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Competence Advantage: Lost in Translation

A study of how Swedish MNCs ideas influence their Chinese subsidiaries competence supply

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Foreword

The writing of this thesis has been an enriching process. Ever since I decided to apply for a scholarship to travel to China and perform a field study, I have gained profound insights of developments in one of the most dynamic labor markets in the world. Since conceptual translation and process views of organizations are research areas that is on the rise, I am also glad to have contributed to the field with findings from Swedish MNCs operating in China.

My interest for university-studies started when I was residing and studying in Shanghai 2008, and by returning to the same city in 2013 to write my master thesis has led to a meaningful conclusion of my graduate studies.

I would like to thank Ove Jobring for being my supervisor and providing valuable suggestions and feedback. I would also like to thank Erna and Göran Sundqvist for invaluable discussions. I owe a great thank for your time and effort to contribute with input and advice. Further, I want to thank my examiner Tommy Isidorsson for valuable comments and constructive feedback. I would like to thank Sida, for contributing with the scholarship that made this field study possible and Beniamin Knutsson for being my scholarship supervisor. Additionally, I would like to thank my respondents for your engaging stories and contributions to the thesis.

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Rikard Sandberg

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Abstract

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Background
The recruitment and retention of attractive and relevant personnel has been pointed out as a major challenge for Swedish multinational corporations (MNCs) operating in China. At the same time as China has seen a substantial expansion in higher education, the demand for employees who possess more advanced skills has risen. Groups within the labor force who possess these have tremendous career development opportunities.

Purpose
The purpose of this study is to investigate and explain how Chinese subsidiaries competence supply is affected by their Swedish HQs ideas.

Method and Theory
A qualitative case study-inspired design has been used in the study, together with eight interviews with strategic HR-managers in five large Swedish MNCs in Shanghai, China. Institutional theory with an emphasis on interpretation and translation of ideas is a foundation of the study. A narrative analysis has been used in order to explain how subsidiary alignment of perceptions and actions respond to described actual problems with competence supply.

Results and Scientific Findings
A trend among the subsidiaries is their emphasis of an open, respectful and empowering culture. Together with an increased establishment of training and development programs, they hope to contribute with a unique proposition that attract talents. The use of the concept seems to match their need for competence supply. However, this study shows that the attention and focus on the concept also has established a perceptive frame which impede the subsidiaries ability to manage several minor problem areas, which together have potential to undermine their competence supply. The frame is constituted by a coherent and powerful narrative.

This study contributes with knowledge that relate to an institutional perspective on perceptions in the interplay between organizational actors and use of concepts for resolving problems in a global context. It stresses the role which mutual alignment of perceptions between actors play in the ability to efficiently develop concepts.

Sammanfattning

Titel:	Competence Advantage: Lost in Translation – A study of how Swedish MNCs ideas influence their Chinese subsidiaries competence supply
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Backgrund
Att rekrytera och behålla attraktiv och relevant personal har pekats ut som en stor utmaning för svenska multinationella företag (MNCs) som arbetar i Kina. Samtidigt som Kina har sett en kraftig expansion inom högre utbildning har efterfrågan på medarbetare som har mer avancerade kompetenser ökat. Grupper inom arbetskraften som besitter dessa har enorma karriärmöjligheter.

Syfte
Syftet med den här studien är att undersöka och förklara hur kinesiska dotterbolags kompetensförsörjning påverkas av deras svenska huvudkontors idéer.

Metod och teori
En kvalitativ, fallstudieinspirerad har använts i studien. Empirin utgörs av åtta semistrukturerade intervjuer med strategisk HR-personal i fem stora svenska multinationella företag i Shanghai, Kina. Institutionell teori med tonvikt på tolkning och översättning av idéer är en grund i studien. En narrativ analys har använts för att förklara hur filialernas matchning av uppfattningar och handlingar ligger i linje med deras beskrivningar av reella problem med kompetensförsörjning.

Resultat och vetenskapliga rön
En trend bland filialerna är deras betoning av en öppen, respektfull och bemyndigande kultur. Tillsammans med en ökad etablering av utbildnings- och utvecklingsprogram hoppas de bidra med ett unikt erbjudande som attraherar talanger. Användningen av detta koncept verkar matcha deras behov av kompetensförsörjning. Dock visar studien att uppmärksamheten och fokus på konceptet även har etablerat en tolkningsram, som utgörs av en slagkraftig berättelse som hindrar deras förmåga att hantera flera mindre problem, som sammantaget har potential att urholka deras kompetensförsörjning.

Studien bidrar med kunskap som relaterar till ett institutionellt perspektiv på perceptioner i samspelet mellan organisatoriska aktörer och användning av koncept för att hantera problem i en global kontext. Den understryker rollen som ömsesidig matchning av perceptioner mellan parter spelar för att effektivt utveckla koncept.

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1. Introduction

In 2012, the Swedish Chamber of Commerce in China, in association with the Embassy of Sweden and the Swedish Trade Council, released a business climate report – a survey investigating trends and challenges for Swedish multinational corporations (MNCs) operating in China (Swedish Business in China - Trends and Challenges, 2012). One of the key findings in this report was that recruiting and retaining relevant employees have become one of the major challenges for Swedish MNCs in China. At the same time, approximately 80 per cent of the Swedish MNCs are planning to expand their local work force, indicating that they are expanding their operations in China and a lack of key personnel could impede these expansions (Ibid.).

The problem with competence supply of relevant work force in China is not an exclusive challenge for Swedish MNCs. For example, business climate reports from the American and European Unions' (2012) Chambers of Commerce, as well as reports from Manpower (2013) and Randstad (2012) also indicates major challenges with these issues for MNCs from around the world operating in China.

This perception deviates from the traditional view where China often is perceived as a country with an unlimited supply of a well-educated and qualified labor force. According to the Chinese National Bureau of Statistics (NBS) (2010), China had approximately 31 million students in higher education in 2010, an increase of 35 per cent since 2005. Approximately 22 million undergraduate and college students are enrolled annually. A substantial amount of Chinese students also go abroad to study every year.

Additionally, according to the World Bank (2013a) China had approximately 16 million researchers (universities and research and development included). These efforts are aligned with the aim by the government to expand domestic scientific development, as emphasized in their 12th five year economic plan (KPMG, 2011).

Yet, if the Chinese labor market has seen a significant qualitative and quantitative expansion on the supply-side of a well-educated labor force, the fact that Swedish MNCs are experiencing increased difficulties appear considerably puzzling. Due to the extensive Chinese economic development during the last three decades, this indicates that a static picture of the current relation between supply and demand on the labor market is insufficient to frame the situation of competence supply in the Swedish MNCs. Instead, a brief orientation of the Chinese labor market development is required.

A generic perception is that China has undergone an economic development that lack precedent. Ever since the country opened up its economy for foreign interests, China has come to play an important part in the world's economic development. Major reasons for this have been the country's huge potential as a consumer economy, its supply of labor force and investment friendly policies (Das & N'Diaye, 2013; Perry & Wong, 1985). One indication of this is that China during the recent decade has been the biggest receiver of foreign direct investments (FDI) in the world (The Economist, 2008)

During the early period of economic de-regulation and expansion many foreign MNCs deployed operations in China that primarily were oriented towards low-end production and export (Starr, 2001) The choice of many MNCs to deploy their production in China has led to the country's epithet "factory of the world". One problem related to this expansion was that companies were having problems finding employees that had necessary language competencies and managerial competencies associated to global market competition. A lack of expansion and development of the educational system to match the companies' competence needs was also a problem (Agelasto & Adamson, 1998).

China has maintained its role as an export oriented nation. Yet, the country's rapid economic development has led to a rise of living standards and wages among large groups of the population (The Economist, 2012; Tao Yang, Chen, & Monarch, 2010). At the same time, the Chinese educational system has seen a vast expansion. Hence, a domestic development of service and product demand has led to an altered orientation among Chinese and foreign corporations operation in China. In the Chinese government's twelfth five year plan (KPMG, 2011) two of the primary goals for the government were to alter the country's export orientation towards a domestic market expansion, and to move its production up the value chain.

Several NGOs and companies have pointed out that many companies, both foreign and Chinese, have moved their operations up the value chain towards a more sophisticated high-end production (Eloot, Huang, & Lehnich, 2013; Booz & Co, 2012; Ernst & Young, 2012) This includes an increasing amount of research and development, innovation centers, more sophisticated market strategies, and deployment of regional HQs to China. China has become a country with an increasing strategic significance for many MNCs, including Swedish (Schwaag Serge & Widman, 2005; Council, 2012). In a country with an average GDP increase of nine per cent annually (World Bank, 2013b), one of the world's largest supply of researchers and a rising domestic demand of sophisticated services and products, many MNCs see China as a key-locus for global success.

As a result, the demand of competencies among the labor force has altered significantly. As China strives to move from the old concept *Made in China* towards the new *Created in China* many companies need more sophisticated competencies to match their development. As a continuous stream of foreign MCNs sees China as a key market to expand their operations and sales, the demand of a highly skilled labor force is evident.

Several researchers and consultancy companies have pointed out that establishment of, and development within foreign and domestic companies has led to a lack of certain attractive and elusive competencies in the Chinese labor market. Regarding the service sector, (McKinsey & Co; McKinsey Global Institute, 2005) have emphasized that even if China graduate large amount of students, it is few of these who have the right competencies to work in more advanced service occupations. Less than ten per cent were recognized as suitable for MNC-positions. Language and practical competencies were pointed out as recurring problems among the labor force. In the technical and research-sector, Booz & Co. (2012) emphasized that if companies operating in China do not raise the quality in their R&D-departments considerably, China will see an acute extensive lack of researchers in 2020. The structural problems were ascribed qualitative shortages in the educational system.

At the same time as the supply side constitute some substantial obstacles for the MNCs needs, there are groups among the labor force who have possess attractive competencies. These have often studied abroad at prestigious universities, are fluent in English and are accustomed to western organizing practices (Schmidt, 2011). To frame the problem with competence supply in Swedish MNCs: It might be a lack of certain attractive and elusive competencies that is the problem, not the supply of competencies overall. In a country which offers tremendous career development opportunities and lags a supply of sought-after competencies constitutes a breeding ground for groups of people with strong negotiation abilities on the labor market.

1.2. Problem Approach

It this study an organizational approach has been deployed in order to investigate the problem of competence supply in Swedish MNCs operating in China. The field of competence supply is a complex system of factors which interacts in order to constitute mechanisms of competence matching. Fields that relate to this are e.g. labor market studies, economy and politics. However, an organizational approach enables investigation regarding if the chosen practices and concepts for recruitment and retention are sufficient in order to meet the needs for competence supply.

The emphasis in this approach is on the *preferences* of certain ideas in relation to a problem. However, this does not undermine the fact that the manner the organization *utilize* the ideas are important. Indeed, as this thesis will show, interpretation and translation of ideas into local use is an important aspect of how to understand its efficiency. Yet, in this thesis I will argue that *narratives* and interpretations in the *communication* of concepts might create structural limitations in the way organizations can work to handle actual aspects of problems with competence supply.

According to the narrative tradition of organizational theory, narratives are not seen as a by-product of organizational structure. In fact, they are seen as the foundation by which processes of organizing arise, thus creation of its products: organizations (Czarniawska, 2008). As processes of organizing are considered continuous means that the communication of ideas related to competence supply is subject to interpretations and creation of meaning among actors. Hence, in order to understand how the competence supply is affected by the utilized concepts, the interpretations and meaning behind the conveyed narratives need to be explored.

Narratives holds power to constitute dominating thought structures and scope of interpretation. That is why this perspective is closely tied to an *institutional perspective*. Institutions decrease chaos and uncertainty, and create a notion of a meaningful context. Though, this often happens to a price, namely the scope of interpretation, thought and action patterns conform into a confined frame of perception (Eriksson-Zetterquist, Kalling, & Styhre, 2006). This reduction is created by obscuring or excluding interpretations or perceptions that collide with its premises for meaningfulness. Through this perspective, if an idea or concepts is dominating in a problem area, it potentially blinds actors to choose other ideas to cope with the problem.

In this study, only Chinese subsidiaries of Swedish MNCs will be investigated. This is due to the significant role subsidiary actors' play in translating, making sense of- and utilizing concepts and practices for an efficient competence supply. However, the subsidiaries' relation to and perception of their parent company will be considered throughout the thesis due to the influence these might have on organizational practices. By studying how the subsidiaries align interpretations of which concepts that are efficient for competence supply, with their interpretations of whether their parent company facilitate or impede their ability for an efficient concept-development, this opens up for an analysis of potential institutionalized hindrances in their interpretations. In turn, these hindrances can be used to explore the overall situation of competence supply.

1.3. Purpose and Research Questions

1.3.1. Purpose

The purpose of this study is to investigate and explain how Chinese subsidiaries competence supply is affected by their Swedish HQs ideas.

1.3.2. Research Questions

- Which of the Swedish HQ's concepts are perceived by the subsidiaries to best match their need for competencies with the labor force preferences, and why have they been chosen?
- How do the subsidiaries perceptions of HQ-ideas regarding desirable practices facilitate or impede their ability to develop satisfying concepts for competence supply?
- Are there any recurring hindrances in the subsidiaries abilities to align their perceptions to develop concepts that respond to their actual challenges with recruitment and retention? If so, what explains these hindrances?

The key-group which will be the study's focus is the attractive and elusive labor force in the Chinese labor market, as perceived by the subsidiaries.

1.4. Definitions

In this study the concept *Competence Supply* is referring to the Chinese subsidiaries abilities to recruit and retain employees that possess the competencies which are considered needed and valuable by their organization. This is a rather simplified definition. For instance, training and development could also be considered relevant for the competence supply. However, according to the business climate-study performed by the Swedish chamber of commerce, recruitment and retention were accentuated problem areas.

Attractive and Elusive Labor Force refers to groups and individuals among the labor force that are considered to have attractive and sought-after competencies and/or are considered as having potential to contribute with a high level of value to the company. The choice not to consistently use the term *Talent Management* is due to the distinctive individual-focus related to this perspective.

MNCs = Multinational Corporations   *HQs* = Headquarters

2. Earlier Research

In this chapter, studies that are considered relevant for this thesis will be presented. In the research orientation, the aim was to find articles that related to, or connected, conceptual translation and its effect on HRM and competence supply-related performance, MNC-institutionalization processes between HQ and subsidiary in China and talent management practices of western MNCs in China. Searches have been made in the summon function at the library web-page at the University of Gothenburg, Google Scholar and Web of Science. Five articles have been found relevant for the thesis, these will be presented below.

3.1. Changes in institutional context and MNC operations in China: Subsidiary HRM practices in 1996 versus 2006

Björkman et al (Björkman, Smale, Summelius, Suutari, & Lu, 2008) have conducted a study where they have investigated changes in HRM-practices in 57 European MNCs subsidiaries operating in China. They do so by comparing results from 1996 and 2006 regarding to what degree subsidiary HRM practices resemble those of other local firms, as well as their parent company. By using a quantitative method based on questionaries' and an institutional (isomorphism) theoretical frame the researchers point out that a convergence exist, both in the relation between the subsidiary and other local firms, and between the subsidiary and the parent company.

Areas of recruitment and compensation are saliently imitated in the relation between the subsidiaries and other local firms. This is potentially explained by, partly that these concepts are easiest to imitate, partly by the motivating *War on Talent*-discourse that relate to a shortage of talented workers and managers. In the parent company-subsidiary relation, training and development concepts show the strongest resemblance. This is potentially explained by developed conditions to establish refined training-programs, a converged pressure to provide similar training-programs in China compared to home country approaches, and notions that training programs is an efficient approach to retain well-performing employees.

