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# EXPLORATION OF ORGANIZING IN CHINESE HIGH-TECH COMPANIES LOCATED IN DENMARK

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## ABSTRACT

*Purpose:* Very little research has been done to find out what happens to organizing in Chinese companies that are located in countries characterized by cooperative capitalism. I focus on this phenomenon and explore what happens to organizing in two Chinese high-tech companies located in Denmark.

*Design/methodology/approach:* Case studies, interviewing, and three questions inspired by the work of Boltanski & Thévenot: 1) What type of test scenarios are the Chinese and Danes becoming engaged in? 2) Which worlds are called upon as justification of actions by the Chinese and Danes in the test scenarios? 3) How do they discover their relative worth in different worlds enacted in the test scenarios?

*Findings:* The analysis shows that controversies have emerged in test scenarios where Chinese managers and engineers have enacted a market world and a domestic world, while Danish managers and engineers have enacted an industrial world and a civic world. Furthermore, it is suggested that controversies also occur when Chinese managers enact a fuzzy world. Different worlds collide in these types of test scenarios, creating ambiguity about the worth of the persons involved and the organizing principles in their practices. The Chinese and the Danes deal with the ambiguity in many different ways.

*Research limitation:* Few cases exist and the data is limited.

*Practical implications:* The analysis creates learning opportunities for Chinese and Danish managers and highly qualified employees.

*Keywords:* Chinese high-tech companies located in Denmark; Boltanski & Thévenot; test scenarios; controversies between worlds and in one single world; domination, compromises, private arrangements, and decoupling.

## 1. INTRODUCTION

Chinese companies are expanding outside China (Schortgen, 2009:20; Voss, Buckley & Cross, 2009:135) and research has been done to find out what happens when these companies settle abroad, especially in the USA. (Alon, Chang, Fetscherin, Lattemann & McIntyre, 2011; Liu, Lin & Cheng, 2011; Lu, Liu &

Wang, 2011; Yeung, 2011; Yiu, 2011). However, the institutional environment in the USA is different from the institutional environment in other Western regions. Companies in the USA (as well as Canada, Australia, New Zealand, and the UK) operate under liberal capitalism where state control is small and labor union membership is low. This institutional environment is different when we compare it to companies operating under capitalistic dirigisme, such as in France (although it is decreasing here), where the state controls and owns shares in many core businesses, the labor union membership is low, and the government is eager to arbitrate the relationship between companies and employees. It is also different from countries where companies operate under cooperative capitalism, such as the Scandinavian countries (Denmark, Norway and Sweden). Here, capital, labor, and the state collaborate on economic policies, labor union membership is high, and there is a high level of informal and formal employee participation in decision making in companies.

Very little research – if any – has been done to find out what happens to organizing when Chinese companies locate themselves in institutional environments other than those of North America. In this paper, I focus on organizing processes in two Chinese high-tech companies that operate in Denmark where the institutional environment is characterized by cooperative capitalism.

A phenomenon like this has often been studied by applying either a national/organizational cross-cultural perspective inspired by Hofstede (2001) or a multi-institutional logics perspective (Friedland & Alford, 1991; Thornton, Ocasio & Lounsbury, 2012).

Cultural analysis assumes that people either *have* a culture or *are* a culture. Intercultural encounters are then based on different national/organizational cultures. In intercultural encounters, individuals or groups are exposed to an alien cultural environment, which can often lead to cultural shocks and interactions, depending on the different cultures involved (Hofstede, 1980; 2001:chap.9). Several scholars have criticized the cross-cultural approach because it begins with a priori definitions of relevant groups and units of analysis and treat culture as a reified construct. An alternative way of dealing with culture is to view it as symbols, meaning, and practices that are created and reproduced through the interactions. (Brannen & Salk, 2000; Lamont & Thévenot, 2000; Romani, Sackmann & Primecs, 2013). Therefore, although the Hofstede tradition of analyses of national/organizational intercultural encounters combine macro/meso and microanalysis, it gives ontologically primacy to national/organizational cultures at the expense of a situated understanding of the relationship and interaction between people.

In a multi-institutional logics perspective, it is assumed that interests, identities, values, world-views, and material practices of individuals and organizations are embedded in institutional logics. At the same time, individuals and organizations are able to elaborate on these logics. Therefore, society is regarded as a potentially conflictual, inter-institutional system, in which no institutional order should be accorded causal primacy *a priori*, and individuals, organizations, and institutions must be seen as nested (Friedland & Alford, 1991). The nested level of analysis is not developed by Friedland & Alford, but it is later done by Thornton et al. (2012:chap.4) in ‘an integrative model of the microfoundation of institutional logics’. According to the model, institutional logics focus the attention of individual actors through institutional embeddedness, activating a social actor’s’

situated identities, goals, and action schemas and thereby shaping their social interaction. Social interactions sometimes generate new social practices and structures that are selected and retained through processes of cultural evolution, influencing institutional logics. The scholars further argues that ‘what is important from an institutional logics perspectives is that more micro processes of change are built from analogies, combinations, translations, and adaptations of more macro-institutional logics’. I therefor argue that although the scholars are developing an integrative model combining macro-micro levels, they give ontological primacy to institutional logics and not to the situated interaction. This is also in accordance with Friedland (2009:909/910) who advocates for institutional logics being the bases for evaluation and coordination. He gives ontological primacy to institutional logics at the expense of an ontological primacy to situated understanding of interactions.

