



The Translation of Core Values in a Multinational Organisation

H&M in Shanghai - A Case Study

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Abstract

The thesis addresses the translation process of organisational core values. Core values can be seen as the guiding principles that reveal how the organisation conducts its business. These are often written down as a part of the company's philosophy and tend to be explicitly articulated to all their entities and functions throughout their organisation. By doing so, the organisation wish to benchmark certain behaviour among their employees. In this thesis, the purpose is to explore how the employees in a subsidiary translate and understand the core values of their Swedish employer. Our aim is to investigate what happens with the meaning of the core values when translated by the employees, as well as to see how these values are visible in the employees day-to-day actions.

In this study, a qualitative approach have been used and a case study has been conducted in one of H&M's subsidiaries. Through 12 semi-structured interviews with employees with different roles in the organisation we have been able to create further understanding of the phenomenon of core value translation in a Chinese setting. H&M is a large, multinational retail company with presence in 49 countries all over the world. This case study can serve the purpose guide managers wanting to understand how their Chinese colleagues accept and interpret their strategies, as more and more Swedish companies are expanding to China.

The nature of the study is of abductive character, where we have used the 'systematic combining' approach. This enabled us to incorporate new theories and data throughout the research process to facilitate our understanding of our findings. The theoretical background has thus served as base for our understanding and have been constantly reviewed and revised during the research process.

Our conclusion from this study is that the translation of the core values relies on the institutionalised organisational procedures and processes set in place. What supported the translation process were mainly the daily conversations with fellow colleagues and repeated procedures, such as meetings and interaction between positions. We also found that those values that had a clear practical usage, tended to be easier for the employees to translate into own actions. Our main finding is however, that the employees translated the core values into a guiding tool that supported and joined the workforce in their daily activities. All parts of the value 'package' had been re-contextualised to fit the employees in their local context and were visible in their actions in various ways, but with the common purpose to guide.

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1 Introduction

1.1 Problem Background

With integrated global trade, an interlinked financial market and advanced communication technology the world is today a place where people and businesses are globally connected. There are many settling reasons for the present globalised platform, where political agreements' have been an important catalyst for the process. Since the General Agreements on Trade and Tariffs (see: World Trade Organisation) first round in 1947, have countries all over the world opened up their borders facilitating cross-border trade, which also have been enabled through the common reduction of tariffs (Schaffer, Agusti & Earle, 2009, p.303). In the more recent years new members, such as Brazil, Russia, India and China has entered the global trade arena and are unavoidable key players in the world trade organisation (Baracuh, 2012, p. 108-109). This economic shift of power can be seen as a compulsion, but also an encouragement for international companies to look elsewhere for future business. Today, is it both the local and global environment that needs to be secured for stable income (Sitkin & Bowen, 2010, p.218) and companies needs to geographically expand their market for continuous growth (Martinez & Jarillo, 1989, p.489).

By internationalising their business, companies have to incorporate a vast range of new challenges and risks into their agenda, hence multinational companies does often expand their business through a step by step approach (Sitkin & Bowen, 2010, p. 190). This approach enables the organisation to learn and recognise the markets' different characteristics before a full integration of their business. When going global and establishing business in a foreign culture, the intercultural knowledge could be singled out as what characterize their operations the most. (Johansson & Vahlne, 1977, p. 23; 26). To have the right knowledge of the markets' specific cultures and behaviours when establishing business abroad, is key for the success in business. As discussed by Selmer and De Leon (2002), the physical and cultural distance, between the parent company and the foreign local environment can slow down the operations in the organisation abroad (p. 1148). Because of the constant competitive pressures on the multinational companies to strategize and coordinated their activities, is it the geographically dispersed operations that need the most attention due to large distances (Martinez & Jarillo, 1989, p. 489).

Companies wanting to internationalise further today tend to look east. The countries in the Asian region are experiencing rapid growth and has done so for the last decade. The combination of a still relatively cheap labour force and a domestic population of 1.3 billion people have made China, in particular, an attractive marketplace in a more dynamic sense. (Cui & Liu, 2000; Cho, 2012; Wu, 2008) The new emerging business opportunities have been realised through local subsidiaries for many international companies and it is today seen as rather a requirement than a fashion to enter the market (Tian, 2007, p.1). This also implicate big challenges for Multinational companies wanting to penetrate these 'new' markets, due to the fundamental differences in socio-cultural preferences as well as the

constant change that rapid growth implies. How do the large multinational companies manage to hold their organisations together, when subsidiarizing under these conditions?

The strategies to coordinate the organisation's business may vary and the company may adapt to their new markets, but the present successful multinationals have managed to keep their core of business intact in times of expansion and decentralisation (Collin & Porras, 1996, p.66). Martinez and Jarillo (1989) discuss that companies tend to use formal or informal strategic mechanisms to coordinate and integrate the dispersed entities (p.490). A common strategy today is to use more informal mechanisms to coordinate the activities through a corporate culture. As Barney (1986) discuss, there are potential for the corporate culture to become a great competitive advantage for the company (p.660). Cultural preferences, however, are different in all countries and serves as a 'filter' through which the individuals interpret and understand everything that is presented to them. The basic human values are discussed as the software every individual is programmed with from their national culture and is used as a frame of reference. (Steers, Nardon & Sanchez-Runde, 2013, p.193) Even if using the corporate culture as a strategic mechanism for coordination, the cultural differences are still a challenge when internationalising. Therefore, researchers have widely investigated the important role values play in the organisational setting (Agle & Caldwell, 1999). For example, the connection between shared values and organisational strategy, (Enz, 1989) performance, (Posner, Kouzes & Schmidt, 1985) and organisational commitment (Wittig-Berman & Lang, 1990) have been studied. Others have discussed the impact of conflicting values for the organisational culture (Meglino & Ravlin, 1998).

While organisational values have been studied for a long time, recent research have been interested in the organisational culture as the collection of both shared meanings, beliefs and values. (Agle & Caldwell, 1999 p.341) However, the focus of studies has mainly been on how organisations can bridge the physical and cultural differences to gain organisational efficiency and how multinational corporations can maintain the cultural control over the subsidiaries by organisational acculturation (Selmer & De Leon 1996: 2002).

To go more in-depth on the topics of recent research, we will investigate what happens to a core value created by the parent organisation, when it is translated and enacted by the local employees. The translation process that occurs when the sender and the receiver of a message comes from two different cultural contexts affects the meaning of that message (Steers et al. 2013, p.194). In the present globalised business world, companies face these kinds of issues on a daily basis when entering a new country and are crucial to understand when dealing with employees. It is becoming more and more important for organisations to create a more sustainable approach towards expansion. One way to do so is to understand and create long-term commitments with employees on the new markets. To attract and retain employees in a sustainable fashion, it is of crucial importance to understand their cultural value base and the context in which it enacts. Therefore, we want to asses this research by taking that into consideration and view the cultural differences from the local employees perspective. How does the Host Country Nationals' translate these organisational values based on, to them, a foreign value-base?

1.2 Research Question

How are the core values of the Multinational Company translated in their foreign-based subsidiary?

1.3 Purpose

The purpose of this thesis is to explore how the employees in a subsidiary translate the core values of a Swedish Multinational Company. We aim to generate a deeper understanding of what happens with the meaning of the core values when going through the translation process, being interpreted by the local employees. Our ambition is to find a notion of how the core values are translated into day-to-day activities.

Through this research we further aim to create an understanding of Swedish values in a Chinese context, this to facilitate managers wanting to incorporate their Chinese colleagues and increase participation and involvement within the whole organisation. By exploring the process we further aim to gain new insight into the subject of value translation and intercultural translation processes, creating fundament for future studies.

1.4 Delimitations

This thesis is limited to investigate one multinational company with headquarter in Stockholm and one of their subsidiaries in Shanghai, China.

We will further delimit our study to only investigate a subsidiary with Sales orientation, in an organisation that is divided by national subsidiaries. We also limit our research to be a single case study and will thus not compare different countries, organisations or subsidiaries.

There are a number of value systems and global ideas influencing the organisation, but this study will be limited to study the formulated core values of the organisation. We will thus not look at global trends or further investigate other kinds of value systems.

The diffusion of core values from parent companies to their subsidiary can be investigated through different perspectives, we will focus on how the message is translated and interpreted by the employee. We will only explore the diffusion process once the value has been objectified and written down ready for interpretation and translation. We will therefore, not study how and when the message was formulated, nor further analyse how it has been translated in other subsidiaries.

1.5 Definition of Concepts

Core Values: The fundamental principles within an organisation, which often serves the purpose of guiding the employees in their operations through informal directives.

Context: The conditions in which something exists or occurs, an environment or setting (Britannica, 2013)

Diffusion: The *spreading* of any kind of element from one group to another (Britannica.com), in this study mainly; the spread of internal core values in a global company. It is also the name of Latours' (1986) Diffusion theory, mentioned in chapter 4.

Employees: Interviewees without personnel responsibility (workers).

Institution: When a practice or idea is commonly shared and acted upon in a similar manner among the members of a group. An established practice or relationship in a society or culture (Britannica, 2013)

Local employee or Chinese employee: Are in this thesis the same, as the setting is in China are the employees both Chinese and locals.

Members of staff: Referred to in our paper as *all* members of the organisation.

Management: Interviewees with managerial functions/roles.

Translation: The term refers to both a linguistic approach to word-translation between different languages but is in our theoretical chapters referring to Czarniawska and Sevóns' (1996) theory on translation, where an interpretation of a words meaning depending on the translators preferences, context etc.

Translation process: The process is further reviewed in our theoretical framework chapter 4.1.2, and refers to the process of an idea when travelling through an organisation. This implies an inventor of an idea, sending it through a cultural web and context where a translator interprets the meaning into potential action.

2 Scientific Take-off

In this chapter our pre-conceptions as authors will be discussed as well as the thesis topic. Further, the methodological assumptions undertaken in this study will be presented followed by a presentation of the research design and research approach. Finally, the criteria of the literature search and chosen sources will be discussed.

2.1 Subject to Study and Pre-conceptions

There are many underlying reasons for our joint interest to study the *Chinese employees* translation of Swedish organisational values. The reasons are mainly based on our curiosity and interest regarding the business phenomenon; How do multinational companies manage its business across borders? And why are some multinational enterprises more successful than others in their global expansion?

The topic of choice is mainly derived from our previous experiences working within multicultural teams and the knowledge gained from studying international business. Gilje and Grimen (2007) argue, without our ideas and pre-understandings the research will not have a direction. *"We never encounter the world as a blank sheet without certain conditions we take for granted"* (Gilje & Grimen, 2007, p.179). Hence, will our pre-understanding, including all of our life-experiences as well as academic knowledge, also affect everything we do in this research and is important to clarify to understand our purposes and reasonings (Gilje & Grimen, 2007, p.139-141)

Our higher academic understandings have been gained through our time as students at Umeå University and elsewhere, in an international business program with focus on management. During the education we have had the opportunity to take courses in organisational behaviour, international business strategy and cultural differences, where it was encouraged to work through study-groups. We have taken the courses together with international students and have had many discussions with individuals with origin from a variety of cultures. The international program has also given us theoretical insights of how to manage companies in an international setting, through courses in cultural communication, operation management, organisational change etc. Through our academic learnings at Umeå University both of us have gained an interest in strategic management in the international firm and we have therefore chosen organisational values as our subject. During our studies have we both taken the opportunity to go abroad on exchange semesters, where we faced the other side of cultural differences as the minority in a new foreign country, Canada and China respectively.

The practical insight of organisational values and practices have we both gotten familiar with through working experiences in countries such as Sweden, Norway, Belgium, Great Britain, Canada, Australia and China. This is where we separately have had the chance to explore the practical meaning of organisational values and the role they play in day-to-day activities. It has also made us aware of how people communicate, solve problems and that the role organisational values have differ greatly depending on the national setting. From these practical experiences mentioned, we have both met confusion and issues related to

communication and cultural barriers, which also serves as a base of interest when we choose the topic of translation of core values for our thesis.

Knowledge gained from previous experiences also affects our understanding of the reality as such and will affect our interpretation of the world (Gilje & Grimen, 2007, p. 183). Our different previous experiences have in this research a clear direct affect, as one has never visited China and the other one has lived in China for four months and visited the country on other occasions. This gives one of us previous knowledge about the cultural aspects and the language barriers one might face when interacting in the Chinese culture. This could be positive in the interview situation, when language barriers and cultural reference could influence the communication with the interviewees. But these pre-conceptions will also affect the interpretation of the interviews as well as the analysis of the empirical findings.

In terms of the company we are about to study, one of us has never been in direct connection with the company while the other one has been employed by the firm for the past five years, out of which two months have been in their Chinese organisation. This has been in both of our minds throughout the research and we have had thorough discussions when questioning each other's preconceived ideas within our research-team, since we are aiming to keep an open mind throughout the research. Nevertheless, since we both have different previous international experiences and work experience respectively, as well as a big diversity between us in our pre-conceptions we still argue that our combined knowledge is beneficial for the research and will help us to reach a deeper understanding of the topic.

Conclusively, our knowledge has further developed during the thesis process, where the theoretical knowledge have increase gradually through studying theoretical findings on the subject and the more practical understanding during our field trip to Shanghai in March, 2013. Through this continuous learning process we have needed to constantly question our pre-conceptions and our view of the world, where we have tried to be in line with Gilje and Grimen's (2007) 'principle of subjectivity', where the words and concepts used by the theoretical and empirical findings must rule over our inferior preferences (p.201).

2.2 Methodological Assumptions

2.2.1 Ontological View

Due to the complex nature of Business science, researchers have different views regarding the appropriate method to study the nature of social entities such as organisations and cultures (Bryman & Bell, 2011, p.21). Researchers have different views regarding what reality is, what can be known and how it should be judged (Miles & Huberman, 1994, p.4).

When the researcher takes on the objectivistic position the social phenomenon, such as the organisational culture, is viewed as a tangible object and will exist independently from actors. Studies from this position view the culture as a function that steers the people to behave in line with internalized values. The cultures and values will exist independently of the employees and managers within, and culture is shared as if a separate reality (Bryman & Bell, 2011, p.21). Lewis and Saunders (2009) suggests that when studying people within the organisation one may prefer to take the view that the people themselves are

interconnected with their jobs and therefore influence the social construction as such. This position views the organisational culture and organisational values as generated by the members within. The reality is constantly evolving and constructed by these members that through their interpretations of the reality will affect the interaction with other members in the organisation (p.111). Instead of looking at the culture as a real object that forms the people, it can be viewed as an emergent phenomenon in constant change (Bryman & Bell, 2012, p.21).

We agree with the view of social constructivist and think that within our study, the reality will be affected by the interactions of the employees in the whole Multinational organisation, and we see the organisational culture as if it is in constant development and change. We see the people within an organisational setting as agents that will interpret and act according to their own personal perceptions. In this study we will therefore seek to understand the local employees subjective reality to understand how they translate the values from a social constructivist view.

2.2.2 Epistemological View

How the researcher sees the cultures and the organisation's place in the world is interconnected with the view upon what knowledge is. The epistemological branch is concerned with what can be seen as acceptable knowledge and creates fundament for the researcher to take position in terms of methods used in the research (Bryman and Bell, 2011, p.15).

The goal of this paper is to explore how the local employees in China translate the Swedish Multinational Company's (MNC) core values. A frequently discussed topic among researchers is whether the social world can be studied in the same manner as natural science. The positivistic position is departed from a generalist stand, where the researched phenomenon is to be explained apart from interference of the context or the agents' own value base. To investigate behaviours and values, the positivistic view often use hypotheses and tests to explain laws of facts objectively. (Bryman and Bell, 2011, p15)

The nature of this study is more in line with the view of the position Interpretivism (Hermeneutics). We regard the culture and the organisation as socially constructed and therefore need to take another research approach than the positivistic. Too much rich data will be lost if the researcher must conclude only the generalized facts (Lewis & Saunders 2009, p.116) To be able to answer this thesis' research question, our aim will not be to try to find any explanations, nor do we want to test or measure the values, but instead aim to gather an in-depth understanding of value perception by directly asking the individual about their own view. We therefore argue that an objectivistic approach is not appropriate to answer this thesis research question, but will instead adopt an interpretivistic view in our research.

2.3 Research Approach

As mentioned before, we see the people within an organisational setting as agents that will interpret and act according to their own personal perceptions. We will therefore in this study seek to understand the local employees' subjective reality in their local environment. Denzin and Lincoln (2000) explains that when the researcher study things in their natural settings, with the aim of making sense or interpret the meaning people bring to the phenomena, a qualitative approach is often adopted (p.3). In a similar manner, Miles and Huberman (1994) stress that through qualitative studies the researcher can get rich descriptions of processes occurring in the local context. (p.21) In contrast, the quantitative studies emphasises the measurement and search for indicators to analyse the causal relationship between variables. The aim of quantitative studies is often to explain why things are in a certain way and to generalize the findings beyond the studied context. (Bryman & Bell, 2011, pp.163&171; Denzin & Lincoln, 2000, p.10). The objective with this paper is, however, not to explore the translation of core values in the employee's natural environment to be able generalize the findings to other contexts, nor to explore any relationship between different variables. We will instead try to shed light on the translation process by using different interpretative practices such as case study, interviews, observations and documentations. Denzin and Lincoln (2000) mean that the researcher may reach a better understanding of the subject when using multiple qualitative practices (p.4). However, Eisenhardt and Graebner (2007), explains that scholars may have different definitions on what qualitative research and data is, and therefore suggests to avoid the term "qualitative research" (p.28)

Lewis and Saunders (2009) outline the distinctions between theory testing and theory building and argues that depending on the purpose of the study, it will influence the choice of research approach (p.124). One approach to generate theories is the inductive approach. It typically begins with the observations or findings and generates theories out of the discoveries. (Bryman & Bell, 2011, p.13) Since the aim of this study is to explore the translation process of core values, existing theory is needed to build the background for investigation. This study will therefore not be in line with the inductive approach, which begins with the findings as the starting-point. The other research approach, deductive, proclaims to deduct hypothesis based on existing theories. Data will then be collected to reject or confirm the hypothesis through the findings. This approach follows a linear process where the different steps follow a logical order. (Ibid, p.11)

In this study, we will not deduct any expected patterns that we will try to test with our findings. The aim is instead to gain new insight into the subject of value translation processes, creating fundament for future studies. Further, to be able to analyse and make sense of our data, other types of data and further theories within the field might be required. By planning and following pre-defined steps and phases of execution in a deductive approach, the potential usefulness and benefits of interpretive practices is lost (Dubois & Gadde 2002, p.555). Based on the issues above we argue that in this study, it will not be possible to strictly follow the process of deduction nor to follow the process of induction. If going between different levels of deduction and induction, scholars often talk about abduction (Björklund & Paulsson, 2003, p.62) Dubois and Gadde (2002) explains an

alternative approach to inductive and deductive process namely ‘Systematic combining’ (p.555), shown below:

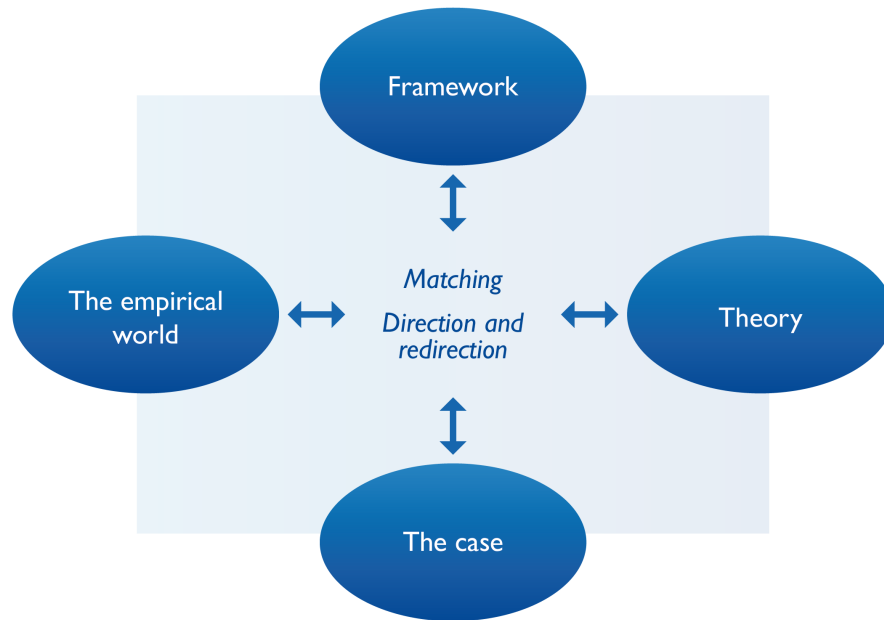


Figure 1. The Systematic Combining Model
Source: Dubois & Gadde 2002, p.555

The characteristic of this process is the combination of theoretical framework, empirical material and analysis of the case study. The authors argue that if the researcher invest in a strong foundation of theory it will help to reduce risk of describing everything, without come up with anything. (Dubois and Gadde, 2002, p.555) As mention above, since we are going to explore the translation process in the Chinese subsidiary and do not know what data and findings we will attain, we think that we need a strong theoretical foundation like Dubois and Gadde (2002) suggests. Further, the systematic combining process encourage the researcher to go “back and forth” between the empirical material and theory to extend the understanding of both, in line with each other. (p.555) This approach will therefore be adopted in this thesis since it is not clear what kind of information is needed to be able to understand what we will see. And as mentioned above, we will both need existing theories within this field but also have the ability to go back and forth and extend the theoretical frame if it is necessary for the understanding of our empirical findings.

2.4 Research Design: Case Study

The use of Case-study design tends to be broadly applied within business research and the definitions can be seen as blurry, creating a confusion when a case study design is appropriate for research (Bryman & Bell, 2011, p.60). To answer the thesis research question and explore how the local employees translate the foreign organisational core

values, we argue that in-depth investigation is necessary. According to Yin (2009), a case study is appropriate to use when the researcher wants to examine either the contemporary phenomena in its real life-context, or when the boundaries with the phenomena and the context are diffuse (p.9). This is in line with our approach and research purpose since we wish to study the phenomena of core values from the employee's perspective in an Subsidiary based in China. An alternative to the case study would in this case be to conduct a survey among the Chinese employees and managers. With a survey we could also be able to ask in-depth questions and gain useful data, but the opportunity to study and observe the translation-process in its real context would then have been lost. (Ibid) Further, a survey could be useful to assess a larger sample and measure or compare how the values differ between different contexts. However, since the focus of this study is to explore not explain the translation process within a single setting we argue that a case study is the best approach for this study.

There are different types of case studies, and one of the notable researchers in the field Robert K. Yin (2003) have divided the different types into three categories; explanatory, descriptive and exploratory (p.3). An explanatory case study is preferred when the researcher wants to explain the core values or translation-process by its various dimensions or if these phenomena had been complex, and to study them through multiple cases had been needed. Research conducted to describe the core values or the translation-process in the collected data falls in the other category, descriptive case study. (Ibid, p.4) The goal with the study in this thesis is however, more in line with the third category, exploratory case studies. This type is conducted when the researcher wants to explore any phenomena in the data to gain new insights to the subject. The aim with this study is to be able to get familiar with the translation-process of Swedish core values in the Chinese context with the ambition to formulate hypotheses for more specific investigations in future studies, thus our choice of a case study with an exploratory approach. (Ibid, p.22-23)

Critics towards the use of case studies as a scientific method, questions the generalization of a single case, and the bias of the researcher's preconceived opinions when verifying the data (Flyvberg, 2006 p. 421). Eisenhardt and Graebner (2007) argue that this critique is due to the misconception of the purpose with the case study in question. The case study does not aim to represent a specific population and the purpose of the case is not to test anything, therefore random sampling is not necessary in this case (p. 42). Further, Eisenhardt (1989) mean that researcher can strengthen the internal validity by conducting the investigation in pair. The team members can then view the insight from different perspectives and capture useful insight in the data. (p.538) We therefore argue that our strategy with an exploratory case study will not depend on the sampling or internal validity but on the in-depth information we can attain. Our ambition is to understand the interplay between the translation process and the Chinese context. If a case study can bring us closer to our understanding we do not see this as a limitation. We need to build a foundation of understanding, in order to be able to explain.

2.5 Literature Search

Our theoretical framework is based on theories and previous studies within the field of our subject. From our literature review we chose the most relevant sources serving the research question and purpose of this thesis. We have mainly used sources such as academic journals, books and reports.

