



**Understanding Resistance to Change
in Different National Context
--A Comparative Study Between China and Norway**

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Abstract

This thesis has objective of finding out how the phenomenon of resistance to change manifest differently in China and Norway. Research probes the national context of these two countries in terms of culture, political-economic framework and corporate governance mechanism. Taking the national paradigms as departure point, analysis focuses on their influence on ordinary people's attitude and behavior towards change, to be specific, why employees choose to oppose change, how they respond if they disagree with the target change program, and which strategies change initiators can adopt to overcome oppositions when planning and managing change in these two countries.

This research is a comparative and explorative study, as literature regarding comparison of management practices in China and Norway is not so much. Besides theoretical research, this thesis has an ambition to provide practical suggestions for managers under both national contexts. In general, the Chinese model is characterized by top-down approach, emphasizing on flexibility and quick response. Managers tend to ignore workers' opinion and underestimate resistance during rapid change process. To achieve a sustainable competitive advantage, the Chinese model should involve employees in planning stage and promote proactive input of them. In Norway, more bottom-up and inclusive processes are recommended. Extensive involvement and participation of employees is common strategy to overcome resistance and create commitment to change. However, when speed is essential and change need to be made immediately, managers should dare make decisions on their own and take responsibilities.

Foreword

I was thinking to do a comparative research regarding the management practices in China and western countries since the beginning of master study. Comparison can promote self-reflection and facilitate learning from others. I believe this topic is important and interesting, and as a Chinese student who studies abroad, I hold the privilege of access to both empirical data and literatures in different cultures.

Thanks to my advisor and mentor professor Knud Knudsen. He helped me to make my primary obscure ideas clear, and encouraged me to do something original. At last, I decided to research the similarities and differences of resistance to change in China and Norway. During the entire process, he engaged in the task enthusiastically and gave advices on professional problems, as well as writing suggestions. I really appreciate his guidance and help.

“There is surprisingly much support in non-academics”. I wish to give my gratitude to my husband, who has been utter patient and supportive.

Yonglian Yang

Stavanger, spring 2014.

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Chapter 1. Introduction and Research Questions

It must be considered that there is nothing more difficult to carry out, nor more doubtful of success, nor more dangerous to handle, than to initiate a new order of things.

Niccolo Machiavelli, *The Prince*

Dealing with resistance to change is the first and foremost step for achieving new order of things. Understanding the phenomenon of resistance implies being aware of its reasons, identifying implicit and explicit types of opposing behaviors, and having good knowledge of advantages and disadvantages of various strategies to overcome it. It is noted that the issue of resistance is context-sensitive. People's attitude and behavior is deeply shaped by the environment they live in, either in terms of cultural accounts, or in terms of external institutional constraints. Distinct contextual factors inevitably determine that resistance to change comes out differently in different countries. The author was born and grew up in China, and has lived in Norway for several years, hence takes the privilege of personal experience and data access to reflect both the Chinese and Norwegian cultures and institutions. Original literatures are crucial sources to approach this topic. The author thus drew on works both in Chinese and Norwegian for obtaining original ideas in these two countries.

1.1 Introduction

The growth of the economies of East Asia is a new phenomenon not just in the sense that it is happening for the first time in the region, but more significantly in the sense that no previous burst of economic activity has been so dramatic anywhere in the world, recently or historically. (Redding, 1993). In academic world as well as in practice, when referring to "East Asia", Japan normally grasps a lot of attention for its high-quality products and powerful management system. By contrast, its neighbor, China, is often viewed as big brother of stick-in-the-mud, especially in the point view of Westerners. "Overseas Chinese enterprises lack almost all characteristics of modern management... they are family owned, without the separation between ownership and management typical in the West, or even in Japan and Korea" (Hofstede, 1993). Nevertheless, over the past 30 years, China is the fastest-growing major economy, with growth rates averaging 10% (IMF, 2013). It will be interesting to probe the driving forces back of the astonishing economic numbers. The national, cultural and institutional circumstance serves as the macro background for organizational change during this fast developing era. Many change practices of China's enterprises provide abundant data for researchers to explore change/transformation process in enterprises at a macro level disclosing characteristics of the organizational change process,

and resistance to change occurring in implementing the change process at a micro level (Zhao, et al., 2011). No one can deny the Chinese model is special effective and quite adaptive to changing environment, given the great achievements it has made in terms of the overall economy, however, this thesis place focus mainly on what this model means for ordinary workers, how individuals react to dramatic change requirements, and how they change and are changed during the transformation and development.

In far away Scandinavia, “Nordic Model” has been highlighted as the middle path between communism and capitalism, which united personal freedom with social security and economic growth. (Hernes, 2006). Norway stands out among these Nordic countries as the richest one, and ranked No. 4 in the world’s richest countries by GDP per capita based on population size in 2013. According to the index of competitiveness that *World Economic Forum* developed, Norway ranks No. 11 among all the countries in the world (GCI, 2013-2014). Norway is also proud of its low unemployment rate, with 3.6% by December 2013—while the average rate in Europe was 12% at that time. Back to 1970s-1980s, Norway struggled with severely devaluation, increasing unemployment, nationwide banking crisis, and other social and economical problems. Questions were raised about government’s ability to bear the costs of welfare; and the “Nordic Model” was challenged. However, now the big picture is changed from shadows to a place under sun. The question left for the researchers is what are the contributors and possible inhibitors for this transformation.

A Chinese old saying goes like that: stones from other hills may serve to polish jade, which means you can improve your own competence with advice of others. Theories and practice in these two countries could serve as “stones from other hills” to contribute to a profound reflection about success and failure during continually change process. Organizational change has been seen as an individual-level phenomenon, because it occurs only when the majority of individuals change their behavior or attitudes (Whelan-Berry et al., 2003). This research is an explorative study, probing the attitude of ordinary employees towards change by understanding how the phenomenon of resistance to change manifest under different national context. Taking this objective as departure point, the researcher question is:

What are the similarities and differences of employees’ resistance to change under the national context of China and Norway?

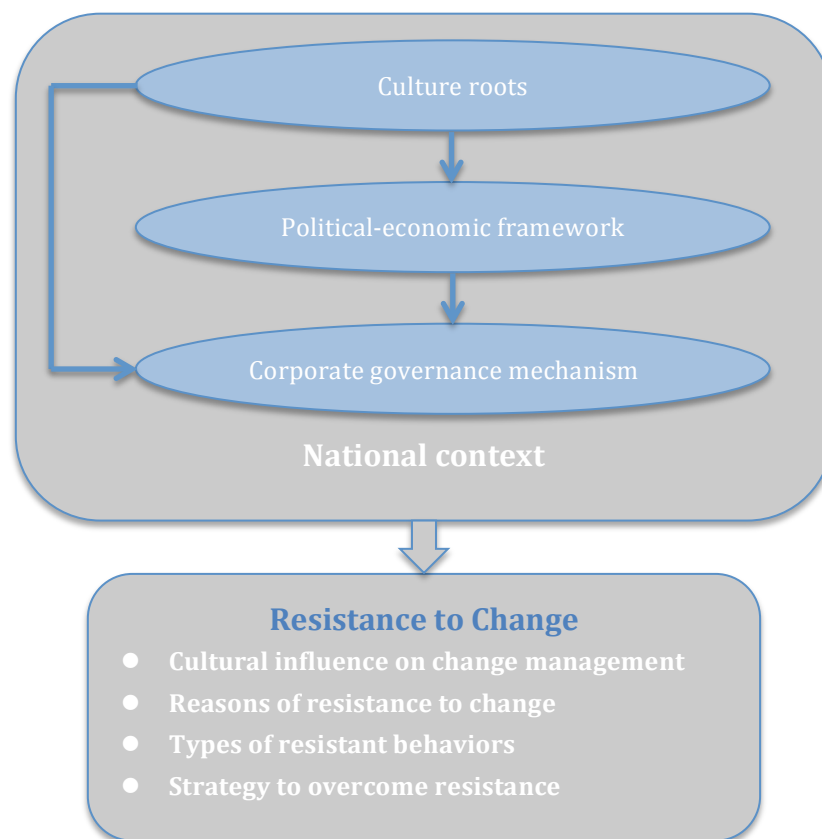
One cannot really understand certain social phenomenon without understanding both the historical events and cultural meanings attributed to these events by the relevant actors (Sahlins, 1985). This research question will

be approached through various dimensions:

- Target group is ordinary employee. Resistance to change might occur from different levels: the grassroots workers, middle managers, or even from the top management. This study limits research area to the rank-and-file employees.
- Distinctive national context as departure point. Data collection and analysis will base on national, cultural and institutional environment in these two countries.
- Analysis unfolds along the similar and different aspects of the same phenomenon, ending up with a comparison matrix.

To be specific, the logic of this research is illustrated as following figure:

Figure 1.1 Resistance to Change Under Different National Context



National context consists of various elements, which can be categorized into three groups:

-- Culture roots

During long history of development, almost everything changed. But national culture and basic values rarely change their core essence, except some adjustments. Culture plays a critical role in determining corporate behavior. A

number of studies have addressed the efforts of cultural differences and cultural distance on MNC (multi-national company) performance (Stensaker, et al., 2007). More than in many other countries, in China “culture pervades”. The family-oriented values deeply shaped entrepreneurial business model and heavily interdependent personal relations. In Norway, the high commitment to egalitarian and democracy makes the “culture rules” or “culture accounts” that enforces behavioral code of respect and equal treatment.

-- Political-economic framework

If national culture and values influence individuals’ mindset and behaviors implicitly, political-economic framework embodies normative principles explicitly. It serves as external social constraints. The most precise word marking the current China is “transition”, from bureaucratic systems of state planning into a more market-oriented economic regime. Even though this reform began from last century, China still fights with the inertia of thinking and behavior pattern inherited from pre-reform period. Economical transition resulted in collapse of old structures, systems, rules, and principles that had made human behavior and social life understandable for decades and left a vacuum of meaning. As an organized capitalist country, Norway is known for its “Norwegian Model” characterized by small wage differences and generous welfare state. These institutional arrangements constitute a sharing mechanism of the cost of change at both organizational level and national level, thus facilitate change process.

-- Corporate governance mechanisms

Another influencing factor to change and resistance to change comes from the very organizations, i.e. the corporate governance mechanisms. This study will emphasize on two topics: trade union and management style. What is the role of trade unions in the daily routine and in turbulent time, for example, during dramatic transformation? Different countries will give different answers. China and Norway stand on the two ends of a continuum, standing for weak and strong impacts. No matter how they work, the trade unions will inevitably influence employees’ behaviors when they encounter change efforts. Management style in China is heavily influenced by traditional culture, and tends to be autocratic and entrepreneurial, while the situation in Norway is quite inclusive and consultative. Attitudes and actions of managers have an impact on employees’ commitment to change; whether employees’ voice is heard or not in the initial planning stage determines the results in the implementing stage.

