make it clear to the party so that our comrades must continue to be modest and humble, and must continue to keep the JKFD style.’

Since then, JKFD has become a critical part of the ideology of the Chinese communist party, and has been continuously emphasised to all community party members by every Chinese state leader. Because it is in the vocabulary list of the country’s propaganda efforts, it has been introduced to Chinese people through formal and informal education.

In spite of the Party’s strong propaganda, or perhaps because of it, to most Chinese people, JKFD is a term that is more like a slogan, with little relevance to their daily life in modern society. The term is also very vague in meaning, subject to different interpretations: it can be an attitude, emphasising not being afraid of difficulties; it can be a work ethic, focusing on hard working; it can also be a value orientation, rejecting materialism or consumerism.

Perhaps because of its ambiguous meanings and the fact that the term JKFD contains such ‘unpleasant’ elements as hard working, dealing with difficulties and anti-materialism, to my knowledge, no other organisation in China has explicitly embraced it as an official corporate value and promoted it as corporate culture as Teleman has.

7.2.2 Articulating the meaning of JKFD

Values articulation is commonplace in organisations (e.g. Kanter, 2008; Shapiro & Naughton, 2015), and it is accomplished through various ‘values management’ programmes (Paarlberg & Perry, 2007). In this complex process of ‘values work’ (Gehman, Trevino, & Garud, 2013), the critical role of senior managers in introducing values discourses has been widely discussed (e.g. Schein, 1985; Cheney, 1999). Through verbal or written statements and formal documents, senior managers’ ‘narratives serve to encapsulate and entrench the values that are key to an organisation’s culture’ (Meyer, 1995, p.210).

In Teleman, managerial discourses centred around the company’s corporate value JKFD have been systematically orchestrated by the founder since the mid-late 1990s till today. The objective is to redefine the term, and give it a definitive and unambiguous meaning. Here, the old label of JKFD is stretched to incorporate new meanings (Albert, 1992; Gioia et al., 2000), and the new meanings are legitimised through associating them with the old labels and at the same time, resonating with historical and current social and economic situations (Goodrick & Reay, 2010). My analysis reveals that managerial discourses in Teleman have expanded the meaning of JKFD substantially to include the following:

JKFD as source of historical success: In Teleman’s managerial discourses, JKFD is what makes Teleman today. In his speeches and writings, the founder frequently reviews the company’s history, and informs employees of first-generation employees’ extremely hard work and unlimited devotion. On various occasions, the founder emphasises the importance of JKFD to the company as a source of success. He notes that it is with the spirit of JKFD that the company has made today’s success; without people’s JKFD in the early days, the company would not have been able to survive. He, therefore, appeals to employees that everyone should ‘feel proud of JKFD’.

For example, in a 2006 article he spends lengthy passages on reviewing the early days of the company:

Numerous good sons and daughters of Teleman have devoted their youth and blood, which laid the foundation of the company today. In the early days of the company's establishment, we started with five or six people in the research and development team. Without any resources or good conditions, we upheld the spirit of JKFD ...and work round the clock on products planning, developing, and testing. We didn't have holidays or weekends, needless to say days and nights. When we felt tired, we had a nap on the mattress, then we woke up and continued. This was the origin of our 'mattress culture'. Today, we use mattress for nap after lunch only; however, FD and fighting, which is reflected by the 'mattress culture' and passed down by the older generation of Teleman people, is our valuable spiritual wealth we should uphold and pass down.

JKFD as the only way to continuous success and avoid crisis: Teleman has achieved tremendous success in its domestic market since 1996, and so in international markets in recent years. The founder seems to be particularly concerned with the fact that people might not continue to JKFD in view of success. Accordingly, in the managerial discourses, great efforts have been made to instill into employees' minds the idea that Teleman is facing great risks, and crisis will come at any time; if we don't continue to JKFD, we will lose in the competition, and the company will collapse. Here, JKFD is equated with the only way to maintain success and avoid a crisis. For example, the founder notes:

Behind prosperities are crises. However, prosperities do not necessarily lead to crises; it is about people's mindset when surrounded by prosperities. JKFD bring about prosperities, however, if we stop JKFD after prosperities, we will lose them... History is a mirror, which provides us with enlightenment. Forgetting JKFD is to abandon the culture of Teleman. (July 1996)

In particular, he relates the necessity of JKFD to the nature of the Telecoms industry. To the founder and, therefore, to the employees, the IT/electronic/ telecoms industry is highly competitive and fast developing; as a newcomer with a short history and limited resources, Teleman people need to walk extra miles to survive.

Different from the development law of a traditional industry, (the Telecoms industry) is marked with rapid technology upgrading and industry change...this makes competition in this industry more severe, and the elimination more cruel. Moving back is to die. In order to survive in this industry, only continuous innovation and JKFD work... we will be kicked out if we cannot make any progress any day... This is the harsh reality. (2006)

JKFD as a unique culture: Based on the available in-house publications, Teleman's managerial discourses on JKFD can be traced back to 1994, seven years after the establishment of the company, when the founder published an article entitled '*To all New Employees*'. In the second paragraph, he writes:

Teleman is a high-tech corporation, with high technologies as the starting point, and with a view of a big market, big system and big structure. To achieve its historical mission, it requires all employees to stick to the road of cooperation, and collective FD.

This article has great significance to *Teleman* employees in China, because it is distributed to all new employees, and in recent years, as reported by my informants, it is used as one of the training materials for new employees during their first week in the company. It is reported that the founder updates this article regularly, and distributes it to all employees. On May 10th, 2005, an updated version was published in the newspaper, which explicitly pointed to an FD culture.

Material resources will eventually die out, and only culture can live and grow in an endless succession. A high-tech corporation cannot be without culture, and only culture can support its continuous development. Teleman's culture is FD culture.

JKFD as a way to contribute to China's rejuvenation: As mentioned earlier, JKFD has strong cultural and historical meaning in China, and the term itself frequently appears in the Party's propaganda to call upon the public and the party members to take action against corruption, action for dedication to certain courses, action to fight against natural crisis, etc. Managerial discourses in Teleman draw heavily on such an invaluable cultural legacy, and most importantly, relate JKFD to the nationalism, thus importing more social meanings into the term. The central idea is that JKFD is a call by the Party, as well as by the company, to revitalize the Chinese nation. For instance, the founder writes:

Our great nation is now full of vigor. All people across the country are, under the direction of the central Party, working hard to construct our country... We should learn from the predecessors of proletarian revolution the spirit of solidarity and JKFD, catch up and surpass the world advanced level, and fully satisfy the ultimate needs of clients. We should use our corporate culture, which is built on the basis of national culture, to glue employees together,

collectively FD, and work hard for the prosperity of our great nation, for the revitalisation of the Chinese nation, and for the happiness of yourselves and your families. (1995)

In *Teleman's* managerial discourse, the company itself is part of the national rejuvenation cause, and JKFD is in the interests of the individuals, the company, and the nation. Thus, managerial discourses in *Teleman* have redefined the meaning of JKFD. Originally referred to as 'plain living and hard work', it has now been given specific and unambiguous meanings: JKFD as a unique culture of *Teleman*, as the source for historical and future success; and as the way to contribute to China's rejuvenation.

Such practice of 'normalising new meanings' is also discussed in Goodrick and Reay's (2000) study as a way of legitimising the new role identity for nurses. In their study, they find that discourses on nursing text books have redefined some terms. For example, whilst in 1950s 'caring' previously referred to a nurse's deciding what constituted the best care for patients, it later became more about a nurse giving patients a strong voice. Similarly, the label of 'professional' changed its meaning from 'a registered nurse who was formally educated' to someone who has an independent body of knowledge, an ethical code and a sense of accountability. The change in meaning provides a new template of role identity for nursing professionals.

In the case of *Teleman*, managerial discourses have given new meanings to the old label of JKFD, and the normalising effects of discourses legitimise these new meanings. This lays a solid foundation for further legitimising the identity of FD-Man, and imposing ways of seeing, being and doing to employees (Alvesson et al., 2008).

7.3 Creating invisible identity cage

The purpose of managing meaning is to manage the subjective world. By doing this, take-for-granted social conditions are manipulated and manufactured, leaving 'little room for any conscious awareness that social reality can be experienced and understood in radically different ways' (Alvesson, 2002, p. 119). Thus, organisations provide individuals with 'catalogues of corporation-approved identities' (Alvesson,

Ashcraft & Thomas, 2008, p.16), enjoining them to engage in particular forms of identity work (Alvesson & Willmott, 2002).

For example, in Costas and Karreman's (2013) study on management consultancy firms, managerial discourses on CSR offer a clear definition of and instructions on how to be 'good', and serve to construct for consultants an identity of a socially, ecologically and ethically responsible organisational citizen, rather than just a 'money-hungry' corporate worker.

7.3.1 The identity of 'FD-Man'

In Teleman, managerial discourses on JKFD have redefined the term and the meanings it has gained aim to create a single company-approved identity: 'FD -man', those who believe in the meaning and values of JKFD and readily walk them out.

Unlike many organisations in other studies, where company-preferred identities tend to be implied and introduced implicitly, in Teleman, the identity of 'FD- man' is explicitly promoted by the company and supported by relevant HR practices.

According to my informants and press reports in China, since 2010, Teleman employees in China are required to 'voluntarily' sign an agreement with the company, claiming that they apply to become an 'FD- man'; for those who don't take such action, they will automatically become 'ordinary employees'.

By applying to become an 'FD-Man', employees are willing to give up their annual paid holidays and overtime fee. As a return, FD-Man becomes the backbone of the company, and will be potentially provided with preferable treatments when it comes to performance evaluation, promotion, salary increase and stock share allotment. In contrast, 'ordinary employees' are entitled to those benefits such as paid holidays; however, expectedly, they will be in disadvantageous positions in terms of rewards.

As reported by my informants, most employees sign such an agreement based on the idea that the benefits of being an FD-Man and the disadvantage of being an ordinary

employee are obvious, and that ‘even if you don’t become an FD-Man, you need to work long hours and won’t be able to have any holiday’.

In various discourse sources such as in-house newspapers and corporate websites, Teleman claims that it is developing itself into a FD-Man oriented organisation. For example, in June 2008, the founder says, ‘*after 20 years of painful struggle, we have finally established a corporate culture of Customer-centred and FD-Man-oriented. It helps the company slowly walk out of a difficult situation.*’

In fact, ‘FD-Man-oriented’ has become such important vocabulary in *Teleman*’s managerial discourse that it appears in the book title of two volumes, *FD-Man Oriented: Principles of Human Resource Management in Teleman*, the first books published by the company in 2014 on the topic of the company’s human resource management, which are available to purchase.

Explicitly calling employees an ‘FD -man’ is what Alvesson and Willmott (2002) consider as one of the modes of identity regulation that can be done by organisations, that is, ‘defining the person directly’, which means ‘explicit reference is made to characteristics that have some validity across time and space and that distinguish a person from others’ (2002, p.629). In Teleman, ‘FD-Man’ is an approved identity which is different from the identity of ‘Ordinary Employees’.

7.3.2 From FD-Man to corporate soldier

As previous studies reveal, the purpose of identity control is to intrigue certain forms of subjectivity and provide directions for one’s feelings, values and behaviours (Alvesson, Ashcraft and Thomas, 2008).

In Teleman, two moral and behaviour codes are clearly spelled out: hardship endurance, and self-sacrifice. Seemingly too ‘inhuman’ to be promoted, Teleman manages to give these two codes legitimacy through militarising the discourses, thus further turning FD-Man into a soldier.

The militarised nature of Teleman's managerial discourses is distinctive. In *Teleman*, overseas markets are commonly called 'front line' (*Qian Xian*), supporting teams in China HQ are called 'bureaucracy' (*Ji Guan*) or 'rear base' (*Hou Fang*); therefore, expatriates are generally regarded as fighting on the front line, or 'fighting for lands and food', whereas people working in HQs are expected to provide service, or 'supply gunfire'.

Perhaps because the founder himself was an army officer in China before he set up the company, the communication style of managerial discourses led by the founder resembles that of Chairman Mao talking to the army soldiers, which tends to be in a popular and easy-to-understand language, although very inflammatory. Furthermore, military vocabularies and expressions are frequently used in the Founder's communications, and what happens in the army is also frequently cited as examples to illustrate his points.

For instance, when talking about the company's internationalisation, the founder says it is not only about building factories or selling products abroad, but also about 'nurturing 50 to 60 "generals" who can command battles' (1995). In commenting on the business activities in China, he claims that establishing regional client service offices is like building 'bunkers', while establishing joint-ventures with other companies is like building 'trenches'; 'as long as we can keep every bunker and dig through every trench, then we will have more profits' (2001).

Such a militarised approach taken by the company in managerial discourses has proved a novel and effective one. It constructs militarised social conditions where employees are imposed with a military way of seeing, being and doing. Unconsciously, employees are transformed from an FD-Man, which has a relatively vague meaning, to a corporate soldier, who is given clear orders in terms of how to behave: endure hardship and make sacrifice!

In a meeting between senior managers and employees on January 28th, 2000, one employee asked: 'How does Teleman create soil for employees' development? If it is desert or rock, even if I am a good seed, I won't be able to grow'. The founder answers:

If it is desert, it relies on you to turn it into soil. You should be brave enough to make your body into fertilizer, so that the desert can be turned into soil. You should have such spirit of sacrifice and spirit of devotion. If no one devotes, but just hoping the desert changes into soil where I can grow up quickly, and others sacrifice for me, then there will never be hope for you. Therefore, when we talk about spirit of sacrifice, it means to turn your body into fertilizer and transform the desert.

Most importantly, the ability and willingness to endure hardship and sacrifice has become the precondition for a good career within the company. The company makes it clear that willingness to sacrifice is a core quality of a cadre. According to a 2001 article written by the founder, there are four criteria to judge a good cadre: first, professional dedication; second, the spirit of sacrifice; third, a sense of responsibility; and fourth, a sense of mission. Accordingly, whether a person is willing to endure hardship and sacrifice for the company is regarded as the No.1 criterion to identify, select, and promote a cadre.

It is impossible for our value assessment system to work in an absolutely fair way...I think a spirit of sacrifice is an important element to evaluate our cadres...A cadre must have the spirit of sacrifice. (2001)

When we promote cadres, we cannot talk about skills first. The first thing should be morality. Morality is professional dedication, a spirit of sacrifice, and a sense of responsibility. (2013)

What deserves special attention here is the distinction made by the company between 'cadres' and 'ordinary employees'. On various occasions, the company claims that hardship endurance and a spirit of sacrifice are the requirements for cadres ONLY; for ordinary employees, they are not expected to follow this behaviour code.

'We require cadres to focus on the job, but this should be distinguished from ordinary employees, who are expected to combine work and leisure together and have a regular work schedule. Our strict requirement to cadres should not be applied to employees, and the relaxation enjoyed by employees should not be applied to cadres.' (2004)

Seemingly, Teleman does not require and expect hardship endurance and self sacrifice from its 'ordinary' employees; however, reading between the lines reveals otherwise. Here, the spirit of sacrifice is directly linked with the possibility of career

development. Not willing to endure hardship and sacrifice is equal to giving up the opportunity to move up the career ladder and become a cadre. Therefore, career prospects in Teleman is in fact a choice between identities. If one wants to advance, then an identity of soldier is proposed, i.e. willing to sacrifice for the company. Such a practice is what authors such as Costas and Karreman (2013), Alvesson and Karreman (2007), and Thornborrow and Brown (2009) term ‘aspirational control’, an exercise of identity regulation, which involves ‘the engineered opportunity to realise objectives and rewards’, and particularly ‘linking a specific identity to a particular career/employment prospect and organisation’ (Costas & Karreman, 2013, p.398).

7.3.3 Expatriates as model corporate soldiers

As discussed in previous chapters and throughout this thesis, expatriates play a critical role in Teleman’s internationalisation strategy. In the late 1990s and early 2000s, large numbers of expatriates were sent to work in Russia, Latin America, Africa, and later to South East Asia, the Middle East, and Europe. During this period, the priority of the company was to open up overseas markets, and therefore, in the company’s managerial discourse, becoming an expatriate is to ‘share the company’s fate’ and ‘save the company’s future’; in other words, whether a person is willing to endure hardship and sacrifice family life and be sent abroad to pioneer the overseas market is considered a No.1 criterion to measure his/her morality. Therefore, a good employee is an FD-Man, and a soldier; and a particular way to become a soldier is to become an expatriate, fighting in foreign lands.

In Teleman’s managerial discourses, expatriation is like soldiers marching to the front line to join the battle. Therefore, it is natural that any employee, who has the identity of a corporate soldier, should go abroad, join the front line, and fight for the company.

On December 27th, 2000, an event entitled *Farewell Meeting for Soldiers' Overseas Expedition* was held in Teleman, where 400 people were present, including company leaders and those employees who were soon to go abroad. Borrowed from the Battle Hymn of the Chinese People's Volunteers in the Korean War in the 1950s, when the Chinese army fought against the USA, the founder starts his speech with the following paragraph:

Valiantly, spiritedly, marching across the Pacific, and, of course, the Atlantic Ocean and Indian Ocean. If you are heroic sons and daughters, you should step forward bravely and go to the place where the market most needs you, even if the environment there is tough, the work is very difficult, the life is lonely, and you are far away from your families. For the country's prosperity, for the nation's rejuvenation, for Teleman's development and your happiness, let's work hard and fight. If we FD, there will be sacrifices, sacrifices of youth, sacrifices of family and love. If we don't FD, we have nothing. Bitterness always comes first before the sweetness.

The founder continues his speech:

... we need to shed our tears and sweat in the five continents and in Europe, America, Asia, Africa, and Latin America. This time, you go, it might be tens of thousands of miles away, and it might be 10 years or eight years. You might be returning home with red flowers in front of you. However, no matter whether you are wearing red flowers or not, we will forever miss you, care about you, and trust you. Even if you lose the battle, we will still receive you with wine, we will preen your feathers for you, and we will dry your sweat and tears for you. To save the company, you have devoted your youth and time with no shame and no regret, and your youth will be commemorated.

After sending 'troops' of expatriates abroad, Teleman then repeatedly voices its requirements about how expatriates should behave when abroad. Expectedly, hardship endurance and self sacrifice are the behaviour codes. In this regard, one strategy is to tell people what a true soldier would do in a tough environment. For instance, when meeting expatriate representatives working in Africa in 2006, the founder says:

Army training is very harsh. It needs to be difficult, be strict and be real to train troops. Have you seen Marine Corps training? On Hainan Island beach, under the scorching sun, they sit cross-legged, for hours. Their shoulders, the first layer of skin dries off, then the second layer, the third layer, and the fourth layer... until revealing bloodshot. They are dropped on a desert island, given nothing to make a fire or to eat, then come back a week later. You need to think of your own way to survive, catching snakes, fish, or insects to eat. This is what we called difficult, strict and real, getting ready for war at anytime.

In a similar fashion, stories about soldiers and the army are frequently referred to in Teleman's managerial discourses. Thus, by engaging employees in a highly militarised organisational discourse, the company enables them to complete the 'reflexive process of self-identity' (Alvesson & Willmott, 2002, p.622), from an

ordinary employee exposed to the JKFD discourses, to an FD-Man who accepts the new meanings of JKFD and internalises them, then to a Corporate Soldier who is ready to endure hardship and make sacrifice, and finally to a Model Corporate Soldier, i.e. an expatriate.

Alvesson (2001) refers to this type of identity control as ‘subjectification’, where individuals are tied to a particular model of self-knowledge, and forge themselves as particular kinds of subject. Then the subjects ‘mould themselves around a specific self-definition’ (ibid, p.880). In this sense, discourses and non-discourse practices in Telemark work like a mechanism of ‘cultural matching’, where employees are given the chance to decide whether they match the requirement of the job and the company, and are ‘encouraged to define themselves as the kind of people who would have chosen this kind of work’ (ibid, p.881). Then such a definition produces standards that employees are expected to respect and follow.

7.4 Trapped in the identity cage: confirming and resisting

The variety and complexity of people’s responses to a particular discourse and thus to identity control are discussed in many studies (e.g. Down & Reveley, 2009; Fleming, 2005; Mallett & Wapshott, 2015; Meriläinen et al., 2004; Thomas & Davies, 2005). In general, these studies emphasise the agency of actors, and show how they exert agency to make sense of and negotiate with the dominant discourses for their identity claim. For example, Fleming’s (2005) study shows that employees resist the managerial discourses of paternalism, which cast them as ‘irrational children’, whilst in Musson and Duberley’s (2007) study, supervisors who are subject to a managerial discourse of participation are able to exercise agency by appropriating certain discourses and rejecting others.

Most of these studies reveal a common theme in identity control, that is, resistance. It is generally agreed that resistance in identity control is different from resistance activities in industrial conflict (e.g. strikes, sabotage, picketing), and takes more subjective forms such as cynicism, lampooning, humour and satire (e.g. Fleming, 2005; Fleming & Spicer, 2003; Fleming & Sewell, 2002). In these studies, people’s agency and resistance are particularly stimulated by the contradicting, competing

discourses, which ‘are never completely cohesive’ (Musson & Duberley, 2007, p.161) and by the ‘contradictions, weaknesses and gaps between alternative subject positions’ (Thomas & Davies, 2005, p.687).

However, my research on Teleman reveals a different picture. It seems that confirmation and celebration, rather than resistance, are a key theme of employees’ response to the company’s identity control, because the strong militarised discourses on JKFD within Teleman have achieved ‘a state of closure over the dominant meaning’ (Musson & Duberley, 2007, p.145), and are constraining in their effects on identity work (Alvesson & Karreman, 2000). As indicated by early discussions, a distinctive social reality is constructed with Teleman by the following simple logic:

Because-

JKFD=unique culture +sources of success +China rejuvenation

So-

A good employee= FD-Man = a soldier = hardship endurance + self sacrifice = expatriates

Compared to other studies, identity control in Teleman appears to have received little resistance from Teleman employees, and ‘what is real, unreal, good, bad, sensible, problematic’ (Alvesson, 2002, p.119), which are defined by the company, seems to be taken for granted. Accordingly, the identity of the corporate soldier is largely welcomed by employees.

In this section, I discuss four types of employees based on their response to the company’s identity control, i.e. the willing participant, the strategist, the negotiator, and the cynic. As I show later, even the cynical employees, who seem to be most cynical about the company’s management approach, are walking examples of a true corporate soldier.

7.4.1 The willing participants

One of the most distinctive features of Teleman people's response to identity control is their high level of confirmation to, and most importantly, their active participation in the company's control programme.

Anyone who goes through Teleman's in-house newspaper will be amazed by the large number of articles contributed by employees, and even by employees' family members. Given the company's emphasis on overseas markets since the late 1990s and early 2000s, and its rapid development particularly in recent years, and thus great demand for expatriates, it is not surprising to see that the majority of these articles are about their fighting overseas.

Such a phenomenon of controlled members' active participation in the controlling programme is discussed in several studies. For example, Grugulis, Dundon and Wilkenson's (2000) research on a consultancy reveals that employees become 'willing participants' in the culture management process when 'the reality matches the rhetoric' (2000, p.99). In Mills, Boylstein and Lorean's (2001) study, the company's consumers actively participate in telling organisational stories based on several manipulated themes to seek sense of community and belongingness, thus contributing to the building of the company's organisation culture.

In Teleman's case, employee participation in the managerial discourses, first of all, represents an outcome of a specific identity control mechanism used by the company. According to my informants, the company had established an effective system to mobilise employee involvement in the discourse activity. First, each department/team has designated a person responsible for regularly writing articles about the team/ team members' activities and achievements. Second, authors are paid RMB 500-700 (about £ 50-70) per 1000 words, and RMB 150-200 (about £15-20) per poem. Third, publishing articles on the newspaper is calculated as part of the 'key events', which will be taken into consideration when it comes to performance review. Finally, an editorial team consisting of about eight editors actively approaches model employees and invites them to share their stories. Therefore, the contents of employees' storytelling have been censored and edited by the company.

However, I argue that an employee's willing participation, more importantly, indicates a process of their identity work, which is based on a template provided by the company, and serves as a clear reflection of their strong confirmation to the corporate-approved identity.

7.4.1.1 'We are soldiers!'

The most direct reflection of Teleman employees' conformance to the given identity is that they commonly refer to themselves or their peers as 'soldiers'. Plenty of articles published in the in-house newspaper tell stories about how the authors or their colleagues have developed from 'little soldier' to 'old soldier', and eventually to 'squad leader'. For example, in an article entitled '*An Heavy Medal for Hero*', one employee, having been awarded a medal by the company for his hard work at a major earthquake rescue and relief project, tells a story about how he perseveringly fights against various difficulties during the project. He concludes his article with the following remarks:

Within 8 years, I grew up to be an old soldier from a little soldier. I used to fight the battle alone, and now I lead a team of brothers to fight together. I thank the company for not forgetting us, a group of old soldiers. I will try my best to lead this group of new soldiers, born after 1985 and born in the 1990s. I will train well these soldiers, win the wars, and get ready for the company's review and inspection. (2015)

Rapid development from a little soldier to old, seasoned soldier is particularly common in current or former expatriates' story telling about how they live up to the expectation of the company, that is, upholding the spirit of JKFD in an extremely tough environment such as the Middle East and Africa.

For instance, in a speech entitled '*I am a Happy Little Soldier*' in an awarding ceremony, published later in the internal newspaper, one expatriate shared his incredible work experience in Russia, Yemen, and Sudan. He vividly recalled how tough the working environment was: eating local foods with clients in a place where hundreds of flies were flying around; sleeping in the cellar because of the extremely

high temperatures; and at night he buried himself under the sand to keep warm because of the sudden drop in temperature in the desert.

An amazing phenomenon in this regard is the involvement of male expatriates' spouses, who call themselves 'army wives'. Due to the company's established system to motivate article contributions from grassroots, some employees' family members also publish articles in the newspaper. These articles have a common theme, i.e. the family support to employees' hard work. Typically, it is the wife that shares her stories about giving up her job in China and accompanying the husband to a foreign country, thus becoming an 'army wife', or 'army-accompanying family members'.

For example, in an article entitled 'The Happy Life of Army-Accompanying Family Members', one woman claims that she 'finally understands the meaning of an Teleman Army Wife', and feels happy that her involvement in activities such as building the recreation room, organising festival celebrations, and holding sport competitions have made her own life and other people's lives 'happy, colorful and meaningful' (January, 2009).

As these stories indicate, Teleman employees seem to welcome the identity of corporate soldiers. In addition, their family members feel proud to be part of the Teleman corporate army.

7.4.1.2 Living out the soldier identity

In addition to directly referring to themselves as 'soldiers', Teleman employees celebrate the identity of corporate soldiers through living out the specified moral and behavioral codes. This is done through their storytelling.

As described in Chapter 4, expatriates of Teleman are seen working in extremely difficult natural environments such as deserts, plateaus, rain forests, oceans, earthquakes, and flood areas, as well as dangerous social environments plagued by wars, riots, and virus outbreaks. Therefore, a large number of stories are told by employees themselves, particularly expatriates, about how they survive those harsh environments and get things done; and more importantly, how they enjoy them. These

stories are closely centered around the corporate-subscribed theme, i.e. JKFD, or to be more specific, hardship endurance and self-sacrifice.

Their storytelling, on the one hand, reflects the process of identity work, which is ‘a combination of writing one’s own story, being written by others and of seeking to write oneself into the stories of others’, and ‘a process of absorbing and personalising a general narrative’ (Beech, 2008, p. 54). On the other hand, it indicates employees’ active participation in and contribution to the company’s identity control programme, since storytelling is an interactive accomplishment, and ‘the storyteller and the listener are co-producers of the socially constructed organisational reality’ (Mills, Boylstein, & Lorean, 2001, p.137).

Holding firm on the battle field: As one can expect, a true soldier fights and holds his battlefield position until the last minute. To corporate soldiers in Telem, this means continuing working for the company and the clients in front of risks and difficulties. This can be best illustrated by Telem employees’ choosing to ‘stay’ even if their working environment suddenly become dangerous, threatened by wars, natural disasters, or virus outbreaks. For example, when a 9-magnitude major earthquake and Tsunami hit Japan in March 2011, several Telem expatriates continued their testing work for a major client. According to the author, they had three opportunities to quit the job and go back to China; however, none of them did so (September 2011).

Telem people’s determination to hold fast their positions and their spirit of sacrifice can be best illustrated by the following application letter submitted by an employee in April 2011 when civil war broke out in Cote Wadi, West Africa.

From the news and colleagues in Cote Wadi, I know the serious situation there. I feel very worried about the safety of colleagues staying there. At this critical moment, I applied to return to Cote and help everybody stay away from danger. I am also willing to stay till the end of the civil war to ensure the safety of the client’s network.

I worked in Cote for 4 years and I am familiar with each region and the environment of Abidjan; therefore I leveraged on some resources to protect safety as much as possible. I worked in Nigeria in 2006 and experienced the riots in south Onisha, where over 200 people died during the conflict between

Christians and Muslims. I also worked in the southern city of Port Harcourt for over 9 months. I can remain objective and calm when facing such conditions, and make the right judgment. I hope everybody can consider comprehensively and give me this chance to contribute my part.

Keep fighting until you succeed: stories under this theme are concerned with Telemans soldiers' perseverance in getting business from clients and conquering technical challenges to meet clients' demand. While the 'harsh' side of the natural and social environment was emphasised in the previous 'holding firm the battle field' theme, this theme focuses on the 'harsh' side of the position, which is often associated with projects in developed markets like Europe, particularly Western Europe, where a highly mature market exists with well established industry standard and seasoned industry players. Through telling stories about their fighting until they succeed, Telemans employees portray themselves as true soldiers who strive to make technical and business breakthroughs and win the severe war in Europe.

For example, in Belgium, the Telemans team was issued a formal complaint letter by the client's Chief Technical Officer for failure in testing. In order to conquer a technical issue, the author worked continuously for 18 hours (August 2011). In the UK, the Telemans team failed an important demonstration in front of an important client; in order to save the project, the project team worked nights and weekends (September 2012).

Taking pain as pleasure: Working in a 'harsh' environment and 'harsh' positions needless to say is a great pain. However, to a corporate soldier, another required moral and behavioral code is to take the pain as pleasure, and enjoy it.

To Telemans employees, such pleasure can come from the **monetary returns**. Different to many organisations where money tends to be taboo, Telemans explicitly points out the attractive monetary returns of working with the company. Employees joined this conversation through telling stories about how working at Telemans has changed their lives, and their families' lives. In these stories, the identity of the corporate soldier is highly welcomed, because it helps their families escape from poverty, and brings them happiness.

For example, one expatriate recalls that he is from a ‘poor but warm’ family. When he was in middle school, his only food was rice and salted vegetables; and he needed to walk 15 miles over a mountain to carry some firewood to the school in exchange for student benefits. After joining Teleman, which offers a ‘high salary and good working and learning environment’, the life of his parents has been improved greatly, and he himself becomes a living good example for the students in the local village.

Pleasure can also originate from **personal and career development** resulting from expatriation. Teleman employees excitedly shared their personal stories and demonstrated how much they have learnt overseas, and how much they benefited from such learning. One expatriate claimed that he joined the company in 2008 and was sent to Nigeria in the same year. Within 5 years, he transformed himself from a fresh graduate into a project manager leading a team and delivering projects with a total value of over USD 200 million.

To summarise, my content analysis of the in-house newspaper shows that many Teleman employees largely welcome the ‘corporate soldier’ identity given by the company, particularly the expatriates. This is consistent with my participant observation in Teleman’s UK office. During my three-month stay, I was greatly impressed by expatriates I met in the office. One expatriate I had frequent contact with is Andy, a technical expert.

When I met Andy in 2014, he was a father of a two-year old boy, and his wife was pregnant with a new baby. He was sent to the UK to set up and lead the new R&D team in the UK. To complete this task, he was expected to stay here for about 2 years. Andy worked very hard and heavily involved himself in every aspect of new employee recruitment for the R&D centre. For example, on one occasion, he and I left the office at about 7am and drove 2 hours to attend a job fair in Bristol, which started at 9. When we finished work at 4pm, he drove back to the company again to continue his work. And later in the evening, he drove about 30 minutes to Heathrow Airport, where he met another expatriate and together they interviewed a high-profile candidate who had a tight schedule. Andy’s hard work greatly impressed a local Chinese employee, who says:

He is very strict to himself, and has high standards for others too. From all aspects, he is a typical Telemann person. They are so capable of eating bitterness... I sometimes really feel sorry for him, staying away from his family and living here alone. You know, he doesn't speak good English, but he needs to work together with local people. It's really not easy.

My interviews with expatriates based in other offices in Europe led to similar findings. Telemann expatriates tend to display high internalisation of the company's JKFD values, and strong identification with the company. They see great values in JKFD and attribute the company's great success and their career development to sticking to such values. This indicates that Telemann employees closely conform to the company's moral and behavior codes, i.e. hardship endurance and self-sacrifice. Whether they claim to be 'soldiers' or not, they lived up to the standards and expectations spelled out by such identity.

Telemann people's passionate celebration of being corporate soldiers reflects that their identity is an aspirational one, in which people are 'earnestly desirous of being a particular kind of person' and 'self-consciously and consistently pursuing this objective' (Thornborrow & Brown, 2009, p. 370). Aspirational identity is an outcome of the 'normalisation' process, which leveraged on people's needs for public and self-esteem, and needs to be 'successful'. In Thornborrow & Brown's study, paratroopers' preferred conceptions of their selves as someone with professionalism, elitism, and machismo-ism is manufactured by the British Parachute Regiment discursive practices, i.e. rites of restricted entry to the Regiment, storytelling, and the maintenance of an informal culture of suspicion and surveillance. However, these paratroopers 'characterised themselves as "smart believers" who had not been "duped" but "reasonably convinced"' and they 'claimed responsibility for their internal standards of self, potentialities and principles by which they structured their working lives' (ibid, p.372).

My research found that Telemann employees' response to corporate soldier identity resembles these paratroopers. The corporation-prescribed identity is something welcomed and appreciated by these employees, and they feel proud to become one of them. This is reflected in their aspirational identity narrative, in which they cast

themselves as a hero who conquers a series of obstacles and challenges to succeed (Frye, 1957).

7.4.2 The strategist, the negotiator, and the cynic

Different from those enthusiastic conformists who passionately participate in the identity control programme through storytelling, other employees take 'resistance' approaches. By using the word 'resisting', I do not mean that they actively resist or subvert the managerial discourses. In fact, these people are also conformists to the corporate soldier identity and closely follow the corporate-prescribed moral and behavioral codes. However, I consider their response as resistance based on Edwards et al.'s argument (1995) that resistance allows employees to voice dissatisfaction and discontent, and enables them to create 'space' to exercise autonomy to better accommodate control.

7.4.2.1 The strategists

Strategists accept the social reality constructed by the company, and welcome the identity given by the company. They recognise the JKFD values, and highly identify themselves with the company. They fully follow the company's logic, and recognise that an expatriate is a model corporate soldier, who is expected to endure hardship and make sacrifices. However, as their age increases, and they have more family obligations, they start to take on a more strategic approach in an attempt to have a better balance between personal and company interests.

One good example to illustrate this point is about how strategist employees respond to the company's expectation of 'long-term devotion to overseas markets'. As mentioned earlier, since the last decade and particularly in recent years, Teleman has aggressively and successfully expanded its overseas markets, and as a result, expatriates are in great demand. For this reason, as illustrated in early discussions, Teleman has initiated strong managerial discourses to internally promote overseas expatriation, and to mobilise employees to become expatriates. Understandably, from the company's perspective, it is in the company's best interest if employees can stay overseas as long as possible. Therefore, while Teleman has made great efforts in

encouraging employees to go out (i.e. expatriation), it does not pay much attention to sending people back (i.e. repatriation).

From the employees' perspective, however, going back to China to re-join the family is something they have to consider after they have spent a couple of years fighting in foreign lands. However, how to go back becomes a tough challenge, given that the company intentionally discourages people to do so. As one expatriate puts it:

The company normally won't send you back. You need to fight for it...From the company's perspective, four to five years of overseas work experience has just developed a talent, and it is the right time for him to continue to be further refined abroad and to contribute.

According to my informants, going back to China is not easy, because expatriates need to secure their next position in China by themselves, i.e. find a team with a vacancy which is willing to take him/her on board. To make this happen, lots of personal connections and tactics are involved.

An expatriate called Yong, who managed to return to China after 5 years working overseas, spent about one year making things happen through a 'jumping board' strategy. When he decided to go back to China, he was working in the Quality & Operations team in France. Realising that the Quality & Operations team in China was unlikely to have any vacancy coming up in the near future, he decided to change his role first and joined the Resource Management team, which, according to his connections in China, might need people like him. Then a couple of months after he joined the team, the China team leader happened to make a trip to France where they met and reached a deal. Six months later, Yong happily returned home. 'You need to know people. If you don't know people, how can you do that. Some people stay in Africa for 5 years or 6 years, and still cannot make it,' he says.