When we have searched for academic articles, we used Umeå University-based database Business source premier (EBSCO) and Google Scholar. Every time we have found a relevant paper on Google Scholar, have we always looked it up at Business Source Premier and checked if it has been peer reviewed. This in order to secure the academic quality of the paper. When there was no match between the two databases, we based the choice on quality criteria's such as number of cites and previous publications made by the author. When searching for sources we used keywords such as: Corporate Values, Core values, Organisational Values, Culture, Culture and values, Corporate culture and shared values, Organisational culture, Cultural differences, Intercultural differences, Intercultural communication, Acculturation, Translation process, Cultural translation, Subsidiary, Subsidiary and Parent organisation, Organisational structure, International organisation, International organisation and strategy, Diffusion of ideas, Imitation, Fashion, Organisational change, Institutionalization, Scandinavian Institutionalization and New Institutionalization. Through our search, when we found relevant articles, we used their keywords and references as well as articles that they were cited in, to extend our understanding of the subject.

The books used in this paper are mainly collections of gathered research within the subjects like; Institutionalization Theory, Translation process and Internationalizations of firms. Textbooks of academic characters have also been reviewed within the subjects such as Business research, Qualitative Data analysis, Intercultural communication etc. Finally, fact books have also been used when investigating the Chinese culture and business environment.

We have throughout our paper mainly used sources by the original author, this to reduce the risk of secondary referencing without knowing the original source. Though this was our aim, there was one case where Selmer and De Leon (2002) cited Black et al., whose book was found but not for our disposal. This secondary reference was important for the paper and well cited, we therefore chose to keep it in the research.

2.6 Choice of Theories

2.6.1 Multinational Companies

Uppsala internationalization process by Johanson and Vahlne (1977; 2006) is used in our paper to describe the path of internationalisation and its processes. We applied this model to generate understanding of how companies grow into Multinational companies. This specific theory stand as a fundament for many scholars in the field of internationalisation and international business, this is also the reason for its usage in this paper.

Varner and Beamer's (2011) general theories regarding the MNC's different internationalisation processes and internal structures are used to describe the basic relationship between the parent organisation and its foreign subsidiaries. We chose to use their theory because of their general and pedagogical way of describing this process, and it will therefore serve the purpose of understanding the diffusion of strategies throughout the international organisation.

The theory of configuration of strategies and structures in the MNC generated by Birkinshaw and Morrison (1995), serves a dual purpose in this paper. Their research address the complexity of the foreign subsidiary environment and the power relation with its home country headquarter. We have applied this theory because of its relevance with our topic, by addressing the local environment as well as the organisational strategies and structures.

2.6.2 Intercultural Communication

Theories regarding culture and intercultural communication have mainly been based on Varner and Beamer's (2011) research and theories within the field. Their research is contemporary and takes into consideration the research made by famous authors within this field, as Edward T. Hall, Geert Hofstede and Shalom Schwartz but they put more emphasis on the Business context. Therefore is also Varners' own model presented and discussed, regarding the strategies within the Intercultural Business communication, because she place the Business context in focus instead of the national culture. This distinction is important in our paper, when both national culture and corporate culture is discussed in the business context.

Chen and Kong's (2013), theory regarding the development of corporate culture, use the same kind of approach as Varner towards the focus of the business context when discussing values and culture. Their theory is used in this paper to understand the development of organisational core values, which are the main subject in this paper.

2.6.3 Translation and Institution

The theory of the translation process created by Czarniawska and co-authors Sévon and Joerges (1996, 2005) base their research in Scandinavian institutionalism. Thru this is the path the ideas travel through the organisation visible, out of which they have developed a theory of translation focusing its process. Their Idea model will be used as a foundation for our model.

Throughout this research, some of the theories have been of somewhat general character, they have been used to describe and present the environment in which the parent organisation and its subsidiaries operate. This is of importance, in order to explore how the core values are created and diffused within the MNC. However, it does not address how the diffused core values will be translated. We therefore need to include a theory approaching our research question in a more practical sense.

When getting more familiar with the thesis subject, we have noticed that the famous and most common authors chosen for this thesis, tend to refer back to each other. This generates

a coherent and unanimous presentation of the theories, but could also be argued for presenting a one-sided image. We have therefore actively searched for objecting views, to enable us to take a stand of what we believe to be reliable data and theories. It is with this in mind, we have gathered and chosen the theories presented in the theoretical chapter.

3 Diffusion of Corporate Strategies

In this chapter, theories are presented regarding the function and diffusion of multinational corporate strategies where core values will be in focus. The theories presented are those we find relevant to further explore our case, and serves as theoretical base to study the core value diffusion in a multinational corporation. This chapter is the first of two theoretical chapters; and will begin with a presentation of the Multinational Corporations structures and internationalisation processes followed by the role of the subsidiary. Thereafter will the corporate culture and the function of corporate core values be reviewed and the strategies used to communicate and spread these ideas among the members in the organisation. Because the purpose of this thesis is to explore how the employees in a Chinese subsidiary translate the core values of Swedish MNC, this chapter will end with a review of Swedish MNC processes and managerial strategies.

3.1 Multinational Corporations

Multinational companies (MNCs) are those companies that regularly do business in several foreign nations simultaneously and has configured its organisational structure to suit this multinational setting (Sitkin & Bowen, 2010, p.6). As Martinez and Jarillo (1989) discuss, companies in the more recent times face the pressure to concentrate their activities to create competitive advantage simultaneous to a need to geographically disperse their business for future growth. They further address the need for organisations to find successful mechanisms for coordination to control all their entities, something that is easier said than done. (p.489-490) These mechanisms and their path towards internationalisation of the organisation, therefore needs to be reviewed.

3.2 The Internationalisation Process

An increase of companies trading in a global scale indicates a great variety of methods used to internationalise as well as how to structure the organisation in that process. However, the larger the companies become and the bigger variety in nations in which they are represented, the visible organisational structure and its internationalisation processes are increasingly similar between companies (Varner and Beamer, 2011, p.406).

Sitkin and Bowen (2010) discuss business abroad and argue that trade through import and export to be the common initial step for the firm, which gradually develops into more direct involvement as a franchise or a subsidiary (p.188). Varner and Beamer (2011) describe the process to internationalisation thoroughly in stages. By initiating business abroad through import and export, the investment risk is seen as low, product-range and organisational structures can be kept intact and the market can be tested through a more relaxed approach (Ibid, p.411). The process of continuous learning is also addressed, the constant gain in knowledge about the market and its cultures enables the company to diversify its approach and adapt to the environment (Ibid, p.413). In this stage, if successful, the company needs to overcome geographical distances and communicative challenges and therefore tend to establish market representation. The local subsidiary then serves as a communicative mediator, reporting back to head office about the market and how to approach it. They also

serve the purpose of representing the practices and core policies of the parent company and are responsible for them to be implemented and followed. (Ibid, 2011, p.415) That processes tend to look in a similar way creates a certain homogenous character in structures and methods between the multinational corporations (DiMaggio & Powell, 1983, p.148), but there is a recognized internal difference depending on the national culture from which the organisation originates (Varner & Beamer, 2011, p.406).

To study the internationalisation process of organisations, researchers often cite the internationalisation model developed by Johanson and Vahlne, (Sitkin & Bowen, 2010, p.188; Melin, 1992, p.102). The model is known as the '*Uppsala internationalisation process model*' and addresses learning and knowledge as key to understand what drives the internationalisation and how it is structured (Johansson & Vahlne, 1977, p.23). They mention the sequentiality of international trade and that companies tend to prioritize geographical closeness in the initial phase and then proceed through a step-by-step approach as the learning processes of the market continues (Ibid, p.24). Previously unknown information about the new environment is then seen as a driving force and opportunities are often discovered and acted upon based on imperfect or not complete information (Johansson & Vahlne, 1977, p.26). The learning process and the increased knowledge can then be seen as a crucial undertaking for the organisation to be able to overcome any differences between the home-country culture and the new market in which it now operates (Melin, 1992, p.103)

The model has been used as framework for many scholars, but has been criticised for neglecting the dynamics in business and to often focus on the early stages of the process (Melin, 1992, p.104). Forsgren (2002) argues that the internationalisation process and the generalising models are far too simplistic than the subject calls for. He further states that literature today show more dynamic understanding of the international organisation as a whole, where new established subsidiaries use other organisations success as pattern for how to approach a specific market. (p.257) As Johansson and Vahlne (2006) themselves mention in their extension of their work, the model was not previously complete and have been used on a wide range of subjects, sometimes far from its initial field (p.167). However, it can be argued to be an important alternative of how to describe the internationalisation process when growing globally (Melin, 1992, p.103). We find the process to be of suitable character for our purpose of understanding how the multinational company internationalise its ideas of business.

When the organisation initiate global trade, its learning and increased knowledge can then be seen to 'drive' the internationalisation, but it is not yet reviewed what happens to the organisational configuration. The final stage when internationalising described by Varner and Beamer (2011), and the strategies to overcome differences for organisations in the learning processes of the new environments (Johansson & Vahlne, 1977; Melin, 1992), makes it is relevant to further explore how the subsidiary disperse their practices and core ideas throughout their structures. Thus, the structure will be reviewed in the next section to understand how the organisational structure develops when becoming an internationalised company.

3.2.1 MNC Structures

The internationalisation process stresses the need of a configuration and internationalisation of the organisational structures to cope with these new operative activities (Sitkin & Bowen, 2010, p.212). The way organisation structure depends on how far it has come in its internationalisation, in the same time does the structure have great impact on how well the new market is understood (Varner & Beamer, 2011, p.404). Sitkin and Bowen (2010) describe integration in both the *global* and *local* contexts to be equally important for an international company, to further choose to focus on either global or local is therefore irrelevant. What is mentioned as relevant on the other hand is the configuration of the multinational structure of the organisation. (Ibid, p.218) The affect organisational structure has on its adaption to the new international environments is thus important aspects to consider in the internationalisation process.

The range of multinational structures is broad, every multinational company has its own structure. Sitkin and Bowen (2010) address the various structures to be everything from subsidiaries experiencing full autonomy or being completely controlled by the parent organisation in the home country (p. 213). They also mention subsidiaries to be divided by either region, product or spread through a matrix structure, depending on the orientation of the business (Ibid, p.220). The Matrix structure, or a *grid* structure, can be seen in companies where management is based on contractual arrangements rather than hierarchical (Melin, 1992, p.106). It is a structure often applied by large multinational organisations, where head quarter functions and subsidiary management have a cross-responsible structure and leaves communicative mediators out (Sitkin & Bowen, 2010, p.220). Varner and Beamer (2011), however, generalises the image of structures and divides the multinational corporations way of configuring into two categories, those organisations that divides by the 'regional division' structure or those that divide by the 'national subsidiary' structure. The head quarter in both structures often has the functions of human resource, planning, law, marketing and R&D etc. The similarities end here, a regional division structure often has a clear distinction between domestic and international businesses and the local divisions are in contact with the headquarter through a regional office responsible for the divisions. This regional responsible serves as a filter between all the various countries and the headquarters, minimizing information overload and free communication paths internally (Ibid, p.419).

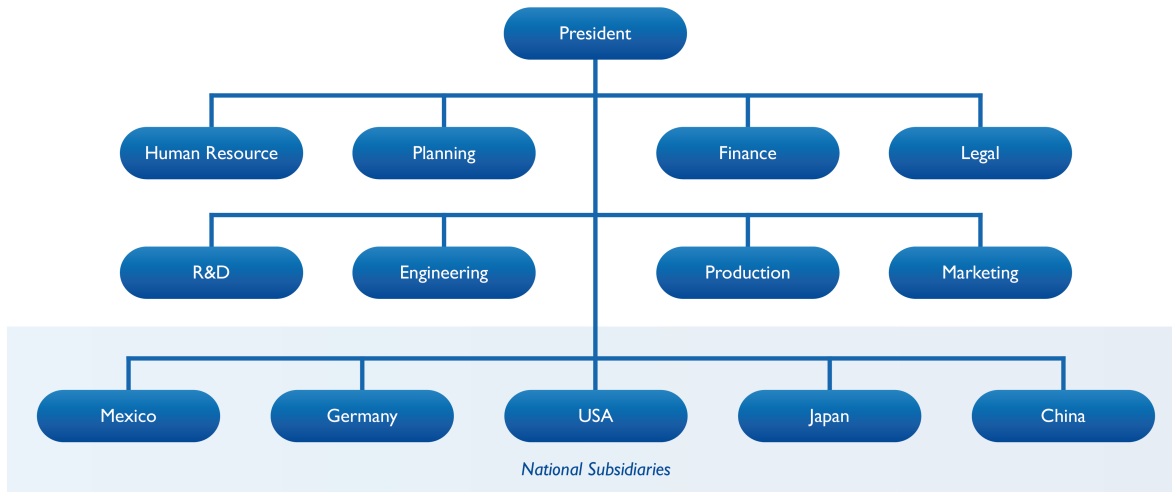


Figure 2. Model of National Subsidiary Structure,
Source: Varner & Beamer, 2011, p.416

As visible in the figure above, the national subsidiary structure are divided by country directly. The countries are in direct contact with the head functions and create shorter communication distances to the sources of decision-making. It is through these structures that the practices and internal concerns are spread, from the headquarter to the subsidiary, as well as the concerns and feedback from the subsidiary to the headquarter. (Varner and Beamer, 2011, p.415-417) These subsidiaries could by this division experience more freedom and local autonomy as opposed to regional divisions, but as discussed by Varner and Beamer (2001) is the risk of ambiguity and poor integration also bigger between functions and entities in the national division structure if the company expands its business (p.415-417). The national subsidiary structure is further more relevant for the case in this thesis, where every country are in direct link with the head-office. This link implies that the communication strategies between the parent organisation and the national subsidiaries are of great importance, to sync internal activities. The figure presented serves our purpose to understand the path through which communication, practices and strategies travel in the organisation, where a clear model is relevant to understand the subsidiaries' role in the multinational organisation.

Scholars have further addressed phenomenons' that impact the organisation's configuration when internationalising, such as imitation between organisations. Lane and Lubatkin (1998) discuss this and argue that firms tend to look at similar firms to adopt the required knowledge to pursue development (p.473). To do so companies often use externally acquired staff, *editors* such as consultants, who come with insights from the business field (Sahlin-Andersson, 1996, p.83). However, since the purpose of this section is to present the structures of the international organisations, strategies used to facilitate international business will be reviewed in later sections. First, it is important to understand the role of the subsidiary and to take the structures in the local environment into consideration. Thus is a more in-depth presentation of the subsidiary needed.

3.2.2 The Role of the Subsidiary

The subsidiary has now been presented as the representation for the international organisation in the national context. To enable a clear description of the total global strategy, the implementation and re-contextualisation of the business in the local context is important to consider. A well-balanced interdependence between the organisational strategy and structure is today seen as ‘good’ strategic management for any organisation (Birkinshaw & Morrison, 1995, p.730). Researchers acknowledge the dual purpose that the subsidiary serves, when responding to the parent organisation coincidentally with the purpose to develop a local strategic role in the environment it is a direct part of (Poynter & Whyte, 1985, p.91). Birkinshaw and Morrison (1995) discussed the configuration of the subsidiaries as dependent on its strategic role in the organisation as well as on its internal hierarchical structures (p.730). They further describe the strategic role as dependent on how integrated it is globally and its level of sensitivity to the national context, and uses hierarchy and ‘heterarchy’ as measures of structure for the subsidiary (Ibid, pp.737-738). The figure below clarifies the framework of a generalised subsidiary, and circles strategy and structure as the elements under control of the parent-organisation (Ibid, p.731). But also indicates the local environment to have direct impact on the behaviour of employees within the subsidiary. Since the environment plays an important role for the corporate strategy, it ultimately affects the final performance of the subsidiary. (Birkinshaw & Morrison, 1995, p.731)

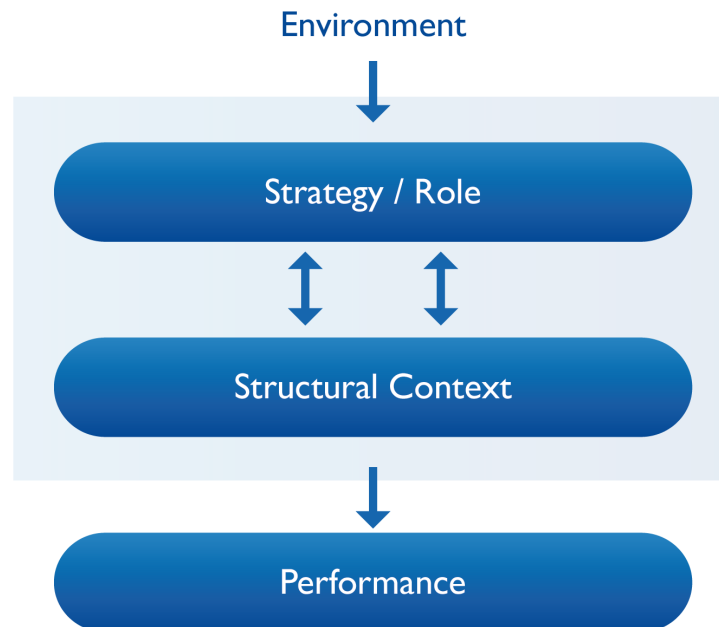


Figure 3. Model of Organizing Framework
Source. Birkinshaw & Morrison 1995, p.731

This model visualise the external cultural contexts as out of the subsidiaries reach and thus need to focus on those elements they can control, the internal structure and strategy. To increase the ability to steer and affect the performance of the subsidiary, MNCs need to implement controlling mechanisms to do so, as mentioned previously (Melin, 1992), something that will be reviewed in the next section.

3.2.3 Strategies to Coordinate

When internationalising, multinational organisations need common strategies that are implemented in the day-to-day operations to enable that those activities are in-line with corporate common goals. Martinez and Jarillo (1989) discuss that the tools to control the entities in the organisation through formal or informal mechanisms can be seen in all kinds of firm sizes. They further discuss the need for organisations to find these mechanisms to coordinate the activities in their often differentiated internal parts, to reach integration. (p.490) Selmer and de Leon (2002) argues however that MNCs' often use the strategies that has their origin in the parent country culture as dominant means of control over subsidiaries (p.1147). This implies that the parent organisation tries to implement their strong corporate culture as mechanisms to coordinate and control its subsidiaries. The concept of culture and values is a general subject, able to apply on the individual value-bases and country cultures and other general settings. Varner and Beamer (2011, p. 10) define culture, based upon social scientists such as E.T Hall and Hofstede;

“Culture is the coherent, learned, shared view of a group of people about life’s concerns, expressed in symbols and activities, that ranks what is important, furnishes attitudes about what things are appropriate, and dictates behaviour.”

In the business context, scholars tend to use the terms organisational or corporate culture but the definitions of culture in the business context are many, and serve various purposes (Schein, 2010, p.1). For the purpose of this research, to explore core values in a multinational organisation, is the definition of Barney (1986) used; “Organisational culture typically is defined as a complex set of values, beliefs, assumptions, and symbols that define the way in which a firm conducts its business.” (p. 657) Organisations tend to explicitly articulate the values, within the organisational culture, that should serve as moral and normative guidelines to encourage desired behaviour and guiding members how to behave. (Schein, 2010, p.26.28) Martinez and Jarillo (1989) argues that by using strategies that a common culture provides, through informal-bound relationships and communication, integration between the entities in the organisation can be reached. This method can be seen as a substitute than maintaining control through performance supervision. (p. 492)

Values embodied in the organisational ideology that may predict the behaviour of the group are those values based on common consent and shared among the employees, otherwise they might be left as only outspoken (Schein, 2010, pp.26-28). When the employee accepts the organisational culture, Chen and Kong (2013) argue that they will show proof of habitual behaviour and ways of thinking (p.6). The model on the next page visualise how some aspects of the corporate culture become core values among the organisational members.

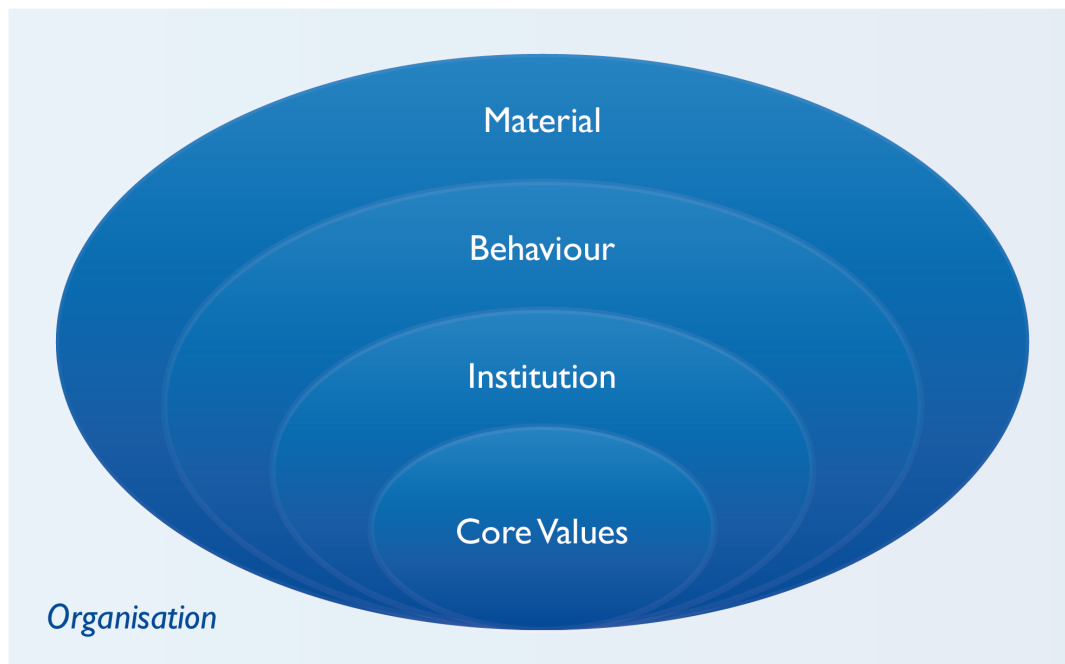


Figure 4. The Constituent Elements of Corporate Culture
Source: Chen & Kong, 2013, p.6

They describe corporate culture through four elements of various depths within the institution of the organisation. As shown in the figure above, the first level is the surface of the organisational culture and is referred to as the material level and constitutes of all the defining activities in the organisation (service, product development, product quality and company reputation etc.). The second level reflects the behaviour in production and operational activities as well as the management styles towards the defined activities. The third level then follows, which combine the previous two elements into the corporate philosophy. When the culture is institutionalised it tends to be expressed as the common way to behave in all organisational activities as the code of conduct, serving the purpose of benchmarking the behaviours internally. The final and inner element of the corporate culture is formed by long-term practise by members of the organisation, this based on their shared mind-set and value orientation. This is referred to as the 'spirit' and core values of the organisation. (Ibid, p.6-8)

Core values may be well known by the employees and they might know what to say they should do, but it is not certain they will transform them into actions in their day-to-day practice (Schein, 2010. p.26-27). The usage of core values in the organisation is now

known, the diffusion of the core values have however not yet been addressed something that will be the focus in the next section.