Analyzing national context aims at making sense of employees’ reactions to transformation initiatives, and getting a better understanding of intricate relation between distinct factors of the resistance phenomenon, i.e. the reasons to resistance, types of oppositional behaviors, and strategies to

overcome resistant problems. To make it more intuitive and convenient for readers, the objective of the research is to fill up the following forms:

Table 1.1-1 Cultural Impact on Change Management (unfilled)

China	Norway

Table 1.1-2 Similarities and Differences of Resistance to Change in China and Norway (unfilled)

	Similarities	Differences
Reasons to resistance		
Forms of resistant behaviors		
Strategies to overcome resistance		

-- Cultural impact on change management

Cultural differences between nations can, to some extent, allow us to make some predictions on the way their society operates, including their management processes and the kind of theories applicable to their management (Hofstede, 1993). This research will probe how traditional values and beliefs influence decision-making process, leadership style, dispute settlement system, and other important elements of change management.

--Reasons for resistance

The reasons for resistance to change mentioned most in books and journals are not discussing the need for change, failing to create a powerful guiding coalition to communicate the need for change, or underestimating the power of a specific individual, and his challenging vision and goals (Kotter, 1996). It is noted that researchers from different countries emphasize different reasons, or discuss the same reasons with unequal efforts. For example, the Chinese researchers may analyze the group pressure as an important source of resistance, while the Norwegian researchers more concern about the professional disagreement from employees.

--Forms of resistant behaviors

How to express disagreement or dissatisfaction partly depends on individuals' personal characteristics, partly depends on publicly accepted definition of

“appropriate manner” in a society. There do exist certain “behavior code” that is followed by people intentionally or unintentionally. “Speaking straightforward”, for example, is regarded as a characteristic of a sincere and honest person in Norway, but is more likely to be viewed as lack of diplomacy or even rude manners in China. Additionally, legal provisions and socioeconomic institutions also set boundaries for actions, and decide which kind of support employees can expect when they confront dispute with employers.

-- Strategies to overcome resistance

Classical management theories have provided many tools to reduce or eliminate resistance, such as communicating extensively, inviting people to participate, providing people with needed resources, and developing strong working relationships (Caruth et al., 1985; Kotter, 1995; Kotter & Schlesinger, 1979; Kouzes & Posner, 1993). No approach is context-free. Change initiators need have accurate knowledge of advantages and disadvantages of these tools, and apply them according to key situational variables. When analyzing the strategies Chinese and Norwegian companies adopt, more similarities are observed than the differences.

In the end, discussion will emphasize on how can these two countries learn from each other. The Chinese model and Norwegian model are both successful and proved to work well in their respectively environment. It will be interesting to probe practical implications of some key variables.

1.2 The Construction of This Thesis

Chapter 1 *Introduction and Research Question* provides an overview of this research, including issue’s background, the content of research questions, the logic of analysis, and expected consequence of research. Also main models are given in a simplified version.

Chapter 2 *Research Design and Method* is a methodology part, answering how this research unfolds. It explains how abductive strategy is used to answer research questions, introduces the theoretical foundations, and clarifies data sources and analysis. At the end, the author reflects the problems and limitations of this research design.

Chapter 3 *The Chinese Paradigm* focuses on the situation in China. It consists of three sub-topics: cultural roots; political-economic framework; and corporate governance mechanism. This part is mainly descriptive, while the analysis of its implications will be left to chapter 5.

Chapter 4 *The Norwegian Paradigm* has the similar structure as the chapter 3, with the focal point being shifted to the Norwegian context. It includes the

same sub-topics.

Chapter 5 *Comparative Analysis of Resistance to Change* discusses and compares the influencing factors to change in special social context, and analyzes the implications of these differences for the property of resistance to change. To be specific, comparison is conducted around the topics of cultural impact on change management, reasons for resistance, forms of resistant behaviors, and strategies to overcome it. After comparison, discussion about what the two main national models could learn from each other will be given. At the end of this chapter, two cases from these two countries will be exhibited and analyzed respectively to give readers a more concrete impression of this issue.

Chapter 6 *Conclusions* summaries the research results of this comparative study, and clarifies the practical implications for change initiators in both countries.

Chapter 2. Research Design and Method

This research is an explorative study mainly based on secondary data. When little is known about the topic being investigated, or about the context in which the research is to be conducted, exploratory research is necessary (Blaikie, 2000). Although there exist a lot of academic results regarding change management and resistance to change in China and Norway respectively, a comprehensively comparative study between the two is rare, both in the sense of theoretical development and practice guidelines. This research hence has objectives of moving toward a clearer understanding of what is going on and what are significant lines of relations. To be specific, the purposes of this explorative research are:

- a) extend the understanding of management theories in different national context
- b) explore how the phenomenon of resistance to change manifest in China and Norway
- c) provide some practical implications for cross-cultural business.

According to these purposes, the following research question is articulated to provide the focus and direction for this study:

What are the similarities and differences of employees' resistance to change under national contexts of China and Norway?

This explorative study bases on the assumption that both in China and Norway employees' reaction to change (acceptance or rejection) is a result of rational consideration influenced by environmental factors. The process of resolving research question is also an attempt of mapping important elements in national context, and exploring patterns in certain relationships. Core elements involve national culture, political-economic framework and corporate governance mechanism. Certain patterns refer to the connection between national environment and the phenomenon of resistance, i.e. reasons for opposition, forms of responsive behaviors and strategies to deal with resistant problems.

2.1 Research Strategy

The research strategy is the logic of enquiry, providing different ways of answering research questions by specifying a starting-point, a series of steps and an end-point (Blaikie, 2000). There are four main strategies of social research available in the social sciences, that is, inductive, deductive, retroductive and abductive. This study will adopt the abductive research strategy.

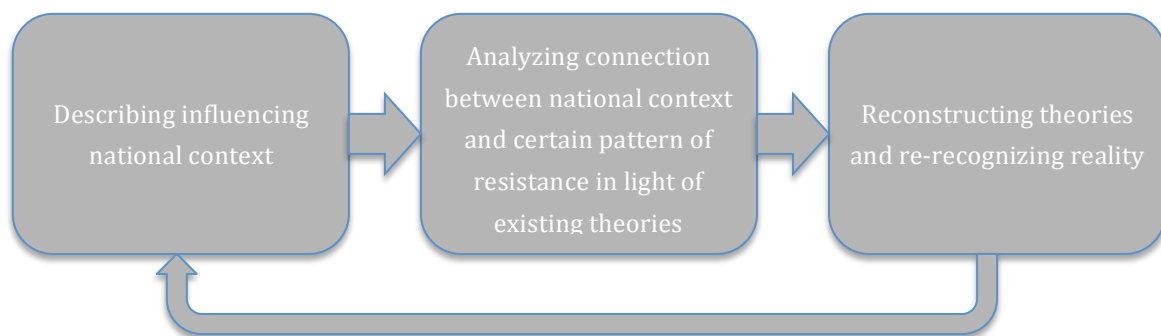
Abduction refers to the process generating social scientific accounts from social actors' accounts; for deriving technical concepts and theories from lay concepts and interpretations of social life. Basically, it has two stages:

- describing these activities and meanings;
- deriving categories and concepts that can form the basis of an understanding or an explanation of the problem at hand (Blaikie, 2000).

The second stage can be implemented either by bringing some existing theory or perspective to bear on them, thus providing a social scientific interpretation or critique of that way of life; or by generating some kind of explanation, using as ingredients the ideal types that are derived from everyday accounts.

According to the abductive logic, research model of this thesis is illustrated as follows:

Figure2.1 Research Model



It is noted that this is not a linear analysis; instead, it is an iterative process, involving describing and understanding throughout the way.

- *Describing influencing national context.* One characteristic of abductive logic is that it adopts a “bottom-up” approach: initially researcher reflects social actors' views rather than adopting entirely the researcher's point of view. The author has living and working experience both in China and Norway, hence stands on a solid base to give description of these two countries from “inside” view, that is, the subjective consciousness, meanings and interpretations social actors themselves give to their lives.
- *Analyzing connection between national context and certain pattern of resistance in light of existing theories.* This stage aims at making sense of social actors' activities regarding to response to change. The most crucial difference between abductive logic and the other three is that the former is the only one that specifically addresses the objective of *understanding*, while inductive, deductive and retroductive strategies are in nature

explanatory. Understanding means analysis will focus on reasons rather than causes, to explore the meaning of an event or activity in a particular social context.

- *Reconstructing theories and re-recognizing reality.* This is a reflexive stage based on deep understanding from the former stages, moving from lay descriptions of social life to technical descriptions of that social life. Abductive strategy is synthetic and adds new knowledge to reality. It places social phenomenon in a theoretical framework, interprets it, and then draws reasonable inferences (Danermark, 2003). Reflection in this study is conducted through comparing similarities and differences of the resistance phenomenon in China and Norway against change management theories.

2.2 Theoretical Foundation

Ghauri and Grønhaug (2002) claimed that *relevance* and *importance* are central parameters in choosing of literature and theory. The prime purposes of literature review are to frame the problem under scrutiny; identify relevant concepts, methods, and facts; position the study (Ghauri og Grønhaug, 2002). As this research is a comparative study measuring the attitude towards change in different national context, research results from both countries are necessary. Additionally, to obtain a more neutral standpoint to assess situation, classical theories within the field of culture distance and change management are vital supplements.

Hofstede's theory of national cultural dimensions played a major role in developing a systematic framework for assessing and differentiating national cultures. His studies demonstrated that there are national and regional cultural groups that influence behavior of societies and organizations. More concretely in the field of management, he warned that there are no such things as universal management theories. Not only practices but also the validity of theories may stop at national borders (Hofstede, 1993). Hofstede described cultural differences between nations by five bipolar dimensions, that is, power distance, individualism, masculinity, uncertainty avoidance and pragmatism. The position of a country on these five dimensions allows us to make some predictions on the way their society operates, including their management processes and the kind of theories applicable to their management (Hofstede, 1993).

John P. Kotter is widely regarded as the guru of the topics of leadership and change. To lead change successfully, he and his colleague Leonard A. Schlesinger recommended that: diagnosing the types of resistance, and tailoring countermeasures accordingly; adapting change strategy to the situation. Concretely, they suggested six approaches to deal with resistance problems, that is, education and communication, participation and involvement,

facilitation and support, negotiation and agreement, manipulation and co-optation, explicit and implicit coercion. They insisted that managers need to have accurate understanding of the advantages and disadvantages of these approaches.