3.2. Recruiting high-tech managerial talents in China: an institutional perspective

In a study conducted by Serena Rovai (Rovai, 2008) the purpose was to "examine the critical role played by the host contextual factors on recruitment policies adoption for foreign high-tech corporations operating in China". By performing a single representative case study with 23 interviews, and relating the data to an institutional (isomorphism) theoretical framework, Rovai points out the highly dynamic Chinese labor market as a particularly important influence for recruitment outcome. Difficulties in the MNC to adapt its approaches to different regional contexts are paramount in the study. HR departments that are able to adjust their recruitment policies to regional diversity will achieve an advantage.

3.3. Translation of relational practices in a MNC subsidiary: Symmetrical, asymmetrical and substitutive strategies

Demir and Fjellström (2012) have conducted a single case study with eleven interviews, where they aim was to explain "how the translation of relational practices by local Chinese managers occurs in a Swedish multinational corporation subsidiary in China". The result shows indicate the existence of three distinguished strategies for translation that affects the relational practices.

Symmetrical mode of translation occurs when a clear alignment exist between top management and middle management regarding interests, aspiration and instructions; logic of configuration; and congruence in enactment of practice. Asymmetrical mode of translation is associated to insufficient training, and occurs because of misalignment between the logic of practice and the contextual features of practice; or insufficient information from the knowledge sources. This strategy considers differences in interests, perceptions and contingencies. Substitutive mode of translations do not emphasize differences in interests, instead it emphasize the establishment of practice-substitutes on middle manager level in order to recognize both the intentions and aspirations from top management, with the latent repertoire of practices in order to achieve what the middle managers perceive as context-functional practices.

3.4. Managing Human Resources in China – The View from Inside Multinationals

Yu Zheng (2013) conducted extensive case studies, with several interviews, in four Japanese MNCs operating in China. By using an actor-centered approach and a perspective that emphasize the subsidiaries active role in interpreting and enacting strategies and practices, the author aimed to outline how HRM-practices in foreign MNCs are managed in China. The author argues that the dual-pressure contingency approach – global integration-local responsiveness constrain the understanding of subsidiary HR development (p.236).

The findings in the study suggest that the perception of HRM-practices as top-down planning and transference-processes is insufficient to explain local practice outcome. Instead, considerable room has been found in the subsidiaries where local HR-actors assess, interpret and negotiate conceptual relevance, and create new and hybrid forms of practices. Therefore, the author argues that researchers need to deviate from the perception of practice-contextualization as just processes of adaptation, adoption and re-institutionalization.

3.5. Exploring organizational translation: A case study of changes toward Lean Production

In a dissertation written by Jostein Langstrand (2012) the purpose was "to provide an account of how processes of organizational translation transpire and to analyze and identify the main determinants of their outcome". The object of the study was translation processes of the concept Lean Production in an organization. Longitudinal case study has been performed with interviews, observations and document studies. Langstrand propose a distinction between three types of organizational translation: Idea-oriented, object-oriented and practice-oriented. These translation processes are proposed to interact and affect the results of the overall translation. In order to achieve a successful translation, all the processes need to be addressed and considered.

3.6. Summary

The presented studies show that a convergence exists in MNC HRM-practices, both between foreign subsidiaries and their parent companies, as well as between the subsidiaries and other local firms. Foreign MNCs also seem to have problems to adapt their recruitment policies to a variety of regional differences in China. Three translation strategies have been identified that affect relational practices in MNCs. These are subject to perceptions, intentions and interpretations between the top and middle management. In order to understand the establishment and use of subsidiary HRM-practices, assessment, interpretation and negotiation of conceptual relevance, rather than adoption and adaptations, is essential. In addition, for a successful translation of organizational concepts to occur, actors need to consider the interaction between translation of ideas, objects and practices.

The results that show a distinctive convergence regarding HRM-practices in China is clearly relevant for this study. The two studies that use an institutional theoretical frame to examine MNC-operation in China point out how internal and external conditions have led to a resemblance of practices. In my study, a key could therefore be how the MNCs manage to consider and balance these factors. However, this thesis is not about balance, it is about interpretations, translation and their relation to conceptual efficiency. A gap in the two first studies is that they do not consider conceptual translation in the MNCs. They assume that a spread, implementation and use of apparently similar practices mean that the conceptual outcomes also are similar.

Hence, a need seem to exist to explore how translation processes affect the actual utilization of concepts and practices. This is partly considered in Demir and Fjellströms study where internal translation processes are affected by actor strategies in an organization. Their findings relate to, and strengthen my theoretical proposal, that intra-organizational translation is subject to aligned communication and comprehension. Yet, the study is mainly concerned with relational practices in the organizations, not the translation of concepts aimed towards external utilization, such as recruitment.

Zhengs findings strengthen the theoretical frame advocated in this study – that subsidiary development of HRM-practices cannot simply be seen as adoption and adaptation of parent company-initiatives. Zheng points out that even in Japanese companies, which are famous for exporting distinctive HRM-practices to their foreign subsidiaries, substantial alternations and hybridizations were found, that could not easily be explained by conceptual adaptation.

The fact that Langstrand pointed out the interaction of differing translation processes relate to the communication-translation relation advocated in this thesis. In resemblance with this study, Langstrand emphasize mutual aspects of synchronization, considerations and cooperation in order for translation-success.

2. Theoretical Framework

A theoretical perspective that is closely related to the field of organizational concepts is institutional theory. This school of thought contributes with a framework and concepts to understand how concepts are spread, and why and how they are implemented (or translated) into organizations in order resolve problems or reach a desired state (Eriksson-Zetterquist, Kalling, & Styhre, 2006; Røvik, 2008) Since the purpose of this study concerns alignment of perceptions in order to develop concepts that meet subsidiaries needs for competence supply, institutional theory contributes with a foundation to understand and explain these processes.

In contrast to earlier theoretical orientations such as rational choice theory, which emphasize individuals' rational decision-making as a cornerstone, institutional theory considers the establishment and impact of social processes and structures as an essential factor for how behavior and preference for certain ideas influence organizations. A fundamental idea in institutional theory is that factors outside people's consciousness and rationality affect their perceptions and behavior.

2.1. Institutional Theory

In order to answer the research questions and explain the purpose, a set of theories influenced by institutional theory is advocated in this study. An introduction to the theories and how they relate the research questions follow below. The question which social processes and structures that affects the behavior and preference for ideas, differs significantly between different schools of thought within the institutional field:

In what is called the *Historical Institutional Theory*, the need for control is considered central in order to understand organizational behavior (Scott, 2001, p. 22ff). Therefore, the creation of norms and rules in organizations are crucial concepts to understand why certain ideas are preferred to resolve certain sets of problems. In this sense, rules and norms functions as kinds of forcing powers for preference of human behavior. This perspective will not be strongly focused in this study, but serves as an important background orientation.

In the school of thought regarded as *New Institutional Theory* (NIT) social structures based on cognitive concepts are emphasized as influencing thought and behavior patterns in organizations (Scott, 2001, p. 57).This brings about a notion of awareness into organizational analysis. Instead of focusing on norms and rules as forcing powers, cognitive concepts forces lie instead in that their thought of notions comes to be taken for granted, thus limiting the perceptive and interpretive scope in the organization. This variable of awareness will be especially valuable to answer the first and third research questions, which will focus on the subsidiaries preferences and use of certain concepts for recruiting and retaining personnel, as well as their ability to align their interpretations in order to create an efficient competence supply. NIT contributes with concepts and a frame to both understand the *which* and *why* that antecedes the selection of concepts, and potential hindrances in the ability to align their perceptions and interpretations for an efficient competence supply. These theories will be discussed further under chapter 2.3.

In a third influential school of thought, called *Scandinavian Institutional Theory* (SIT), the attention is focused on the role change, trends and travels of ideas relate to how interpretations create new unique products when the ideas are translated into an organizational context (Czarniawska & Sevón, 1996; Czarniawska & Joerges, 1996). An influential thought within Scandinavian Institutional Theory is that processes of organizing antecede the existence of organizational structures (Czarniawska, 2008). These processes are considered ongoing. Organizational actors' perceptions and interpretations become enacted into narratives that function as a tool to make sense of the world, their identity, and their own thoughts.

The notion that organizing antecede organizations relate to a view of people as continuous constructors of their social realities (Berger & Luckmann, 1966). This means that when a new concept is brought in from another context, people make it meaningful in order to understand it and while doing so creating a translation of the concept (Czarniawska & Joerges, 1996). These theories will be valuable to answer the second research question which focuses on interpretations of the influence from the HQ and how concepts are contextualized in the subsidiary. Theories regarding translation will be valuable to understand how interpretations and creation of meaning affects the subsidiaries' ability to develop and use efficient concepts for competence supply. Additionally, since Scandinavian Institutional Theory emphasize continuous processes, interpretations and organizing, it has great potential to complement New Institutional Theory in answering the third research question which focuses on alignment of interpretations in order to develop concepts that meet their need for competence supply. These theories will be discussed further under chapter 2.4.

Regarding the third research question, because the HQ and the subsidiary, besides emanating from different contexts (Sweden and China), also share a common context (the organizational), the existing theoretical frame needs to be complemented. The mentioned theories do not emphasize organizational actor's abilities to create a collective and inter-dependent alignment that considers their mutual communication and processes of meaning-creation. Even though this study does not have data from the MNCs HQs this does not mean that this relation is not manifested in the interpretations and stories in the subsidiaries. Therefore, an attempt to outline a theory regarding organizational spaces and gaps is presented in order to answer the last research question. This theory will be discussed further under chapter 2.5.

2.1.1. Institutionalization

There is no broadly recognized definition of the concept *institution*. In order to understand the concept of institutions, it is crucial to understand the process that leads to it: *institutionalization*. Meyer and Rowan (1977, p. 341) defines institutionalization as:

> … the process by which social processes, obligations, or actualities come to take on a rule-like status in social thought and actions.

Hence, as when an idea becomes rule-like, it becomes taken for granted and preferred as an obvious choice to resolve certain problems, or to reach a desired state – not because people are forced to, but because they choose to. Institutions can therefore be considered as the product when certain ideas or practices have been established, embedded and structured as obvious approaches for action and interaction (Hodgson, 2006).

An important thought in institutional theory is that institutions emerge from processes when people construct their social reality. The reason for this is that institutions make the environment less chaotic and uncertain (Eriksson-Zetterquist, Kalling, & Styhre, 2006). Institutions function a way to organize and categorize the world, and make it more predictable. An effect of this is that the institution can come to limit the interpretation-, thought- and behavioral patterns in people. Thus, a common critique from institutional theorists is that much management theory over-emphasizes rational decision processes in organizations.

2.2. Concepts

As organizations or parts of organizations perceive the world, they also perceive challenges and difficulties related to how they interpret their relation to the world. Examples of these can be how the organization should be managed in order to be successful, how the organization can obtain needed resources and how resources should be used in order to be as efficient as possible.

According to Dean and Bowen (1994) an organizational- or management concept can be seen as a “multidimensional management approach consisting of principles, practices and techniques”. In this sense, principles can be considered as abstract, yet bearing philosophy-like ideas and values of which aspects of an organization that should be given attention and how they should be approached. Techniques can broadly be considered as distinctively defined approaches of how to specifically operate in a context to achieve desired results by minimizing the need for physical or psychological strains (Nilsen, 2007). Techniques can be considered to form specific organizational practices because of their specific “how to”-decrees. The more abstract ideas underlying principles do not have such a fine relation between instructions and implementation of practices, thus opening up a room for conceptual interpretations.

2.3. New Institutional Theory

2.3.1 Myths, Legitimacy and Loose-coupling

Meyer and Rowan (1977) have presented a theory which explains how rules become myths in the society during the phase of institutionalization. As certain ideas and practices come to be taken for granted in order to reach a desired state, these establish a view of rationality. These myths establish a perception of which approaches that are the obviously most rational ones in order to reach the state.

This relates to another central thought within New Institutional Theory; economic success is insufficient to understand organizational survival. Instead, legitimacy from the organizational environment, such as significant stakeholders and other institutions, is required in order to survive. A widely used definition of legitimacy has been presented by Suchman (1995):

> Legitimacy is a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs and definitions

Legitimacy is considered to lie at the very core of factors that influence organizational decisions and actions. The reason for this is that it is needed in order to gain the resources needed in order to survive. Therefore an aspiration *to be perceived as* implementing and utilizing rational concepts is more important than actually implementing and utilizing the concepts. Meyer and Rowan points out that the main approach for organizations to achieve legitimacy is by incorporating external myths.

As a result, the organization experience gaps between what is considered needed in order to establish legitimacy, and what is considered needed in order to maintain and develop an efficient operation. Meyer and Rowan propose that organizations try to keep the attributes of legitimizing concept loosely coupled from the overall activities within the organization. The aim with this effort is to achieve legitimacy at the same time as operations can be run without interference from conceptual restrains. This theory enables analysis of how preferences and motivation of concepts relate to the subsidiaries descriptions of actual problems with competence supply.

2.3.2. Organizational fields and Isomorphism

A widespread theory within New Institutional Theory is the theory of *Isomorphism* (or homogenization theory). This theory assumes that organizations, in their aim to become ever more efficient, also become more similar to each other – either they try to imitate other organizations which they perceive as more successful, or they operate under same constraints as other organizations (Powell & DiMaggio, 1983).

A key to understand this process is to look at the concept organizational fields, presented by Powell and DiMaggio (Ibid.). An organizational field can be defined as:

> … sets of organizations that, in the aggregate, constitute a recognized area of institutional life; key suppliers, resource and product consumers, regulatory agencies, and other organizations that produce similar services or products.

Organizations operating within a shared organizational field share some important interests, e.g. industry, markets, product line, customers etc. An effect of this is that all organizations belong to a field which constitutes certain structures. This notion puts attention to the fact that organizations become affected when changes occur within their field. As organizations are assumed to operate in order to gain legitimacy, they will try to develop attributes that are considered attractive within their field. A result is that the organizations will look at other organizations which they consider be more successful, thus homogenizing.

This process of isomorphism occurs because of either three processes (or all of them): Imitation processes (mimetic isomorphism) occur because of the need to mimic other successful organization under uncertain conditions. Coercive isomorphism occurs because of external pressure in form of e.g. laws, licenses or codes of conduct. Normative isomorphism occurs primarily because of norms that are created in professions, e.g. conformities in perspectives, educational theory or educational licensing. This theory enables analyses of to what degree internal and/or external factors seem to have motivated the subsidiaries to use certain concepts for competence supply.

2.4. Translation of Concepts

An influential part of the institutional field, especially within Scandinavian Institutional Theory, is the notion that when concepts are developed in organizations it is *translated* into the organizational context. This theory differs significantly from traditional *change management theory*. The latter can broadly be described as presupposing a somewhat modernistic assumption; organizations are entities that exist in a separately existing environment. This environment is constantly changing and the organization needs to efficiently adapt in order to survive (Czarniawska, 1997, p. 3ff) refers to this as the open-systems metaphor, which emanate from a common perception of organizations-as-organisms.

The Darwinian analogy in the organism-approach conjures perceptions related to biology and physicality (Callon & Latour, 1981; Latour, 2005). For instance, innovative ideas regarding change are *diffused* in the world. Many of these reach a certain *momentum*. As organizations experience a certain need to adapt to environmental change, they can rationally acquire and *implement* these ideas and hopefully *adapt* and *survive*. As a certain amount of organizations implement the idea they will reach a state of *saturation*. Another common view relate to this is innovation as an avant-garde leadership initiative. In this sense, the organizations strive to develop new innovative ideas and thereby acquire *competitive advantages*.