3.2.4 Core Values

Meglino and Ravin (1998) argues that individuals with shared values tend to behave in a similar manner. This leads to a better coordination of their actions because they can better foresee others behaviour. In the same way, a strong organisational culture with shared values encourages the desired behaviour of the employees. (p.357) A value is often stated to be the behaviour or action based on ideology, moral judgment, attitudes and justification of the self or compared to others, and can be defined as a trans-situational goal that follow the individual everywhere (Schwartz, 1994: Rokeach, 1973, p.5). Schwartz (1994) further describes the value as a goal to guide interests, motivation and standardisation for the individual but also for the group (p.21). Values within an organisation become “core values” when they have high consensus among the members. These values tend to have great influence on what members do. (Pant & Lachman, 1998, p.196) It is therefore important to reach the consensus among the members of the organisation, especially in a foreign cultural context. Further, core values are seen as small sets of timeless guiding principles. They do not need any external justification because they have a central value and importance for those inside the organisation. (Collins and Porras, 1996 p.66)

When organisations grow and expand over borders, core values can be seen as the glue that holds activities together. Successful Multinationals may change their strategies and practices to adapt to the constant changing business world, but never change their core values. (Collins & Porras, 1996, pp.65-66). In a study made by Black, Gregersen, and Mendenhall, (cited in Selmer & de Leon 2002 p.1150), it was shown that organisation will benefit from guiding employees behaviour by encouraging them to share the organisational values instead of evaluating performance through direct monitoring and reporting. Collins and Porras (1996) points out that organisational core values cannot be imposed on the employees. Instead the organisation needs to have well-communicated and transparent core values which may help to both attract and retain individuals with matching values. (p. 71)

A common accepted strategy for MNCs to implement corporate cultures and secure common ways of practice is to send out expatriates as local implementers of the parent corporate culture (Mayrhofer & Brewster, 1996, p.750). Expatriates are sent out to implement and maintain corporate cultures and to keep good communication paths between the parent company and local subsidiaries, transporting corporate values through the whole organisation (Ibid, 1996, p.754). Martinez and Jarillo (1989) argues that by sending out experienced management in their foreign teams, communicating the ‘way to do things’ and the organisational goals, the firm can generate identification and loyalty among the employees, creating institutionalised processes (p. 492). By not sending out expatriates to the subsidiaries, Selmer and de Leon (2002) argues that the physical as well as the cultural distance ultimately will slow down the efficiency in the organisation abroad (p.1148). For the Host Country Nationals (the employees still living in their home country), the unfamiliar work norms, values and behaviours of the expatriated colleagues are seen as estranged. The local employees are hence subject to cultural influences, fundamentally different from their own (Ibid, p.1149). The differences in culture will affect the

communication in the organisation in different ways depending on its national setting, not dependent on the strategies used to implement common corporate values amongst all employees.

As Johansson and Vahlne (1977) stated, intercultural barriers and differences are what mainly characterize international business (p.26). Based on this statement is it safe to mention the importance to understand, bridge and control the variety of cultural settings represented in the organisational environment. To continue the organisational internationalisation, the company then needs to understand the intercultural concepts and strategies, reviewed below.

3.2.5 Intercultural Business Communication

To know how the communication flows within the different parts of multinational corporations, is a key to coordinate and control the global activities. (Marschan-Piekkari, Welch & Welch, 1999, p.425) However, communicating efficiently across cultures is one of the greatest challenges in international business today (Steers, Nardon & Sanchez-Runde, 2013, p.192). Hall (1990) describes the culture as a program for behaviour. Members from the same culture will therefore share the same methods to gather, store and interpret information. These methods are never the same from culture to culture (p.3).

With the term ‘Intercultural Business Communication’, Varner and Beamer (2011) means the interactions between people from different cultural backgrounds for business or workplace purposes (p.35). When people from different cultures communicate they have different frames of reference, individual experiences and views of the world. These can work as a “filter” to both how they communicate and to what they “choose” to hear. (Steers et al.2013, p.193) People will therefore communicate differently, think differently and tackle business problems in different ways (Varner, 2000 p.47). Therefore, the interaction between the parent company and the subsidiary can be seen as withholding a variety of business communication issues.

Scholars who have understood the complexity in multicultural communication have developed tools and approaches to advice organisations and managers to better communicate over borders. One approach is to view the intercultural communication as an interactive process between the sender and receiver. Culture will influence how the sender encodes the idea into a message, what medium is used to transfer it, and how the receiver later interprets the message. This implies that cross-cultural misunderstandings or cultural differences might distort the intended meaning of the messages. (Steers et al. 2013, p193)

Steers et al. (2013) argue that the conventional sender-receiver model ignores two major barriers to effective communication, namely the attention of the one receiving the message, and its capability to interpret the information. (p.194) They instead suggest the attention-interpretation-message model (Figure 5) to serve as a tool for managers in cross-cultural settings. In this model, the message sent must get through other circulating messages and get proper attention from the receiver, “What do I see or hear?”. Once the message is selected, the receiver must encode and interpret the meaning of the message, “What does it mean to me?”. It is then up to the receiver to encode an appropriate answer and then the process is starting over again. (Ibid, p.195)

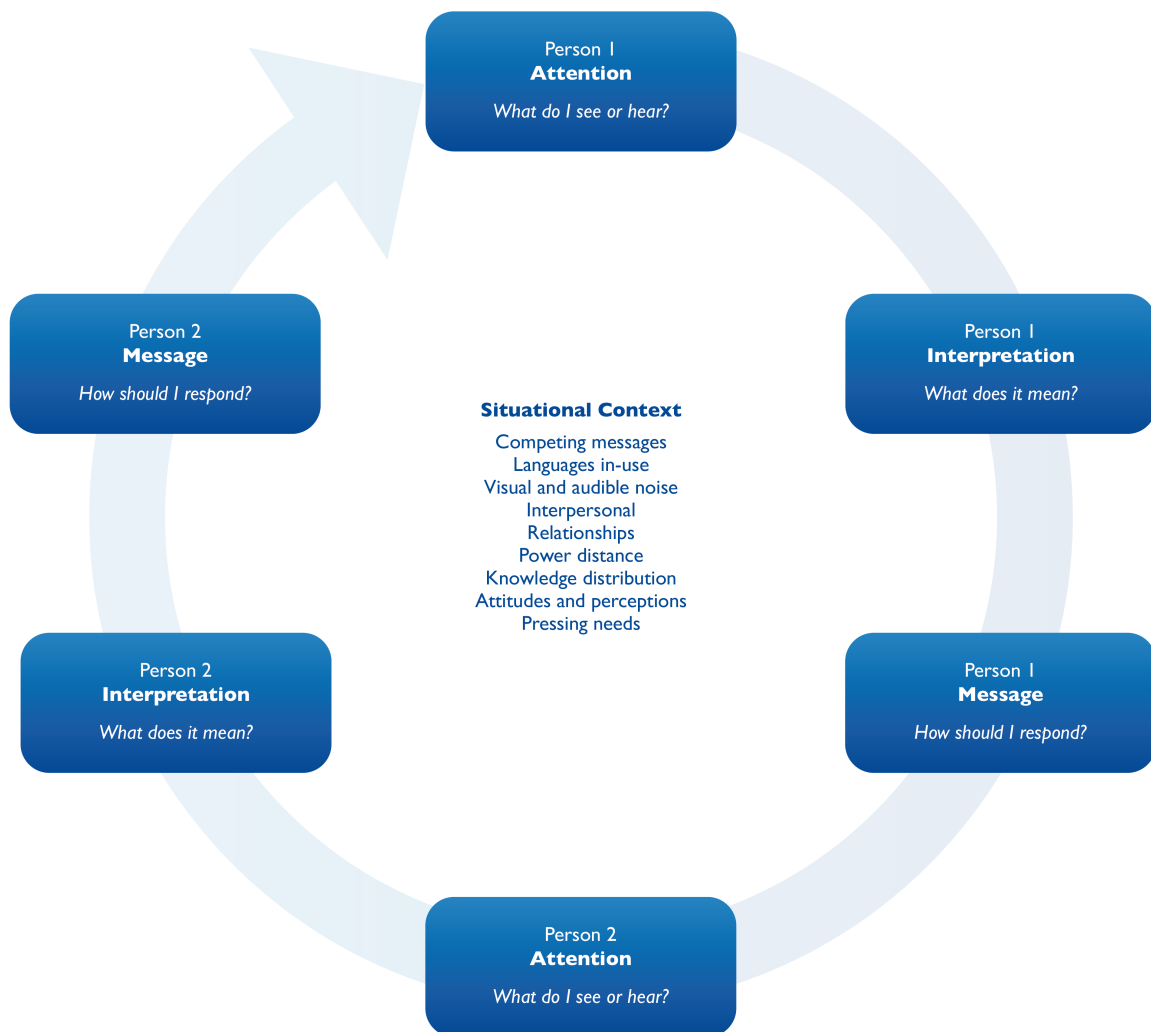


Figure 5. The Attention-Interpretation-Message Model
Source: Steers et al., 2013, p.194

Gudykunst and Kim (1997) argue that you need to understand the other person's filters in order to interpret the message accurately or be able to predict the other person's behaviour. (pp.35-47) Further, Beamer (1992) explains that the key is to concentrate on the decoding process and the role of perception in communication since it will affect how the message was interpreted. (p.286) In other words, the challenges multinational companies encounter when communicating across different subsidiaries, is when their messages are not correctly understood. This as a result of the employees usage of their own values and cultural norms to decode the message. If the MNC wish to communicate their core values to their subsidiaries, it can be argued that intercultural communication strategies needs to be set in place.

3.2.6 Intercultural Business strategy

Varner (2000) argues that in order to understand business communication and build proper communication strategies, the business context must also be taken into account. The author's model below combine the cultural, the business and the communication strategies, which together represent the strategies for intercultural business communication. The idea behind the model is that the intercultural business communication process integrates business strategies, goals, objectives, and practices resulting in a new business environment (pp.41-44).

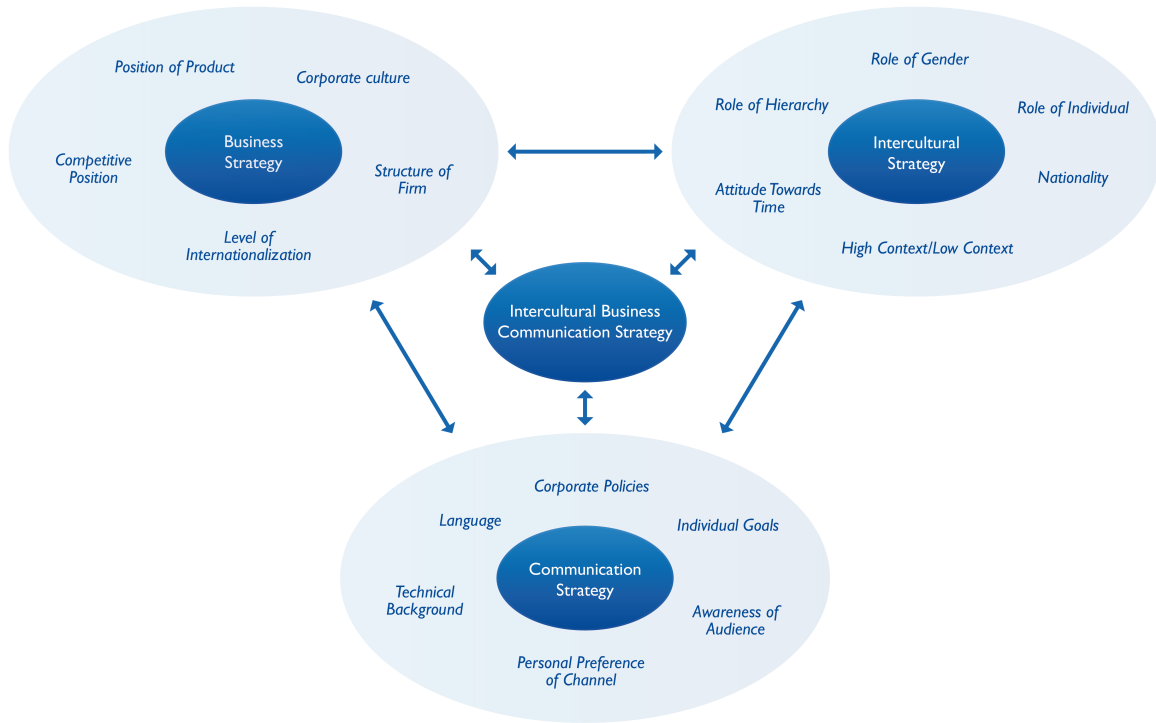


Figure 6. Model of Intercultural Business Strategies
Source: Varner, 2000, p. 41-44

Within this model the major variables connected to each part is illustrated. The organisation can control some of the variables and some not. For example the law and regulation regarding HRM practises will influence the business strategy, as will the competitive environment in the country.

The intercultural strategies will be influenced by the different cultural attitudes from national, corporate and professional cultures involved. (Varner & Beamer 2011, p.458) Business people need to take into account these cultures and also be aware of the individuals' communication styles when interacting with others. People, who are aware of their own cultural background and make adjustments in the view of others, can better communicate with others in an intercultural environment. Hence, they will step outside their own culture and shape a new context. Varner (2000) addresses this as 'self-reference

creation', and argues that it is needed to be part of the cultural strategy because of its influence on the employees' behaviour. (p. 45).

The third circle focuses on the corporate communication strategies. These strategies will be influenced, among other variables, by the corporate communication policies, preferences and technology. Some organisations policies require written documentation of all decisions, which will influence the way employees communicate, regardless if the communication is domestic or international. Further, the purpose of the communication together with the type of audience will also influence the communication strategy. People who share the same corporate culture tend to use similar ways of communicating with each other, since they are familiar with the company's rituals and processes. The accepted communication patterns may therefore override cultural differences when the employees communicate with each other internally. (Ibid. p. 48)

Another variable also influencing the communication strategies is the language used. When communicating in multinational companies, the formal and informal information is often presented in a second language for the employees. The rhetorical skills to use humour, negotiation, motivation and show sensitivity often requires high levels of language fluency. Limited language skills can lead to misunderstandings and uncertainty. (Harzing & Feely, 2008, p. 53) Poor language-skills can also limit the staff in subsidiaries to involve in communication with other units or headquarters (Marschan-Piekkari et al, 1999, p.427) Many multinational companies have therefore embraced the communication strategy to adopt a single corporate language. All recruitment and training can then be focused on reaching a necessary standard in one language through the whole corporation. (Feely & Harzing, 2003, p.45)

Even though strategies to control intercultural communication are set in place, the translation of core values by the subsidiary is still out of the parent organisation's reach of control. To further understand how something will be translated and interpreted, the organisation needs to understand the environment, which it is translated in (Czarniawska and Sévon, 2005; Birkinshaw & Morrison, 1995). To explore how the Swedish multinational core values travels through an organisation, in line with the purpose of this study, research on Swedish MNCs' and business culture needs to be reviewed.

3.3 Swedish Multinational Companies

3.3.1 Process of Internationalisation

Compared to other countries in Europe, the Nordic countries have experienced a long history of international trade. Sweden has long pre-historic references of shipping abroad and has often adopted technology from other parts of the world (Björkman & Forsgren, 1997, p.11). It was during the mid 1900s' that Swedish multinational companies established their fundament. During this time-period, the strong social-democratic government, who pushed for an active labour market and stable financial systems, in order to facilitate long-term investments, embossed the Swedish business climate. It was during the 1990's that

Swedish firms, more than before, increased their international presence (Hayden & Edwards, 2001, pp.119-120).

For countries with typical characteristics as the Swedish; a small domestic market and an open economy, companies tend to go abroad in early stages of their development (Ibid, p.117; 121, Björkman & Forsgren, 1997, p.11). The level of foreign direct investments (FDI) tend to be of significant importance for countries with sound financial, though smaller, domestic markets (Hayden and Edwards, 2001, p.117). Internationalisation and FDIs have increased substantially during the past decade, in 2002 Swedish foreign direct investments reached SEK 1261 billion, by the end of 2011 this amount had more than doubled to a total of SEK 2544 billion (Statistiska Centralbyrån, 2012).

Johansson and Wiedersheim-Pauls (2007) findings, suggest that the typical characteristics of large Swedish MNCs' established in the earlier 1900's, had a rather gradual and heavily-FDI invested internationalization process, opposed to a fast. They all had a similar chain of establishment, initiating through sales subsidiaries followed by manufacturing. (p.305) However, the means and strategies for internationalisation of MNCs today differ greatly from a century ago. Contemporary research on MNC's internationalisation processes is often based upon Nordic research on international business. As mentioned before, is it Johanson and Vahlne's research (1977; 2006), the Uppsala model of internationalisation that stands out. Today, the internationalisation of MNCs is addressed in a more homogenous and general way, and the focus is on the managerial styles and strategies rather than macro-related issues (Björkman & Forsgren, 1997, p.12). This is further in-line with our purpose, to explore the translation of core values instead of investigating structural or processes of trade-oriented nature.

3.3.2 Swedish Managerial Strategies

Due to Sweden's long tradition of international business, it is of interest to understand how the Swedish MNCs' strategies and management styles are visible in the international setting. According to Barney (1986) the personalities of the founders and the circumstances of how the company have grown over the years, shape the company's culture. He further claims that if the culture is unique and valuable for the organisation, it can become a sustainable competitive advantage for the company (p.660).

Swedish MNCs' have traditionally adopted an informal management style, with low integration with the parent-organisation in the home country, creating autonomy for the foreign subsidiary (Hayden & Edwards, 2001, p.124). As the global markets have become more integrated and business activities are dispersed with larger physical distance, the need for control mechanisms and further integration between organisational divisions have called for a change in management styles (Hayden & Edwards, 2001, pp.124-125).

Swedish management styles and methods are distinct by their collective social norms and team-oriented nature, where common cooperation and consensus is of high importance in decision-making processes (Alexander, 2006, p.18). The team-orientation also implies the leadership role to be somewhat vague compared to more individualistic norms, and responsibilities tend to be based on freedom-under-responsibility of the individual but still closely related to the team (Holmberg & Åkerblom, 2006, p.323). Through research done

by Gustavsson (1995), it was argued that the Swedish social management styles derives from their service oriented market. Added value to products and technology are based on social and relational values, instead of skills in technology (p.165). It has also been evident that the democratic managerial styles within Swedish MNCs' create an openness to change and willingness to learn from new influences, ultimately affecting what is 'typically' Swedish in the ways of managing (Hayden & Edwards, 2001, p.133). This social orientation and focus on human values is a dominant aspect of Swedish managerial strategies and often incorporated in the organisational philosophy of 'how to do business' (Alexander, 2006, p.45).

The contemporary research in the field of Swedish organisational structures and strategies are mainly focused on managerial styles and internal strategies. In this review have we thus only briefly addressed the actual structure, level of autonomy and internationalisation processes in the organisation. As mentioned early in this chapter, the structure of international organisations tend to be of more homogenous character (Varner & Beamer, 2011,p.406), and it is therefore of interest for this thesis to address the cultural aspects of the members within it. As Hayden and Edwards (2001) argue, the practices and structures in MNCs are mainly influenced by the attitudes and cultural norms of the national business system when pursuing international operations (p.122).

3.4 Summery

As discussed in the beginning of this chapter, subsidiaries are a product of global trade and the organisations' internationalisation process. The subsidiary serves as a communicative mediator and they often represent the structures and core policies of the parent company. How the subsidiary is structured and it's freedom and local autonomy varies between organisations. Organisations will therefore have different strategies to diffuse its way of conducting business between its subsidiary. The configuration of the subsidiary is thus dependent on its strategic role in the organisation and its internal hierarchical structure. The structure and strategy in the subsidiary are the two elements that the parent organisation can control, whilst the external cultural environment are out of their reach.

When organisations grow and expand over borders, their core values can be seen as the glue that holds activities together. Successful Multinationals may change their strategies and practices to adapt to the constant changing business world, but never change their core values. Core values with high consensus among its members will have a great impact on the members' behaviour in the organisation. Organisations also have different strategies to communicate the core values as a part of their corporate culture among its subsidiaries, but to use expatriates, as a vehicle is a common strategic choice. How the individuals communicate and what they "choose" to hear however, is mainly influenced by their frames of references, individual experiences and views of the world. This implies that the intended meaning of the message sent from the expatriate or parent company might be distorted due to the cross-cultural misunderstanding and cultural differences. Varner (2000) suggests that organisations should not concentrate on the communication strategies separately but instead combine them with the cultural and the corporate strategies, which then together would represent the strategies for intercultural business communication. In the light of this, is it of

great importance to further investigate the process through which the value travels within an organisation, reaching the *employee* in their cultural context. The theories reviewed in this chapter create an understanding of how the businesses strategize and plan for their core values to be activated in their business. Rogers (1962/2003) describe the diffusion of ideas, such as strategies, causing social and structural ‘change’ as a consequence of the spreading of these ideas (p. 6). However, to answer the research question in this thesis, ‘How are the core values of the multinational company translated in their foreign based subsidiary?’ and to explore how the employees translate the core values into day-to-day activities, the previous review is not sufficient and we therefore have to include another theoretical perspective. We will in the next chapter review theories within the field of translation, derived from the Scandinavian institutionalism, to address the translation process that occurs when the diffused core values have reached their destination in the foreign environment.

4 The Travel of Ideas

The starting point in this study was to create an understanding of Swedish values in a Chinese context and to find a notion of how the core values are translated into day-to-day activities. In the previous chapter, the function of core value was presented as well as the structure and processes to diffuse these ideas through the Multinational companies. To explore how the core values are translated in the subsidiary, this chapter will focus on the travel of the ideas within the organisation. To understand how the ideas of the core values are visible in action in the employee's daily activities, we need to comprehend the process the core values have gone through. This chapter will therefore begin with the theory on institutions where the Scandinavian institutionalism is focused. Thereafter will the process of how ideas can travel be reviewed, and Czarniawska and Joerges' (1996) Idea process model will be presented. The chapter ends with an conceptual framework where the Idea process model serves as the foundation and is developed to fit our purpose of exploring the core value translation in its specific context. This framework will be used to further analyse the empirical material.

4.1 Scandinavian Institutionalism

Within organisational theory, an institution can be viewed as a pattern of collective action which is long lasting and the result of our need to create patterns in the way we act (Eriksson-Zetterquist, Kalling & Styhre, 2005, p. 272). An institution is formed when an idea that has been converted into action is later repeated and at the end creates a normative explanation for the action. The institution, the normative explanation for "how it is suppose to be done", is however a process that does not happen over a night. (Czarniawska, 2005, p.112) Eriksson-Zetterquist et al. (2005) explain that when new members enters an organisation, they will compare the new situation with experiences and the institutions leads them to discover how to behave and learn the rules to refer to. Through this behaviour among members, the institutions help handling the unknown. They thus contribute to stability and predictability, but are also flexible because the members react on and shape its environment at the same time. The institutions suggest what is success and failure and will therefore influence how individuals act within and outside the established institutions. (pp.272-273) However, the research on institutions incorporates a vast variety of approaches and directions due to its broad nature (Nicol, 2013, p.3) and the view of the organisation and the institutional process has varied over the years.

Within the early 1800's institutional theory, the organisations was seen as something unique and was viewed as a whole without being influenced of its institutional environment. The organisation was a rational, goal oriented and efficiency guardian process. The institutional actions were a product from norms, attitudes and values, where change was assumed in the local situation of adaption. It was the rational choice between various alternatives that caused the change. The action and implementation was seen as a somewhat unproblematic process (Eriksson-Zetterquist et al. 2005, p. 275; 283; 287). Researcher later started to question the rationality of the organisations when trying to understand the organisational behaviour (Eriksson-Zetterquist et al. 2005, p. 270). Instead of looking at the institution as a slow process where the change in the organisation made it more unique, it

was seen as a product of the structural change within the whole organisational sector. The new institutional theory argued that organisations within the whole sector did not act independently but instead mirrored the characteristic features of the whole sector. When encountered with new market problems, organisations copied solutions of successful organisations and strived to be more alike. This phenomenon leads to homogeneity among the organisations within the field, which lead to stability over time. Organisational change was therefore not about a single diffusion of “must haves” but instead from something that needed to be organised and limited from the members within the sector. (Ibid, pp.281-283) Within new institutionalism, the logic of appropriateness with the emphasis on rules and roles was the central in the organisations activities. (Czarniawska & Sevón 1996, p.4)

When theories regarding organisational change began to evolve, the traditional view of the circulation of ideas and innovation through the diffusion theory got challenged. According to the diffusion theory, are ideas and facts seen as easily transmitted objects. The objects gain its own power across a social area, which forces them for approval as long as there is no obstacle. (Czarniawska & Sevón 1996, p.23). Any obstacle for the idea to be implemented in the organisation and reaching the planned result is ignored and the view is that the idea will be kept constant through all the elements, from initiated to planned result (Jacobsen, 2004, p.186). Latour (1986) explained the process of diffusion by dividing it into three elements. The first element is the initial energy from any form of instructions or order that triggers the movement. It is later the second element, the resisting power that keeps the energy alive through the medium by which something then is diffused, the final element. (p.266) Researchers who presuppose this model do not question the interaction between people if not transmitted correctly. They are instead questioning the lack of communication or ill-will when an object slows down and look at how fast, correct and to whom something was transferred. (Sevón 1996, p.50: Latour, 1986, p. 267) Through this process of diffusion is any interference or any disruption of the travel of the idea to be avoided as well as any external interaction, to keep the idea intact (Czarniawska, 2005, p.107).