Chinese management theories are profound influenced by traditional culture. S. Gordon Redding's known book *The Spirit of Chinese Capitalism* probed the psycho-social legacy of China, and maintained that cultural values significantly affect economic behavior of people. Confucianism becomes a core cultural value that places great emphasis on paternalism, collectivism, social hierarchy, and familism. Kari-Alexander Schlevogt's work *The Art of Chinese Management: Theory, Evidence and Applications* aimed at understanding the microeconomic causes and lessons of the entrepreneurship renaissance, a distinctive web-based Chinese management model. Chinese researchers (L.G. Wang, 2003; Y.X. Yang, 2001; X.B. Wang, 2003; Lin, 2001; F.B. Wang, 1994) have done a great deal of work to analyze different levels of resistance in China's enterprises. Their research results provide valuable inspirations to this study.

Theories related to Norwegian situations come from several researchers: Dag Ingvar Jacobsen's *Organisasjonsendringer og endringsledelse* is a comprehensive work on change management, including analyzing on support and resistance to change, and main strategies to implement transformation. *Management in Scandinavia: Culture, Context and Change* of Jette Schramme-Nielsen et al. provides abundant empirical source as well as theoretical insights to the cross-cultural/comparative management in Scandinavian countries. Kalle Moene and Gudmund Hernes gave overview to the "Norwegian Model", such as small wage differences, generous welfare state, parties' cooperation and social capital in Norwegian business.

2.3 Data Source and Analysis

This study mainly bases on secondary data, due to both research consideration and practical convenience.

Do not bypass secondary data. Begin with secondary data, and only when the secondary data are exhausted or show diminishing returns, proceed to primary data.

Ghauri and Grønhaug (2002)

Either "national context" or "change management" is extremely comprehensive, thus a single researcher's attempt to measure them may be a waste of time, a source of confusion, or at best a reinvention of the wheel. It is far better to familiarize myself with the literature, select from the available databases, and apply them critically to my specific topic.

Another reason of choosing secondary data is practical convenience. A comparative research related to management in two countries which are far away both in the sense of physical distance and cultural difference is considerably demanding. Collection of primary data, for example by interview or questionnaire, asks for tremendous time and resources. Given the time and resource constraints of master thesis, the work would turn out to be difficult, if not impossible. Hence, the author decided to adopt secondary data in a cautious manner.

- *Data sets of special research projects.* It is now common for data sets to be archived and made available for analysis by other researchers. World Value Survey (WVS) is a global research project that explores people's values and beliefs, their stability or change over time and their impact on social and political development of the societies in different countries of the world. IBM Research conducted by Hofstede and his team consisted of employee opinion surveys in over 70 national subsidiaries of IBM around the world, and is one of the largest cross-national databases.
- *Official statistics.* Data from Central Bureau of Statistics in China and Norway is open for public, and relatively reliable. Numbers are powerful and managerial, thus attractive for researchers. When analyzing the institutional arrangements in these two countries, official statistics are necessary: average economic growth rate, constitution and growth of trade unions, wage dispersion at the national level, unemployment rate within certain years, etc.
- *Government report.* Documents from the central and local authorities indicate government's attitude towards some special social issues, like Norwegian government's report on gender equality in society, welfare scheme regarding to education, maternity leave; or Chinese government's report on economic reform, new medical insurance, and so on.
- *News from mass media.* Real time news from newspapers or Internet is quick and easy channel to grasp what is actually going on around us. Theories have an intrinsic drawback of time lagging, while current news can be a useful supplement or support to theories. For example, strike happened in Wal-Mart, China at March this year demonstrated on the one hand the typical management style in China, and on the other hand the awakening awareness of rights from Chinese workers.
- *Case from publications.* Some substantial case studies were conducted in a strictly scientific manner, thus have potential for further analysis, and can be interrogated with different research questions. They could be used as the point of departure for my own research. The Merger of Statoil and Hydro's oil and gas operations in Norway, and the system and structure reform in maintenance department of a Chinese airline company will be exhibited and analyzed as a separate part to give readers a more

concrete impression of how the phenomenon of resistance manifest in a particular social context.

Besides these secondary data, the author's personal experience will also be included as data source for analysis. The author has lived and worked in both countries, hence developed a particular social stock of everyday knowledge that people use to make sense of their activities. This "primary" data generated by researcher is useful to answer specific research questions.

In abductive strategy, data collection, data reduction and data analysis can blend into one another in a cyclical process. Dey (1993) formulated this as a circular or spiral process involving three activities: describing, classifying and connecting.

- *Thorough description of the phenomenon being studied.* "Thorough" means that the description does not merely states "fact", but rather involves the context of the action, the motives and intentions of the social actors. By describing the national context of China and Norway, the author didn't merely show what it is, but also explain why it goes like this, and its implications for cultivating people's mindset and behaviors in change process.
- *Classifying data.* This is an integral part of analysis, to some extent equivalent to typology construction. Through concepts and categories, available data is broke into bits and coded in an analytically useful way. In this study the overall phenomenon of resistance to change is chunked and coded into different categories and sub-categories for further analysis, that is, reasons for resistance, forms of resistant responses, and strategies to overcome resistance problems.
- *Making connections between categories.* Through the second stage, data is divided into segments. This stage aims at bringing these discrete data together in a novel way, identifying links between the codes. The analysis of change process and resistance to change focus on finding out the possible influence national context has on people's attitude towards change, and the interactive relations between sub-topics: reasons, types of opposing behaviors, and strategies to deal with counter-power.

2.4 Problems and Limitations

One of the strengths this study has is that it will stand on giant's shoulders, drawing on study achievements of other researchers to re-recognize reality and get better understanding of existing theories. But this on the other hand is a source of problems.

As secondary data will be used, the strengths and limitations of the previous study will also apply to this one. They may base on assumptions which are not

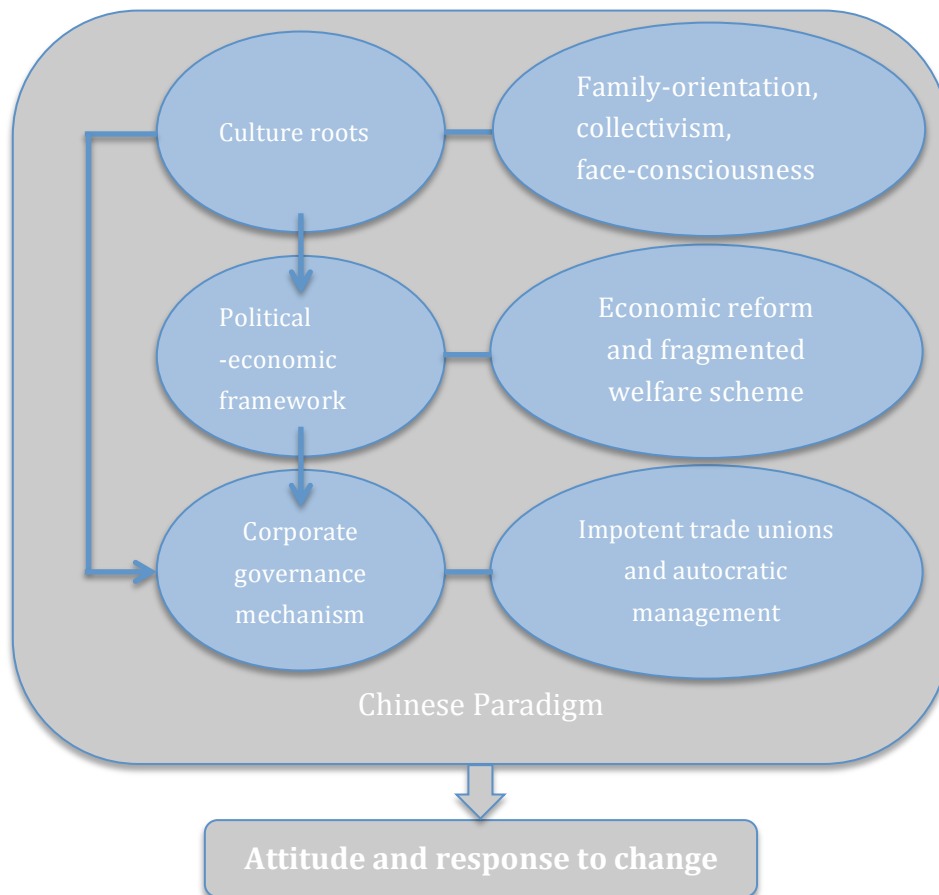
readily discernible, or which are not consistent with those of the current research. The author is removed from the “original” source, hence stands on a weak position to judge their quality. A great deal has to be taken on faith. For example, the government report may be manipulated according to special aims, which deliberately omitting important counter-facts. Taking these drawbacks into consideration, the author adopts secondary data in a cautious way: resorting to various channels of information, instead of relying on one single input; carefully comparing and evaluating their reliability; and then critically applying these data according to specific research questions.

Another disadvantage of this study is related to time lag of research. Unlike Norway that has developed fairly sophisticated institutions and systems in society, China still stays in a transitional period characterized by unstable policies, and improvisational or temporary measures to deal with social problems. While theories tend to trigger banal stereotyping, the situation in China is changing constantly beyond expectations. Hence, placing a transitional country under the assessment of research and theories today takes a risk of cementing and reinforcing stereotypes, which may be proved to be totally wrong later. Being cautious of any attempt of generalizing, the author draws attentions explicitly by referring to the new trend of active workers movement in South China.

Chapter 3. The Chinese Paradigm

What needs to be clarified in the very beginning is that “Chinese” hereof refers to the Mainland China, not including the Chinese in Taiwan, Hong Kong and other places in an extensive sense. In general, the Chinese model is characterized by “centralized steering system”: on the macro level, the government is powerful in terms of controlling economy and allocating scarce resources. Over 30 years after initiating of economic reform, the Chinese economy is mixed of both market and administrative command, or in other words, in a transitional stage. On the micro level, in individual enterprises, the leaders hold centralized decision-making power, and tend to be autocratic and entrepreneurial, where employees are often voiceless. This model either in the macro sense or micro sense is culturally grounded. The following parts will approach the Chinese model in different dimensions: the culture roots, political-economic framework, and the corporate governance mechanism. This part is more descriptive, aiming at providing background knowledge of contextual influencing factors. Based on this national paradigm, the reaction of Chinese workers to change is understandable and reasonable. An overview of description is illustrated in following figure:

Figure 3 The Chinese Paradigm



3.1 The Cultural Roots

As a big country, China has a long history more than five thousands years. The long history cultivates a special culture and national character. Max Weber argued that the Protestant ethic fueled the spirit of capitalist in the west, while Confucianism maintains the similar influence to Chinese business. Some researchers claimed that the overseas Chinese family business and Chinese traditional culture are *one* research topic.