As we can see from the above stories, these strategist employees do not challenge the social reality constructed by the company, but have taken a more strategic approach to respond to the social reality, and think of ways to better adapt to it. This approach bears some similarity to the resistance in the form of 'silence' discussed by Musson

and Duberley (2007), where managers adopt a ‘keep your head down’ strategy and work around the managerial discourse on participation in their own ways.

7.4.2.2 The negotiators

Negotiators share a lot in common with strategists. Both of them fully buy into the simple corporate logic, internalise the JKFD corporate values, and use them as guidance for their behaviours. Different from strategists who balance self interest and company interest strategically and quietly, negotiators choose to voice their thoughts.

However, such speaking out, I argue, should not be taken as questioning or challenging to the ‘dominant ideologies’, which represent interests of powerful leaders (Alvesson, 2002). Rather, it represents a new form of confirmation, because negotiators choose to share their thoughts with colleagues and the management team when they have been mistaken for not being true soldiers. Therefore, the purpose of negotiators’ voicing is not to challenge, but to get an understanding and recognition from the company. This point can be best illustrated by an incident involving an employee called Michael.

In 2014, Michael, a former expatriate, was about to be sent to a country in Africa again, but he refused to go. Such a reaction is obviously very rare in the company, and it became a case study in a management team meeting. One senior HR manager wrote a long article, entitled ‘*Why a Locomotive Engine Filled with Gas Stops Running*’, and shared his thoughts on it.

In the article, the HR manager claimed: first, regarding the company’s core values, Michael ‘has some problems in recognising these core values, and he does not really accept our culture of being customer-centred, FD-Man-oriented, and JKFD for a long period of time’. Second, when we are selecting cadres, we should evaluate multi-dimensions, with ‘performance and capabilities as the foundation, and morality as the bottom line’. Third, the continuous good rating on performance results in a big ego, and we should ask whether the years of good rating on performance is fair and scientific.

Interestingly, also with a long article, Michael stood up and strongly argued against the HR manager. Citing his good performance for the past 6 years, he said he was shocked to see himself as a negative example being condemned by the company. Michael then explained what happened in his family: his new-born baby got sick, his wife emotionally broke down, and his mother also needed to see a doctor for her eyes. Because of these reasons, he submitted his application to not be an expat 'at the moment'. He showed the application letter as below:

Dear Leader x,

After communication in the morning, I gave lots of thoughts on it again and I also talked with my family via telephone at noon. Due to the current situation in my family, after communication with my family, I need to stay in Shenzhen to look after my family and cannot go abroad to work.

I understand that my action will result in comparatively big trouble for the department's work, and I will accept the penalty from the department, and I am willing to work hard in the new role to compensate for the inconvenience caused by me. After the family issues are solved, I can accept expatriation again.

Regarding my penalty, I have no objection to downgrading, a salary decrease, and a stock option adjustment. However, for the penalty of 2-year lock-up and the removal of FD-Man title, I earnestly request the team to re-consider whether these two items can be abolished.

Thank you,

Michael

As indicated by the above story, clearly Michael was not a divergent. Instead, he was greatly offended when the HR manager portrayed him as someone who did not take the JKFD values seriously. He cherished his 'FD-Man' title, and believed that his refusal of expatriation was bad, causing negative consequences to the company. Thus, he was willing to accept the penalty, and eager to demonstrate his loyalty and commitment through expressing his willingness to accept an overseas assignment when his family situation got better. Therefore, negotiators' speaking out is to refuse being denied a corporate soldier rank, and to seek recognition from the company.

7.4.2.3 The cynics

Cynical employees are those that have somewhat different worldviews from most employees. They seem to disagree with the company's JKFD value, and do not follow the company's logic that a good employee is a soldier, sacrificing self interest for the interests of the company. During the interview, they try to emphasise individualism and show that they are able to stay away from the company's 'brain washing'.

However, my analysis reveals that having a cynical view about the company's policies and practices does not mean that they have become rebels. In fact, they are not different from strategists and negotiators. They obey the company's decision on overseas destinations, they work long hours, and they keep fighting until the last minute to deliver projects to clients and to help the company succeed. Cynics unconsciously submit themselves to the corporate soldier identity approved by the company, and work in the right way as expected by the company. In fact, they themselves are the walking example of a true corporate soldier.

One good example is an expatriate called Daniel, who seems to be most cynical about the company's culture and its 'brain-washing' practice. For instance, referring to negotiator Michael's story discussed above, he expressed strong disagreement with the company. He says:

'In this regard, I think our company is very wrong. First of all, an employee is a person. Before he becomes your employees, he is already a son, or a husband, or a father. This is in the first place. However, our company always puts the identity of employee in the first place. I think this is a fundamental mistake. But our company doesn't want to change it. I don't see our company will change this direction in near future.'

Daniel also questions the company's prominent long-hours working culture and the strongly promoted spirit of sacrifice, because he believes that a great company's value 'depends on innovation', not 'the low cost generated by over time working'.

However, when criticising the company's 'disappointing management philosophy', Daniel reported that he worked extremely hard. Since joining the company in 2008 right after graduating from a top university in Shanghai, he has been sent to work in

over 20 countries, including Norway, Croatia, Bulgaria, Moldova, Iceland, Austria and Poland. According to him, the longest hours he once worked were 72 hours non-stop for a project. When first interviewed in 2014, he commented on his hard work in a cynical but proud tone, 'Look at me, I am only 27, and I have so many problems with my health (because of the work)... The pressure is big, too big. You cannot really bear it,' he said. However, the truth is that as a true corporate soldier, he is not only able to bear it, but also to do it very well. Most likely because of his capability and willingness to endure hardship and sacrifice, in early 2015, he was promoted as the Technical Director in an Eastern European country.

Daniel's story makes him very similar to those cynical employees in Kunda's (1992) study, who call the company's culture 'California bathtub crap', but continue to deliver flawless performance continuously. Here I concur with Fleming & Spicer (2003) that cynicism is not 'a way of blocking the colonisation of a pre-given self'; instead, it is a process through which 'employees dis-identify with cultural prescriptions, yet often still perform them'. Cynics like Daniel may have the impression that 'they are autonomous', but still they 'practice the corporate rituals nonetheless' (2003, p.157).

In summary, my research reveals that resistance to identity control in Teleman is weak. Neither strategists nor negotiators really question the existing social conditions constructed by the company. Their response to the control is not to deny or challenge it, but to better live within it. Therefore, their 'resistance' can not even be considered as resistance, but more like a modified form of confirmation. For cynics, the company's mentality on JKFD is wrong, and they disagree with the company's logic. However, in reality, they work exactly as the company expects, thus making them no different from other employees, who truly celebrate the identity of corporate soldiers.

7.5 Absence of control in the UK and Europe

In MNCs studies, the issue of identity control is seldom discussed explicitly, but sometimes mentioned as in the discussion of informal control or cultural control exercised by MNCs HQs to overseas subsidiaries (e.g. Harzing, 1999; Martinez & Jarillo, 1989). An underlying premise is that a strong culture unifies dispersed

organisation through aligning employees' behaviours and commitment to a common purpose and shared values (Welch & Welch, 2006), and a unified corporate culture within MNCs facilitates the transfer of information, knowledge, resources, and people (Sorensen, 2002). Therefore, it has been reported that MNCs seek to transfer corporate culture developed at HQs to their overseas subsidiaries in the hope that a particular culture and espoused values can be accepted and internalised by local employees. One effective way is to send out expatriates (Chang & Taylor, 1999; Groot & Merchant, 2000; Rosenzweig & Singh, 1991), because it is believed that expatriates have a good understanding and buy into the HQ's procedures, values and goals (Doz & Prahalad, 1986; Kobrin, 1988).

However, one important finding of my study is that Teleman's identity control is only targeting its Chinese employees who join the company in China, and locally hired employees, including local European employees and local Chinese employees, are exempted from it. In other words, while the company expects these Chinese employees to JKFD and become a soldier, it does not have such requirement or expectation for locally hired employees.

7.5.1 The company's hands-off approach

As discussed earlier, JKFD is vocabulary that is politically and culturally embedded in a distinctive Chinese social context. While the four Chinese characters 艰苦奋斗 are easily understood by Chinese people, it is difficult to put it into proper English; needless to say, to be promoted in an understandable way. On Teleman's English version corporate website, JKFD is translated as 'dedication'. It explains this core value as the following:

We win customers' respect and trust primarily through dedication. This includes every effort we make to create value for customers and to improve our capabilities. We value employees' contributions and reward them accordingly.

Here we can see that JKFD has very different meanings from the Chinese version of JKFD. The sacrifice aspect of the core values is downplayed, and the FD-Man identity prepared and proposed for employees disappears. The replacement of JKFD

with ‘dedication’ indicates the company’s weak intention to ask for the same things from local employees as expatriates.

In practice, it is also observed that limited efforts have been made by the company to introduce the JKFD value to its European offices and promote it. One example is concerned with new hires.

In China, all new employees are required to attend intensive training courses in corporate culture; particularly for university fresh graduates, all of them are stationed in the company’s university for three months, where life and training are managed in a military way. For example, they live in a shared dormitory, need to get up at 6 am to attend morning exercises, and go to bed sharp at 10pm. Each new employee will receive the company founder’s important articles, including the critical one *To All New Employees*, which will be discussed in the classroom. However, in Europe, such orientation activities do not exist, and the *To All New Employees* piece is not distributed to new hires. In the UK, the only orientation programme for employees is a 2-hour lecture-style training course in a meeting room, where the British HR manager will briefly introduce the company’s history and products, HR general policy, etc. Information about the corporate culture such as JKFD is completely ruled out.

Another illustration is concerned with the in-house publication. In 2009, a new in-house magazine was published in English, which is 40 pages and carrying about 20 pieces of articles and reports. It reports the company’s new products, shares employees’ stories, and covers employees’ activities around the world. The magazine is produced by an editorial team in China and is distributed globally within the company’s overseas network. It might be expected that this English magazine could be an important channel for promoting the company’s JKFD corporate culture, just like the Chinese in-house newspaper.

However, a detailed examination reveals that between January 2009- June 2015, a total of 53 issues of in-house magazine were published; with over 1000 articles and reports, but only 16 of them containing such key words as ‘JKFD’, ‘FD’ or ‘FDZ’, including several pieces where ‘FD’ is just very briefly mentioned without any further explanation. This is in sharp contrast to the strong managerial discourse in China,

represented by numerous articles and stories written by senior managers and employees on the theme of JKFD. As my informants report, none of those passionate speeches by the founders is translated into local languages in Europe, or published.

Furthermore, the expatriate's role as a socialising agent or culture/value promoter, which is frequently discussed in the literature of (tacit) knowledge transfer (e.g. Chang, Gong, & Peng, 2012; Harzing, Pudelko, & Reiche, 2015) is not observed in Teleman. As discussed earlier, the divisions between expatriates, local employees, and local Chinese are remarkable within the company, and according to my observations, expatriates are not active in introducing new management practices or socialising with local employees to promote values and norms that are congruent with that of China HQ. On the contrary, many of them emphasise their 'respecting the local way' approach, which can be reflected by the 'dual management model' where Chinese and non-Chinese employees are managed differently, and their acceptance and tolerance of local employees not working overtime and different interpretation of some key philosophies of the company.

7.5.2 Employees' responding to JKFD

Given the company's limited efforts to disseminate its JKFD value to its overseas subsidiaries, it is not surprising to see that employees' responses to JKFD are various and ambiguous. Employees seem to have very different understandings and interpretations from Chinese expatriates. One expatriate manager shared his experience in Germany:

'One of our philosophies is JKFD. To Chinese people, the meaning is very obvious; this means working late and working overtime. However, one senior local manager actually shared his thoughts in a meeting. He said, it means we should have a strong will, and we should be determined to make things happen. Well, they can actually make sense of what they said. Anyway, they will never work overtime. '

Such different understandings and interpretation can be further observed in the above-mentioned 16 articles/reports in the English magazine. For example, the HR Director of the UK office contributed an article in January 2010, where she shared her thoughts on FD.

'FD' does not have a direct translation into English, but I have translated it to define a team of people that will focus on achieving the goal, through team work, self development, and initiative.

As we can see, such understanding of FD is far away from the meaning of hardship endurance and self -sacrifice proposed by the company.

Some other interpretations include the following:

What I understand from 'FD' is the core of team spirit. Without a working, collaborating team, completing a hard task can be a dream. I also think that effective communication is another essential concept of "Fen Dou".

--A Turkish employee (February 2010)

My understanding of FD is a way of life, a way to achieve results through each individual contribution.

--A French employee (August 2014)

It's all about a person's ability to train their mind to look beyond obstacles and even failures, and focus on achieving positive results.

--A Kuwait employee (April 2014)

The phenomenon of MNCs' corporate values, strategy and other assets taking on different meanings by overseas subsidiary employees is explained by Brannen (2004) using the concept of 'recontextualisation'. Drawing on semiotics, Brannen's study on Walt Disney Company's internationalisation in France and Japan reveals that meanings attached to objects and process change when they move from one culture to another. In Disney's case, the company's products, practices, and ideologies are interpreted differently by people in these three countries. Similarly, Gersten and Zolner's (2012) study shows that corporate values developed by the Danish HQs take on new meanings when interpreted by local employees in India. It is argued that the prevailing meaning system, as well as their resources and strategies shape employees' understanding of corporate values.

In addition to these multiple interpretations of the JKFD value, local employees also question or at least distance themselves from the JKFD culture prevailing in China

HQ. For example, one local expert from France seems to associate it with the issue of efficiency, and asks the question ‘How can we become more efficient?’ He says:

We are famous for our (fendou) hard working attitude, but to become a US\$70-100bn company I think we need to become more efficient with the people, processes and technology we have. (July 2014)

In daily life, as I observed when working in the company’s UK office, most local employees, by the company’s definition and expectation, do not JKFD at all. While the working hours are supposed to be between 9am-5pm, at around 4:30 pm, you can see some local British employees leaving the office. And in the company’s Bristol office, where a small R&D team is based, employees complained about the fixed working hours, and tried to negotiate with the company for flexible working hours or to work from home, on the grounds that flexible working hours is an industry norm in Bristol in the UK.

While local (foreign) employees might not buy into the JKFD concept because of differences in value system, local Chinese tend to ignore such ideas on the grounds that what they pay is far more than what they gain. They may be expected by the company to work as hard as expatriates, but, as discussed in more detail in the next chapter, they are denied equal rights and access to career development and monetary rewards. In this situation, the concept of JKFD is not recognised by them, needless to say to be internalised.

7.6 Conclusion

This chapter focused on identity control in Teleman. It started with an introduction to JKFD as Teleman’s distinctive corporate value, and then showed how new meanings have been manufactured through senior manager-led organisational discourses.

Through managing meaning, Teleman constructs a social reality where a good employee equates to a corporate soldier who accepts the JKFD value and behaves in the way required by the company, i.e. endure hardship, and make sacrifice.

In the main, identity control in Teleman seems to be highly effective, producing a large group of homogenous employees with strong identification with the company.

In this thesis, I argue that such identity control is supplemented with another type of control, that is, control through providing employees with financial (e.g. stock option plan) and non-financial incentives (e.g. career development), which, different from identity control de-emphasising self, regulate employees' behaviors through appealing to their self interests. This will be discussed in the next chapter.

Chapter 8 Control by rewards in Teleman

8.1 Introduction

This chapter deals with the final type of control in Teleman, i.e. control by rewards. In organisation studies, rewards are rarely examined through the lens of control. However, as Kerr and Slocum (1987) point out, an organisation's reward system specifies what contributions an organisation expects from its members, what kind of values and norms they must conform to, and what response individuals can expect to receive as a result of their performance; thus, 'the reward system is a primary method of achieving control' (1987, p.99).

This chapter looks at two types of rewards: monetary rewards and career development. In particular, it highlights two reward programmes that distinguish Teleman from other Chinese firms: employee stock option plan and expatriate assignment used as 'developmental assignments' (McCauley et al., 1994). My study reveals that these two programmes play a critical role in achieving a high level of commitment and retention of expatriates.

Drawing on labour process theory and Smith's (2006, 2010) concept of 'labour mobility power', I argue that those rewards in Teleman function to weaken the threats posed by employees' mobility power. Reward programmes such as employee stock option plan, and the developmental assignments are some of the counter strategies taken by employers 'with the aim of improving retention rates, and reducing the costs that flow from high labour turnover' (2006, p.391). By factoring in the propensity for mobility bargaining into rewards programmes and retention strategies, Teleman seeks to 'institutionalise and regularise the continuous supply of usable labour' (ibid, p.395), in the face of a highly mobile labour market in China, particularly for skilled employees.

This chapter also discusses expatriate's resistance to the company's control in the form of complaints, questioning, criticism, and exit. Furthermore, my analysis reveals that local employees and local Chinese are exempt from such financial

and non-financial control because their quitting does not have much material effect on productivity or profitability for the employer (Smith, 2006).

8.2 Financial control: the monetary rewards

Financial control through offering an attractive package is a key component in Teleman's control system. As one of the most successful high-tech companies in China, Teleman has long been recognised for its above-market-rate salary. Take its salary for fresh graduates, for example: according to the Chinese national media, in 2014 the company offered a monthly salary of RMB 9000 (£900) to fresh graduates with Bachelor degree, and a monthly salary of RMB 10,000 (£1000) for those with a Masters degree. This is well above the market rate, considering the fact that the average monthly salary for Chinese university graduates in 2016 was RMB 5693 (£500) (source: China Daily, 2016).

According to my interviewees, the income of a Chinese employee who has stayed with the company for a couple of years is normally comprised of three parts: a basic salary, an annual bonus, and a stock option, and the percentage of these three elements is close to 1:1:1. Expatriate employees working abroad receive an extra expatriation allowance.

During the interviews, the generous compensation package offered by the company was commonly recognised by expatriates. An expatriate who joined the company in 2007 and worked in Germany and the Netherlands commented, 'the income offered by the company is too high, and lots of people just cannot walk away... the company's payment is very high in the industry.'

Although the issue of salary and income is quite sensitive, I managed to get more detailed information from a couple of interviewees. Daniel, for example, joined the company in 2008 right after undergraduate study from university and claimed that in recent years, he could save RMB 500,000 (£50,000) per year, at the age of less than 30. His major income came from the stock option and the expatriate allowance. What is more important, he emphasises, is that when

working abroad, he does not need to pay for accommodation, food and flights, because the company pays for everything, including 3 flights to and from China. Lilly, meanwhile, is currently working in Norway. She joined the company in 2005, and celebrated her 10th anniversary working for the company in 2015. She worked in Thailand for 6 years, and started working in Norway in 2011. She seemed to enjoy being an expatriate, and did not want to go back to China. When asked whether income was a factor in staying abroad, she answered,

‘Income is an important factor and it is part of my consideration. The compensation and benefits are pretty good in our company. We have good administration, and when we work abroad, the company provides accommodation, and we have allowance and a canteen. We have canteens in every country. You don’t need to worry about these aspects. The compensation and benefits are good. All you need to do is to focus on your work. You are free from hassles.’

The account of Tony, a technical and service director who had worked with the company for 6 years in Germany and the Netherlands, also illustrated ‘the higher payment’ enjoyed by Teleman’s employees. Explaining why he stayed with the company for so long, he pointed to three reasons: the company is fair; the company provides lots of opportunities for young people; and the good payment.

‘No matter in China or abroad, the compensation and benefits offered by the company is relatively competitive. Therefore after working for the company abroad, when you come back you won’t feel you earn less than others. Supporting a family, and living a decent life, all these the company can offer to you. Based on these three points, I am quite satisfied with the company.’

A frequently mentioned major source of income is the stock option. My research reveals that the company’s **Employee Stock Option Plan** plays a critical role in maintaining employees’ commitment, and contributes greatly to the retention of expatriates. Similar to many start-up companies in the USA in the 1980s that used employee stock option plans to preserve start-up cash (Blasi et al., 2003), Teleman implemented its employee stock option plan in 1990— several years after the establishment of the company —in an effort to solve the capital shortage problem due to the difficulty in finding financing as a small private

company. In 1997, Teleman restructured the plan's model by shifting its focus from financing the company to incentivising employees. In 2002, Teleman further reformed its plan to meet relevant regulations, and introduced virtual stock options, which is how the plan works today. Under this new virtual stock option plan, employees' returns are not fixed; rather, dividends are linked to the net assets of the company at the year end. In 2011 about 65,000 employees participated in the plan, and in 2014 approximately 80,000 employees out of a total of 150,000 owned shares (information in this paragraph cited from national and international media. To protect the confidentiality of the case company, sources are hidden).

Different from some share options plans (e.g. the UK's Save As You Earn) where employees can choose to participate or not (e.g. Pendleton, 2010), the employee stock option plan in Teleman functions more like a reward programme. In other words, it is not the employees who decide whether to participate the programme; rather, the company decides who is eligible and how many shares an employee is entitled to purchase. Given the company's highly successful business since the 2000s, in particular in recent years, the returns for the stock option (according to my interviewees) are almost guaranteed and the dividend of each year is impressive. Therefore, employees in Teleman are eager to participate in the programme. One big moment of each year for every employee, according to several expatriates, is when his/her managers announce how many shares s/he is entitled to purchase.

Simon, for example, is a 37-year-old male middle manager who has worked for the company for 10 years. Currently working in the company's China headquarters, he spent a total of 5 years abroad, including 2 years in France and Germany respectively and one year in Spain and Italy. When I presented him with a media report, which accused the company of encouraging employees to buy its stock shares to solve the issue of capital shortage, he seemed to be irritated. He said,

‘The information is incorrect. The company makes lots of money this year, and the project teams are dividing their bonus by millions. The cash flow is absolutely not a problem... the stock option is for employees with good performance to buy, and the dividend each year is very good. It is not that everybody can buy it... Every year I complain to my boss that my stock shares are too little. I am begging him to give me more share quota to buy.’

He then used himself as an example. Currently, he has about 200,000 shares of the company’s virtual stock, and in 2014, the dividend for each share is RMB 1.9, which means that he earned about RMB 380,000 (£ 38,000) from his stock shares in 2014.

According to Simon, after an employee is rewarded with a certain quota of stock shares, s/he needs to buy the shares through internal systems; and then at the end of each year, the dividends will be paid directly to the employee’s bank account. During the year, the employee can withdraw from the Stock Option Plan at any time and cash out the shares at the rate of current share price. ‘If you have lots of shares, like the President, you can cash out one third of your shares per year. But for people at my level, you can do what you want. There is no impact on the company.’

When asked about the importance of the stock shares to employee retention, most interviewees gave similar answers. For example, Martin joined the company 8 years ago. When asked whether the stock share is an important factor for his staying with the company, he answered, ‘Yes. It constitutes a very big part of my income. The basic salary itself offered by the company is not competitive. You can find any job outside and the salary won’t be very different. But when the stock shares are included, the overall income is good.’ Yet another expatriate, having more than 100,000 shares, bluntly stated that he would not be able to find another job which could offer him such good income.

Susan, an expatriate HR manager, believed that the stock share is a very important factor contributing to the long stay of many employees.

‘The internal stock option remains a very important attraction for core employees to stay. Some “old” people leave the company, but the overall turnover rate is only 2-3%. I understand why these “old” people leave. On the one hand, after many years of accumulation, they don’t have strong desire for financial needs any more; on the other hand, they cannot advance further in terms of position.’

She later clarified that the 2-3% turnover rate refers to senior people in the R&D teams with an internal job band of 17, who normally had been working with the company for over 10 years. ‘Even when we include all people in all job bands, in China, the overall turnover rate for R&D teams is about 6%.’

Although my research did not get access to the official figures of the turnover rate of expatriates, data generated from interviews indicate that it is low. For example, Tina, a locally hired Chinese woman working in the HR team in the company’s UK office claimed that in 2014 only two expatriates left the company when working in the UK. Another expatriate estimated that there are around 60 expatriates currently working in the company’s Norway office, and many of them have stayed with the company for 15 or 16 years.

In summary, my research indicates that financial control through monetary rewards is prominent and a highly effective strategy at Teleman as a ‘golden handcuff’. Through providing employees with a generous compensation package, particularly with stock options, the company has built a relatively stable workforce in a highly mobile labour market in China for the managerial and engineering talent (this will be discussed in more detail in the next chapter). In this way, costs that flow from high labour turnover have been reduced, and a continuous supply of useable labour has been achieved (Smith, 2006).

Such findings are in line with relative research on the incentive and motivational function of money (e.g. Komaki, Coombs, & Schepman, 1996; Long & Shields, 2010; Peterson & Luthans, 2006) and the role of compensation and financial rewards in attracting, motivating and retaining employees as well as reinforcing their performance (Stajkovic & Luthans, 1997, 2003). Particularly, the effectiveness of Teleman’s financial control seems to support Chiu and

colleagues' (Chiu, Luk, & Tang, 2001; Chiu & Kosinski, 1995) claim that employees in China have a 'cash mentality' because Chinese culture deems a financially independent person to be successful.

Regarding the Employee Stock Option Plan, a key element in Teleman's financial control, extensive research on employee financial participation has demonstrated the positive correlation between share ownership, 'psychological ownership' and commitment (e.g. Culpepper, Gamble, & Blubaugh, 2004; McCarthy & Palcic, 2012; Pendleton, Wilson, & Wright, 1998). The success of Teleman's employee stock option plan seems to support that view that knowledge-intensive firms have a high dependence on human capital, and employee ownership is an effective way to reward their knowledge workers in the face of tight labour markets (Carberry, 2012; Mygind, 2012). From an organisational control perspective, employee ownership is a 'carrot' approach, rather than the 'stick' of monitoring and controlling employees (McNabb & Whitfield, 1998, p. 173).

8.3 Career Development as a control mechanism

If we agree that rewards are part of the organisation control system, then career development should be considered as a specific control mechanism, since career development has been commonly recognised as a critical element in an organisation's reward system (e.g. Armstrong & Stephens, 2005; Kerr & Slocum, 1987). In fact, the controlling effect of career development has been widely discussed in the HRM and organisational psychology literature, which claims that growth and development opportunities lead to organisational commitment and retention (Cao & Hamori, 2015; Mathieu & Zajac, 1990; Tremblay et al., 2010; Weng et al., 2010). It is argued that through rewarding employees with career development opportunities for their performance, organisations create a mutual investment type of employee-organisational relationship (Tsui et al., 1997), which leads employees to feel greater compatibility with the organisation and maintain a high level of organisational commitment (Hom et al., 2009).

My study on Teleman shows that providing employees with growth and development opportunities is a critical part of its control system. Through establishing a massive internal job market, and enabling internal mobility within the company, Teleman achieves a high level of retention and commitment from employees.

One of the key mechanisms of encouraging internal mobility, for example, is the creation of the *Internal Talent Market* in China. According to my informants, Teleman first established the market in China in 2009 in the hope that employees can find suitable jobs for themselves based on their own interest if they are not happy with current jobs. According to the company's policy, as long as employees enter the market and secure a job, their line managers should 'let them go without any condition'. 'Your boss cannot stop you from leaving. This is the company's policy. It's a message to managers that you have to use your people well and have some career development plan for them. Otherwise, he won't stay with you. If he can find a better job, he will leave you,' one expatriate, who works closely with the Internal Talent Market team in the HR department, commented. According to him, in 2014, about 1000 employees secured a new position via the Internal Talent Market, and this figure is expected to double to 2000 in 2015 since the company has stepped up their efforts on promoting the market in order to stop people from leaving the company.

Indeed, compared with other Chinese firms and probably most western MNCs, Teleman has introduced something very unique to attract and retain its employees, that is, the many career development opportunities that have been created by the company's aggressive expansion in the international market since the late 1990s, and particularly in recent years. Two types of career development are prominent among expatriates: rapid promotion, and internal transfer.

8.3.1 Rapid promotion

Teleman is a very young company in terms of employee age. According to the annual report in 2014, the average age of its employees is 29. Therefore, to many

people including myself, it is surprising to see that many people in key positions are extremely young. For example, in 2014 when I conducted my ethnographic research in the company's UK office, which housed about 1000 employees, the country manager was 32. The financial director, who managed a team of about 20 people including several local British employees in their 50s, first looked to me like a fresh university graduate, later I was told that he was 30. Kenneth, a 34 year old expatriate noted:

'The company gives lots of opportunities to young people. It doesn't use old people. It uses young people. Most of them graduated from university just 3-5 years ago, and some of them are fresh graduates. There are lots of opportunities for them. He works for a couple of years, and if he does really well, he will be promoted. These opportunities are open to all Chinese, of course, foreigners also have their chance. What I am saying is that for Chinese people, there is no glass-ceiling. People on top of me are also very young, and they become department managers and area managers. The company grows fast, they grow fast, and they get their promotion fast.'

Kenneth himself was a good example to illustrate this point. He graduated in 2005 and worked for Intel as an engineer. In 2008, he joined Teleman and, after four months training, was sent to Germany to work as technical service manager. Within three years, he became Head of the IT service for West Europe, and then the Solutions Director for the Netherlands. Kenneth had obviously worked very hard to earn such rapid promotions. He says:

'The youngest foreigner in my team is 39, five years older than me, and other senior ones could be 47 or 48, more than 10 years older than me. How can you manage them? How will they respect you? If you don't grow fast, you won't make it. There is huge pressure. From the start, how you can cooperate with them and then how you can manage them. The company appoints you as their manager but it doesn't mean you can be their manager. You need to convince them, and guide them. All these depend on your own efforts. For example, when you are meeting a client, as a foreigner, in order to earn the client's respect, you offer him something more, you try a bit harder, you work longer hours, you respond faster, and do things more professionally. When the client accepts you, they will look at you differently and take you as their boss, and then you are the real boss and you make decisions. This takes time, and you need to work hard. It is very difficult.'

Another good example is Ben, based in the Netherlands. ‘Teleman is a very good company, to young people. You looked at my career profile. I got promotions every year,’ he claims. Ben does have a very successful career with Teleman. He joined the company in 2009 after working 4 years for two other companies. He was first a Wireless Network Design Manager in Germany and one year later he became the Wireless Bidding Director for West Europe (at the age of 28). Staying in the position for 2 years, he was relocated to the Netherlands to look after the Wireless business in the Benelux area as Wireless Solution Sales Director and one year later, he became the solution director for a major account.

In my interviews with expatriates, comments like ‘lots of career opportunities’ and ‘fairness’ were frequently heard. Most of them considered Teleman as a good career platform where lots of opportunities exist for hard-working employees. One expatriate, for example, said that staying with Teleman for 7 years is totally out of her expectation. ‘I thought I would stay for one or two years... I like Teleman, because it is a large platform. There are many opportunities here, and the evaluation system is relatively fair.’

8.3.2 Internal transfer

During my data collection period, the second thing that surprised me was the different roles taken by individual expatriates. These roles sometimes are connected, for example from an engineering role to a technical sales role, as illustrated by the career path of Kenneth and Ben in the last section. Sometimes, they seem to be unconnected. A good example was Lilly. Before being relocated to Norway in 2011, Lilly worked in Thailand for 6 years as product manager and at the same time providing technical support to other offices in South East Asia. When she arrived at the Norway office, she found that the role of product manager was ‘too challenging’ for her due to her having a ‘not very strong technical background’. Then she changed her role to branding and public relations, which was more suitable for her personal interest and her lifestyle. Knowing that it was she herself that asked for such a role transfer, I asked her to explain how it happened.

‘The company is quite good at respecting personal willingness in terms of roles. It is quite suitable for young people. If you are not performing well in one role, it will give you a chance, and you can try some other roles; that is the company can give you many opportunities. After I came to Norway, one thing is that it was tiring being a product manager, because it involved lots of bidding, overtime and working at night. I am a girl and I like to look beautiful, and I think it is not good for personal health condition and to your skin. So I talked to my supervisor, and told him that I had been working as product manager for many years, getting fed up with it, and I think the job itself is too challenging to me, so I wanted to change to another role. At that time, there happened to be such a vacancy. There were no full time people looking after the branding and PR things in Norway. I just talked with him, and he thought I am qualified, and I changed. There was no great difficulties in the process.’

Such an internal transfer happened to most of the expatriates that I met and interviewed. For example, one expatriate had stayed with the company for 14 years. He joined the company in 2001 and first worked in the after-sales team for less than a year; then he joined a team dealing with business contracts. In 2004, he was sent to South Africa to open up the new market through sales activities. Five years later, he was relocated to West Europe, and worked in different roles such as technical sales, services, and project delivery in the Netherlands, France and Germany.

A more dramatic role change was witnessed by Simon. He joined the company as a software development engineer, and then became a project manager. He later joined the quality and operation team, and then resource management team. Currently, he was being approached by the Human Resource team and he is considering whether he should change his role again or not.

According to my interviewees, Teleman had experienced rapid development in the past decade, and therefore was able to offer many career development opportunities to its employees. ‘Teleman cherishes a kind of mobility culture,’ commented one expatriate. Another says, ‘Teleman pushes people. As long as you are good, and are qualified, the company will push you forward.’

Teleman's approach to retaining employees through pushing them to learn and grow can be explained by the concept of developmental assignments (McCauley et al. 1994). According to McCauley and colleagues (McCauley et al., 1994; Ruderman, McCauley, & Ohlott, 1999) developmental assignments have the following five characteristics: unfamiliar responsibilities, creating change, high level of responsibilities, working across boundaries, and managing diversity, and it is argued that developmental assignments, first of all, boost management competencies and managerial learning. For instance, developmental assignments facilitate development of cognitive leadership skills, because they require individuals to think critically about a given situation and to process ambiguous information (DeRue & Wellman, 2009). Furthermore, empirical studies show that developmental assignments decrease turnover intention, job research, and voluntary turnover (Bingham, Boswell, & Boudreau, 2005; Dong, Seo, & Bartol, 2014; Preenen et al., 2011), and have important implications for organisational commitment.

In Teleman's case, expatriations are unique developmental assignments and they bring both invisible and visible benefits to expatriates. Different from western MNCs that tend to send seasoned managers to work overseas, the majority of expatriates in Teleman are young people. Many of them become expatriates right after graduating from universities and joining the company in China. As discussed in Chapter 4 and Chapter 7, work for expatriates is not easy given the harshness of the working environment and the job itself. Furthermore, they work across boundaries and need to deal with cultural and social diversity. Such overseas experience undoubtedly brings 'invisible' benefits to employees. As my research reveals, many expatriates feel grateful for what the company has provided, and claim that expatriation has changed their mind-sets, upgraded their capabilities and skills, and transformed their lives.

More importantly, given the rapid expansion of the company's business in international markets, for many expatriates managerial learning and personal improvement brought by overseas work experience tend to display 'visible' outcomes, that is career advancement. In Teleman, overseas work experience

has become a basic requirement for many managerial positions. The following comments from two expatriates illustrate this:

‘The company’s policy is to give preference to overseas people. Not only salary, bonus, stock options, but also promotions. If you haven’t worked overseas as an expatriate, you are not allowed to take on a managerial position.’

Another noted that:

‘If you don’t have any overseas experience, you will reach a bottleneck. You have got to work overseas for 3 or 4 years, this is the basis for promotion.’

It is also reported that in recent years, due to the rapid development of overseas markets and the increasing number of expatriates in the company, only those who have worked in a number of specified countries are eligible for managerial roles. Through explicitly pointing out the visible benefits of taking on overseas assignments, Teleman has sought to establish a strong link between expatriation (i.e. developmental assignments) and career development in order to retain expatriate employees.

From a labour process perspective, with the growth of the labour market, ‘the employment indeterminacy of labour grew and one side of their labour power within the employment contract expanded’. Under such a circumstance, providing employees with career development as well as good monetary rewards are some of the ‘control strategies’ for tackling the ‘production indeterminacy’ and ‘mobility indeterminacy’ problems. In this way, costs that flow from high turnover rate can be reduced, and continuous supply of useable labour can be achieved (Smith, 2006, pp.398-9).

8.4 Expatriates’ response to control by rewards

In Smith’s labour mobility power thesis, ‘quitting’ and ‘the threat of exit’ is an expression of the conflict within capital-labour relations. Labour uses it to ‘re-negotiate the internal work bargain within the firm – improving wages, changing jobs, gaining additional training resources, changing line management’ (Smith,

2006, p. 391). Therefore, quitting or the threat to quit is regarded as a form of labour resistance, appealing 'to change the internal management regime' (ibid, p.392), and 'highlighting alternative management practices in other firms' (ibid, p.394).

In Teleman's case, however, quitting or threatening to quit has not been commonly observed among expatriates. As demonstrated earlier, expatriates tend to have a high level of commitment with the company, and many of them have tenures of 10 years. In addition, because of the much stronger bargaining power enjoyed by Teleman as an employer, based on my observations, it is also rare to find employees fighting to change the internal management regime and asking for alternative management practices. Instead, I argue, labour resistance in Teleman is more reflected in employees' complaints, doubts, questioning, challenging, and criticism.