I also build on a nested level analysis in this paper. But contrary to cross-cultural and institutional logics perspectives, I give ontological primacy to situated interactions. This does *not* imply that I deny that widely spread norms, rules, and worldviews exist – but I propose that there is a loose coupling between these norms, rules, worldviews and what is happening in situated interaction. I suggest that we apply such a situated perspective on the interaction between Chinese and Danish managers and employees in Chinese companies located in Denmark. To explore such a situated perspective I propose we apply insights from the Justification approach (or Conventional approach as it is also called) developed by Boltanski & Thévenot (1991/2006).

Boltanski & Thévenot argue that individuals confront uncertainty by making use of objects to establish order (or structure if you like) and, at the same time, they consolidate objects by attaching them to the orders constructed. People are not attached to one order of worth because they can be acquainted with more than one world and, therefore, a person’s ‘states of worth’ cannot be predetermined. People have to interact and reach an agreement in order to discover their relative worth in the world – if they do not resort to violence, that is. Boltanski & Thévenot identify different principles of order that help people reach agreements. These agreements have to be enacted; in real-world tests, they involve objects in relation to which people measure themselves and discover their relative worth in the world.

The paper is structured like this: First, I briefly explain the Justification approach. Second, the two cases are analyzed inspired by the Justification approach as a frame for understanding how organizing unfolds in the two cases. Finally, I conclude and discuss the results, and I describe the methods in an appendix.

## **2. THEORETICAL APPROACHE**

In this session I shortly unfold the Justification approach, which I want to apply interpreting the empirical data. From the approach I draw three central questions which have to be raised in the analysis.

Boltanski and Thévenot’s (2006) are the founding- fathers of the Justification approach. As mentioned in the introduction they argue how individuals confront uncertainty by making use of objects to establish order and, conversely, how they consolidate objects by attaching them to the orders constructed. The ‘states of worth’ of a person cannot be predetermined; people have to interact and reach an agreement in order to discover their relative worth in the world – if they do not

resort to violence, that is. Boltanski & Thévenot identify different principles of order that help people reach agreements. These agreements have to be enacted; in real-world tests they involve objects in relation to which people measure themselves and discover their relative worth in the world. Relying on classic works of political philosophy, the authors identify six coherent worlds, each of which has its own norms of appropriate behavior that the people in them follow. The six worlds are: 1. the inspired world; 2. the domestic world; 3. the world of fame; 4. the civic world; 5. the market world; and 6. the industrial world.

In *the inspired world*, the common principle is inspiration, and the state of worthiness is spontaneity and excitement. Your dignity as a human being goes through passion and creativity and the subjects are often defined as poor and sometimes useless within the society. The mind and body are the objects in this world, the test is the vagabondage of mind, and the evidence is signs. What you sacrifice are habits, and your fall will be evident if you are down to earth. In *the domestic world*, the common principle is personal relations and you show your state of worthiness by demonstrating good manners, and being wise and trustworthy. Your dignity as a human being is shown through habits and kindness, and the subjects in this world are fathers, parents, mothers, friends, and guests, etc. Objects in the domestic world are gifts in order to support the relations, and the test is to participate in family ceremonies and social events, and the evidence is appreciation. What you sacrifice is selfishness. You invest in your duties, and you fail if you behave in a vulgar or impolite way. In *the world of fame*, the common principle is reputation and your state of worthiness is when you are famous and visible. Your self-love and desire to be seen and heard are fundamental to your dignity as a human being, and the subjects in the world of fame are stars and their fans. The objects are branding and interviews, and the test is your ability to present yourself under the gaze of others as well as the evidence is to 'be known'. What you sacrifice are your secrets, and you fail if you remain unknown. In *the civic world*, the common principle is collectivity and your state of worthiness depends on your public agency. Involvement in public affairs shows your dignity as a human being and the subjects in this world are delegates, representatives, and members. Some of the objects are laws, courts, and policy – and the test is attending meetings. The evidence is rules and legal texts. What you sacrifice is your individuality, and your fall will be evident if you become a free rider. In the fifth world – *the market world* – the common principle is possession of rare goods and competition. You show your state of worthiness in terms of being rich and living the high life. The desire for commodities is central to your dignity as a human being. In the market world, subjects are individuals, clients, competitors, buyers, sellers, and businessmen – and the objects are wealth, luxury items, and money. The test of belonging to this world is when you make deals, and the evidence is money. What you sacrifice is attention to others, and you fail if you become enslaved by money (and not your desires). In *the industrial world*, the common principle is efficiency, productivity, and needs. You show your state of worthiness by being predictable and reliable, and your dignity as a human being is defined by work and activities. The subjects of the industrial world are professionals and specialists, and the objects are means, tools, definitions, and concepts. The test in this world is verification and the evidence is measures, etc. The sacrifice you make is the ability to relate to other people as human beings, and you fail if you become instrumental and treat people like objects. - There might be other worlds constructed such as a green world or a project world mentioned by

Gond & Leca (2010).