Confucianism originated from Confucius, an intellectual and philosopher living in China around 500 B.C. From Han Dynasty onwards, his teachings attained a position as the official state ideology. Besides legalism, Confucianism was used as a form of ruling doctrine by Chinese emperors. It has shaped the social relationships profoundly over the last twenty five hundred years. Even in the 21-century, the teachings of Confucius still exert powerful influence on Chinese society. Central doctrines are as follows.

Family Orientation and Paternalism

It is fairly right to regard family as the basic unit of the society in any country. But the special status of family in China implies the relatively low status of individual. Firstly, people exist not as independent individual, but rather as the member of a family, which defined an individual's sense of identity. People's loyalty, sometimes expressing in the form of "dependent" to family, was stressed. Secondly, people are expected to work hard for the sake of the whole family, not in the first place for his own good. The interests of the family prevails individual interests, the will of the family precedes individual's will. In these circumstances, there is much to be said for a value system which places a constraint on the expression of individual desires and also sponsors group sharing of limited resources (Bond and Hwang, 1986).

In history, Confucianism served as the surrogate for laws to maintain social order by its strict doctrine of role compliance. It determined everyone's place according to the perceived natural order. A classic statement of the ideal social order is:

There is government, when the prince is prince, and the minister is minister; when the father is father, and the son is son. (Analects XII, 11, trans. Legge)

Particular rights and duties are pre-determined according to individual's place in the family and society. When everyone plays his part well, there comes the social harmony. Nevertheless, the concentration of role compliance is placed on conformity. The demonstration of the desired order in family is the paternalism: the father-figure takes care of family members and maintains the essential decision-making power; the other family members show loyalty and

deference to him—yes, normal, it is him, not her.

High-level interdependence and close ties within family serve to ensure compliance of family members. Observations by Westerners of Chinese home life commonly refer to the strictness with which older children are controlled. This is especially visible in the context of education and learning where exacting demands are made and normally complied with (Redding, 1993).

The society is in essence the super-family for Chinese people. The vertical order in family is reflected in socioeconomic relationships to a much more extensive degree, for example, between the teacher and student, the boss and employee. A strong sense of vertical order and strict hierarchical system was established. Living on a form of ladder is not a cause for resentment as that is how their social world has always been designed, and, in any case, a superior position carries obligations (Redding, 1993).

Collectivism and Interpersonal Relationship

Chinese society is a collective culture. People belong to a group, showing loyalty to the group and working for the benefit of it. He finds his identity through reference to the group and adopts group objectives and opinions in exchange for protection and care (Schlevogt, 2002). Personal opinions are either submerged by group opinions or simply non-existence.

Harmony should always be maintained and direct confrontations are avoided. Direct confrontation of another person is considered rude and undesirable. Negative information is supposed to be given in a more subtle and indirect way. For example, “maybe”, “we will think about it later” is a polite way to turn down a request.

Interpersonal relationship is an important element for all societies. The distinct characteristic in the Chinese case is that people are embedded in relationships. Researchers used different words to describe this phenomenon. Kai-Alexander Schlevogt in his book *The Art of Chinese Management: Theory, Evidence, and Applications* concluded his theory as “web-based Chinese management”. S. Gordon Redding named this phenomenon as “the networked self” to emphasize the inextricable and unthinking nature of interpersonal relations.

Interpersonal relation has a comprehensive impact on business and management-workforce relation. These exists strong in-group cohesion and exclusion of out-group. Preferential treatment is the norm, as treating one’s friends better than others is natural and ethical and is a sound business practice (Hofstede, 2010). Thus, establishing a personal relation based on mutual trust is essential before any business can be done. And for the

managers who want to reduce conflicts with employees, it is vital to avoid being labeled as out-group members.

Face

Face is another concept related to family and collectivism in Chinese culture. David Yau-Fai Ho, a Hong Kong social scientist, defined it as follows, face is lost when the individual, either through his action or that of people closely related to him, fails to meet essential requirements placed upon him by virtue of the social position he occupies (Ho, 1976). The concept of face originated from the sense of shame, and in nature is a form of social control. Group pressure is used to ensure conformity through eliciting shame (losing of face). One with a high sensitivity to the views others hold of him will feel shamed if he violates the rules of society.

Losing face is regarded as “a real dread affecting the nervous system...more strongly than physical fear” (Hsu, 1971). Losing face is thought to be more consequential for a Chinese manager than for a Western one, leading some social actors in China to become experts in power games based on face. As described before, speaking straightforwardly in some circumstances may be considered rude, and talking about others’ performance directly with him or her may be felt as an unacceptable loss of face. In this situation, subtler, indirect strategies are expected to reduce antagonism.

Cultural Implications for Change in China:

Family-oriented values emphasize on respect for hierarchy and age, compliance and loyalty to family. When these values are reflected in society, a strict sense of vertical order is established and reinforced. It has far-reaching impact on change process:

- 1) high centralization and top-down approach is normal during change;
- 2) compliance to leaders’ instructions is expected from employees;
- 3) centralized decision-making structure and compliance of employees ensure quick and effective movements;
- 4) employees’ voice and desire is often ignored, shadowed by rapid decisions and implementation.

Interpersonal relationship is based on mutual trust and reciprocity. It also has two sides’ effects: on the one hand, it contributes to cooperation and thus enhances productivity; on the other hand, it serves as social control or group pressure accompanying “face-conscious” to ensure or force members to act in the best interests of the group.

3.2 Political-economic Framework

Besides cultural accounts, the political and economic arrangements also raise

challenges on organizational change and individual behavior. There is no nation on the earth that has undergone more violent times of turbulence and change than the Central Kingdom. Examples range from the Warring States period to the Great Cultural Revolution (Schlevogt, 2002). Although the ethics of Confucianism promote harmony and stability, the whole history of China was full of turbulence and transformation. A brief overview of important stages in history is presented as follows:

Table 3.2-1 Important Stages in Recent Chinese History

1949	Foundation of People's Republic of China
1949-1977	Mao Era: command economy
1978	Start of Chinese economic reforms
Late 1970s-early 1980s	Opening trade with the outside world, instituting the household responsibility system in agriculture
1980s	Creating market institutions, converting an administratively driven command economy to a price driven market economy
1990s	Creating a viable banking system
Late 1990s-early 2000s	Industrial reform, involving enterprise reform and the closing of unprofitable state-owned factories
2001	Entry to WTO

Source: Ruth Alas (2009)

Economic and Social Reform

The Mao Zedong era from 1949 to 1977 was characterized by centralized planned economy or command economy. In this economic system, decisions regarding production and investment are embodied in a plan formulated by a central authority, usually by a public body such as a government agency (Myant et al., 2010). During that period, Chinese government owned all industries and enterprises, controlled and coordinated the production, allocation and consumption of goods, as well as made decisions about labor force and human resources. The role of centralized hierarchical administrative authority was highlighted, which directed all major sectors of the economy to achieve national and social objectives.

Due to long years of wars and revolutions, China suffered to universal and comprehensive poverty. Therefore, a peaceful and rehabilitating period was desperately needed, and national unity based on economic independence was given the highest priority. But administrative command economy system jeopardized the economic vitality and thus hindered further development. Under this circumstance, another reform and a new era were expected to

come.

In 1978, Deng Xiaoping launched an ambitious reform program aiming to move the economy from a sluggish Soviet-style centrally planned economy to a “socialist market economy” (Alas, 2009), which was named by Chinese themselves as “socialism with Chinese characteristics”.

In Mao era, non-government individual economy was eliminated through collectivization. To stimulate economy, Deng brought private enterprises back, first in special economic zones in China’s southeastern coastal areas, then across the whole country. Private and semi-private enterprises mushroomed, and the state sectors steadily shrank. Reform has been accompanied by decentralization of economic control. Local governments have gained some or all of the decision-making power relinquished by the central government.

Besides privatization and decentralization, opening-up policy is another key element of Deng’s reform program. In Mao’s era, foreign trade was rigidly monopolized by government. In order to enhance competition in domestic market and to improve management and efficiency of domestic enterprises, opening-up policy allowed foreign companies from developed capitalist economies to run business in China; and encouraged and supported Chinese firms to compete overseas.

A tricky part of the dramatic reform was to change the relationship between government and enterprises. In the former command economy, the government as a planner decided what to produce and directed the enterprises to implement plans in accordance with national development goals. But to arouse economic vitality, it inevitably calls for separating government functions from enterprise management. Unfortunately, it *is* still a tricky issue in new millennium of China. Government is still playing a vital role in initiating and regulating changes.

Welfare Schemes in China

Along with the ambitious economic reform, welfare schemes in China also underwent fundamental transformation.

In Mao’s era, the state fulfilled all the basic needs of people through the institution of danwei (which means work units) system in cities and communes in rural areas. Residents in cities had lifelong employment in danweis, which took the responsibility for all welfare: childcare, education, job placement, health care, subsistence, housing, and elder care; in rural areas, based on collective ownership of land and other property people were organized into communes. Communes provided daily necessities for their members. Those who were covered by neither danweis nor communes received basic social

protection by some rudimentary social relief.

Table 3.2-2 Milestones of Establishing of the New Welfare scheme

By the end of 1990s	Urban social assistance, health insurance and pensions were rebuilt for public sector and urban formal sector workers
In 1999	Urban residents with urban resident permits had been covered by the Minimum Subsistence Guarantee
In 2002	Rural pension insurance was stepped up; Migrant workers were given access to work injury insurance
In 2003	The new rural cooperative medical insurance scheme was started
In 2006	Agricultural taxes were abolished; Rural residents were covered by Minimum Subsistence Guarantee
In 2007	Free compulsory education was introduced for rural children
In 2008	Free compulsory education was extended to the whole country (although not to migrants' children)

Article 14 of the Constitution stipulates that the state "builds and improves a welfare system that corresponds with the level of economic development." In accordance with it, the Social Insurance Law in 2010 claims that social protection should be following from economic development as it becomes affordable. The supremacy of economic development implies a low level of public welfare spending in China. The official lines use words cautiously: "wide" coverage instead of "universal", "basic protection" instead of "welfarism" (2010 Social Insurance Law). In brief, the new welfare scheme is characterized by following features:

Aims at providing basic needs for residents with a wide coverage. Given the fact that China is such a large and complex country with more than 1.3 billion people, it is not realistic to adopt a Nordic welfare model that provides supports from cradle to grave for all members. "Basic needs" refers to the most vital elements of social protection: low level social insurance, marginal social assistance, and minimal welfare services. "Wide" but not "universal" coverage. The main exclusion is migrant workers, who are without most social rights.