The Scandinavian approach towards institutionalism agrees with many of the basic ideas from previous institutionalist theories but has a different standpoint on what creates the organisational change and norm. As the classic institutionalist theories were less concerned with external influences on the institution or the differentiability between organisations, the Scandinavian approach on the other hand, recognises the organisation as a respondent to market influences, internal and external institutional changes. (Greenwood & Hinings, 1996, p.1025; Nicol, 2013, p.3). This approach is only one of several sprung out of institutional theory and mainly new institutional theory (Boxenbaum & Strandgaard Pedersen, 2009, p.178). The Scandinavian institutionalism have a less general approach to the organisation sector and a larger focus on the organising activities and the processes in place (Eriksson-Zetterquist, Kalling, Styhre, 2005, p. 284) This approach is more interested in understanding the organisational perception of the institutional pressure and its affect on the day-to-day activities (Boxenbaum & Strandgaard Pedersen, 2009, p. 187). The approach has a more dynamic focus where the view that the organisational life is a combination of the paradox between change and stability, as supposed to old institutionalist theories focusing stability. As Czarniawska and Sevón (1996) argue, does the Scandinavian

approach acknowledge the importance of rules and roles as equally important as consequentiality (result oriented thinking) in norm creation (pp.4-5).

Organisations can be described as paradoxal by nature, through its constant stability and change, construction and deconstruction of institutions and identities (p.5). One opposite is claimed not to exist without the other to generate a norm, stability and change are intervened in a dynamic way creating organisational change (Czarniawska & Sevón, 1996, pp.4-5). This implies that the on-going process in the organisation is ever evolving and that organisations are under constant change. Becker-Ritterspach (2006) argues that when describing the organisation, these paradoxes are used in a dynamic combination, with the idea that already is 'existing' and the travel of that idea (p.364). Scandinavian theory could hence be seen as a combination of institutional theory and real practice. According to Boxenbaum and Strandgaard Pedersen (2009) this combination is circling around three concepts; loose coupling, sense-making and translation (p.188). The first two concepts, address the structures and the actors as strategizing mediators in the organisational setting, while the translation concept addresses the change that an actual idea or practice undergoes when presented to a new context (p.190). The modification of ideas in a new context is in-line with the research problem in this thesis, not in particular the structures in which the ideas are embedded or in detail the strategies as such. We shall thus proceed with the theory of travel of ideas and translation, its focus on the actors contextual interpretation of ideas, its theoretical foundation, and the development of models.

4.1.1 Travel of Ideas Theory

In previous sections, the institutional theories behind the view of norms and practices as continuously travelling ideas have been presented. It was through the development of the Scandinavian approach on institutions and organisational change, that among others Czarniawska and Sevón (2005) developed their theories of travelling of ideas. As base for their theories they incorporated social behavioural theories as well as institutional diffusion theories by Latour (1986) and Callon (1980) (Czarniawska and Sevón, 2005, p.8). The terminology of 'translation' is borrowed from the French sociologist Michel Serre (1982), who removed its pure linguistic implication and connected it to operations (Czarniawska & Sevón, 2005, p.8).

The term translation in this context focus on an idea being re-positioned from one environment to another (Eriksson-Zetterquist, Kalling & Styre, 2005, p.288), incorporating the uncertainty factor of *who* the translator is (Czarniawska & Sevón, 2005, p.8). During this re-positioning, the idea is transformed by the translator and influenced by its local environment. The idea, is by Czarniawska and Sevón (1996) viewed as a change mediator. An idea can be planned to cause change and affect that change but it can also in itself create unplanned, contingent change and generate new ideas (p.46). When an idea is created, presented and sent in that organisation it is subject to the members of the organisation, that is, an idea can be planned to cause a specific change but it is through the members of the organisation that affect the change and thus also the idea (Ibid, pp.46-47).

As mentioned previously, the theories adopting diffusion theory view the idea as kept intact in its meaning after implementation and focused on the way, through what means, the organisation spread their ideas among the employees (Jacobsen, 2004, p.186). This

approach served as base to further explore how the diffused idea was translated by the actors (Czarniawska & Sevón, 1996, p.24). When an idea travels through an organisation it is interpreted and acted upon by a variety of actors in the organisational context, where people, time and space varies. In what direction these ideas or objects then travel, is dependent on the interests and perspectives of the people interpreting them. Latour (1986) defined the translation processes as:

“...the spread in time and space of anything - claims, orders, artefacts, goods - is in the hands of people; each of these people may act in many different ways, letting the token drop, or modify it, or deflecting it, or betraying it, or adding to it, or appropriating it..” (1986: 267)

By stating that translation acknowledges the initial implemented idea to be channelled by people and then set off in different directions, Latour (1986) differentiate the diffusion theory from translation theory. Translation theories instead viewed ideas as change in continuous circulation, a change that is visible through the travel processes of the idea (Eriksson-Zetterquist, Kalling, Styrhe, 2005, p.288). To further describe the circulation of management ideas and practises, Czarniawska and Sevón (1996; 1997; 2005, p.8) argues the idea to never be kept constant when exposed to any kind of interference. When the diffusion model emphasis the speed of circulation and the type of ‘vehicle’ the idea is processed with (Rogers 1962/2003, p.11), the translation theory emphasis the process and the role of the local transmitters (Eriksson-Zetterquist, Kalling, Styrhe, 2005, p.289).

Which of these global circulating ideas that are then cast, accepted or implemented does, according to scholars, depend on external influencing elements. As mention previously, the elements that affect the actors in the specific context are the time and pre-conceptions of the actor important. When presented with an idea is the interpretation and translation of that idea also depending on how others have interpreted it before. The actors look at how others have interpreted and acted upon the idea, and are then through a more or less conscious choice trying to achieve a similar result. It can be seen as a way for the actor to learn in a more efficient way, minimizing waste of resources as well as attaining a wanted identity. (Sevón, 1996, p.52) Røvik (2004) further argues that there is a difference between a *rational imitation* and a *partial imitation* of the actor, where the former implies the actor to fully see and understand the idea and an imitation is a rational choice, to pick what was best out of the idea and then reframed to fit their context. The later, the partial imitation, implies the actor to unintentionally imitate parts of the concept due to one’s preconceptions or lack of full understanding of the idea as such. (Ibid, p.161) The imitation can in itself be seen as a translation process, because of it being interpreted and translated by various people at different times and different places (Sevón, 1996, p.57). Which ideas the actor then chooses to adopt or find interesting to imitate, is also depending on the level of fashion of the idea. The concept of *Fashion* acknowledges the level of acceptance by others in the same field, department or organisation and that it influences the choices of actors. This influence on the preferences of individuals and organisations can be described as an idea that is spread, rises and falls within a certain time range. (Røvik, 1996, p.155) Fashion is seen as a choice made by the collective between taste, things and ideas, a choice that is as powerful as invisible (Czarniawska, 2005, p120).

Time and location of the social actors will also influence their feelings and response towards any attribute they might face. Czarniawska and Sévon (1996) argues that ideas are accepted in its perfect time and space for the transmitter, that the transmitter will cast the idea if it is not suitable in time and space. When an idea is formed it has to go through many various translation processes before it has taken the shape and form that suits the collective enough to generate action, time is necessary to create contingency among the actors. Time in itself implies sequentiality and creates causality in all actions, creating the glue that holds ideas, reasons and actions together (Czarniawska & Sévon, 1996, pp. 20-23).

In this study, the translation theory will thus highlight how the organisational core values are shaped and reshaped by the encounter of various employees acting after different norms and values from one country to another. The theory of travel of ideas serves as base for the idea process model created by Czarniawska and Joerges (1996, p.13).

4.1.2 The Idea Process Model

Czarniawska and Sévon (2005) emphasise the importance of the individual and its context as an effect on how the idea travels and where it ends up. This is done by explaining the relationship between what already exists, the people, and what is created: the translated idea. They further present the components needed for the idea to travel, and states that a practice can not travel by itself but needs to be presented as an idea that someone can pick up, to enforce travelling. The idea thereafter needs to be objectified into an object to be able to travel through time and space. (Ibid, p.9) To explore how the local employees translate the core values individually, it is important to understand what influence timing has on the interpretation of the core value. The right time and the present fashions as well as how it has been acted on before, determine how the idea is picked up and translated. Czarniawska and Joerges (1996,) describes their dynamic model by incorporating different steps and influences of the time and space context, presented as follows (pp.32-47):

The developed *idea* is, in line with the theory, rarely completely new, but often developed and re-constructed out of old ideas as ideas are continuously circulating. Depending on the processes in place and what time the idea is presented, will the idea then be cast away or accepted. (Ibid, 1996, p.31) If the idea is accepted, it needs to be *objectified* to travel. Czarniawska and Joerges (1996) stresses the need for an idea to be written down or presented as an image or, any other way, outspoken for it to become a de-contextualized object that is neutralized and ready for interpretation (pp.32-33). When the idea has become an object, it is left as a simplified core-idea, free for anyone's translation. Now the idea is *neutral* and is presented to translators with their various references, contexts and 'fashions'. When translated, and later *materialised* into action, what ideas get acted upon is then depending on the various powers of the actors, the local fashions and the institutions set in place in the context which it is presented in. Czarniawska and Joerges (1996) then emphasise the second-to-last stage, when the idea gets materialized and re-contextualized in its new environment as an action (pp.38-39). Again, *how* and *if* the idea gets adopted into action is dependent on the context it is in, but is here made to fit the local features before it is put into action by its transmitters. The final step in the process is institutionalisation. If the idea is taken further, repeated and maintained when challenged by other ideas it can in

itself become an institution as a new creation or a new way of conduct in its setting. (Czarniawska and Joerges, 1996, p.39)

The different stages below are the translation process, and can create understanding of how an idea travels through an organisation. In order to visualise our understanding of the theory created by Czarniawska and Joerges (1996), we have simplified the process into a model as presented below.

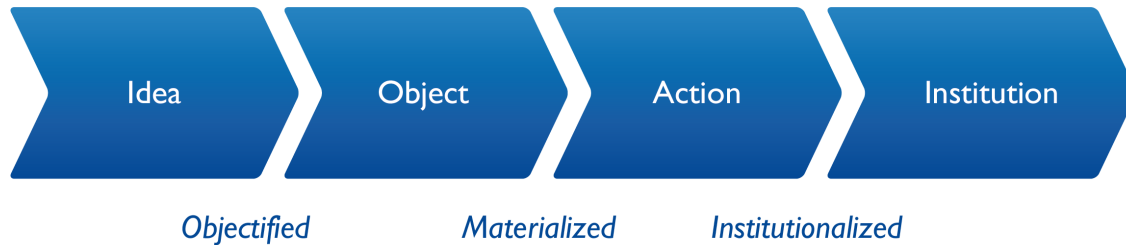


Figure 7. The Idea Process Model
Source: Czarniawska & Joerges, 1996, p.31-47

The model shows how an idea travels through time and space. The time and space cannot be seen as a local phenomenon, ideas that are in fashion are sent and transferred globally but the local context will never disappear (Czarniawska, 2005, p.113). The model is constructed with a focus on the translation process and it is tested by fashion, time and space before accepted, shaped and changed into practice. What is only briefly addressed, but is of significant relevance for this thesis, is how specific actors within a specific context translate the idea into action. The theories reviewed in this chapter are mainly focused on organisational change and focus the organisational translation of global ideas. What we miss in their model and something we will include in our conceptual model is how the organisational ideas are diffused and translated within the same organisation. When an organisation expands to new markets, the dispersed entities must adopt the common practices and strategies already set in place. As these common practices and strategies already are objectified by the parent company, they will reach the employees in the new entity as already objectified ideas. Therefore, this model will further be adjusted to suit our aim, where we want to highlight the subsidiary and the individuals within the subsidiary as well as the strategy and structures already set in place to diffuse their objectified ideas.

4.1.3 Our Model - The Translation Process Model

The model to describe the travel of the organisational core values from the parent company through its practises and structure reaching its local employees in the subsidiary will be analysed through our conceptual framework, inspired by 'the idea model' by Czarniawska and Joerges (1996). To further create depth of the model and to fit the purpose of the thesis, we aim to include the theoretical implications found on corporate strategies, the core values, and the organisational structure described in chapter 3. The ambition of this thesis is

to explore the process when the Swedish core values are translated in the Chinese context, and to further understand how the values are understood and put into action.

Multinational companies use various strategies to diffuse their ideas and practices throughout the structure of the organisation. In our model presented above, does the '*strategy*' represent the corporate intention to diffuse the core value package to the subsidiary through various 'vehicles'. As mention before, core values serves as timeless guiding principles with a purpose to guide, motivate and standardize behaviour among all employees in an organisation (Collins & Porras, 1996; Schwartz, 1994). The diffusion of core values is seen as a long-term strategy to consolidate the organisation's corporate culture. In a multinational company, the strategies are further used to promote common practices in all subsidiaries (Selmer & De Leon, 2002, p.1147), independently of the diversity between the various cultural settings. The *strategies* and *structures* are controllable elements within the organisation and the structures in this model represent the organisational paths, through which the strategies are sent and travel.

However, the members of the organisation are the ones who interpreted the ideas and translates them that ultimately determines the extent of their practical use. The core values are shaped, or translated according to Czarniawska and Joerges (1996), and their meaning changes depending on the internal forces in the organisation and its cultural context (Birkinshaw & Morrison, 1995, p.731). How the meaning of the core values is later implemented in practices very much relies on the preferences of the individual who translates them into actions (Latour, 1986, p.267). It is also important to take the context, the local fashions, and the time and space into consideration as influencing aspects of the translation process of the core values. These aspect are therefore embedded in the model as circulating elements in constant movement around the process.

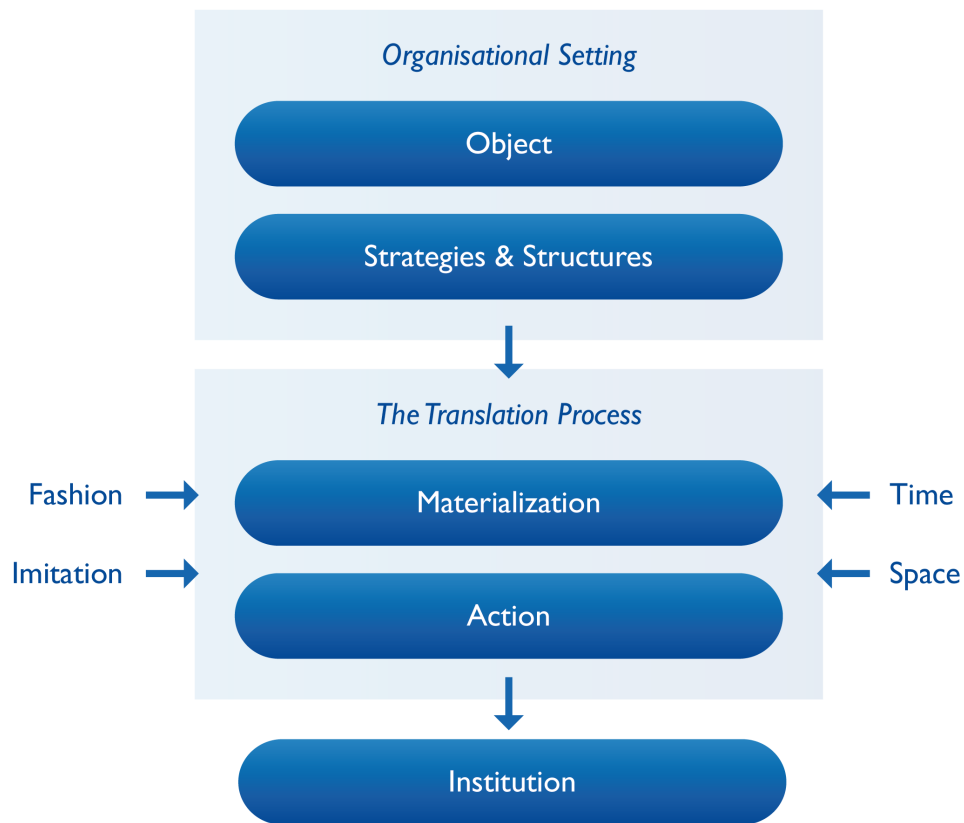


Figure 8. Our own model
 Inspired by: Czarniawska and Joerges Idea process model, 1996

The model above begins with the organisational process, in which the core values are made into an object at the head quarters with *strategic purposes*, the *object* will here be presented and analysed as such. The object is later diffused through various procedures throughout the organisational *structures* reaching the subsidiaries. Since our ambition is to explore what happens to the meaning of the values when translated in a foreign subsidiary will we use the model to analyse the *materialization* of the object when reaching Shanghai. This is the initial stage of the subsidiary process. In this stage will the time, space, local fashions and imitation be taken into consideration as influencing elements. As our purpose further is to explore how the core values are translated into the employee's day-to-day activities, we will in the same stage of the model go through how the employees puts each and every of the core values into *actions*. As discussed previously is the transformation of a practice into an institution not always obvious, through the institutionalisation process are some ideas cast and the collective establishes some as an institution. Which values are kept and whether there is a notion of visibility as an institution will therefore be analysed by looking at the ideas of the core values which are 'taken for granted' as habits by the employees as the last stage.

5 Practical Method

In this chapter we will describe our strategic methods, thoughts and actions to conduct this research. The case setting will also be described, as will our process to gather the data through the interviews needed for this thesis. We will in depth describe how the interviews have been planned, shaped and executed as well how we have treated all of our findings. Finally will we describe how we will conduct the categorization as well as our analysis, ending with the ethical considerations being considered throughout the process.

5.1 Case to Study

The first contact we had with the company regarding our study was when one of us was working in the organisation in Shanghai in 2012. The organisation in question is one of Sweden's biggest multinational companies and is known for their strong value base. H&M is at the moment facing a large expansion in the Asian market with main focus in China (H&M Annual report, 2013). When we chose which company for our study on the translation of core values it was therefore natural to think of this specific company. Another reason for choosing this organisation was the contact already established within the head-office in Sweden and Shanghai. The Chinese organisation also showed interest in our research prior to the thesis writing process, which gave us confidence that we would be able to attain the information needed to perform the research.

The company also fulfils the criteria for the purpose of this study; they have their head-office in Stockholm, with a strong corporate culture and with clearly defined organisational values promoted to their subsidiaries and employees all over the world. They are present in China, which in combination with the other criterions served as a relevant case to study.

During this study, have contact with several employees in H&M been established, who have guided the internal contacts within the company. The initial contact we had with the office in Shanghai to confirm the interest of our study, was via email correspondence with the main office in December 2012. The thesis topic and purpose was then discussed. A follow-up phone meeting was held in January 2013 and the contact then helped us to get in contact with the country manager. He was presented with our project plan and in late February we got the approval to conduct this study at the organisation in China. We were later introduced to the Human Resource manager in Shanghai, which in turn initiated the contact with two of his associates at the Human Resource department. These two became our main contact in Shanghai and helped us throughout the process. Our first phone-meeting was held in March where we discussed the formalities and main scope of the study. In April we had a meeting in Shanghai where we got help to schedule the interviews. During the interview process as well as after, they have continued giving support via email.

5.1.1 Gathering Data

The foundation of the empirical material in this study has been through interviews with employees in the organisation, mainly because it is an effective way to obtain rich empirical data (Eisenhardt & Graebner 2007). We have also observed the employees within the working contexts as well as written documentations (annual reports and core value

guideline material) in order to attain a deeper understanding of the translation of H&M core values in Shanghai. As discussed before, using multiple interpretative sources is a preferable way to reach a better understanding of the subject (Ibid, p.4) and we wanted to obtain as much rich material as possible. However, we have not had access to more than one Head office managers in Stockholm, to obtain more information regarding the core value purpose and their definitions. This could have given this study further dimension, but we still argue the interviews conducted to be sufficient to answer our questions in the Chinese context.

5.1.2 Interviews

Altogether, 12 interviews have been held during two weeks in Shanghai with locally hired professionals and expatriates working at the main office, in the area team, and in different stores in the area. The reason why we wanted to interview people from different hierarchy levels, functions, and geographic locations was to attain data from different perspectives. According to Eisenhardt and Graebner (2007), a key approach to limit the interview data bias in the data collection process is by using different knowledgeable informants within different parts of the organisation, (p.28). The reason why we stopped at 12 interviews was because we felt we had obtained enough data, the theoretical saturation, (Eisenhardt, 1989, p.545), was reached. In addition to the interviews, meetings were also held with expatriated staff from Sweden, working in Shanghai. The main reason for initiating these meetings was to get a deeper understanding of the working situation in Shanghai and their role as ‘vehicles’ to communicate the organisational core values to the new local employees.

All interviews were conducted at the participants natural working setting to make them feel as comfortable as possible. They all got a letter of consent and we briefly discussed its content before we started the interview. Because the purpose of this thesis is to explore how the employee translate the organisational core values, it was important that they felt relaxed and that they understood that we were not investigating whether they knew the “right answers” or not, but were instead interested in their experiences and thoughts. It was also important for our study, that the participant recognized our stand as university students and not representing the company, so they felt safe to answer as honest as possible.

The structures of all the interviews can be describes as what Bryman and Bell (2011) calls semi-structured interviews (pp. 205 & 467). With semi-structured questions, the respondent gets similar questions but there is also space to ask additional questions and follow up questions. We wanted to have this flexibility to fully understand the respondents but at the same time use the same wording in all interviews, to facilitate gathering of coherent data for analysis. The questions were mainly related to different phases derived from the translation theory with the aim to understand how the local employees materialized the core values and put them into action. During the interview process we discovered that we needed to add some questions and change the wording of others. This was to facilitate understanding for the interviewees and to ask specific questions for their particular roles. In appendix II and III are the different phases, questions and the purpose of them presented in an interview guide. These guides served as the framework for all the interviews except interview 13 who only answered the first half of Appendix III.

5.1.3 Sampling Process

A brief explanation of the themes and some examples of questions were emailed to the HR department prior to our arrival, this for them to understand the scope of the research to be able to help us with the study. When arriving at the setting, the H&M office in Shanghai, the HR department helped us to get in touch with employees from different parts of the organisation, that had the time to participate in our study and could speak English. The selection of participants in this study can therefore be defined as a mix of what Bryman and Bell (2011) describes as a convenience sample, since we selected our participants because they were available to us (p.713), and an opportunistic sample since we also took the opportunity to ask people once we were in their workplace if they wanted to participate in the study. To get access to English speaking local employees in the area team and main office was no problem, but it was somewhat limited within the different stores. It was therefore suggested to us to interview employees with different managerial responsibilities, because the company's requires that they can communicate in English as well as Chinese.

5.1.4 Realization of Interviews

Both of us were always present and had the same role throughout all the interviews, one asking questions and the other one taking notes. To obtain the same interview role was important for us because we could therefore address the questions in the same manner and create consistent flow of the wording and structure within the interview situation. We also wanted one interviewer to be fully concentrated and to actively listen to the interviewee to be able to ask relevant follow up questions without being distracted from taking notes. While the other interviewer took the notes on everything in the situations, such as tones, facial expressions. Another major benefit we noticed by being two at every setting was the possibility to view the answers from different perspectives and discuss the underlying meaning in the answers. Because we had all the interviews in English, which is not the mother tongue of neither us of as interviewers nor of the interviewees, we needed to ask the questions in a clear way as possible and carefully discuss after each interview that we both understood the situation and answers in the same way.

All the interviews lasted between 45-60 minutes and were recorded and transcribed as soon as possible after the interview. The benefit with this procedure was the possibility to go over the material again after the interviews and we could therefore analyse the material in an on-going process (Bryman and Bell 2011, p.483). By listening to the interviews, we also discovered that we needed to improve and make adjustments in some of the questions. By overlapping data the collection and the data analyses, we had the possibility to take advantage of the emerging opportunities presented in different situations. (Eisenhardt, 1987, p.539) Furthermore, during the transcription some of the verbal repetitions and errors were edited out to facilitate the analysing process and the use of potential quotes.

5.1.5 Written Documentation and Observations

Some of the company's external and internal documents like annual reports, the company's website and employee guiding tools from their intranet has been reviewed. The annual report and website were very helpful to get a deeper understanding of the company's communication strategies of the core values. The annual report also worked as an

inspiration when formulating some of the interview-questions. In some of the interviews, we got interesting information regarding how the core values are presented to the employees and how these may work as a guideline in their daily work. We therefore went to some of the stores to observe how the employees worked in the stores and approached customers. The observations were beneficial to be able to comprehend the statements made in some of the interviews on a deeper level and gave us new insights.