Disputes can take place within a world without calling the world itself into question (e.g. the question ‘Who is the best qualified in the industrial world?’ does not challenge the industrial world *per se*). The disputes revolve around the issue of whether or not *the test* is genuine. However, the world itself might be challenged, subsequently leading to the confrontation of two or more worlds. What is described here does not refer to a person tested in different ways, in different situations (e.g. a person is tested in a concrete situation, for example as a company employee in the market world, and as a family father in the domestic world). What is referred to, is a situation where a person is tested in different worlds within the same scenario, e.g. do you have to pay (the market world) your child (the domestic world) to mow the lawn?

One of Boltanski & Thévenot’s main arguments is that people often manifest themselves in different worlds:

Although the room to maneuver is strictly limited by the way the situation is arranged, a model incorporating several worlds gives actors the possibility of avoiding a test, of challenging a test’s validity by taking recourse in an external principle, or even of reversing the situation by introducing a test that is valid in a different world. The model thus includes the possibility of a critique for which determinist constructions fail to account. (Boltanski & Thévenot, 2006: 216).

When several worlds are brought together in the same test scenario, no higher common order can be found to resolve the disagreement. As Boltanski & Thévenot mention, a disagreement might not be stated as people might choose to ignore it (234), or the worlds might not be in conflict in the specific situation. Alternatively, a *compromise* may be suggested where “people agree to come to terms, that is, to suspend a clash – a dispute involving more than one world – without settling it through recourse to a test in just one world.” (277). Let me exemplify. In a situation where both the market world and the civic world are present, a compromise might be established. For example, in some countries representatives of employees have the right to participate in board meetings together with the representatives of the capital owners. Such a compromise has been worked out in Scandinavian countries and has been named ‘citizens in companies’, a compromise or hybrid between the two worlds. In other parts of the world – Great Britain and the USA, for example – this compromise is seen to be a strange, unnatural phenomenon. Compromises are often fragile. But as Boltanski & Thévenot suggest:

a way of solidifying a compromise is to place objects of elements stemming from different worlds at the service of the common good and endow them with their own identity in such a way that their form will no longer be recognizable if one of the disparate elements of which they are formed is removed. (Boltanski & Thévenot, 2006: 278).

Boltanski & Thévenot make a distinction between *compromises* and *private arrangements*. Although a compromise does not have a solid foundation, it does presuppose an idea of the common good, and that is what distinguishes it from a private arrangement:

A private arrangement is a contingent agreement between two parties that refers to

their mutual satisfaction rather than to a general good (“you do this, which is good for me; I do that, which is good for you. (Boltanski & Thévenot (2006: 336).

In Boltanski & Thévenot’s theorization, the term ‘private’ does not refer to a particular sphere (e.g. the domestic or market world). It suggests something that ignores the common good. It is in private arrangements that *interests* are defined.

Inspired by the Justification approach, I now want to ask the following three questions in relation to the two cases analyzed in the paper:

- What *type of test scenarios* are the Chinese and Danes becoming engaged in? As Dansou & Langley (2012:509) write: “tests refer to familiar occurrences when actors’ enactment of legitimate organizing principles is made more visible. These are moments when actors’ performance of widely accepted established rules, norms and belief systems are questioned.” As mentioned above, testing can involve questioning the organizing principles in a single world without calling the world itself into question – or it can involve questioning the world itself, subsequently leading to the confrontation between two or more worlds.
- Which *worlds* are called upon as justification of actions by the Chinese and Danes in the test scenarios? Boltanski & Thevenot (1991/2006) mention six different worlds, but other worlds might be called upon in the test scenarios. Boltanski & Thevenot’s six worlds are defined on the basis of Western philosophy. It could be interesting to see if other worlds are called upon by the Chinese building on Eastern philosophy.
- *How* do they discover their relative worth in the different worlds enacted in the test scenarios? This question deals with the compromises, the dominance or the loose coupling produced in the test scenarios.