Callon and Latour tried to disaffiliate the processes of conceptual change from these physicality-contingent ideas. As a result, an idea that concepts or objects are translated between actors was presented:

> By translation we understand all the negotiations, intrigues, calculations, acts of persuasion and violence, thanks to which an actor or force takes, or causes to be conferred on itself, authority to speak or act on behalf of another actor or force. - (Callon & Latour, 1981, p. 279)

> … the spread in time and space of anything – claims, orders, artifacts, goods – is in the hands of people; each of these people may act in many different ways, letting the token drop, or modifying it, or deflecting it, or betraying it, or adding to it, or appropriating it - (Latour, 1986)

The contrasting view found in the translation perspective is based on the assumption that it is not possible to simply implement a concept without something happening to it. A promoted view in this perspective is that it is not possible to disregard the role interpretation and contextual contingencies play in change processes. From an organizational perspective, as a result of continuous interpretations and creation of meaning, change does not just become a tool to go from state A to state B. Instead, it can be seen as a continuous process of negotiating a meaningful direction for collective organizational actions (Chia, 1996)

2.4.1. Thought Processes of Translation

In order to connect the subsidiaries processes of concept-development to their perceptions and interpretations of the HQ and the labor force, theories that explain thought processes of translation are needed. The theories of sensemaking and enactment contribute with a perspective that emphasizes how social construction and creation of meaning interacts with concept-development. These theories are therefore an important part of the translation-perspective.

2.4.1.1. Sensemaking and Enactment

In order to enable theoretical analysis of translation processes in MNCs, a conceptual frame is needed to understand the thought processes associated to this. Karl E. Weick (1995) has contributed with a theory that explains how people give meaning to experience. According to this theory, interpretation of *intentions* is central to make sense of actions, and interpretation of *causal relationships* is central to make sense of events.

> Sensemaking is about the enlargement of small cues. It is a search for contexts within which small details fit together and make sense. It is people interacting to flesh out hunches. It is a continuous alternation between particulars and explanations with each cycle giving added form and substance to the other. – (Weick, 1995, p. 133)

Sensemaking is an important concept to understand how people forge disperse and apparently fragmented actions and events into a coherent story. An assumption in sensemaking is that the creation of meaning is established first after actions and events. This process happens in six steps:

1. An event occurs
2. Clues can be identified that indicate an explanation
3. Plausible explanations are related to the event
4. Explanations are spread via communication
5. The speculations becomes universal, but are not accepted by everyone at first
6. Consensus arises

The way this process occurs (Weick, Sutcliffe, & Obstfeld, 2005) is by the social creation of interpretative frames, or schemas, which inserts new events and actions into existing categories. These frames emanate from a combination of identity, identification and retrospection in the organization. When people interpret their environment, they enact this in narratives in order to make the world more understandable and predictable. Enactment can be described as following:

> When people act they bring structures and events into existence and set them into action – (Weick, 1988)

Hence, the concept of enactment can be described as a process when assumptions and interpretations become ascribed in the environment. When interpretations become enacted in narratives, it will not solely function as descriptor of the environment – it will actually function as a constructor of the social environment. In this sense, the environment comes into existence by being interpreted and talked about.

In the process of making the world meaningful, people constantly evaluate the consequences of how they ascribe attributes to the world and themselves. Therefore, sensemaking and enactment can be considered to be processes where people continuously construct their social reality, as well being formed by feedback from it. As certain attention is favored by the people's identities and retrospection, this means that these attended attributes come to be retained and brought back as feedback to their further selection processes and enactment of the environment. Clues of the situations force the person to tie the action or event to existing frames, even if it means that the frame needs to be adjusted. This explains how people both construct and is being constructed by the environment in a continuous process – both the environment and the actors become enacted due to their senemaking-processes.

Hence, organizations are subject to continuous processes of organizing as people aim to make the world meaningful, less uncertain and predictable. Weick argues that the reason for this process to continue is that people prefer plausibility as a measure of the environment, rather than accuracy.

2.4.2. Translation Processes

This orientation regarding thought processes enable us to understand the role interpretations and creation of meaning play in translating a concept between different actors. However, questions still remain regarding how the actual translation processes occur. Røvik (2008, s. 209ff) presents translation of concepts as a process where an idea is taken out from one context (de-contextualized), packaged, transmitted and taken into a new context (contextualized).

At each of these steps a space occurs between different actors. As this happens, a room for interpretation opens up, thus a translation of the concept occurs into the new context. This perspective can be seen as slightly more pragmatic as the one associated to the other translation theoretical perspectives (Callon & Latour, 1981; Czarniawska & Joerges, 1996). The latter assumes that organizations are fundamentally context contingent and that actors constantly are in the process of constructing their social reality. A constructionist perception of concepts is that they are fundamentally meaning-creating ideas that functions as symbols to make sense of the world (Czarniawska, 2008, p. 38). Therefore, it is not possible to consider concepts as "taken out" from a context, and "put in" to another one. This is considered all too instrumental and does not relate to processes of meaning creation.

Yet, by using a pragmatic approach Røvik (2008, s. 46ff) aims to capture important aspects of the social constructive approach, as well as combining it with an aim to capture important processes associated to the supply- and de-contextualizing side. This is valuable for this study because it considers two important premises for its theoretical assumptions: the notion that institutions are created in the processes of construction of social reality in the organizations, and the notion that HQ ideas do influence the subsidiary's preference and use of concepts for competence supply.

This pragmatic approach is made possible by considering ambiguities in processes and structures, as well as investigating the relation between ideas of reality and the reality itself in the empiric data – a thought based on pragmatic theory. Røvik presents that translation processes occur in the process between where a concept is de-contextualized and packaged. When the concept is to be brought into a new context, a new translation occurs. Røviks model can be summarized as following:

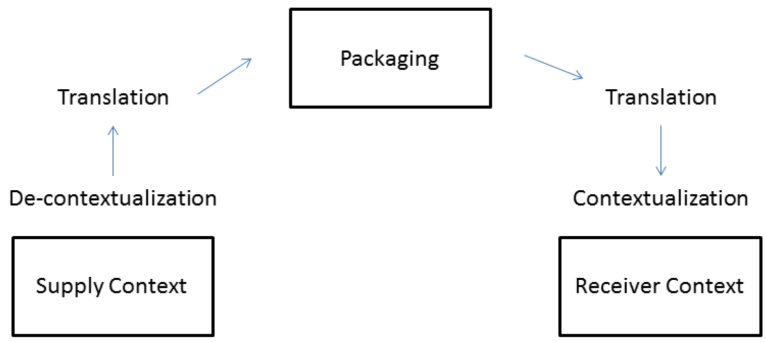

Figure 1. The Process of Conceptual Translation (Røvik, 2008: 281-283)

2.4.3. Contexts

In this study, an aim is to capture perceptions and interpretations in the subsidiaries emanating from the relation and communication between MNCs HQ's and subsidiaries' in order to see how this affects the preference and use of concepts for competence supply.

The translational perspective is based on the role which different contexts and interpretations play in how concepts are chosen, translated and used in organizations. In Røviks model a distinction is being made between the context where a concept is taken out, how it is sent and, the context where it is translated in to. In other words, there is a fine distinction between where the concept comes from, and where the concept is going.

However, in this study, a third context is essential to understand the preference, translation and use of concepts. It is the shared context between the HQ and the subsidiary, constituted by the overall organization:

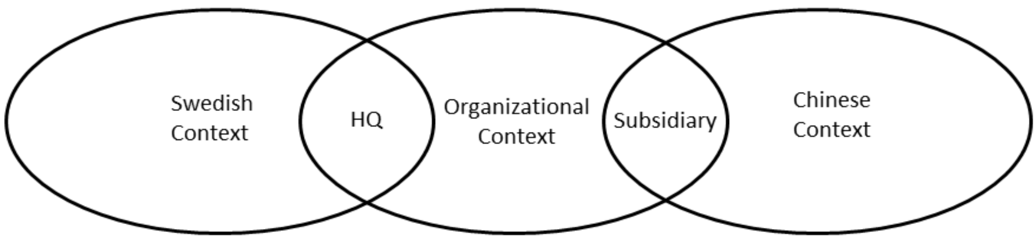

Figure 2. Contextual relations in Swedish MNCs operating in China (authors own model).

This study will argue for the notion that how the ambiguous role of the organizational context affects processes of interpretation and translation of concepts in a different manner than if the processes occurred between two separate different contexts. This idea is based on the perception that the HQ and the subsidiary share great many attributes, such as identity, background (thus similar potential for retrospection), values, vision and goals etc. When a concept is translated within the organizational context, it becomes relevant for this study to understand how the subsidiaries are affected by their perceptions emanating from the shared context and the other two contexts, namely the HQs' Swedish context and the subsidiary's Chinese context.

2.4.4. Contexts and Perceptions from Communication: Affection on the Translation Process

If there is a link between these contexts when concepts are translated within the organization, how do subsidiary-perceptions from it affect their ability to develop and use concepts that meet their needs? Surely, this is not a question that has an easy answer. However, with the theoretical orientation in this chapter in mind, it generates ideas for which factors that might affect the outcome.

For example, if processes of interpretation, sensemaking and meaning-creation are considered important in the translating process, perceptions generated from the *communication* between the HQ and subsidiary can be considered to play an important part in this process. This is not a daring thought. As different actors within an organization experience different challenges and difficulties, this could be considered to have an effect on their scope of attention and interpretations, as well as their intentions. This assumption is also strengthened by the fact that the actors emanate from different cultural backgrounds.

In order to investigate the question of subsidiary-abilities to develop concepts that meet their needs, it becomes important to reflect over the idea if different actors within a similar context, yet emanating from differing contexts, can differ in level of how they create mutual meaning in interpretations and sensemaking processes.

In this sense, the translation of concepts within an organization becomes contingent of how efficiently the HQ and the subsidiary communicate their assumption, intentions, interpretations and meaning to each other, and how they come to align their communication process with the translation process.

2.5. An Attempt for Theoretical Contribution: Organizational Spaces

As an attempt to build on existing theories of translation, I want to combine insights from the theories of translation presented above with a notion of collective, communicative sensemaking and learning.

A motive for this is that I perceive many of the existing constructionist theories in the field (e.g. Latour, Weick, Czarniawska) over-emphasize organizations as receivers and translators of ideas, thus creating ever new unique products (translations) of ideas traveling around in the world.

This does not mean that a large portion of the concepts essences are created, negotiated and enforced when translated into the new context, as proposed by several constructionists. Instead, it means that the actors within organizations, who are translating concepts between contexts, also share identity, frames of interpretation and intentions. Thus, a need for alignment and common sensemaking arises.

As contexts serves as important aspects of analysis, the space between these contexts must be characterized in some way. Røvik outline this space as process where different actors (often consultants) package and send concepts. Czarniawska and Joerges (1996) points out how the ideas travel around the world, manifested in e.g. books, magazines, internet or stories, and popularized in trends and by marketing.

Swedish MNCs operating in China are, rather simplified, linked to three important contexts: The Swedish HQ-context, the Chinese subsidiary-context and the overall organizational context. A suggestion in this study is to consider the mutual efforts for collective sensemaking between actors in organizations that share common frames of interpretations. The *organizational space* between these two actors can be considered to constitute how sensemaking occur in the organization. This space is figurative due to the multitude of structures, reporting routes and other forms of centralizations-decentralization variables constituting MNCs. However, it is difficult not imagining a communication line between the HQ and subsidiary.

It can be considered as the shared *thought structure* that ties the communication and creation of meaning in the organization. If the communication and sensemaking is synchronized, a shared understanding between intentions, assumptions, hopes, beliefs and meaning exist between the HQ and subsidiary. This is a perception that is partly inspired by Chris Argyris's theory of Ladder of Inference (Argyris, 1985) where thought processes related to perceptions of reality cause certain actions.

It is maybe rather naïve to believe that a situation where a completely synchronized sensemaking occur can be found in any organization. Different actors have different motives which may conflict with others, and different cultures and values can certainly not be disregarded as affecting beliefs and meaning.

However, an idea in this theoretical proposal is that if the HQ and subsidiary are not well synchronized in their communication, a *thought gap* will occur, which exist because of lacking insight and attention into each other's situations. When a thought gap occur, differing expectations, contradictions and/or conflicts may arise that cause problems in the shared organizational context.

As a concept is translated between the actors in the organization, the thought gap will cause the sender and receiver to differ in their intentions, expectations and assumptions etc., thus the problems created by the thought gap have potential to follow the concept when it is translated into the new context and used for its purpose.

A relevant question might then be why the problems do not stop at the doorstep? Why cannot the receiver's translation exclude the problems? Maybe, sometimes they do. This might be explained by the shared context between the HQ and the subsidiary. If the concept is used in a way that contradicts the intentions and needs of the overall company, it will cause problems. Or if the subsidiary is forced to use the concept in a way that contradicts their intentions and needs, it will cause problems. If a thought gap exists, the burden of the problems will be held by the HQ if the subsidiary translate and use the concept in a way that contradicts the intentions and needs of the HQ. In this sense, the translation can be seen as a kind of negotiation. From a social constructivist view, this perspective might seem all too deterministic. Yet the point I want to make is that organizational actors are contingent of their ability to create mutual efforts in their collective communication and actions in order to enable efficient use of concepts and practices.

As this study only use data from the subsidiaries, the purpose of the presentation of this theory serves to point out how the subsidiaries act according to the perceptions and interpretations generated from the relation and communication with the HQs. It is therefore important to bear in mind that the descriptions of HQ-intentions, actions and behavior solely are the subsidiaries perceptions and interpretations of these. Still, recalling the sensemaking- and enactment-perspective, these perceptions and interpretations become interesting because of how the subsidiaries choose to act according to them. If the subsidiary actors bring structures and events into existence by acting upon their beliefs (which is proposed by enactment theory), and then analyzing how their preferred concepts resonate with their described actual challenges for competence supply, an approach is enabled to identify and explain potential hindrances.

By linking the translation and use of concepts for competence supply to the communication between the HQ and subsidiary and how the subsidiary interprets the intentions and expectations of the HQ, this relation is fundamental to understand and potentially solve problems that might affect the outcome of competence supply. The theory points out that it is not necessary in the process where a concept is applied for competence supply that the root of the lies. Instead, in order to *over-bridge* problems in this process, it might be crucial to go back and look at the perceptions generated from the communicative premises during the translation.

4. Method

In this study, an *interpretive case study design* with *interview focus* has been chosen. The use of case studies enables unique insights that are hard to achieve with other study designs. While case studies have been criticized for not quantitatively being able to disperse their results to other cases, as for example in a quantitative study's ability to reason about statistical probabilities, their strength lies instead in their ability to show aspects that can be perceived to be valid in other cases as well (Bryman, 2008, s. 76). Case studies have the ability to generate deep descriptions of features, structures and processes in the studied cases, while at the same time identify critical aspects that can be discussed to probably be applicable in other cases as well.

In order to achieve this, the case selection becomes crucial. An organizations' potential to function as a case by which its features are advocated to be valid in other organizations depends on the researcher's ability to reason that that its features are not likely to differ significantly from other cases (Yin, 2003). This discussion will be presented under case selection.

In this study, a balance between quantity and quality has been made. In order to gain insights into several cases which are perceived to contribute with valuable knowledge to this study, the purpose has not been to perform deep-analyzes in these. Instead, the purpose has been to choose cases from their valuable characteristics and interview key persons with unique insights to gain crucial knowledge regarding the study's purpose.

In this sense, interviews functions as a tool to gain insight into the social reality of the respondents. The respondents notions, experience and interpretations comes to play an important part in the interview. This process where the researcher aims to understand the world by asking questions to gain insight into the perceptions and experiences of the respondent is referred to as a *phenomenological approach* (Kvale & Brinkmann, 2009, s. 42). The social world of the respondent thus functions as a kind of leverage to understand actors, events and actions that are essential to answer the research questions. Because of these processes which are aiming to understand the world by subjective experiences and interpretations, the study can be understood through a qualitative perspective (Hartman, 2009, s. 274). In addition, semi-structured interview questions have been applied in the study. The questions have been based on themes and schema that are tied to the study's research questions. Yet, an approach where the discussion has been able to go outside the schema has enabled the capture of valuable and unintended knowledge.