5.2 Categorisation and Analysis of Data

By the twelve interviews, the transcribed material obtained in combination with the notes taken from our observations from our research in Shanghai, a large amount of data have been gathered. To be able to make sense of the material gathered, Miles and Huberman (1994) explains that the data needs to be sorted and focused in a way possible to draw conclusions from it. This process of data reduction is an on-going process and is not separate from the analyses but instead a part of it and will not end until the report is complete. (Ibid, p.11)

From studying the internationalisation process, core values function in the organisation as well as the translation process, the model discussed in chapter four was generated. The model with its three stages: 'the organisational setting', 'translation process' and 'institution', served as a starting point in the formation of the interview questions and will also be the foundation for the analysis. However, during the transcription process, when key words and interesting quotations was highlighted, different themes became apparent. As the review of the transcription proceeded, key quotations from different parts of the interview's were categorized and placed under these themes. These themes were; Meaning/Purpose, Materialization, Actions, Processes in place. All themes are connected to the various phases in the translation process, but to gain a deeper understanding and reach new dimensions of the empirical material, more theories became necessary to review and existing theories were needed to extend. Time, space, fashion and imitation was four underlying elements that needed to be included to be able to understand what we had seen. The research process in this study can therefore be described as systematic combining discussed in chapter two. Dubois and Gadde (2002) have found that by going back and forth in empirical material and theories and between different activities in the research, the researcher will gain a deeper understanding of both (p.555). The theoretical background have therefore served as a base for understanding and have constantly been reviewed and revised during the research process. We have also gone back and forth between the empirical material and analysis in order to secure that the respondents' voice came through in our analysis.

The strategy used to present the empirical material was inspired with what Nylén (2005) explains as the coherent case description. The story represents the coherent whole from the employee's perspective where the empirical voice will be present using quotations from the members of the organisation. (p.70) We have not followed this method thoroughly but instead used the method as an inspiration. Instead of writing the empirical findings in a stringent story with a clear beginning and an end, we realised that in this case must the employees voices be heard and visible throughout the empirical material. We thus divided

parts of the chapter accordingly to their stories regarding the core values. To ensure the participants full anonymity in our case study, have we chosen to code the person by fictive names and divide their function within the organisation into two categories, managers and employees (See appendix I). Further, since the purpose of the thesis is to explore how the local employees translate the core values of the multinational company, the presentation of analytical findings will only include the local employees perspective (Table 2).

The structure of the analysis will be following our model, inspired by the idea process model (Czarniawska and Sevón, 1996), discussed in chapter 4. In the first section of the analysis 'The organisational setting' will the object and the organisational strategies and structures be in focus. In the second stage 'The translation process – Shanghai subsidiary' will then the materialization of the core values (the object) and its visibility in actions be discussed, followed by the last and final stage where we will explore if the values are institutionalised among the employees in Shanghai. The reasons for dividing the analysis into three stages, is because we argue that our stages mirror the path through which the core values travel through the process, which makes none of the stages are possible to disregard.

5.3 Ethical Considerations

Within the process of conducting our research, ethical consideration needs to be taken into consideration with regards to both the individuals involved in the interview process and the potential consequences the results of the study may have on the company.

Bryman and Bell (2011) discusses mainly four ethical principles in business research namely whether there is, (i) Harm to participants, (ii) A lack of informed consent, (iii) An invasion of privacy, (iv) Deception is involved. (p.128)

In order to prevent harm our respondents we know that we need to be extremely cautious in the way we present ourselves and ask our intended questions. We are aware that the Chinese culture differs from ours in many aspects especially in the way we act and behave. This means that if we do not take the Chinese culture and their salient language into consideration when conducting our interviews, the respondents could be exposed to harm. They can be stressed if they interpret our behaviour in the wrong sense or if they do not know the "right" answers to our questions that could ultimately affect their self-esteem. With this in mind, we will give the participants as much information needed beforehand so they can make their own decision if they wish to participate or not. However, we fear that if we provide too much information regarding the purpose of this thesis, the respondents will have time to think about the "right" answers or "study" the corporates values and goals in order to answer in line with what they believe they should. We therefore argue that in order to get honest answers and understand their attitudes and behaviour, we will be careful to not give away too much information, but in the same time not deceive the participant in any way. Further, we will get help from the head-office in China to arrange the interviews with the interviewees and have therefore no control over the internal process of how this is managed. Nevertheless, we will inform and assure that the participants know that the interviews are voluntary and that they do not need to participate nor to answer any question if they do not want to.

Another aspect of ethical consideration in this study is in regards to analysing the collected data. First of all, all respondents will be anonymous and their answers will be decoded to prevent us revealing any of the responds specific answers. The company will not have access to any of the answer that can expose the identity or the position of the respondents. Additional, Schein (1985) explains that if the analysis of the case turns out to be incorrect; future decisions may be based on incorrect facts. Another problem could be if the analysis is correct but the organisation is not ready to take any action. In that case the problem will be visible but the manager will not be able to solve it. Finally, our research could make the organisation more vulnerable because the paper will be published and others will gain access to information otherwise not detected. (Schein, 1985, pp.137-139) With this in mind, we will have a close dialogue with the company and prevent vulnerable information leaking out as well as to prevent any misinterpretations.

These ethical considerations have mainly been regarding the interview situation and in terms of the interviewees, however the ethical considerations regarding the research as a whole and how we as researchers have approached all the theories and empirical findings will be discussed and declared in chapter eight.

6 Empirical Studies

In this chapter our empirical findings will be presented. To gain a deep understanding of the case as a whole we will begin with reviewing some elements of the Chinese context as well as the background of the organisation. Thereafter will the empirical findings through our interviews, observations and all other data be presented to build a foundation for the analysis.

6.1 Empirical Background

By presenting the background of the empirical findings we aim at facilitating a more dynamic understanding of the environment in which this case study has been conducted. China's rapid growth from being a somewhat closed that has become a market that is of interest for every company wanting to expand makes it embody certain market conditions that need to be reviewed. It is also a country with a long a profound history that has built a strong culture that is of interest for this thesis. Thereafter, will the organisation be presented as well as their background. Chapter 6.1 will serve as background information when conducting the analysis, which will mainly be based on section 6.2.

6.1.1 The Chinese Context

6.1.1.1 Market conditions

China is today the fastest growing country in the world, during the past decade have the economy increased in size by 9% on average per annum (Cho, 2012, p.23). In the past decades have Chinese reforms and changes in policies opened up the previously closed market, creating a new large and important market for global growth (Schwaag-Seger & Widman, 2005, p.8). The country is characterized by large domestic contrasts and varieties in scope of financial growth, complicating the task to present its market and culture in a general manner (Schwaag-Seger & Widman, 2005, p.11). Historically, the main competitive advantage for China has been its large labour force and ability to generate large quantities of mass-production, a country where companies have located their production and purchasing facilities. This is changing, the political reforms and national focus on global competitiveness has created a society increasing its knowledge base, making the market increase even more in interest for foreign direct investments. According to the report presented by the 'Swedish institute for growth policy studies' and the 'Swedish embassy in Beijing' companies are locating their R&D functions on the Chinese market more frequently today than ever before (Schwaag-Seger & Widman, 2005, pp.60-61).

Even though the Chinese are living in a more open and globally oriented country, are activities still controlled by traditional ways of thinking and in the business environment, a clear autocratic culture.

6.1.1.2 The Chinese cultural context

Chinese traditions and culture have a long and ancient history, that remains side by side with what the new influences an internationalised market implies. China is relying on the past as a frame of reference for the future (Haihua & Baker, 2012, p.5). The core of

Chinese cultural conditioning is still multi-layered due to its combination of two worlds, where the ancient China stands for a substantial influence of the three major philosophies; Confucianism, Buddhism and Taoism. These philosophies are visible in Chinese reasoning and behaviour, serving as moral base for the values and societal norms after which many acts (Wu, 2008, p.172). Out of these are Confucianism seen to be the most influencing on Chinese behaviour, Confucianism is mostly concerning relationships and how people at all times should try to keep harmonic balance in their relationships and avoiding conflict (Cho, 2012, p.37; Wu, 2008, p.172). The basic idea is to respect the one above you simultaneously as you treat your dependant well. Cho (2012) describes Confucianism as the ideology that has enabled China to prevail hierarchical, paternalism and family oriented structures (p.38). This can be visible in the responsibility management has over its employees through direct or indirect remuneration, as Chao (1990) argues, can the obligation put on management to share the prosperity with the employees be evidence of the paternalism (p.589). As discussed by Huahai and Baker (2012), are hierarchical structure key in Chinese businesses, this is also an effect of the thought of 'midstream living' that many Chinese apply. Midstream living is for many Chinese a societal conformity, through which they aim at reaching their objectives without causing harm for others (p.20). This could be revealed in a business situation when the employee do as they are told, but leave own initiative out or keep the 'midstream' out of scare to offend others by being too ambitious or too lazy (Haihua & Baker, 2012, p.21).

When presenting the Chinese culture, one must address the term of Guanxi and Mianzi, two concepts that address the shame of loosing one's face or downgrade someone's image. It is a term that describes the human value in relationships and how respect is shown between individuals, business connections, colleagues and neighbours etc. Chen (2001) describes in his book how this phenomenon affects business situation as well as follows the societal pattern of the entire culture. The author argues that it has to be considered that by expressing ones opinion in an ambiguous way, can situations of harm or embarrassment be avoided. According to research on the Chinese relationship orientation many scholars see this as a sign of Chinas 'collectivistic' society. Where research often is in line with Hofstede's five dimension, discussing how Asian countries tend to be more collectivistic than western (Hofstede, 2010, pp.120-125). Others explain these characteristics of the Chinese holistic perspective related to Confucianism, that to reach strong management the balance of all things in the universe has to be harmonised and considered (Rotundo & Xie, 2008, p.866). With this said, many are those that discuss the shift China has undergone, from a strictly collectivistic and socialistic society to a more individualistic society (Lin & Ho, 2010; Koch & Koch, 2007; Cho, 2012; Rotundo & Xie, 2008). Lin and Ho (2010) even argue China to have benched their collective society as part of history and discuss the importance today is to train employees in teamwork and group benefits (p.296). In recent research on Chinese management, has even the statements made by Hofstede about Chinese collectivism been questioned, Chinese have been proven to be more individualistic than large western countries (Rotundo & Xie, 2008, p.271). Research comparing Chinese work behaviour to its smaller neighbour Taiwan, Chinese employees has been shown less active behaviour in their attitudes towards work (Lin & Ho, 2010, p.287)

6.1.2 Background Presentation of The Company

The global retail company H&M started its activities in 1947 in Västerås, Sweden. Over the years have the product range developed from only woman's wear under the name 'Hennes', to where they are today; a store for men's, kids and woman with all the accessories they might need for their wardrobe and to decorate their homes. The H&M group have during the past ten years also extended the number of brands in their range, with a difference in design, price range or customer target. The company also has a long history of internationalisation and business development, and established their first representatives abroad already in 1964. The first target was their neighbouring markets, Norway and Denmark but later also to the UK, Netherlands and Germany. During the 1990's the expansion continued in Europe and in 2000 the company opened their first store in New York. Opening in America was an initial step in a planned increased expansion-pace to new markets. For the past 10-15 years, the company have had a rapid expansion and are today present in 49 markets. In 2003, H&M had 945 stores and employed approximately 40000 (H&M, 2003), figures that has increased to 2800 stores and approximately 104000 employees by the end of 2012. (H&M, 2013)

H&M always strives to be located in the best business locations, in order to adopt fast and have increased flexibility, to move at the same pace as their ever-developing markets. Therefore, they never own the premises, nor do they own any production facilities. Before the company moves into a new place the general expansion strategy is set in place, and factors like demographic structure, purchasing power, economic growth, infrastructure and political risk are analysed. (H&M, 2013) The organisation has its strategic head office in Stockholm, where the corporate management as well as all the main functions are located (Buying, Design, IT etc.). H&M have a matrix organisational structure, where all the subsidiaries have direct contact with the central functions at the head office, the central departments are in turn responsible for their department in all the subsidiaries. Finance/Accounts are ultimately responsible for all the countries following their outlined procedures and keeps track of their costs; Human Resources are ultimately responsible for all recruitment and training of the global staff and so forth. H&M has around 30 subsidiary offices all over the world, responsible for sales or production in their particular region. How the structure is within the subsidiary is somewhat uniform between the countries, where there is a larger support office in the biggest city of the assigned region. That 'support office' supports the area teams with the functions and information they need and are responsible for their sales but also responds and react to head office information. The area teams are in turn responsible for 10-15 stores in their geographic region, the area offices have the functions to support the stores and to drive their sales. (H&M, 2012, p.2) See appendix III.

With regards to the future, H&M show a positive outlook on further expansion in existing and new markets. The organisational goal for 2013 is to expand and increase their number of stores by 10-15%. To reach the planned goals, the expansion will take place in many markets but will mainly be concentrated to China and US (H&M, 2013). When H&M are expanding, however, they often meet challenges due to cultural differences when people are not used to their H&M way of conducting business, a flat organisation that gives the employees freedom to use their own inner drive (Tuvhag, 2012).

The organisation often emphasise the importance of their corporate core culture and fundamental values, which they trust and belief to be a key to their success over the years. It is also these values that serve as key in recruitment, both for management positions and for staff in their various markets. In the article 'Rätt folk, grund för H&Ms expansion' (Right people, the base for H&M Expansion, 2012) core values was mentioned as a criterion that individuals could fit their business culture even though meeting new, different cultures in the on-going expansion (Tuvhag, 2012). This might also be the reason for H&M's high percentage of internally recruited managers, 95% of the managers are found internally. Something that is in line with their core of business, to maintain the focus on the activities in store, where they see their most important activities to take place (H&M, 2003; Tuvhag, 2012) The core values and the employees own common sense have been a part of the main driving force at H&M since the early days. It is only during the past years that the organisation has relied more on manuals and disciplines for the business idea to be kept uniform all over the world. (Pettersson, 2001, p.260) In their corporate governance report from 2012, are the global guidelines and values presented as part of the internal control mechanism, together with other policies, codes and manuals (H&M, 2012, p.11).

"If you have the right will, attitude and values it will work, the work tasks can be taught step-by-step" (Tuvhag, 2012)

In terms of the outspoken values, H&M emphasis quality and sustainability in all activities of their organisation. They present seven core values as their main drivers in doing business, which are:

Core values and Keywords	
Keep it Simple	'Fight bureaucracy' 'Use common sense'
Straightforward & Open minded	'Be honest' 'Talk to the one it concerns' 'Listen to an encourage new Ideas' 'No prestige about being right or Wrong'
Entrepreneurial Spirit	'Seek opportunities' 'Own Initiatives, Aare to Try' 'Challenge the Boarders'
Constant Improvement	'Fast Pace is our Nature' 'Curiosity is Our Fuel' 'We Love to Compete'
Cost Conscious	'Every careless dollar spent works against our Business Idea' 'Act and look for a more Efficient Solution'
We are one Team	We share the same goals' 'In a Team every Player has a Role' 'Open Doors'
Believe in People	'Be Yourself' 'Respect others for the person they Are' 'We would love for your career to be with Us. Be our future Star!'

Table 1. Core value Definitions (2013)

6.2 The Shanghai Case Study

6.2.1 H&M in China

The Chinese subsidiary is part of H&M's 52 country subsidiary group, it is also one of the newer markets for the company and the country that is expanding the fastest at the moment. CEO Mr Persson mentioned during a press conference in January 2013, that the market is of great interest for its large potential and increased living standards for the population. They would therefore open approximately 50 stores in China during 2013, a pace kept from 2012. (SVD, 2013-01-30).

The organisation builds the structure of their subsidiaries in a similar manner, as discussed in 6.1.2. The country is in direct contact with all main functions in the Swedish head office, and is divided into areas and stores in a similar way as previously described (H&M, 2013). However, there are some deviations, and the Chinese market is divided into two geographic regions, the north and the south. They serve as a supporting function to the area teams and are responsible for their business as well as interlinked with the support office in Shanghai. It is through these structures that their internal practices, goals and procedures flows. (See Appendix IV). This organisational structure is aiming at being a flat organisation, giving much autonomy to their employees and entities, *"H&M is like very opened and it is also very flat company, like the second thing I learned is that we are very flat company"* (Tao)

When H&M starts up business in a new country they have a system to facilitate operations and implement their way of business. By sending more experienced staff from other countries to the new market, they secure their way of doing business as well as spread their core culture amongst the new employees (H&M, 2003). This was also visible when visiting Shanghai in March 2013. Expatriate representation was present in many teams, and some were there on a temporal basis, others with less defined time frames.

Before H&M opened up in China, the company was not well known in the country. Many of the interviewees mentioned that they had never heard about the company prior to their employment, while the more recent employed view the company as an attractive employer where there are opportunities for personal development. *"I think it is a very famous company, and very attracting for me and I can caught a lot of development. So this is the reason for me leaving my previous job and join H&M"* said Sam.

6.2.2 The Glue That Holds the Company Together

The workforce at H&M in Shanghai consists of people with different backgrounds and origin. The majority of the sales staff is of Chinese background whilst in the area teams as well as in the main support office in Shanghai there is some expatriate representation and locally hired western Europeans. Some of the employees with non-Chinese background felt that their function within the organisation was to be 'symbolic leaders', and to spread the corporate culture amongst their colleagues. The core values and the internal culture are also mentioned to be a part of their job as leaders, to rely on in terms of recruiting, guiding and training their staff. *"It's to keep the company together and we always have something to lean back against. No matter what position you have or what you are working with, I think there is a spine that connects everyone and everything"*, said the expatriate Kate.

“The core values are a guide in my daily life and works as a tool in my role” said Ulla. The core values are supposed to be part of everyone’s day-to-day activities and are taught parallel to the work-training. All the recently recruited employees at H&M gets enrolled in the ‘H&M for all’ training after 2 weeks. This training function is in place to coach the individual to do their job as it is *done* at H&M. There is also an e-learning portal called ‘Grow’, that also served a training purpose that is open for all employees throughout their employment.

It is during this training that the employees learn about H&M and their core values through discussions, exercises and experience sharing. Mingmei said, *“For my first day in H&M they give me a lesson about the seven values and told me about each values, and the meaning of it and how H&M define this meaning. And when you work, you will find that your work will be with the same principle and guide what you do. I think this is in H&M blood”*. Zeng added *“..the sales advisor training material is better than before and we have the ‘H&M for all’ and the grow.”*

The training of the core values have looked different over the past years, most of the interviewees’ recalled their training period as their initial two weeks. Others described how they were shown the core values by their supervisor and that it was visible to them in their work environment. One of the employees that have worked longer then the others, recalled an e-mail that was sent out a few years ago, where the 7 core values were presented. She recalled it as some kind of internal campaign, that later was emphasised by wallpapers. Another interviewee confirmed the same, she however described it as a story-telling campaign, through which the employees could tell their value-related stories.

After these initial weeks it is up to the store and its management team to secure the understanding of the values with the newly recruited. By this, are the employees are expected to learn how to use the values in their day-to-day activities. *“When I entered the company I had mentor, I trained for visual and Cash office responsible, and every period I will have one mentor. Every time they will tell me about the seven Values, and we have one system online, e-learning. So I remember, two years ago.”* (An)

It was also described that the core values served as joining force for the teams *“Because the background if the company is from multi-country and different countries have different values.. So here we have the core values, makes people from different countries understand more easily and have the same direction to go straight and to be more useful and efficient for all of us”* said Li Wei. Yi Ze said *“I think they can make everyone like this company and suit for this company very so, because we have many background people join in this company and the other it can makes us work happy and more efficiency and it makes us to believe this company can learn more and we can stay in this company.”*

The interviewees talked about the core value purpose, as a tool to unite the staff to work in the same direction through similar ways of thinking. *“They unit the whole company employees with one heart. So we are one team from different departments. I think this is the purpose of H&M values.”* said Mingmei. The values are also present through posters on the walls, intranet portals and value-compendiums in the office. *“You see them on notice boards in shops and hear them being talked about every day”* said Lisa, from the

management team. Many of the interviewee also mention that the core values were reinforced in different kind of daily activities, *"...The seven values are introduced... and then maintained in the kick-offs and sales meetings. Everyone share the values, in everyday situations..."* said Yi Ze.

All the Chinese employees interviewed could at least mention five of the seven core values by heart, most of them also mentioned them in a similar order, always starting with 'keep it simple'. *"I remember, but in Chinese"* said Zeng who had forgot one of the seven values in English. We also noted that the employees were eager to describe them and talked about them with enthusiasm, one employee even had a copy in his/her pocket

6.2.3 Core Values in their Daily Activities

The value that many interviewees mentioned first of the seven, was 'keep it simple'. It is by the company defined with the two expressions: fight bureaucracy and use common sense. By describing this value, many related it to something that made their work situation easier. Many also described this value in line with the definition, to keep procedures simple by premiering efficiency before administrative complexity. *"We always need to use our common sense. If the procedures is a little bit extensive they break my speed, I can use my common sense"* said Sam. Another employee explained how the value helped to save time when running into problems *"we don't want to take too much time to solve them, sometime we go back to original. We want to solve this very easy because we don't have much time to do this."* (Yi Ze)

Other employees interpreted the value *"keep it simple"* as the way the company designs the internal procedures *"for example, every new staff maybe have a lot of books and training systems. But in our company it is very simple, only one. Just like e-learning and just like 7 value I think it is very simple."* (An) It was compared to their previous experiences as different from before, *"I work for a local company before and they have very tough procedures you can not ask you can not go against. And now I work for HM and I can say, we have a lot of freedom to make everything simple and everything efficient"* (Sam)

The interviewees also mentioned clarity when communicating as a way to keep things simple, and referred to it as a strategy in all communication by; *"...not overload with different tasks to do and different focuses."* (Kim) Zeng had implemented a strategy to simplify information sharing, *"Just to keep it simple my management team communication-time is not so long, it is very short. Everyday maybe just 10-20 minutes just to share the goal and know the position and how to improve it and the result."* By doing so, the managers felt that they simplified for themselves as well as for their staff.

Daily procedures and work tasks was also made to be of simple character, An described *"like our stock room, maybe everyday we will have a lot of garments so we will arrange it, staff have to do it but only two people will make up a team. One is tagging and one is hanging, so it is very simple,"*. Find alternative ways to solve daily problems even if they were a bit difficult or sudden, was also visible in the light of 'keep it simple', *"If we have a payment that is very urgent, and our manager is on annual leave I can go to another boss to ask if possible to sign, because this is a very important for us"* (Sam). Mingmei said, *"I will directly call them and ask them to give me the information if this is ok"*.

The second core values at H&M is 'Straightforward and Open Minded', by this value the organisation encourage 'be honest', 'talk to the one it concerns', 'listen to and encourage new ideas' and to have 'no prestige about being right or wrong'.

Many interviewees expressed that this value enabled them to say what they have in mind and described their managers as open minded because they listened to their ideas. *"My boss always tells us 'you have to speak out. It's a good thing' I always keep in my mind... this is also with the regards to the efficient, if I have some idea or suggestion I can speak out. Because maybe it's right or maybe it's wrong but I can speak out and my boss or colleagues can explain it to me. I can't hide it in my heart"*, said Sam. Zeng, a member of the management team also mention this value to be important for the team as a whole, *"I think straight forward is if you are an employee. I must know what is your needs and ideas, maybe I can help them and they can give me my feedback and I can improve a lot and work together."* Tao explained that it was a matter of trust towards the management, *"Even to our boss we can communicate in this way, it is ok to speak your mind"*.