8.4.1 Responses to financial control

In Teleman, as we have seen, a generous compensation package plays an important role in building a stable workforce with long-term employment, a high level of commitment and strong identification. Motivated by the monetary rewards, many talented young people are attracted to Teleman, and are willing to work overseas to support the company's internationalisation strategy. However, can such high payments continue to attract and retain employees as effectively as before in today's new situation and in the future? Can high payments continue to motivate current employees to work hard and contribute even after they have already secured high income mainly through stock shares? Many of the expatriates I interviewed expressed their concerns.

For the first question, according to my interviewees, it is becoming more and more difficult for the company to use a high salary to attract or keep people. In China, Teleman is famous for its 'high income, high pressure' culture, and it is common knowledge for many young graduates that working with Teleman means long-hours of work. Nevertheless, in the past two decades, Teleman has

successfully lured many talented young people from top universities to join the company, and therefore secured a high quality workforce. The popularity of Teleman among people, one expatriate observed, could be attributed to the strong financial need of the whole generation who were born in the 1970s and early 1980s. This expatriate explained:

‘Usually Teleman people were poor kids. They are from poor families and come to work to make a living. People from rich families won’t come, because the work is hard at Teleman. Those who come and stay are those who can eat bitterness.’

Such a point is strongly supported by the stories I have discussed in Chapter 7, where employees passionately show how working with Teleman changed the economic situations of their poor families. It appears that the effectiveness of the company’s financial control is built on the congruence between the policy and the economic situation. In other words, the financial approach has been tailored to cater for the strong financial needs of Chinese employees. However, given the rapid development of the Chinese economy and society in recent years, and particularly the explosive growth of middle class families in China (Goodman & Chen, 2013; Ravallion, 2010; Tsang, 2014), the continuous effectiveness of Teleman’s financial incentives becomes a major concern. According to a report by McKinsey (Barton, Chen, & Jin, 2013), by 2022, more than 75 percent of China’s urban consumers are expected to earn RMB 60,000 to 229,000 (\$9,000 to \$34,000) a year. Under this background, it is questionable whether people, particularly a younger generation born in the 1990s, are still driven by economic motive as strongly as the previous generation. As young people’s values orientation becomes more diversified in modern China, several expatriates suggest the monetary rewards associated with high pressure and poor work-life balance might gradually lose their attractiveness.

Even for current employees, from an economic perspective, working for Teleman might not be a good investment, considering how much effort one needs to make. During my research, the high pressure and long hours working in the company are frequently mentioned, and it is not uncommon to hear people talking about

their frustration, and their plans to leave the company, although in most cases this seldom happens.

For example, Daniel, the cynic appearing in Chapter 7 who once worked 72 hours non-stop for a project, constantly complained about the huge pressure he has to undertake in his job. '(The payment) is good, but I need to be alive to use it,' he said. Similar to several other expatriates, he considered working with Teleman as 'eating the rice of youth', or a young person's profession. He claimed that he was diagnosed with many health problems in his annual physical check, and he was planning to go back to China to 'recuperate'.

The expatriate HR manager shared similar views. Although she personally enjoyed working with Teleman, she admitted that she does not like the fact that 'the whole system is too utilitarian', which means that 'the association between performance and rewards is too strong'. The consequence is that employees work under huge pressure and 'people don't feel safe'.

In addition to expressing their dissatisfaction about their jobs, expatriates also point to the drawbacks of such a reward system. According to my interviewees, one major downside of the reward system is that it easily creates a comfort zone for those employees who joined the company for many years and therefore accumulated large amounts of stock shares. One consequence, according to one expatriate, is that while the company is making efforts to transfer itself into a modern and international company, this group of middle managers tend to refuse to face the challenge and undertake the pain of transformation. In this sense, the financial control in Teleman, in fact, fails to achieve the goal of exerting a good quantity of labour effort from labour to make a profit. The financial control approach, in particular the stock option plan, might help the company to 'capture' the labour itself, but it might not allow the production to capture the surplus value, since the high-salaried labour bears more costs (Smith, 2006).

8.4.2 Response to control through career development

As discussed earlier, the career development prospects for expatriates are largely based on the condition that they are willing to become expatriates and take on these overseas developmental assignments. However, can one really get a better career after expatriation? Is it right for the company to send people around the world without listening to their opinions? Some of my interviewees cast their doubts on these issues.

For the first issue, it is suggested that the career development privilege enjoyed by expatriates is being diluted by the rapidly expanding population of expatriates within the company. Since the late 1990s and early 2000s, Telemat has been sending out a number of employees to work in overseas markets. My interviews indicate that approximately 30% of its 100,000 employees based in China have overseas working experience. In some departments such as logistics, almost every employee worked as an expatriate. In another department of 1000 employees, 70-80% of them have worked overseas. As reported by my interviewees, the advantage of being an expatriate is 'not as obvious as before'. One expatriate observes:

'The time is different. In 2003, if you have expatriate experience, you can go up quickly. But since 2007 or 2008, it has changed dramatically. When many people have expatriate experience, you won't stand out anymore.'

In addition to such a dilution issue, another key problem is concerned with how to get back to China and how to get a (better) job. As already discussed in Chapter 7, Telemat has an underdeveloped repatriation system, and intentionally discourages expatriate employees from going back to China. Therefore, expatriates need to rely on themselves, and use various strategies to make connections with people in the HQ, and secure a job in certain departments before they can embark on their home journey. However, as several expatriates suggest, it is extremely difficult to make things happen because in the China HQ, every single role and position has been carefully planned and set by the company

for cost-saving purposes; unless someone makes a move, there will not be a vacancy. One expatriate questioned the possibility and feasibility of expatriates getting a job in China.

‘I don’t think it is realistic. It is easy and simple to say so, but in fact, if you want to go back to China, and get a certain role, the condition is that the place needs people. If there is no vacancy, who will take you? ... you need to do the planning at least one or two years in advance. Because if you want to go back, it has to be that department that has a vacancy. But how could it be possible that they need people when you are thinking to go back? Many colleagues who want to go back to China are delayed at least one year, or even longer, and they cannot make it... therefore, timing is the most important thing.’

Here we can see that the linkage between expatriation and career development developed by the company has been challenged. Employees cast doubt on the outcomes of working as expatriates. In other words, Teleman’s logic of exerting non-financial control through providing expatriates with a good career is questioned.

Another aspect Teleman frequently receives questioning from expatriates about is the company’s autocratic expatriation approach, that is expatriation assignment, based on the needs of the company, rather than the wish of the individual employee, and employees having to go wherever and whenever the company wants them to. For example, in Chapter 7, I showed how cynics respond to the company’s punishment of an employee called Michael, who refused to be sent abroad because of family issues. The following quote from Daniel is worth repeating:

‘In this regard, I think our company is very wrong. First of all, an employee is a person. Before he becomes your employee, he is already a son, or a husband, or a father. This is in the first place. However, our company always puts the identity of the employee in the first place. I think this is a fundamental mistake. But our company doesn’t want to change it. I don’t see our company will change to this direction in the near future.’

As indicated by this quote, Daniel is questioning the ethical grounds for the company's actions. To Daniel and some other expatriates, Teleman is still far away from a truly modern company in that the company does not respect an individual's interests; rather, in many aspects, the company requires employees to sacrifice their interests to serve the interests of the company. Such a company-centred philosophy has given expatriates lots of pressure and worry, and therefore is subject to heavy criticism.

For Peter, a former expatriate, however, he used quitting as a way to resist the company's control. In fact, he was the only expatriate among my 35 expatriate interviewees who left Teleman with 'complex feelings' and joined a Western MNC in the Netherlands. When asked about the reasons he left Teleman, he explained,

'I liked the change of roles very much, but I didn't like the change of locations. I was in the Netherlands office, and made some project deals. Thus I became a talent in the company. Teleman will send its talent to places where more project deals need to be made. So after I got some project deals here, I will be sent to another place to get more deals. This maybe Britain, Germany, or France. I had been working in the Netherlands for a while, and got some deals, and I know next I will be dispatched to another place. But I personally had already made lots of friends here, and I think the Netherlands is pretty good. So I want to stop for a while, settle down a bit. And I jumped to the current company.'

As we can see in Peter's case, Teleman's attempt to control its employees through providing them with an international career backfired. Although this is the only 'quitting' case in my study, it indicated the limitation of the company's control system and employees' resistance to such a regime. According to my interviewees, Teleman began its aggressive international expansion around 2005, and since then many young people have been sent to work abroad. However, today, after 10 years, this group of employees are now in their 30s and 40s, a time when they have their children and parents to look after. In a Chinese society where family values are greatly cherished, a company's requirement of 100% commitment to work seems unreasonable and unrealistic for more and more people.

In summary, although the company's control system provides employees with high income and potentially good career development, resistance against it has been observed. Regarding the monetary rewards, expatriates complain about the high pressure resulting from the work, and re-evaluate their contribution and return; they cast doubts on the ability of Teleman's financial incentives to attract and retain young generation, and at the same time, express concern about the downside of a money-driven reward system. Regarding the career development, expatriates challenge the linkage between expatriation and career development, question the ethical grounding of the company's autocratic expatriation system, and criticise such inhuman action.

8.5 The absence of control in the UK and Europe

In previous sections, I have shown that Teleman has adopted a reward system combining financial and non-financial incentives to constrain the mobility power of expatriates. In this section, my focus will be on the UK and other subsidiaries in Europe. Does Teleman rely on the same reward system to control locally hired employees? My study reveals that similar to the absence of identity control, control by rewards is also absent in Europe; neither local (European) nor local Chinese employees are rewarded with as good a financial or non-financial package as expatriates are.

According to Smith (2006, p.396), labour turnover becomes problematic when 'individual differences have a material effect on productivity or profitability for the employer'. When this happens, employers will adopt various strategies over 'labour movement and retention, selection, reward and career development' (ibid, p.391) in order to 'seal-in labour for the exclusive use' (ibid, p.395). In Teleman's case, I argue that the fundamental reason for Teleman not to introduce a reward system to control locally hired employees in Europe is that their exit is not perceived to have a major material effect on the productivity or profitability of the company. This is true of local (European) employees, who possess a high level of mobility power originating from their industry experience

and popularity in the external labour market. This is even more the case for local Chinese employees, who have a low level of mobility power due to personal, organisational and institutional constraints.

8.5.1 Absence of control on local employees

One particular feature about local employees working with Teleman in its UK and other European subsidiaries is the remarkably high turnover rate. When I was conducting research in the Teleman UK office in 2014, on one occasion I was told that on average 10 local employees were quitting the company each month, with many of them leaving in the probation period, and others within one year. In early 2015, I had a formal interview with HR staff, and was told that in 2014 more than 150 local employees had left the company, about 20% of the total workforce of the office. 'The turnover rate in the industry is 10%, and we are much higher,' the HR staff said. In the same period in early 2015, I had a formal interview with another HR worker, who claimed that the turnover rate was around 20-30%, and for this reason, in 2014, she and her colleague in the recruitment team recruited about 300 people to fill positions. 'There is not enough time for hiring,' she said.

The high turnover rate does not seem to be a special case for the company's UK office. An expatriate recalled that when he was working in Norway two years before, the turnover rate was 'at least over 50%', and another expatriate revealed a similar situation in Germany. Here I argue that the high turnover rate is closely related to the company's control-free approach.

On the one hand, Teleman's limited efforts in providing local employees with career development leads to their exit. In Teleman, a 'high payment, high position' strategy has been adopted by the company towards local employees in Europe. Although local employees are not given the access to the company's Employee Stock Option Plan, they are compensated with a basic salary of above-market rate, and in some cases with a year-end bonus. Furthermore, the

company tends to staff middle-senior positions with local non-Chinese employees.

However, as discussed in previous chapters, Teleman bases its operation on a highly complex organisational structure and centralised decision making system, and it is the expatriates that play a critical role in this process and make the whole system work. Therefore, high payments and high position do not lead to local employees' high involvement in daily operational work, or needless to say, in key decision making. For this reason, career development becomes very difficult for local employees to achieve, if impossible. And when this happens, quitting becomes a natural choice for them.

One expatriate manager working in France felt frustrated by the high turnover rate of local managers. For example, he once recruited a local manager with a strong background and offered him a compensation package, which even exceeded the local manager's expectations. However, the local manager only stayed for a few months and left the company. He noted, 'He felt he was not recognised, and he could not see his value...if he was Chinese, and had such a good job, an easy job and good salary, he would definitely stay.'

On the other hand, the high turnover rate of local employees is also the very reason for Teleman's unwillingness to provide them with a good reward package. The following remark, made by an expatriate manager, is worth careful examination.

'Generally speaking, there is little chance for them (local employees) to be promoted. We have some foreigners in senior positions, but they were at a senior level before they joined our company. They may be senior manager from our operator clients. If the company develops Chinese people, they might stay long for you. If you develop foreigners, the result is uncontrollable. You develop them, and they will leave. You waste.'

From a labour process perspective, this quote indicates the perceived and actual mobility power possessed by local employees, or their power 'over where to sell

their labour services' (Smith, 2006, p.391). In Teleman, most local employees are managerial professionals, and normally have years of experience in the telecoms industry. In many cases, they have worked for telecoms operators (i.e. Teleman's corporate clients) before joining Teleman. Their knowledge, expertise and industry connections mean that when they do not agree with the company's internal management practices, such as heavy involvement of expatriates, centralised decision making, or limited reward in terms of career development, they, as experienced professionals, can simply quit Teleman.

The strong mobility power of local employees is undoubtedly recognised by the company. For Teleman, a decision needs to be made regarding whether investment in local employees is worthwhile, and how much to invest in order to extract surplus value, given the fact that local employees possess strong mobility power and could leave anytime. As illustrated by the above quote, the company's hesitation in this regard is clear. Thus, the perceived mobility power possessed by local employees makes Teleman reluctant to provide them with career development opportunities. An important implication here is that because local employees are not provided with career development, and thus not involved in major decision making, they are not considered to be important, or to be making important contributions to the company. The consequence is that they are deemed replaceable.

This is illustrated by an expatriate's explanation on how the overseas markets were opened up. According to him, there are three stages during the opening up process. At the beginning, the company wished to rely on host country nationals to open up the market in the belief that they understand the market best. However, these people failed because of the relatively less advanced products of the company. At the second stage, the company turned its attention to local Chinese employees, who were expected to be perfect candidates with an understanding of the local market and Chinese culture. Unfortunately, the local Chinese failed to meet the expectations because most of them were fresh graduates and too junior. At the final stage, the company decided to use its own people from China. After some extremely difficult times, these expatriates

eventually succeeded. With particular reference to the UK market, this expatriate claimed:

‘Generally the UK market was opened up by Chinese people, therefore the local employees are not highly recognised by the company. The turnover rate of local employees in a certain market depends on the overall performance of the first batch of local people in this market. If the performance is good, they can quickly become top managers, and this will have an impact on the people following. If he just sits there, but doesn’t contribute, very likely he won’t stay long, and people following him might follow the same path...You know it is not easy for Teleman to recruit the best people in the local market. In China, it is easy for you to get people with outstanding qualities, and then you send them abroad. So you see in Teleman’s overseas markets why many clients are broken through by Chinese, not local employees. I think this has big connections. Because in China, the best people are recruited, and even when they are sent abroad, they can be considered top talent in the local market. If we could have recruited the best talent in the local market and they could fight together with us for the market, I think today’s situation could be very different.’

Here the expatriate attributed the local employees’ gloomy career development prospects to their poor performance and relatively inferior quality as employees. Contributions by these employees have been downplayed, which indicate that they are considered an unimportant group. When this is coupled with the fact that they might leave the company any time, an expected outcome is that the company does not wish to make an effort to provide local employees with more career development opportunities. After all, when one is unimportant, and difficult to control, the best thing you can do is not to control.

8.5.2 Absence of control on local Chinese

Similar to the situation of local employees, the local Chinese employees are not provided with many career development opportunities within Teleman either. Furthermore, they also suffer from poor pay. There is a common reason for this. Due to the dominant role of expatriates, their contributions are considered insignificant, and they are considered replaceable. However, different from local employees whose situations are caused by their high level of mobility power, local Chinese employees are exempt from reward programmes because of their

low level of mobility power. In other words, the company sees no need to control local Chinese with financial or non-financial rewards, because, they go nowhere. The sharp contrast I felt between talking to expatriates and local Chinese is that while the former group often expressed satisfaction with their compensation, the latter tended to criticise the company for poor payment.

Juliet, for example, is in her early 30s and works in the financial team. She studied in the UK for her bachelors and Masters degree in accounting and joined the company about 3 years before. When asked about her feelings of working for a Chinese company overseas, she said, 'in theory, we should have felt like a host, right? It is a Chinese company, and we are Chinese. However, in reality, I don't feel that way.' She believed that the company salary for local Chinese employees is 'lower than market rate', and they are treated differently with more workload. In addition, local Chinese employees are not included in any bonus or stock option programmes. In 2014 when I was conducting my fieldwork in the company's UK office, the Employee Stock Option Plan was implemented in China. There have been rumours that the Plan may be extended to the company's overseas offices; but, until 2016 when this thesis was being written, this had not happened. Therefore, for local Chinese employees, the monthly salary is their only income. They do not have any stock shares, like the expatriates do, or annual bonus, like the local employees do. A local Chinese employee commented:

'We have a kind of feeling that the bonus, in any form, has nothing to do with us. These things are theirs, and we have nothing...people say the company is doing great; but even if the business is better, there is no impact on us. Good or bad, this has nothing to do with us.'

Being denied good compensation, many local Chinese employees indicated that the company had an 'exploitive' mentality, taking advantage of the fact that many Chinese graduates want to stay in Europe after studying, and need a relatively decent job. One of them noted:

'In Teleman, speaking Chinese becomes a disadvantage, because you speak Chinese, it means you are able to bear it. There are many things foreigners cannot bear, so you need to use good career opportunities or money to seduce them or make this compromise...however, they think

that the local Chinese can bear it and you should. To make it sound bad, it is like you are born to be cheap, and you should bear it. I give you a salary, and a chance to work for Teleman, such a big company, and you should feel grateful and work hard, shouldn't you? So for local Chinese employees, not only me, but those in junior positions, we all have such a bad feeling.'

This reminds me of a story I was told when I worked in Teleman's UK office. The HR team had prepared an employment offer for a new hire, and asked the country CEO, a Chinese expatriate, to sign it. However, the CEO would not sign. According to the respondent, the reason for the CEO's rejection was that the CEO thought the Chinese candidate should not be paid that much. 'But in fact the guy is not a Chinese. He is a local foreigner and has a Chinese name,' the story-teller said. 'So what happened then?' 'We let the boss know he is not Chinese.' Then, the offer was approved.

In addition to absence of financial control, non-financial control is also missing for local Chinese; in other words, they are not provided with good career development within the company.

As mentioned earlier, Teleman tends to staff junior positions in its overseas offices with relatively cheap labour, i.e. the local Chinese, and therefore on most occasions, local Chinese are involved in relatively low-skilled work, and are eventually turned into 'position fillers', where they will perform and deliver the same tasks for years. Their salary and job bands may be improved, but it is very rare for local Chinese employees to be promoted into managerial positions and lead a team or to be transferred or rotated within the company. Sandy, a local Chinese worker in Teleman's UK office commented:

'I know that within Teleman, there are lots of opportunities, and you don't need to do one job all the way through. Like the person you mentioned, he started in sales, and then eventually he wanted to do HR. He got the chance to understand products, etc. To many Teleman people, it is all about free mobility, and you can do what you want. But I think these things are more for Teleman expatriates in headquarters.'

However, interestingly and surprisingly, the gloomy career prospect in the company does not lead to a high level of voluntary turnover of local Chinese staff, which is a sharp contrast to the case of local European employees. In fact, in the company's UK office, I came across many local Chinese who have been working for Teleman for two years or longer. One common feature of this group of employees is that they frequently complained about their poor career development prospects and their low salary, but they choose to stay. For Sandy, who had been working with Teleman for 3 years, stayed because she needed work experience with a 'famous company'. She explained:

'The reason why I am still here is because I need the work experience. After all, Teleman gives me work experience, and it is a pretty good platform for people who have just started working, maybe for two or three years. If I stay longer, my feeling is that from my perspective, I don't think I will have much development here.'

For others, it seems that they do not have many better choices. In fact, as my research reveals, many of them have been actively exploring external job opportunities. However, only a few of them have succeeded. For example, in 2014 when I conducted research at the company's UK site, Juliet in the Finance team tried to change job after working for three years. Her current job responsibility was to deal with payment and reimbursement, and she wished to work on something more strategic like financial analysis. Yet, in early 2015 when I conducted a repeat interview with her, after applying for many external positions, she still worked in the same position. Similarly in the HR team, Helen has been actively applying for external jobs for almost one year, but had still failed to secure a new position.

One frequently mentioned factor is concerned with the difficult job market in the UK and in Europe. Our interviewees explained that because of the overall poor labour market situation, it is difficult for local Europeans to secure a job, needless to say, it is difficult for Chinese candidates. Another factor was concerned with the personal attributes of local Chinese. Because the bulk of local Chinese join Teleman right after their study in Europe, they had limited work experience. More importantly, due to their difficulty in getting promotion,

internal transfer and new skills learning within the company, their skills were not constantly upgraded, thus lacking competitiveness in the external labour market.

In summary, my study revealed that local Chinese employees suffer from poor career development prospects, as well as low payments. The absence of financial and non-financial incentives indicates the company pays insufficient attention to the welfare of this group of employees who possess low level mobility power in the external labour market thus posing weak threats to the continuity of production and profitability for the company with their exits. In other words, the company can afford to lose these employees, as there are plenty of them and they are replaceable.

The absence of financial and non-financial reward programmes for local European and local Chinese employees indicates a clear distinction between core employees and peripheral employees within the company (e.g. Hulin & Roznowski, 1985; Lepak & Snell, 1999, 2002; Pfeffer & Konrad, 1991). Whilst locally hired employees are peripheral employees, who are 'readily replaced, with few firm-specific skills and with little dependence from the firm on a specific employee' (Pfeffer & Konrad, 1991, p. 391), expatriates are in the unchallenged position of core employees, who are those 'around whom the organisation is built' and those that 'create a distinctive competitive advantage for the organisation' (Rousseau & Wade-Benzoni, 1995, p. 308).

However, different from most studies which tend to discuss the distinction between fulltime workers as core employees and contingent workers as peripheral, in Teleman's case, all three groups are fulltime workers. A plausible explanation is that they have different levels of combinations of 'uniqueness' and 'strategic value' (Lepak & Snell, 1999, 2002), that is, expatriates with high strategic values and high uniqueness, local employees with high strategic values but low uniqueness, and local Chinese with low strategic values and low uniqueness. Accordingly, they are subject to different human resource configuration, which is associated with different control and reward strategies,

i.e. commitment-based HR configurations for expatriates, productivity-based ones for local employees, and compliance-based ones for local Chinese.

From a labour process perspective, however, I argue that an important difference between these two groups is the different level of mobility bargaining power they have with the employer, and the resulting material effect they can make on the production process. While the high level of mobility power possessed by expatriates urges Teleman to take on a series of financial and non-financial counter strategies to reduce the cost associated with high labour turnover, the quitting of locally hired employees does not have such a material effect on productivity or profitability for the employer, thus failing to draw attention from the company. In other words, locally hired employees are in a weak position when using their exit or threats of exit to bargain with the employer. Therefore, from the company's perspective, neither financial nor non-financial control mechanisms are necessary.

8.6 Conclusion

In this chapter, I have discussed how financial and non-financial programmes have been utilised by Teleman as control mechanisms to regulate employees' commitment and retention behaviours. From a labour process perspective, I argue that such reward programmes are developed to weaken the threats posed by employees' mobility power, the power over where to sell their service. Teleman's control on expatriates through financial and non-financial incentives indicate expatriates' strong 'ownership' of their jobs (Smith, 2006) in the Chinese form of capitalism, in which a highly open and mobile labour market exists, where 'the power and responsibility of selling labour power' have been passed to workers, and workers own mobility choices and manage their leaving decision (ibid, p.397). However, the increasing power of labour does not eliminate the fact that they are subject to tight disciplinary control from the state, and from the employers, and they have no ability for collective resistance. This points to the paradoxical nature of the Chinese labour market. A fundamental argument of this thesis is that Teleman's organisational control system is the outcome of its

interactions with the institutional environment (e.g. labour market) in China. The next chapter will offer a detailed explanation on this.

Chapter 9: Understanding Teleman's control system

This study examines the international management and control system in Teleman in order to better understand how emerging market multinationals internationalise and how they manage such a process. The previous five chapters aimed to reveal how Teleman manages its overseas operations and employees with four types of control (i.e. personal centralised control, bureaucratic formalised control, identity control, and control by rewards). This task was accomplished through detailed accounts on how the control system works and how three different employee groups have experienced and responded to the system.

From a critical realist perspective, however, this task of studying the social reality of the international management and control system has only been partly completed. Whilst the empirical and actual domain of reality has been understood by analysing employee responses to the management system (i.e. the empirical domain) and Teleman's actual management and control practice (i.e. the actual domain), the real domain of reality remains unclear. The big question is: why does Teleman manage in this way?

In this chapter, I attempt to reveal the real domain of social reality studied in this research, that is, the underlying generative mechanisms that produce the observable empirical events discussed in the previous four chapters. From an institutional perspective, this thesis argues that what we have observed about Teleman's different types of control is concerned with institutional environments in China. However, it is not that they determine the international management and control system of Teleman; rather, the management system adopted by Teleman is an outcome of a process of interactions between Teleman as corporate actors and China's different domains of institutions. To capture this process, an Actor/Institution Interaction Process Model is theoretically constructed to explain how two domains – the Chinese labour market and the politicised business environment - affect the behaviours and the management approach of Teleman.

9.1 The control system in Teleman: summary of key features

In the previous five chapters, I have provided detailed accounts on four different types of control Teleman uses to manage its overseas operations and employees in Europe. In this section, I summarise three key features that make Teleman a unique and interesting case.

Feature 1: Expatriate-centric

The expatriate centrality in Teleman's control system is striking. It reflects not only in the large population of expatriates in the company's European subsidiaries *per se*, but more importantly in the fact that expatriates possess strong institutionalised and un-institutionalised power in daily working life, and the fact that expatriates are central to the company's corporate culture engineering system and reward system.

As shown in Chapter 4, 5, and 6, expatriates are heavily involved in the daily operation in Teleman UK and Europe. Consisting of roughly 50% of the total workforce, they, first, sit in various connecting-points of the company's highly complex organisational matrix structure, and enable the smooth functioning of a large bureaucracy of over 170,000 employees around the world; second, they closely monitor the whole work process to ensure that the company's policies and procedures are respected and followed by subsidiary employees; third, they collect different sorts of information to enable China HQ to make decisions. Playing the roles of coordinators and controllers, expatriates in Teleman occupy important hierarchical and non-hierarchical positions in overseas operations, and are endowed by the company with institutionalised and non-institutionalised power, helping the company to exercise personalised control and bureaucratic formalised control over its overseas units. It is through this vast network of expatriates that the China HQ exercises control over its overseas subsidiary.

Furthermore, as discussed in Chapter 7 and Chapter 8, expatriates are the main target for the company's identity control and control through rewards. While expatriates are subject to strongly militarised organisational discourse on the JKFD values, and are required to endure hardship and make personal sacrifice as 'corporate soldiers',

Teleman adopts a relatively hands-off approach to its locally hired employees, leaving local British and local Chinese employees with multiple interpretations of JKFD values and multiple options for identity construction. Accordingly, however, these two employee groups are largely denied the access to equal monetary rewards and career development, with expatriates being the main beneficiaries of the company's successful internationalisation in recent years.

Feature 2: a highly centralised approach and China's frequent, direct involvement

Related to the expatriate centricity is Teleman's centralised approach and its frequent, direct involvement in daily operations and decision making in subsidiaries. Such centralisation is achieved by the presence of expatriates acting as the agents of China HQ, and by various bureaucratic systems that ensure rules, process, and procedures developed at home are closely followed by overseas subsidiary units, subsidiary activities are in line with the interests of HQ, and all key decisions are centrally made by China.

As discussed, Teleman has established a highly complex matrix structure in Europe and in the UK. It is 'planned' and 'deliberately structured', so that 'participants' are 'supervised', 'the supervisors themselves' are supervised, and so on, 'all the way to the top of the organisation' (Etzioni, 1965, p. 650). Such a matrix structure spells out explicit multiple- command and multiple-boss requirements and expectations from employees, and lays out an organisational configuration where managers at the top, i.e. expatriates in regional HQs and China HQ, can easily interfere with the daily operations overseas and direct decision making on matters at subsidiary level.

When such a matrix structure is coupled with various bureaucratic systems such as reporting and approval systems, global HR system, and large amounts of working procedures, it means that very little autonomy has been given to overseas subsidiary units, and China HQ can basically decide who to hire, who to promote, what can be done, and how it can be done in subsidiaries. This, as Chapter 5 and 6 indicate, can be illustrated by the fact that all hiring in the UK is subject to the approval of regional HQ in Germany, with senior positions subject to approval from China; or by the fact

that the purchase of a headhunting service by the UK HR team needs to go through eight steps and receive approval from Germany. In general, because of the little autonomy they enjoy, Teleman's subsidiaries act more like a sales representative office, although there are in fact various types of business activities happening at subsidiary level ranging from sales to R&D, and from project delivery to post-sales services.

Feature 3: the fundamental role of culture and rewards

Teleman's organisational control system cannot function without cultural and reward elements. With a strong corporate culture, which serves as 'indirect social influence processes that de-emphasise the self', and a highly-developed reward system, which appeals to 'employees' rational self-interest' (Korsgaard, Meglino, & Jeong, 2010, p.222), Teleman exercises tight controls over expatriate employees, who in turn help the company to control its overseas subsidiary units effectively.

As discussed in Chapter 7, the militarised discourse on hardship endurance and self-sacrifice orchestrated by the company's founder has constructed a distinctive social reality within the company, where a good employee equates to a corporate soldier, and taking on overseas assignments exemplifies a model corporate soldier. Such an organisational discourse is so strong and powerful that it has achieved a state of closure over the dominant meaning, and is constraining in its effects on the identity work of employees (Alvesson & Kärreman, 2000). As a result, we see most expatriates internalise the JKFD values, and become true soldiers fighting for the interests of the company in the foreign lands.

Furthermore, as Chapter 8 shows, expatriates are also strongly motivated by the company's financial and non-financial incentives. Recognising the fact that Chinese employees enjoy increasing bargaining power in today's open and mobile labour market in China, Teleman has developed a sophisticated reward system, and offered attractive total packages to its expatriates, which include above-market compensation and benefits (e.g. a good salary, bonuses, stock shares, an expatriation allowance, free accommodation, free food), and excellent international career development opportunities. The outcome of such a combination of identity control and reward

incentives is that a group of highly engaged and hard working employees are produced, who follow the orders of the company, go wherever they are asked to go, do whatever they are asked to do, and become the core force behind the company's ambitious and successful internationalisation efforts.

In summary, Teleman's control system is characterised by distinctive features. To describe them in one sentence: it is a highly centralised system with expatriates being placed at the centre, who are motivated by strong corporate culture and a well-designed reward system. I argue that the development of such a control system can be traced back to the distinctive institutional environments in China. This will be discussed in the following sections.

9.2 Understanding the control system: an Actor/Institution Interaction Process Model

Previous studies of control systems have tended to take a contingency approach to explain the selection of control mechanisms. For example, Ouchi (1977) identifies two antecedent conditions for the selection of control forms: knowledge of transformation process, and availability of output measures. Snell's (1992) empirical study indicates that a firm's executive use of human resource management control systems is determined by the firm's strategic context, i.e. product-market variation, work flow integration, and firm size. To Child (1984), these contingent factors include types of markets, employee skills and experience, environmental variability, task characteristics, and size of the organisation. In Harzing's (1999) study, differences in control mechanisms found in MNCs are attributed to such variables as size, interdependence, uncertainty, and heterogeneity/diversity.

In this thesis, I draw on the literature on home-country effects, and argue for a relationship between MNCs' country of origin and their control system. Most importantly, I join recent discussions on the dynamic relationship between institutions and actors, which emphasise the creative, skilled, and entrepreneurial nature of MNCs (e.g. Aoki, 2007; Deeg & Jackson, 2006; Jackson, 2010; Morgan, 2005, 2007; Streeck & Thelen, 2005). For instance, highlighting the ambiguity of institutions, Jackson (2010) and Streeck and Thelen (2005) suggest that actors constantly reinterpret

institutional opportunities and constraints, and then adapt or modify institutional rules accordingly. Morgan (2007) emphasises the diversity of institutions and contends that in any particular society, institutions and logics are multi-levels, and pull in different ways, and actors can use this to develop their own distinctive trajectories. Similarly, Crouch (2005) looks at the heterogeneity and diversity of institutions and identifies a number of path-changing possibilities for actors.

Following this group of scholars, I recognise that 1) home country institutions impact on a firm’s control strategy; 2) given heterogeneity and diversity of institutions in particular societies, a firm has strong capacity and agency to engage in various experiments with institutions in order to achieve its objectives. Based on this line of discussion and empirical data of Teleman, I have developed an Actor/Institution Interaction Process Model. With this Model, I wish to propose a three-step process of interactions between institutions and actors, and show how firms as actors develop their control strategies during this process (See Figure 9.1).

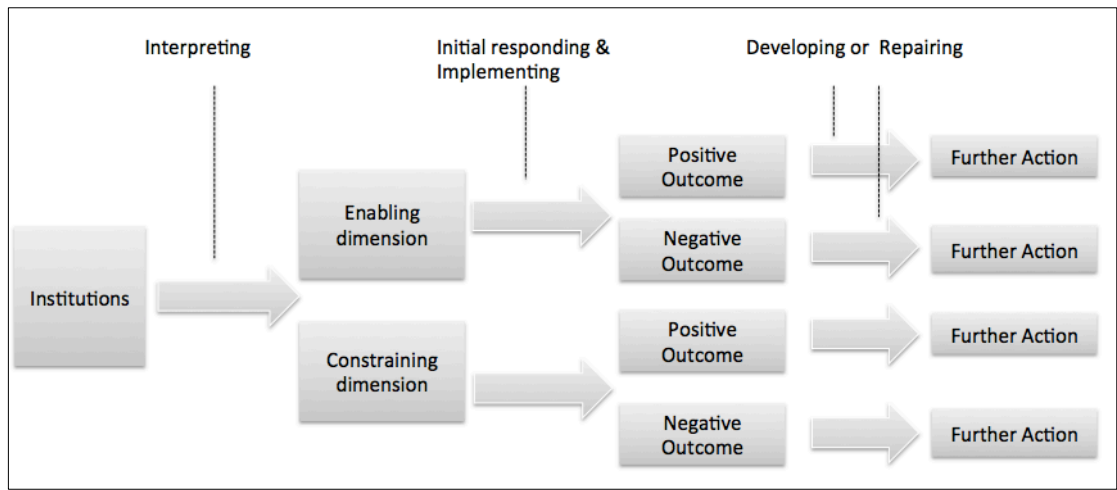


Figure 9.1: Actor/Institution Interaction Process Model

First, the relation between institutions and actors starts with the actors’ interpretation of institutions, an effort to distinguish two dimensions of these institutions: enabling dimension and constraining dimension. As illustrated later, every single institutional component has these two dimensions, and actors need to find out what aspects are positive for them, and what aspects are negative.

Second, after interpreting the existing institutions, actors make initial responses to the enabling and constraining dimensions respectively with particular plans, solutions and implementation. Some of the actions taken at this stage might be part of the control strategy.

Third, actions taken to respond to the enabling dimension of institutions lead to two possible outcomes: positive and negative. For positive outcomes, actors will leverage the positive aspects and further develop specific control mechanisms. For negative outcomes, actors need to take further action to repair the damage and fix the problem. These remedy actions might also become part of the control strategy. Actions taken to respond to the constraining dimension follow the same process.

As illustrated by this three-step process, institutions do not immediately or directly lead to a firm's control strategy. Home country institutions impact on a firm's development of the control system through intriguing its interpretation to the enabling and constraining dimensions of existing institutions. Therefore, a firm's control strategy is not a direct result of the institutions; rather, it is the outcome of a series of activities starting from interpreting, to initial responding and implementing, and finally to developing or repairing. By going through these three steps, firms, as actors, become 'active participants in their own fate' (Morgan, 2005, p.417).

As argued by Crouch (2005), institutional heterogeneity facilitates innovation, because it presents actors with alternative strategies when existing paths are blocked and it allows actors to make new combinations among elements of various paths. Therefore, it is expected that MNCs from societies with heterogeneous and complex institutional environments may display great creativity in responding to such institutional diversity and developing sophisticated control systems.