Further importance to the phenomenological approach is also noticed because of the consistent analysis of institutional theory in this study. One of the core assumptions in institutional theory is that institutions are created when persons are constructing their social reality (Berger & Luckmann, 1966). This indicates that there is no clear distinction between the respondents' world and an objectively existing external world. From an enactment perspective the enactment of the organizations notions and interpretations is highly real and should stand in focus in studies. Therefore, the insight into the respondents' notions, experiences and interpretations plays an even more important role in understanding their reality.

However, this also evokes questions regarding my role as a researcher. If the respondents' construct their world, this should also mean that I construct mine. In that case, what is it that I am investigating? Is it the respondents' realities, or is it merely my subjective interpretation of them? A *hermeneutic perspective* points out that the knowledge presented in interviews is created from interpretations of meaning in the interaction between the researcher and respondent. Their interpretations and expectations create a continuous cycle of analysis and construction of knowledge (Hartman, 2009, s. 185ff). In other words, the knowledge does not exist objectively in the world. Therefore, the notion of pre-comprehension, pre-conception and expectations becomes essential to understand how knowledge is created. By trying to enhance awareness of these factors, the researcher can consider them during the process, thus creating a reliable study.

4.1. Selection

The main thought behind case selection has been inspired from what Yin (2003, p. 41) calls the *representative case*. This means that the attributes in these cases have been interpreted to not differ significantly from other large Swedish MNCs operating in China. In other words, I have not tried to find companies that are in some way unique or extreme in relation to others. Even though it can be argued that every company is unique, the main thought was that the findings in these cases are likely to be applicable in other large Swedish manufacturing MNCs operating in China as well. By using this approach, it can be argued that it is reasonable that the findings are constituted in other cases as well, especially if the investigated organizations tell similar stories.

Four of these companies are found in the manufacturing industry and have large operations in China. Two companies can be described as engineering companies, one as an automotive company and one as a hygiene company. The overall purpose with finding these cases was to identify large companies that had the ability and resources to choose and actively work with concepts related to competence supply on a broad scale.

However, one additional company has been chosen to function as a kind of control- and reference-company. It has been chosen because of their exceptional position on the market – they are market leading in the retail industry and are considered to possess a very strong and attractive brand. This approach complements the representative case-orientation presented above. If the control-case, which differs significantly from the others, conveys similar results as the cases which are representative for other MNCs as well, it may be argued for that similar results might be applicable for a wide range of cases. For example, if they tell a similar story regarding strengths, challenges and difficulties, it can be interpreted as strengthening the external validity of the findings in the other companies'.

I got in contact with the companies' by calling and emailing them regarding the study's purpose. My aim was to get in contact with persons working in higher strategic positions within HR in the Chinese subsidiaries, thus having a wide overview of the relevant problem area. In a couple of cases, I got in contact with these persons by contacting them directly. In one company I was introduced by a reporter working in Shanghai. For the rest of the companies, I had to contact the HQs in Sweden so they could put me in contact with the relevant personnel in China.

4.1.1. Case Presentation

The Vehicle Company

The Vehicle Company is a large multinational corporation with operations all over the world. They are currently expanding their operations in China. They operate in a competitive industry with many competitors expanding in China as well. The company is fairly young on the market and has undergone some major recruitment. It can be described to have a mid-level centralization – they are not extensively centralized or de-centralized. The company's HR staffing manager and talent manager has been interviewed. Both are Chinese.

The Hygiene Company

The Hygiene Company is a large global company that is positioned among the top of the hygiene industry. They have had operations in Asia for a long time, yet are fairly new on the Chinese market. The company is expanding, yet not in a relatively fast pace. It is the most centralized company of the chosen cases. The company's HR director for Asia and global innovation director have been interviewed. The former is Chinese and the latter is Swedish. The interview with the latter has been conducted in Swedish.

The Equipment Company

The Equipment Company has operated in China for a relatively long time. It is a global company that is business leading in several of their business areas. They have many factories in China and have extensive operations, which are constantly expanding. Among the investigated cases, this is the most de-centralized company. The company's global HR director for their holding department has been interviewed. Holding is their company for integrating their different business areas. The respondent is Chinese.

The Technology Company

The Technology Company is knowledge intensive company with operations all over the world. Among all the Swedish companies, they are among those who have operated in China for the longest period. They have several factories and are expanding their operations. The company can be described as less centralized as the Hygiene Company, and less de-centralized then the Equipment Company – on a similar level as the Vehicle Company. The company's China HR manager and HR project supervisor has been interviewed. The latter should only be considered as a pre-interview because of lacking time. Both are Chinese.

The Retail Company

The Retail Company is a global enterprise within the retail industry. The company can be described as slightly less de-centralized then the Hygiene Company, yet standardized. It is more de-centralized then the Technology- and Vehicle Companies. The company is fairly new in China but are expanding in a fast pace. The company's China recruitment manager and a HR Business Partner have been interviewed. Both are Chinese.

Pre-interviews

When I arrived in Shanghai, several pre-interviews were conducted in order to establish a firm picture of the situation for competence supply for Swedish MNCs in China. The persons that I interviewed where personnel at the Swedish Chamber of Commerce, an economic correspondent for a large newspaper and a CEO for a consulting and head-hunting company with more than thirty years' experience in China. These interviews are not used in this study; however their content functioned as an explorative phase which contributed with valuable problem orientation.

4.2. Ethical Consideration

Before every interview the respondents have been informed about the purpose of the study, as well as the handling of the material. I declared what kind of study I was performing, my pre-comprehensions and what the purpose was. I also mentioned that the study was financed as a field study by Sida, but that it is independent from Sida as an organization. After the presentation of the study's purpose and the purpose of the interview, the respondents' free participation has been discussed. It has been declared that the material will be included in the study, and that certain quotations will be used (Kvale & Brinkmann, 2009, ss. 84-90). These are all aspects that they have agreed with.

Regarding the confidentiality, none of the respondents underlined the need for themselves or the company to be anonymous in the study. All of them were positive to presenting themselves and their company, as well as my possibility to use the material freely. However, as a methodological consideration, the decision to keep them anonymous has been made. This is due to the fact that the theoretical analyzes might concern critical reviews of company internal processes, events and structures. The thesis will also be sent to the respondents so they can review the material. In the material, gender will not be mentioned. Instead, the term, e.g. HR-Director (HR-D) will be used.

Every respondent has been asked if it is okay if the conversation is recorded, and the material used for my study. For all respondents', except one in the retail company, this was okay. For this respondent, it was perfectly fine if I wrote down parts of our conversation and used it in the material instead.

4.3. Data Collection

The standard process for data collection was that I had mail correspondence or talked on the phone with respondents to inform them about the study's purpose, how long time the interview would take (approximately one hour), what the material would be used for etc. This would give the respondents to reflect over issues related to the study's subject. After they agreed, meetings at the respondents' offices were arranged for interviews.

As I met the respondents for interviews, I would present myself more detailed regarding background and why I had decided to travel to China to perform a study. Afterwards, the respondents presented themselves and their company. At this stage, often we had already started to talk about questions related to the study. I would therefore ask if it was OK if I recorded the conversation, and what I would use the material for (as a verification of the first inquiry). At this moment, or when the moment felt right, we started to talk about the structure and order of the interview questions. These were structured in four phases: one was regarding the company's position on the labor market, one regarding recruitment, on regarding retention, and one regarding their conceptual preferences and utilization.

Further, a semi-structured interview was conducted where considerations were given to the respondents' own initiatives to talk about stories that could give value for the study. All of the interviews, except one were conducted in English since the respondents are Chinese. The interview with the Global Innovation Director at the Hygiene Company was conducted in Swedish since he/she is Swedish. If the discussion went too far from topic, I would try to direct it towards the interview scheme. After approximately half an hour, I would do an orientation to make sure all of the questions were discussed. After the interview, the complete recordings were transcribed as soon as possible, often within a day or two. The main purpose with this was to raise the study's reliability. The Swedish interview was first transcribed, and then translated from Swedish to English.

4.4. Method of Analysis

Already from the first pre-interview an abductive-inspired analysis process has been performed. The pre-interviews contributed with a problem orientation that directed my attention towards institutional theory, narratives and the preference and use of concepts. They also functioned as inspiration in my search for cases.

As interviews were conducted in the organizations, the initial results functioned as inspiration to further theoretical orientation. This most likely has had an effect on collection and analysis of data. The fact that semi-structured interviews were conducted made it possible that valuable and interesting stories were found in between the standardized questions in the interview scheme.

Because of the use of narrative theoretical foundation in the study, a mix of narrative analysis and institutional thematic analysis has been performed. The presentation of a summarized narrative, based on the data, is structured. Further, concepts related to narrative and institutional theory are presented as themes that are connected to the story as this evolves. Based on contradictions, interpretations of causality and intentions in the data, an alternative is presented that tie to an institutional analysis.

Because of the abductive and hermeneutic aspect of this process, it is not independent of my pre-comprehensions. Still, as the aim has been to reflect over this and be as aware of these as possible.

4.4.1. Narrative analysis

During the theoretical orientation (see 2.4.1.) a presentation was made regarding how perceptions and interpretation of the organizational environment becomes enacted into powerful narratives that guides thought- and behavioral-patterns in organizations. Narrative analysis comes to function as a key to understand how people create meaning in their context. An important reason for the preference of narrative analysis is that it helps to bridge the relation between creation, spreading and enactment of stories, with practical actions in the organization. The process of conceptual translation cannot easily be understood without considering connections between sayings and doings, by which the concept becomes manifested and signified in the context (Schatzki, 1996).

Yet, it is a fine line between using narratives as a method of analysis, and narratives as a theory. For instance, Czarniawska (2008) argues that narratives functions a primary mean of organizing, and that organizing always antecedes its results: organizations. From this point of view, narrative indeed is a theory. Since this study share many attributes with this perspective, it is difficult to disregard its influence. Narratives play a fundamental part in linking translation processes, where intentions, assumptions and hopes converge with perceptions from communication. For instance, Bruner (1986) argues that the most natural way of communicating knowledge is through a story.

However, by deploying a narrative analysis, this approach will show that narratives can function as an efficient structure by which perceptions, interpretations and meaning can be used to understand how preference and use of concepts correspond to challenges for competence supply.

4.4.2. Narratives as a Mode of Knowledge

Narratives have been promoted as a contrasting way of knowing compared to what is described as logico-scientific knowledge. The latter is primary concerned with discovering and investigating entities, classify them, and relating them to each other through a dependent-independent scheme (Czarniawska, 1997, p. 18; Czarniawska, 2008, p. 32). Narrative knowledge, on the other hand, consists mainly of organizing experience by creating schemes of intentionality behind human action (narrating s 18).

This relate to the concept of plausibility, presented in Weick's sensemaking theory. Narrative knowledge is not concerned with schemas of causality; it is concerned with presenting a coherent, plausible and trustworthy story. Therefore, the constitution and presentation of narratives has a potential to reveal aspects of institutionalization. As synchronization in the communication between HQ and subsidiary regarding conceptual translation is fundamental for this study, it becomes vital for this study to investigate how consistent the respondents stories' regarding conceptual preferences and utilization are with their description of potential challenges for competence supply.

4.4.3. Narratives as a Mode of Communication

Bruner (1991, p. 6) points out that sequencing of events and actions into a timeline serves as a tool to communicate meaning. As the presentation of events and actions are sequenced, interpretation of causality and control are infused when the narrative is communicated. This is due to the function of plausibility in narrative knowledge.

The creation of narratives is not simply an act of constructing vessels of information. Instead, they function as a tool to attach ideas, memories and emotions, and to reach and affect other persons with these. The construction of narratives functions as way to infuse perceptions and interpretations of causality in the communication between persons, thus linking people's social constructions to one another.

4.4.4. Narrative Inquiry as an Analytical Tool

In this study, narrative inquiry will be used in order to analyze which role narratives play in the MNCs. The aim is to structure the respondents' stories' and apply a theoretical frame that identifies important aspects of the stories. The approach is influenced by Bruner and Weick, and how they emphasize the role narratives play in sensemaking and creation of meaning. As the translation and use of concepts for competence supply are contingent of the MNCs ability to create collective directions within the organizations. Thus, the narratives have potential to indicate how aligned the HQs and subsidiaries' are in their communication and sensemaking.

The applied concepts for the analysis are partially inspired by Burke (1945/1969) and his drama-analogy. A *plot*-analysis has potential to reveal how the respondents' perceive a timeline of *events* and *actions* associated to competence supply. It will also indicate which significant *actors* who play an essential role in the plot. By putting actors, events and actions in a specific order the plot opens up for interpretations of *causality*. This will hopefully indicate how the subsidiaries' perceive factors of control related to their competence supply.

4.4.5. Plot

From a narrative perspective, a plot is crucial to understand how knowledge is created and communicated. Here, an abstract timeline is deployed to understand how actions and events relate to each other. By putting events and actions in a specific order the plot opens up for interpretations of causality (Czarniawska, 1997, p. 39ff). It is the sequentially in the plot that enables creation of meaning of events. The way the narrative mode of knowing contrasts with the logico-scientific mode of knowing becomes clear when comparing which factors that determine the power of a story. The latter assumes that truth or falsities are primary criteria, while the former assumes that a coherent sequentially is primary.

By presenting a convincing illustration of sequence in a plot that leads the reader or listener to perceive factors of causality, narratives influence the knowledge of structures and processes. The main analytical parts that will be used to analyze the structure of the plot are actor and actions, events, timeline, causality and control. The most essential part to deploy the plot is the timeline. By presenting a specific order of which actors who conducted certain actions, and which actors who were exposed for certain events, the analysis will reveal how the respondents infer perceptions and interpretations. According to the narratives-as-knowledge-perspective, by setting up a timeline of actions and events, and relating those to actors and objects, people come to deduce assumptions about causality and control. An example is that, the environment causes an organization to conduct a change-reform in order to adapt to the environment's premises. In this assumption, the "environment" possesses the control over the organization, and causes the "organization" to change.

The way this method of analysis will be used is by applying it on a summary of the results from the respondents. Further, a contrasting summary will be elaborated by applying institutional and translational analysis on the respondents' stories. Then, a narrative analysis will be made in order to find if there are other potential actors, actions and events that influence the processes whereby the subsidiaries prefer and utilize concepts.

4.5. Method Discussion

4.5.1. Pre-Comprehension

A matter that probably has influenced the study is that I have a rather critical perspective towards the preference and use of many management concepts. Or more specifically, I believe that there often exists a lack of critical evaluation when extensively valueloaded concepts are chosen and implemented. This has certainly affected the choice of institutional theory as a theoretical frame and has probably been mirrored in this text. It could therefore be argued that this lowers the study's reliability. However, the existence of my pre-comprehension is not certain to lead to a specific outcome. I have extensively tried to take this factor into account. I therefore argue that this strengthen the reliability.

4.5.2. Cross-Cultural Study

The fact that this is a cross-cultural study has certainly an effect on the results. This is experienced in the language. While interviewing the respondents it became clear that English is not our first language. For my part, it was difficult to find certain words and be specific. I also experienced some difficulties in comprehending what the respondents said or meant in certain meanings. Yet, the fact that the interviews resulted in rich and meaningful indicate that the wholeness is larger than the parts.

Culture differences certainly also played a role in the study. During the trip, I perceived China as a much more hierarchical country compared to Sweden. If I had interviewed respondents further down the hierarchy this could possibly have restricted the stories and what they felt they could say about the company. I also believe the fact that I had contacted the HQs in Sweden, and in some cases got invitations from them, affected the respondents' view of me. I believed the communication via Sweden helped in opening up the communication with the respondents.