The value 'straightforward' was expressed of the employees as a guide to think of how and what to communicate to their colleagues (An) *"I will communicate with staff and with colleagues. And maybe sometimes, this area is not very good and I will straightforward to visual my opinion. Sometimes I'm not right and sometime I told it very straight ahh, but the visual will never, did not accept it, we will discuss in so at least we will have the one opinion, the same opinion."* It was also correlated with 'freedom', and many of the interviewees described to be free when communicating *"We always have a lot of free discussions, for example workshops for technical issues, I can speak out I can discuss with my colleague and maybe give them some suggestions. Yes. Its free for us."* (Sam)

The term 'feedback' was used to describe how they planned and used the value, Zeng described *"I think if your friends tell you which points you have to improve I think I can do better next time. But I think if my friends or my employee maybe, sometimes can improve a lot I think I should tell them."* Members of the management team mentioned feedback as a tool to give constructive feedback to their colleagues and staff (Yi Ze) *"We have the feedback, this is a good tool for us, when the people, staff want the development or every each year we have the annual talk. Management also expressed that they had to take people's differences into consideration when giving feedback, "I think everyone is not same. Maybe I can receive the feedback but maybe someone else can not receive the feedback and maybe they are very ashamed, maybe is offended."* (Zeng) Zeng also referred to this as showing respect, *"Respect the staff is the first and later we will improve."*

Even though many interviewees described this value as something positive and releasing, both management and staff described 'Straightforward' as challenging due to their cultural heritage. *"Sometimes the Chinese people will not say something directly, these are our Chinese traditions"* (Mingmei) Kim elaborated and said not to be used to it *"We don't express our opinions that much"* and Yi ze saw this as Chinese *"In China I think they don't want to straightforward and they just listen and then you do this, but this is China you know, straightforward, I can say the don't dare. Sometimes they don't tell you things."* It was expressed that the real reason for people leaving or resigning their job, often was left

out in communication *“No direct reason for why for example; resigning, perform good or bad and use other ways to let you know the opinion.” (Kim)*

Many also reasoned around being ‘too’ outspoken and how it could affect themselves or the colleagues, *“But I worry about, if I tell my boss, the real situation, I can not know what he will think so this is the problem, maybe because we want to do development so maybe this will affect my future. Maybe!” (Yi Ze)*. The same employee did however compare H&M with a previous employer, *“When I was working in this company I just find the experience from the other job makes me so nervous is totally different, but it is so lucky for me because the value is so useful for me “*. The Interviewees also mentioned that expressing your opinions straight out to the staff was natural, but to the manager or teacher was not something they were familiar or used to do from before. Sam said *“In my previous company I can not. I just follow rules. “*

‘Entrepreneurial spirit’ was described to encourage the members to ‘seek opportunities’, ‘take own initiatives’ and ‘dare to try as well as challenge the borders’. The reflection on this value varied among the interviewees and many hesitated before the term ‘entrepreneurial’ *“For this point I don’t have deep feelings here, but I think it is a kind of suggestion that you should think in the side of the company, not just self [...]but sometimes you should think in the other side, like when I in my role, what should I do for the company? Mostly cost conscious, to control the charge of the fees, it is my kind of view.”* said Li Wei, a member of staff. Tao even described an entrepreneur as *“Brave and willing to take a chance to start an own company instead of working for a company”*. She talked about the ‘spirit’ of an entrepreneur, *“Maybe a little bit inside myself but not like, I think this relate to Chinese peoples character, we are not like exposing our entrepreneurial spirit, or other characters so obvious, people are rather modest. So I maybe have the spirit inside myself, I maybe have it in my heart but won't like express it aggressively.”* Another member of staff, An, related it to another value *“I think it little same with constant improvement. They will let you improve and uuhm, do everything, you should try our best, and do it better than last time. So I think it’s similar.”*

However, many of the interviewees describes being an ‘Entrepreneurial spirit’ as to take ownership and do daily routines as if it was your own business. (Yi Ze) *“I want to make everything better, I want to promote many potential people and also to encourage them to be better, give a good position for them and give good development for them. I should get much money for this shop, because if I was the boss here and the boss should be clear if this shop could get much more money. This I should focus on, and store logistics and people working efficiently I should focus on, I think everything I should focus on. But always with keep it simple. Today there is lack of own responsibility.”* Other employees discussed their role for organisational improvement, Zeng mentioned, *“H&M is not my company but I think I must like the company and think I am companies owner. Everyone must think what can I do to improve sales today and maybe we can change it a little.”* Sam however described it from another perspective *“We have to create a good environment in store to create more sales in store.”* While Li Wei described *“I sometimes shopping in the stores, and I think that I’m still representing H&M company....’I only think, I sometimes shopping in the stores, and I think that I’m still representing H&M company. So when some customers in the stores need advice or where is the cashier? and I can point to her and give*

her some suggestion on the fashion and maybe chat with her, How do you think about H&M, so this is some of my experience here."

Some of the interviewees expressed the lack of ownership among their colleagues *"But I think they (the staff) should take more responsibility, but when we are around shop we must to give them 'you should do like this, you do like that'."* (Yi Ze) To increase the feeling of ownership among the staff, many managers emphasised the need for increased involvement, regardless rang, in the feedback routines, Yi Ze continued *"I think for the staff you know, I can not say they don't care but sometimes we are around the store and give feedback to the floor manager and the floor manager will take quick action but sometimes we should involve everyone."* Kim expressed, *"Today the sales can be bad but nothing happens if you don't reach the sales targets and there are no consequences for bad performance"*

The core value 'constant improvement', is by H&M defined as 'fast pace is our nature', 'curiosity is our fuel' and 'we love to compete'.

In relation to this value, the employees mainly discussed their personal and their colleagues' opportunities to improve and develop. One member of management explained it in a metaphor, *"Everyone is not perfect, but everyone can improve a lot. If you haven't the goal you can set a goal and improve step-by-step. If your have a circle and inside is what your know and outside is what you don't know, and your circle is growing bigger and bigger and you know that it is better than before. Then you know constant improvement"* (Zeng). This way of defining constant improvement was shared among the other employees *"Just when sometimes I make mistake so constant improvement is necessary you have to improve yourself like in people skills. Update your It skill."* (Li Wei)

To constant improve and work hard was mentioned as part of their culture and the way they were taught. *"In China we have a saying: We have to study until we are very old. This means that we always have to improve ourselves."* (Mingmei) They also saw this as something done on a personal level, *"YES! I think people have to improve themselves, for bad habits, lazy, like something. You have to overcome this, you have to improve this."* (Mingmei) Some interviewees also described how their view of performance had changed at H&M, Sam described *"But I mean I work for H&M and there is a strong point for it, I mean it is a very light competition, it is not very tough competition like before. So I mean if you wrong, you have fault you fault, but you still have chance to improve yourself, but previously if you fault you are looser."* And the members of management described this value as something they used when encouraging staff to develop. Yi Ze described *"This is also like people development you know. I will set a goal for them, I encourage them to attend different workshops for them. If they can do this I can encourage this, sometimes they can think 'I can do this?' so I encourage them to do this."*

An described a tool they used in store to follow up and learn from mistakes and errors *"Every year we will write our planning. Last year maybe I write. Maybe I will have some experience and have improvements how to improve it."* Zeng mention goal setting as a tool to improve, *"Constant improvement is not easy, before when I was working in another city. Now I know what is my goal I can do step by step."* The result of development was mentioned by several and described by Sam as *"My first year working at H&M I could*

handle 4 projects per year but I mean now I can handle 10-12. Step by step, I can work more I can improve my self."

One member of the staff, Kim, mentioned this value as a mean to develop the business, *"Think about ways of how to improve the situation/operations at all times"* Many employees mentioned the value to be beneficiary for their own self esteem *"I think it is good for our job, it is good for, maybe will make you prouder and satisfied with your work"* (An). Yi Ze said this to be well spread among the colleagues, *"No one say this is not for me. I can see from my management and staff they all want to do better and better and want to promote in the future."*

The value 'cost conscious' is defined by the company as guiding the employees to 'act and look for more efficient solutions' and 'every careless dollar spent goes against our business idea'. This value was described through similar words by all the interviewees, with enthusiasm they talked about ways to save money for the company. Many describe it to be about having daily routines, *"we use the second hand paper first and close the lamp as well as the water"* said Zeng. An further mentioned it to be about no unnecessary waste, *"oh cost conscious; never waste anything, time, money and material"*.

Most of the interviewees were familiar with the idea behind cost conscious form their cultural background, *"In China I think it is tradition, and I think everybody parents and teachers tell everybody that you must to think about this."* (Zeng) Mingmei discussed the size of China's population and that she heard about the subject before, *"China have a lot of population, people, you have to save something and not waste something. And this is told but very little, and family will tell you and also school will tell you."*

Many of the employees had also worked with this in previous work places or projects, but felt that the focus then was to save money and lacked consensus, *"This is just, not formal, just my boss tells me 'you have to save some money'. But what is 'save some money'?"* (Sam) Yi Ze compared her understanding today with her previous experiences, *"In my previous company, we didn't do this very well. But when I came to this company, even now we have a value, they all think this value is very important. But for other companies this is also very important but it is not a value"*

The cost conscious concept was described as a simple value, that was easy to understand, teach and embrace *"It is well spread because very simple to understand and execute "* said Kim. Zeng described it as a way to decrease costs through different ways *"Ooh cost conscious! It is like, this second hand paper and this season is sale we must increase the sales-speed"*. Another member of staff asked the staff to think about costs at the cash desk during their shifts, *"When the customer shop in here if they don't want the bag we save it."* (Yi Ze). Li Wei said to use the value daily, *"You should shut of your computer after every days work"*

To keep control over costs in store, many managers mentioned a 'time and money'-tool, where number of people on the schedule is based upon planned income divided by day, *"If you go out from stockroom, office, turn of the lights, because we will have busy time and we will have lower time. When we have lower time, sometimes we will have lower hours. We*

have the takt. It means sale divided hours, so every time we see if sales is not good we ask somebody maybe to go home, so its cost save.” (An) Others explained to use the takt on a regular basis, Zeng said “We set different turnover different employee-number. It is very clear and everybody knows. Like this we reach the turnover takt. It is not easy but we have to do it”.

“When I was new in this company the colleagues that was very senior told me to do this, and now I think it is a habit.” (Yi Ze) This habit was also embraced by the employees on a personal level, and applied in their home environment as well as their work. Li Wei described “Sometimes I save a lot of money for the company, but for myself, it also make you establish a concept, that you should not most of it should not be wasted, so when you are at home you do things like you do at the company, you turn of the radio turning of the TV when it is not necessary. So it is kind of a living habit in the life. And the family will benefit”.

The second to last value ‘We are one team’ is by the company used to encourage the employees to see that ‘we share the same goals’, ‘In a team every player has a role’ and to keep ‘Open doors’. This value was by many of the employees intensively described the core value and something they used daily in their daily work. There was a coherent response to what teamwork meant to the employees in their work, independent of their role within the company. One member of staff said he work close together with the team, *“We can fight together, work together. I got more hands, we got to be strong.” (Sam) Teamwork was emphasised as important to reach the goals and use all the human resources “In my store we are one team and we need to have the same goal, and the store is not mine it is everybody’s store and everybody will work together and if I have a problem I will ask help from my area team. And the same form my FM team, they will ask me and I will help them”(Yi Ze) This value was mentioned as something that was a product of ‘the way they worked’ and the integration between the colleagues. Also, it was described to be a value that was reinforced through various means, Yi Ze further said “We have no routine we only depend on the experience and to teach and coach the staff to work as one team, I think this company do this very well.” The importance of teamwork was also said to be encouraged by the management, Kim said: “It is often mentioned in meetings, we use our colleagues in other areas for help and support. If I finish my part I will help others.”. Teamwork was described as a mean to help each other out *“I just have a discussion with my colleagues and we go through some project, and discovered problems we can discuss together and we can help each other.” Said employee (Sam). An described a situation when using the value “Maybe our visual is very busy, maybe I will support staff to [...] help them maybe folding”**

Teamwork was by some employees related to previous experiences as different, *“...my formal job is assistant for supervisor so sometimes I just follow her instructions so maybe talk to other department but we worked independent. So not so much co-workers here” (Li Wei). Many described their previous jobs as individual by nature, Sam said “Independently... most of the time I focus only just on myself before.”*

Yi Ze, a member of management, mentioned the equality in responsibilities within the team *“Like this morning I was doing something with the visual management and then I walked the floor, even if I am a boss I can also work as a sales assistant.”. That the team members*

was dependent on each other when sick, was mentioned by Tao *"I just send them a sms and saying sorry I left behind some tasks and could you just log into my mail and help me follow on that and they helped me follow that"*. Others mentioned teamwork as an important aspect for their well being in the company, *"Everyone make everyone feel not lonely, everyone can help me even the boss can help me. Also for the floor manager they will feel that the team will support them."* (Yi Ze)

The last value is 'We believe in people'. The company define it as to 'be yourself', 'respect others for the person they are' and emphasise that H&M 'would love for your career to be with us. Be our future star!' The management viewed this value as to invest and believe in the employees' abilities to improve and grow by supporting them and give them challenging work. One argued that it was about showing trust to get better result and a more efficient work force, Zeng explained *"Now when I tell them to do their smart goal I tell them to finish it and they must finish it and I don't give a deadline. I don't want to tell them HOW to do it, but the result is better than what I think...I think if I believe them and they believe me and they use their ownership and entrepreneurial spirit to do it."* An said *"If I think she has potential about it, I will like her to do something she self, like do the sale planning, before this I will do it and I will tell her about maybe next time I will let her do it she self."*

The word 'trust' was used by many of the interviewees when describing this value *"It means trust and not only believe that he is a good professional but also believe that he is a good person"* said Tao. Mingmei further explained: *"I think trust is very important in our company and also the whole society. And I think The Chinese society is lack of this now and trust, we do not trust people for us some stranger. Yes. I think in H&M we trust people! We do it better! Manager will give you some work and let you to, help you improve and increase your skill. Manager believe you can do it better"*. Many of the employees described that they felt that they were trusted and believed in by their managers, one Tao mentioned *"When my leader assign task to me, she fully believe I can accomplish it. So she won't check every detail I communicate with other people, she trust you."* Li Wei described how she showed her trust daily, *"Mostly I take advices from my colleagues, I believe in the nice they have, I think they have good experiences and advice they give you, is truly from their heart, they think it is good to you so they tell you that."*

Interviewees also discussed *why* trust was important for everyone's personal growth, Yi Ze explained *"I maybe did not know how to do it better, and maybe I do something wrong. But I will ask some support and maybe this time I do it not good but next time I will so it better."* To maintain the trust was by many described as important, one employee described a problematic situation in the store that could jeopardize the trust, which nonetheless is important to maintain, *"the cashpoint staff, when they work in cashpoint they will receive much money. We also have cash-difference... We have some case for the staff... how to say... When there has been theft... They can steel. But we try to believe in people and create a relaxed working environment."* (Yi Ze)

7 From Idea to Global Business

In this chapter, the empirical findings made in chapter six will be analysed. The focus is the employee interpretation of the seven values and later how they are visible in their daily activities. However, in the first stage of this analysis will the organisational setting be described and the core value package be presented. The core value function and its purpose for the organisation will then be discussed, as will its diffusion throughout the organisational structures. How an idea is translated into action is the second stage in our model, where the employees and their environment is in focus. This stage is divided in two parts, first will the materialization of the core value package in the Shanghai organisation be discussed. In the second part of this stage will these materialized core values be analysed in depth, to explore how they are translated by the employees in their day-to-day activities. When the core values have been translated into action and the actions are repeated in a habitual manner, they become institutionalised. This is the final and last stage in our model. The transition from one phase to another is a blurry process, affected by various elements as discussed in chapter 4. The question then remains, how are the H&M core values translated by the Chinese employees in the subsidiary in Shanghai?

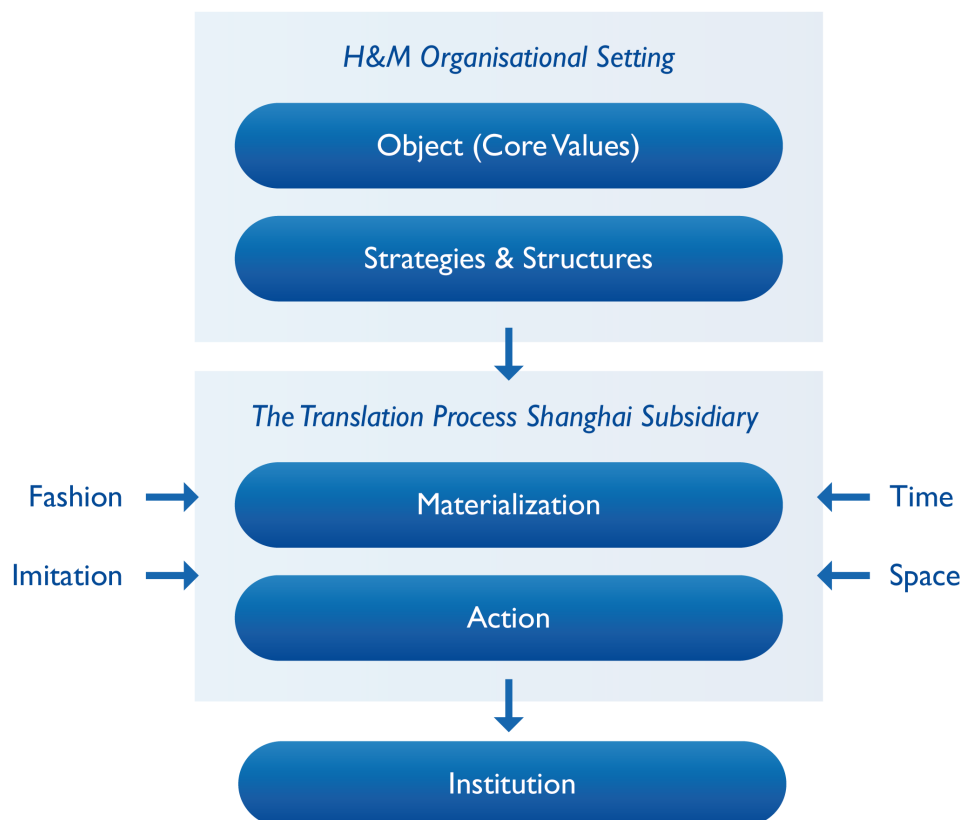


Figure 9. Model of our Analysis Framework
Inspired by: Czarniawska and Joerges Idea process model, 1996

7.1 The organisational setting

7.1.1 Object

The Swedish company H&M is today one of Sweden's biggest multinational companies and they have grown and developed their way of doing business during 70 years. The owners and top management at H&M view the corporate culture as key to their success, they are now present in 49 markets all over the world. As Chen and Kung (2013) describes, is the 'spirit' of the organisation formed by through the practices made by the members during a long time and the 'spirit' represents the institutionalized corporate culture. (p.8) Because, 'spirit' is an abstract idea, it can not travel through time and space in itself, but needs to be written down and made into an object as discussed by Czarniawska and Sevón (1996). H&M have objectified their spirit into seven core values, with supporting keywords in a value package presented in the table below. In our view, is the objectified idea package not a concretised, there is no definition nor any explanation of how or in what situations these core values are supposed to be used in the employees daily activities. It is thus left as a neutral object, leaving the interpretation of the abstract ideas to the members of the organisation.

However, even if words are only words until they are translated in action, as discussed by Czarniawska and Sevón (1996) does words in itself have a meaning (See, Table 1). The chosen words for the core values are in themselves a reflection of H&M's way of doing business. As Barney (1986) argues is the cultural heritage of the founders and its unique way of growth a sustainable competitive advantage if routed in the company's corporate culture.

The meaning behind the chosen words used in the object, may therefore have a notion of the Swedish culture. As Alexander (2006) pointed out, the Swedish culture is based on collective social norms, which serves as base for the well-spread team oriented and consensus seeking nature of the culture. Swedish managerial styles are according to Holmberg and Åkerblom (2006) compared to more individualistic social norms, known to be somewhat indefinite where the management rely on its teams own initiative and encourage freedom of the individual.

How are then the Swedish managerial styles visible in the words chosen? The values 'We believe in people', 'Entrepreneurial Spirit' and 'Constant improvement' can be seen to encourage and believe in the employee, that he or she can and will take own initiatives and decisions. This implies that there are a lot of responsibility put on the individual because the management only support with direction but do not control how it is done. We view that 'Straightforward and Open Minded' and 'We are one Team', on the other hand have the characteristic of a consensus seeking nature, where it is important in discussions to be able to cooperate and together make progress. That the descriptions of the words used in the value package are somewhat abstract or 'neutral' can also be seen as coherent with the Swedish managerial culture of no distinct control through rules, but instead encouraging the individual to use its own initiative.

The described purpose of these values are that they should function as a guiding tool in the daily work of the employees (Ulla, 2013). They are also part of the internal control mechanisms, with the purpose to guide and control their corporate code of conduct (Corporate Governance Report, 2012). This guiding strategy is in line with Black et al. who discuss the core values to work as an efficient tool when guiding employees behaviour, instead of wasting resources on supervision (Selmer & DeLeon, 2002). The use of values in the H&M organisation is described as a way to keep the company together so everyone have something to lean against (Kate, 2013). The employees with Swedish origin also describe the core value package to be 'the spine' that connects everyone and everything (Ben, 2013). The company have always relied on their core value base to guide their staff, but during the past years have the company needed to include more manuals and practical guidelines, to keep a more uniform practice among the dispersed workforce (Pettersson, 2001, p260). Even though more control mechanisms have been introduced, have the importance of the core values not been set aside, and is still today heavily emphasised by the organisation. As Collin and Porras (1996) discuss are the core values the 'glue' that holds activities together in an organisation. To then secure their values and the H&M way of doing business have the company always relied heavily on internal recruitment (Tuvhag, 2012). We can interpret this as if the core values are not only outspoken in the organisation or simply a control mechanism but are visible for the employees and serve a purpose also for them.

7.1.2 Diffusion Strategies

A company's intercultural business strategies should, in line with Varner (2000, figure 6), include a combination of a their business, communication and intercultural strategies to build proper communication strategies between parent companies and their subsidiaries. H&M have different communication strategies to spread their business strategies, to both internal and external stakeholders. The notion of the core values importance have for many years been present in annual reports and on their website. However, the core values have been given a larger scope in the external communication. This could indicate that the company have felt the need to communicate the values in a more distinct way to push the importance of their strong corporate culture when entering new markets far from the west. We see this as a sign of strategic adaptation to the cultures met in their internationalisation process and global expansion. The presentation of the values within the external communication makes it possible for external stakeholder to grasp the organisational core values and the 'spirit' or the organisation. This supports Collins and Porras (1996) theory, the company use their core values as a strategy to attract and retain employees by communicating them in a transparent way.

The strategies used to diffuse the core values throughout the internal structures are the same for all their entities all over the world (Ulla, 2013). These strategies are, among others, to communicate them through printed internal press, directly via e-mail and by the intranet from the central functions at the head quarters. It is also part of the training plan for all new employees, where practises as well as the core values are taught. This is maintained through courses and activities throughout their employment (H&M, 2003/2013). To facilitate the understanding of the information spread, most internal communication is done in their corporate language, English. By having a corporate language and establishing distinct

processes to communicate internally, Varner (2000) argues that individual cultural communication preferences can be override. By studying H&Ms' diffusion strategies it is visible how something is sent internally is not necessarily affected by how the organisation configure, because they send all internal information through their internal technology systems. We therefore argue, that in this case it is more interesting to address the continuous communication flows within those structures.

To diffuse the core values to the subsidiaries all over the world in a practical manner, H&M use their internal resources by sending out expatriate representation, which was also visible in the subsidiary in Shanghai. As Mayrhofer and Brewster, (1996) argued, expatriates are often seen as a way for the organisation to secure the common way of practise and transport corporate values from the head quarters to the local subsidiary. H&M does not only send out expatriates from the headquarter but from the whole value chain, to support and act as value 'bearers' on different levels within the subsidiary. This kind of expatriate representation indicates that value recognition is of equal importance in all parts of the organisation's value chain. Through our meetings at the case setting, it was also clear to us that the expatriated employees served as value 'bearers' and had an important function as symbolic leaders within their teams.

It is also explained that H&M never communicate the values in any different way to the different roles within the organisation. This strategy is supported by Collin and Porras (1996) theory, that the company might change its practices or strategies to meet the changing environment, but its initial meaning of the core values are always kept the same. However, even if the company has a communication strategy for their core values set in place, it is not a guarantee that they will be institutionalised in the same way in all subsidiaries. The values are still, at this stage, only ideas that have been objectified into a core value package consisting of seven words. How these words later are visible in action in the Chinese subsidiary is something we will discuss in later sections. What we now will focus on is the object 'core values', when reaching Shanghai, in line with to Czarniawska and Sévon (1996) theory, it is now open for any translation in the context it is sent to.

Initially in this analysis we have discussed how the common practices at H&M have been captured and packaged into an object as 'core values' and sent to their subsidiary in Shanghai, through their internal structures. The strategies to diffuse the object are thus the first phase of the translation process is in our model. According to Czarniawska and Sevón (1996), when an idea is created, presented and sent in the organisation it is then subject to its members. Core values can thus be planned to serve a specific purpose but it is through the members of the organisation that the core values will become effective. Even though the company builds its business in a uniform manner all over the world by using similar procedures and guiding principles, is it the people within its business that are the translators and ultimately will determine what becomes institutionalised. Since H&M does not differentiate their value package when spreading it to their subsidiaries, how will their Swedish based core values be translated in the Chinese organisation?