In the following sections, the institutional environment in China will be examined. I will show how Teleman interacts with the Chinese institutions and develops its distinctive control system.

9.3 Variegated capitalism: Chinese institutional environments

The institutional heterogeneity, complexity and diversity in China has frustrated many Varieties of Capitalism (VoC) scholars, who try to find a place for China on the LME (liberal market economy) – CME (coordinated market economy) axis; and for those who managed to do so, conclusions are inconsistent and even divergent (Peck & Zhang, 2013). For example, Witt (2010) concludes that China should be regarded as a quasi- LME, whereas Fligstein and Zhang (2011) define China as an idiosyncratic CME. While the *Economist* (2011, pp. 79–81) claims that ‘China’s remarkable success [is attributable] to an odd and often unappreciated experiment in laissez-faire capitalism’, Qin (2008) opts for ‘China’s rampant state-dominated, welfare-lite capitalism’ (cited in Peck & Zhang, 2013).

China is indeed an ‘odd case’ compared with CME and LME models (McNally, 2006, 2007). According to Zhang and Beck (2016), there are many idiosyncrasies and paradoxes of the Chinese institutional environment. First, in the area of industrial relations, labour unions in China are neither strong (as in the German model of stakeholder negotiation) nor weak (as in the US model of market-disciplined marginalisation), but different in that they operate with the consent of the Chinese Communist Party. At the same time, industrial relations in China is ‘marked by a volatile combination of repression and restiveness’ (ibid, p.59). Second, the Chinese education and training system is neither along the lines of Germany’s vocationally oriented model, nor the US market-based model; rather, under the varying degrees of state control and market exposure, it has developed quickly but causes serious problems of skill shortage and mismatch. Third, regarding inter-firm relations, there is extreme competitive exposure in some sectors, effective state control in other sectors, as well as interpersonal *guanxi* networks in both commercial and governmental transactions. Fourth, the Chinese form of corporate governance is characterised by the major roles of state-owned banks and at the same time a heavy presence of foreign investors and overseas stock market listings.

Therefore, compared with countries such as Japan, Germany and the US, whose key aspects in the varieties of capitalism and national business systems have been generally agreed and are considered as relatively stable, the Chinese form of

capitalism is characterised by multiple, competing and paradoxical institutions. In all key political–economic realms such as industrial relations, education and training system, inter-firm relations, and corporate governance, idiosyncrasies and paradoxes exist. In the Chinese form of capitalism, multiple types of firms and institutional contexts co-exist, and there is a great deal of flux in how different regions, firms and sectors are organised, and connected with central and local governments. For this reason, it is better to understand China as a form of ‘variegated capitalism’ with diverse regional systems which are encouraged to experiment in different forms of firm organisation and firm ownership under the overall power and authority of the Chinese Communist Party (Peck & Zhang, 2013; Zhang & Peck, 2016).

While it is difficult to give detailed descriptions to each domain of institutional environments in China given the limits of space, this thesis focuses on two aspects, i.e. the labour market and the role of state government, and then discusses how Teleman interacts with these two institutional domains, leading to the development of its control system.

9.3.1 Chinese labour market

A key characteristic of the Chinese labour market is concerned with its paradoxical nature. On the one hand, it is characterised by a surplus of labour, low salaries, the weak power of employees, long working hours, and strong disciplinary control and exploitation from employers. On the other hand, firms in China are now faced with great difficulties in finding skilled labour and retaining them. For certain groups of employees, compensation packages are extremely high. At the same time, due to the existence of the open labour market, employees have gained increasing power when negotiating employment contracts. To cope with employees’ low level of commitment and loyalty, and their high level of mobility, more and more employers have replaced the strong disciplinary control and the exploitation mentality with more sophisticated control mechanisms, aiming to retain talent and build an engaged workforce. Three paradoxes can be observed here.

Paradox 1: Labour surplus or labour shortage?

Common knowledge about China is its billion-plus population. It has been widely recognised that China's rapid industrialisation and economic development in the past three decades have relied heavily on low-cost exports, which has been made possible by China's population and the seemingly endless supply of cheap labour (Chan, 2010). However, in recent years, whether China now has a labour surplus or shortage has become a lively debate on media and among labour economists. While many Chinese and international media have reported the labour 'shortage' and 'the end of surplus labour' in China (e.g. Demick & Pierson, 2010), China's state press reported that China has a sufficient labour pool for the next 40 years (China Daily, 2010).

The debate among labour economists is mainly centred around the 'Lewis turning point' (Lewis, 1954), a point when dual rural-urban labour markets begin to merge, the supply of surplus labor from a country's rural areas tapers off and a full-employment 'normal' economy emerges (Chan, 2010; Huang & Jiang, 2010). Therefore, the discussion is mainly concerned with migrant labour from rural areas (e.g. Knight, Deng, & Li, 2011). Economists have been divided into two camps, with one arguing that China has now reached the Lewis turning point, and the other believing that there is still surplus, not a shortage, of labour in rural China (Cai, Du, & Zhao, 2007; Golley & Meng, 2011; Kwan, 2009). The most recent study, by Choi and Peng (2015), confirms labour shortages in South China, and reveals that strategies of managerial control in a labour-intensive factory system have been changed to adapt to this new situation.

In addition to the migrant labour, the labour market for university-graduated talent, which is more relevant to my present case study, also represents a paradox. On the one hand, the width and depth of the Chinese talent pool has been well recognised, particularly in the field of science and engineering; on the other hand, shortage of talent is commonly recognised by researchers and practitioners. China produces millions of university graduates every year and the latest official figure for graduates in 2015 was 7.49 million (China Daily, 2016). Among them, a large portion of students take science and engineering subjects. As reported by Li et al. (2011), in 2005, 41.3% of university students in China were enrolled in science and engineering,

and 50.1% of postgraduates undertook Doctor's and Master's programmes in science and engineering. According to von Zedtwitz et al. (2007), nearly 750,000 scientists and engineers graduate from Chinese universities every year, second only to the United States. At a higher level, the number of science PhDs produced by China is also impressive. Orr and Roth (2012) believe there are more than 10,000 science PhDs graduating from China's universities each year.

Despite the large production of university graduates and PhDs, research indicates that China suffers from a shortage of talent in key occupations such as finance, accounting, engineering, and business, as well as in the managerial sector. For example, it is estimated that China needs 75,000 effective managers over the next 10 to 15 years; however, only 3000 to 5000 are currently available in the labour market (Farrell & Grant, 2005). The talent shortage has become a major problem for companies in China, and represents a threat to China's continued growth (Ma & Trigo, 2008). While Hartmann, Feisel and Schober (2010) attribute the talent scarcity in China to the large amount of foreign direct investment China has received and the large number of multinational companies entering Chinese market every year, Beechler and Woodward (2009) point to the role of demographic trends in China (i.e. increasing longevity and declining birth rates). It has also been argued that the talent shortage is aggravated by China's poor education system, which fails to produce qualified graduates for work (Farrell & Grant, 2005). For example, McKinsey Global Institute reported that less than 10% of the Chinese graduates who applied for jobs at MNCs possess the right skills and qualifications to work there (cited by Beechler & Woodward, 2009).

To tackle this talent shortage issue, companies in China have adopted various strategies to find, recruit and retain talented employees. Some MNCs with a long operating tradition in China develop an identified talent pool by strategically integrating their organisational structures and systems, and other smaller companies focus on compensation package design and the creation of organisational culture (Hartmann et al., 2010). Companies like Coca-Cola are taking a more 'worldly approach' (Beechler & Woodward, 2009, p.282) through sending their Chinese management trainees around the world to receive training. In Sheldon & Li's (Li & Sheldon, 2010; Sheldon & Li, 2013) studies, MNCs respond to the talent shortage

issue by poaching employees from other firms in the same locality, intensifying inter-firm competition in local labour markets.

Paradox 2: Disciplinary control, exploitation and powerless employees?

In labour relation studies, Chinese employees are frequently portrayed as a powerless group, who toil in sweat-shops in export-oriented manufacturing industry (Chan, 2001; Chan, 2010; Friedman & Lee, 2010; Gallagher, 2005) Common problems faced by Chinese employees include ‘long hours, low pay, employer failure to pay overtime and social insurance, wage arrears, lack of proper health and safety precautions, discrimination (ethnic, gender, etc.), illegal firings, and severe fines for common workplace errors’ (Friedman & Lee, 2010, p.513).

An often-discussed and well-acknowledged reason behind these depressing facts is the lack of workers’ autonomous associations in China. The All-China Federation of Trade Unions (ACFTU), the single party affiliated union allowed in China, has been heavily criticised for ‘being structurally and politically bound by the Party-state’ (Cooke, 2014, p. 877). Financed mainly by the state and governed by local governments, the ACFTU exists to maintain labor discipline and social stability (Pringle & Clarke, 2011; Warner, 2008) with incentives that ‘come from the party above rather than from workers below’ (Howell, 2008, p. 861) For this reason, the ACFTU’s identity has been questioned by international trade union organisations and labour movement activists, and labour relation scholars ask ‘is the ACFTU really a union?’ (Taylor & Li, 2007).

Nevertheless, labour unrest occurs throughout the country due to the acceleration of privatisation, restructuring and redundancies in the state-owned sector, with unprecedented levels of insurgency witnessed in recent years (Friedman & Lee, 2010). For instance, the number of ‘mass incidents’ (the state’s term for strikes, protests, and riots) was 9,000 in 1994, and it reached 87,000 in 2005, and jumped to 120,000 in 2008 (Tanner, 2004; Wedeman, 2009). Elfstrom and Kuruvilla’s (2014) study reveals 763 instances of industrial action between 2008, and 2012, with a steadily increasing trend in strikes, from 3.6 actions per month in 2008 to 32.1 actions per month in 2012.

One important note that needs to be made is that labour discontent and unrest in China is ‘cellularised, localised and unco-ordinated’ (Friedman & Lee, 2010, p.507).

Because of China’s under-developed social welfare system, particularly the extremely underfunded and geographically unevenly distributed social security provision for the elderly (Yip & Hsiao, 2009), for most Chinese employees, there is no welfare safety net to fall back on, and material aspirations for themselves and their family are high, therefore, they choose to become cooperative employees. Particularly, for many unskilled employees this leads to acceptance of high levels of exploitation and poor work conditions in return for wages that are carefully saved and used by the family either to establish small businesses or to pay for the education and training of promising members of the younger generation.

However, in recent years, economic development in China is bringing more powers to Chinese employees. Elfstrom and Kuruvilla (2014), for example, argue that a qualitative shift is underway in the nature of labor protest in China. According to them, since 2008, Chinese workers have been striking ‘offensively’, rather than in a ‘defensive’ nature as characterised by prior literature, for more money, better working conditions and more respect from employers. The reason behind this phenomenon is that economic and political opportunities in China are sending ‘cognitive cues’ to Chinese workers, which include growing labour shortages, new labour laws, and new media openness. Thus, Chinese workers now employ various tactics, such as strikes, ‘everyday resistance’, and seeking out emergent institutions outside the state and party-backed mass organisations, to fight for their demands. One of these tactics is ‘exit’, that is, leaving current employers who pay badly or are abusive. In the study, one factory boss reported his plant’s turnover at 20%, which was considered low because his competitors were experiencing 60 to 70% turnover. The tactics employed by Chinese workers, the authors argue, represent ‘expressions of workers’ new empowerment’ (Elfstrom & Kuruvilla, 2014, p.469).

Although Elfstrom and Kuruvilla’s (2014) study is mainly concerned with workers in manufacturing companies, the new empowerment through leveraging the external labour market is relevant to many Chinese employees as a whole, particularly for the growing number of Chinese employees with technical and managerial skills. As

suggested by Littler and Salaman (1982, p. 261), the most crucial dimension of the employment relationship is that of dependency, which is determined by two broad factors: ‘the capacity of subordinates to organise’, and ‘alternative sources of need-satisfaction’, with the latter referring to the availability of alternative employment. Given the talent shortage problem in the Chinese labour market, many Chinese employees clearly know they are in great demand in the market, and realise how much power they possess over their employers. It is true that embedded in China’s political institutions, they are subject to tight disciplinary control from the state and from employers, and they have no ability to collectively resist. However, it is also true that they are not powerless in that they can take advantage of open labour markets to leave and look for new employment.

As a result, China’s labour market is characterised by a high turnover rate. According to the China Daily (2008), the Chinese Party’s national press in English, Chinese employees’ turnover rate was highest in Asia, with 47 percent of companies surveyed having turnover rates of more than 10% in the past 12 months, and 13% of them even having a rate of over 20%. In another report in 2013, the newspaper, citing a research result by London-based recruitment group Hays, shows the frequency that Chinese employees change their jobs, with 35% of them having done so in the past two to four years, 14.5% in the past two years and 10.4% in the past year.

This makes Schmidt (2011) argue that there is a battle for China’s talent among foreign and local firms. Building an employment brand, providing local development opportunities and viable career paths, offering smart payment and becoming a quasi-local company are some of the methods offered by the author for companies to win this talent war (Schmidt, 2011). It has been reported that companies in China are responding to this by building new reward and appraisal systems that keep people in the firm so that valuable investment in skills and training is not lost (Cooke, 2009, 2011; Warner, 2012).

Paradox 3: a low wage labour market?

Frequently associated with the image of ‘docile maiden workers’ suffering from despotic control in sweat-shops (Pun, 2005), Chinese workers are famous for their

cheap labour prices. In fact, 'China price', together with the price of oil and the price of capital (i.e. interest rate) are considered critical in today's global economy, which reflects how the world has been accustomed to Chinese cheap labour during the past three decades (Chan, 2010; Harney, 2009).

Cheap labour has played a central role in the Chinese success model in recent decades (Lin, Cai, & Li, 2003), and it has been discussed by many researchers (e.g. Chan, 2010; Gallagher, 2005). For example, in 1994, China had the lowest manufacturing wage rate at \$694 in U.S. dollars among five Asian developing countries (i.e. China, India, Indonesia, Philippines and Thailand), or about 17% of the wage in the Philippines (Li et al, 2012). In 1997, the minimum wages mandatory in Chinese Labour Law for a 44-hour week was RMB 420 (USD 54.00) for Shenzhen, RMB 290 (USD 36.00) for Beijing, and RMB 315 (USD 45.00) for Shanghai. Even compared with the minimum wage of \$45.00 for Ho Chi Minh City in Vietnam in 1997, these standards were poor, given the high living cost in these Chinese cities.

The cheap status of Chinese employees is not only related to migrant workers who work in manufacturing factories, but also those white-collar employees who have a university degree, and even highly skilled engineers. Compared with their counterparts in the U.S. or Europe, Chinese scientists and engineers are much cheaper. For instance, it is reported that the monthly salary for an engineering graduate from China's most prestigious universities such as Tsinghua University can be RMB 4,000 (about USD500), and when working for foreign firms, Chinese engineers earn about one third of what their American counterparts make (von Zedtwitz et al, 2007). According to Zhang and Wu (2012), the cost of skilled scientists and clinical trials in biotechnology in China is about 10–30% that in the U.S. or Europe. It is argued that partly because of this, more and more foreign MNCs have built R&D centres in China in the past decades to fully tap into this high quality talent pool (Breznitz & Murphree, 2011; Orr & Roth, 2012; von Zedtwitz, 2004; Walsh, 2007; Wei et al., 2012). It is reported that by late 2005, there were about 750 R&D centres in China established by foreign companies, concentrating on telecommunications, IT and manufacturing sectors (von Zedtwitz et al. 2007); this number increased to 1300 in 2013 (Mario, 2015).

However, another side to the Chinese labour market, which co-exists with its cheap labour, is the rapidly rising wage of factory workers and high salaries and attractive benefit packages to Chinese talent provided by foreign and local Chinese firms. For factory workers, wages have risen continuously in recent years. For example, in Li et al.'s (2012) study, while Chinese manufacturing workers had the lowest wage in 1994 among the five Asian developing countries, their wages rapidly reached second place by 2008, below only that of the Philippines with a wage gap of 18%. India and Indonesia previously had higher wages than China; however, in 2006, they were only about 41% and 34% of China's wages respectively. The increasing wage of Chinese workers made *the Economist* announce 'the end of cheap China', with an observation that labour costs for Chinese workers in Guangdong province rose 12% a year from 2002 to 2009, and in Shanghai 14% a year, compared to only 8% in the Philippines and 1% in Mexico (*The Economist*, 2012).

Chinese university-graduated employees, according to Tian, Harvey and Slocum (2014), have also witnessed salary increases at a 'remarkable rate in China'. It was reported recently that their annual salary growth rate had reached 6-8%, much higher than that in other parts of the world. Behind the rapid salary increase is the war for talent. As discussed earlier, talent shortage is a serious problem faced by foreign and local firms in China. As a result, firms are competing with each other to offer high salaries to hire and retain talented employees.

Tian et al. (2014) show that compensation is the most important retention approach adopted by MNCs in China to retain their talented local employees. Such generous compensation packages normally include high salaries, bonuses, stock options, and golden handcuffs (i.e. extra annual salary within certain contract period). These attractive offers have pushed up the expectation for salary increases in this group of Chinese employees, and they usually demand and receive 20-40% pay increases when moving to another company. Such a materialistic approach to talent management is also reported in Cooke, Saini and Wang (2014), where they discuss the centrality of materialistic values in the employment relationships in China. The study reveals that companies in China commonly adopt an individual-oriented reward system, which is underlined by pecuniary HRM practices, to motivate talented employees.

Furthermore, it has been discovered that Chinese companies, such as large SEOs and

private companies, are very flexible and bold in creating favourable terms and conditions to attract external talent, and structuring total compensation with a variety of allowances and benefits, such as stock options and housing subsidies (Tian, et al., 2014; Cooke, et al., 2014; Cooke, 2012).

In summary, the Chinese labour market continues to be characterised by a large quantity of cheap labour, who are subject to strong disciplinary control and remain weak without union support; at the same time, talent shortage has given employees increasing negotiation power with employers. For many of them, this means relatively high salaries and high mobility. This paradoxical nature of the Chinese labour market provides Teleman with both opportunities and challenges, which will be discussed later.

9.3.2 The role of state government and the resulting politicised business environments

A large body of literature has pointed to the politicised nature of the business environment in China due to the active role played by the Chinese government in business activities (e.g. Nee, 2005; Nee, Oppen, & Wong, 2007). It has pointed out that although China has undergone several decades of economic reform, and a market economy structure has been well established, the Chinese ruling Party remains highly interventionist (Witt & Redding, 2014) and it is still the government that determines resource allocation (Zhang et al., 2015).

The politicised nature of Chinese business environments reflects itself in two aspects. The first is concerned with the sponsorship and support from the government, and the second is concerned with the balancing approach taken by Chinese firms to tackle the double-edged effect of state involvement

9.3.2.1 The sponsorship and support from Chinese government

Chinese firms receive sponsorship and support from the Chinese government for various reasons. It could be that the firm is fully or partly owned by the government (e.g. Morck, Yeung, & Zhao, 2008b; Shi, Markóczy, & Stan, 2014) or the firm has

political connections with regulative bodies (e.g. Cui & Jiang, 2012; Pan et al., 2014). On other occasions, it could be that the firm is operating in an industry which is critical to the national interest (e.g. Breznitz & Murphree, 2011; Child & Rodrigues, 2005; Low, 2010), or the firm is so successful that it has the potential to become a national champion, which can further enhance the national interests (e.g. Li, Cui, & Lu, 2014; Luo, Xue, & Han, 2010).

In the particular case of Chinese MNCs, many studies have revealed that Chinese firms benefit from government sponsorship and support in their internationalisation process (Hong, Wang, & Kafourous, 2015; Li, Cui, & Lu, 2014; Luo, Xue, & Han, 2010; Pan et al., 2014; Wei et al., 2015). For example, it is argued that the support from the Chinese government enhances risk-taking capabilities of Chinese firms and reduces their reliance on prior international experience (Lu et al., 2014b). It is also reported that Chinese MNCs, particularly state-owned companies, are dependent for resources on the home institutions because of their political affiliation with the government (Cui & Jiang, 2012), and such political affiliation and resource dependence, as argued by Buckley et al. (2007), can be conceived as a firm-specific advantage for many Chinese MNCs in that they enjoy low cost of capital as a consequence of home country capital market imperfections (also Scott, 2002; Warner, Ng, & Xu, 2004). Two types of government support are particularly relevant to my case study: the creation of a favourable policy environment, and direct sponsorship and support.

Creation of favourable policy environment: In China, a favourable national environment for science & technology research and development has been encouraged by the state's policy. China's national dream to become a technological and economic superpower dates back to the 1960s and 1970s when the 'Four Modernisation' (in the area of agriculture, industry, science and technology, and national defence) became a national policy (Breznitz & Murphree, 2011). Since then, *kejiao xingguo*, or 'Revitalising the Country through Science, Technology, and Education', has become a development strategy of China, that is, to achieve long-term economic development with advancement in science and technology (Liu et al., 2011). Particularly, over the past three decades, China has achieved rapid economic development; however, it is pointed out that such development is heavily based on

imported technology, and its own scientific and technological capacities lag behind its economic growth (OECD, 2007, cited by Zhang & Wu, 2012). It is well recognised by Chinese leaders that in order to sustain long-term economic development, China's national innovation system must produce world-class science and technology (Zhang & Wu, 2012). In 2006, China launched its 15-year 'Medium- to Long-Term Plan for the Development of Science and Technology', in an effort to make China an 'innovation-oriented society' by the year 2020, and a world leader in science and technology by 2050 (Cao, Suttmeier, & Simon, 2006).

Direct sponsorship and support: In many cases, direct sponsorship and support from the government is about providing capital or low-interest finance. For example, in a case study of China's biotechnology industry, Zhang, Cooke and Wu (2011) demonstrate how the government cultivated R&D in the biotechnology industry through formulating strategy, providing state funding, attracting high quality researchers from overseas, commercialising research organisations, and forging high-technology parks. In Shanghai, as reported by Zhang and Wu (2012), to build the Zhangjiang High-tech Park into a first-class science park, the municipal government developed the 'Focusing on Zhangjiang' policy and offered special funding to 16 companies in 2004, and RMB 14.7 million to 59 new drug development projects in 2005; in 2006, the first policy-directed venture fund of USD 125 million was set up to support start-up firms.

Telecommunications, a politically sensitive industry in China, has particularly been endowed with economic, social and political objectives to serve China's national interests (Zhang, 2002). To help to realise China's ambition to 'become a global technological force' and 'create globally competitive indigenous firms' (Low, 2010), China's telecommunications industry has long been characterised by strong state control and market closure to foreign investment, particularly before its joining the WTO in 2001 (Loo, 2004; Mueller & Lovelock, 2000; Zhang, 2001, 2002). Even after China's entry into the WTO, and despite efforts to make commitments to the WTO Reference Paper, the telecommunications industry is still 'at best' in the initial stage of transition from a central planning mechanism to a pro-competition market orientation (Zhang, 2001) in that the telecommunications market would be open in name but still exerts constraints and the Chinese government has actually increased its

control over business through political interference (Low, 2010; Low, Johnston, & Wang, 2007) China state government heavily involves itself in the business activities of firms in the industry through the following three means:

First, financing and policy support in R&D research. It is reported that ‘national-banner enterprises’ will be picked by the central government and related government bodies to enjoy financing from the state to work on new technology research. For example, the Ministry of Science and Technology provides financing to research groups and companies on research in next-generation telecommunications and services. The Ministry of Information Industry began sponsoring R&D activities for the creation of a domestic 3G standard in the 1990s (Breznite & Murphree, 2011). Furthermore, to facilitate knowledge transfer through policy, it is reported that the government has placed pressure on foreign companies to ensure knowledge transfer occurs, and often this has become a condition for foreign firms to establish in (Child, & Rodrigues, 2005; Low, 2010).

Second, domestic market protection, which aims to protect domestic firms from the competition of foreign firms, and maximises the market shares of the former, particular of those national champions ‘deliberately cultivated and favored to emerge as the biggest and strongest in the market’, so that they can ‘better advance the nation's aspiration to become a global economic power in strategic, high-technology markets’ (Mueller & Lovelock, 2000). According to Mu and Lee (2005), to encourage telecoms operators to purchase equipment made by indigenous manufacturers, in 1996, the Chinese government stopped the foreign government loans to import digital automatic switch equipment and began to impose tariffs on imported communication equipment. Such action dramatically increased the market share of local firms from 63.1% in 1995 to 84.8% in 1996, and 94.9% in 1997. Since 1997, the Ministry of Post and Telecommunication, the then major regulatory body (which became the Ministry of Information Industry in 1998), has organised coordinating conferences every year where indigenous equipment is promoted through signing purchase contracts. It is reported that in the first conference, contracts for more than 5 million lines were signed, and more than 7 million lines of digital automatic exchange were sold; and in the second conference, the figure reached 18 million lines and 17 million lines for

digital automatic switch. National champions such as Huawei, ZTE, Datang and Great Dragon have clearly benefited from such market protection (Mu & Lee, 2005).

Third, international market expansion support. In addition to protection in the domestic market, national champion firms also receive large amounts of support from the government in developing international markets. Such support can be subtle. For example, it is reported that senior managers from Huawei and ZTE are often invited to accompany Chinese officials in visiting other developing countries so that they can donate their products to these countries and further develop important business opportunities (Cooke, 2012). Government support can also be direct. For instance, the China Development Bank extended a credit facility of USD 10 billion to help overseas customers buy Huawei's products. Similarly, a state-owned insurance company called Sinosure has helped Brazil's biggest telecommunications operator Telemar NorteLeste SA to finance the purchase of Huawei's equipment (Low, 2007).

9.3.2.2 The double-edged effect of state sponsorship

An important reflection of the politicised nature of the Chinese business environment is how Chinese firms deal with the double-edged effect of state sponsorship. In other words, because of the politicised business environment in China, Chinese firms need to do something different when conducting business overseas. Such a problem is rarely experienced by western MNCs given their non- or less-politicised business environment at home and their less ambiguous association with the state government.

As observed by many researchers, a major problem resulting from the state government sponsorship is that many Chinese MNCs, particularly state-owned firms and national champion firms, are questioned on their legitimacy in host countries. For instance, Zhang, Zhou and Ebbers (2011) point out that although sponsorship and support from the Chinese state government, particularly in the form of financial support, enhance the competitiveness of Chinese firms, it also provokes a negative reaction from politicians and the public in the host countries. Citing a case of China's MinMetals attempting to acquire Noranda, the largest Canadian mining company but failing to do so because of protests from the political right and left in Canada, the authors contend that the involvement of the Chinese government served to 'stimulate

the political sensitiveness and public worry, for ideological or other political reasons' (2011, p.230). The quotation below from the local Canadian press showed how the China MinMetals being a state-owned firm caused concern for the Canadian people.

. . . [There is] good reason for the Canadian government to be wary of China's apparent move to secure Canadian resources via ownership. Whether it's MinMetals in mining or other companies digging into Canada's oil and gas operations, there is no economic justification for the Chinese government taking up ownership. Natural resources and raw materials can be bought all over the globe on the open market. If China were to become a private market economy, where private investment decisions drive ownership, then its private sector companies could join the international community of takeover players'' (Financial Post Investing, March 15th, 2005, cited by Zhang et al., 2011)

The observations made by Zhang et al. (2011) are echoed by other studies. It is argued that Chinese firms, particularly SOEs, are granted monopoly privileges and other support by the government on the condition that they serve certain national strategic goals. For this reason, Chinese firms are under suspicion that they are not really market-oriented or profit-driven; instead, their business activities are motivated by a political agenda (Li, Cui, & Lu, 2014; Luo, Xue, & Han, 2010). Globerman and Shapiro (2009), for instance, observed that acquisitions by Chinese firms backed by the Chinese government have become a concern for US policymakers and policymakers in other developed countries because Chinese MNCs are believed to acquire companies to 'pursue non-commercial objectives', thus imposing costs and risks on the hosting countries. In this sense, sponsorship and support from the Chinese government for Chinese firms lead to fear and concern from the authorities of the hosting countries, and create an unfavourable environment for Chinese MNCs (Zhang, Zhou, & Ebbers, 2011).

A well demonstrated case is the decision by the US that Chinese telecoms firms Huawei and ZTE pose a security threat to the US and should be barred from any US mergers and acquisitions. The congressional panel says the firms failed to allay fears about their association with China's government and military (BBC, 2012). A more recent case is concerned with China General Nuclear Power (CGN), a state-owned energy giant, which has been accused by the US of leading a conspiracy to steal American power industry secrets to speed up the development and production of Chinese reactor technology; and it is suspected that due to national security concerns,

the Hinkley Point power station deal in the UK, in which CGN is an investor, has been delayed by the UK government (Pagnamenta & O'Neill, 2016; Swinford & Gosden, 2016).

Therefore, coming from a politicised business environment in China, a crucial issue faced by Chinese MNCs is 'whether they can balance the dual competing demands of home country and host country governments' (Li, Cui, & Lu, 2014, p. 995). This is also a task of balancing governmental support and strategic freedom. As argued by Zhang and Van Den Bulcke (1996, pp. 141–164), there are two factors determining whether Chinese firms can stand out among their Chinese peers: 'the influence of the governmental bureaucratic system' and the 'development of a real entrepreneurial logic'; and 'those enterprises that developed an early link between these two factors are likely to be more successful and competitive than those which have based their international business strategy only on the privileged position which they received from the government.'

9.4 Understanding Teleman's control system: interactions with the paradoxical labour market in China

In this section and the next section, I relate the above-discussed distinctive characteristics of Chinese institutional environments to the Actor/Institution Interaction Process Model, and show how Teleman's interactions with them leads its control system. This section focuses on the paradoxical labour market, and Section 9.5 deals with the politicised business environment.

To Teleman, the Chinese labour market has two dimensions. The enabling dimension is concerned with the cheap labour, labour surplus, and relatively powerless employees without the protection of unions, and the constraining dimension is about the talent shortage, and high mobility of talented employees, which gives increasing negotiating power to employees. Embedded in such institutional settings, Teleman has implemented different strategies to leverage the enabling dimension, and at the same time mitigate the impact of the constraining one. These implementations lead to either positive outcomes, which in turn provide further support to the development of the

company's control strategy; or negative outcomes, which Teleman needs to fix through other control mechanisms. This process is illustrated in Figure 9.2.

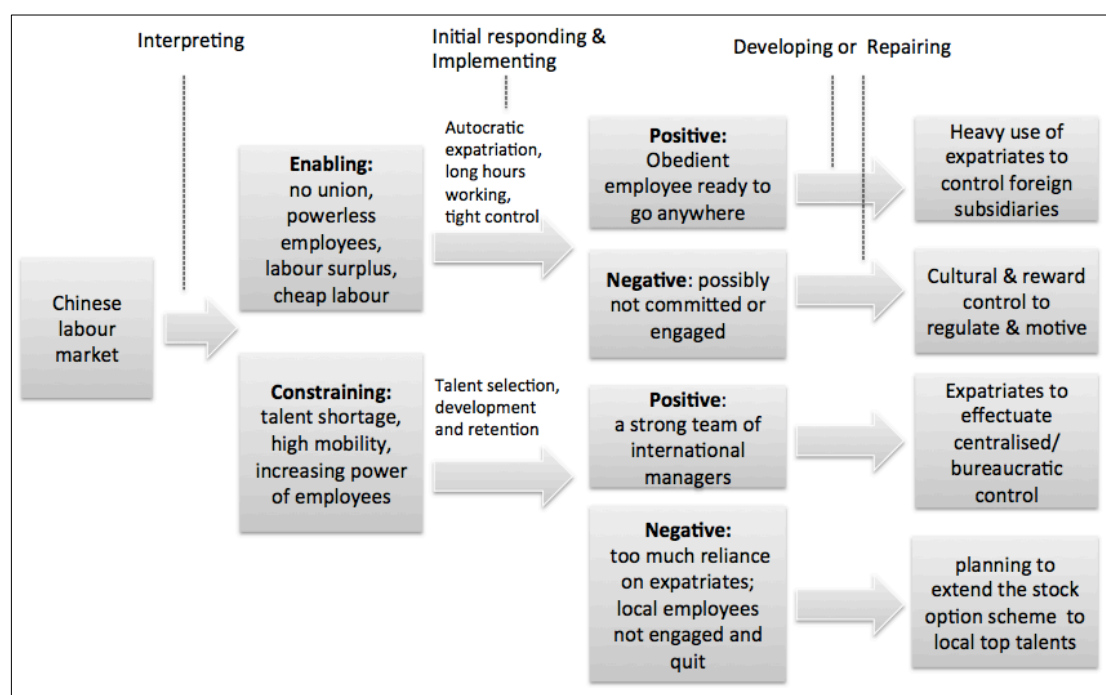


Figure 9.2: Teleman's Interactions with Chinese Labour Market

9.4.1 Leveraging the enabling institutional dimension

Given the lack of union representation in China and millions of fresh graduates flooding into the labour market every year, it is not surprising that employers in China tend to have strong negotiation power over employees. Particularly for famous companies like Teleman, graduates fight for a position there.

As an elite company in China, Teleman is famous for its 'high salary, and high pressure' working life. For many employees, 'high pressure' has become a 'take-for-granted' fact, which is frequently associated with incredibly long working hours, even on weekends and holidays. As discussed in Chapter 7 on identity control, employees are 'encouraged' to apply to be a 'FDZ (fighter)' with a written statement declaring that they are voluntarily giving up statutory holidays. It was also reported that in 2007 the company forced more than 8000 employees with long tenure to resign and re-join the company so that accumulated tenures for these employees were reduced to zero. According to the company claims, this was to break the culture of complacency

among these long-serving employees. But to many people, this was to avoid the legal constraints imposed by the new Labour Law effective from 2008.

Another example of Teleman's strong disciplinary control over employees is the autocratic nature of its expatriation system. Employees in Teleman cannot choose their destination overseas, and even if they have been working in a certain country for years and wished to settle down, they have to go to a new place if required by the company. The only way to escape such constraint is to leave the company.

Arguably, Teleman's semi-military management and strong disciplinary control over employees does not really make it much different from those sweatshops in the manufacturing industry in China, and clearly, it shows how Teleman leverages on the enabling dimension of the labour market, i.e. taking advantage of the abundant cheap and powerless labour in China.

Teleman's response to this enabling dimension of China's labour market has led to two outcomes: positive and negative, and each of them has important implications for its control system.

On the one hand, Teleman's strong disciplinary control over employees has produced tens of thousands of Chinese employees who are obedient to the company's orders with limited resistance, and are willing and ready to go anywhere required by the company. This lends strong support to the company's expatriate control over the subsidiary units, and makes possible the centralised, bureaucratic control. As shown in Chapter 4 and Chapter 7, the working environment for expatriates can be extremely harsh, with their working location in deserts, plateaus, rainforests, or oceans. Many of them are also required to deliver projects in areas suffering from wars, riots, and virus outbreaks. When natural disasters such as earthquakes and flooding break out, it is the right time for them to go to these plagued sites and restore telecommunication lines and get them back working. Without a huge group of obedient and relatively cheap and young employees, I argue, it is hard to imagine that the company can rely on such an expatriates-centric approach to manage its overseas subsidiary units and business.

On the other hand, Teleman's response to China's labour market in a semi-military way could have also resulted in a potentially negative outcome: an uncommitted or disengaged workforce. However, my research reveals that this potential issue has been effectively mitigated by the company's strong corporate culture, and well-established reward system. In other words, an effective identity control and reward system has been used to reduce the negative effect brought by the company's autocratic response to the enabling dimension of the labour market in China. Based on Teleman's organisational discourse, working in a harsh environment in regions such as Africa or the Middle East is not a simple individual action; rather, it reflects the values, loyalty and commitments of the individual. Devotion and sacrifice is not a personal thing anymore, but an issue concerned with a nation's rejuvenation and a society's prosperity. Through de-emphasising the self, the company legitimates its autocratic expatriation mechanism and its strong disciplinary control over weak employees. Furthermore, Teleman actively responds to employee self-interest through providing them with high payments and international careers, which few employers in China can offer. Such a combination of identity and reward control enables Teleman to repair the possible damage to employee commitment and engagement, thus ensuring the smooth running of the company's centralised and expatriate-centric control system in its subsidiary units.

9.4.2 Tackling the constraining institutional dimension

Like many companies in China, Teleman is also faced with the constraining dimension of Chinese labour markets, that is the shortage of talent and the increasing mobility and bargaining power of Chinese employees. Similarly, how to attract, select, develop and retain talented employees has become a critical issue for Teleman. In this regard, Teleman excels over other employers in China in several ways.