### 3. CASE ANALYSIS

#### 3.1 Introduction to two Chinese high-tech companies located in Denmark

Company A is a high-tech company which was co-founded in 2001 by a group of Danish research scientists and engineers. In 2003, the company received further financing from capital venture companies. After some years, the company succeeded in developing a unique technology. By the end of the 00s the capital venture companies wanted to sell A and, as the CEO (and co-founder) of the company also wanted to explore other new ideas, he started to look for a buyer who would be able to further develop something as complicated as A’s product and to produce it with low wage costs. The CEO thought it would be obvious to look around in China and after some time got in touch with a large Chinese company with headquarters in southern part of China. The Chinese company wanted to expand their products and in 2010 they bought part of A. Later, the Chinese company expanded their ownership of A and today (2012) they own more than half of the invested capital in the company. The Danish CEO and co-founder of A is still the CEO of the company and he still owns some shares in the company. In 2012, about 20 Danish employees were working in the company in Denmark many of them highly qualified engineers.

Company B is a large privately owned high-tech Chinese company that was established in 2006 by a young Chinese entrepreneur. He had previously invested

in London for some years and his experience there gave him a good feel for how to communicate with Europeans in English. In 2010, B established a new global innovation center in Denmark, with the aim of developing a high-tech product. For several years now, Denmark has had efficient research institutions and testing facilities for this specific type of product. Moreover, some of the global market's key players are located here. The Chinese entrepreneur was looking for a Dane with experience within development and management of the product. The decision to locate in Denmark came about when the Chinese entrepreneur established contact with a Danish engineer, who had been active in the sector for many years and, moreover, had management experience. It is not known exactly how the contact between the two men came about, but the Dane thinks that it was through personal relations. The Dane was put in charge of the Danish innovation center and has since expanded it. Thus, in 2012, its staff numbered 36 comprising 28 Danes, 5 Chinese and a few other nationalities. For the most part, they are engineers and work under Danish salaried employee contracts.

As the following analysis focuses on test scenarios and controversies in and between worlds I like to include a citation telling another story about the interaction between the Chinese and Danes. There is no test scenario and controversy involved in this event which is justified within the domestic world. When asked whether the Danish manager in B was surprised by anything when he first starting working with the Chinese CEO, the Danish manager replied:

*.... I was impressed – and still am – with the way he (Chinese CEO) approaches new customers and new employees with incredible spirit, breadth of view and calm ... I would say he emanates a kind of paternalism. I think it's impressive when such a young man (below 40) can do that. He did it with me. - A good itinerary had been put together for my four-day stay in China, which we followed and I gained an impression of all the areas of activity and was able to ask questions about all kinds of things. They did their utmost to fill me in on everything and I really felt welcome. But not only that, I also found out that we were able to set up a good dialogue in English – which I think we still have ... so, despite having a lot of different things to do, he was able to connect with me. I think he has an important skill in this regard. (Danish manager in B)*

### 3.2 Test scenarios

Many test scenarios were identified in the two companies while the Chinese and Danes interacted during strategic decision making, product innovation, meeting activities, and staff development interviews. In the following, I analyze four test scenarios. In each of them, I identify the worths and worlds called upon by the interacting Chinese and Danish participants and how they discover their relative worth during the test.

***Test scenario 1: Strategic decision making about product development.*** In both companies the Chinese and Danish managers have been involved in strategic discussions and decisions about how customer-driven or technological-driven the innovation process should be. The Chinese managers have been inclined to justify a customer-driven process, defining their worth as managers in a market world, by opting for a fast growth in profit.



*It's quite clear that in a situation that could tilt either way, they (the Chinese) would definitely choose the customer-oriented path – without a doubt. (Danish manager in A)*

*If you can't say that there is a customer at the other end waiting for you to get started, you rarely get thumbs up. (Danish engineer in A)*

Contrary to this, the Danish managers have been inclined to justify a technological-driven process, defining their own worth as engineers in an industrial world.

*I listen carefully to what is being said (by the Chinese), but I also listen carefully to my own intuition and my own feeling about how to optimize the cost of a product in the long term and how to remove the risk from a product and which direction the world will move in purely in terms of technology in the next 5 to 10 years...He (the Chinese CEO) is passionate about customer needs while I am passionate about the technology of the future. I want to respond to customer needs as well, but we have different fields of interest and need to get feedback from one another. I suppose that's what makes us develop. (Danish manager in B)*

The debate between the market world and the industrial world is going on all the time, sometimes ending up with a Chinese domination of the market world where product development is driven by the needs of the customers and a fast growth in profit. However, sometimes a compromise has been created between a market world and an industrial world – justifying the technological-driven process – by arguing that it may increase the long-term profit of the company. This compromise allows the Chinese to get their worth as managers in the market world by looking for long-term profit as well as short-term profit. And it allows the Danes to keep their worth as engineers in the industrial world and to get a stronger sense of themselves as managers in the market world. In practice, such a compromise may be difficult to implement as the employed Chinese engineers located in China may be less visionary and more accustomed to reacting to specific customer demands, whereas the employed Danish engineers may be less customer-oriented and more accustomed to reacting to technological challenges. In one of the companies, they have dealt with this tension in a structural way by creating two groups: one focusing on products and one on technology.