7.2 Translation Process

We are now in the second stage of our analysis framework, the translation process. When the core values have been sent to the Chinese context it will be translated and later materialized into action. How the core values will be adopted into action then depend on how they will be re-contextualized to fit the employees in their daily work. In this stage will we first discuss the materialization process and later analyse how the core values are translated into action.

7.2.1 Materialization Into Action

The organisation facilitates the materialization process through both controlled and less controlled procedures. The more controlled procedures such as the training “This is H&M” and other courses as well as the e-learning program ‘Grow’ are designed and diffused from the Swedish headquarters to be uniform in all their parts of the organisation. All employees in Shanghai described their training in a coherent way, in-line with the company’s standardized procedures. Besides from training, the core values are presented to the employees through compendiums, visual wallpapers and through the intranet. As Lisa pointed out *“You see them on notice boards in shops and hear them being talked about every day.”* However, in our view the core values are only visible in words, and will therefore only be words until the idea behind them is comprehended. And it was also mentioned by the employees that by having the ‘This is H&M’ training so early in the employment, where the core values were presented, many of the employees had a hard time to understand their function. Some employees mentioned that they wanted more visual and practical examples of how and when to use these values, independent of how long some of them had worked for H&M. This was both for their own purpose and for their new staff and colleagues in order to facilitate an understanding of the H&M way of doing business. To add, when we have studied the material and compendiums, we saw that the company has left the practical function of the values to be translated by the individuals in the teams. It was no clear articulated expectations from management regarding how the individual employees should use the values. Neither was there any time frame set in place for when the values were to be implemented in their work. The only expectation expressed during the research was that the employees should ‘live and breath’ the values. We argue that it would make the interpretation of how to use the core values easier if there were explicitly articulated examples, but in the same time would there then be less room for flexible implementation within different functions. The abstract core value package then permits the individuals to translate and shape the idea to fit its working conditions. It appeared to us that the company instead choose to rely on their two-week training program, the visual presence of the wallpapers and compendium as well as the e-learning programs to facilitate the translation of the values.

Members of staff also pointed out that the value implementation was not a routine-based procedure, but was instead reinforced through less controlled procedures such as internal meetings and discussion with colleagues. As Czarniawska and Joerges (1996) discuss can the processes and routines set in place at the workplace support the translation of the core value. Through our interviews, we saw that meetings were an institutionalised procedure that was part of all the employees’ daily routines. It was within these daily and weekly meetings that the core values were communicated, in combination with work related

practices and was then re-contextualized by the management to fit their specific situations. The employees said that it was during these meetings that the meaning of the values were maintained and reinforced. As Eriksson-Zetterquist et al. (2005) explain the institutionalised procedures set in place helps the employees to handle the unknown. The existing institutions contribute to stability and predictability but are also flexible because the members react on and shape its environment at the same time (Ibid, p.273).

Another less controlled procedure was the interaction with foreign experienced staff, represented within the different levels of the organisation in Shanghai. As mentioned before, the expatriates all described their role as symbolic leaders to be an important function in their teams. As H&M sends experienced staff from other countries to support and integrate with the teams as 'bearers' of their corporate culture and core value base, they are a natural part of the daily operations. We see this as a valuable complement to their other less controlled procedures, in order to facilitate the core value materialization for the employees through visible actions by the more experienced colleagues.

Further, we understood that the more responsibility the employees were given, the higher was the pressure of including core values in their daily work and of their role as core value bearers. We saw that the guidelines regarding how to include the core values in the daily routine became more complex in the written documentation studied. The organisation also express that they include more 'core value training' for employees when becoming managers (H&M, 2003). This can be seen as an additional strategy to diffuse the values throughout the organisation, to reinforce the importance of the core values, securing their usage. It also indicates that the company appreciate the core value function in the business, by demanding more active diffusion from their leaders. H&M use various strategies to spread their core values, but from what we can see, is the human 'vehicle' crucial to facilitate the materialization process for the employees. The translation process is an on-going process, which takes place both in the organisation, its teams and within the individual, which according to Czarniawska and Sévon (1996), is a never-ending process. This makes it less clear how the values are transmitted and which ones are emphasized as well as left unspoken.

In the Chinese subsidiary, the core values are said to have the purpose to unite the staff, to work in the same direction through similar ways of thinking. It was also described as a guiding tool for everyone in the daily activities to ensure efficiency. That the core values are supposed to function as a guide in the employees daily activities was clear when talking to the interviewees, and was emphasised by studying annual reports and the company's website (H&M, 2013). This purpose of the core values as a guiding function was also visible in the various back offices and lunchrooms as visualizing wallpapers and storytelling posters where colleagues described their roles and value relations. Many of the interviewees also mention the core values to help unite the company as a whole and its multicultural workforce to work more efficiently despite their different backgrounds. A member of staff referred to the core values as an easy guide for understanding the foreign way of doing business (Li Wei, 2013).

All of the employees could mention all the values and almost knew their exact wording and definitions according to the presented material on wallpapers, compendiums and online.

This appeared to us as if the employees had studied the material just before entering the interview situation, one of the interviewees even had an abstract from the company website in his/her pocket. This could be a sign that the interviewees were anxious about the interview situation and was afraid of saying the wrong things. On the other hand could the coherent core value description also be a sign that the standardized training procedures had been successful. Nevertheless, the fact that all could describe the values in this specific way is in line with Scheins (2010) theory, that explicit articulated core values may be well known among the employees and they know what to say and are supposed to do. However, if they are not based on common consent, it is not certain that the employees will transform them into actions in their day-to-day activities. To be able to answer our research question we need to further explore the meaning of the core values when translated by the employees into actions. We will thus in the section below analyse how the core values have been translated into their day-to-day activities.

7.2.2 Action

People might say that they do certain things, but it is through their actions that those deeds become visible. As discussed in previous chapters could all employees mention the values in a similar manner as described in the compendiums. The first value that all the interviewees mentioned was 'keep it simple'. The interviewees throughout the interviews also repeated this value when they describing other values. It was described as a way of thinking, a value that supported the employees when to solve problems and approach issues carrying out their work tasks. When comparing to previous experiences, the employees described procedures at H&M to be uncomplicated and less extensive. They had reflected upon that the company's procedures was designed in a simplistic manner and felt as if the company facilitated their work by keeping it simple. That the value was visible within the structures of the procedures as well as being seen as a way of thinking in terms of daily planning and problem solving for the interviewees, indicates that its purpose was recognized.

The management had translated this value into action by keeping the meetings as short and efficient as possible as well as to keep a clear focus in what and how they communicated. This could therefore be seen as a tool used for management, a guideline that was kept in mind to ease the spreading of information and to minimize any misunderstandings. Keeping it simple was also used when planning the daily workload, by using the most efficient way when dividing the work force.

Other members of staff translated this value into how they approached their colleagues, by communicating directly with the one it concerned and by including the responsible in the communication flow. It was also evident that the interviewees used this value as a means to increase efficiency, to always simplify their procedures by keeping them non-comprehensive.

All the examples mentioned were directly taken from the interviewees daily work related to their position. We saw that all of them embraced the word 'simple', as in keeping it simple and efficient and used it in actions accordingly. Latour (1986) as well as Czarniawska and Sevón (1996) argue that how the idea is interpreted depends on the context of the actor. It was also visible to us, that the employees work in a stressful environment with new stores

opening every week and high pace in the both the head office and in the stores we visited. In combination with these arguments, and that it was often spoken about to keep it simple makes us believe that the employees have embraced this value and had shaped into guideline of how to keep their workdays as efficient as possible.

For the employees were 'straightforward' a feedback tool used which enabled them to speak their mind to their colleagues. 'Open minded' on the other hand was expressed as something you should be when listening to your colleagues' suggestions of improvement. The majority explained open minded to be something that the *management* was expected to be when listening to the *employees* suggestions and ideas.

The value was said to be used in conversations with colleagues or staff on a daily basis, and it was further an encouragement to speak out when they had an idea or opinion. It was also used in discussions as a way to reach agreements, and to give suggestions of improvements regardless level. Members of staff felt that there was a possibility to speak their mind in their teams and to express their personal opinions in their discussions. However, even if the value was said to have the function of enabling the employees to speak their mind, there was a clear concern of how 'being straight' would affect their colleagues and themselves. Many interviewees were afraid to offend and be disrespectful towards colleagues and management when telling the real situation. Concerns was also raised about how 'telling it as it is' would affect the situation as well as their future at H&M.

"In China I think they don't want to straightforward and they just listen and then you do this ... But this is China you know, straightforward, I can say the don't dare, sometimes they don't tell you things."(Yi Ze, 2013)

Members of management however expressed a desire for their staff to bring their thoughts and tried to encourage them to do so through meetings, annual talks and feedback conversations. It was then clear to us that all the employees translated this value as a guideline enabling them to deliver uncomfortable messages as well as encourage and support development.

However it was made visible, that to forward your opinions was not something natural for the employees and they saw this as a challenge. Many described their previous working experiences to lack the expectation for staff to express their opinions. This phenomenon is in line with Haihua and Bakers (2012) arguments that in traditional Chinese businesses are the employees used to do as they are told and leave own initiative out.

Even though the interviewees expressed that they could speak their mind, and that the management would listen to them, they had adopted this idea in line with their own capabilities. The feeling we got throughout all the interviews was the humbleness visible in the respondents' statements, leaving any extreme or controversial opinions out of their responses. With this said, even though many of the interviewees spoke about this value in positive terms, their challenges to fully translate it into action in all situations did 'straightforward and open minded' not have a high consensus among the employees. We see this, since the idea was explicitly outspoken from management, was the meaning behind it well spread among the employees, but we argue in line with Scheins (2010)

theory that a value needs common consent among the employees to become a core value for the individual.

To be entrepreneurial at the workplace was nothing the interviewees said that they were used to be from earlier experiences. We interpret the lack of previous experience as linked to the discussion above. To take own initiatives was not something that the interviewees were used to, but rather to follow rules and the management's directives. The core value 'Entrepreneurial spirit' can therefore be viewed as an unfamiliar idea when presented to most of the interviewees in Shanghai.

The interviewees mainly interpreted this value as a way for them to think in terms of doing things better and taking the responsibility of improving the business. However, there was no explicit outspoken direction for how to take responsibility, from fellow colleagues or management. At the same time, some members of the management team expressed their concern over the lack of responsibility taken by the staff in general, and that failure to reach the set out expectations never lead to any consequences. This implies that an abstract idea needs visual support or supporting procedures to be enacted, this to facilitate a translation process. Our side to this is that by leaving this value neutral, without any supporting powers, can lead to it ending up as only words on a piece of paper.

Even though this value is a part of the objectified core value package and materialized through the formal procedure in the same way as the other values, only a few said that they could relate to this value and were able to describe how they used their entrepreneurial spirit in a real work situation. A clear translation of this value into action was hence not visible. One translated the value to take the whole value chain into consideration during work while the others translated it to 'always improve oneself' and 'try your best', to 'focus on everything in the store' and 'to find small changes that could be made to improve the sales'. The salient variation of the interpretation of this value indicates that some has cast this value while others have accepted it. As Czarniawska and Sévon (1996) argue, time and location of the social actors will influence their feelings and response towards any attribute they might face. When an idea is formed it has to go through many various translation processes before it has taken the shape that suits the collective enough to generate action. From our interviews it was made clear to us that this value was not supported through the common procedures such as meetings or discussions, nor was it visible in any other way that guided how the value was to be used. We see that this value have not yet been re-contextualized to suit the collective, and was therefore difficult for the employees to accept. Hence our view, that it has been left as only outspoken for the majority.

To always strive to be better and work hard was something that the interviewees related to a societal expectation from parents, school or previous work experiences. We experienced the interviewees to talk freely about their personal development and how they felt as if it was necessary for them to always improve their flaws. The interviewees also explained that the organisation allowed mistakes and viewed them as something you could learn from instead of being judged. The value 'constant improvement' was thus translated into continuous personal development.

In terms of their translation of the value into action, many discussed ‘constant improvement’ to set different goals, review and evaluate previous performance as a means to learn and develop their skills at work. To actively be part of your development was also encouraged by the members of management, who gave examples of how they encouraged their staff to attend workshops and help them to set up goals for a ‘step-by-step’ development.

Management saw goal setting as something that needed time to lead to desired results, and indicated that they recognised the importance of time and space for the employees to develop. That they believed in the ability of their staff, colleagues as well as themselves to improve and develop over time, was coherent with all the interviewees responses. Many also told stories as an element of this value, regarding their own or colleague’s succession within the company and was correlated to this value. What creates the glue that holds reasons and actions together is by Czarniawska and Sevón (1996) said to be the sequentiality and causality caused over time. We argue, that succession over time and the consequences of personal development became visible to the employees. In line with Røvik (2004), the actors look at how others have acted upon the idea and imitate their interpretation. We therefore conclude that the employees have translated this value in line with their co-workers, re-contextualized to fit their own purposes and goals.

”Everyone is not perfect, but everyone can improve a lot. if you haven’t the goal you can set a goal and improve step-by-step..... If your have a circle and inside is what your know and outside is what you don’t know, and your circle is growing bigger and bigger and you know that it is better than before.. then you know constant improvement” (Zeng, 2013).

To be ‘cost conscious’ was positively described by the interviewees and they all described situations when they thought about to not waste time, resources or money. All of them instantly related this value to a clear action, something that was natural for them and that they did in their daily work. They described that by turning of the lights when leaving a room, always using the other side of a paper before throwing it away and by turning of the computers by the end of the day, they were cost conscious. This was coherent amongst both staff and managers, however store managers added a tool used to relate costs with income, called ‘takt’. By calculating their takt each day and week, they could plan their workforce to not be more costly than the expected income. Their translation of the value into an action could therefore be seen as coherent. That all the interviewees used the same examples to describe their actions could be a sign of them being communicated by management and senior colleagues in a common way to all employees. It could also indicate cost conscious to be in ‘fashion’ amongst the employees, something that all of them saw as important and easy to relate to, as supported by Czarniawskas’ (2005) arguments that fashion is a powerful but invisible collective choice. During the interviews were the size of China and its large population included in the argument as a reason for this to be ‘natural’ or of importance. That many also mentioned to have heard about ‘minimizing waste’ from before, from school or parents, could also be a sign that this is something that is addressed outside of the office. This is in-line with Steers et al. (2013) discussion that peoples’ frames of references and preferences affect the way they interpret what they hear. However, it seemed as if examples of how to save and what to focus on was previously unknown for the interviewees, that the actions used here was not something previous experiences had given them. We found this value to be translated to clear actions by the employees, that the

simple examples facilitated them to use it on a daily basis as well as simple to share and encourage their fellow colleagues. However, there was no sign of own initiative or entrepreneurial thinking in terms of being cost conscious, since many of the employees stated the exact same examples. This could be seen as in-line with our previous discussion regarding the value entrepreneurial spirit, that the employees were not used to try own initiatives from before.

“When I was new in this company the colleagues that was very senior told me to do this, and now I think it is a habit.” (Yi Ze, 2013)

All the interviewees described the value ‘We are one team’ in a positive way. They thought of their work teams as a group of people they could trust, ask for help as well as assist. The feeling of ‘the importance’ of the team was stressed by all interviewees, something that was coherent among both members of staff and management. This value was related to a way of thinking, a feeling that was well spread among the interviewees that they were not alone and that the team shared responsibilities as well as results.

Many translated ‘we are one team’ into action by explaining how they in their working life could ask for help or help their colleagues. Many of them felt dependent on each other to succeed in their united performance. Members of management described that they were working closely with their staff, and if needed or if asked would help their colleagues in the same way as their colleagues or superiors would help and support them.

To encourage the team-spirit and to facilitate the teams to discuss, many mentioned meetings as a forum. It was also said that it was during these meetings that management reinforced the importance to work and help people within your teams. Meetings were throughout the interviews described to be held daily, weekly and annually, which can as discussed above, support the materialization of the value into an action, facilitating the acceptance among the employees over time. That the employees also worked daily in teams is, to us, also a reason for their coherent feelings.

Many of the employees we met explained their previous experiences from work or their school years as heavily focused on their individual performance. They were used to work independently, even if they were part of a team. We can see that the employees previous experiences affect the understanding and translation of ‘We Are One Team?’ All the interviewees worked in team’s daily, they explained their work division to be interlinked with other colleagues or departments. Meetings were a routine that appeared to be taken for granted in all the various roles in their functions. The combination of their group-oriented structure and that meetings were part of their daily procedures both indicates that the institutions in place supported how ‘we are one team’ was translated into helping the team members.

“We can fight together, work together. I got more hands, we got to be strong.” (Sam, 2013)

Most employees translated ‘We believe in people’ as matter of trust. Many emphasised the importance of showing trust and to be trusted as the fundamental value within the company. They relied on each others abilities and wanted to believe that everyone meant well. The management translated the value into action by constantly encouraging the employees to

use their ability to accomplish their daily work by themselves. This trust was also felt among the staff, which explained that the management trusted in their capacity to achieve the assigned tasks without regular supervision. They also felt that the management believed in their potential and helped them to improve and increase their skills. How the employees translated ‘we believe in people’ could not be pinpointed to any specific action, since it was an underlying coherent feeling that said to be present daily in all their interaction with the colleagues. Through the interviews we saw this value as interlinked with all the other six values and in their description of how they translated them into action. It was visible that some of the core values were less accepted than others, something that will be further discussed in the next section.

“It means trust and not only believe that he is a good professional but also believe that he is a good person”(Tao, 2013)

Interviewee	Role	Keep it simple	Straightforward and Openminded	Entrepreneurial spirit	Constant improvement	Cost conscious	We are a team	We believe in people
1	Employee	Daily methods are simple, procedures	Free communication, management listens to ideas	Something kept inside	Career growth within the company	Re-use office supply	Support eachother in the team	My boss trust me
2	Employee	Call directly to solve problems	I talk to them directly, speak my mind	Used in negotiations with external parties	Use others help it can improve the situation	Use the other side of the paper	We depend on eachother in daily activities	My boss believe in my development
3	Employee	Keep records to simplify the work, solve issues	look forward and learn from mistakes	Always represent the company, of and on work hours	Improve yourself	Compare prices and turn of the computer	Cover for eachothers work tasks	I trust my colleagues advise, they always meen well.
4	Management	Find alternative ways to solve the problem, non-comprehensive	Free discussions and Ok with honest opinions	Takes the whole supply chain into consideration at all times	Improv my skills at work towards efficiency	Compare tenders	Help eachother and discuss in the teams	Believe in my colleagues help
5	Management	Time planning and rational decision	Feedback, be straight about your real situation	Take responsibility as if it was my own, be present	Feedback, people development for tasks as well as career	Turn of the light and use the other side of the paper, and ask customers if they need bags, save hours.	Help eachother in the teams, regardless position	Create a relaxed and trusting environment for the employees
6	Employee	Simple structure task-force	Feedback. Communication and listen, to reach common opinion	Do everything, try you best and improve	Learn from previous mistakes, Focus on goals	Turn of the light and save employee hours	Help eachother across departments	Encourage staff to grow
7	Management	Clear focus and prioritize in meetings	Straight feedback, listen	Expect Ownership and responsibility	Step by step improvement	Use the other side of the paper, turn of the lights	Support eachother regardless area	Invest in people you believe in
8	Management	Short communication time between colleagues, minimize misunderstanding	Able to give negative feedback, feedback helps you improve	Take responsibility over sales and implement strategies to reach company goals	See the situation and make the plan to improve, Step by step by setting goals	Use the other side of the paper, turn of the light and water, save employee hours, sell SALE during the sale period	Help eachother across departments and positions	Trust her colleagues to do their best
Supporting Elements		Communication with others, Meetings, Visual simplistic procedures	Communication with others, Meetings		Courses, Visible 'promotion'	Visible 'practices' by others, Encouraged & Communicated	Meetings, Discussions, Role Structures	Communication, Commission of trust, Visible in 'practice'

Table 2. Summery of Our Analytical Findings

7.3 Institution

The final step in our model is the stage of Institution. As discussed previously, it is through the institutionalisation process that some ideas are cast, while others are established as an institution. How the values are visible in the employees actions have been discussed in the previous section, and the influencing elements affecting their acceptance have been mentioned. Which values are then taken for granted by the employees as habits, will now be in focus.

As we defined in the previous section are those processes and structures that already are institutions at the workplace, supporting the acceptance of the presented core values. By using the words of Czarniawska and Sevón (1996), is it the specific procedures and routines in the environment that determines how the ideas get acted upon. Eriksson- Zetterquist et al. (2005) explains that when new members enters an organisation, they will compare the new situation to old experiences and it is the institutions that leads them to discover how to behave and learn the underlying rules to refer to. The meaning of the core values was by the employees translated into its intended purpose, in-line with the company's wish: to be a guiding tool. It was translated into a way of thinking and a substitute for rules or outspoken expectations of how to behave in the work environment. Our view is that through daily visibility and repeated conversations the core value package has become an institution. It has become a habit for the employees to refer to the value package in meetings and conversations as well as to think of its purpose when conducting daily operations.

However, the seven different core values had been given various scopes in the daily conversations and are linked differently between various roles and teams. It was clear to us that 'We are one Team', was part of all the interviewees daily meetings and interactions where they were encouraged to work closer together and help each other. That teamwork was always present in the conversations enabled it to be understood and used daily. 'Straightforward and Open Minded' and 'Constant improvement' was also given much space in conversations and was mentioned as values that was encouraged by the management in discussions, meetings and daily interactions.

Those core values that had high practical visibility for the employees, such as 'Cost conscious' and 'Constant improvement' were in our view, easier for the employees to both describe and materialize into action. We saw this as facilitating the materialization process for the employees, due to the visibility and clarity in conduct. They described that these values were done by 'everybody' and thus visible daily, which can be seen as in-line with Røvik (2004) that argues the individuals look at their peers and imitates in-line with those actions and then re-frame it to fit their personal context.

It was also evident to us that the role division in the organisation connected some of the values with each other and gave them greater clarity. Again, 'we are one team' was a natural part of every interviewees daily work, due to their respective functions being interlinked with their colleagues and other departments. The words 'together' and 'each other' were often used to describe how they solved daily challenges and reached their goals. 'Constant improvement' was made obvious for the employees through their colleagues and their own succession within the organisation, which supported their understanding of goal

setting and their own ability to improve. That management and colleagues were interlinked through their daily work and encouraged development within the organisation made the interviewees rely on its use, which also was clear in 'we believe in people'. A value that rendered a certain trust among the employees and that was present in all their interactions across their daily functions. Many described this to be a value that was kept in mind with all their colleagues, in their daily work and was sensed from management. Through their interlinked functions were these values made visible for the employees and created clarity of their understanding, supporting their translation of the values into action.

Through what we now have discussed, we can reason that 'Entrepreneurial spirit' lacked the attention given in daily conversations and meetings. That the value was rarely mentioned in the interaction with colleagues and management, and lacked structural support through processes left it, from what we could see, as dependent on the individuals within the organisation. It is thus our argument that processes and structures in the organisational setting are of great influence on the understanding and usage and thus the institutionalisation processes of a core value. The findings in this study, then supports the arguments of Eriksson-Zetterquist et al. (2005) and Czarniawska and Joerges (1996) that the institutions set in place have large influence on how and if an idea gets acted upon. To then see how and if the seven core values are visible as an institution in the employees' actions, we have to explore each and every value more in-depth.

Cost conscious was as opposed to the other values seen as an informal rule, something that all the employees accepted and used daily. It was visible in distinct and coherent actions among the interviewees such as; to always turn off the lights, use the other side of the paper and turn off the computer. It was also re-contextualised to fit the specific department or part of the organisation the employees worked in, by translating it to how to think about waste and costs in various ways, such as comparing tenders and trying to keep the bill costs down. Representatives from both staff and management clearly distinguished this value as a habit that they all used daily in practice.

As mentioned above were all the employees working in teams, highly interlinked with each other. The employees were told to use 'we are one team' and to work united, and also felt that this was something they did daily by helping each other and using their common knowledge to reach their goals. With our discussion above, it is now evident to us that the idea of 'we are one team' was well rooted among the interviewees. We also saw that their role structures and daily discussions helped to facilitate the understanding of this value, supported the translation process for the individuals. The translation of the value was into a matter of 'helping' each other and was clearly visible as an institution.