4.5.3. Case Selection and External Validity: Coherent vs. Dispersive Story

I believe that the use of a control company functions as an efficient tool to determine the reliability and validity in the study. This depends on the fact that the company operates in a completely different industry than the others, and that they are very attractive on the market. If they tell a similar story as the other companies' regarding problems, challenges, advantages, concepts etc. this can be seen as a measurement of that these are issues that lie outside the selected cases for this study. The degree of concurrence in the study can be seen as a degree of external validity.

4.5.4. Talking vs. Doing

A risk that is evident is that what the respondents say differs from what they actually do. For example, they can propose a certain concept as a prominent tool for competence supply, yet this could be loosely coupled to how they actually work with these issues. This is difficult to find out if not a triangulation is used, e.g. observations. As the scope and resources for this study is limited, this has not been possible.

However, one thing the interviews DO reveal is the respondents interpretations, their intentions, what they feel is important and what they are striving for. The fact that they share openly with me the problems they have experienced, as well as frustrations, indicate where they put their efforts, what they hope to achieve with them and how these efforts respond to the problems. The sincerity in the stories also indicates the substance in the challenges, and the detailed accuracy in the stories indicates their active use of the concepts.

4.5.5. A One-Sided Story

The fact that only the companies' subsidiaries have been investigated is a limitation to the study. In order to achieve a full story of the HQs' interpretations and intentions, interviews with strategic personnel in Sweden would have been to prefer. This has not been able because of the limited scope and resources. However, by investigating how the subsidiaries perceive and interpret communication, decisions and ideas from the HQs', this can be used to relate to potential problems. Even if the HQs' intentions are not captured, the subsidiaries' interpretations of these are!

5. Results

In this chapter, the results from the interviews will be presented. Initially, a presentation regarding which concepts that are preferred and used for recruitment and retention will follow. This presentation serves the purpose to provide a needed orientation to understand the MNCs situation on the labor market, and which potential challenges and/or advantages they are experiencing. In relation to this, the second chapter, which concerns the motives for preference and use of concepts for competence supply will follow. These parts serve to answer the first research question which concerns preference and motives of concepts. These parts also provide an inquiry into the perceptions, interpretations and assumptions about the subsidiary, the HQ and overall company, and the labor market. Hence, a foundation to answer the third questions, which concerns alignment of perceptions and abilities to manage problems, is established.

The next part concerns the perception of the HQ and frame constituted by the overall company, and how the perceptions and interpretations in the subsidiary are influenced by these. This orientation functions as a foundation to answer the second research question, which concerns perceptions related to the influence of HQ-ideas. However, the last chapter which concerns perceived alignment of efforts and resources between the HQ and subsidiary is needed to answer if the subsidiary perceives the HQ to facilitate or impede their ability to develop and use efficient concepts for competence supply. By relating the respondents' perceptions regarding if the concepts are seen as efficient tools for competence supply, to their perceptions of the HQs' facilitate or impede their ability to sufficiently develop and use concepts for a satisfying competence supply, data is presented to answer the third research question.

In order to fully answer the third research questions, an empirical orientation and presentation is insufficient. This is because a theoretical elaboration is needed to illuminate the perceptions, interpretations and assumptions that are conveyed by the respondents. From a social constructionist and institutional perspective, it is not simply to ask a respondent "how do you create meaning of concepts, and are there any hindrances in your ability to align your perceptions". According to the New Institutional Theory (see 2.1.), when thoughts and behavior becomes institutionalized, they become taken for granted. It is therefore unlikely that the respondents are aware of all aspects related to their scope of perceptions and interpretations. Therefore, an institutional and narrative analysis, together with the whole empirical presentation, function as way to relate the perceptions, interpretations and assumptions to their ability to develop concepts that meet their need for competence supply.

5.1. Which are the preferred concepts?

5.1.1. Concepts Related to Attraction

Most of the MNCs are stating that they are an attractive company for potential employees and for employees already working in the company. This is not a very surprising answer due to the question's sensitiveness and that it is the respondents' job to appear attractive towards the labor force. However, as the respondents' stories will show, the MNCs attractions are affected by a complex system of factors constituting the Chinese labor market, thus challenging their competence supply.

5.1.1.1. Culture and Values

The companies' cultures and values are emphasized as important factors for their attraction. Features that are experienced as attractive in these are associated to an open, non-hierarchical, flexible and humane working environment. These attributes are stressed by Hygiene-, Vehicle-, Technology- and Retail Companies.

> We are very active in communicating our core values and making sure that people understand that here, we look after one another. And sustainability is our most important area. I believe this is a very important factor here in China. – Hygiene Company (HC), Global Innovation Director (Translation from Swedish)

> TC also has a good culture. We are very open and have a lot of internal opportunities. When we present TC we present our environmental, social and employee care. This is attractive. – Technology Company (TC), HR-Manager

For the Retail Company, the culture and values seems to be the very essence of factors that determines their attraction.

> When we recruit employees to RC, finding people with the right values is essential. We are guided by our culture and values. If we find people with good skills but don't share our values we cannot hire them. – Retail Company (RC), Recruitment Manager

5.1.1.2. Leadership

In association to the culture and values, leadership is considered to be a prominent factor to influence people's perception and attraction to their company. This is because the leaders function as communicators of the values.

> I think the key is to find good leaders in China with the right "Hygiene Company"-mentality. Then they can make employees and potential employees developing the right "spirit to go". – Hygiene Company, Global Innovation Director (Translation from Swedish)

5.1.1.3. Employer Brand and Employer Value Proposition

A distinct *employer brand* seems to be an important factor to influence and attract the potential labor force. All of them consider their company's ability to communicate a clear picture of its most important employer attributes as vital to attract personnel. In this sense, they point out the importance of both being able to build up a distinct concept, and to efficiently communicate this towards the potential employees.

> We have to come with a unique employer value proposition (EVP). Here, I would say it's really the company culture and development opportunities that stand out. – Hygiene Company, HR-Director

> Last year we had our Employer Value Proposition Program. So now we have a clear message. We are trying to do some initiatives to promote our EVP-message on the market, internally and externally. So before that we didn't have a very clear picture. This happened just last year. We are trying to have some communication plan to promote this message. – Vehicle Company (VC), Staffing Manager

5.1.1.4. Training and Development

The foremost prominent concept for competence supply in the MNCs is their *training and development* programs. All of the investigated companies say that this is one of the most important aspects for attracting, recruiting and retaining the labor force that they want.

> All the studies show that they are interested in development and opportunities. – Equipment Company (EC), HR-Director

> VC has really established a place that offers many opportunities. And for that reason, I think it is very attractive. It means that you have many more possibilities to grow to develop new competencies, and move up the corporate ladder faster than if you're working in a more established organization. – Vehicle Company, Talent Management Manager

> What we are good at is the training. […] This makes people want to stay in the company and develop. I cannot deny that some people are looking for a high salary, but this is a very good way. We trust people's decisions. If people want higher salaries they can develop in TC, or they can find a higher salary outside TC. – Technology Company, HR-Manager

> People recognize that they could grow and develop in this company. China is not the final stop. Considering that we are a global company, people have opportunities to work in other places. Development opportunities are essential! – Hygiene Company, Global Innovation Director (Translation from Swedish)

Training and development attributes are emphasized throughout the interviews.

5.1.1.5. Compensations

In affiliation to training and development strategies, the companies' have all developed clear compensation strategies. The companies' compensation strategies can be summarized as following:

Table 1. Compensation strategies in the case companies.

	Hygiene Company	***Vehicle Company***	***Technology Company***	***Equipment Company***	***Retail Company***
Salary strategy	*HRD: Mid-Market Level* *GID: High Paying for certain important positions*	*Progressive for talents, Mid-Market Level for the rest*	*Mid-Market Level*	*Mid-Market Level*	*Low – Mid-Market Level*

These strategies relate to, or complement, the active use of other approaches for competence supply. Of all the investigated MNCs, only Vehicle Company and Hygiene Company call attention to using higher salary levels as a method to recruit and retain an attractive labor force. This is due to a notion that if they are to obtain the talented labor force with attractive competencies, they need to pay high salaries.

> We have started to see that, if we want to be competitive and have good personnel in China, then we have to pay up. The wages between Sweden and China are leveling out! A common view is that China is a low-wage country, but this has changed. And it is happening fast! I believe that the local subsidiary and our market department in China have realized that the competence needed to keep the wheels turning requires that we pay a bit higher wages. – Hygiene Company, Global Innovation Director (Translation from Swedish)

> I think we are very competitive in terms of our compensation package. We are still fairly new compared to our competitors so many of our offerings need to be fine-tuned. But regarding the salary itself, I believe we offer quite amount of an increase for people to leave their previous job and join us. – Vehicle Company, Talent Management Manager

The other companies have chosen to use a lower compensation profile, and emphasize other attributes, as e.g. an attractive culture and development opportunities instead, although these are important attributes in Vehicle Company and Hygiene Company as well.

5.1.2. Concepts Related to Recruitment:

5.1.2.1. Channels

The most crucial approach for the MNCs is their choice and use of recruitment channels.

The most common recruitment channel among the companies is the use of *external recruitment web pages.*

> We have two famous recruitment websites in China – all big foreign companies use these websites. From these websites we open all our positions. Our analyzes say that around 25-30 % are recruited via these websites. – Vehicle Company, Staffing Manager

Another common channel is the use of *internal referral programs.* These function as a word-of-mouth approach among the employees. If an employee recommends a friend that leads to a successful recruitment, a bonus is given to the employee.

> We have a well-organized and efficient internal referral program. People can introduce their friends to join TC. When the position is successful the person who recommended will get a bonus. So, this works very well in TC China. Because sometimes we have problems to find people even after we have used head hunters. But why don't use our staff and resources? – Technology Company, HR-Manager

The use of *external recruitment agencies*, or head hunters, is a common approach to find elusive personnel. This approach is emphasized by Hygiene-, Vehicle-, Technology- and Equipment Companies.

> Headhunters were actually our backbone in the first two years. We used them so much because we were fairly new and by then we were not even able to use VC's name to recruit. We used them a lot and let them approach our target talents and do the sales pitch for us. I think still today, we spend a lot on this service. – Vehicle Company, Talent Management Manager

When the MNCs go through periods of expansion, *job-fairs* is a common approach to find large amounts of employees. This is especially common when new factories or stores are established.

> Our third most common channel is job-fairs. This is an efficient tool when we are setting up new factories on a larger scale. – Equipment Company, HR-Director

Hygiene-, Technology-, Vehicle- and Equipment Companies also emphasize that university campus events are important to market their company. For Technology Company, this is one of the most important tools to attract and recruit talented students.

> Maybe three years ago we started to do some promotions on the universities. If young students know TC from the very beginning they can either be our customers or suppliers in the future, or they can come and work for us. That is way we started the campus talks. We have a team that visits the schools and promote us. – Technology Company, HR-Manager

5.1.3. Concepts Related to Retention:

5.1.3.1. Training and Development – A full loop

Again, training and development programs are prominent features to retain the personnel. A common view among all the investigated MNCs is that these programs function as an effective way to create attraction and loyalty among the employees.

> Development, training, internal job market… That's the top things, and also, as I said, regarding compensation, we are not a very high paying company. – Equipment Company, HR-Director

5.1.3.2. Culture, values and leadership

A combination of culture, values and leadership is emphasized as important tools to retain employees. Culture is seen as an approach to build loyalty and long-term commitment in the employees.

5.2. Why have the concepts been chosen and utilized?

5.2.1. Training and development – The strong relation to compensation and benefits

The MNCs focus on training and development opportunities cannot be understood without looking at the two important factors *salaries* and *titles*. Several respondents emphasize that salaries and titles are two key factors that attract a highly skilled and educated labor force. Even though the companies propose career development opportunities as the one most important attribute that attracts the labor force, they also occasionally admit that these functions as a kind of substitute for the labor force strive for high titles and high salaries.

However, a common notion among the other companies is that they are not able or willing to compete with titles and salaries on the market due to limited resources. Technology-, Equipment-, Retail Companies, and one of the respondents in Hygiene Company point out that they therefore see training and development opportunities as a key to attract the labor force. If they cannot give people high salaries and titles directly, they propose the idea that they can train and develop them so they can advance within the company so they, with time, can reach higher titles and salaries. This is a method to tie the attractive labor force to the company, receive reciprocal value between the company and the employee, and also to keep down title- and salary inflation.

> Our training programs are very good for our employees because people like it. For every employee we have an individual development plan (IVP), which make you know how you are developing within TC. We identify the gap between where you are and where you want to go, and how to take you there – Technology Company, HR-Manager

> The compensation principal here is that we are matching the market. We are not below or above. We try to match other similar peer group of companies. But as long as you are aiming for the high level positions you can always grow to the next level of your career. That is promising for the compensation as well. We don’t have the need to compete with salaries. – Equipment Company, HR-Director

The main reason for the choice of training and development programs is that they are perceived to create loyalty and long-term attraction among the employees.

5.2.2. Culture, values and leadership

A frequent view in the MNCs regarding working with culture and values is that they convey unique and compelling attributes of the company to existing and potential employees.

> We are very active in communicating our core values and making sure that people understand that here, we look after one another. And sustainability is our most important area. I believe this is a very important factor here in China. People realize, working for such a company is an advantage. – Hygiene Company, Global Innovation Director (Translation from Swedish)

Leaders are considered to be a crucial tool to communicate the culture and values internally and externally.

> And the managers play a role model to the employees to deliver that… that we respect people in regard to the responsibilities. – Retail Company, Recruitment Manager

All of the companies emphasize their humane, open and flexible culture as essential to differentiate themselves and be attractive on the Chinese labor market.

5.2.3. Employer branding

The main reason among the MNCs for working with employer branding is, just like culture and values, to convey unique and compelling attributes of the company to existing and potential employees.

> Certainly we know that we need to differentiate. And the steps that we have taken these two years… We work with one Swedish company on the market; [...] they help us come up with employment value propositions, basically our employer brand. So we have our homework done and understand unique attributes to our employer brand. I think that’s the starting point for us, to stand out in this labor market. – Vehicle Company, Talent Management Manager

5.2.4. Recruitment channels

Regarding the recruitment channels, the preferences seem to relate to which phase the companies currently are in. The use of external web-pages seems to be the overall most common way of recruiting, independent of the phases. The use of job-fairs seems to relate to large expansion leaps, e.g. when new factories are opened. The use of headhunters is common when it is difficult to find tangible labor force to fill certain positions. Campus events are oriented towards a more long-term competence supply and to strengthen the company's brands towards the students.

5.2.5. Tough competition and the strive for competitiveness

Vehicle Company is the company that expresses most problems associated to competition among the investigated MNCs.

> I think another factor is that our competitors grow very fast. We have met some problems with headhunters calling our employees. In China the talent market is very hot, so how we can retain the employees is a problem for us. We need to discuss this. – Vehicle Company, Staffing Manager

Among the other companies Equipment Company express many problems associated to competence supply in one out of four of their business areas.

> The most competition is in the tools area. We are targeting the automobile industry. Car manufacturers are using EC-tools. Our customers and competitors want the same personnel as us. The automobile industry in China is growing very fast and the compensation they are offering is really high so. In that area we are facing a lot of challenges from a talent perspective. – Equipment Company, HR-Director

All of the companies recognize that the Chinese labor market is extremely competitive and that they need to work with many methods in a pro-active manner and on a broad scale to satisfy their need for competencies.

5.2.6. Need for Awareness

Because of vast presence of foreign and domestic companies operating in China, the MNCs points out that it is essential for them to become more well-known on the Chinese market in order to become attractive. Technology-, Hygiene- and Equipment Company claim that their companies are only well-known and attractive among certain groups of people in China. Otherwise, people don't know the companies very well.