***Test scenario 2: Changes in planned activities.*** In company A, Chinese managers have overturned major strategic decisions or changed meetings without warning. In one case, the Danish manager went to China for a meeting with the Chinese managers only to realize that the meeting had been cancelled. He had to return to Denmark without having talked to any of the Chinese managers. The Danish manager and engineers sometimes get annoyed by these changes when they define their own worth as engineers in an industrial world by being able to predict the best way of planning things. In many of these situations, the Danes regard the Chinese managers as 'inefficient planners' (in the industrial world) because they lose track of time.

I have not been able to observe what happens in these situations or interview the Chinese managers about it. But instead of accepting the Danish way of defining the situation, I would like to suggest that the Chinese managers may be justifying their behavior from a 'fuzzy world' perspective known to Eastern people but often unknown to the Danes – and most other Western people – and not included in the

work of Boltanski & Thévenot. To clarify what a ‘fuzzy world’ is, I draw on Yuan & Chia (2011) who argue that Western thinking is dominated by bivalence thinking where there are only two answers to a question: yes or no; true or false; 0 or 1. Fuzziness is opposite to bivalence as ‘fuzziness means multivalence and therefore instead of just two extremes, there are many more possibilities, even infinite possibilities’ (p. 432). There is an assumption that underlies the Western bivalence way of thinking, which favors stability, universality, substance, and structure over change, particularity, becoming, and processes. Yuan and Chia further argue that it is the opposite to traditional Chinese thinking: ‘Taoisme involves a multivalent, multi-valued, nonlinear worldwide that embraces the fuzzy “shade of gray” between “black and white” and that sees paradox and contradictions as normal, valuable and part of an experiential and coherent common sense’ (p. 433). In Western thinking, change is constructed as a transient phenomenon between essentially stable states. Whereas in Chinese thinking, change and processes are immanent as things are constantly in a process of change.

If my suggestion about the fuzzy world has credibility (which has to be investigated in future empirical studies), this test scenario involves a controversy between an industrial world (long time planning) and a fuzzy world (fast and close adapting). The controversy has been dealt with in different ways. Sometimes the fuzzy world has dominated the industrial world. This has happened when both the Chinese and Danes define their worth in the market world: the Chinese managers are the owners and have the right to decide when a planned activity should change; the Danes are employed by the Chinese and have to follow their instructions.

But sometimes the controversy between a fuzzy world and an industrial world has been dealt with in quite another way. This occurs when the Danes define their worth in a civic world – which is a specific way of defining each other in the Danish labor market (part of the cooperative capitalism) (Westenholz, 2012). In these situations, the Danes regard themselves not only as highly qualified engineers (in the industrial world) but also as equal partners to the Chinese managers (in the civic world). As equal partners, they support the Chinese with necessary information so the Chinese managers can reach the ‘right decision’. In this way, the Danes try to prevent what they experience as ‘sudden changes’. In these situations, the Chinese for their part seem to define the Danes as a valuable resource (in a market world). As a result, a non-controversial private arrangement has evolved involving the Danes applying a civic world (I give you information because we are equals) and the Chinese applying a market world (I listen to you information as you are a valuable resource to my company).

**Test scenario 3: Product development.** This type of test scenario has occurred especially in company A when Chinese engineers located in China and Danish engineers located in Denmark have been working together to develop a product.

*From what I've understood and what I see, there's maybe a difference in that our engineers have a very broad knowledge of things. This means that even if a great many solutions to a problem are proposed, we are perhaps able to come up with even more – I don't know. I think we are better at assessing them ... I mean they (the Danish engineers) have a broad outward perspective so they can assess the solutions and maybe pick the three best, which we can develop further. And once we've chosen the three best solutions, I also think that the engineers we have here are better at saying stop*

*when they're no longer feasible. I mean when they recognize that 'this is not the right solution so we'll drop it.' And if they look around them and spot something that is not in their area of responsibility but has to do with some other aspect, they don't just return to their narrow sphere of work but say, 'This won't do. I can see that this won't work.' They don't shut up and simply focus on their own affairs but speak up and say 'you know what, this or that won't really work.' That's what I mean by having a broad perspective. Both when it comes to finding solutions and assessing them, but also when it comes to stopping and taking responsibility for other areas of the company which are not their own. That's where I think our competence lies – I mean Danish engineers' competence. (Danish manager in A)*

This impression is backed by the Danish engineer who works closely with the Chinese engineers in China:

*They (The Chinese engineers) don't really like venturing beyond the horizons of their specific function. I'm talking about engineers with narrowly defined functions who stick to them religiously. I can imagine if they have a good idea – and I'm speculating here – they're probably more reluctant to suggest it. I'm still speculating, but I rarely hear them saying anything. Let me try to be more specific ... I talked to a large international company that developed a new product that could function together with some of our products. They provided some prototypes, which we sent out to some of our engineers in China and asked them to test them. They did a very basic test and tested precisely what I asked them to test, but they didn't go beyond that and test what I thought was logical to also try and test without me specifically asking them to ... I had to steer the process and say 'Now we'll test this, now we'll test that', otherwise they didn't do it. They're happy to do what you ask them to, but they won't take what for me is intuitively and logically the next step. They certainly don't report back and tell us, 'We think we ought to also test this or that or compare these two things'. (Danish engineer in A)*

Danish engineers have a tendency to think beyond their function, while Chinese engineers stay within the boundaries of their function. Danish engineers are used to placing their area of responsibility within a larger context, pointing out new possibilities and halting bad measures in a dialogue with colleagues and the company management. Their Chinese counterparts located in China, on the other hand, stay within the confines of their specific function and take responsibility for that. They do not enter into a broader dialogue with their superiors or colleagues. The Danish engineers justify their actions by drawing on a combination of an industrial world (broad project orientation makes a good engineer) and a civic world (we discuss problems and solutions together on equal terms). Whereas it seems that Chinese engineers located in China draw on a combination of an industrial world (specific functional orientation makes a good engineer) and a compromise between a market and a domestic world (we obey and respect orders from above).

The confrontation in this test scenario deals with two different ways of defining 'a good engineer' in one single world: the industrial world. Firstly, the confrontation

has been dealt with in a decoupling way in the sense that the Danish engineer has maintained his identity as a ‘good engineer’ – acting within a larger project context, and the Chinese engineer located in China has maintained his identity as a ‘good engineer’ – acting within a narrow functional context.

Secondly, the cooperation is characterized by a confrontation between a compromise between a market world and a domestic world (we obey and respect orders from above) and a civic world (we discuss with colleagues and managers). The compromise between the market world and a domestic world came to dominate the civic world. Danish engineers were highly rated by the Chinese and the Danish engineer found himself acting as the superior (father) to the Chinese engineer by giving him orders, which the Chinese fulfilled. This would probably not have happened in interaction between two Danish engineers in company A.

***Test scenario 4: Staff development interviews.*** In this test scenario, a Danish manager and a number of Chinese engineers, located in Denmark, had staff development interviews. The Chinese engineers had not been in Europe before and behaved in a very formal way at the beginning of their stay in Denmark. For example, they stood up and looked directly at the Danish manager when they met. The Chinese engineers became very confused about how informal the Danish manager had treated them. The Danish manager kept treating them in an informal way and, after a while, the Chinese engineers became more relaxed and less formal. A civic world came to prevail over a compromise between a market world and a domestic world, at least for a time.

*They (the Chinese engineers) have gradually become more laid back and that's how it should be. I don't ask them to show robot-like discipline towards me whatsoever. And they get completely confused when I call them in to an employee performance review, which in my world is a very informal setup. There is no HR function with templates on how to conduct an employee performance review, so they're mostly about meeting the person and finding out what direction they want to take. In that way, I try to make clear which direction the company is heading and hope that we manage to connect and move in that direction.....I see them and praise them and tell them that I realize what reality is like for them – at least I think I know what it's like. And they grow and step more into the limelight and are surprised ... and happy – that's my experience. They're used to a good deal of pressure from the management in China and then all of a sudden I treat them in another way – I don't know whether I represent a certain kind of European attitude – but that's definitely how I act ...Of course it's challenging for them when they go back again, but hopefully they become able to communicate in another way with the European group here and open up as people in relation to a global perspective. (Danish manager in B)*

This process may be paradoxical in the sense that the emerging domination of the civic world may have been caused by the Chinese engineers obeying their Danish manager.

In figure 1 I provide an overview of the four test scenarios

Figure 1: An overview of the four test scenarios.

<b>Test scenario</b>	<b>Type of test scenario</b>	<b>Worlds called upon in the test scenario</b>	<b>How do they discover their relative worth in different worlds in the test scenario?</b>
1. Strategic decision making about product development	<ul style="list-style-type: none"> <li>• Confrontation between two worlds</li> </ul>	<ul style="list-style-type: none"> <li>• Market world and Industrial world</li> </ul>	<ul style="list-style-type: none"> <li>• Domination of Market world</li> <li>• Compromise</li> </ul>
2. Changes in planned activities	<ul style="list-style-type: none"> <li>• Confrontation between two worlds</li> <li>• Confrontation between two worlds</li> </ul>	<ul style="list-style-type: none"> <li>• Fuzzy world and Industrial world</li> <li>• Market world and Civic world</li> </ul>	<ul style="list-style-type: none"> <li>• Domination of Fuzzy world</li> <li>• Private arrangement</li> </ul>
3. Product development	<ul style="list-style-type: none"> <li>• Confrontation within one world</li> <li>• Confrontation between several worlds</li> </ul>	<ul style="list-style-type: none"> <li>Industrial world</li> <li>• Compromise between Market-Domestic world and Civic world</li> </ul>	<ul style="list-style-type: none"> <li>• Decoupling</li> <li>• Domination of compromise between Market-Domestic world</li> </ul>
4. Employee performance review	<ul style="list-style-type: none"> <li>• Confrontation between several worlds</li> </ul>	<ul style="list-style-type: none"> <li>• Compromise between Market world and Domestic world, and Civic world</li> </ul>	<ul style="list-style-type: none"> <li>• Domination of Civic world</li> </ul>