First, the company's highly successful business in domestic and international markets means that it is able to offer above-market compensation and benefits packages to its Chinese employees. With high salaries and big bonuses, particularly the stock option, Teleman has successfully attracted many talented young people from top Chinese universities. As shown in Chapter 8 on reward systems, the excellent package offered

by the company has played a very important role in keeping these talented employees from joining other companies.

Second, the company's rapid development in overseas markets also means that it can offer incomparable career development opportunities to its Chinese employees. Different from western MNCs that tend to send seasoned managers to work overseas, Teleman is eager to send out young employees to work globally. As my research reveals, the majority of expatriates in Teleman are young in terms of both age and organisational tenure, with many of them becoming expatriates right after graduating from universities and joining the company in China. One notable feature here is that overseas expatriation is first of all a talent selection method, then a development programme. Becoming an expatriate does not automatically guarantee good career prospects; but once an employee has delivered super performance and proved his capability and loyalty, he/she will be eligible for rapid promotion and frequent internal transfer, a process to prepare for managerial roles. In addition, an 'Internal Talent Market' has also been developed within the company to facilitate internal mobility. It is reported that about 1000 employees changed their job through this internal talent market in 2014, and the number was expected to jump to 2000 in 2015.

Third, Teleman has also made tremendous efforts in building up a strong corporate culture in the hope that employees identify themselves with the company. Although several expatriate interviewees expressed their disagreement with the company's values, my analysis reveals that most expatriates have highly internalised the company's values, and identified themselves with the company. Many of them see great value in *JKFD* and contribute to the company's great success and their career development in sticking to such values.

Similar to its response to the enabling dimension, Teleman's response to the constraining dimension of China's labour market leads to positive and negative outcomes, which provide further guidance on the company's actions, either an action to enhance, or an action to repair. In terms of positive outcomes, a strong team of expatriates and international managers has been developed in Teleman. As illustrated in Chapter 5 and Chapter 6, expatriates enjoy high status and possess great power in subsidiaries, and within the company, and there seems to be a consensus that it is

expatriates' hard work and devotion that help the company to achieve what it has today. For example, expatriates played critical roles in opening up the international markets in the early years. The interviewees generally reported that expatriates saved the company from crisis in the mid-late 1990s when the company experienced great difficulty in domestic markets due to a series of reasons such as the restructuring of the industry led by the nation, the limited domestic share increase, and state-owned competitors fighting back. As one expatriate puts it, 'Generally the UK market was opened by Chinese [expatriate] people'.

Today, Teleman relies heavily on this huge network of expatriates and international managers to manage its subsidiaries around the world. These expatriates not only act as doers and deliver projects on 'the front line', but more importantly, help the company to exercise personal centralised control and bureaucratic formalised control to subsidiary units and local employees. In other words, Teleman's efforts in responding to the talent shortage problem in China have enabled it to exert effective controls over its overseas operations.

Regarding the negative outcomes brought by its response to the constraining dimension of China's labour market, clearly locally hired employees, including local British and local Chinese employees, have not been benefiting from the company's talent management efforts. For example, as illustrated in Chapter 8, neither British employees nor local Chinese are provided with much career development opportunities within the company. Particularly for local Chinese, they are faced with great difficulties in promotion, internal transfer and new skills learning; furthermore, they are paid at under market rates, and have no access to extra income such as bonuses and stock options. The consequence is that both local British and Chinese employees, who consist of 50% of the total workforce in the UK, have low level of morale and commitment, and the turnover rate of British employees is very high in the UK and other European offices. This stops the company from benefiting from the local talent markets, and has created a vicious circle between localisation and the company's expatriate-centric control system.

Based on my Process Model, such problems should have drawn the company's attention and actions need to be taken to repair the damage. However, my research

reveals that so far limited efforts have been made to tackle this issue. During my research on site, there were rumors that the stock option programme might be extended to local top talent; however, it had not been confirmed when this thesis was being written.

9.5 Understanding Teleman's control system: interactions with the politicised business environments in China

Previous research had revealed that the politicised business environment has important implications for their management approaches. For example, in Indonesia, business groups are found to adopt loosely-coupled organisational structures to facilitate the management of political ties. In the case study, Salim Group uses a fragmented, compartmentalised organisational structure as a major mechanism for reducing dependence on the ruling Suharto regime and thus protecting themselves against the negative effects of political ties (Dieleman & Boddewyn, 2012).

In the specific context of China, Chen, et al. (2011) find that corporate political connections lead to a high level of concentration in the Chinese firm control structure; that is, controlling owners of politically connected firms tend to concentrate their shareholdings and dominate the board of directors by occupying the position of either chairman or CEO, so that decisions on deals with government officials can be made swiftly and in a covert way. For strategic management, it is found that diversification opportunities are rare in China and local governments play a significant role in allocating resources; therefore, firms with political connections tend to have higher levels of diversification (Zhang et al., 2015). As revealed by Warner et al. (2004), the politicised nature of Chinese firms also means that they tend to assign more headquarters personnel to the overseas subsidiary, and these senior managers are required to make frequent duty visits to the headquarters. Similarly, my analysis shows that the politicised business environment in China also has a great impact on Teleman's control strategy and practices. Teleman's interactions with a politicised business environment in China are illustrated in Figure 9.3.

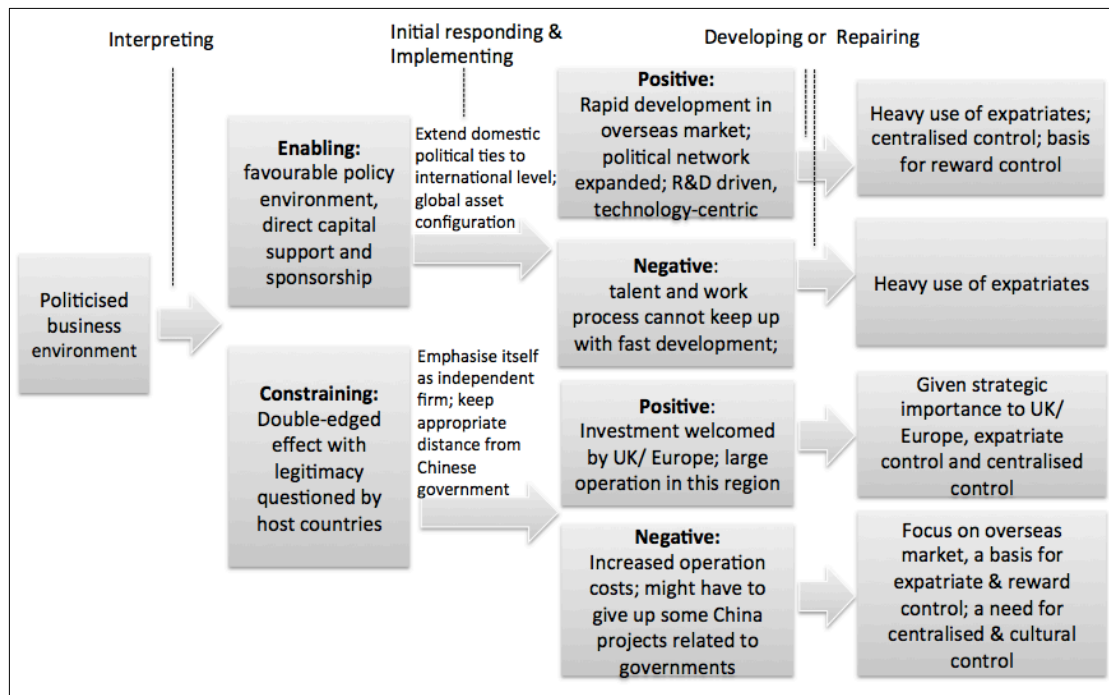


Figure 9.3: Teleman's Interactions with Politicised Business Environment

9.5.1 Leveraging the enabling institutional dimension

A favourable policy environment, protected domestic market, and direct sponsorship and support are enabling institutions every firm wants to leverage. Teleman's leveraging of the Chinese politicised institutional environment is best illustrated by two actions.

The first is about its global asset concentration in China. As mentioned previously, telecommunications is a politically sensitive industry in China. Despite China's entry into the WTO, the Chinese telecoms market remains largely close to foreign companies. As a key player in the domestic market and a national banner in international markets, Teleman has actively leveraged its political resources, and has gained access to numerous preferential policies and support from central and local governments.

For example, in the R&D area, it has benefited from the state financing on R&D activities on domestic 3G standards. It also gains its competitiveness in the global WCDMA marketplace due to central government pressure on its foreign venture partners to force knowledge transfer (sources are hidden deliberately to protect the

anonymity of Teleman). Given the favourable policy environment and state sponsorship in different forms, it is not surprising to see that Teleman, like many other Chinese MNCs, has concentrated its global assets such as R&D and manufacturing facilities in China, and maintains overseas subsidiaries as sites for sales and project delivery, in an effort to fully capitalise on the favorable institutional environment in China.

According to my informants, although a number of R&D centres have been established in Europe, the USA and other locations, critical R&D projects are done in China by a Chinese team called 'Lab 2012'. Therefore, the company's core technologies are all in China and, as my informants put it, if there is any new product or technology coming out of the company, it is Chinese engineers that first come to know it. The following remark by an expatriate technical director illustrates Teleman's China-centred global asset configuration approach.

'China back home provides huge amounts of support in terms of resources, and this is the competitiveness of Chinese companies... For example, Nokia can run the whole range of activities in Europe for its mobile phones, from design, raw material purchasing to manufacturing, sales and post-sales service. However, Teleman and X company basically only do sales and after-sales here. The rest of the activities are all in China. From the process management point of view, it is long and relatively risky, but cost and the effect of economic scale is the basic competitive advantage of Chinese products in the European and American markets, which should not be given up.'

The second is concerned with Teleman's efforts in extending its political connectedness to the international level. Teleman has been well connected to governments and industry authorities in different countries through participating in political events at state level initiated by the Chinese government. For example, according to news reports and the company's internal newspaper, senior managers of Teleman were delegates of the Chinese president's 2015 state visit to the UK. Similarly, in the 2015 Johannesburg Summit of the Forum of China-Africa Cooperation organised by China Ministry of Commerce, Teleman's senior manager was the only keynote speaker from the telecoms industry.

Because of this relationship with the Chinese government, Teleman has been provided with privileged access to political networks at international levels. Thus, many of its

clients at subsidiary levels are central government or governmental agencies of the host nations, particularly in developing countries. In more developed countries like Germany and the UK where market mechanisms prevail, Teleman's investments have also been given political meanings in that they have been considered as a token of stronger economic and political ties between China and the foreign country. For example, according to the central government's official website, the then managing director of Teleman UK had been commended as an 'Icebreaker' for his 'outstanding contribution to the promotion of Sino-British friendship, and economic and trade cooperation' by the then Chinese Ambassador (April 27, 2012).

An article in the company's internal paper in March 2012, entitled '*Teleman People on Stamp*', can best illustrate this point. The article interviewed an expatriate manager who led a project in Cameroon in West Africa, and because of the success of the project, the project team was featured on a Cameroon stamp. An expatriate explained:

'The project built a system which enables telephone lines, internet, banks, schools, medical service and other units in Cameroon to transport data and information. Cameroon's telecoms industry will make big improvements, and the economic development will be pushed forward greatly... Last year marked the 40th anniversary of the establishment of diplomatic relations between China and Cameroon, and the Cameroon government proposed that the Chinese embassy provide some photos as tokens of Sino-Cameroon friendship to be made into stamps. And because our project had the largest scale and best delivery, and has been highly regarded by our client, we were asked to provide some photos. The working scene you see in the stamp is a project team working led by the PCM. This is the pride of the whole project team and the pride of the representative office.'

The above quote shows that the company's services seem to be part of the political ties between Chinese and foreign governments. In other words, leveraging the enabling dimension of the politicised business environment in China, Teleman expanded its political and business network beyond the national boundary to the international level.

Positive outcomes and the resulting control strategy: The above-discussed two actions taken by Teleman have helped it to grow into a highly successful company within a relatively short period (i.e. less than 30 years). The China-centred asset configuration allows it to benefit from favourable domestic policies to promote

science and technology advancement in China, and at the same time enables Teleman to maintain the competitive advantage in its products, which has resulted from reduced labour costs and effect of scale economies. With its expanded political connections at the international level, Teleman has also been able to effectively tap into foreign markets, and generated enormous business and profits. Therefore, through leveraging the positive dimensions of China's politicised institution environment, Teleman has quickly developed into a highly successful, R&D driven, and technology-centric company, with distinctive political meanings attached to its products and services. These are positive outcomes.

With reference to the control strategy, three arguments can be made here. First, given Teleman's expanded political network in foreign markets, managing business activities overseas is not the job of certain subsidiary units anymore; rather, it has become a 'national' and 'international' issue. It is 'national' because it is concerned with China's national interest; it is 'international' because it involves international governmental bodies and the company is now in a wider international political network. Under such circumstances, it is not surprising that a highly centralised management approach has been taken by Teleman to ensure that firstly, all decisions concerned with activities at subsidiary level are made correctly in line with the political agenda; secondly, all decisions are made swiftly to keep up with any change in political and commercial networks; and thirdly, all decisions are made based on comprehensive knowledge of the overall situation at home and abroad. In other words, other important stakeholders are involved in Teleman's business decisions.

Second, the concentration of assets in China means that the company's global business activities are coordinated by the China HQ, and naturally decisions regarding these activities, no matter whether they happen at subsidiary or HQ level, are centralised to China and made by a group of senior managers, who have a more comprehensive view of the overall business situation.

Third, accordingly, a large number of expatriates are needed to ensure such global configuration works efficiently. In Teleman, expatriates are sent around the world to firstly, collect information to facilitate senior managers' decision-making at HQs; secondly, to coordinate activities between China HQ and local subsidiary units, and

among sister subsidiary units in different countries; and thirdly, to get things done and deliver the project. Their role in this aspect of control and coordination is similar to what has been discussed in previous studies (Belderbos & Heijltjes, 2005; Kabst, 2004; O'Donnell, 2000) ; particularly, their roles as boundary-spanners is critical to the company's global asset configuration strategy (e.g. Au & Fukuda, 2002; Johnson & Duxbury, 2010; Thomas, 1994).

Negative outcomes and the resulting control strategy: Teleman's response to the politicised institutional environment with a China-centred asset configuration and extended political network has also led to negative outcomes. One of the most important ones is that the development of human resources within the company has failed to keep up with the rapid business development, and as a result, the company relies on many expatriates to manage and control its overseas subsidiaries.

Due to its political connections with Chinese central and local governments, Teleman has benefited from efforts in various forms taken by the governments to push local Chinese companies to become global ones. As discussed earlier, these include creating a favourable policy environment for high-tech companies, providing capital or low-interest finance for R&D and international expansion, and protecting the domestic telecoms market. Such strong government support has undoubtedly contributed to Teleman's rapid emergence as a national champion and international major player in the telecoms industry. For example, it is reported that Teleman did not start to produce large-scale central office digital automatic switches until 1995; but in 1998, it became the largest manufacturer in China, surpassing Shanghai Bell, a joint venture, which had been the leader in the previous years. Behind this dramatic success was the government imposing tariffs on imported equipment in 1996, and organising coordinating conferences to promote indigenous equipment through signing purchase contracts since 1997.

In the international market, meanwhile, Teleman did not start its internationalisation efforts until the late 1990s; however, in 2005, it achieved more revenues from overseas market than the domestic market for the first time. And in less than 10 years it has become one of the biggest international players in the industry. Such a development at unusual speed leads to a big problem, that is, the shortage of talent,

both a shortage of Chinese managers with international management experience, and shortage of local talent in foreign subsidiaries.

To cope with the shortage of Chinese international managers, one solution taken by Teleman is to train managers as quickly as possible through ‘throwing lots of people to a foreign land’, as one expatriate described it. The following quote offers us more insights into how this ‘thrive or die’ approach worked.

‘When I first came to the UK, I was 27 or 28, and all my foreign colleagues were 10 years older than me. The first thing is about being equal. They are all industry experts, and if you need to cooperate with them, you have to quickly develop yourself, and it takes lots of effort. The second thing is about managing them. Now, the youngest foreigner in my team is 39, five years older than me, and other senior ones could be 47 or 48, more than 10 years older than me. How can you manage them? How will they respect you? If you don’t grow fast, you won’t make it. There is huge pressure. From the start, how you can cooperate with them and then how you can manage them. The company appoints you as their manager but it doesn’t mean you can be their manager. You need to convince them, and guide them. All these depend on your own efforts. For example, when you are meeting a client, as a foreigner, in order to earn the client’s respect, you offer him something more, you try a bit harder, you work longer hours, you respond faster, and do things more professionally. When the client accepts you, they will look at you differently and take you as their boss, and then you are the real boss and you make decisions. This takes time, and you need to work hard. It is very difficult... Have you had arguments with your housemates? I improved my English rapidly when having arguments with British people when I was in the UK.’

As indicated by this quote, the personal experiences of this group of expatriates are by no means enjoyable, as many of them were not even able to speak fluent English. However, through sending out a large number of young employees to work abroad, Teleman managed to build a strong team of international managers in a short period. Therefore, the use of expatriates is to fulfil ‘management development’ purposes through giving managers international experience to prepare for future important tasks (Edström & Galbraith, 1977). This is consistent with Sparrow et al.’s (2004) study, which found that management development (i.e. career development and creating an international cadre of managers, in total 95.3%) represents the most important reasons for MNCs using expatriates (Collings & Scullion, 2006). However, as we can see, the scale of expatriation in Teleman is much larger, due to its rapid development over a short period.

The second type of shortage, the shortage of local talent, seems to be a common problem faced by many MNCs when they enter a new market, where qualified local individuals are not available or easily trained; therefore, expatriates are sent from HQs to fill positions (Edström and Galbraith, 1977). This is often discussed in the case of Western MNCs when they come to a developing country where the local labour market cannot provide enough qualified workers. However, in Teleman's case, the situation is different. In Europe, particularly in West Europe, telecoms is a highly mature industry, and the market is well established. One simple illustration is the long history of Ericsson, one of the biggest players in this industry, which was established in 1876. Therefore, I argue that the reason for Teleman relying heavily on expatriates is not because of the lack of qualified local talent; rather, it is because the unusually fast development of the company results in two problems: first, the insufficient time and investment in training local employees, and second, the under-developed working process; and they both lead to the same consequence, the use of expatriates.

First and foremost, Teleman is a very young company, particularly in Europe. It entered the UK and German markets in 2001. It would be understandable if it was not able to develop a strong local team within just 15 years, who are familiar with the company's products which are all designed and made in China. Most importantly, due to the rapid pace of the company's development, the workloads for both local and expatriate employees are very large, which means there is limited or inadequate time for knowledge transfer or training. The following remarks made by an HR manager to a candidate in an interview illustrate this point:

‘Teleman is developing at light speed, and we are too busy to have the time to train a new employee before he starts to work. We mainly train on the job...the working hour is from 9 to 5:30; however, in our company, we pay for performance, we pay for your hard work. The more you work, the more you learn, and the faster you develop.’

Teleman seems to be dealing with a dilemma. To cope with the rapidly expanding business, the company needs to train a group of local talent to deliver the project. However, at the same time, everybody is too busy at work to train people. At the

current stage the company has solved this problem with a ‘quick fix’ solution: expatriates.

Secondly, because of the short history of internationalisation but the rapid development of the company, working processes and systems are not well established in Telemat. Rather, as I discussed in Chapter 6, they are fragmented and ever-changing, thus the ‘rigid rule – changing rule – no rule’ paradox. On many occasions, employees need to spend time and make an effort figuring out what things can be done. This under-developed work process, as I discussed in Chapter 6, has brought confusion and frustration to local (British) employees. Suffering from poor career development prospects within the company, many of this group of employees have eventually chosen to quit.

9.5.2 Tackling the constraining institutional dimension

As illustrated by Figure 9.3, the politicised environment also contains constraining dimensions, which Telemat is expected to respond to with actions. My data in this regard, however, is limited. Therefore, the following paragraphs are speculative and indicative.

The constraining dimensions of a politicised institutional environment, I argue, is concerned with first, the interference from central and local governments in business operations; and, more importantly, second, the double-edged effect discussed earlier. Whilst the first issue is more hidden and there is little data or evidence to support my speculation, the second issue has received frequent media coverage in recent years. Although Telemat is not a state-owned enterprise, it has been labelled as a national champion since the late 1990s because of its huge domestic success. When conducting business in overseas markets, Telemat has been frequently portrayed as being backed by the Chinese government and representing the national interest of China. Because of its ambiguous relationship with the Chinese government, Telemat has been accused by the US government of acting in the interests of the Chinese government, and posing a threat to US national security, therefore blocked from entering the US market.

Accordingly, as a business corporation, Teleman has responded to this constraining institutional environment with great efforts on proving itself as an independent firm which is market-oriented and profit-driven, rather than having a political agenda. For example, in 2014, the company, for the first time, allowed a foreign journalist from the *Financial Times* to look at the books containing ownership details, an effort to rebut criticism that the company is not transparent and to prove that it is a private company owned by its employees. In the UK, Teleman went even further to have a cybersecurity centre established to combat the risk of surveillance and hacking attacks from China. According to the author (2016), the centre is overseen by a board that includes directors from GCHQ (British intelligence and security organisation), the Cabinet Office and the UK Home Office, and was ‘created as a compromise – between the security concerns of intelligence agencies and the private sector’s desire for cheap imported technology’ (source is deliberately hidden to protect the confidentiality of the case company).

A positive outcome of its efforts to de-politicise itself is that Teleman has been welcomed in the UK and continental Europe by governments and has been increasing its investment in the region in recent years. For example, in 2012, the company announced a new £1.3bn investment in the UK as part of talks between the company’s founder and British government officials. A *Financial Times* article reports that the company considered the UK and Europe as having ‘strategic importance’, due to the fact that it has met obstacles in the US and Australia amid concerns about cybersecurity. However, the then British Prime Minister David Cameron ‘welcomed’ Teleman’s investments. According to the company’s corporate website, Teleman currently has 15 offices across the UK, employing 1,100 employees, one of the largest investors from China. With reference to the negative outcomes, I suspect that due to the company’s de-politicising efforts such as establishing the cybersecurity centre, the operation costs for Teleman in this region might increase. It is also possible that Teleman might end up giving up some sensitive, government-associated projects in China as a result of distancing itself from the Chinese government.

These outcomes have important implications for the company’s control strategy. Given its success in Asia, Africa, and particularly in recent years the UK and Europe, the company has focused its business in overseas markets in recent decades. In 2014

and 2015, over 60% of its revenue was generated from overseas markets. On the one hand, the company continues to send out more expatriates abroad to manage the increasingly expanding business in different locations, and tighten its control over subsidiary units through centralised decision making and bureaucratic mechanisms. On the other hand, the business success also provides a solid foundation for reward control, continuously motivating its employees to become expatriates and fight for the company in foreign lands.

In terms of identity control, it is predicted that as Teleman is becoming more and more internationalised and emphasising its status as an independent firm, it might reduce the national pride element in its organisational discourses on JKFD as a way to contribute to China's national rejuvenation. However, as discussed in Chapter 7, this is not the case as the company is still repeatedly making explicit links between personal sacrifices, the success of the company and the national interest of China. This, from another angle, reflects the prevailing politicisation in the Chinese business environment.

9.6 Conclusion

The chapter has aimed to answer the central question: why has Teleman managed its European subsidiaries and employees in the way discussed in the previous four chapters? An institutional perspective has been adopted to explain the underlying generative mechanisms that lead to the empirical events observed. In this thesis, I have argued that Teleman's international management and control system is the outcome of its interactions with the institutional environment in China. To illustrate this point, I have conceptualised the Chinese institutional environments as a form of variegated capitalism, and developed an Actor/Institution Interaction Process Model to capture how Teleman interacts with the enabling and constraining dimensions of the Chinese labour market, and the politicised Chinese business environments, and develops a unique control system to serve its business purpose.

This chapter and the previous five data chapters provide us with rich knowledge about the internationalisation of Chinese firms, a relatively new and understudied phenomenon in recent years. Looking through the lens of the control system, this

study offers detailed accounts on micro-level internal organisation and management within the company, thus contributing to a deeper understanding of how firms actually *become* internationalised. Furthermore, with the three-step Interaction Process Model, this study captures the interactions between institutions and actors, and opens the black box of how institutions shape the behaviours of MNCs. In doing this, this study demonstrates how studies of emerging market multinationals can contribute to the extension of existing theories in IB. This will be elaborated further in the Conclusion chapter.

Chapter 10: Conclusion

The internationalisation of EMNCs has been one of the most notable dynamics in international business in recent years (Kostova et al., 2016). Despite the fact that there has been a growing literature over the last few years, which has generated considerable knowledge about the motives of internationalisation and the competitive advantages, entry strategies, and performance, we know very little about how EMNCs actually organise their work and manage their employees globally. With EMNCs taking their first steps towards internationalisation, studies of these infant firms may yield insights about how firms become internationalised and provide us with a unique opportunity to challenge and extend existing IB theory (Cuervo-Cazurra, 2012, 2016; Mathews, 2009; Ramamurti, 2012).

It is for these two reasons that this study has investigated the international management and control system of Chinese MNCs, a move to better understand how EMNCs like Teleman internationalise, and how they manage this internationalisation process. Drawing on an immersive ethnography of Teleman, this study, first of all, enhances our understanding of the internationalisation process and behaviours of EMNCs and MNCs in general; but more importantly, it contributes to the extension of existing IB theories, which have been developed based on the studies of MNCs from advanced markets (AMNCs).

In this concluding chapter, I relate the Teleman case to the on-going debate about EMNCs in IB study, and demonstrate the values of studying EMNCs. I provide answers to three important questions frequently asked by IB scholars:

Do EMNCs internationalise differently from AMNCs? Can existing theory explain EMNCs' differing behaviours? And how can studying EMNCs contribute to theory extension? This chapter also makes remarks on the limitations of this study and suggestions for future research.

10.1 Do EMNCs internationalise differently from AMNCs?

Existing studies on EMNCs tend to support the view that EMNCs internationalise differently from AMNCs. For example, in terms of motives, it has been argued that

EMNCs go abroad to acquire strategic assets in order to overcome latecomer disadvantages and address competitive weakness (Agyenim, Wang, & Yang, 2008; Boisot & Meyer, 2008; Child & Rodrigues, 2005; Deng, 2009; Awate et al., 2015; Cui et al., 2014). They also internationalise for knowledge-seeking purposes in order to improve their technological and commercial capabilities (Luo & Tung, 2007; Mathews, 2006; Jindra et al., 2016; Thite et al., 2016). Regarding entry strategies, it has been reported that aggressive M&As are particularly favoured by EMNCs (Aybar & Fecici, 2009; Deng, 2009; Gubbi et al., 2010). Guillen and Garcia-Canal (2009) make attempts to summarise the difference between EMNCs and AMNCs as illustrated in Table 10.1.

Dimension	EMNCs	AMNCs
Speed of internationalisation	Accelerated	Gradual
Competitive advantages	Weak: upgrading of resources required	Strong: required resources available in-house
Political capabilities	Strong: firms used to unstable political environments	Weak: firms used to stable political environments
Expansion path	Dual path: simultaneous entry into developed and developing countries	Simple path: from less to more distant countries
Default entry modes	External growth: alliance and acquisitions	Internal growth: wholly owned subsidiaries
Organisational adaptability	High, because of their meagre international presence	Low, because of their ingrained structure and culture

Table 10.1: EMNCs compared to AMNCs (source: Guillen and Garcia-Canal, 2009)

Although there is little research on how EMNCs manage their overseas subsidiary units and employees, it is plausible to make a prediction that their approach in management and organisation would be different from AMNCs, given that they have different capabilities and competitive advantages, and different motives for internationalisation (e.g. Ramamurti, 2009, 2012, 2013; Williamson et al., 2013).

This study on Teleman lends support and provides empirical evidence to the view that EMNCs behave differently in their internationalisation process. It reveals that the

internationalisation process of Teleman is characterised by the following features, which does make it different from AMNCs.

First, the internationalisation of Teleman has been driven by a strong organisational culture, which is uniquely blended with nationalism, militarism, and materialism. From the very beginning, Teleman has relied on large numbers of expatriates going abroad to explore new markets in Russia, Latin America and Africa. This task of initial internationalisation was undoubtedly difficult, given the close-to-zero reputation of the company at that time and the bad image of made-in-China products and, understandably, it was difficult to mobilise employees to go abroad and take on this task. However, Teleman did successfully accomplish its initial phase of internationalisation through building a strong team of ‘corporate soldiers’, i.e. expatriates, who were driven by a militarised culture, a mission of China’s rejuvenation and of course, material rewards (good salary and good career development prospects). Even today, with Teleman a global leader in the industry, the company still heavily relies on this group of expatriates to manage its overseas operations, with the company constantly emphasising its unique corporate culture to its Chinese employees. This nationalism, militarism, and materialism of the corporate culture make Teleman different from its western counterparts.

Secondly, the internationalisation of Teleman has been driven by a high level of personalisation and centralisation. Consequently, the internationalisation has not led to high levels of localisation and formalisation as we observed in many AMNCs. As discussed in previous chapters, expatriates play critical roles in Teleman’s European subsidiary units in that they work as both coordinators and controllers, helping the China HQ to make decisions. Furthermore, the HQ is also frequently involved in direct decision making. Such a personal centralised approach endows expatriates with institutionalised and non-institutionalised powers, yet excludes the other two employee groups (the local British and local Chinese) from participating in decision making and does not allow them to benefit from the internal career development opportunities and financial returns brought by the company’s successful international business. Although Teleman has been highly successful in its internationalisation, its management system is not formalised, codified or reproducible, as we observe in

many AMNCs. Instead, Teleman's system remains highly personalised with large amounts of individual input from expatriates and from China HQ.

Third, the internationalisation of Teleman reflects a strong pragmatic mentality of the company, leading to a low level of localisation and embeddedness in host countries. This can be seen in the way it allocates its global resources and assets, locating major R&D and production facilities at home whilst designating for example, foreign units more as sales representative offices and sites for delivering projects. It can also be seen in the way it staffs its subsidiaries, hiring experienced local British staff at above market wage rates to capitalise on their personal connections and market knowledge, and hiring local Chinese with low salaries to leverage their language skills. In the whole internationalisation process, Teleman heavily relies on expatriates, and considers them as core employees, while local British and local Chinese employees are largely marginalised. The company's pragmatic approach has, however, had negative consequences, such as a high turnover rate of local employees and the low morale of local Chinese. However, as discussed in Chapter 8, it seems that the company feels reluctant to invest in and develop these two local employee groups, since their reactions and responses do not exert major material effects on productivity or profitability for the company. Compared to western MNCs that tend to become more localised and more embedded in the local markets when the level of internationalisation increases, Teleman has continued to show a low level of localisation and it remains a Chinese company with a strong sense of 'Chinese-ness'.

These three features of Teleman's internationalisation process seem to confirm the view that EMNCs do behave differently in the process of internationalisation; but an even more important question is why. This leads to the second frequently discussed question.

10.2 Can existing theories explain EMNCs' differing behaviours?

Answers to this question are inconsistent. Whilst authors such as Luo and Tung (2007) and Mathews (2006) contend that new theories are needed to explain EMNCs' behaviours, others such as Narula (2006) and Rugman (2010) argue for the adequacy of existing theories. Based on the findings of this study, I take a middle ground

position proposed by Cuervo-Cazurra (2012), Ramamurti (2009, 2012) and others. I contend that existing IB theories provide only partly satisfying explanations to some of the puzzles about Teleman, and efforts need to be made to extend and modify them in order to offer complete explanations about what is happening in Teleman. For example, as mentioned earlier, Teleman's internationalisation is driven by a strong organisational culture. Adopting Dunning's (1977) OLI framework, we can argue that one of the core ownership advantages (the O element) of Teleman is its strong culture, which has played a critical role in motivating and retaining expatriate employees. From a theory point of view, the O argument does hold up well here. However, what has not been explained is: how can Teleman possibly build such an organisational culture which blends nationalism, militarism and materialism in a way western MNCs are not able to imagine succeeding? Put another way, can a British MNC create a similar culture? If so, can such a culture function in the same way to motivate its employees? The answers to these two questions seem to be 'no'. This shows that the explanation offered by the OLI framework is incomplete; only when we engage with other theories or make extensions to existing theories can we have full understanding of the behaviours of EMNCs.

I now elaborate this point by trying to explain one of the most unique behaviours of Teleman. As discussed in the previous chapters, one of the defining characters of Teleman's control system is expatriate centricity. Such centricity is not only reflected by the population of its European subsidiaries per se, but also by the institutionalised and non-institutionalised power possessed by expatriates in daily working life, and by the company's corporate culture and reward systems, which are largely tailored to target expatriates, either through identity control de-emphasising the self, or through appealing to their materialised self interests. One big question here is why does Teleman use so many expatriates in its overseas operations?

One way to answer this question is to turn to existing theories and frameworks on international staffing in MNCs. In this regard, two often-discussed frameworks are relevant, which I label as a *functional* framework and a *situational* framework. The functional framework, established by Edström and Galbraith (1977) provides three reasons for why MNCs use expatriates: (1) filling positions; (2) management development; and (3) organisational development. Based on this framework, later

studies have identified other reasons for the use of expatriates, such as cultural control (Chang & Taylor 1999; Groot & Merchant 2000; Rosenzweig & Singh 1991), and knowledge transfer (e.g. Bouquet, Hebert, & Delios, 2004; Hocking, Brown, & Harzing, 2004). However, these reasons, although with different names, can all be broadly grouped into Edström and Galbraith's organisational development category (Brewster et al., 2014).

Based on this functional framework, the management development purpose is to give managers international experience to prepare for future important tasks, particularly in the area of international business. In the case of Teleman, given the short history of the company and its global ambitions, it is plausible that the company attaches great importance to learning and therefore sends many expatriates overseas for 'competence development' and 'career enhancement', the learning -driven purpose identified by Evans et al. (2002). Stories discussed in Chapter 7 on career development support this point.

Another purpose in the framework, organisational development, is concerned with controlling the foreign operations through 'modifying and sustaining its structure and decision process' (Edström & Galbraith, 1977, p.253). As we have seen in previous chapters, Teleman is a highly centralised organisation, with all key decisions to be made in the China HQ; and expatriates play a critical role in controlling the subsidiaries and coordinating the business operations. However, using this framework, we know little about why key decisions are all made in the China HQ, and why there is so much internal communication and coordination work.

Similarly, the third purpose, position filling, cannot be adequately explained by this framework either. Based on Edström and Galbraith (1977), when qualified local individuals are not available or easily trained, MNCs can rely on expatriates sent from home. In the case of Teleman, one puzzle is why there are so many middle level managers and working level engineers working in overseas subsidiaries. Given the much more developed telecom industry in Europe, it is difficult to accept the ideas that Teleman cannot find qualified local individuals for its middle and working level works. Therefore, here we can see that the *functional* framework can best explain the behaviours of Teleman from the perspective of learning and manager competency

building, but it cannot fully explain why these middle and working level expatriates are sent abroad, and why China HQ make all the key decisions.

Now let us examine the explanatory power of the *situational* framework. The situational framework seeks to answer the ‘when’ question, exploring the contextual and situational factors. Researchers have examined different but similar groups of factors. Three factors, namely the industry, the stage of globalization, and the international strategy are often discussed (Harzing, 2001; Bonache & Pla, 2005).

Industry: Previous research has revealed that industry factors, such as the industry competition, the specific sector, the R&D intensity, the level of innovation, and the level of product customisation, have a great impact on the firm’s decision to use expatriates or host country nationals (e.g. Hamill, 1989; Harzing, 1999, 2001; Welch, 1994). The general idea is that if a firm is in an industry required to respond to local needs, and therefore rely on local talent for their information and knowledge pertaining to the local environment, then it tends to reduce the level of expatriates and host country nationals. On the contrary, if the firm is in an industry that requires a high level of global coordination and high level of reliance on the resources from HQs, then the firm tends to adopt an ethnocentric orientation. The former can be considered as globally integrated industries, and the latter locally responsive industries (Barlett & Ghoshal, 1989; Prahalad & Doz, 1987).

Seemingly, the industry factor offers good explanation for the heavy use of expatriates in Teleman. Teleman is in the telecommunications industry, and it boasts a wide range of products and services with core business being equipment manufacturing for telecommunication operators such as BT, Vodafone and O2 in the UK. Although the main parts of equipment are standardised based on common industry standards, each telecoms operator has their individual networks and systems, and therefore requires tailor-made equipment and services. This suggests that the industry Teleman is in belongs to a globally integrated industry with a high level of R&D intensity and innovation. This may lead to intensive use of expatriates. However, I argue that the industry factor cannot fully explain what happens, because such a high level of use of expatriates obviously has not been observed in other

Western or Japanese MNCs which are also in a globally integrated industry with a focus on R&D.