Differentiated provisions. There exists deep difference of treatment between population groups regarding to the arrangements of pension, medical insurance, work injury allowance, unemployment compensation, and etc. For instance, there exist three categories of pension insurance: for urban enterprises employees, for other urban residents, and for rural people. Besides these three categories, there are two other groups that are not included in the national pension insurance. First is the group of the civil servants for government and party, including military personnel. Their pensions are funded

and fully covered by government budget; the other group consists of migrant workers, who simply don't have pensions.

Fragmented management. Although the National Social Insurance Bureau take the general responsibility of collecting social insurance contributions and distributing benefits, the local government authorities have a great deal of autonomous power of implementation. Thus, both contributions and benefits are to some degree at the discretion of local authorities and neither is uniform across the country (Ringen et al., 2013). Social management is poor in quality and arbitrary in implementation. Coordination between central and local authorities is insufficient and often conflictual. Stein Ringen, the professor of Sociology and Social Policy in University of Oxford concluded this situation, "There is not one welfare state, but many and radically different ones".

Implications of Political-economic Framework

As mentioned before, the overall economy of China now is a mix of market and administrative command. A lot of social and economic problems can find roots in this special model. While admitting that it is necessary and helpful for rapid development of the country as a whole, we have to see the different meanings it has for the ordinary workers as individuals.

Great reform opening-up policy reversed the situation of China since 1949, and led to a period of rapid economic growth. From 1978 until now, unprecedented development occurred, and is still going on, with the average annual economic growth at 9.5%. The powerful government played a vital role in harnessing various resources to serve the objectives of the nation, centralizing investments to crucial infrastructures, and directing development of industries in a desired pattern.

But social and economical transition on the other hand resulted in collapse of old structures, systems, rules, and principles that had made human behavior and social life understandable and left a vacuum of meaning. Although the average living standard was improved, grassroots workers didn't enjoy the achievements of reform in a reasonable and fair sense. Industrial reform, involving enterprise reform and the closing of unprofitable state-owned factories, led to massive downsizing. Accompanying the wave of downsizing, former welfare schemes were totally abandoned. It takes quite a long time to establish the new welfare system. The interim was a period of policy neglect, social chaos and misery (Ringen et al., 2013). The reform took place at the cost of lower level people.

3.3 The Corporate Governance Mechanism

Corporate governance is about how a corporation is managed. On the one hand, it sets up structure and procedure to be followed for achieving overall

objectives; on the other hand, it needs to reflect and answer the challenges imposed by the outside context of the social, regulatory and market environment. Governance is a mechanism for monitoring actions, policies, and decisions of corporation. It involves the alignment of interests among the stakeholders (OECD, 2004).

To probe the possible connection between the corporate governance mechanism and employees' attitude towards change, it would be reasonable to focus on two main influencing factors. One is the trade union; the other is the typical management style in Chinese enterprises.

Trade Unions

Chinese trade unions have many members but are virtually impotent when it comes to representing workers.

Li et al. (2006)

This is the comment heard most on Chinese trade unions. Many researchers and businessmen noticed that the trade unions in China are unlike their equivalents in other countries. When the notoriously anti-union multinational Wal-Mart agreed to allow unions into their Chinese branches, a spokesperson of the company explained that: "The union in China is fundamentally different from unions in the West... The union has made it clear that its goal is to work with employers, not promote confrontation". This statement sticks to the quick, pointing out the particular function of trade unions in China.

The All-China Federation of Trade Unions (ACFTU) and its affiliated organizations are the only legitimate trade unions in China. By the end of 2010, number of countrywide union members had reached 239 million, with the rate of trade unions reaching 50.9% and the membership rate reaching 74.7%. But along with these astonishing numbers they are questioned about their independent role representing workers. The International Confederation of Free Trade Unions (now the International Trade Union Confederation) maintains the position that the ACFTU is not an independent trade union organization.

The ICFTU, noting that the ACFTU is not an independent trade union organization and, therefore, cannot be regarded as an authentic voice of Chinese workers, reaffirms its request to all affiliates and Global Union Federations having contacts with the Chinese authorities, including the ACFTU, to engage in critical dialogue.

ICFTU (2007)

The non-independent role manifests in several ways: firstly, ACFTU is a

nationalized organization, with an official background. All its chairmen were members of the Communist Party and occupied official positions during their tenure; secondly, in spite of there are as many as 1.324 million grassroots trade unions, all of them are affiliated to and should accept the leadership of ACFTU; thirdly, the establishing of union branches in public sectors is managed by administrative orders, while in private sectors is very much a top-down affair, based on agreement with employers rather by initiatives from below. And plant-level trade unions are mostly funded by the organizations they locate in. Thus, Union leaders are often managers or even enterprise owners. Many others are company appointees.

In the command economy (until 1978), the unions became primarily an instrument for controlling the working class. Their main functions were to maintain labor discipline and encourage production (Pringle, 2011). Given the universal and profound poverty in that period, it was reasonable that demands of production were generally assigned absolute priority over all other considerations (Clarke et al., 2010).

From the 1978-Reform onwards, the “controlling style” over workers was abandoned, but the main function assigned to trade unions was remained or even reinforced, i.e. maintaining a stable social environment for development of economy. One of their major tasks described in the Constitution of the Chinese Trade Unions is that, “mobilize and organize the workers and staff members to take part in the construction and reform and accomplish the tasks in the economic and social development”. The ACFTU remains an arm of the state whose role is to maintain social stability and the conditions under which exploitation and accumulation can take place, in both the state and the private sectors (Pringle, 2011).

In practice, unions are likely to remain largely nugatory, somehow existing as a sideshow in terms of “voice” and dispute resolution (Li et al., 2006). Jianwei Li, a researcher of Haikou City Foreign Affairs Ministry claimed that, Unions will remain nugatory while they rest content as a transmission belt such that they convey government policies to workers and enforce labor discipline to promote those policies, as opposed to representing workers in dealing with employers and the government (Li et al., 2006).

Due to the trade unions’ non-independent status and ambiguous position when they face with employer and employees, Chinese workers either show negative attitude or indifference by seeing them as simply nonexistence. WVS (2005-2009) surveyed people’s confidence in trade unions in different countries, including China and Norway. In general, Chinese trust trade unions less than Norwegians do:

Table 3.3 Confidence in Trade Unions

	TOTAL	Country/Region	
		China	Norway
A great deal	6.6%	7.7%	4.5%
Quite a lot	41.1%	31.2%	60.3%
Not very much	17.8%	11.8%	29.5%
None at all	3.8%	3.7%	4.0%
No answer	0.7%	0.8%	0.5%
Don't know	29.9%	44.7%	1.3%
(N)	(3,016)	(1,991)	(1,025)

Selected samples: China 2007, Norway 2007

In spite of weakness of trade unions, the labor movements without the help of unions are developing fast. Workers organized on their own, demanding higher wage or better working conditions. A report on 20 Feb. this year from the China Labor Bulletin, a nonprofit group that advocates for independent collective bargaining and other legal protections for workers in Hong Kong, said that they had recorded 1,171 strikes and worker protests from mid-2011 until the end of 2013 (China Labor Bulletin, 2014).

Figure 3.3 Strikes and Protests in China



Source: Cheung, (2013)

The government's attitude towards labor movements is quite cautionary. Due to historical reasons, authorities normally holds a negative perspective on any "movements". The Great Proletarian Cultural Revolution from 1966 to 1976, Tiananmen Square protests in 1989, and etc. led to tremendous social turbulence and significant economic downturn. Hence there is no surprise to see lots of police and picket lines at the site of protest. Authorities usually encourage workers in taking disputes with their employers to tribunal through the formal disputes procedure. Additionally, because of the lagging of legislation on labor law, the line between "legal" and "illegal" strikes and

protects turns out to be fairly blurred. Arbitrary enforcement of laws and regulations by some local authorities make the situation even worse.

Management Style

Another influencing factor related to corporate governance is the management style in Chinese enterprises. China has a long history of family business, which contributes to a distinct organizational structure and management style. Some elements of traditional design of business still stand out as essential factors directing people's behavior and mindset. Briefly, traditional management style tends to be autocratic and entrepreneurial.

When described the distinctive characteristics of Chinese management, Kai-Alexander Schlevogt (2002) put it like this:

The boss makes all important decisions. Usually a forceful and charismatic person—a corporate Hercules—he is the unchallenged captain in his ship.

The CEO exerts great power and influence over company and employees by making essential decisions, while ordinary employees are rarely involved in this process. The lower-level employees are thought to be lack of necessary insight over the overall situation, so participation from them makes no or little sense in terms of strategic decision-making.

Chinese researcher Shuming Zhao et al. of Business School of Nanjing University in their work *Change Process and Resistance to Change in Business Organizations in China* (2011) concluded that:

In the research we find that the top-down strategy of change is more common than other forms. People especially in state-owned enterprises are relatively more dependent on their leaders to change and less active for change than those in companies that are joint ventures with foreigners.

Another characteristic of the Chinese management style is strong entrepreneurship. The top management tends to pursue proactive and aggressive strategies, and entrepreneurial decision-making model. They usually spot opportunities quickly and move faster than the crowd. The CEO knows, that if you see a bandwagon, it is too late. He decides on important strategic moves within days, or sometimes hours. He hates committees, departmental meetings, and other integration devices. He follows the rule that to get something done, a committee should consist of no more than three people, two of whom are absent! (Schlevogt, 2002).

Implications of Corporate Governance Mechanism

The weak and impotent trade unions imply an adverse situation for employees to express opinions and protect their interests. Thus in change process they are either voiceless or react dramatically, in some cases destructively when change is expected to alter the status quo greatly and the communication is poor.

The particular management style has both advantage and disadvantage:

An autocratic decision-making model entitles enormous power and discretion to managers to move quickly, without sophisticated planning instruments or employees assistance; entrepreneurial leadership style contributes to a rapid response and proactive initiatives to the changing environment. The special management model is flexible and cost-efficient, which is ideally suited for industries with rapid change in consumer tastes and other sources of high uncertainty (Schlevogt, 2002).