#### 4. CONCLUSION AND DISCUSSION

The two cases analyzed in the paper are interesting because firstly, they deal with Chinese companies developing high-tech products, and secondly, because the Chinese companies have located their innovation centers in Denmark – a country characterized by cooperative capitalism. This is a very new phenomenon and we know very little about how organizing is going on in these companies.

The analysis applies an explorative approach towards understanding organizing in the two cases. By organizing, I mean the ongoing processes where individuals in situated practices confront ambiguity and become engaged in controversies when they interact and reach ‘some sort of an agreement’ in order to discover their relative worth in the world. Inspired by the work by Boltanski & Thévenot, three questions were formulated for the analysis of the data material: What type of test scenarios are the Chinese and Danish becoming engaged in? Which worlds are called upon as justification of actions by the Chinese and Danes in the test

scenarios? And how do they discover their relative worth in different worlds in the test scenarios?

Test scenarios are moments when actors' performance of widely accepted established rules, norms, and belief systems are questioned. Such moments have occurred primarily when the Danes and Chinese have contested the worth of the interacting individuals enacting several worlds in the test scenario. In these test scenarios, the Chinese have enacted a market world and a domestic world while the Danes have enacted an industrial world and a civic world. In doing so, they have questioned the organizing principles of the world enacted by 'the other'. However, test scenarios have also involved questioning the organizing principles in a single world without calling the world itself into question. This has been the situation when the Danes and Chinese have had different definitions of what it takes to be a 'good engineer' in a single world: the industrial world.

In the test scenarios, the worth of the involved persons becomes ambiguous and I therefore raised the question of how they discovered their relative worth in these test scenarios. It is striking and interesting that they discover their worth in many different ways. Sometimes the world of the Chinese becomes dominating, sometimes a compromise is reached, sometimes the Danes' world becomes dominating, sometimes a private arrangement emerges, and sometimes a decoupling is observed. The data is not rich enough to indicate when these different processes emerge and, even if that was the case, one point might be that there is some indeterminacy when people are interacting and negotiating the organizing principles of their activities.

Some of the controversies between the Chinese and the Danes are known from situated interactions involving people of other nationalities. That applies to the controversy between the market world and the industrial world in innovation processes, where a customer-driven versus a technological-driven controversy is well known in innovative companies around the world. The implication is that we need to avoid treating the Chinese and the Danes as reified national categories, and instead view them as people in situated interactions where they cope with the uncertainty of how to develop and sell new products. This argument is in line with the Justification approach, which 'gives actors the possibility of avoiding a test, of challenging a test's validity by taking recourse in an external principle, or even of reversing the situation by introducing a test that is valid in a different world. The model thus includes the possibility of a critique for which determinist constructions fail to account.' (Boltanski & Thévenot, 2006: 216).

Although the paper primarily focuses on applying the Justification approach in analyzing the two empirical cases, we may also gain theoretical insights from the analysis. First, in the paper I discussed a specific test scenario in which I suggested that Chinese managers enact a fuzzy world. This fuzzy world still needs to be further investigated. We need to understand if it is 'a world' according to Boltanski & Thévenot's way of applying the concept. If it is, then it has to be described in detail like the worlds mentioned by Boltanski & Thévenot. This fuzzy world, based on Eastern principles, would be a contrast to Boltanski & Thévenot's worlds – which are founded in Western philosophy. I also need to find out if the term 'fuzzy' is an appropriate term, or if this world should be called e.g. 'world of adaptation', stressing the fast and close relationship a person has to other people and material objects.

Second, if my argument is substantiated, the Chinese managers define the specific

situation as one of process and constant change, whereas the Danes regard the same situation as one of stability and predictability. Coping with this ambiguity leads me to another point in dealing with the controversy between acting and thinking. In a fuzzy world, you justify fast and close adaptation as you experience the innovation process to be highly contingent, messy and non-linear. In an industrial world, you justify more long-term planning as you experience the innovation process to be more predictable and linear. This allows you to think before you act, but you might do the opposite in a fuzzy world. One point here is that even though the fuzzy enactment seems to be a short-term adaptation, it might be a long-term solution by creating a better way to cope with uncertainty in innovation processes. And even though the industrial planning seems to be a long-term solution, it may become a bad way to cope with uncertainty in the long run. The dilemma between when to act and when to think is also a controversy that is known from other situated interactions, as expressed in March's discussion about the dilemma between exploration and exploitation (March, 1991). Once again, the implication reminds us that we must avoid treating the Chinese and the Danes as reified national categories.