> Engineers and technical staff know TC very well, but if we talk about other areas, then they don't know. – Technology Company, HR-Manager

> In terms of fresh graduates I don't think we are very well-known. We have more of a step by step approach. We have done some campus events and had some media exposure, but it's rather limited. – Hygiene Company, HR-Director

All of the investigated companies work with employer branding as a tool to become more well-known and attractive on the market. Hygiene-, Vehicle- and Technology Companies presents formal employer value proposition, which aims to communicate key-attributes of the company as an employer, that they believe will attract the relevant labor force.

5.2.7. The need for differentiation and uniqueness

One reappearing notion in the interviews is that the MNCs are striving towards having unique attributes on the Chinese market. They find it important to emphasize programs and concepts that they perceive differentiate them from other companies on the market.

> We have a corporate tagline called "[…]". We care for people's life in a broader sense, and we do care for our employees in a good way. That is quite unique in a sense. – Hygiene Company, HR-Director

> We are doing very well when it comes to internal referral. I think that's probably something unique. We are using that a lot and we are probably doing better compared to other. - Vehicle Company, Talent Management Manager

> In TC we have some unique ways to retain staff. From a compensation and benefit point of view we are not so aggressive in this market. What we are good at is the training and development. – Technology Company, HR-Manager

> Our culture and values shape us to become different. We have chosen a different path. We are unique in this sense! […] The values we communicate are based in how we treat people – with respect, empowerment and many opportunities to develop. – Retail Company, HR-Business Partner

Of the respondents that have been interviewed in this study, all of them points out unique attributes in the company as a key to attract personnel. An exciting finding in this perspective is that nearly all of the attributes that they point out as unique – training and development programs, internal referral, an open and respecting culture, an employer brand that conveys opportunities, a global innovative company that prioritize sustainability – these are all attributes that they have in common. The concepts that the companies experience as unique and differentiating is actually some of the most strongly uniting attributes when it comes to competence supply.

5.2.8. The need for conformity

A motivating force that relates to the MNCs strives for uniqueness is their conforming activities. It is not in every aspect that they strive for uniqueness, instead a preference towards well-tried and popular concepts seem to be in focus.

> I don't think that our approaches are very different from many other MNCs. For example with our internal referral program, many other companies use this, but it probably saves us a lot of time and money. Yeah, so I would say that it's really the company culture and the development opportunities that stand out. – Hygiene Company, HR-Director

In some regards, the MNCs points out that the most common approaches for competence supply are also the most efficient ones.

> OK, first of all we us some big Chinese networks. We use two large employment sites on the internet. One is called […] and the other is called […]. These are the main resources we are using. If a person is looking for a job in China, then the most normal and popular way is to look at these websites. I think we get most people from the websites. – Technology Company, HR-Manager

5.3. HQ Ideas – The Frame of the Global Company

A strong influence of the subsidiaries preference to use certain approaches for competence supply seems to emanate from approaches that are used in the global company and advocated by the HQ. In this sense, the HQ and overall global company are perceived to exert a certain power over the subsidiary by advocating certain culture, strategies, leadership and structure.

The most prominent aspect of this is the companies' overall cultures and values. The most common trait is that these are developed centrally and integrated throughout the whole global company as a cohesive attribute.

> […] respect, empowerment and development… We want to emphasize that this is not a job only; instead we want people to feel that this is an opportunity for people to develop themselves. This makes people free and recognized, and they have power to do things. All this is part of our global company's culture and values. It is very important in this company, and it helps to guide people in their work. – Retail Company, HR-Business Partner

Regarding culture and values several respondents point out that the open, flexible and empowering culture is unique to their company. Most of the respondents emphasize that their culture and values are positive attributes conveyed by the parent company. A common perception seems to be that the influence of the HQ regarding this matter facilitates their ability to develop concepts for recruitment and retention.

They also recognize and point out that the foundation in the organizational culture also seems to be a common part of Swedish (or at least Scandinavian) values.

> I found that HC is very special in a way that it organizes the culture, as well as its ambitions, and it really delivers the message to the employees as well in a way that we are part of a big family. Maybe you as a Swedish can agree with me on this, that Scandinavian values are more non-hierarchical and respectful? We are very open family and everyone can talk to everyone. We don't have that kind of hierarchical feeling, even of course even though the organization is organized in a structure. – Hygiene Company, HR-Director

Further, it is conveyed that corporate structures, overall strategies and strategic decisions are centrally developed and established, and this has an impact on the subsidiaries' ability to work with competence supply in China. The Global Innovation Director in Hygiene Company refers to this as the *"grandpa-principle"*.

> The company has global templates for competence profile matching, more or less, that are used throughout the organization. When we hire personnel we can fine tune these templates to some extent. Yet not very much, because when we need to recruit, this has to be decided high up in the organization. – Hygiene Company, Global Innovation Director (Translation from Swedish)

HRD conveys a different, more decentralized picture regarding the structure in EC:

> EC is a very de-centralized organization. We give a lot of responsibility and viability to the local managers to develop their own markets and customers. So the local managers have a quite good initiative on their own to match potential employees and adapt to their local customers. – Equipment Company, HR-Director

Many of the respondents pointed out the influence of corporate structure, strategies and centralized decisions as a source that impedes the subsidiaries ability for an efficient recruitment and retention. These results will be presented under 5.4.3.

5.4. Alignment to Meet the Need for Competence Supply

5.4.1. Are the Concepts Perceived as Efficient Tools for local Competence Supply?

A common view among the MNCs is that they are reasonably satisfied with their overall competence supply. When they are talking about the overall amount of the employees, comments of reasonable recruitment times and decent turn-over rates are recurring.

Yet, a somewhat general and ambiguous perception is that is that it is a great challenge to attract, recruit and retain certain groups of talented, attractive and elusive persons in the labor force. This poses challenges for the companies' competence supply.

> I think it (competitiveness) depends on the position levels. If for some general or engineering level positions VC is attractive on the market. But if we talk about some specific, e.g. R&D skills or manufacturing management skills positions we have some difficulties to find competence in China. – Vehicle Company, Staffing Manager

Regarding the companies' use of the preferred concepts for competence supply, most of them have a positive image of how these affect the competence supply.

> […] VC has really established a place that offers many opportunities. And for that reason, I think it is very attractive. It means that you have many more possibilities to grow to develop new competence, and move up the corporate ladder faster than if you're working in a more established organization. – Vehicle Company, Talent Management Manager

However, one weakness found in the concept is that it has a long-term orientation towards competence supply. This is explained in the relation between salary, and training and development opportunities in a company. Even if development opportunities are attractive, several respondents point out that many attractive and elusive talents prefer a job with higher title and a better salary than development opportunities.

> Let's look at the reality. Even though some people are looking for jobs to develop and so on, we cannot deny that several people are looking for jobs only for high salaries. Sometimes this is an obstacle for us. We sometimes find very good candidates, but we cannot reach a settlement for a salary. In the Chinese market, we have some competitors that can provide very good compensation and benefits. – Technology Company, HR-Manager

This is also a problem for retention of talented, attractive and elusive personnel in several companies. In this sentence, the respondent sees the solution as establishing and developing more development programs.

> We had some employees, they were very good and high achievers last year, but they chose to leave us. The reason is that our competitors can give them high salaries or high titles. Titles are very attractive in China because high title means high salaries. In our company we don't have enough rotation programs or development programs to attract and retain our internal employees. – Vehicle Company, Staffing Manager

> The fact that RC is a flat organization can be a problem sometimes. People like that we are an open and equal company, but on the other hand, many persons also want career advancement. If they cannot find this here… Some talented people choose to leave us. – Retail Company, Recruitment Manager

5.4.2. Challenges for Concept Sufficiency for Local Competence Supply

An interesting finding in the interviews was that the respondents at first presented their conceptual frame for how they work. In this regard, they presented a cohesive story of how they are working with communication of culture and values, as well as their training and development programs. These concepts had a prominent place in their presentation. However, the respondents presented problems that had a direct effect on their competence supply that were not directly linked to the concepts. Even though the concepts were perceived as efficient tools for recruiting and retaining personnel, their stories conveyed that other substantial factors affected the concepts ability to function as sufficient tools for competence supply.

5.4.3. HQ-Influence as Perceived Hindrance for Competence Supply

Often, the interaction between the HQ and subsidiary was perceived as affecting the subsidiary's ability to work with competence supply. Vehicle Company mentions that HQ-guidelines and requirements often are out of sync with the labor market situation in China.

> We have issues with this. When we are looking for the competence in the market we find a gap between our requirements and the talents. The main reason is that we have many management teams from Sweden. The talent market is different for us. The most employees who are working for VC (in e.g. Sweden) have been working there for VC for 10 years, maybe 20 years. So, their requirements… When they want someone working in these areas they should have been working in these areas for 10-20 years. But, China is very young talent market. It is very difficult to find people who have worked in key positions for ten to twenty years that would like to join us. When we find someone who has been working in this position for this long time with all these skills and competences, normally they are managers. How could we attract these managers to work for us at lower positions?
>
> It is a gap between the competence requirements in Sweden and how it actually works in China. – Vehicle Company, Staffing Manager

The Staffing Manager believes that this depends on differences in mindsets between the Swedish HQ and the Chinese subsidiary, and that the HQ doesn't like to change their preferences.

Problems emanating from the HQ-subsidiary relation can be found in the reporting structures. Because China has a very dynamic labor market, the companies' have to respond very quickly. Some respondents have pointed out that centralized decision-making in the organization is a problem for the competence supply.

> When we need to recruit, a decision has to be made in Sweden. This means that recruitment process becomes very slow sometimes. The recruitment process has become much longer since this "grandpa"-principle was established. And this can mean that if we are trying to recruit a talent, he or she may look for another job if we are not fast enough. [...] I wish we

> could have more ability to decide regarding these matters. – Hygiene Company, Global Innovation Director (Translation from Swedish)

The Talent Management Manager also points out that the overall reporting structure in the firm is a big challenge for efficient competence supply in the subsidiary.

> For example, some of our positions have difficult reporting structures - we need to report to one local manager, one functional manager in Sweden or other location, with this kind of setup it's not so easy for us to explain to the candidates or attract people. This kind of obstacles has nothing to do with the recruitment itself. It is obstacles working in a global organization.
>
> When it comes to the hiring process I do think we in China have probably the most challenges coming from HQ decisions. So the process can be very time consuming to get alignments with all the necessary parties. Talks, signatures… this can take long time. It is less efficient. –Vehicle Company, Talent Management Manager

6. Analysis

6.1. Institutional Analysis

6.1.1. Isomorphism

One important finding in the study is the subsidiaries emphasis of their concepts for competence supply as unique and distinguished, when they are in fact prominent in all of the investigated companies. The concepts may be efficient and satisfying, but they are not distinctively unique. This is interesting because all of the companies points out their aspiration for differentiation and uniqueness as important aspects to attract the needed labor force.

This phenomenon can be explained by the institutional theory isomorphism. The coercive, mimetic and normative processes of isomorphism anticipate that coercive pressure, environmental uncertainty and norms and conformity developed within profession leads to situations where organizations within a common field become more and more similar.

Regarding the investigated companies, there is no doubt that they operate in an uncertain context. China is described by the MNCs as a highly competitive market where they constantly are planning for expansion in new cities and provinces. The language and opinions emphasized by the HR-professionals also clearly relate to popular ideas within the field of HR, as e.g. the use of talent management, employer branding and culture. However, I have found no data that supports the claim of coercive isomorphism. Coercive isomorphism refers to the influence of external forcing powers, such as e.g. when the state forces organizations to conform to laws.

Due to their shared Swedish background and tradition, the MNCs can be considered to share an organizational field. Indications to this is found in their endeavors to translate popularized and conventional ideas related to Swedish work-life traditions, into attractive concepts for competence supply in China. However, the fact that the companies' are influenced by the same ideas does not mean that the products become similar. This will be discussed in the part “Translation of Concepts”

6.1.2. Legitimacy and De-coupling

According to the theory of de-coupling, organizations do not primarily change or implement new concepts in order to achieve more efficiency. They do so to appear modern and legitimate towards important stakeholders (Meyer & Rowan, 1977). A consequence is that, in order to keep the operations running smooth, the new concepts are being loosely coupled to the rest of the system. In other words, the concept is kept separate from how things usually are done.

A shortage in this study is that I have not being able to investigate to what extent the respondents account for accentuated concepts actually are used frequently. Is culture and core-values a cornerstone for competence supply, or is it merely an attempt to appear modern and legitimate?

An important factor that argues for a frequent use of the concepts is that the respondents in many cases were very substantial, and gave several examples of how they worked with the concepts. They gave rather thick descriptions of the everyday role the concepts played in their work with competence supply. It is therefore not likely that the concepts would simply be loosely coupled symbols for modernity.

The reason why this theory has not been applicable to the study is that it was harder than anticipated to gain data to apply the theory. A requirement for the use of the theory would be to gain data to compare their espoused stories of preference and use of concepts. Here, observations could fill this requirement. However, the scope of this study has not enabled this possibility.

6.2. Narrative Analysis

In order to perform a narrative analysis, an attempt to outline and present a summary of the respondents' stories will follow. This summary aims to present a timeline, significant actors, main events and causality. By doing this, the analysis enable to reveal how the respondents make connections between actors, actions, events and causality. These connections convey how the respondents create meaning, assumptions and interpretations. By then comparing these aspects to their descriptions of actual problems with competence supply, the analysis opens up the possibility to answer the research questions.

The summary is made possible by the fact that the respondents' stories contain many similarities. The summary aims to capture main points in the stories, and by doing so playing down events that are interpreted as less crucial. Therefore, authorial pre-understanding and interpretations comes to play an important role in the analysis.

The analysis tries to capture events in the data where the respondents' stories signal the existence of interpretive frames for sensemaking, and how these make the world meaningful and predictable, as well as confining their thoughts and actions.

6.2.1. The respondents' narrative

The company is established in China. They expand their operations and recruit the needed personnel (including the respondents). The company experiences challenges and difficulties to recruit certain personnel, competition and lack of certain groups of personnel in the labor force is substantial. The main perception is that this labor force is primarily attracted to high titles and salaries, security and some development opportunities.

However, the company is not able to give high titles and pay high salary. So they focus on establishing an abundance of training and development programs, and concepts related to culture and values that aims to attract the labor force and create loyalty. These attributes come to be seen as unique and creates a strong Company identity in China.

The attributes also becomes a cornerstone in their overall work for competence supply Overall, the company becomes satisfied, but regarding recruiting and retaining attractive and elusive personnel (talents), they still have difficulties to find these on the market. They therefore try to re-adjust and create new and better concepts related to training and development, and culture and values.

This story reveals important aspects about the interpretations and assumptions in the MNCs. For instance, the interpretation that culture and development-concepts functions as an efficient substitute for strong salary and title-proposals is found in most of the companies'.

6.2.2. Plot

By deploying a plot perspective, a deeper analysis of the timeline that binds their perceptions and interpretations regarding actors, actions, events and causality is enabled.

6.2.3. Actors and Actions

The main espoused actors in this story are *the company*, *the labor force* and *the competitors*. However, there exist some more subtle actors that are not clearly espoused in the text. For example, *the abstract Chinese context* exists as an actor that enables and limits the company's operations in China. A distinction between *the overall common labor force* and *the attractive and elusive labor force (talents)* is also made.

6.2.4. Events and Actions

The primary events emphasized in the story are, *firstly*, the establishment of the company. This is considered as the initializing action by the company. *Secondly*, experienced challenges for competence supply. This is considered as an event caused by the environment. *Thirdly*, establishment of concepts to deal with these challenges is a crucial action for company (at least subsidiary) competitiveness and survival. *Fourthly*, a result, the action is only partially satisfying, as the company to some extent still experiences difficulties to recruit and retain attractive personnel. *Fifthly*, actions to evaluate and re-adjust the concepts from a development-culture perspective occur.