More importantly, the industry factor alone will not be able to explain MNCs' international staffing strategy, as other variables will affect their decisions. Even in the same industry, because of the roles of other variables, MNCs might adapt different staffing orientations. One example is Boyacigiller's study (1990), which, contradictory to ethnocentric approaches common in financial industry (Harzing, 2001; Welch, 1994), suggests that in a very competitive local environment, a branch of a major US bank relies heavily on the host country nationals to link the bank's services to the local business community and get new business. A study by Bonache and Pla (2005) also reveals a much more complex picture. Their study shows that when innovation is important for the firm, the probability of using expatriates decreases, and the use of expatriates is mediated by the company's strategy.

The stage of internationalisation: According to the dominant Process Theories of Internationalisation (Johanson & Vahlne, 1977, 1990), a firm's internationalisation unfolds in an incremental manner. It takes place along the establishment chain, from 'no regular exporting', 'independent representative (agent)', to 'sales subsidiary' and 'production' in the final stage (Johanson & Vahlne 1977, p.24). Accordingly, at different stages of the internationalisation, firms have different staffing policies to respond to the challenges encountered in the international environment and the specific organisational needs at each stage (Welch, 1994). According to existing studies, a general belief is that the level of expatriate use is negatively correlated to the stage of internationalisation. This means that at the early stage of a firm's internationalisation, firms emphasise control and therefore tend to take an ethnocentric approach by appointing expatriates to key positions in overseas subsidiaries; as time goes by and the level of internationalisation is intensified, the firm will adopt polycentric staffing policies, promoting home country nationals to managerial positions. When MNCs grow even more internationalised, they will opt for regiocentric and finally a geocentric policy (e.g. Adler & Ghadar, 1990; Farndale, Scullion, & Sparrow, 2010; Farndale et al., 2010; Kelly, 2001).

However, such an argument is problematic itself, and fails to explain the high level use of expatriates in Teleman. First, no researcher has ever tried to specify how long it takes for a firm to move from one stage to the next stage of internationalisation, and we therefore have very little knowledge of the time needed for an ethnocentric approach to be replaced by polycentric or regiocentric ones. It looks more like an assumption than a reality. Second, the measurement for level of expatriate use in this argument is mainly concerned with managerial positions.

In the case of Teleman, I find it difficult to locate it to a particular stage of internationalisation. As discussed in previous chapters, the company was established in 1987, started its internationalisation efforts in the late 1990s. In 2005, the company's international sales exceeded domestic sales for the first time. And today, it is one of the biggest players in the international arena. In 2015, over 60% of the company's revenues were generated from overseas markets. Therefore, one possible explanation is that Teleman uses large numbers of expatriates because it is in an early stage of internationalisation. However, given its global presence, and its highly successful international business, I feel suspicious about this statement.

Furthermore, the stage of internationalisation and the use of expatriates might be in a more dynamic co-relation. For example, Franko (1973), after studying 25 European and US multinational enterprises, found that at the initial export stage, it is true that expatriates occupy the managerial roles. However, when the firms reach the production stage, the highest level of internationalisation based on the process theory, the use of local nationals in top positions actually drops to around 25%, which is contradictory to the arguments we discussed. Then subsequent to this process, the author found a 're-emergence' of local managers to head subsidiary operations. Therefore, it seems that the stage of internationalisation could be a general indicator of the presence of expatriates, but might not be a decisive factor for the use of expatriates.

Competitive strategy: According to Bartlett and Ghoshal (1989), MNCs could follow four different strategies: multidomestic strategy, international strategy, global strategy, and transnational strategy. The linkage between MNCs competitive strategy and the choice of expatriates has been theoretically and empirically explored. For

example, Edstrom and Lorange's (1984) study on Swedish MNCs reveals that firms following a global strategy have a higher level of expatriates in their subsidiaries than those that followed a multidomestic strategy. In contrast, MNCs following a multidomestic strategy tend to treat overseas operations as independent business, and the subsidiaries tend to operate in a rather decentralised manner and can be relatively self-sufficient (Schuler et al., 1993).

In this regard, as discussed in previous chapter, Teleman has adopted a 'global' competitive strategy in Bartlett and Ghoshal's (1989) categorisation. Although Teleman runs business in over 170 countries through a network of 100 overseas subsidiaries and 14 regional headquarters, the company's overseas subsidiaries are more like 'sales representative offices', where people win business deals, pass the deals to China, wait to get products manufactured by China, and then deliver the products and services to clients.

Following a global strategy, Teleman seems to take global efficiency as its top priority, and they manage their overseas subsidiaries in a standardised manner to achieve efficiencies and economies of scale. The configuration of assets and capabilities is centralised and globally scaled, and the role of their overseas subsidiaries is to implement parent company strategies. Like other MNCs following a global strategy, Teleman organises its international activities based on a hub-and-spoke model in which many strategic functions are centralised at headquarters and overseas subsidiaries are mainly acting as pipelines of products and strategies, thus leading to the fact that overseas subsidiaries have a high level of dependence on HQs and are subject to heavy control from HQs (Harzing 2004, Bartlett & Ghoshal 1989, Porter, 1986).

Given that global staffing as part of human resources management strategy should support the firm's competitive strategy, it is expected that Teleman will put great emphasis on effective integration and coordination among their foreign subsidiaries and between subsidiaries and HQs, thus the company relies on large numbers of expatriates in overseas offices to facilitate the complex bureaucratic procedures, centralised decision-making and top-down communications.

The linkage between competitive strategy and use of expatriates seems to be well established; however, the problem is that it does not offer much insight about why the company chooses a particular strategy. In the case of Teleman, it does not explain why the company adopts the global strategy, therefore I argue that such an explanation fails to reveal the true reasons for the high level use of expatriates.

In summary, either the functional or the situational framework offers complete and satisfactory explanations to the expatriate-centric-ness in Teleman. It is for this reason that in this thesis institutional theory has been introduced into the analysis. As shown in Chapter 9, the behaviours of Teleman such as expatriate staffing and different kinds of management and control practices can be best understood as the outcomes of its interactions with the Chinese institutional environment. By engaging institutional theory in analysing Teleman's internationalisation process, not only can we provide a much more convincing explanation to the behaviours of the company, but more importantly, during this process, an Actor/Institution Interaction Process Model has been developed, which extends the original institutional theory in the study of MNCs. This is related to the next question: how can studying EMNCs contribute to theory extension?

10.3 How can studying EMNCs contribute to theory extension?

The purpose of studying EMNCs is not only to generate empirical knowledge about how EMNCs behave differently from AMNCs, but more importantly to use EMNCs as a laboratory to extend theories. By describing how Teleman's international management and control system works, and explaining why Teleman adopts such a management and control system, this thesis argues for a dynamic relationship between institutions and actors, and develops the Actor/Institution Interaction Process Model to capture the process in which actors interact with institutions in three steps: interpreting, initial responding & implementing, and developing and repairing.

It is with this three-step Interaction Process Model that my study of Teleman extends existing institutional theory in the study of MNCs. As discussed in the literature review section, although comparative institutional studies often stress the prerequisite importance of the home country's institutional environments for MNCs and make

connections between firms' behaviours and the features of dominant institutions, most of the studies suffer from a lack for systematic analysis on institutional settings and its impacts on the behaviours of MNCs. Without identifying what elements of national institutions they refer to, and giving detailed accounts on how these elements influence the behaviours of the firms, these studies only achieve the task of revealing observable patterns of management in MNCs from a certain country, but fail to provide convincing explanation. However, my study of Teleman and the resulting three-step Interaction Model makes a contribution to existing institutional theory through filling this gap. This Model has a number of strengths:

First, it describes the steps and process in which the interactions between institutions and actors take place, thus opening the mysterious black box of how exactly institutions affect the behaviours of firms. With this model, we now understand that institutions do not determine firms' behaviours directly; instead, institutions provide different kinds of resources to firms, and firms are expected to exercise their agency to make the best out of these institutional resources.

Accordingly, the second strength of this Model is that it provides clear guidance on studying institutions. Whilst institutional environments in any society are undoubtedly complex and thus pose great difficulty in studying them, one approach is to focus on one or several domains of these institutions, identify the enabling and constraining dimensions of each domain, and then examine the positive and negative outcomes of firms' actions on the two dimensions. In this way, the grand task of studying institutions will be simplified into small and concrete actions.

Finally, because it outlines the interactions between institutions and actors in a general way, and provides clear guidance on how to study institutions, this Model possesses strong generality. It can be applied, for example, to compare the behaviours of Chinese firms and Brazilian firms in the UK, and such a comparison would generate insights into how actors interpret and respond to the same institutions differently or in a similar way. It can also be applied, for instance, to study the behaviours of one Chinese firm in the UK and in Brazil, and such a study would provide us with knowledge about the difference and similarity of these two societies, and how such difference and similarity in institutions can lead to similar or different

actions. Based on these three strengths, I believe that this model constitutes a good theory extension since it ‘delves into underlying processes so as to understand the systematic reasons for a particular occurrence or nonoccurrence’ (Sutton & Staw, 1995, p. 378), and it explains, predicts and delights (Weick, 1995).

In this study, answering the central question: how can studying EMNCs contribute to theory extension? is achieved by focusing on the uniqueness of two domains of China’s institutional environments, and by exploring their impacts on the behaviours of Teleman. Therefore, I agree with authors such as Meyer and Peng (2016) and Cuervo-Cazurra (2012) that contextual variation and context-specific should be at the centre of EMNCs study when theory extension is sought. As Cuervo-Cazurra (2012, p.162) argues, the ability to use EMNCs to extend theory ‘depends on whether researchers focus on the specific differential conditions of the home country and how these affect the internationalisation of the firm’, or whether they merely analyse how EMNCs behave. In research practice, it requires the researcher to ‘be explicit about which conditions of the country of origin they study and explain how they impact firm behaviour’. His argument is in line with the broader discussions of placing ‘contextual variations at the centre of explanations of business phenomena’ in ‘emerging economy business research’ (Meyer & Peng, 2016, p.3) and in ‘strategy research in emerging economies’ (Hoskisson et al., 2000; Wright et al., 2005). As this study illustrates, such an approach is fruitful, and allows researchers to contribute to the extension of existing theories.

To summarise, this study draws on a single case of Teleman to participate in the on-going debates in the IB field about EMNCs. Although Teleman’s ways of doing things might not be generalised to other EMNCs, it provides empirical evidence and theoretical dividends to current debates. It suggests that theory development and extension in the IB field has been hindered by researchers’ reluctance and incapability in going deep and analysing work place phenomena at a micro level. Taking a qualitative case study approach, which ‘investigates a contemporary phenomenon in depth and within its real-life context’ (Yin, 2009, p.19), this study has been able to assess the strength and weakness of current debates, and open up issues of how MNCs and EMNCs can be studied in a new way.

10.4 Limitations of this study and suggestions for future research

This study can be broadly located in the field of comparative institutional analysis, which examines ‘how the forms, outcomes, and dynamics of economic organisation (firms, networks, markets) are influenced and shaped by other social institutions (e.g. training system, legal system, political system, educational systems, etc.) and with what consequences for economic growth, innovation, employment, and inequality’ (Morgan et al., 2012, p.2). With particular reference to MNCs, this study, following other research in this field, takes an ‘institution-based view of strategy’ (Peng, 2001, 2003), and explores the relationship between countries’ institutional environments and firm’s international business strategies (e.g. Kostova, 1999; Kostova & Zaheer, 1999; Meyer & Nguyen, 2005).

A limitation of this study is that by focusing on home country effects, it does not examine the impact of institutional environments in host countries, or host country effects. However, a large body of literature has pointed to the prominent role of host country institutional environments in shaping MNCs’ business strategy and management practices in host countries, and in many cases through the lens of local legitimacy searching (e.g., Meyer, Mudambi, & Narula, 2011; Siegel & Larson, 2009; Xu & Shenkar, 2002).

Therefore, an area that requires further study is the dynamic interplay of home country effects and host country effects in MNCs’ internationalisation process. A number of studies have discussed this issue and illustrate the multiple levels of embeddedness experienced by MNCs (e.g. Ferner, Quintanilla, & Varul, 2001; Almond et al., 2005; Edwards & Ferner, 2002). This line of enquiry, as proposed by Ferner et al. (2001:279), can ‘focus on home and host country institutions and see the nature of employment relations within the foreign subsidiaries of MNCs as the result of calculation about how to balance these sets of influences’. Studying the interplay between home and host country institutions could be particularly interesting in the case of EMNCs, because existing studies tend to reveal the strong impact of institutional environments at home; and as discussed earlier, scholars such as Cuervo-Cazurra (2012) advocate that the potential of using EMNCs to extend theory depends on whether the focus is on the uniqueness of home country environments. Questions

worth exploring are: to what extent do host country effects reflect EMNCs' internationalisation? And how do EMNCs balance these two sets of influences? In my study of Teleman, I feel that host country institutions do exert some influence on Teleman's international management approach. For example, it originally planned to locate its two new R&D centres both in Cambridge, but later decided to locate one of them in the city of Bristol mainly due to two institutional factors: the talent pool in Bristol and more importantly the influence of the British government which was hoping Bristol would become a new Silicon Valley and was trying to bring more high-tech companies into the city. However, my study reveals that the home country effects are much stronger in Teleman's case, which, for example, can be reflected by the fact that the expatriate-centric control system has been implemented not only in the UK, but also in other European countries, regardless of the institutional diversity in this region. In the early stage of internationalisation, home country institutions play a bigger role in MNCs' behaviours, and future research on other EMNCs can test this argument.

10.5 Concluding thoughts

This study offers detailed accounts on how Teleman internationalises, how it organises work on a global scale, and how it manages employees. It enhances our knowledge about the behaviours of EMNCs and MNCs in general, and contributes to the extension of institutional theories in MNC study. The in-depth discussion on Teleman and the insights generated from this discussion would not have been possible without the immersive, ethnographic approach.

Ethnographic research, like other forms of qualitative research, is rare in the IB field. Some of the reasons have been mentioned in Chapter 3, such as difficulty in getting access, time consuming data collection, and institutionalised assumptions of its low legitimacy as a science. In the process of conducting this research on Teleman, the biggest difficulty I experienced, however, was the dilemma of making decisions between sticking to some methodological principles which I have been taught in class and doing something which I think can better serve the research purpose. Like many junior researchers, I have been trained to conduct research starting from research design to data collection, and then to data analysis; I have been trained to develop a

research question and write a literature chapter before entering the field; and I have also been trained to use computer software to analyse data. However, as I discussed in Chapter 2, what I have done was very different from what the conventional textbook says. The study of Teleman has taken the form of a funnel, starting with broad curiosity of what Chinese MNCs are doing in the UK. Then it gradually developed into an inquiry of the international management and control system. Expectedly, I did not have clear research questions at the beginning of this project. Data collection and data analysis are intertwined in this study; in fact, in the final data analysis, one step is theoretical sampling, i.e. going back to the field to collect more data.

By pointing out all these seemingly unconventional actions I took to complete this study, I had no intention to claim that what I have done is unique. Instead, as I illustrated in Chapter 3, all my actions followed guidance from established scholars and are confirmed by previous studies. However, these effective methodological principles and guidance are barely featured in ‘mainstream’ IB journals or textbooks. This, I argue, to some extent leads to the black box situation of ethnographic study and qualitative research in general, with their legitimacy frequently questioned. Challenging the dominant positivist paradigm in the IB field is undoubtedly difficult; but I think what we can do is to claim a stronger, legitimated position for qualitative research. To do this, I believe one important thing we need to do is to further clarify methodological issues in qualitative research and develop qualitative research into a field with clear guidance on research design, data collection and data analysis. Just think: how many ethnographers explain the process of their data analysis? And how many PhD students realise that memo-writing is one of the steps in the data analysis process? I believe that only when clear rules and guidance are established in a field, can the field claim its legitimacy; and only when a researcher convincingly demonstrates how he/she collects and analyses data, can his/her research findings become convincing to others. And I hope that this thesis on Teleman can serve as a good example for such efforts.

REFERENCES

- Ackroyd, S., & Fleetwood, S. (2000). *Realist perspectives on management and organisations*. (S. Ackroyd & S. Fleetwood, Eds.). London: Routledge.
- Ackroyd, S., & Karlsson, J. (2014). Critical realism, research techniques, and research designs. In P. K. Edwards, J. O'Mahoney, & S. Vincent. (Eds.), *Studying organizations using critical realism : a practical guide*. Oxford: Oxford University Press.
- Adler, N. J., & Ghadar, F. (1990). Strategic Human Resource Management: A Global Perspective. In R. Pieper (Ed.), *Human Resource Management: An International Comparison*. Berlin: De Gruyter.
- Agyenim, B., Wang, Q., & Yang, T. (2008). Cross-border M&As by Chinese firms. *Thunderbird International Business Review*, 50, 259–270.
- Ainsworth, S., & Hardy, C. (2008). The Enterprising Self: An Unsuitable Job for an Older Worker. *Organization*, 15(3), 389–405.
- Almond, P., Edwards, T., Colling, T., Ferner, A., Gunnigle, P., Müller-Camen, M., ... Wächter, H. (2005). Unraveling Home and Host Country Effects: An Investigation of the HR Policies of an American Multinational in Four European Countries. *Industrial Relations: A Journal of Economy and Society*, 44(2), 276–306.
- Almond, P., & Ferner, A. (2006). *American multinationals in Europe: Managing employment relations across national borders*. Oxford: Oxford University Press.
- Alvesson, M. (1998). Gender relations and identity at work: A case study of masculinities and femininities in an advertising agency. *Human Relations*, 51(8), 969–1005.
- Alvesson, M. (2001). Knowledge Work: Ambiguity, Image and Identity. *Human Relations*, 54(200107), 863–886.
- Alvesson, M. (2002). *Understanding organizational culture*. London: SAGE.
- Alvesson, M., Ashcraft, K. L., & Thomas, R. (2008). Identity matters: Reflections on the construction of identity scholarship in organization studies. *Organization*, 15(1), 5–28.
- Alvesson, M., & Deetz, S. (2000). *Doing Critical Management Research*. London: SAGE.
- Alvesson, M., & Karreman, D. (2000). Varieties of discourse: on the study of organizations through discourse. *Human Relations*, 53(9), 1125–49.
- Alvesson, M., & Willmott, H. (2002). Identity regulation as organisational control producing the appropriate individual. *Organisational Identity: A Reader*, (July), 436–465.
- Amable, B. (2000). Institutional complementarity and diversity of social systems of innovation and production. *Review of International Political Economy*, 7(4), 645–687.
- Amable, B. (2003). *The diversity of modern capitalism*. Oxford: Oxford University Press.
- Ambos, B., Asakawa, K., & Ambos, T. C. (2011). A dynamic perspective on subsidiary autonomy. *Global Strategy Journal*, 1(3–4), 301–316.
- Anderson, J., Sutherland, D., & Severe, S. (2015). An event study of home and host country patent generation in Chinese MNEs undertaking strategic asset acquisitions in developed markets. *International Business Review*, 24(5), 758–771.

- Anderson, T., & Warkov, S. (1961). Organizational size and functional complexity: a study of administration in hospitals. *American Sociological Review*, 26(1), 23–28.
- Ang, S. H., & Michailova, S. (2008). Institutional Explanations of Cross-border Alliance Modes: The Case of Emerging Economies Firms. - *Management International Review*, (5), 551.
- Aoki, M. (1994). The contingent governance of teams: analysis of institutional complementarity. *International Economic Review*, 35(3), 657–676.
- Aoki, M. (2007). Endogenizing institutions and institutional changes. *Journal of Institutional Economics*, 3(1), 1.
- Armstrong, M., & Stephens, T. (2005). *A handbook of employee reward management and practice*. Kogan Page Publishers.
- Ashforth, B. E., & Mael, F. A. (1989). Social identity theory and the organization. *Academy of Management Review*, 14, 20–39.
- Atkinson, P. (1992). *Understanding ethnographic texts*. Newbury Park, CA: SAGE.
- Au, K. Y., & Fukuda, J. (2002). Boundary spanning behaviors of expatriates. *Journal of World Business*, 37, 285–296.
- Awate, S., Larsen, M. M., & Mudambi, R. (2015). Accessing vs sourcing knowledge: A comparative study of R&D internationalization between emerging and advanced economy firms. *Journal of International Business Studies*, 46(1), 63–86.
- Aybar, B., & Ficici, A. (2009). Cross-border acquisitions and firm value: An analysis of emerging- market multinationals. *Journal of International Business Studies*, 40(8), 1317–1338.
- Bae, J., Chen, S. J., & Lawler, J. J. (1998). Variations in human resource management in Asian countries: MNC home-country and host-country effects. *The International Journal of Human Resource Management*, 9(4), 653–670.
- Baliga, B. R., & Jaeger, A. M. (1984). Multinational corporations: Control systems and delegation issues. *Journal of International Business Studies*, 15(2), 25–40.
- Barlett, C., & Ghoshal, S. (1989). *Managing across border: the transnational solution*. Boston: Harvard Business Press.
- Barnard, C. I. (1938). *The Function of the Executive*. Cambridge: Harvard University Press.
- Bartlett, C., & Ghoshal, S. (1989). *Managing Across Borders: The Transnational Solution*. Boston: Harvard Business School Press.
- Barton, D., Chen, Y., & Jin, A. (2013). Mapping China's middle class. *McKinsey Quarterly*, (June).
- BBC. (2012). Huawei and ZTE pose security threat, warns US panel. Retrieved April 1, 2015, from <http://www.bbc.co.uk/news/business-19867399>
- BCG. (2006). *The new global challengers: how 100 top companies from rapidly developing economies are changing the world*. Boston, MA.
- BCG. (2008). *The BCG 100 new global challengers: how top companies from rapidly developing economies are changing the world*. Boston, MA.
- BCG. (2009). *The 2009 BCG 100 new global challengers: how top companies from rapidly developing economies are contending for global leadership*. Boston, MA.
- BCG. (2011). *The 2011 BCG 100 new global challengers: how top companies from rapidly developing economies are reshaping global industries*. Boston, MA.
- BCG. (2013). *Allies and adversaries: 2013 BCG global challenges*. Boston, MA.
- Becker, H. S., Geer, B., Hughes, E. C., & Strauss. (1961). *Boys in White*. Chicago, IL:

- University of Chicago Press.
- Beech, N. (2008). On the nature of dialogic identity work. *Organization*, 15(1), 51–74.
- Beechler, S., & Woodward, I. C. (2009). The global “war for talent.” *Journal of International Management*, 15(3), 273–285.
- Belderbos, R. A., & Heijltjes, M. (2005). The determinants of expatriate staffing by Japanese learning in Asia : multinationals groups. *Journal of International Business Studies*, 36(3), 341–354.
- Belizon, M. J., Gunnigle, P., & Morley, M. (2013). Determinants of central control and subsidiary autonomy in HRM: The case of foreign-owned multinational companies in Spain. *Human Resource Management Journal*, 23(3), 262–278.
- Bello, D. C., Radulovich, L. P., Javalgi, R. (Raj) G., Scherer, R. F., & Taylor, J. (2016). Performance of professional service firms from emerging markets: Role of innovative services and firm capabilities. *Journal of World Business*, 51(3), 413–424.
- Bhaskar, R. (1975). *A Realist Theory of Science*. Brighton: Harvester.
- Bhaskar, R. (2014). Forward. In P. K. Edwards, J. O’Mahoney, & S. Vincent. (Eds.), *Studying organizations using critical realism : a practical guide*. Oxford: Oxford University Press.
- Bhaumik, S. K., Driffield, N., & Zhou, Y. (2016). Country specific advantage, firm specific advantage and multinationality—Sources of competitive advantage in emerging markets: Evidence from the electronics industry in China. *International Business Review*, 25(1), 165–176.
- Bingham, J. B., Boswell, W. R., & Boudreau, J. W. (2005). Job demands and job search among high-level managers in the United States and Europe. *Group & Organization Management*, 30, 653–681.
- Bird, A., Taylor, S. ., & Beechler, S. (1998). A typology of international human resource management in Japanese multinational corporations: Organizational implications. *Human Resource Management*, 37(2), 159–172.
- Birkinshaw, J. (1996). How multinational subsidiary mandates are gained and lost. *Journal of International Business Studies*, 27(3), 467–495.
- Birkinshaw, J. (2000). *Entrepreneurship in the global firm*. London: SAGE.
- Birkinshaw, J., Brannen, M. Y., & Tung, R. L. (2011). From a distance and generalizable to up close and grounded: Reclaiming a place for qualitative methods in international business research. *Journal of International Business Studies*, 42(5), 573–581.
- Blasi, J., Kruse, D., Sesil, J., & Kroumova, M. (2003). An assessment of employee ownership in the United States with implications for the EU. *International Journal of Human Resource Management*, 14(6), 893–919.
- Blau, P. M., & Scott, W. R. (1963). *Formal Organizations*. London: Routledge and Kegan Paul.
- Blumer, H. (1954). What is the wrong with social theory? *American Sociological Review*, 19(1), 3–10.
- Boisot, M. H., & Meyer, M. . (2008). Which way through the open door? Reflections on the internationalization of Chinese firms. *Management and Organization Review*, 4, 349–365.
- Bonache Pérez, J., & Pla-Barber, J. (2005). When are international managers a cost effective solution? The rationale of transaction cost economics applied to staffing decisions in MNCs. *Journal of Business Research*, 58(10), 1320–1329.
- Bouquet, C., & Birkinshaw, J. (2008). Weight versus voice: How foreign subsidiaries

- gain attention from corporate headquarters. *Academy of Management Journal*, 51(3), 577–601.
- Bouquet, C., Hebert, L., & Delios, A. (2004). Foreign Expansion in Service Industry. Separability and Human Capital Intensity. *Journal of Business Research*, (57), 35–46.
- Bourne, H., & Jenkins, M. (2013). Organizational Values: A Dynamic Perspective. *Organization Studies*, 34(4), 495–514.
- Boyacigiller, N. (1990). The role of expatriates in the management of interdependence, complexity and risk in multinational corporations. *Journal of International Business Studies*, 21(3), 357–381.
- Boyer, R., & Drache, D. (Eds.). (1996). *States against markets: The limits of globalization*. London: Routledge.
- Brenner, B., & Ambos, B. (2013). A question of legitimacy? A dynamic perspective on multinational firm control. *Organization Science*, 24(3), 773–795.
- Brewster, C., Bonache, J., Cerdin, J.-L., & Suutari, V. (2014). Exploring expatriate outcomes. *The International Journal of Human Resource Management*, 25(14), 1921–1937.
- Breznitz, D., & Murphree, M. (2011). *Run of the red queen: Government, innovation, globalization, and economic growth in China*. New Haven and London: Yale University Press.
- Bruns, H. C. (2013). Working alone together: Coordination in collaboration across domains of expertise. *Academy of Management Journal*, 56(1), 62–83.
- Bryman, A. (1988). *Quantity and Quality in Social Research*. Oxon: Routledge.
- Bryman, A. (2004). *Social research methods* (2nd ed.). New York: Oxford University Press.
- Buckley, P. (2002). Is the International Business research agenda running out of steam? *Journal of International Business Studies*, 33(2), 365–373.
- Buckley, P., Clegg, L., & Cross, A. (2007). The determinants of Chinese outward foreign direct investment. *Journal of International Business Studies*, 38(4), 499–518.
- Burns, R. B. (2000). *Introduction to research method* (4th ed.). London: SAGE.
- Burrell, G., & Morgan, G. (1979). *Sociological Paradigms and Organizational Analysis: Elements of the Sociology of Corporate Life*. London: Heinemann.
- Cai, F., Du, Y., & Zhao, C. (2007). Regional labour market integration since China's WTO entry: Evidence from household-level data. In R. Garnaut & L. Song (Eds.), *China: Linking markets for growth*. Canberra: Asia Pacific Press.
- Cao, C., Suttmeier, R. P., & Simon, D. F. (2006). China's 15-year science and technology plan. *Physics Today*, 59(12), 38–43.
- Cao, J., & Hamori, M. (2015). The Impact of Management Development Practices on Organizational Commitment. *Human Resource Management*, 55(3), 499–517.
- Carberry, E. J. (2012). Making sense of organizational environments: the adoption of employee stock options in the Indian technology sector. *The International Journal of Human Resource Management*, 23(8), 1519–1546.
- Cardinal, L. B. (2001). Technological Innovation in the Pharmaceutical Industry: The Use of Organizational Control in Managing Research and Development. *Organization Science*, 12(1), 19–36.
- Cardinal, L., Sitkin, S., & Long, C. (2010). A configurational theory of control. In S. Sitkin, L. Cardinal, & K. Bijlsma-Frankema (Eds.), *Organizational control*. Cambridge: Cambridge University Press.
- Casanova, L. (2009). *Global latinas: Latin America's emerging multinationals*.

- Fontainebleau, France: Insead Business Press.
- Caves, R. E. (1996). *Multinational Enterprise and Economic Analysis* (2nd ed.). Cambridge: Cambridge University Press.
- Chan, A. (2001). *China's Workers under Assault: The Exploitation of Labor in a Globalizing Economy*. London: M. E. Sharpe.
- Chan, C. K.-C. (2010). *The Challenge of Labour in China: Strikes and the Changing Labour Regime in Global Factories*. New York and London: Routledge.
- Chan, K. W. (2010). A China Paradox: Migrant Labor Shortage amidst Rural Labor Supply Abundance. *Eurasian Geography and Economics*, 51(4), 513–530.
- Chang, Y.-Y., Gong, Y., & Peng, M. (2012). Expatriate knowledge transfer, subsidiary absorptive capacity, and subsidiary performance. *Academy of Management Journal*, 55(4), 927–948.
- Chang, E., & Taylor, M. . (1999). Control in Multinational Corporations (MNCs): The Case of Korean Manufacturing Subsidiaries. *Journal of Management*, 25(4), 541–565.
- Chang, E., & Taylor, S. M. (1999). Control in Multinational Corporations (MNCs): The Case of Korean Manufacturing Subsidiaries. *Journal of Management*, 25(4), 541–565.
- Chapman, M., Mattos, H. G.-D., & Antoniou, C. (2004). The ethnographic international business researcher: misfit or trailblazer? In R. Marschan-Piekkari & C. Welch (Eds.), *Handbook of qualitative research methods for international business*. Edward Elgar Publishing.
- Charmaz, K., & Mitchell, R. G. (2001). Grounded theory in ethnography. In G. Atkinson, A. Coffey, S. Delamont, J. Lofland, & L. Lofland (Eds.), *Handbook of ethnography*. London: SAGE.
- Chattopadhyay, A., Batra, R., & Ozsomer, A. (2012). *The new emerging market multinationals: four strategies for disrupting markets and building brands*. New York: McGraw-Hill.
- Chen, C. J., Li, Z., Su, X., & Sun, Z. (2011). Rent-seeking incentives, corporate political connections, and the control structure of private firms: Chinese evidence. *Journal of Corporate Finance*, 17(2), 229–243.
- Child, J. and Rodrigues, S. B. (2005). The internationalization of Chinese firms: a case for theoretical extension? *Management and Organization Review*, 1(3), 381–410.
- Child, J. (1972). Organization Structure and Strategies of Control: A Replication of the Aston Study. *Administrative Science Quarterly*, 17(2), 163–177.
- Child, J. (1973). Strategies of Control and Organizational Behavior. *Administrative Science Quarterly*, 18(1), 1–17.
- Child, J. (1977). *Organization. a Guide to Problems and Practice*. New York: Harper & Row.
- Child, J. (1984). *Organization* (2nd ed.). London: Harper & Row.
- China Daily. (2008). Employers in China face worst staffing turnover level. Retrieved May 1, 2016, from http://www.chinadaily.com.cn/china/2008-01/18/content_6405361.htm
- China Daily. (2016.)Chinese graduates face tough job-hunting season. Retrieved May 2, 2016, from http://www.chinadaily.com.cn/china/2015-07/09/content_21237438.htm
- Chittoor, R., & Ray, S. (2007). Internationalization paths of Indian pharmaceutical firms: A strategic group analysis. *Journal of International Management*, 13(3), 338–355.