Negative consequences: being accustomed to ignore employees' feelings and ideas, managers in China tend to underestimate the significance of employees' attitude and the resistance to change. Some researchers indicated that in the transition period, the tools of management were still to some extent bureaucratic and entrenched due to the profound influence from the pre-reform period. Employees usually hesitate to involve in discussions regarding to business matters and incline to perform only in the scope of their own work.

3.4 Summary

Basing on Confucianism, Chinese culture promotes the values of family-orientation, collectivism and face-consciousness. Strict vertical order in family is reflected in the relation of managers and employees, leading to relatively high degree of centralization and reinforcing a top-down command structure. Distinction between in-group and out-group exists, and group pressure is used to ensure deference. The economic reform beginning in 1978 serves as the macro institutional background for organizational change. Change initiators need to be aware of the way the employees persisted in their previous approaches and behaviors inherited from the command economic regime. Meanwhile, the side effect of the dramatic reform, massive downsizing, has great impact on employees' attitude towards change, given the fairly insufficient welfare system. They are more sensitive to change for fear of reduction of salary or even losing of jobs. Corporate governance mechanism is deeply influenced by traditional culture, and developing in line with political-economic reform at the national level. Management style tends to be autocratic and entrepreneurial, asking for quick implementing of change plans. Facing with a strong management, Chinese workers usually choose to organize on their own without the help of trade unions to deal with the

government and employers.

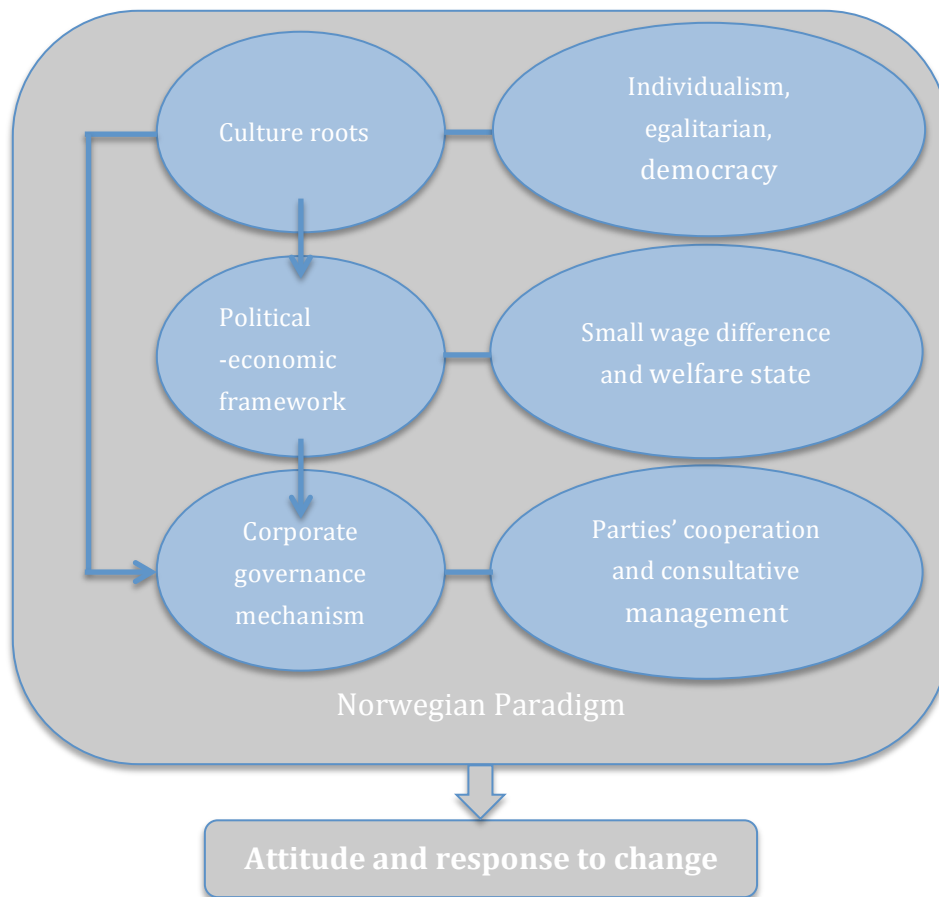
The Chinese model is reasonable, even though not fully justified, given the universal poverty and blankness of infrastructures and industries in 1940s - 1950s in China. For the first, centralized steering system contributed to concentrate scarce resources to establish a comprehensive system of industry quickly without waiting years for capital to accumulate through the expansion of light industry, and without reliance on external financing. For the second, autocratic and entrepreneurial leadership style leads to rapid decision-making and proactive strategy, which makes Chinese firms particularly flexible and responsive to the changing market conditions. High centralization and autocracy despite its negative denotation is partly justified by traditional culture that emphasizes on loyalty and compliance.

The negative impact of this model is also obvious: personal opinion and desire is suppressed. Leaders are accustomed to ignore voice from below and prefer to use coercion which is speedy and can overcome any kind of resistance. Precious input of employees may be missed when speed is prioritized. Even worse, top-down forced change may spark intense resentment of workers, which in turn fail the whole transformation efforts.

Chapter 4. The Norwegian Paradigm

The Nordic countries, including Norway, are known for “the Nordic model”, which are characterized by “extensive welfare states, wage and gender equality and a balance of power between capital and labor (unions)” (Schramm-Nielsen et al., 2004). The Norwegian national paradigm will be probed from the same dimensions: the cultural roots, political-economic framework, and corporate governance mechanism.

Figure 4 The Norwegian Paradigm



4.1 Cultural Roots

Norwegian culture is rooted in a severe climate and the Viking spirit of its people.

Habert and Lilleboe (1988)

While China has Confucianism as the cornerstone for its culture and basic values, Norway also has its cultural roots that stem back to its nature-oriented and Viking spirit. An evidence of this preference is that: the current Norwegian Yellow Pages list 306 companies which use the word “Viking” in their name and the words for fjord, and mountain feature is even more often (Damman, 2008).

Nature stands for endurance, continuity, and simplicity. In line with these features, Viking spirit is related to strong, crude and genuine. Vikings were those men who acted simply as men, down-to-earth, and equal in their primitive desires and ambitions (Damman, 2008). Based on these roots, Norwegian traditional values emphasize on simplicity, nature, and puritanism, while Norwegians are perceived as egalitarian, objective, sincere and small-townish (Stensaker et al., 2008).

Family and Individualism

Unlike the pervading existence of extended family in China, the dominant family structure in Norway is nuclear family. Families usually consist of a husband, a wife, and no more than two children. Other close family members on both sides of a marriage, like grandfather or grandmother, may choose to live close to the nuclear family. But it is not common that all family members live together, which is the usual case in China. Other relatives will be invited to important ceremonies, such as baptism, confirmation, marriage, and death. Apart from this, neither grandparents nor other relatives are expected to intervene lives of the nuclear family.

In Norwegian culture, children are encouraged to think of themselves as “I”, that means an independent person. The purpose of education is to enable children to stand on their own feet, both physically and psychologically independent on others. Speaking one’s mind is a virtue and develop one’s own opinions is encouraged. A child who always cope others’ ideas is considered to have a weak character. Everyone is expected to look after him/herself, so it is normal that children leave their parents’ home when they go to higher education. Controlling over adult children is rare to see, as independent person is entitled to the freedom of choice. WVS (2005-2009) measured people’s view on themselves and how they relate to the world, one of these questions is whether one sees oneself as an autonomous individual. Overwhelming majority of Norwegians chose positive answer, more than their contemporaries in China:

Table 4.1-1 I see myself as an autonomous individual

	TOTAL	Country/Region	
		China	Norway
Strongly agree	39.0%	22.0%	72.0%
Agree	41.7%	50.6%	24.5%
Disagree	6.1%	8.7%	1.0%
Strongly disagree	1.4%	1.8%	0.6%
No answer	0.6%	0.7%	0.5%
Don’t know	11.3%	16.3%	1.5%
(N)	(3,016)	(1,991)	(1,025)

Selected samples: China 2007, Norway 2007

Due to severe climate and natural conditions in Norway, sharing and cooperation was critical for survival in history. In nowadays society, the concept of “social capital” is developed, based on the same assumption as old days that individuals do not exist in isolation, “we are all on the same boat”. But this doesn’t implicate that Norway is a collectivist society. Traditionally, individualism and individual efforts were and are admired, whereas explicit collectivism is very non-Norwegian (Sørhaug, 1991). Individualistic tendencies manifest in social, political and economic ways.

In working life, individuals are expected to work hard, which is a symbol of taking responsibility of looking after him-/herself and his or her immediate family. Additionally, there is a clear line between work and private life. The ideal job is one that can both achieve personal sense of accomplishment and ensure sufficient time for family life. But if these two requirements conflict, Norwegians usually choose the latter.

Communication is often conducted explicitly. People feel comfortable to speak their mind, as telling the truth about how one feels is characteristic of a sincere and honest person. Even be regarded as stubborn or lack of diplomacy by people from other cultures, Norwegians adhere to the character of genuineness. In a study of Nordea (a merger between banks in the four Nordic countries) Vaara et al (2003) found that Norwegians generally see themselves as straightforward and quick decision maker, while they are seen as independence-driven, nationalistic, having an inferiority complex, straightforward and stubborn by the Swedes (Stensaker et al., 2008).

Egalitarianism

Egalitarianism literally means equality, advocating the removal of economic inequalities among people or the decentralization of power. Norway demonstrates its egalitarianism leanings in various ways. On the macro level, political and legal determinations are elaborately enacted to ensure everyone enjoys the same rights and against all forms of discriminations; on the micro level, management style is more consultative and informal.

Norway is often referred as a heaven for gender equality. In 2009 the Norwegian Gender Equality Act turned 30. In 30 years substantial equality between the genders come true in Norway. In family life, men and women are supposed to share housework and take the same responsibility of child caring. Equal number of men in paid work takes leaves of absence to care for sick children as women, due to the right in Work Environment Law of 10 days per year with pay for a child below 12 years old. Outside of family, women also enjoy equal rights as men in workplace. Survey of WVS (2005-2009) showed

Norwegians' strong aversion to inequality when asking them whether men should have more right to a job than women when jobs are scarce:

Table 4.1-2 when job are scarce men should have more rights to a job than women

	TOTAL	Country/Region	
		China	Norway
Agree	26.6%	37.0%	6.4%
Neither	16.6%	22.5%	5.0%
Disagree	50.1%	30.4%	88.3%
No answer	0.1%	0.2%	0.1%
Don't know	6.6%	9.9%	0.2%
(N)	(3,016)	(1,991)	(1,025)

Selected samples: China 2007, Norway 2007

Norwegian managers avoid giving "order". They show respect to employees' ideas and opinions, and take mutually communication seriously. In a management style research around Nordic countries conducted by Jette Schramme-Nielsen et al., all the matched respondent managers emphasized easy and realistic communication with rank-and-file employees, "I like to talk *directly* to the workforce, and am sometimes criticized for bypassing my own subordinate managers" (Jette Schramme-Nielsen et al., 2004). Talking directly is a sign for egalitarianism, as the managers keep their foot on the ground, not to keep a distance.