6.2.5. Timeline, Control and Causality

If we deploy these events into a timeline it would look like this:

The company establishes operations in China (Action) – The context in China poses problem for the company (Event) – the company develops concepts that aims to minimize the problems (Action) – the results are partly satisfying (Event)– they try to re-adjust and develop more efficient concepts in the same manner (Action).

By analyzing this timeline from a control-perspective it can be summarized like this:

Context – Actor – Action

This indicates that the actors (the subsidiaries) perceive the context as a determining factor. The Chinese context poses several challenges related to competence supply, and the MNCs develop several concepts to respond to these challenges. The subsidiaries consider themselves in control over the chosen concepts.

In other words, the common perception is that the environment is *causing* problems and challenges for the subsidiaries and their actions (creation of concepts) *causes* a reduction of the problems.

6.3. An alternative narrative

Based on the data and insights from institutional theory, there seems to exist several important actors and events that are not emphasized in the first story. In this part, I will present an alternative story as a foundation to explain how efficiently the preferences and use of concepts in the subsidiaries correspond to their description of problems with competence supply.

The story aims to capture the messiness behind the relation between the concepts used for competence supply, and the problems associated to the same.

The companies establish operations in China by setting up subsidiaries. They recruit Chinese personnel in order to respond actively to local conditions.

At the same time, the MNCs bring with them a whole set of stories and ideas regarding what they believe are attractive concepts for competence supply, e.g. traditional Swedish work life ideas such as an open, humane, flexible and respectful culture, strong empowerment, values of consensus, continuous learning, and abilities to develop within the company. These ideas and narratives come to influence the subsidiaries, and actually restrain their ability to respond to local conditions because of their institutional attributes.

Here, a notion that organizational pre-comprehensions and interpretations related to the subsidiaries origin is considered.

The subsidiary HR-personnel comes to see the concepts mentioned above as unique and creating a strong company-identity. Due to the shared field of the organizations, similar concepts become attractive, either because of similar environmental pressures, or their intention (conscious or unconscious) to imitate concepts considered successful in other organizations.

The subsidiaries perceive difficulties to attract, recruit and retain certain personnel in the Chinese market. They recognize that high titles and salary, security and certain development opportunities are the most important factors to recruit attractive and elusive personnel. Of these factors, salary and titles can be described as a fast approach to recruit personnel, while security and development opportunities can be described as a long-term approach. Yet, the powerful narratives and ideas that have been "flirted in" by the HQ come to de-emphasize the focus on titles and salaries. This is made possible by the fact that the subsidiary HR-personnel already have achieved what the labor force are fighting for – they already have a high title, high salary and security.

Here, a notion that the relation between compensations and development opportunities are object to interpretative processes of enactment and sensemaking. Also, a distinction is being made between fast and long-term approaches (actions) for competence supply.

The establishment of the powerful concept of a global company that offers tremendous development opportunities and empowering values related to openness, respect, humanity and a non-hierarchical structure, functions as a meaningful frame to make sense of *the environment. This frame becomes enacted in subsidiary-narratives, which concepts, actors and actions, events and interpretations of causality becomes taken for granted as an obvious way to perceive the world and categorize events. In other words, the popular concept functions as an institution that makes the world meaningful and predictable.*

The problem with this powerful concept is that it narrows the scope of interpretation and perception of causality in the work with competence supply. This institution undermines the organizations ability to efficiently work with competence supply in three important aspects:

First, the strong emphasis on culture and development is grounded in a subsidiary-belief that this concept is a unique attribute for the company. For most of the companies, they are not willing or able to give relatively high titles and salaries. They therefore emphasize the culture/development-concept as a unique attribute that will differentiate themselves from their competitors.

This idea may be rational if it is applied in one organization, but if it is applied by many it will lower their ability for differentiation by definition – if a unique attribute is applied in many organizations, it is not unique! Instead I propose that the concept as an institution has a power by itself. The subsidiaries believe that they choose the concept by rational considerations, but as shown with e.g. the ideas strong connections to Swedish work-life tradition, the concept has been popularized and has therefore been made easy-accessible to the investigated subsidiaries in the Swedish organizations. A hard-drawn way to see this is that the concept, by popularity, has chosen them. Based on institutional theory, these processes are not necessarily consciously considered.

Second, in a same manner, the respondents all points out that it is very important for their company to being able to actively respond to local Chinese conditions. This is one of the prime reasons for their choice to have a vast majority of Chinese managers in high positions in the company. Yet, the fact that the subsidiaries perceive the HQs to "flirt in" the concept as a powerful and attractive narrative actually seems to impede the accentuation of local subsidiary initiatives and creative concepts that could have a unique position on the Chinese labor market. From the data, it is obvious that culture and values function as a tool to create cohesiveness in a stretched global company. Yet, it also seems to create unintended consequences, as in this case.

The perceptions in the subsidiaries convey that they and the HQs are not extensively synchronized in their interpretations, intentions, assumptions and perceived causality. The fact that all of the respondents underlined that their concept was unique for their company, when factors residing outside their scope of perception seem to influence these preferences points out that the subsidiaries and HQs need to learn more from each other and each other's contexts regarding beliefs and assumptions. The subsidiaries pointed out that they perceived their company's ability to actively respond to local conditions as a key for success with competence supply. If this perception is supported by the HQs, then an alignment of their beliefs and interpretations becomes essential to investigate how responsiveness to local conditions best is achieved. The fact that the subsidiaries emphasize similar concepts as unique when they are not indicate that a misalignment occur in this ability.

Third, many of the substantial problems related to competence supply of attractive and elusive personnel seem not to have anything to do with the advocated concepts at all. A *thoroughgoing theme in the interviews was that respondents told a cohesive story that circled around their choice and development of their unique concept. Yet, further into the interview, when we talked more specific about aspects that affected the competence supply, there seemed to exist a great deal of other recurring structures, processes and actors that affected the competence supply to a great extent.*

For instance, the subsidiaries experienced that decrees and instructions from the HQ regarding profiles of demand are misaligned with the actual conditions on the Chinese labor market. Additionally, for much recruitment, these were perceived to be approved high up in the organization in several authorities, thus creating slow recruitment processes in many cases. This is experienced as a problem in regards of recruiting attractive and elusive personnel. These persons have tremendous career opportunities and the investigated subsidiaries experienced that they have lost talented candidates to their competitors because of the slow processes. The problem with slow processes is also accentuated by rigid reporting structures in some cases.

Regarding the concept advocated by the subsidiaries the Retail Company pointed out that it has some negative unintended consequences. The use of an open, flat and non-hierarchical culture and organization is considered to be attractive for many job seekers because of the respectful and humane climate. However, by emphasizing a flat organization where everyone is equal opposes many talented persons strive towards career advancement. The subsidiary in the Retail Company have therefore experienced that talented persons have left the company to go to work for another company where they can gain a higher title.

At the same time, the Hygiene Company's and the Technology Company's subsidiaries points out that the question of high titles and salaries are crucial in many cases for recruiting and retaining attractive and elusive personnel. They recognize that their company is not able to pay extensively higher salaries or give higher titles because of limited resources. At the same time, they also recognize that the Chinese labor market is more dynamic than, e.g. the European of North-American. This means that the competition is fierce, many companies are expanding their operations, and that talented personnel have many opportunities to change job. They therefore wish they could obtain a more dynamic compensation and benefits-package to recruit and retain the personnel they really want.

6.3.1. Plot

Here, a narrative analysis will be presented to compare how connections between actors, actions, events and timeline relate to first narrative that was summarized from the respondents' stories.

6.3.2. Actors and Actions

A distinction that is not clearly focused in the respondents' story yet seems to have an impact on the companies' ability for competence supply is the perceived one between *the HQ* and *the subsidiary*. In a global company, certain structures, processes, strategies and culture is advocated by the HQ in order to keep the company cohesive. If the HQ plays a role in affecting the subsidiaries competence supply in China, it becomes important to consider the context which affects the HQ.

In this study, ideas related to Swedish working life traditions has been argued to influence the MNCs Chinese subsidiaries' preferences, translations and utilizing of concepts for competence supply. Therefore the HQ's Swedish context can be considered as an abstract extended actor which is perceived to influence the subsidiary. In a same manner, the Chinese context ought to be considered as an influential actor, especially since it ties the relation between the subsidiaries and the subject focused in this study: the attractive and elusive Chinese labor force.

The alternative story focuses on two primary actions that are not accentuated in the first story; the subsidiaries' translation of concepts into their own context and how they act and enact according to their sensemaking-processes.

6.3.3. Events

An event that is not focused by the respondents in the first story is how the MNCs bring with them influential stories and ideas into the subsidiaries. This is not an event that is revealed by interviewing one company, but became obvious first by comparing stories from many respondents in several companies.

Another ongoing event that was revealed first by comparison of the respondents' stories is how they are affected by similar ideas in their shared environment. Hence, how influential and popularized ideas affects the companies', while they see these as unique to their specific company, is a crucial event.

The institutionalization in the translation-process can be seen as an important event, due to how it affects the subsidiary and how they work with competence supply.

6.3.4. Timeline, Control and Causality

Hence, a timeline can be presented as following:

The company (HQ) establishes operations (subsidiary) in China (Action) – They bring with them sets of stories and ideas (action) – The Chinese context poses problems for the subsidiary (event) – The subsidiary translates the concept into their context (action). While doing so the ideas and stories come to affect the subsidiaries' perceptions and interpretations. This leads to unintended consequences and problems (event) – When the subsidiaries' utilize their concept (action), the constructed problems will affect the outcome negatively (event) – Evaluations and re-adjustments occur (action). Yet, because of the institutional influence of the concept, it will obscure the attention to some of the substantial problems (event) – The problems are sustained (result)

These processes show how extended actions and events are influencing each other in a more complex way than described in the first story. The main reason for this is that some intended actions seem to lead to unintended results, which are not perceived as connected to the original actions. A disability in the subsidiaries to tie their perceptions emanating from the communication with the HQ, to resolve problems that stand in the way for a satisfying competence supply indicate an insufficient ability to leverage out from the institutionalized cycle of unintended causes and results.

The aim is not to point out deterministic influences and directions within the organizations, but to emphasize how ideas can create unintended consequences if not assumptions, interpretations, intentions and anticipations are considered as important factors of communication. The story presented above highlights a contrasting perception of control, compared to the respondents' story:

Action – Environment – Actor

By placing actions as a primary control cause, an indication of rationality is being made. Instead of seeing the actors as rational adapters and innovators, the story points out that miscommunication (action) contribute to the translation (action) of ideas regarding the (environment). Due to this interpretation, the (actors) are created when they act according to their perception and enactment of their reality, and how their "character" is related to this (Czarniawska, 1997, p. 40).

The perception of this chain of control relate to a constructivist view. Yet, the aim with this outline is not to defend the thought of social constructivism to any price. Rather, it is to advance the notion that essential actions and events in the subsidiaries are obscured as influencing factors for insufficient competence supply. Further, the enactment of perceptions and interpretations into convincing and powerful narratives seem to influence how the subsidiaries perceive the world and themselves. Even if this is not a determent and static direction of causality, the data indicate that the actors are, if not creators of their worlds, than at least partially co-constructers of their social reality. This notion has an impact on the efficiency in the subsidiaries' ability to work with competence supply, as presented below.

6.4. Translation of Concepts

The data indicate that ideas accentuated and conveyed by the HQ's seem to strongly influence subsidiary perceptions and interpretations. For instance, much of the described ideas, such as development, co-determination, empowerment and democracy, in the subsidiaries' are similar to the popularized concept *The Good Work*, presented and advocated by the Swedish industrial union *Metall* in 1985 (Metall, 2000). Many of these ideas seem to relate to socio-technical perspectives on organizing. Yet, this one-way directional influence can be seen as a deterministic, instrumental and over-rational view of organizational structures and processes.

Firstly, Czarniawska and Røvik argue that concepts often are ambiguous and have an indistinct background. It is therefore somewhat simplified to argue that the HQ's *own* a blueprint of the concepts before they convey it to the subsidiaries. According to translation theory, what they own is a translation of the concept, based on interpretations of ideas. Secondly, if interpretations play an essential role in the translation process, is it possible to assume that influence and inspiration of similar concepts lead to similar results in the HQ and the subsidiary?

Within New Institutional Theory, a prominent assumption is that organizational fields contribute with stabilizing and institutionalizing frames that leads to the establishment of an Iron Cage. Hence, it is assumed that the conceptual outcome is similar to the original trait of the concept. Within Scandinavian Institutional Theory, a contrasting assumption is that interpretations provide a base for unique translations into new contexts, thus creating unique conceptual products. According to this view, it is not fruitful to analyze traits of the concept since they are socially constructed.

According to the data in this study, subsidiary-interpretations and processes of meaning-creation in relation to the Chinese environment surely affects how they come to perceive the overall company, the concept, themselves (the subsidiary) and the labor force. The need to contribute with unique offers on the market creates a kind of pull-effect in the subsidiaries'. Since the HQ play an active role in "flirting in" ideas which are an important part of the subsidiaries identities and background, these ideas become predisposed as a base for inspiration in the subsidiaries' to conjure up unique proposals to attract the labor force.

Hence, subsidiary translations seem to exist, and play an important part in how the concept is implemented and utilized. Since no interviews have been performed with HQ-personnel, it is impossible to determine differences and similarities in perceptions and interpretations in their relation. Yet, this is not crucial to the study. What is essential is that the subsidiaries are influenced by HQ-ideas, and that these affect their work with competence supply. And more interestingly, Scandinavian Institutional Theory SIT and the translation perspective assumes that contextual interpretations create ever unique translations and conceptual products. In this sense, the subsidiary-presentations of their concepts would differ significantly in their outcomes. Yet, the opposite results have been found; the outcome share great many attributes.

A conclusion of this process can therefore be that neither of the predictions of New Institutional Theory or Scandinavian Institutional Theory is alone sufficient to explain the data. I believe this might partly be due to the ambiguous context-relation where the HQ-related context and the subsidiary-related context are overlapped with a shared communication and sensemaking-context. An attempt to consider this relation is recognized with the promotion of the thought-gap model. This integration will be presented under the discussion-chapter.

6.4.1. Thought Processes

An important step in the explanation of how the conceptual translation relate to the efficiency in how the MNCs work with competence supply is found in their collective thought processes of sensemaking and enactment.

6.4.1.1. Sensemaking

6.4.1.2. Establishment of an identity and interpretative template

The processes of translation presented above regarding institutional influence are an example of how sensemaking comes to play an essential role in order for the respondents to create a cohesive and meaningful experience of the context. By looking at the concepts background in China, it seems to relate to a strained situation regarding title and salary inflation. A labor market with tremendous career opportunities for the talented and a labor force orientation towards titles and salaries sets a climate where companies feel a need to offer something else in addition to the traditional compensations. The subsidiaries in the Swedish companies are most likely not the only ones who feel a resistance towards competing with titles and salaries.

Further, Swedish companies have a tradition of a culture and values related to empowerment, democracy, participation, respect and development. When the respondents experience that their company emphasize these ideas, they feel attracted by these because it constitutes a concept that offers something valuable besides the traditional compensations. Hence, an identity and an interpretative frame are created through which the subsidiary ascribes meaning to the environment.

6.4.1.3. Narration and Retrospection

When the interpretative template is created actors in the subsidiaries start to enact their interpretations of the environment in narratives. They try to make sense of the environment and organize complex and disperse processes by fitting it into narratives linked to the template. The fact that the subsidiaries told very similar narratives could in this case be explained by the fact that they share similar interpretative templates and identities due to their parent companies shared Swedish historical background and similar pressure on the Chinese labor market.