- Chiu, R. ., Luk, V. W. ., & Tang, T. L. P. (2001). Hong Kong and China: the cash mentality revisited. *Compensation and Benefits Review*, May/June, 66–72.
- Chiu, R. K., & Kosinski, F. (1995). Chinese cultural collectivism and work related stress: implications for employment counsellors. *Journal of Employment Counselling*, 32(3), 98–110.
- Choi, S. Y. P., & Peng, Y. (2015). Humanized management? Capital and migrant labour in a time of labour shortage in South China. *Human Relations*, 68(2), 287.
- Clark, E., & Geppert, M. (2006). Socio-political processes in international management in post-socialist contexts: knowledge, learning and transnational institution building. *Journal of International Management*, 12(3), 340–357.
- Coffey, A., & Atkinson, P. (1996). *Making Sense of Qualitative Data*. Thousand Oakes, CA: SAGE.
- Collings, D. G. (2003). HRD and labour market practices in a US multinational subsidiary: The impact of global and local influences. *Journal of European Industrial Training*, 27, 188–200.
- Collings, D. G., & Scullion, H. (2006). Approach to international staffing. In H. Scullion & D. . Collings (Eds.), *Global Staffing* (pp. 17–28). London: Routledge.
- Contractor, F. J., Kumar, V., & Kundu, S. K. (2007). Nature of the relationship between international expansion and performance: The case of emerging market firms. *Journal of World Business*, 42(4), 401–417.
- Cooke, F. L. (2009). A decade of transformation of HRM in China: A review of literature and suggestions for future studies. *Asia Pacific Journal of Human Resources*, 47(1), 6–40.
- Cooke, F. L. (2011). *Human Resource Management in China*. Oxon: Routledge.
- Cooke, F. L. (2012). The International Journal of Human The globalization of Chinese telecom corporations : strategy , challenges and HR implications for the MNCs and host countries. *The International Journal of Human Resource Management*, 23(9), 1832–1852.
- Cooke, F. L. (2014). Chinese industrial relations research: In search of a broader analytical framework and representation. *Asia Pacific Journal of Management*, 31(3), 875–898.
- Cooke, F. L., Saini, D., & Wang, J. (2014). Talent management in China and India: A comparison of management perceptions and human resource practices. *Journal of World Business*, 49(2), 225–235.
- Costas, J., & Kärreman, D. (2013). Conscience as control—managing employees through CSR. *Organization*, 20(3), 394–415.
- Creswell, J. (2007). *Qualitative Inquiry & Research Design* (2nd ed.). London: SAGE.
- Crouch, C. (2005). *Capitalist Diversity and Change: Recombinant Governance and Institutional Entrepreneurs*. Oxford: Oxford University Press.
- Crozier, M. (1965). *The bureaucratic phenomenon*. Chicago, IL: University of Chicago Press.
- Cuervo-Cazurra, A. (2012). Extending theory by analyzing developing country multinational companies: Solving the Goldilocks debate. *Global Strategy Journal*, 2(3), 153–167.
- Cuervo-Cazurra, A. (2016). Multilatinas as sources of new research insights: The learning and escape drivers of international expansion. *Journal of Business Research*, 69(6), 1963–1972.
- Cuervo-Cazurra, A., & Genc, M. (2008). Transforming disadvantages into advantages: developing country MNEs in the least developed countries. *Journal*

- of *International Business Studies*, 39, 957–979.
- Cuervo-Cazurra, A., & Ramamurti, R. (2014a). Introduction. In A. Cuervo-Cazurra & R. Ramamurti (Eds.), *Understanding multinationals from emerging markets*. Cambridge University Press.
- Cuervo-Cazurra, A., & Ramamurti, R. (Eds.). (2014b). *Understanding multinationals from emerging markets*. Cambridge: Cambridge University Press.
- Cui, L., & Jiang, F. (2012). State ownership effect on firms' FDI ownership decisions under institutional pressure: a study of Chinese outward-investing firms. *Journal of International Business Studies*, 43(3), 264–284.
- Cui, L., Meyer, K. E., & Hu, H. W. (2014). What drives firms' intent to seek strategic assets by foreign direct investment? A study of emerging economy firms. *Journal of World Business*, 49(4), 488–501.
- Culpepper, R., Gamble, J. E., & Blubaugh, M. G. (2004). Employee stock ownership plans and three-component commitment. *Journal of Occupational and Organizational Psychology*, 77(2), 155–170.
- Dale, J. D. (1958). *Wage incentives and productivity*. New York: George Elliot.
- Dalton, M. (1959). *Men Who Manage*. New York: Wiley.
- Dan, J. (2016). Internet industry offers highest salary for graduates. Retrieved June 28, 2016, from http://www.chinadaily.com.cn/china/2016-05/18/content_25348043.htm
- Danermark, B., Ekstrom, M., Jakobsen, L., & Karlsson, J. (2002). *Explaining Society: Critical Realism in the Social Sciences*. London: Routledge.
- Davies, C. A. (2008). *Reflexive ethnography: a guide to research selves and others* (2nd ed.). London: Routledge.
- Davis, S. M., & Lawrence, P. . (1977). *Matrix*. Glenview, IL: Addison-Wesley Publishing Company.
- Dean, J., Eichhorn, R., & Dean, L. (1967). Fruitful informants for intensive interviewing. In J. Roby (Ed.), *Introduction to social research*. New York: Appleton-Century- Crofts.
- Deeg, R. (2005). Path dependency, institutional complementarity, and change in national business systems. In G. Morgan, R. Whitley, & E. Moen (Eds.), *Changing capitalisms?: internationalization, institutional change, and systems of economic organization*. Oxford: Oxford University Press.
- Deeg, R., & Jackson, G. (2006). Towards a more dynamic theory of capitalist variety. *Socio-Economic Review*, 5(1), 149–179.
- Demick, B., & Pierson, D. (2010, May 28). People, People Everywhere in China, and Not Enough to Work. *Los Angeles Times*. Retrieved from <http://articles.latimes.com/2010/mar/28/world/la-fg- china-labor28-2010mar28>
- Demirbag, M., & Glaister, K. W. (2010). Factors determining offshore location choice for R&D projects: A Comparative study of developed and emerging regions. *Journal of Management Studies*, 47(8), 1534–1560.
- Deng, P. (2009). Why do Chinese firms tend to acquire strategic assets in international expansion? *Journal of World Business*, 44(1), 74–84.
- Deng, P. (2012). The Internationalization of Chinese Firms: A Critical Review and Future Research*. *International Journal of Management Reviews*, 14(4), 408–427.
- DeRue, D., & Wellman, N. (2009). Developing leaders via experience: The role of developmental challenge, learning orientation, and feedback availability. *Journal of Applied Psychology*, 94, 859–875.
- Dieleman, M., & Boddewyn, J. J. (2012). Using organization structure to buffer

- political ties in emerging markets: A case study. *Organization Studies*, 33(1), 71–95.
- Dong, Y., Seo, M.-G., & Bartol, K. (2014). No pain, no gain: An affect-based model of developmental job experience and the buffering effects of emotional intelligence. *Academy of Management Journal*, 57(4), 1056–1077.
- Dörrenbächer, C., & Geppert, M. (2009). A micro-political perspective on subsidiary initiative-taking: Evidence from German-owned subsidiaries in France. *European Management Journal*, 27(2), 100–112.
- Dörrenbächer, C., & Geppert, M. (2011). *Politics and Power in the International Corporation: The Role of Institutions, Interests and Identities*. (C. Dörrenbächer & M. Geppert, Eds.). Cambridge: Cambridge University Press.
- Down, S. (2006). *Narratives of Enterprise: Creating Entrepreneurial Self-Identity in a Small Firm*. Cheltenham: Edward Elgar.
- Down, S., & Reveley, J. (2009). Between narration and interaction: Situating first-line supervisor identity work. *Human Relations*, 62(3), 379–401.
- Downward, P., & Mearman, A. (2007). Retrodution as mixed-methods triangulation in economic research: reorienting economics into social science. *Cambridge Journal of Economics*, 31(1), 77–99.
- Doz, Y. L. (2011). Qualitative research for international business. *Journal of International Business Studies*, 42(5), 582–590.
- Doz, Y., & Prahalad, K. (1986). Controlled Variety: A Challenge for Human Resource Management in MNC. *Human Resource Management*, 25(Spring), 55–71.
- Du, M., & Boateng, A. (2015). State ownership, institutional effects and value creation in cross-border mergers & acquisitions by Chinese firms. *International Business Review*, 24(3), 430–442.
- Du Gay, P. (1996). *Consumption and Identity at Work*. London: SAGE.
- Dunning, J. H. (1977). Trade, Location of Economic Activity and the MNE: A Search for an Eclectic Approach. In B. Ohlin, P. O. Hesselborn, & P. M. Wijkmon (Eds.), *The International Location of Economic Activity*. London: Macmillan.
- Dunning, J. H. (1988). The eclectic paradigm of international production: a restatement and some possible extensions. *Journal of International Business Studies*, 19, 1–31.
- Dunning, J. H. (1995). Reappraising the Eclectic Paradigm in an Age of Alliance Capitalism. *Journal of International Business Studies*, 26(3), 461–491.
- Dunning, J., Kim, C., & Park, D. (2008). Old wine in new bottles: a comparison of emerging-market TNCs today and developed-country TNCs thirty years ago. In K. Sauvart (Ed.), *The Rise of Transnational Corporations from Emerging Markets: Threat or Opportunity?* Cheltenham, UK: Edward Elgar.
- Economist. (2008). *Emerging market multinationals: the challenges*. Retrieved March 20, 2016, from <http://www.economist.com/node/10496684>
- Economist. (2011). *Let a million flowers boom*. Retrieved April 3rd, 2015, from <http://www.economist.com/node/18330120>
- Economist. (2012). The end of cheap China. Retrieved June 21st, 2016, from <http://www.economist.com/node/21549956>
- Edström, A., & Galbraith, J. R. (1977). Transfer of managers as a coordination and control strategy in multinational organizations. *Administrative Science Quarterly*, 22(2), 248–263.
- Edstrom, A., & Lorange, P. (1984). Matching strategy and human resources in multinational corporations. *Journal of International Business Studies*, 13(Fall),

- 125–136.
- Edwards, P., Collinson, D., & Rocca, D. (1995). Workplace Resistance in Western Europe: A Preliminary Overview and a Research Agenda. *European Journal of Industrial Relations*, 1(3), 283–316.
- Edwards, T., & Ferner, A. (2002). The renewed “American Challenge”: A review of employment practice in US multinationals. *Industrial Relations Journal*, 33(2), 94–111.
- Edwards, T., & Ferner, A. (2004). Multinationals, reverse diffusion and national business systems. *Management International Review*, 44(1), 49–79.
- Edwards, T., & Kuruvilla, S. (2005). International HRM: national business systems, organizational politics and the international division of labour in MNCs. *The International Journal of Human Resource Management*, 16(1), 1–21.
- Egelhoff, W. (1982). Strategy and structure in multinational corporations: An information-processing approach. *Administrative Science Quarterly*, 27, 435–58.
- Egelhoff, W. G. (1984). Patterns of control in U.S., U.K., and European multinational corporations. *Journal of International Business Studies*, 15(3), 73–83.
- Egelhoff, W., Wolf, J., & Adzic, M. (2013). Designing Matrix Structures to Fit MNC Strategy. *Global Strategy Journal*, 3(3), 205–226.
- Eisenhardt, K. M. (1985). Control: organizational and economic approaches. *Management Science*, (31), 134–49.
- Eisenhardt, K. M. (1989). Building Theories from Case Study Research. *Academy of Management Review*, 14(4), 532–550.
- Eisenhardt, K. M., & Graebner, M. E. (2007). Theory building from cases: opportunities and challenges. *Academy of Management Journal*, 50(1), 25–32.
- Elashmawi, F. (1990). Japanese culture clash in multicultural management. *Tokyo Business Today*, 58(20), 36–39.
- Elfstrom, M., & Kuruvilla, S. (2014). The changing nature of labor unrest in China. *Industrial and Labor Relations Review*, 67(2), 453–480.
- Emerson, R. ., Fretz, R. ., & Shaw, L. . (1995). *Writing Ethnographic Fieldnotes*. Chicago, IL: University of Chicago Press.
- Emerson, R. M., Fretz, R. I., & Shaw, L. L. (2001). Participant observation and fieldnotes. In P. Atkinson, A. Coffey, S. Delamont, J. Lofland, & L. Lofland (Eds.), *Handbook of ethnography*. London: SAGE.
- Etzioni, A. (1965). Organizational control structure. In J. G. March (Ed.), *Handbook of organizations*. Chicago, IL: Rand McNally.
- Falzon, M.-A. (Ed.). (2016). *Multi-sited ethnography: Theory, praxis and locality in contemporary research*. Routledge.
- Farndale, E., Scullion, H., & Sparrow, P. (2010). The role of the corporate HR function in global talent management. *Journal of World Business*, 45(2), 161–168.
- Farrell, D., & Grant, A. J. (2005). China’s looming talent shortage. *McKinsey Quarterly*, (4), 70–79. Retrieved from <http://search.ebscohost.com/login.aspx?direct=true&db=bth&AN=19098187&site=ehost-live&scope=site>
- Fayerweather, J. (1969). *International business strategy and administration*. Cambridge, MA: Ballinger.
- Fenton-O’Creevy, M., Gooderham, P., & Nordhaug, O. (2008). Human Resource Management in US Subsidiaries in Europe and Australia: Centralisation or resource subsidiaries centralisation in US management in Europe and Australia :

- or autonomy? *Journal of International Business Studies*, 39(1), 151–166.
- Ferner, A. (1997). Country of origin effects and HRM in multinational companies. *Human Resource Management Journal*, 7(1), 19–37.
- Ferner, A. (2000). *The embeddedness of US multinational companies in the US business system: implications for HR/IR* (Occasional Paper).
- Ferner, A. (2000). The underpinnings of “bureaucratic” control systems: HRM in European multinationals. *Journal of Management Studies*, 37(4), 521–539.
- Ferner, A., Almond, P., Clark, I., Colling, T., Edwards, T., Holden, L., & Muller-Camen, M. (2004a). Dynamics of Central Control and Subsidiary Autonomy in the Management of Human Resources: Case-Study Evidence from US MNCs in the UK. *Organization Studies*, 25(3), 363–391.
- Ferner, A., Almond, P., Clark, I., Colling, T., Edwards, T., Holden, L., & Muller-Camen, M. (2004b). The Dynamics of Central Control and Subsidiary Autonomy in the Management of Human Resources: Case-Study Evidence from US MNCs in the UK. *Organization Studies*, 25(3), 363–391.
- Ferner, A., Bélanger, J., Tregaskis, O., Morley, M., & Quintanilla, J. (2013). US multinationals and the control of subsidiary employment policies. *Industrial & Labor Relations Review*, 66(3), 645–669.
- Ferner, A., & Quintanilla, J. (1998). MNCs, National Business Systems and HRM: The Enduring of National Identity or a Process of “Anglo-Saxonization.” *The International Journal of Human Resource Management*, 9(4), 710–731.
- Ferner, A., Quintanilla, J., & Varul, M. Z. (2001). Country-of-origin effects, host-country effects and the management of HR in multinationals: German companies in Britain and Spain. *Journal of World Business*, 36(2), 107–127.
- Finegan, J., & Theriault, C. (1997). The relationship between personal values and the perception of the corporation’s code of ethics. *Journal of Applied Social Psychology*, 27, 708–724.
- Fischer, M. D. (2012). Organizational turbulence, trouble and trauma: Theorizing the collapse of a mental health setting. *Organization Studies*, 33(9), 1153–1173.
- Fleming, P. (2005). “Kindergarten cop”: Paternalism and resistance in a high-commitment workplace. *Journal of Management Studies*, 42(7), 1469–1489.
- Fleury, A., & Fleury, M. T. L. (2011). *Brazilian multinationals: competences for internationalization*. Cambridge: Cambridge University Press.
- Fleury, A., & Fleury, M. T. L. (2014). Country of origin effects on internationalization: insights from Brazil. In A. Cuervo-Cazurra & R. Ramamurti (Eds.), *Understanding multinationals from emerging markets*. Cambridge University Press.
- Fleury, A., Fleury, M. T. L., & Borini, F. M. (2013). The Brazilian multinationals’ approaches to innovation. *Journal of International Management*, 19(3), 260–275.
- Fligstein, N., & Zhang, J. (2011). A new agenda for research on the trajectory of Chinese capitalism. *Management and Organization Review*, 7(1), 39–62.
- Fouraker, L. ., & Stopford, J. . (1968). Organization structure and multinational strategy. *Administrative Science Quarterly*, 13, 57–70.
- Fowler, R. (1991). *Language in the news: Discourse and ideology in the press*. London: Routledge.
- Franko, L. (1973). Who manage multinational enterprises? *Columbia Journal of World Business*, 8, 30–42.
- Franko, L. G. (1976). *The European multinationals*. Greenwich: Greylock.
- Friedman, E., & Lee, C. K. (2010). Remaking the world of chinese labour: A 30-year retrospective. *British Journal of Industrial Relations*, 48(3), 507–533.

- Galbraith, J. . (2000). *Designing the Global Corporation*. San Francisco, CA: Jossey-Bass.
- Galbraith, J. . (2009). *Designing Matrix Organizations that Actually Work*. San Francisco, CA: Jossey-Bass.
- Galbraith, J. R. (1973). *Designing complex organizations*. Reading, MA: Addison-Wesley.
- Gallagher, M. E. (2005). *Contagious Capitalism: Globalization and the Politics of Labor in China*. Princeton: Princeton University Press.
- Geertz, C. (1973). *The interpretation of cultures: Selected essays*. New York: Basic Books.
- Gehman, J., Trevino, L. K., & Garud, R. (2013). Values work; A process study of the emergence and performance of organisational values practice. *Academy of Management Journal*, 56(1), 84–112.
- Gellner, D. N., & Hirsch, E. (Eds.). (2001). *Inside Organizations: Anthropologists at Work*. Oxford: Berg.
- Gertsen, M. C., & Zolner, M. (2012). Recontextualization of the Corporate Values of a Danish MNC in a Subsidiary in Bangalore. *Group & Organization Management*, 37, 101–132.
- Ghymn, K. (1980). Multinational enterprises from the third world. *Journal of International Business Studies*, 11, 118–122.
- Giuliani, E., Gorgoni, S., Gunther, C., & Rabellotti, R. (2014). Emerging versus advanced country MNEs investing in Europe: A typology of subsidiary global-local connections. *International Business Review*, 23(4), 680–691.
- Glaser, B., & Strauss, A. (1967). *The discovery of grounded theory*. Chicago, IL: Aldine Press.
- Globerman, S., & Shapiro, D. (2009). Economic and strategic considerations surrounding Chinese FDI in the United States. *Asia Pacific Journal of Management*, 26(1), 163–183.
- Golley, J., & Meng, X. (2011). Has China run out of surplus labour? *China Economic Review*, 22(4), 555–572.
- Goodman, D. S., & Chen, M. (Eds.). (2013). *Middle class China: identity and behaviour*. Cheltenham: Edward Elgar Publishing.
- Goodrick, E., & Reay, T. (2010). Florence nightingale endures: Legitimizing a new professional role identity. *Journal of Management Studies*, 47(1), 55–84.
- Gordon, R. H., & Hines Jr, J. R. (2002). *International taxation* (NBER Working Paper Series). Cambridge, MA.
- Govindarajan, V., & Fisher, J. (1990). Strategy, control systems, and resource sharing: Effects on business-unit performance. *Academy of Management Journal*, 33(2), 259–285.
- Govindarajan, V., & Ramamurti, R. (2011). Reverse innovation, emerging markets, and global strategy. *Global Strategy Journal*, 1(3/4), 191–205.
- Groot, L. C. M., & Merchant, K. . (2000). Control of International Joint Ventures. *Accounting, Organizations and Society*, 25, 579–607.
- Gubbi, S. R., Aulakh, P. S., Ray, S., Sarkar, M., & Chittoor, R. (2010). Do international acquisitions by emerging-economy firms create shareholder value? The case of Indian firms. *Journal of International Business Studies*, 41(3), 397–418.
- Guillén, M. F., & García-Canal, E. (2009). The American Model of the Multinational Firm and the “New” Multinationals From Emerging Economies. *Academy of Management Perspectives*, 23(2), 23–35.

- Guillén, M., & García-Canal, E. (2012). *Emerging markets rule: growth strategies of the new global giants*. New York: McGraw-Hill.
- Habib, M. M., & Victor, B. (1991). Strategy, structure, and performance of US manufacturing and service MNCs: A comparative analysis. *Strategic Management Journal*, 12(8), 589–606.
- Hall, P. A., & Thelen, K. (2005). *The Politics of Change in Varieties of Capitalism*.
- Hall, P., & Soskice, D. (Eds.). (2001). *Varieties of capitalism: The institutional foundations of comparative advantage*. Oxford: Oxford University Press.
- Hamill, J. (1989). Expatriate Policies in British Multinationals. *Journal of General Management*, (14), 18–33.
- Hammersley, M., & Atkinson, P. (1995). *Ethnography: principles in practice*. London: Routledge.
- Hancke, B., Rhodes, M., & Thatcher, M. (Eds.). (2007). *Beyond varieties of capitalism: Conflict, Contradictions and complementarities in the European economy*. Oxford: Oxford University Press.
- Hannerz, U. (2003). Being there... and there... and there! Reflections on multi-site ethnography. *Ethnography*, 4(2), 201–216.
- Harney, A. (2009). *The China Price: The True Cost of Chinese Competitive Advantage*. London: Penguin Books.
- Hartmann, E., Feisel, E., & Schober, H. (2010). Talent management of western MNCs in China: Balancing global integration and local responsiveness. *Journal of World Business*, 45(2), 169–178.
- Harzing, A., Sorge, A., & Paauwe, J. (2002). Headquarters-subsidiary relationships in multinational companies: a British-German comparison. In M. Geppert, D. Mattern, & K. Williams (Eds.), *Challenges for European management in a global context*. Basingstoke: Palgrave.
- Harzing, A. W. (1999). *Managing the multinationals: an international study of control mechanisms*. Cheltenham, UK: Edward Elgar Publishing.
- Harzing, A. W. (2001). Who's in Charge? An Empirical Study of Executive Staffing Practices in Foreign Subsidiaries. *Human Resource Management*, 40(2), 139–158.
- Harzing, A. W. (2004). Strategy and Structure of Multinational Companies. In A. W. Harzing & J. Van Ruysseveldt (Eds.), *International Human Resource Management*. London: Sage Publications.
- Harzing, A., Pudelko, M., & Reiche, S. (2015). The bridging role of expatriates and inpatriates in knowledge transfer in multinational corporations. *Human Resource Management*, 55(4), 679–695.
- Harzing, A. W., & Sorge, A. (2003). The Relative Impact of Country of Origin and Universal Contingencies on Internationalization Strategies and Corporate Control in Multinational Enterprises: Worldwide and European Perspectives. *Organization Studies*, 24(2), 187–214.
- Hashai, N., & Buckley, P. (2014). Is Competitive Advantage a Necessary Condition for the Emergence of the Multinational Enterprise? *Global Strategy Journal*, 4(1), 35–48.
- Hedlund, G. (1986). The hypermodern MNC: A heterarchy? *Human Resource Management*, 25, 9–25.
- Heenan, D. A., & Keegan, W. J. (1979). The rise of third world multinationals. *Harvard Business Review*, 57(1), 101–109.
- Hennart, J.-F. (2012). Emerging market multinationals and the theory of the multinational enterprise. *Global Strategy Journal*, 2(3), 168–187.

- Herrigel, G. (2010). *Manufacturing Possibilities: Creative Action and Industrial Recomposition in the U.S., Germany, and Japan*. Oxford: Oxford University Press.
- Herrigel, G., Wittke, V., & Voskamp, U. (2013). The Process of Chinese Manufacturing Upgrading: Transitioning from Unilateral to Recursive Mutual Learning Relations. *Global Strategy Journal*, 3(1), 109–125.
- Hocking, B., Brown, M., & Harzing, A. W. (2004). Knowledge Transfer Perspective of Strategic Assignment Purposes and Their Path-Dependent Outcomes. *International Journal of Human Resource Management*, (15), 565–586.
- Hodder, I. (2003). The interpretation of documents and material culture. *Collecting and Interpreting Qualitative Materials*, 2, 155–175.
- Hollingsworth, J. R., & Boyer, R. (1997). *Contemporary capitalism: The embeddedness of institutions*. Cambridge: Cambridge University Press.
- Hom, P. W., Tsui, A. S., Wu, J. B., Lee, T. W., Zhang, A. Y., & Fu, P. P. (2009). Explaining employment relationships with social exchange and job embeddedness. *Journal of Applied Psychology*, 94(2), 277–297.
- Hong, J., Wang, C., & Kafouros, M. (2015). The role of the state in explaining the internationalization of emerging market enterprises. *British Journal of Management*, 26(1), 45–62.
- Hoskisson, R. E., Eden, L., Lau, C. M., & Wright, M. (2000). Strategy in Emerging Economies. *Academy of Management Journal*, 43(3), 249–267.
- Howell, J. (2008). All-China Federation of Trades Unions beyond reform? The slow march of direct elections. *China Quarterly*, 196, 845–63.
- Huang, Y., & Jiang, T. (2010). *What Does the Lewis Turning Point Mean for China?* (Working Paper Series, 2010-03). Beijing.
- Hulin, C., & Roznowski, M. (1985). Organizational technologies: Effects on organizations' characteristics and individuals' responses. *Research in Organizational Behavior*, 7, 39–85.
- Inamete, U. B. (2014). Strategic management and multinational corporations: A case study of Bacardi Limited. *Global Business Review*, 15(2), 397–417.
- Jackson, G. (2010). Actors and institutions. In G. Morgan, J. Campbell, C. Crouch, O. K. Pedersen, & R. Whitley (Eds.), *The Oxford handbook of comparative institutional analysis*. Oxford: Oxford University Press.
- Jaeger, A. ., & Baliga, B. R. (1985). Control systems and strategic adaptation: Lessons from the Japanese experience. *Strategic Management Journal*, 6, 115–34.
- Jaeger, A. M. (1983). The transfer of organizational culture overseas: An approach to control in a multinational corporation. *Journal of International Business Studies*, 16(2), 91–114.
- Jaussaud, J., & Schaaper, J. (2006). Control mechanisms of their subsidiaries by multinational firms: A multidimensional perspective. *Journal of International Management*, 12(1), 23–45.
- Jindra, B., Hassan, S., & Cantner, U. (2016). What does location choice reveal about knowledge-seeking strategies of emerging market multinationals in the EU? *International Business Review*, 25(1), 204–220.
- Johanson, J., & Vahlne, J. (1977). The internationalization process of the firm – A model of knowledge development and increasing foreign market commitments. *Journal of International Business Studies*, 8(1), 23–32.
- Johanson, J., & Vahlne, J. E. (1990). The Mechanism of Internationalisation. *International Marketing Review*, 7(4), 11–24.
- Johnson, J. M. (1975). *Doing field research*. Free Press.

- Johnson, K. L., & Duxbury, L. (2010). The View From the Field: A Case Study of the Expatriate Boundary-Spanning Role. *Journal of World Business*, 45(1), 29–40.
- Jonsen, K., Galunic, C., Weeks, J., & Braga, T. (2015). Evaluating espoused values: Does articulating values pay off? *European Management Journal*, 33(5), 332–340.
- Jormanainen, I., & Koveshnikov, A. (2012). International Activities of Emerging Market Firms: A Critical Assessment of Research in Top International Management Journals. *Management International Review*, 52(5), 691–725.
- Kabst, R. (2004). Human Resource Management for International Joint Ventures: Expatriation and Selective Control. *International Journal of Human Resource Management*, (15), 1–16.
- Kaplan, S. (2011). Strategy and PowerPoint: An inquiry into the epistemic culture and machinery of strategy making. *Organization Science*, 22(2), 320–346.
- Kelly, J. (2001). The Role of the Personnel/HR Function in Multinational Companies. *Employee Relations*, 23(6), 536–557.
- Kempster, S., & Parry, K. (2014). Critical realism and grounded theory. In P. K. Edwards, J. O'Mahoney, & S. Vincent. (Eds.), *Studying organizations using critical realism : a practical guide*. Oxford: Oxford University Press.
- Kerr, J., & Slocum, J. (1987). Managing corporate culture through reward systems. *The Academy of Management Executive*, 1(2), 99–107.
- Kim, H., Hoskisson, R. E., & Lee, S. (2015). Why strategic factor markets matter: “New” multinationals’ geographic diversification and firm profitability. *Strategic Management Journal*, 36(4), 518–536.
- Kindleberger, C. . (1956). *The terms of trade: European case study*. New York: John Wiley & Sons.
- Kirca, A. H., Fernandez, W. D., & Kundu, S. K. (2014). An empirical analysis and extension of internalization theory in emerging markets: The role of firm-specific assets and asset dispersion in the multinationality-performance relationship. *Journal of World Business*, (2015).
- Kleinman, S., & Copp, M. (1993). *Emotions & fieldwork*. Thousand Oakes, CA: Sage Publications.
- Knight, J., Deng, Q., & Li, S. (2011). The puzzle of migrant labour shortage and rural labour surplus in China. *China Economic Review*, 22(4), 585–600.
- Kobrin, S. J. (1988). Expatriate Reduction and Strategic Control in American Multinational Corporations. *Human Resource Management*, 27, 63–75.
- Komaki, J., Coombs, T., & Schepman, S. (1996). Motivational implications of reinforcement theory. In R. M. Steers, L. W. Porter, & G. A. Bigley (Eds.), *Motivation and leadership at work*. New York: McGraw-Hill.
- Kopp, R. (1994). International human resource policies and practices in Japanese, European, and United States multinationals. *Human Resource Management*, 33(4), 581–599.
- Korsgaard, M., Meglino, B., & Jeong, S. (2011). The role of motivational orientations in formal and informal control. In S. Sitkin, L. Cardinal, & K. Bijlsma-Frankema (Eds.), *Organizational Control*. New York: Cambridge University Press.
- Kostova, T. (1999). Transnational transfer of strategic organizational practices: A contextual perspective. *Academy of Management Review*, 24(2), 308–324.
- Kostova, T., Marano, V., & Tallman, S. (2016). Headquarters-subsidiary relationships in MNCs: Fifty years of evolving research. *Journal of World Business*, 51(1), 176–184.
- Kostova, T., & Zaheer, S. (1999). Organizational legitimacy under conditions of

- complexity: The case of the multinational enterprise. *Academy of Management Review*, 24(1), 64–81.
- Kotabe, M., Jiang, C. X., & Murray, J. Y. (2010). Managerial ties, knowledge acquisition, realized absorptive capacity and new product market performance of emerging multinational companies: A case of China. *Journal of World Business*, 46(2), 166–176.
- Kumar, K. R., & McLeod, M. (Eds.). (1981). *Multinationals from Developing Countries*. Lexington, MA: Lexington Books.
- Kunda, G. (1992). *Engineering Culture: Control and Commitment in a High-Tech Corporation*. Philadelphia, PA: Temple University Press.
- Kunda, G. (2006). *Engineering culture* (revised ed). Philadelphia, PA: Temple University Press.
- Kwan, F. (2009). Agricultural labour and the incidence of surplus labour: Experience from China during reform. *Journal of Chinese Economic and Business Studies*, 7(3), 341–361.
- Lall, S. (1983). *The New Multinationals: The Spread of Third World Enterprises*. New York: Wiley.
- Lane, C. (2000). Globalization and the German model of capitalism – erosion or survival? *British Journal of Sociology*, 51(2), 207–234.
- Lawrence, J. ., & Lorsch, P. R. (1967). *Organization and environment*. Harvard University Press.
- Le, Q. V., & Zak., P. J. (2006). Political risk and capital flight. *Journal of International Money and Finance*, 25(2), 308–329.
- Lebas, M., & Weigenstein, J. (1986). Management Control: The Roles of Rules, Markets and Culture. *Journal of Management Studies*, 23(3), 259–273.
- Lecraw, D. J. (1977). Direct investment by firms from less developed countries. *Oxford Economic Papers*, 29, 445–457.
- Legewie, J. (2002). Control and co-ordination of Japanese subsidiaries in China: Problems of an expatriate-based management system. *The International Journal of Human Resource Management*, 13(6), 901–919.
- Lepak, D. P., & Snell, S. (1999). The human resource architecture toward a theory of human capital allocation and development. *Academy of Management Review*, 24, 31–48.
- Lepak, D. P., & Snell, S. . (2002). Examining the Human Resource Architecture: The Relationships Among Human Capital, Employment, and Human Resource Configurations. *Journal of Management*, 28, 517–543.
- Lewis, W. A. (1954). Economic Development with Unlimited Supplies of Labor. *The Manchester School of Economic and Social Studies*, 22, 139–191.
- Li, H., Li, L., Wu, B., & Xiong, Y. (2012). The End of Cheap Chinese Labor. *The Journal of Economic Perspective*, 26(4), 57–74.
- Li, J., Li, Y., & Shapiro, D. (2012). Knowledge Seeking and Outward FDI of Emerging Market Firms: The Moderating Effect of Inward FDI. *Global Strategy Journal*, 2(4), 277–295.
- Li, J., & Yao, F. K. (2010). The role of reference groups in international investment decisions by firms from emerging economies. *Journal of International Management*, 16(2), 143–153.
- Li, M. H., Cui, L., & Lu, J. (2014). Varieties in state capitalism: Outward FDI strategies of central and local state-owned enterprises from emerging economy countries. *Journal of International Business Studies*, 45(8), 980–1004.
- Li, Y. A., Whalley, J., Zhang, S., & Zhao, X. (2011). The Higher Educational

- Transformation of China and Its Global Implications. *The World Economy*, 34(4), 516–545.
- Li, Y., & Sheldon, P. (2010). HRM lives inside and outside the firm: employers, skill shortages and the local labour market in China. *The International Journal of Human Resource Management*, 21(12), 2173–2193.
- Liang, X., Lu, X., & Wang, L. (2012). Outward internationalization of private enterprises in China: The effect of competitive advantages and disadvantages compared to home market rivals. *Journal of World Business*, 47(1), 134–144.
- Lin, J. Y., Cai, F., & Li, Z. (2003). *The China Miracle: Development Strategy and Economic Reform* (Revised ed). Hong Kong: The Chinese University Press.
- Littler, C., & Salaman, G. (1982). Bravermania and beyond: recent theories of the labour process. *Sociology*, 16(2), 251–269.
- Liu, F. C., Simon, D. F., Sun, Y. T., & Cao, C. (2011). China's innovation policies: Evolution, institutional structure, and trajectory. *Research Policy*, 40(7), 917–931.
- Liu, X., Gao, L., Lu, J., & Lioliou, E. (2016a). Does learning at home and from abroad boost the foreign subsidiary performance of emerging economy multinational enterprises? *International Business Review*, 25(1), 141–151.
- Liu, X., Gao, L., Lu, J., & Lioliou, E. (2016b). Environmental risks, localization and the overseas subsidiary performance of MNEs from an emerging economy. *Journal of World Business*, 51(3), 356–368.
- Liu, X., & Giroud, A. (2016). International knowledge flows in the context of emerging-economy MNEs and increasing global mobility. *International Business Review*, 25(1, Part A), 125–129.
- Liu, Y., & Woywode., M. (2013). Light-Touch Integration of Chinese Cross-Border M&A: The Influences of Culture and Absorptive Capacity. *Hunderbird International Business Review*, 55(4), 469–483.
- Long, R. J., & Shields, J. L. (2010). From pay to praise? Non-cash employee recognition in Canadian and Australian firms. *The International Journal of Human Resource Management*, 21(8), 1145–1172.
- Loo, B. P. Y. (2004). Telecommunications reforms in China: towards an analytical framework. *Telecommunications Policy*, 28(9–10), 697–714.
- Low, B. (2007). Huawei Technologies Corporation: from local dominance to global challenge? *Journal of Business & Industrial Marketing*, 22(2), 138–144.
- Low, B. (2010). An institutional and network perspective of organisation legitimacy: Empirical evidence from China's telecommunications market. *Asian Academy of Management Journal*, 15(2), 117–134.
- Low, B., Johnston, W., & Wang, J. (2007). Securing network legitimacy in China's telecommunication market. *Journal of Business & Industrial Marketing*, 22(2), 97–106.
- Lu, J., Liu, X., Wright, M., & Filatotchev, I. (2014a). International experience and FDI location choices of Chinese firms: The moderating effects of home country government support and host country institutions. *Journal of International Business Studies*, 45(4), 428–449.
- Lu, J., Liu, X., Wright, M., & Filatotchev, I. (2014b). International experience and FDI location choices of Chinese firms: The moderating effects of home country government support and host country institutions. *Journal of International Business Studies*, 45(4), 428–449.
- Lu, Y., Zhou, L., Bruton, G., & Li, W. (2010). Capabilities as a mediator linking resources and the international performance of entrepreneurial firms in an

- emerging economy. *Journal of International Business Studies*, 41(3), 419–436.
- Lundvall, B. (1992). *National Systems of Innovation*. London and New York: Pinter.
- Luo, Y., & Tung, R. L. (2007). International expansion of emerging market enterprises: A springboard perspective. *Journal of International Business Studies*, 38(4), 481–498.
- Luo, Y., Xue, Q., & Han, B. (2010). How emerging market governments promote outward FDI: Experience from China. *Journal of World Business*, 45(1), 68–79.
- Lupton, T. (1963). *On the shop floor: two studies of workshop organisation and output*. Pergamon Press.
- Ma, S., & Trigo, V. (2008). Winning the War for Managerial Talent in China: An Empirical Study. *Chinese Economy*, 41(3), 34–57.
- Maguire, S., & Hardy, C. (2009). Discourse and Deinstitutionalisation: The Decline of DDT. *Academy of Management Journal*, 52(1), 148–178.
- Makino, S., Lau, C.-M., & Yeh, R.-S. (2002). Asset-exploitation versus asset-seeking: Implications for location choice of foreign direct investment from newly industrialized economies. *Journal of International Business Studies*, 33(3), 403–421.
- Mallett, O., & Wapshott, R. (2015). Making sense of self-employment in late career: understanding the identity work of olderpreneurs. *Work, Employment & Society*, 29(2), 250–266.
- Marcus, G. E. (1995). Ethnography in/of the world system: The emergence of multi-sited ethnography. *Annual Review of Anthropology*, 24, 95–117.
- Mario, N. (2015). Foreign Company R&D: In China, For China. China Business Review. Retrieved May 1st, 2015, from <http://www.chinabusinessreview.com/foreign-company-rd-in-china-for-china/>
- Marschan-Piekkari, R., & Welch, C. (2004). *Handbook of Qualitative Research Methods for International Business*. Edward Elgar Pub.
- Martinez, J. I., & Jarillo, J. C. (1989). The evolution of research on coordination mechanisms in MNC's. *Journal of International Business Studies*, 20(3), 489–514.
- Mason, J. (2002). *Qualitative Researching* (2nd ed.). London: SAGE.
- Mathews, J. (2006a). Dragon multinationals: new player in 21st century globalization. *Asia Pacific Journal of Management*, (23), 5–27.
- Mathews, J. (2006b). Dragon multinationals: new player in 21st century globalization. *Asia Pacific Journal of Management*, 23, 5–27.
- Mathews, J. . (2002). *Dragon multinational: a new model for global growth*. New York: Oxford University Press.
- Mathieu, J., & Zajac, D. (1990). A Review and Meta Analysis of the Antecedents, Correlates, and Consequences of Organizational Commitment. *Psychological Bulletin*, 108, 171–194.
- Maurice, M., & Sorge, A. (2000). *Embedding organizations*. Amsterdam: John Benjamins Publishing.
- Maxwell, J. A. (1992). Understanding and validity in qualitative research. *Harvard Educational Review*, 62(3), 279–300.
- May, T. (2001). *Social Research: Issues, Methods and Process* (3rd ed.). Berkshire: McGraw-Hill.
- McCann, L., Granter, E., Hyde, P., & Hassard, O. (2013). Still blue-collar after all these years? An ethnography of the professionalization of emergency ambulance work. *Journal of Management Studies*, 50(5), 750–776.
- McCarthy, D., & Palcic, D. (2012). The impact of large-scale employee share