Democracy

The word democracy is often used in the political arena, referring to the system of government, where people have the significant influence on important decisions. Being connected to the topic of this thesis, democracy in a narrow sense concerns how work is organized and what is the management style.

Democracy has an internal consistency with the value of egalitarian: as everyone is supposed to be treated as equal, they certainly have the equal right to express themselves and exert impact on their lives. How it comes to the final decision is considered more or at least as equal important as the contents of it. The Scandinavian countries have a long tradition of promoting employee participation and workplace democracy (Tonnessen, 2005). In Norway many refer to this tradition as a national competitive advantage (Karlsen and Munkeby, 1998; Finne and Nilssen, 1998).

The logic behind democracy is consensus instead of "the best win", comprehensive participation and freely mutual communication. Indirect or direct participation of employees during formulation of decision-making is high

valued in Norway. Direct participation, for example, can take place in the immediate work situation by conversation between managers and grassroots workers, indirect participation normally bases on the function of the trade unions.

Cultural Implications for Change in Norway

Individualist-orientation implies recognition and respect for personal initiatives. Thus social control or group pressure are rare to observe. Change is more subject to response at the individual level than at the group or network level. Equality in family between parents and children, wife and husband, is reflected in workplace between managers and ordinary workers. No one, including “the top”, possesses the unchallenged authority, and should open for critical comments. Egalitarianism implies free expression, which paves the way for a constructive dialog between labor and capital. Democracy through extensive participation ensures that employees’ voice being heard and they or their representatives have the opportunity to practice real impact on both the management and the owners.

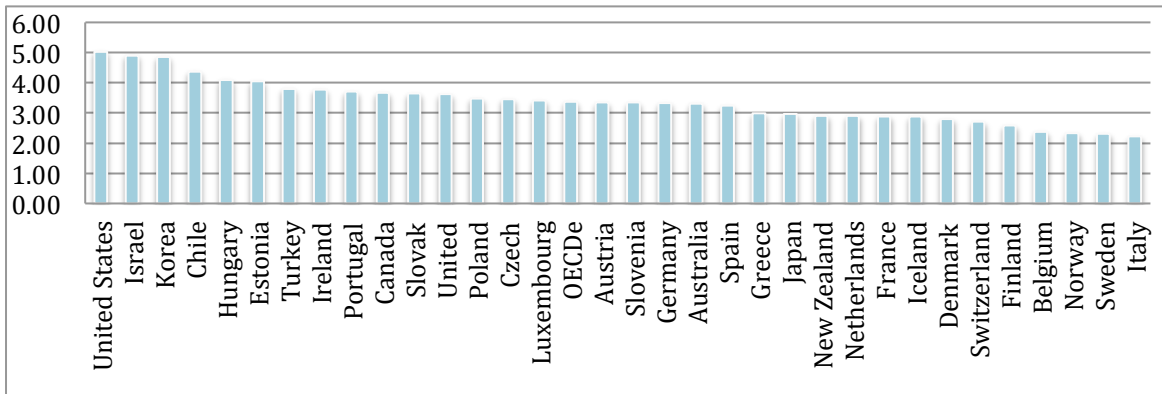
4.2 Political-economic Framework

Political-economic framework determines what kind of support people can expect when they confront change; it also influences the cost-sharing mechanism of organizational change, as transformation of status or position almost always lead to redistribution of resources. In terms of political-economic framework, the Norway paradigm is mainly characterized by small wage differentials and the generous welfare state.

Small Wage Differentials

The small wage differentials are a practical expression of the principle of egalitarianism. Pay differences between the same type of labor may be perceived as unfair as wage differences can not be justified by the labor input and labor productivity. They Nordic countries long had the most compressed wage structure in the world. Over time, this compaction provided the most egalitarian distribution of wages in the capitalist world (Moene, 2003). The figure below shows the relative salary of a person in the upper echelon of wage hierarchy compared to a person close to the bottom. Here we compare the hourly wage of the person who has 90 percent of wage earners under him, with the person who only has 10 percent of wage earners under him in the wage level. These data are from OECD Employment Outlook 2013.

Figure 4.2.1 Wage Differences in OECD Countries (OECD, 2013)



From this figure we can see that in Norway the salary owners on the top level earned a little more than 2 times (the accurate number is 2.34) as much as the person who had only 10 percent of wage earners under him. Norway is among the countries that have the smallest salary differences.

The small wage differentials are a result of Norway's special centralized wage negotiation, which means solidarity bargaining. It eliminates local monopoly power to ensure a more equitable wage distribution. Both trade unions and employers have a common interest in reducing wage inequality. This is a major reason why centralized bargaining had a stronger effect on wage inequality than the overall wage growth in the Nordic model (Moene, 2003).

Generous Welfare State

Another significant feature of the Nordic model is the relatively universal welfare system.

There is interaction between solidary salary negotiation through centralized income settlements, and a comprehensive welfare state based on democratic decisions, which makes the Nordic experience particular in an international perspective - especially when it applies to the small differences in the final income distribution and in terms of the low degree of poverty (Moene, 2003). Welfare system first and foremost means a form of social and economic security, protecting people against adverse situation in the birth lottery on the one side, moderating the impact of various incidents on the other side. Through a series of governmental and legal arrangements, Norway endeavors to guarantee its members' security, health and development.

We cannot choose our family, our parents, and the social environment we live in, but a deliberately developed social system could eliminate or at least moderate the effect of birth lottery. In Norway, publicly funded schools are open for everyone, regardless of your parents' income and assets. Various incidents may happen expectedly or unexpectedly in our lives, for example, sickness, maternity leave, unemployment, etc. Corresponding support from

government are needed to avoid the risk of social degradation and the possibility of ending up in individual poverty trap. A social safety net gives individuals more chances for free choice. The world famous economist Jeffrey Sachs viewed the success of Nordic countries like that: “Consider just about any social indicator—income per capita, health, democracy, economic competitiveness, environmental consciousness, honesty—and the Nordic world of Iceland, Norway, Denmark, Sweden and Finland is sure to shine...first, it prioritized education, study and science. Second, it decided that it would leave no countryman behind”. (*Newsweek*, June 26, 2004).

Implications of Political-economic Framework

Small wage differentials show Norwegian’s strong aversion of inequality, which is deeply rooted in their national culture. They believe “equality promotes equality "and" differences create differences”. Coordinated wage negotiation gives workers a kind of insurance against unemployment resulting from fluctuations in open markets. Generous welfare system insures citizens and residents of Norway against unforeseen events related to health, income and employment, but also the consequences of possible wrong decisions and weakness of will in their lifetime (Barth et al, 2003). Thus compared to their contemporaries, Norwegian employees get a powerful backing which encourages them to embrace change.

However, the Norwegian model is also questioned and criticized. Too small wage differentials are believed to be harmful for competition and effectiveness that is beneficial for industry and national economy. Generous welfare state takes the risk of leading to heavy financial burden on the State and unwillingness to work of people.

4.3 The Corporate Governance Mechanism

If the social and political schemes set the macro constraints for people’s choice, the corporate governance mechanism then represents the micro guidelines for individual in organizations. Governance structure clarifies the rights and responsibilities of various actors during corporate operation; it also determines the procedures and rules for decision-making of important issues for the whole company.

The Norwegian corporate governance mechanism concerns two essential issues: the effective participation of different parties in working life, and the more bottom-up and inclusive management style.

Parties’ Cooperation in Workplace

Macro perspective on the Nordic model describes it as a well-organized democratical community where parties in society and community are committed to each other and contribute to increased welfare for all (Hernes,

2006). In the corporate governance sense, important participative parties include the organizations on the employees' side, the organizations on the employers' side, and the government.

Compared to other countries in OECD, Norway has a relatively high proportion of membership in trade unions. The main organizations on the employee side include Landsorganisasjonen i Norge (LO), Yrkesorganisasjonenes Sentralforbund (YS), Unio, and Akademikerne. They together constitute the high membership rate of more than 50 percent, while the average rate in OECD countries was 17 percent. The main associations on the employer side involve Næringslivets Hovedorganisasjon (NHO), NAVO and Virke, with the membership rate locating in the middle layer in Europe. The size of organizations on both sides to some extent indicates the power and effect of them on the working life.

Trade unions and interest organizations of enterprises play active role in the process of collective wage negotiation. Many countries have trade unions and corresponding labor movements, but the distinct characteristic of the Norwegian system is that it is well organized. For the centralized wage negotiation, there sets a two-year cycle for major negotiations, with peace obligation between them; negotiations also take place mostly at the same time within a limited period of time, having virtually all groups involved. Besides income settlements, negotiations between the two parties also contribute to achieving a common understanding on working environments, an effective dispute settlement mechanism, and other important issues in working life.

Coordination of negotiations is after all based on free decisions from both employer and employee side. To some extent, it constrains the probabilities of choices for individual person and enterprise. However, a large amount of workers and companies still choose to participate in the centralized negotiation through representative organizations. The reason is that conversation between trade unions and associations of employers increases the predictability of the business and shapes the rules for both parties.

Government also plays a crucial role in the governance system. It has been an active part in the ongoing development of the Norwegian system. This happens both through mediation institution, public campaigns, framework agreements and legislation, for example, the Working Environment Act (Hernes, 2006). Additionally, in some special situation the government can take interventions directly when negotiations have stalled and a major conflict threatens.

Management Style

In general, the Scandinavian countries have a tradition that prefers less

hierarchical and more consultative management style. When managing development and change in business, managers tend to depend on their ordinary workers, and expect proactive initiatives from them. In a research of the implications of national cultural distance on the change management, Stansaker et al. concluded common characteristics among Scandinavian countries regarding the management-workforce relations:

Based on a long tradition of democracy and equality in the workplace, managing change in Scandinavia requires careful attention to and knowledge of the expectations tied to planning, tempo, participation, and communication. Change recipients in Scandinavia expect (1) to be invited to participate in decision making, and this is often done through the unions; (2) to have an influence on the process; and (3) two-way communication, including honest and sometimes very critical feedback from employees. (Stensaker, 2007).