The idea behind 'We believe in people' was well spread among the employees, they all talked about the feeling of trust and belief that they felt towards their colleagues. It was also made visible that they interlinked this value with many of the other values and was thus seen as a fundamental value for the company. It was not clearly visible in their actions, since the idea was translated into a way of thinking and behaving at all times. We thus state this value to be institutionalised as an idea, but as it however is difficult to render a notion of action from a way of thinking in all situations as trust is, we can not determine this value as fully institutionalised in this study.

That constant improvement was visible in the employees actions was, in line with ‘we believe in people’, difficult to render in a coherent way. There was a difference in its interpretation and usage between staff and management, where the management used it actively by encouraging and supporting their colleagues in their abilities. Staff on the other hand, related this value to how they themselves could grow and develop within the organisation. We saw a distinct case of re-contextualisation of this value to fit the various interviewees roles and purposes, and it was through imitation of others application of the value that they accepted it. As mentioned before, this value was also present in conversations and meetings for all the interviewees, as well as a taken for granted idea. Because of their coherent understanding and explanation of their usage of the value, we firmly believe this value to be institutionalised among the interviewees.

By using ‘keep it simple’ in their daily work, many of the employees saw great benefits by keeping their work tasks as simple and efficient as possible. They emphasised the importance to keep things uncomplicated, something they also connected to the organisational structures and processes set in place. The various interviewees used it daily and re-contextualised it to fit their various tasks. From our interpretations of their stories, we see this value as an institutionalised idea among the interviewees. It was also clear that they all used it daily, even if its applicability varied and we see this as an institutionalised value visible in their various actions.

Some values, however, lacked common consensus and was difficult for the employees to relate to. The ‘entrepreneurial spirit’ was not distinguished by the employees as something they could use in their daily tasks, nor was it coherent among them of how they describe it as an idea. Some described that by taking responsibility they would be entrepreneurial, while others discussed it as characteristic that you had in you or not. We could, in line with this, not see any signs of this value in their actions and therefore not conclude that it has been institutionalisation.

The idea behind ‘straightforward and open minded’ was described in a coherent way among the employees, leaving any doubt out that they had understood and saw its purpose. Many described it as a value that encouraged them to speak their mind, but many also described it as something new to them. Through a unitary voice it was made clear to us by the interviewees that this was not a value that fitted their preconceptions, they all described it as a challenge and had distinct reasons for it not be commonly used. However, even if they challenged to put this value into actions, we saw this value to be diffused and accepted among the interviewees as an idea. Though it was not acted upon by most of the employees, leaving it non institutionalised by the many.

From the variety in acceptance of the seven core values we can thus see that the processes and structures in place at the organisation in Shanghai have given various supports to the diffusion and interpretation of the values. It is evident that the causality over time can get the core values to find ground and become acted upon in various ways, these supporting structures and procedures facilitates the translation of the values, making some of them into institutionalised behaviour. It is through these interactions and procedures that the values gets legitimacy in the organisation, and the understanding of their use is, in our view, facilitated. Those values that lacked internal support and was far away from the individual’s

preconceptions and preferences was thus not institutionalised, but left as only outspoken when interpreted by the individuals themselves.

8 Conclusion

The aim with this paper was to generate a deeper understanding of what happens with the meaning of the core values when going through a translation process, being interpreted by the local employees. Our ambition was further to find a notion of how the Chinese employees translate Swedish core values into day-to-day activities.

The outspoken meaning of the core values was that they should function as a guiding tool in the daily work for the employees. When the core values were interpreted by the local employees in Shanghai, the core values meaning was translated into a guide that united and brought the multicultural workforce together. Its intended meaning was therefore translated in line with the companies outspoken function. They further addressed the values as a way of thinking in terms of informal guiding rules, since many only had experience from rule-oriented businesses from before this was new to them. We can therefore conclude, in the light of our first purpose, that the core value meaning was translated into a guiding tool that united the workforce with one heart. This translation can be seen as to be in-line with its intended purpose. The function of the core value package could further be seen as institutionalised in the subsidiary, since the core values led the new members to discover how to behave and learned the ‘rules’ to refer to within the organisation. This finding is in line with Eriksson-Zetterquist et al. (2005), regarding their theory on the function of institutions and how they contribute to stability and predictability.

The core values, seen as a package of guiding tools, are divided into seven concepts with supporting keywords. These values all had a different character, that was given varied scope in the daily operations as well as varied in its usage in the daily work of our interviewees. As we pointed out in the previous chapter *did* the various core values within the value package, take different directions through the institutionalised processes, that we found supported the materialization for the employees. These supporting processes: meetings, daily conversations, visible succession paths and team oriented structures facilitated the core value translation for the employees and created an understanding of how to put them into action.

‘Keep it simple’ was described as a way of thinking in all daily activities and was translated into action as a tool to simplify their work tasks, to create efficiency. ‘Straightforward and open minded’ was translated as a means to share your thought and opinions but was challenging for the employees to put into action. ‘Constant improvement’ was interpreted as a tool for step-by-step personal development, and it was used in action by encouraging others or set their own goals to reach development. ‘Entrepreneurial Spirit’ was difficult for the interviewees to interpret, the majority could not relate to it or describe when it was supposed to be used. It was however understood by some as a matter of responsibility, but due to its lack of coherency and being difficult to relate to, we cannot conclude how this value was visible in actions. ‘Cost conscious’ was unanimously described as a value that encourages the employees not to waste, it was used in direct actions by saving resources and minimizing daily waste. ‘We are one team’ was also unanimously described in a coherent way, that it was a way of thinking in terms of their colleagues and how they worked in their company. They put it into action by helping others or asking them for help, in a clear way. ‘We believe in people’, was by the many translated into a matter of trust. A

value that the employees referred to daily and was visible in many of the descriptions of all the other core values in the package. Management translated it into action by encouraging and showing trust towards their staff, as did the employees, who mainly showed trust and believed in their co-workers abilities.

To conclude our findings of how the core values were translated into the employees day-to-day activities, it was clear that five of the core values was visible in their actions while two was left as mainly outspoken. Further it was made clear, as mentioned in chapter seven, that the determining factor for whether the values were to be used by the employees in their action in a habitual way, was the supporting institutional processes set in place. This finding supports the theory by Czarniawska and Joerges (1996) that the ideas that get acted upon are dependent on the institutions set in place. As well as Eriksson-Zetterquist et al. (2005) discussions, that it is the institutions that influence how the employees will act.

These conclusions jointly answer our research question; How are the core values of the multinational company translated in their foreign-based subsidiary?

Within the foreign-based subsidiary are the core values translated into a guiding tool, a tool that support and join the employees in their daily activities. The seven different core values have been re-contextualised to fit their local context and are visible in the employees' actions in various ways, but with the common purpose to guide.

Through this research we further aimed to create an understanding of Swedish values in a Chinese context, this to facilitate managers wanting to incorporate their Chinese colleagues and increase participation and involvement within the whole organisation. By exploring the process we further aimed to gain new insight into the subject of value translation and intercultural translation processes, creating fundament for future studies. Our practical recommendations and theoretical contributions will thus be discussed in the next chapter.

9 Reflection

In this chapter we will present our findings of scientific contributions as well as our proposed recommendations to future research. Our recommendations are based findings presented in our discussion in chapter seven as well as our conclusions in chapter eight. As previously mentioned the research has mainly been based on theoretical implications with an organisation as our case example, it is thus important to view our contributions and recommendations as mainly of scientific character. However, we argue that the findings could be applied to the business world directly and can therefore be of interest for organisations wanting to increase employee-involvement, active in any international environment or specifically in the Chinese context.

9.1 Contribution & Future research

Our ambitions with this thesis have been to explore the translation process of core values in a multinational organisation, this to gain new insight in the subject of value translation and intercultural translation processes, with the aim to create fundament for future studies. Further, our ambition was to increase the understanding and facilitate for managers wanting to incorporate their Chinese colleagues by increased participation and involvement within their organisation. By exploring what happened to the meaning of the core values when *translated* by the local Chinese employees we found a notion of why certain core values could be cast while others are accepted. Our contribution to the field of translation processes is thus, by taking the employees' perspective we found that a determining factor for the ideas to be acted upon was the institutional processes and procedures already set in place within the organisation. Since the translation process is fairly new and is not as widely studied as the more conventional communication theories, we argue that our findings can be viewed as supporting material for future studies in the field.

Our case study further gives implications to how organisations can strategize their practices to facilitate the translation for the members of the whole organisation. By having continuity in company's procedures and supporting the idea through repeated communication, the translation process can be facilitated and acceptance of the ideas can be reached. Practical actions could further be suggested, to visualise the usage of the idea can accelerate the translation into action among the employees. These findings therefore give suggestions to managers wanting to incorporate their colleagues and increase participation and involvement.

One of the more significant findings in this thesis was that by studying how interlinked, somewhat abstract core values were translated, we found that those core values that became consolidated among the employees were *those* that was supported by systems and structures set in place by the organisation. These structures thus facilitated the translations process for the employees individually and supported their continuous usage in the group. In-line with Czarniawska and Sevóns (1996) translation theory were ideas that had not been re-contextualized to fit their context cast and therefore not acted upon. It is also in-line with Schein (2010) theory, that the espoused values has to be based on common consent in the group if to be acted upon, those that are not are to be left as outspoken words without an

action. The theory of *imitation* is also to be considered, what ideas that was supported by the processes and structures made the employees imitate certain behaviour, a notion that could be further analysed and developed. In our case, we found implications that those ideas that served a larger purpose, a personal purpose and had direct effect on the groups performance prevailed. This was in-line with Røvik (2004) arguments, that the actors are partial imitators and even though they may see and understand the idea they pick what is best out of it and shape it to fit their context. However, the concept is mainly used on the organisational setting as a whole, it would therefore be of interest to further explore the individuals and their ability to be rational in their choice of translation. In terms of ‘fashion’, we found in the research a notion that most of the core values appealed to the individuals personal gain or the gain of their common goals, and that the employees expressed a desire to understand them. These notions could be further explored and the theory of fashion could be developed in this context, by focusing what specific factors that makes fashions into institutions. What phases does the fashionable idea go through in such a transition process? As well, do fashions prevail in the long run?

Another finding was the notion that time and space had an effect on the translation process for the individuals, a notion not further explored in this thesis, but yet of interest for future studies. We saw an indication to a pattern, that those employees who had worked in the company for a longer time had a more comprehensive understanding of the underlying meaning of the core values and further saw their purpose in a more practical sense than those employed more recently. We also found indications that their value translation was very much dependent on the scope of their work-role and department. Some of the interviewees had roles of more narrow character than the other interviewees, something that was visible when relating and interpreting the purpose of the values. This indication could also be of interest for future research. What makes the individuals in their individual context translate an idea in a certain way? Even if the individuals are part of the same group, how come certain ideas are cast by certain individuals and not by others? To focus on the individuals and their particular preferences and characteristics was something that we could not thoroughly do in this study since it was not part of the initial purpose of this thesis, but it could be an interesting dimension for future studies. Does the individual pre-understandings affect how they translate an organisations core culture? Or in a dual context, how does colleagues affect each other’s understanding? Theories such as identity theory and actor-network theories might be used, to suffice such a question. These theories could also have been a part of our study, but since we aimed to answer the question of how the employee translated core values, we did not take other dimensions into account, nor did we focus on whether the individual identified with the organisational core values.

Our final recommendation to future research is to further include the staff, the employees that have the least daily contact with the head office. During our research we found notions in the answers of the employees with managerial roles that they saw a lack in understanding for some of the values amongst their staff. Staff that we could not have access to, due to our limited language skills. As this research was done in English, did many of the interviewees have higher education and knew the language. This however, gave us indications that a future study could be focused on the employees of non-managerial level or more recently employed in their native language. To understand the earlier translation processes, when the object has been recently presented without anything being lost in translation.

9.2 Truth criteria

In this study we have explored the translation process of core values by studying theories within the topic and analysing the empirical material gained from interviewing employees in China. Our emerging conclusions are only our interpretation of the abstract truth. To be able to judge the quality of our findings we will thus make the quality implications within our research transparent by discussion the issues regarding the validity/credibility, transferability, dependability and conformability of this thesis.

In general terms, validity refers to the issue of whether the researcher are observing, identifying, or measuring what is suppose to measured. (Bryman & Bell, 2011,p. 395) Critique toward using case studies question the lack of ‘standardised’ means to insure validity such as quantitative measurements and the subjective judgment when collecting the data. (Yin, p.41) In our study, the aim has never been to explain the phenomenon nor to measure it, but instead to understand how the core values have been translated in a certain setting through the interviewee’s own stories. We have chosen to use multiple sources to gain as much information as possible. We have also interviewed people from different departments and hierarchy levels within the company to get responses with different perspectives. One main concern during the research has therefore been to not distort the things we saw or heard. With help of the recording of every interview, we had the possibility to go over the material over and over again until we got the transcription right, word by word. But since the interviews were held in English, the second language of both the interviewees and the interviewers, our interpretation of the underlying meaning was a continuous discussion. Quotations alone can easily be deceptive when taken out of its real context, we therefore went back and forth between our empirical findings and transcriptions and records to interpret the meaning in the light of how it was expressed. The truth can only be confirmed by the participant, so when we have been in doubt, we have e-mailed the participants concerned. However, the transcriptions and participants full answers will not be included in the report, this to ensure the anonymity of the respondents. Nevertheless, the report as a whole has been sent to H&M for approval and confirmation of the accuracy of the content within the background description concerning their firm.

Another challenge within case study research concerns the case selection. Some challenge the generalizability of the findings from case studies, since the findings cannot be generalised through a population. (Eisenhardt and Graebner, 2007, p. 27) But as mentioned above, the aim with this paper was not to test the finding on a population, but instead to understand what we have seen, is our choice of case and sample of respondents, chosen because they were suitable for the purpose. Within qualitative research, the issue of generalizability is often referred to whether the findings can be ‘transferred’ to other contexts or not. We argue that with our descriptions of the research context and our detailed explanation of the steps we have taken in the research process, we have enhanced the transferability of this study. However, since our findings is related to the specific time, place and location of the case setting at H&M in Shanghai, we doubt it is possible to get the exact findings under other circumstances.

As Bryman and Bell (2011) describe, in quantitative research the main instrument to collect the data is the researcher. It is therefore almost impossible to conduct an identical

replication of the research made. (p.423) All interview situations are unique since the answers we got is a product of the way we asked the questions in combination with the feelings and thoughts of the respondents at the specific time and situation. The reality was captured in the moment it was gathered. The traditional concern regarding replicability within case study is in our mind not possible to take into account. However, to strengthen the reliability in our study, the emphasis has instead been on the idea of dependability. Dependability refers to the processes of the study, whether they are consistent and stable over time and across the methods used. (Miles & Huberman, 1994, p.278) During the process of this thesis our understanding of the phenomenon have been under constant development. And as described in chapter two, our research approach has been in-line with the systematic combining, which has resulted in refined theories and interview questions. We have therefore aimed at being as transparent as possible with the changes made during the process, and have saved all notes and records made during the research process. However, even though our qualitative design has evolved, we have tried to be as specific as possible when presenting our theoretical and the analytical framework, discussed in section three and four. Further, during the collection and analysis of data, both of us as researchers have been present to secure consistent methods used as well as enable a vibrant discussion of our findings. Finally, what give our study additional dependability are the reviews of our paper by both the supervisor and peer students.

To have complete objectivity within business research is recognised as impossible (Bryman & Bell, 20011, p.398), each researcher brings a unique perspective to the study. We have been aware that our preconceptions explained in chapter two and our personal values will influence what we interpret and conclude. Our preconceptions will also influence our choices of theories, methods and our interpretation of the findings made, which will give the thesis a certain direction. (Gilje & Grimen, 2007, p.179) We have therefore presented our pre-conceptions in section 2.1, to be as transparent as possible with who we are and what we bring to this research. We also had a constant open discussion within the research team to reach consensus regarding the findings and have always strived to not let our assumption of the reality be in the way of what is actually visible. This to secure that our inferior preferences never overrode the empirical findings. However, Guba and Lincoln (1981) argue that within qualitative research, the stress of the objectivity of the researcher should instead be shifted to the conformability of the data (p.328). We have consequently crosschecked our interpretation with the data collected to avoid distortion and all transcriptions are available upon request.

9.3 Scope and Limitations of our Theoretical framework

Because the model used in this thesis is a product of our theoretical framework and have served as a foundation in our analysis, it needs a little bit more attention, and some issues thus needs more space to be discussed.

The theoretical framework in this thesis has been chosen to reflects the processes that the translation process of core values implies. During the data collection process and analysis did we find themes and patterns that enforced us to include more dimensions and other

theoretical elements in the model, which resulted in a more extensive model for our analysis.

We have two theoretical chapters in this thesis, where the first one represents the conventional theories regarding how strategies and organisational settings generally approach these kinds of subjects. However, these theories were sufficient to create an understanding of how the core values are created, their function and how they are supposed to be diffused throughout the organisational structures. As mentioned before, these theories were not sufficient enough to explore our research question: how the employees in the subsidiary translate the sent object. We therefore argue that it was crucial to add the theory of translation, a somewhat abstract theory derived from the more recent Scandinavian research on institutions. The theory demands more space than given in this research, since it incorporates a variety of influencing elements that affects how something is translated and later institutionalised. By looking at one single case and exploring how an object has travelled through various time dimensions, does not give it full justice and does not show its full complexity. It is a theory that takes continuous change and the dynamic forces of the social world into account, it could therefore be criticized that we applied it on one single case and only looked at some dimension within the theory. Nevertheless, since our main focus was how the core value was translated by the employees we argue that in this thesis the dimensions used from the Scandinavian Institutionalism in combination with the conventional theoretical approaches, the model has served the purpose to explore what has been seen, resulting in fundament for future studies.

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Appendix I – List of Interview Participants

Location	Role	Years at H&M	Date	Fictive name
Shanghai Subsidiary	Employee	1,5	2013-03-05	Tao
Shanghai Subsidiary	Employee	5,5	2013-03-05	Mingmei
Shanghai Subsidiary	Employee	4	2013-03-05	Li Wei
Shanghai Subsidiary	Manager	3,5	2013-03-05	Sam
Shanghai Subsidiary	Manager	2,5	2013-03-08	Yi Ze
Shanghai Subsidiary	Employee	2	2013-03-08	An
Shanghai Subsidiary	Manager	5,5	2013-03-08	Kim
Shanghai Subsidiary	Manager	6	2013-03-08	Zeng
Shanghai Expatriate	Employee	6	2013-03-05	Kate
Shanghai Expatriate	Manager	3,5	2013-03-08	Ben
Shanghai Expatriate	Manager	10	2013-03-14	Lisa
HR Sweden	Manager	3,5	2013-03-30	Ulla

To ensure the participants full anonymity in our case study, have we chosen to code the person by numbers and divide their function within the organisation into two categories, Managers and Employees. Manager represents the following functions: Building Department, Store Manager, Area Team, Finance, Human Recourse. Employee represents the following function, Marketing, Accounting, Administration and Floor Manager.

Appendix II - Interview Guide – Local employees

General

How long have you worked for H&M?
Why did you start working for H&M?
What do you find typical H&M?
What symbols and concepts are presented to you as core-values?
Could you describe these values?
How and when where they presented to you?
What do you think is the purpose behind these values? Why?

Values

What does “XX” mean to you? Could you describe a situation at work when you were/used ‘XX’? Are there any routines at work that helps you to ‘XX’? Are you used to thinking in terms of ‘XX’ from before (at home or school?) What advantages and disadvantages do you see with ‘XX’? What do you gain from using ‘XX’?

To ask the Employees how the perceived and understood each value we asked questions regarding their thoughts and daily implications of the values, we included questions of their past to get a greater scope of their understanding. Above are the example questions related to the values, where XX symbolise the 7 different values; Keep it simple, Straightforward and Open minded, Constant improvement, Entrepreneurial spirit, Cost Conscious, We are one team and We believe in people.

Value Environment

What purpose do the values in general fill for you in your daily routine?
Do you feel that your colleagues are working in line with the core values?
How would you describe the company’s core values to a new colleague?
How is it to work for H&M in a practical sense, compared with your previous work experiences? (Differences, similarities, practices etc.)
What did you think of values when beginning in HM? Does it differ now?
Do you sense that H&M is a foreign-based company? How/why? (Follow up questions)
Which values do you feel is more difficult / easy to use?
How would you like to have training?

This is the Interview guide used throughout all interviews with local employees in Shanghai, it is to be seen as a guide since questions were added depending on the respondents responses. In some cases we altered the questions to facilitate the understanding for the respondent, but the underlying meaning was always aimed to be kept the same.

Appendix III - Interview Guide – Expatriates, Shanghai

Background

How long have you worked for H&M?

Why did you start working for H&M?

What do you find typical H&M?

Core values

What purpose does the Core Values have at H&M?

Do you know the values?

How were they presented to you?

Do they serve a purpose in your daily routine? Which?

What does 'Keep it simple' mean to you?

What does 'Straightforward and Open minded' mean to you?

What does 'Constant Improvement' mean to you?

What does 'Entrepreneurial Spirit' mean to you?

What does 'Cost Conscious' mean to you?

What does 'We are one team' mean to you?

What does 'We believe in People' mean to you?

Your role in China

How did you end up in China? Why do you reckon, that you were sent out/placed there?

What is your purpose at HM China, in relation to the organisational core-values?

What purpose do you think core-values have for the whole organisation at H&M?

How are the core-values communicated to you from HQ in Stockholm?

Do you have any results you have to provide with regards to values?

Values in China

What purpose do you think the core-values have for H&M China?

How are the values present for the employees?

How are the values communicated to the employees?

Please describe what strategies and tools you use to implement and follow up the core values?

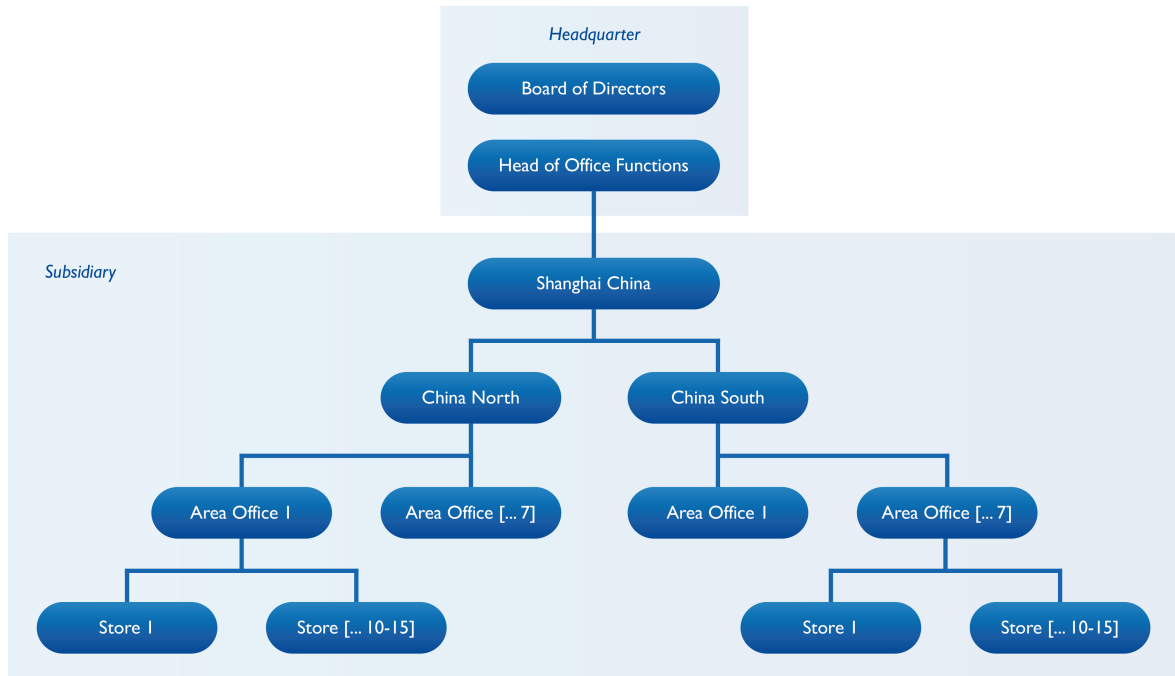
According to you, what are the biggest challenges when implementing the H&M core values in China?

According to you which of the 7 values seem easier/ harder to implement in this cultural context? Could you mention a situation to describe your thoughts?

What result is expected of the employees by communicating and implementing the values?

Any other thoughts?

Appendix IV – Organisational Structure Shanghai



The organisational structure above is an simplified visualisation of how the different divisions are structured in Shanghai.