- ownership plans on labour productivity: the case of Eircom. *The International Journal of Human Resource Management*, 23(17), 3710–3724.
- McCauley, C. D., Ruderman, M. N., Ohlott, P. J., & Morrow, J. E. (1994). Assessing the developmental components of managerial jobs. *Journal of Applied Psychology*, 79(4), 544–560.
- McNabb, R., & Whitfield, K. (1998). The impact of financial participation and employee involvement on financial performance. *Scottish Journal of Political Economy*, 45(2), 171–187.
- McNally, C. A. (2006). *Insinuations on China's emergent capitalism* (East-West Center Working Paper: Politics, Governance, and Security Series #15).
- McNally, C. A. (2007). China's capitalist transition: the making of a new variety of capitalism. *Comparative Social Research*, 24, 177–203.
- Mendenhall, M., Beaty, D., & Oddou, G. R. (1993). Where have all the theorists gone? An archival review of the international management literature. *International Journal of Management*, 10, 146–153.
- Merchant, K. A. (1985). *Control in business organizations*. Cambridge, MA: Balinger Publishing Company.
- Merchant, K. A. (1996). *Management control systems: text and cases*. Englewood Cliffs, NJ: Prentice Hall.
- Meriläinen, S., Tienari, J., Thomas, R., Davies, A., Meriläinen, S., Tienari, J., ... Davies, A. (2004). Management Consultant Talk: A Cross-Cultural Comparison of Normalizing Discourse and Resistance. *Organization*, 11(4), 539–564.
- Meyer, K. (2014). Process Perspectives on the Growth of Emerging Economy Multinationals. In R. Ramamurti & A. Cuervo-Cazurra (Eds.), *Understanding Multinationals from Emerging Markets*. Cambridge University Press.
- Meyer, K. E., Ding, Y., Li, J., & Zhang, H. (2014). Overcoming distrust: How state-owned enterprises adapt their foreign entries to institutional pressures abroad. *Journal of International Business Studies*, 45(8), 1005–1028.
- Meyer, K. E., Mudambi, R., & Narula, R. (2011). Multinational enterprises and local contexts: The opportunities and challenges of multiple embeddedness. *Journal of Management Studies*, 48(2), 2011.
- Meyer, K. E., & Nguyen, H. V. (2005). Foreign Investment Strategies and Sub-national Institutions in Emerging Markets : Evidence from, (January).
- Meyer, K. E., & Peng, M. W. (2016). Theoretical Foundations of Emerging Economy Business Research. *Journal of International Business Studies*, 47(1), 3–22.
- Miller, S. R., Thomas, D. E., Eden, L., & Hitt, M. (2008). Knee deep in the big muddy: The survival of emerging market firms in developed markets. *Management International Review*, 48(6), 645–665.
- Mills, T. L., Boylstein, C. A., & Lorean, S. (2001). 'Doing' Organizational Culture in the Saturn Corporation. *Organization Studies*, 22(1), 117–143.
- Mintzberg, H. (1973). *The nature of managerial work*. Englewood Cliffs, NJ: Prentice Hall.
- Mintzberg, H. (1979). *The structuring of organizations*. Englewood Cliffs, N.J: Prentice Hall.
- Mintzberg, H. (1983). *Structure in fives: Designing effective organizations*. Englewood Cliffs, NJ: Prentice Hall.
- Moore, F. (2005). *Transnational Business Cultures: Life and Work in a Multinational Corporation*. Aldershot: Ashgate.
- Moore, F. (2011). Holistic ethnography: Studying the impact of multiple national identities on post-acquisition organizations. *Journal of International Business*

- Studies*, 42(5), 654–671.
- Morck, R., Yeung, B., & Zhao, M. (2008a). Perspectives on China's outward foreign direct investment. *Journal of International Business Studies*, 39(3), 337–350.
- Morck, R., Yeung, B., & Zhao, M. (2008b). Perspectives on China's outward foreign direct investment. *Journal of International Business Studies*, 39(3), 337–350.
- Morgan, G. (2001). Transnational communities and business systems. *Global Networks*, 1(2), 113–130.
- Morgan, G. (2005). Institutional complementarities, path dependency, and the dynamic of firms. In G. Morgan, R. Whitley, & E. Moen (Eds.), *Changing capitalisms?: internationalization, institutional change, and systems of economic organization*. Oxford.
- Morgan, G. (2007). The theory of comparative capitalisms and the possibilities for local variation. *European Review*, 15(3), 353.
- Morgan, G. (2011). Comparative Capitalisms: A Framework for the Analysis of Emerging and Developing Economies. *International Studies of Management and Organization*, 41(1), 12–34.
- Morgan, G., Campbell, J., Crouch, C., Pedersen, O. K., & Whitley, R. (2010). Introduction. In G. Morgan, J. Campbell, C. Crouch, O. K. Pedersen, & R. Whitley (Eds.), *The Oxford Handbook of Comparative Institutional Analysis*. Oxford university press.
- Morgan, G., Kelly, B., Sharpe, D., & Whitley, R. (2003). Global managers and Japanese multinationals: internationalization and management in Japanese financial institutions. *The International Journal of Human Resource Management*, 14(3), 389–407.
- Morgan, G., & Kristensen, P. H. (2006). The contested space of multinationals: Varieties of institutionalism, varieties of capitalism. *Human Relations*, 59(11), 1467–1490.
- Morgan, G., Kristensen, P. H., & Whitley, R. (Eds.). (2001). *The multinational firm: organizing across institutional and national divides*. Oxford University Press.
- Mu, Q., & Lee, K. (2005). Knowledge diffusion, market segmentation and technological catch-up: The case of the telecommunication industry in China. *Research Policy*, 34(6), 759–783.
- Mueller, M., & Lovelock, P. (2000). The WTO and China's ban on foreign investment in telecommunication services: a game-theoretic analysis. *Telecommunications Policy*, 24(8–9), 731–759.
- Musson, G., & Duberley, J. (2007). Change, change or be exchanged: The discourse of participation and the manufacture of identity. *Journal of Management Studies*, 44(1), 143–164.
- Musteen, M., Francis, J., & Datta, D. K. (2010). The influence of international networks on internationalization speed and performance: A study of Czech SMEs. *Journal of World Business*, 45(3), 197–205.
- Mutch, A. (2014). History and documents in critical realism. In P. K. Edwards, J. O'Mahoney, & S. Vincent. (Eds.), *Studying organizations using critical realism : a practical guide*. Oxford: Oxford University Press.
- Mygind, N. (2012). Trends in employee ownership in Eastern Europe. *The International Journal of Human Resource Management*, 23(8), 1611–1642.
- Nair, S. R., Demirbag, M., & Mellahi, K. (2015). Reverse Knowledge Transfer from Overseas Acquisitions: A Survey of Indian MNEs. *Management International Review*, 55(2), 277–301.
- Narula, R. (2006). Globalization, new ecologies, new zoologies, and the purported

- death of the eclectic paradigm. *Asia Pacific Journal of Management*, 23(2), 143–151.
- Narula, R. (2012). Do we need different frameworks to explain infant MNEs from developing countries? *Global Strategy Journal*, 204(31), 188–204.
- Narula, R. (2015). The Viability of Sustained Growth by India's MNEs: India's Dual Economy and Constraints from Location Assets. *Management International Review*, 55(2), 191–205.
- Nee, V. (2005). Organizational dynamics of institutional change: politicized capitalism in China. In V. Nee & R. Swedberg (Eds.), *The Economic Sociology of Capitalism*. Princeton: Princeton University Press.
- Nee, V., Oppen, S., & Wong, S. (2007). Developmental State and Corporate Governance in China. *Management and Organization Review*, 3(1), 19–53.
- Negandhi, A. ., & Baliga, R. (1981). Internal Functioning of American, German and Japanese Multinational Corporations. In L. Otterbeck (Ed.), *The Management of Headquarters: Subsidiary Relationships in Multinational Corporations* (pp. 107–120). Gower: Aldershot.
- Negandhi, A., & Prasad, S. . (1971). *Comparative Management*. New York: Appleton-Central Crofts.
- Nelson, R. R. (1993). *National Innovation Systems: A Comparative Analysis*. Oxford: Oxford University Press.
- Nicholson, R. R., & Salaber, J. (2013). The motives and performance of cross-border acquirers from emerging economies: Comparison between Chinese and Indian firms. *International Business Review*, 22(6), 963–980.
- Noorderhaven, N., & Harzing, A.-W. (2003). The “country-of-origin effect” in multinational corporations: sources, mechanisms and moderating condition. *Management International Review*, 43(2), 47–66.
- O'Donnell, S. W. (2000). Managing foreign subsidiaries: agents of headquarters, or an interdependent network? *Strategic Management Journal*, 21(5), 525–548.
- O'Mahoney, J., & Vincent, S. (2014). Studying organizations using critical realism : a practical guide. In P. K. Edwards, J. O'Mahoney, & A. S. Vincent (Eds.), *Studying organizations using critical realism : a practical guide*. Oxford: Oxford University Press.
- Orr, G., & Roth, E. (2012). A CEO ' s guide to innovation in China. *McKinsey Quarterly*.
- Orr, J. E. (1996). *Talking about machines: An ethnography of a modern job*. Cornell University Press.
- Ostroff, C., Shin, Y., & Kinicki, A. J. (2005). Multiple perspectives of congruence: Relationships between value congruence and employee attitudes. *Journal of Organizational Behavior*, 26, 591–623.
- Ouchi, W. (1979). A conceptual framework for the design of organizational control mechanisms. *Management Science*, 25(9), 833–848.
- Ouchi, W. G. (1977). The relationship between organizational structure and organizational control. *Administrative Science Quarterly*, 22, 95–112.
- Ouchi, W. G. (1980). Markets, bureaucracies, and clans. *Administrative Science Quarterly*, 25, 129–141.
- Paarlberg, L. E., & Perry, J. L. (2007). Values Management. *The American Review of Public Administration*, 37(4), 387–408.
- Pagnamenta, R., & O'Neill, S. (2016, August 11). Chinese Hinkley backer is accused of espionage. *The Times*, p. 1.
- Pan, Y., Teng, L., Supapol, A. B., Lu, X., Huang, D., & Wang, Z. (2014). Firms' FDI

- ownership: The influence of government ownership and legislative connections. *Journal of International Business Studies*, 45(8), 1029–1043.
- Patel, P., & Pavitt, K. (1991). Large firms in the production of the world's technology: An important case of non-globalisation. *Journal of International Business Studies*, 22, 1–21.
- Patel, P., & Pavitt, K. (1997). Technological competencies in the world's largest firms: Complex and path-dependent, but not too much variety. *Research Policy*, 26, 533–46.
- Pawson, R., & Tilley, N. (1997). *Realistic Evaluation*. London: SAGE.
- Peck, J., & Zhang, J. (2013). A variety of capitalism ... with Chinese characteristics? *Journal of Economic Geography*, 13(3), 357–396.
- Pendleton, A. (2010). Employee participation in employee share ownership: An evaluation of the factors associated with participation and contributions in save as you earn plans. *British Journal of Management*, 21(2), 555–570.
- Pendleton, A., Wilson, N., & Wright, M. (1998). The Perception and Effects of Share Ownership: Empirical Evidence from Employee Buy-Outs. *British Journal of Industrial Relations*, 36(1), 99–123.
- Pérezts, M., Faÿ, E., & Picard, S. (2015). Ethics, embodied life and esprit de corps: An ethnographic study with anti-money laundering analysts. *Organization*, 22(2), 217–234.
- Peterson, S. J., & Luthans, F. (2006). The impact of financial and nonfinancial incentives on business-unit outcomes over time. *The Journal of Applied Psychology*, 91(1), 156–65.
- Pfeffer, J., & Konrad, A. (1991). The effects of individual power on earnings. *Work and Occupations*, 18(4), 385–414.
- Phillips, N., Lawrence, T., & Hardy, C. (2004). Discourse and institutions. *Academy of Management Review*, 29, 653–652.
- Pleshko, L., & Nickerson, I. (2008). Strategic Orientation, Organizational Structure, and The Associated Effects on Performance in Industrial Firms. *Academy of Strategic Management Journal*, 7, 95–111.
- Porter, M. E. (1986). Changing Patterns of International Competition. *California Management Review*, 27(Winter), 9–40.
- Porter, S. (Ed.). (2002). Critical realist ethnography. In *Qualitative research in action*. London: SAGE.
- Prahalad, C., & Doz, Y. (1981). An approach to strategic control in MNCs. *Sloan Management Review*, (Summer), 5–13.
- Prahalad, C. K. (2006). *The Fortune at the Bottom of the Pyramid*. Philadelphia, PA: Wharton School publishing.
- Prahalad, C. K., & Doz, Y. L. (1987). *The multinational mission. Balancing local demands and global vision*. New York: Free Press.
- Preenen, P. T. Y., De Pater, I. E., Van Vianen, A. E. M., & Keijzer, L. (2011). Managing voluntary turnover through challenging assignments. *Group & Organization Management*, 36, 308–344.
- Pringle, T., & Clarke, S. (2011). *The challenge of transition: trade unions in Russia, China and Vietnam*. Palgrave Macmillan.
- Pudelko, M., & Harzing, A. (2007). Country-of-origin, localization, or dominance effect? An empirical investigation of HRM practices in foreign subsidiaries. *Human Resource Management*, 46(4), 535–559.
- Pugh, D. S., Hickson, D. J., & Hinings, C. R. (1969). An empirical taxonomy of structures of work organizations. *Administrative Science Quarterly*, 14(1), 115–

- Pun, N. (2005). *Made in China: Women Factory Workers in a Global Workplace*. London: Duke University Press.
- Ragin, C. (1989). New Directions in Comparative Research. In M. Kohn (Ed.), *Cross-National Research in Sociology*. London: SAGE.
- Ramamurti, R. (2009). Why study emerging-market multinationals. In R. Ramamurti & J. Singh (Eds.), *Emerging Multinationals in Emerging Markets*. Cambridge University Press.
- Ramamurti, R. (2012). What is Really Different About Emerging Market Multinationals? *Global Strategy Journal*, 2(1), 41–47.
- Ramamurti, R., & Singh, J. (Eds.). (2009). *Emerging multinationals in emerging markets*. Cambridge: Cambridge University Press.
- Ravallion, M. (2010). The developing world's bulging (but vulnerable) middle class. *World Development*, 38(4), 445–454.
- Reed, M. (2005). Reflections on the “Realist Turn” in Organization. *Journal of Management Studies*, 42(8), 1621–1644.
- Rees, C., & Gatenby, M. (2014). Critical realism and ethnography. In P. K. Edwards, J. O'Mahoney, & S. Vincent (Eds.), *Studying organizations using critical realism: a practical guide*. Oxford: Oxford University Press.
- Richardson, F., William, L., & Walker, C. R. (1948). *Human relations in an expanding company*. New Haven, CT: Labor and Management Center, Yale University.
- Rosenzweig, P., & Singh, H. (1991). Organizational environments and the multinational enterprise. *Academy of Management Review*, 16, 340–361.
- Rouleau, L. (2005). Micro-practices of strategic sensemaking and sensegiving: how middle managers interpret and sell change every day. *Journal of Management Studies*, 42(7), 1413–1441.
- Rousseau, D., & Wade-Benzoni, K. (1995). Changing individual–organization attachments: A two-way street. In A. Howard (Ed.), *The changing nature of work*. San Francisco, CA: Jossey-Bass.
- Rowe, W. G., & Wright, P. M. (1997). Related and unrelated diversification and their effect on human resource management controls. *Strategic Management Journal*, 18(4), 329–338.
- Roy, D. (1958). Banana time: job satisfaction and informal interaction. *Human Organization*, 18, 158–168.
- Ruderman, M. N., McCauley, C. D., & Ohlott, P. J. (1999). *Challenge profile: Learning from work experience*. San Francisco, CA: Jossey-Bass/Pfeiffer & Center for Creative Leadership.
- Rugman, A. (1981). *Inside the Multinationals: The Economics of Internal Markets*. New York: Columbia University Press.
- Rugman, A. (2006). *Inside the Multinationals* (25th Anniv). New York: Palgrave Macmillan.
- Rugman, A. (2009). Theoretical aspects of MNEs from emerging markets. In R. Ramamurti & J. Singh (Eds.), *Emerging Multinationals in Emerging Markets*. Cambridge: Cambridge University Press.
- Rugman, A. (2010). The theory and regulation of emerging market multinational enterprises. In K. P. Sauvant & G. McAllister (Eds.), *Foreign direct investments from the emerging markets*. Basingstoke, UK: Palgrave Macmillan.
- Rugman, A. M., & Li, J. (2007). Will China's Multinationals Succeed Globally or Regionally? *European Management Journal*, 25(5), 333–343.

- Rugman, A. M., & Nguyen, Q. T. (2014). Modern international business theory and emerging market multinational companies. In A. Cuervo-Cazurra & R. Ramamurti (Eds.), *Understanding multinationals from emerging markets*. Cambridge: Cambridge University Press.
- Rugman, A. M., & Verbeke, A. (2001). Subsidiary-specific advantages in multinational enterprises. *Strategic Management Journal*, 22(3), 237–250.
- Rui, H., & Yip, G. S. (2008). Foreign acquisitions by Chinese firms: A strategic intent perspective. *Journal of World Business*, 43(2), 213–226.
- Samra-Fredericks, D. (2003). Strategizing as lived experience and strategists' everyday efforts to shape strategic direction. *Journal of Management Studies*, 40(1), 141–174.
- Sanday, P. R. (1979). The ethnographic paradigm (s). *Administrative Science Quarterly*, 24(4), 527–538.
- Sanfilippo, M. (2015). FDI from emerging markets and the productivity gap-An analysis on affiliates of BRICS EMNEs in Europe. *International Business Review*, 24(4), 665–676.
- Santiso, J. (2013). *The decade of the multilatinas*. Cambridge: Cambridge University Press.
- Sauvant, K. (2008). *The rise of transnational corporations from emerging markets*. Cheltenham, UK: Edward Elgar.
- Sayer, A. (1992). *Method in Social Science: A realist approach* (2nd ed.). London: Routledge.
- Sayer, A. (2000). *Realism and social science*. London: SAGE.
- Schatzman, L., & Strauss, A. L. (1973). *Field Research: Strategies for a Natural Sociology*. Englewood Cliffs, NJ: Prentice-Hall.
- Schein, E. H. (1985). *Organisational Culture and Leadership*. San Francisco: Jossey-Bass.
- Schmidt, C. (2011). The battle for China's talent. *Harvard Business Review*, (March), 25–27.
- Schoppa, L. J. (2006). *Race for the exits: the unraveling of Japan's system of social protection*. Ithaca NY: Cornell University Press.
- Schreuder, H., Spangenberg, J., & Kunst, P. (1988). *The Structure of Organizations: An Empirical Assessment of Mintzberg's Typology*. Maastricht.
- Schuler, R., Dowling, P., & De Cieri, H. (1993). An Integrative Framework of Strategic International Human Resource Management. *International Journal of Human Resource Management*, (1), 717–764.
- Scott, W. R. (2002). The changing world of Chinese enterprise: An institutional perspective. In A. S. Tsui & C. M. Lau (Eds.), *Management of Enterprises in the People's Republic of China* (pp. 59–78). Boston: Kluwer Academic Press.
- Selznick, P. (1957). *Leadership in administration*. New York: Harper and Row.
- Sharpe, D. R. (2004). The relevance of ethnography to international business research. In R. Marschan-Piekkari & C. Welch (Eds.), *Handbook of qualitative research methods for international business*. Edward Elgar Publishing.
- Sharpe, D. R. (2006). Shop floor practices under changing forms of managerial control: A comparative ethnographic study of micro-politics, control and resistance within a Japanese multinational. *Journal of International Management*, 12(3), 318–339.
- Sheldon, P., & Li, Y. (2013). Localized poaching and skills shortages of manufacturing employees among MNEs in China. *Journal of World Business*, 48(2), 186–195.

- Shi, W. S., Markóczy, L., & Stan, C. V. (2014). The continuing importance of political ties in China. *The Academy of Management Perspectives*, 28(1), 57–75.
- Siegel, J. I., & Larson, B. Z. (2009). Labor Market Institutions and Global Strategic Adaptation: Evidence from Lincoln Electric. *Management Science*, 55(9), 1527–1546.
- Smith, C. (2006). The double indeterminacy of labour power: Labour effort and labour mobility. *Work, Employment & Society*, 20(2), 389–402.
- Smith, C. (2010). Go with the Flow : Labour Power Mobility and Labour Process Theory. In P. Thompson & C. Smith (Eds.), *Working Life: Renewing Labour Process Analysis*. Palgrave Macmillan.
- Smith, C., & Elger, T. (2014). Critical realism and interviewing subjects. In P. K. Edwards, J. O'Mahoney, & S. Vincent (Eds.), *Studying organizations using critical realism : a practical guide*. Oxford: Oxford University Press.
- Smith, C., & Meiskins, P. (1995). System, Society and Dominance Effects in Cross-National Organisational Analysis. *Work, Employment and Society*, 9(2), 241–67.
- Smith, C., & Zheng, Y. (2016). The management of labour in Chinese MNCs operating outside of China: a critical review. In M. Liu & C. Smith (Eds.), *China at Work*. Palgrave.
- Snell, S. A. (1992). Control theory in strategic human resource management: The mediating effect of administrative information. *The Academy of Management Journal*, 35(2), 292–327.
- Snell, S. A., & Youndt., M. A. (1995). Human resource management and firm performance: Testing a contingency model of executive controls. *Journal of Management*, 21(4), 711–737.
- Sorge, A. (2005). *The global and the local*. Oxford: Oxford University Press.
- Sparrow, P., Brewster, C., & Harris, H. (2004). *Globalizing human resource management*. Routledge.
- Spradley, J. P. (1979). *The ethnographic interview*. New York: Holt, Rinehart and Winston.
- Spradley, J. P. (1980). *Participant Observation*. New York: Holt Rinehart and Winston.
- Stajkovic, A. D., & Luthans, F. (1997). A meta-analysis of the effects of organizational behavior modification on task performance, 1975–1995. *Academy of Management Journal*, 40, 1122–1149.
- Stajkovic, A. D., & Luthans, F. (2003). Behavioral management and task performance in organizations: Conceptual background, meta-analysis, and test of alternative models. *Personnel Psychology*, 56, 155–194.
- Stopford, J. M., & Wells, L. T. (1972). *Managing the Multi- national Enterprise: Organization of the Firm and Ownership of Subsidiaries*. New York: Basic Books.
- Strauss, A., & Corbin, J. (1998). *Basics of qualitative research: Techniques and procedures for developing grounded theory*. Thousand Oakes, CA: SAGE.
- Strauss, A. L., & Corbin, J. (1990). *Basics of Qualitative Research: Grounded Theory Procedures and Techniques*. Newbury Park, California: SAGE.
- Streeck, W., & Thelen, K. (Eds.). (2005). *Beyond continuity: Institutional change in advanced political economies*. Oxford: Oxford University Press.
- Sun, S. L., Peng, M. W., Ren, B., & Yan, D. (2012). A comparative ownership advantage framework for cross-border M&As: The rise of Chinese and Indian MNEs. *Journal of World Business*, 47(1), 4–16.
- Sutton, R., & Staw, B. (1995). What theory is not. *Administrative Science Quarterly*,

- 40(3), 371–384.
- Swinford, S., & Gosden, E. (2016). Theresa May delays Hinkley nuclear decision amid concerns over Chinese involvement.
- Tanner, M. S. (2004). China rethinks unrest. *Washington Quarterly*, 27(3), 137–56.
- Taylor, B., & Li, Q. (2007). Is the ACFTU a union and does it matter? *Journal of Industrial Relations*, 49, 701–715.
- Taylor, F. W. (1911). *The Principles of Scientific Management*. New York: Harper.
- Taylor, S., Beechler, S., & Napier, N. (1996). Toward an Integrative Model of Strategic International Human Resource Management. *Academy of Management Review*, 21(4), 959–985.
- Terrien, F. W., & Mills, D. (1955). The effect of changing size upon the internal structure of organizations. *American Sociological Review*, 20(1), 11–13.
- Thite, M., Wilkinson, A., Budhwar, P., & Mathews, J. A. (2016). Internationalization of emerging Indian multinationals: Linkage, leverage and learning (LLL) perspective. *International Business Review*, 25(1), 435–443.
- Thomas, D. C. (1994). The Boundary-Spanning Role of Expatriates in the Multinational Corporation. *Advances in International and Comparative Management*, 9, 145–170.
- Thomas, D. E., Eden, L., Hitt, M. A., & Miller, S. R. (2007). Experience of emerging market firms: The role of cognitive bias in developed market entry and survival. *Management International Review*, 47(6), 845–867.
- Thomas, R., & Davies, A. (2005). Theorizing the Micro-politics of Resistance: New Public Management and Managerial Identities in the UK Public Services. *Organization Studies*, 26(5), 683–706.
- Thome, K., & McAuley, I. (1992). *Crusaders of the Rising Sun: A Study of Japanese Firms in Asia*. Singapore: Longman.
- Thompson, J. B. (1990). *Ideology and Modern Culture*. Cambridge: Polity Press.
- Thompson, J. D. (1967). *Organizations in action*. New York: McGraw-Hill.
- Thornborrow, T., & Brown, A. D. (2009). “Being Regimented”: aspiration, discipline and identity work in the British Parachute Regiment. *Organization Studies*, 30(4), 355–376.
- Tian, X., Harvey, M., & Slocum, J. W. (2014). The retention of Chinese managers: The Chinese puzzle box. *Organizational Dynamics*, 43(1), 44–52.
- Tope, D., Chamberlain, L. J., Crowley, M., & Hodson, R. (2005). The Benefits of Being There Evidence from the Literature on Work. *Journal of Contemporary Ethnography*, 34(4), 470–493.
- Tremblay, M., Cloutier, J., Simard, G., Chênevert, D., & Vandenberghe, C. (2010). The role of HRM practices, procedural justice, organizational support and trust in organizational commitment and in-role and extra-role performance. *The International Journal of Human Resource Management*, 21(3), 405–433.
- Trice, H. M., & Beyer, J. . (1984). Studying organizational cultures through rites and ceremonials. *Academy of Management Review*, 9, 653–669.
- Trice, H. M., & Beyer, J. . (1993). *The culture of work organizations*. Englewood Cliffs, NJ: Prentice Hall.
- Tsang, E. (2014). *The new middle class in China: Consumption, politics and the market economy*. New York: Palgrave Macmillan.
- Tsui, A., Pearce, J., Porter, L., & Tripoli, A. (1997). Alternative approaches to the employee–organization relationship: Does investment in employees pay off? *Academy of Management Journal*, 40, 1089–1121.
- Tung, R. L. (1982). Selection and training procedures of US, European, and Japanese

- multinationals. *California Management Review*, 25(1), 57–71.
- Turner, K. L., & Makhija, M. V. (2006). The role of organizational control in managing knowledge. *Academy of Management Review*, 31(1), 197–217.
- Tüselmann, H.-J., McDonald, F., & Thorpe, R. (2006). The emerging approach to employee relations in German overseas affiliates: A role model for international operation? *Journal of World Business*, 41(1), 66–80.
- UNCTAD. (2015). *World Investment Report 2015: Reforming International Investment Governance*. Geneva.
- Van Maanen, J. (1979). The Fact of Fiction in Organizational Ethnography. *Administrative Science Quarterly*, 24(4), 539–550.
- Van Maanen, J. (2011). Ethnography as work: Some rules of engagement. *Journal of Management Studies*, 48(1), 218–234.
- Vernon-Wortzel, H., & Wortzel, L. H. (1988). Globalizing strategies for multinationals from developing countries. *Columbia Journal of World Business*, 23, 27–35.
- von Zedtwitz, M. (2004). Managing foreign R&D laboratories in China. *R and D Management*, 34(4), 439–452.
- Von Zedtwitz, M., Ikeda, T., Gong, L., Carpenter, R., & Hämäläinen, S. (2007). Managing foreign R&D in China. *Research-Technology Management*, 50(3), 19–27.
- Walsh, K. a. (2007). China R&D: A High-Tech Field of Dreams¹. *Asia Pacific Business Review*, 13(3), 321–335.
- Wang, C., Clegg, J., & Kafouros, M. (2009). Country-of-Origin Effects of Foreign Direct Investment. *Management International Review*, 49(2), 179–198.
- Warner, M. (2008). Reassessing Human Resource Management “with Chinese Characteristics”: An Overview. *International Journal of Human Resource Management*, 19(5), 771–801.
- Warner, M. (2012). Whither Chinese HRM? Paradigms, models and theories. *International Journal of Human Resource Management*, 23(19–20), 3943–3963.
- Warner, M., Sek Hong, N., & Xiaojun, X. (2004). “Late Development” Experience and the Evolution of Transnational Firms in the People’s Republic of China. *Asia Pacific Business Review*, 10(3–4), 324–345.
- Watson, T. J. (2001). *In Search of Management, Culture, Chaos and Control in Managerial Work* (Revised ed). London: South-Western Cengage Learning.
- Watson, T. J. (2011). Ethnography, Reality, and Truth: The Vital Need for Studies of “How Things Work” in Organizations and Management. *Journal of Management Studies*, 48(1), 202–217.
- Webber, M. (1947). *The theory of social and economic organization*. New York: Free Press.
- Weber, M. (1946). *From Max Weber: essays in sociology*. (H. H. Gerth & C. W. Mills, Eds.). New York: Oxford University Press.
- Wedeman, A. (2009). *Enemies of the state: Mass incidents and subversion in China* (APSA 2009 Toronto Meeting Paper).
- Wei, T., Clegg, J., & Ma, L. (2015). The conscious and unconscious facilitating role of the Chinese government in shaping the internationalization of Chinese MNCs. *International Business Review*, 24(2), 331–343.
- Wei, Y. H. D., Zhou, Y., Sun, Y., & Lin, G. C. S. (2012). Production and R&D networks of foreign ventures in China: Implications for technological dynamism and regional development. *Applied Geography*, 32(1), 106–118.
- Wei, Y., Zheng, N., Liu, X., & Lu, J. (2014). Expanding to outward foreign direct

- investment or not? A multi-dimensional analysis of entry mode transformation of Chinese private exporting firms. *International Business Review*, 23(2), 356–370.
- Weick, K. (1995). Definition of “theory.” In N. Nicholson (Ed.), *Blackwell Dictionary of Organizational Behavior*. Oxford: Blackwell.
- Welch, D. (1994). Determinants of international human resource management approach and activities: a suggested framework. *Journal of Management Studies*, 31(2), 139–164.
- Welch, D. E., & Welch, L. S. (2006). Commitment for hire? The viability of corporate culture as a MNC control mechanism. *International Business Review*, 15(1), 14–28.
- Wells, L. T. (1983). *Third World Multinationals: The Rise of Foreign Investments from Developing Countries*. Cambridge, MA: MIT Press.
- Weng, Q., McElroy, J. C., Morrow, P. C., & Liu, R. (2010). The relationship between career growth and organizational commitment. *Journal of Vocational Behavior*, 77(3), 391–400.
- Whetten, D. A. (2009). An examination of the interface between context and theory applied to the study of Chinese organizations. *Management and Organization Review*, 5(1), 29–55.
- Whitley, R. (1999). *Divergent capitalisms. The social structuring and change of business systems*. Oxford: Oxford University Press.
- Whitley, R. (2001). How and why are international firms differ? The consequences of cross-border managerial coordination for firm characteristics and behaviour. In *The multinational firm: organizing across institutional and national divides*. Oxford: Oxford University Press.
- Whitley, R. (2005). How national are business systems? The role of states and complementary institutions in standardizing systems of economic coordination and control at the national level. In G. Morgan, R. Whitley, & E. Moen (Eds.), *Changing capitalisms?: internationalization, institutional change, and systems of economic organization*. Oxford: Oxford University Press.
- Whitley, R. (2007). *Business Systems and Organizational Capabilities*. Oxford University Press.
- Whitley, R., Morgan, G., Kelly, W., & Sharpe, D. (2003). The Changing Japanese Multinational: Application, Adaptation and Learning in Car Manufacturing and Financial Services. *Journal of Management Studies*, 40(3), 643–672.
- Whyte, W. F. (1984). *Learning from the Field: A Guide from Experience*. Beverly Hills, CA: SAGE.
- Whyte, W. R. (1955). *Money and motivation: an analysis of incentives in industry*. New York: Harper.
- Wilkins, M. (1974). The role of private business in the international diffusion of technology. *The Journal of Economic History*, 34(1), 166–188.
- Wilkins, M. (1997). The conceptual domain in international business. In B. Toyne & D. Nigh (Eds.), *International business: An emerging vision*. Columbia: University of South Carolina Press.
- Williamson, P. J. (2015). The competitive advantages of emerging market multinationals: a re-assessment. *Critical Perspectives on International Business*, 11(3/4), 216–235.
- Williamson, P. J., & Zeng, M. (2009). Value-for-money strategies for recessionary times. *Harvard Business Review*, 87(3), 66–74.
- Williamson, P., Ramamurti, R., Fleury, A., & Feury, M. T. L. (Eds.). (2013). *The competitive advantage of emerging market multinationals*. Cambridge:

- Cambridge University Press.
- Witt, M. (2010). *China: what variety of capitalism?* (INSEAD Faculty & Research Working Paper # 2010/88/EPS).
- Witt, M. A., & Lewin, A. Y. (2007). Outward foreign direct investment as escape response to home country institutional constraints. *Journal of International Business Studies*, 38(4), 579–594.
- Witt, M., & Redding, G. (2014). *The Oxford Handbook of Aisan Business System*. Oxford: Oxford University Press.
- Wright, M., Filatotchev, I., Hoskinsson, R. E., & Peng, M. W. (2005). Guest Editors' Introduction Strategy Research in Emerging Economies: Challenging the Conventional Wisdom. *Journal of Management Studies*, 42(1), 1–33.
- Wu, A., & Voss, H. (2015). When does absorptive capacity matter for international performance of firms? Evidence from China. *International Business Review*, 24(2), 344–351.
- Wu, J., Wang, C., Hong, J., Piperopoulos, P., & Zhuo, S. (2016). Internationalization and innovation performance of emerging market enterprises: The role of host-country institutional development. *Journal of World Business*, 51(2), 251–263.
- Xin, D., & Shan, J. (2010). China has 'sufficient labor pool for next 40 years'. Retrieved May 2, 2015, from http://www.chinadaily.com.cn/china/2010-03/27/content_9651310.htm
- Xu, D., & Shenkar, O. (2002). Institutional distance and the multinational enterprise. *Academy of Management Review*, 27(4), 608–618.
- Yagi, N., & Kleinberg, J. (2011). Boundary work: An interpretive ethnographic perspective on negotiating and leveraging cross-cultural identity. *Journal of International Business Studies*, 42(5), 629–653.
- Yin, R. (2009). *Case Study Research: Design and Methods* (4th ed.). London: SAGE.
- Yip, W., & Hsiao, W. (2009). China's health care reform: A tentative assessment. *China Economic Review*, 20(4), 613–619.
- Yoshihara, H. (1996). *Mijuku na kokusai keikei [Immature international management]*. Tokyo: Hakuto.
- Yoshihara, H. (2005). Decline of Japan's Predominance in Asia. In T. Roehl & A. Bird (Eds.), *Japanese Firms in Transition: Responding to the Globalization Challenge*. Oxford: Elsevier.
- Yuan, L., Pangarkar, N., & Wu, J. (2016). The interactive effect of time and host country location on Chinese MNCs' performance: An empirical investigation. *Journal of World Business*, 51(2), 331–342.
- Zeng, M., & Williamson, P. (2007). *Dragons at your door*. Boston: Harvard Business Press.
- Zhang, B. (2001). Assessing the WTO agreements on China's telecommunications regulatory reform and industrial liberalization. *Telecommunications Policy*, 25(7), 461–483.
- Zhang, B. (2002). Understanding China's telecommunications policymaking and reforms: a tale of transition toward liberalization. *Telematics and Informatics*, 19(4), 331–349.
- Zhang, F., Cooke, P. N., & Wu, F. (2011). State-sponsored Research and Development: A Case Study of China's Biotechnology, (February 2014), 37–41.
- Zhang, F., & Wu, F. (2012). Fostering Indigenous Innovation Capacities": The Development of Biotechnology in Shanghai's Zhangjiang High-Tech Park. *Urban Geography*, 33(5), 728–755.
- Zhang, H. Y., & Van Den Bulcke, D. (1996). International management strategies of

- Chinese multinational firms. In J. Child & Y. Lu (Eds.), *Management issues in China: International enterprises*. London: Routledge.
- Zhang, J., & Peck, J. (2016). Variegated capitalism, Chinese style: Regional models, multi-scalar constructions. *Regional Studies*, 50(1), 52–78.
- Zhang, J., Zhou, C., & Ebbers, H. (2011). Completion of Chinese overseas acquisitions: Institutional perspectives and evidence. *International Business Review*, 20(2), 226–238.
- Zhang, M., Su, J., Sun, Y., Zhang, W., & Shen, N. (2015). Political Connections and Corporate Diversification: An Exploration of Chinese Firms. *Emerging Markets Finance and Trade*, 51(1), 234–246.
- Zheng, N., Wei, Y., Zhang, Y., & Yang, J. (2016). In search of strategic assets through cross-border merger and acquisitions: Evidence from Chinese multinational enterprises in developed economies. *International Business Review*, 25(1), 177–186.
- Zhu, J. S., Zhu, C. J., & De Cieri, H. (2014). Chinese MNCs' Preparation for Host-Country Labor Relations: An Exploration of Country-of-Origin Effect. *Human Resource Management*, 53(6), 947–965.
- Zhu, J., & Wei, W. (2014). HR strategy and practices in Chinese multinational companies. In J. C. Craig, Z. . Ahmed, & J. Xu (Eds.), *Research handbook on the globalization of Chinese firms*. Cheltenham, UK: Edward Elgar.
- Zilber, T. B. (2002). Institutionalization as an interplay between actions, meanings, and actors: The case of a rape crisis center in Israel. *Academy of Management Journal*, 45(1), 234–254.