In this sense, retrospection comes to influence their enactment. Earlier experiences and current attention to actions and events that relate to these experiences function as a lens that focus on certain attributes, while leaving out others.

6.4.1.4. Clues

When the subsidiaries experience new challenges and difficulties on the labor market they search for clues in the situation. Meaningfulness and reduction of complexity is created by identifying clues and inserting the situation into existing frames associated to these clues. An example of this process is found in one of Vehicle Company's interpretation of causality regarding competence supply:

> In our company we don't have enough rotation programs, or development programs to attract and retain our internal employees. We had some employees, they are very good and high achievers last year, but they choose to leave us. The reason is that our competitors can give them high salaries or high titles. Titles are very attractive in China because high title means high salaries. – Vehicle Company, Staffing Manager

The respondents explicitly express that the main reason for the employees resignations where that they got higher titles and salaries in another company. Here, an assumption is made that more training and development programs would *cause* the employees to stay. The frame that this links to assumes that these programs are equal to the proposal of titles and salary. However, using another template, it would also be plausible that paying higher salaries and giving better titles would be the *main cause* for them to stay, not an image of that these factors could be fulfilled sometime in the future.

6.4.1.5. Plausibility and Narrative Knowledge

As the Chinese labor market is characterized by great uncertainty, interpretations and change, the use of narrative knowledge comes to function as a way to infuse meaning and interpretation of causality and predicting events. In such an environment, it becomes more time- and energy efficient to find out what is plausible, rather than trying to be accurate. Here, the use of narrative knowledge functions as an as-good-as-it-gets approach to deal with issues of competence supply. By setting up events and actions on a timeline the organizations infuse interpretations of causality, and acts thereafter.

6.4.2. Enactment

6.4.2.1. Social Construction and Projection of the Labor Market

By examining processes of sensemaking in the subsidiaries it becomes evident that they play an active part in constructing their social reality. They interpret intentions behind actions and causality behind events, and thereby project themselves onto the environment from these assumptions. As the culture and development concept constitute a fundamental interpretative frame in the subsidiaries, they ascribe these attributes to the interpretation of the environment. This is a way to decrease complexity and to increase predictability.

This perspective enables us to understand why the subsidiaries recurrently ascribe their culture and development concept to problems on the labor market. The values and meaning associated to this concept lies at the core of their organizational identity. When problems are experienced with competence supply, they are interpreted and understood from the existing frame of organizational identity and retrospection; hence, the problems are described as culture and development-related and best solved with such concepts.

6.4.2.2. Feedback and Evaluation

However, it would be drastic to stress that the subsidiaries are bound to their historical identity and retrospection. The enactment of the environment does not exist in a social vacuum; they are also influenced by the interaction of a multitude of actors, e.g. other MNCs that relate to each other in a complex network. When the subsidiaries act they also receive feedback of the accuracy of their actions and events in relation to the environment, e.g. recruitment time and turnover rates. Then it is up to the subsidiaries to interpret this feedback and consider it when they make further interpretations of the environment.

The best way to describe the phenomenon is that the subsidiaries are co-constructors of their reality. They re-adjust their actions from the interpretations of evaluation from earlier actions. However, no data have been found in this study that confirms any assumption that the subsidiaries diverge in their preference and use of concepts because of feedback that indicates homogenization.

7. Discussion

In the introduction of this thesis, the main purpose was to “investigate and explain how Chinese subsidiaries competence supply is affected by their Swedish HQs ideas”.

The aim was to answer the purpose by answering three research questions:

“Which of the Swedish HQ’s concepts are perceived by the subsidiaries to best match their need for competencies with the labor force preferences, and why have they been chosen?”

The most prominent concept for competence supply preferred by the subsidiaries relate to emphasizing and working with culture and development programs. A consistent accentuation of the companies’ empowering, respecting, non-hierarchical, humane and flexible culture is at the forefront of the tools which they use to attract the labor force. Additionally, the preference and use of training and development programs is a tool that both relate to the empowering culture, as well as an aim to contribute with something more than traditional compensations.

A consistent interpretation of this concept is that it is unique for their company, and this is important for them in order to be attractive on the labor market. However, the fact that it is used by all the MNCs in this study conveys that it is not unique. This indicates that factors outside the subsidiaries are important to understand how and why the concept has been chosen. This development where organizations become increasingly similar in their aim for efficiency is called isomorphism, and is explained by that organizations compare themselves with each other in a shared organizational field.

There is also a strong link between the concepts emphasized by the subsidiaries and traditional work-life ideas popularized in Sweden. In the popularized program *The Good Work* presented by the Swedish industrial union Metall (Metall, 2000), co-determination, training and development, security, equality and agreement were manifested as guidance for efficient, sustainable and empowering organizations. These ideas resonated with popular ideas in the 1970s and -80s of socio-technical organizations, where self-determining work-groups, development and democracy were essential. The ideas now play an essential part in how the Chinese subsidiaries aim to attract the labor force.

According to the respondents’ stories, the ideas seem to lie at the very core of the company identity. Yet, according to the subsidiaries perceptions it seems that the HQs’ have played an important role in “flirting in” the concept in order create cohesiveness and strengthen the companies’ global identity. Here, it seems that the Swedish parent companies’ emphasize similar values. Yet, in the Chinese subsidiaries, these are perceived as original.

The respondents’ also pointed out that their company’s ability to efficiently respond with local initiatives and actively meet local conditions are essential in order for them to succeed in the Chinese market. This is due to the high competition, the companies' expansion and the dynamism in the market. For example, this was one of the reasons why they had a vast majority of Chinese managers and employees in subsidiary positions.

"How do the subsidiaries perceptions of HQ-ideas regarding desirable practices facilitate or impede their ability to develop satisfying concepts for competence supply?"

Several respondents pointed out that the HQ played a major role in influencing the practices and work with competence supply. A generic perception was that the parent company's emphasis of an open, respectful and humane culture is an important and facilitating idea that functions as a foundation for the subsidiary's concept development. In this regard the HQs seem to facilitate the subsidiaries ability to develop concepts for competence supply.

However, this study has found that the extensive attention and focus related to the concept draws attention from several important problems that are associated to the competence supply. A prominent problem seems to be that the relation and communication between the HQs and subsidiaries are perceived by the subsidiaries to be a one-way transmission of knowledge, information and approaches from the HQ. A perception in the subsidiaries is that the HQs' play an active part in lowering the ability for the subsidiaries operations with competence supply of attractive and elusive personnel in China.

Therefore, the perceived influence from HQs regarding the subsidiaries ability to develop satisfying concepts for competence supply can be described as rather double-edged. The HQ both function as a communicator and inspiration for developing concepts which are perceived as unique and efficient tools for competence supply, and as an actor that is perceived to decrease the subsidiary's ability for efficient work with competence supply.

"Are there any recurring hindrances in the subsidiaries abilities to align their perceptions to develop concepts that respond to perceived actual challenges with recruitment and retention? If so, what explains these hindrances?"

Processes of isomorphism definitely seem to have unintended consequences in the subsidiaries abilities to develop concepts for competence supply. Since the subsidiaries believe that their concepts and approaches are unique, and that this is important for them, this might have a negative effect since they are not unique. What is rational and efficient if implemented in one organization could be less rational and efficient if implemented by many. This may depend on the degree by which the organizations aim to achieve competitive advantages by differentiating themselves from other organizations.

However, the fact that the subsidiaries have similar conceptual input does not mean that the organizations' don't create their own unique translations of the concepts. This could indicate that a rich flora of distinct interpretations actually enhance the efficiency in the use of the concept. Yet, as this study has shown, it is not attributes and use of the concept *per se* that poses problems for the competence supply. It is consequences of what the use of the concept makes the subsidiaries *not do*.

It has become evident that the preference and use of the concept functions as a powerful and coherent narrative frame that creates meaning and identity in the subsidiaries. This helps to make sense of and create order in the world, thus functioning as a co-constructor of the social reality. Because the concept plays an essential part in the subsidiaries' identities, and has extensively attractive attributes, it becomes consolidated in their organization. As the concept functions as a frame of meaning in the subsidiary, attributes associated to it comes to play an essential role when the subsidiary enacts structures and processes associated to competence supply. In this process, the labor market becomes meaningful to the actors in the subsidiary.

However, this process also confines the attention and ability to work with the problems that arose due to the thought gap. The reason for this is that the perceptive and interpretative scope has been narrowed when the concept has been deployed as a powerful interpretative frame. The institutional perspective assumes that actors narrow this frame in the process of making the world predictable and meaningful. According to this view, making a chaotic and unpredictable world predictable opposes the ability to have a broad scope of perceptions and interpretations.

Still, it is relevant to wonder if processes of translation actually lead to institutionalization. If every translation leads to a unique interpretation and conceptual outcome, doesn't this indicate an ever-growing flora of perspectives, and broadened scopes of interpretations and perceptions? A key to understand this lies in the sensemaking and enactment-perspectives. The data in this study supports the notion that the concept promoted in the subsidiaries function as a frame whereby the situations for competence supply becomes meaningful. It is in the process of sensemaking and meaning-creation that the institutionalization occurs.

Hence, the institutionalizing aspect of the concept lies not in its common characteristics, but in the power it has when it functions as a meaningful frame in the receiving context. As a result of the creation of meaning in the subsidiaries, when the concept is used for competence supply, it overshadows a stream of other problems that altogether undermine the competence supply. Indeed, the data shows that misaligned decrees and instructions of profiles of demand, inefficient decision making processes, rigid reporting structures and a lack of understanding of differing mindsets are factors that together undermine the processes of competence supply. These are all reasons why the preference and use of the concept can be considered as an institution that decrease the ability to resolve actual problems with recruitment and retention, thus affecting their competence supply negatively.

It has become evident that perceptions in the subsidiaries regarding the relation and communication with the HQs are key-factors to understand and explain challenges and problems in how the subsidiaries select and utilize concept for competence supply. The stories from the subsidiaries convey that their ability to respond effectively to local conditions is crucial for an efficient competence supply in China. Their perception is that this is a main strategy from the Swedish HQs. Yet, the stories told by the respondents in the subsidiaries also reveal that many of the perceived intra-organizational problems emanating from the relation and communication with the HQ decrease the efficiency in their recruitment and retention of attractive and elusive personnel.

By analyzing the respondents' narratives, their focus and attention definitely seem to overshadow their focus and attention to work with problems which they perceive are emanating from the relation and communication with the HQ. The problems that arose due to perceived misalignments in the communication between the HQ and subsidiary then stalk the recruitment and retention processes, thus creating a decrease in the subsidiaries ability to handle actual challenges with recruiting and retaining personnel.

It is rather naïve to believe that a corporate strategy could be developed in the HQ, communicated to the subsidiary, and implemented in the subsidiary without something happening to it. Both the HQs and the subsidiary's translation and sensemaking-processes affect the idea. Here it becomes important for both parts to communicate and together reflect over their intentions, interpretations and expectations regarding the concept. If the actors are not *synchronized* regarding this, a *thought gap* will emerge due to the inconsistencies. This means that discrepancies occur in the communication and thought structures which create differing interpretations and enactment in relation to the ideas underlying premises. Thus, a hotbed for problems is created that can affect the competence supply. This process can be described as following:

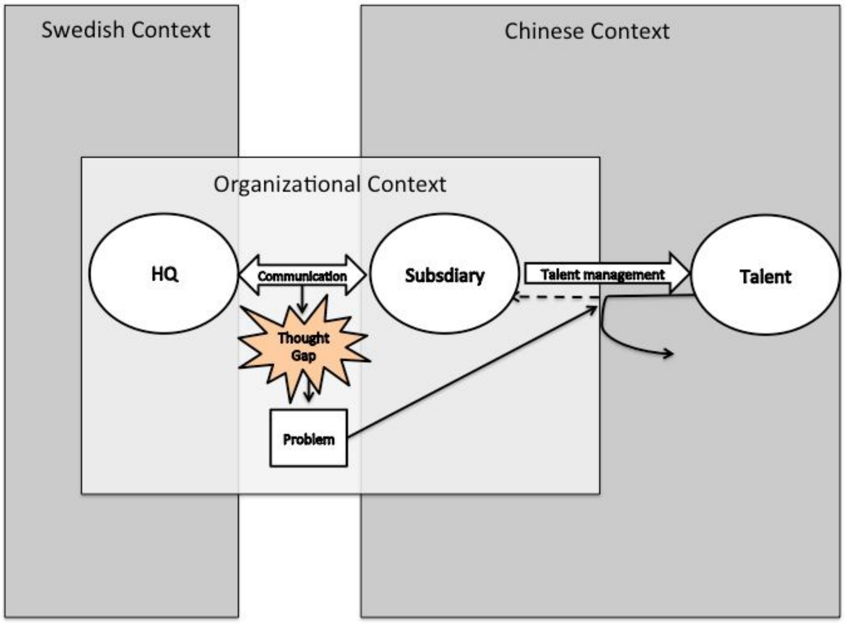

Figure 3. Model over how a thought gap in the organizational space affects the competence supply.

In order to *over-bridge* the problems in the process for competence supply, it becomes essential to go back and over-bridge the thought gap in the communication- and sensemaking process between the HQ and subsidiary by synchronizing interpretations, assumptions and expectations.

7.1. Answer to the Purpose

As the answers to the research questions show, the subsidiaries experience problems which they perceive emanates from the influence from and communication with the HQs. This has a negative effect on the subsidiaries ability to work with competence supply.

Still, there has been found no ground in this study that the preferred concept *per se* should affect the ability to recruit and retain attractive and elusive personnel negatively.

Instead, problems have been identified in the subsidiaries abilities to align their perceptions of efficient concepts and HQ-influence, with actual perceived problems with recruitment and retention. The respondents stories point out that an ability to effectively respond to the Chinese labor market is crucial. Yet, as the narrative analysis show, the focus and attention associated to the preference and use of the concept seem to recurrently overshadow their ability to work with several other substantial problems, which impedes a satisfying competence supply of attractive and elusive personnel.

7.2. Conclusion

The Swedish Chamber of Commerce in China showed in an annual report that competence supply had become one of the foremost challenges for Swedish MNCs operation in China. As this study shows, many of the MNCs are relatively satisfied with their overall competence supply in China. Their major problem lies instead in finding, attracting, recruiting and retaining sought-after personnel with certain attractive and rare competencies. All of the five companies in this study experienced extensive challenges regarding this.

This study contributes with knowledge that relate to an institutional perspective on perceptions and interpretations in the interplay between organizational actors, and preference and use of concepts for resolving problems in a global context. This problem area is complex and offers many challenges. With hindsight, I do believe the validity would have been slightly stronger if one, or perhaps two, organizations would have investigated instead of five. This would have made it easier to investigate deeper within these organizations and get a better insight into the communication, sensemaking processes and how they work with competence supply. A comparison between the subsidiaries' and HQs' perspectives would have been valuable for this study. As this study has distinct subsidiary-perspective, it is likely that interviews in the HQs would help to balance the current perspective.

However, the choice to focus on several subsidiaries has proven fruitful. Because the respondents in the different subsidiaries told a similar story, this has contributed with valuable knowledge that couldn't have found in only one or two companies. As the same story has been told in all the cases, even the Retail Company which differs significantly from others, this indicates that the external validity of this study is relatively high.

The findings in this study links to the findings in the studies conducted by Björkman et al. and Zheng. Björkman et al. pointed out that a convergence in HRM-practices occurs, both within MNCs operating in China, and in the relation to other local companies. The fact that distinct similarities in practices have been found in this study as well strengthens these results. Yet, the results found by Zheng also underline the fact that extensive translations that differs remarkably from parent company practices occur in the subsidiaries. Zhengs findings relate to these since local interpretations and sensemaking-processes cannot be ignored when investigating conceptual outcomes.

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