Third, although a fuzzy world is not completely unknown to Western people, I would like to suggest that Chinese (or Eastern) people today are more familiar with justifying their worth in a fuzzy world than Western people. I also showed that the Danes sometimes justified their actions in a civic world. I would like to suggest that the Chinese are not familiar with justifying their action within companies and having to find own worth within a civic world. The implication of this is that there may be worlds that are more recognizable in certain social spaces than in others. This does not mean that we have to return to national/field/organizational cultures *à la* Hofstede. But it implies that there may be situated interactions where people don't know of a specific world and, therefore, don't define or justify themselves within this world. For example, if we study Chinese people interacting in a concrete situation in a Chinese company in China, we might not observe any justification drawing on the civic world. As situated interaction becomes more global and the Chinese and the Danes interact more, the Chinese may become familiar with the relevance of the civic world as one world which make sense to them when acting in companies. The same argument can be applied if we focus on the fuzzy world which I argue is more known today to the Chinese/Eastern people than to the Danes. This condition may change in the coming years as Chinese and Danes interact more.

Fourth, the analysis illustrates that people are *not predetermined by cultures or institutional logics*. On the contrary, people interact and reach agreements in order to discover their relative worth in the world. They do that by applying different worlds as justifications. These worlds are macro-structural in the sense that there are *widespread* rules, norms, and values etc. that are used by people in their situated interaction. Worlds are *not located on another analytical level* – they are widespread in scope. Micro-agency processes are therefore intertwined with macro-structural orders. Although the micro-agency processes are intertwined with macro-structural orders, it still makes sense to make an analytical distinction between them. My argument is that organizing is better understood when we privilege situated interaction *whilst* focusing on the worlds that are available for justifications during the situated interaction. I believe that Boltanski & Thévenot have made a major step in our understanding of this intertwining.

Any empirical case study has weaknesses, and this study is no exception. The data is limited and it would be nice to expand the amount of interviews with Chinese and Danes. It would also be interesting to be able to observe ongoing interactions between Danes and Chinese as a supplement to interviewing. Hopefully we are able to do such types of studies in the future, as it will make it possible to study how the negotiation of orders is accomplished. It may also direct our attention to situated interactions that are local in the sense that they do not involve widespread worlds *à la* Boltanski & Thévenot. It would also be nice to include more case studies with different combinations of nationalities and positions in the companies. E.g. would the experiences be different if the manager in Denmark was Chinese and not Danish as in the two cases presented here? In future studies it would also be interesting to study differences and similarities between interaction between Chinese and Danes in high-tech Chinese owned companies operating in Denmark and high-tech Danish owned companies operating in China, or high-tech Chinese owned companies operating in Denmark and other Western countries. Finally it would also be interesting to study test scenario in Chinese companies located in Denmark where Danes are interacting with other Danes and compare it with test scenarios where Chinese are interacting with other Chinese.

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## Appendix 1: Methods

For this paper two companies were selected among Chinese companies located in Denmark. I looked for companies with 10 or more staff members, developing high-tech products. Many of the companies were smaller or they were e.g. sales offices not engaged in product innovation – or they were research collaborations between Chinese companies and Danish universities.

The data was gathered in 2012 as documentary material from the internet and from open ended interviews with a manager and an engineer in each company. In the interview I specifically asked questions about surprising or conflictual occurrences. I interviewed three Danes and one Chinese. The three interviews with the Danes were rich in detail whereas the interview with the Chinese engineer was shorter and not very detailed. This may be caused by language difficulties but may also be the result of my shortcomings as an interviewer of a Chinese person (Eckhart, 2004; Helmer and Thøgersen, 2006; Tan & Nojonen, 2011). The three interviews with Danes were transcribed by a Dane and the interview with the Chinese was transcribed by a person acquainted with listening to Chinese speaking English.

The transcribed interviews were analyzed by me. I began by carefully looking for episodes where Danes and Chinese interacted. The episodes were described according to potential tensions or surprises during the interaction. The descriptions

of the two companies have been validated by the Danish managers and engineer. These descriptions are not included in this paper.

The descriptions were interpreted by applying the work of Boltanski & Thévenot (1991/2006). Four test scenarios were identified. I don't apply the theory in exactly the same way as Boltanski & Thévenot. They analyze public debates and the justifications applied in these debates, whereas I focus on interactions between the Danes and the Chinese, the way they make sense of the situation, and how they justify what they are doing. As I have interviewed one Chinese engineer, I have at times relied on the Danes' interpretation of their Chinese colleagues and managers. This is methodologically imperfect and I specify where I have done so in the text.

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