Norwegian management model facilitates effective participation from various levels in enterprise, especially those most influenced by decisions; organization-wide communication is highlighted both during formulation phase and the implementation process to ensure employees' voice being heard, especially the grassroots employees who so often are voiceless in change process; ordinary workers are more relied on, having shared-responsibility for executing change. Compared to top-driven change style that is often seen in other countries, for instance, in U.S. as well as in China, it is natural to expect more bottom-up change process with initiatives from lower level workers.

Implications of Corporate Governance Mechanism

The three main parties that interact and cooperate in working life are organizations on the employees' side, organizations on the employers' side, and the government. They work together, co-decide common conditions for work environment, wages, and contribute to an effective conflict-revolving process. Management style is based on the long tradition of democracy and equality. It promotes extensive participation from employees, and contributes to a good relation between management and labor force.

Even though employee participation is almost one-sided advocated by academics, in practice not all change programs adopt this approach or adopt it cautiously. Participation and involvement of employees has drawbacks and may leads to negative consequences. One is the cost of participation, for extensive participation inevitably asks for great deal of time and economic support, as well as efforts from individual members of organization. Kotter et al (2008) warned that participation and involvement is quite time consuming, thus it is not appropriate when speed is essential for change; the other concerns the

result of participation. Employees probably hold different sources of information and thus propose different solutions to problems, which is not necessarily in the best interests of the management or will be perceived as inappropriate design for change program. Third, when their opinions are not used, workers may react even stronger, as they feel they are being tricked into not resisting by giving a false sense of participation. Given the size and membership rate of trade unions in Norway, workers are well-organized and thus powerful to deal with employer and government. Resistance to change from employees will be a big challenge for management.

4.4 Summary

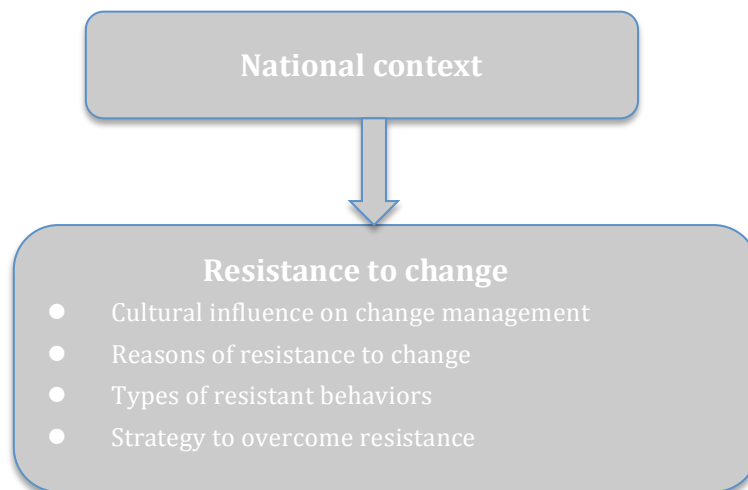
The basic values Norwegians preserve and cherish in society are simplicity, genuineness, egalitarian and democracy, which deeply impact their spirit and behaviors. Individualism and individual efforts are admired, independent thinking is encouraged and personal opinions are respected. Egalitarianism leanings lead to a more consultative and informal management model. Democracy in the workplace ensures employees' voice being heard and a real influence of workers to the change process. Political-economic framework characterized by small wage difference and extensive welfare system protects people against adverse situation in the birth lottery, and moderates the impact of various incidents in lives. Thus Norwegian employees get a reliable support which encourages them to embrace change. Given their high commitment to democracy and participation, it is natural to expect employee involvement and party cooperation during change process.

It is noted that while participation and involvement of employees can lead to commitment (not just compliance) that make people feel more committed to making the change happen, we have to be aware of its drawbacks. It can be quite time consuming, and employees may design inappropriate change, at least from the viewpoint of management. Well-organized workers can resistant change powerfully, dragging down the speed of implementing or making the whole efforts failed.

Chapter 5 Comparative Analysis of Resistance to Change

Chapter 3 and 4 emphasize on a descriptive overview of national context in China and Norway respectively. Information given in former chapters appears isolated and fragmented. Analysis in this chapter will integrate pieces of data to make clear their implications for change management. It is believed that response to change is influenced by both cultural and institutional environment and his/her own personality. This thesis focuses on the former factor, with an objective of analyzing the similarities and differences of resistance to change between these two countries, and more important, finding out the lessons they can learn from each other during change process.

Figure 5 Model of Comparative Analysis



Theories and empirical data will be intertwined along discussion in order to give readers a holistic understanding. At the end of this chapter, a separate part of case exhibition and analysis will be given.

5.1 Cultural influence on Change Management

Analysis of cultural accounts will be conducted in the light of the theoretical framework from other research projects.

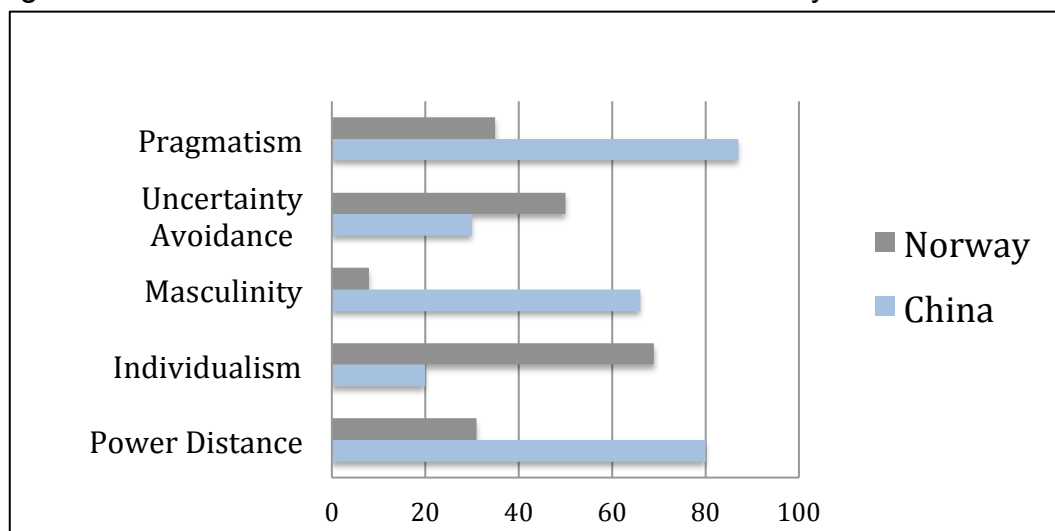
World Value Survey (WVS) is a global research project that explores people's values and beliefs, their stability or change over time and their impact on social and political development of the societies in different countries of the world. It is one of the most widely used and authoritative cross-national and time-series surveys covering almost 100 societies (nearly 90% of the world's population) (WVS website).

Data-set of WVS provides numerous researchers solid ground for further studies. Misho Minkov is one of them. Based on data from WVS, and adding recent data from other relevant sources, he extracted three dimensions of

culture. Hofstede also took expedition into the WVS. He led the IBM Research Program consisting of surveys of employee opinions in over 70 national subsidiaries of IBM around the world. Misho joined Hofstede’s team, and they integrated research results. This thesis will stand on giant’s shoulders, drawing on study achievements from them, especially the model of dimensions of national culture from Hofstede.

According to Hofstede, cultural differences between nations can, to some extent, be described using five bipolar dimensions. The position of a country on these dimensions allows us to make some predictions on the way their society operates, including their management processes and the kind of theories applicable to their management (Hofstede, 1993). The five dimensions are: power distance, individualism, masculinity, uncertainty avoidance, and pragmatism. The figure below lists the scores on all five dimensions for China and Norway.

Figure 5.1 Culture dimension scores for China and Norway



Source: The Hofstede Center

5.1.1 Power Distance

Power distance concerns the fact that all individuals in societies are unequal. Therefore, it is defined as the extent to which the less powerful members of institutions and organizations within a country expect and accept that power is distributed unequally (Hofstede, 2010).

With a score of 80, China sits in the highest rankings, which means Chinese society has the highest tolerance to inequalities among its members. “Role compliance”, an essential doctrine of Confucianism, emphasizes and reinforces inequalities among people by referring it as the natural order. The subordinate-superior relationship tends to be polarized; a strong sense of vertical order and strict hierarchical system was established.

With a relative low value of 31, Norway is considered a small power distance society.

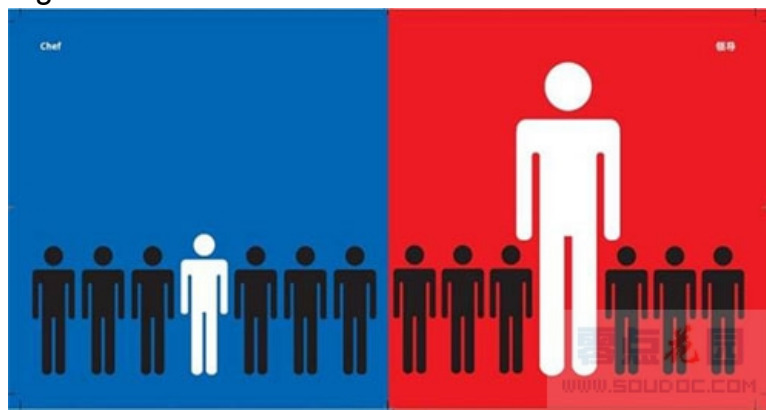
Norwegians are little concerned about rank and titles—they are more or less themselves.

Habert & Lilleboe (1988)

Norway is often referred to as a heaven for gender equality. When measuring 300 large companies in Europe (Hudson, 2009), Norway scored highest among the countries having 44.2% women on company board. Norwegians have high commitment to equality. Hierarchy exists only for convenience. Unchallenging power is not accepted, everyone has the right to express him-/herself opinions.

Implications for Change Management

Figure 5.1.1 Status of Leaders



The left half of the picture depicts the status of leaders in Norway, while the right half shows the situation in China.

Source: Liu (2007)

The picture above vividly displays the different power distance in China and Norway. It has essential impact on social, political and economic lives. In terms of change management, power distance manifests in various ways:

Hierarchical structure. China tends to have strict hierarchical structure in organization. Subordinates should show respect and loyalty to their superiors. Norwegian organization tends to adopt flatter structure, with hierarchy established for convenience. Leaders are regarded as the same as ordinary workers, and the difference between leaders and employees is just contents of tasks.

Decision-making. Chinese companies make decision-making power centralized. Managers make decisions and expect subordinates to implement it. The ideal boss is a benevolent autocrat, or “good father” (Hofstede, 2010). Centralized decision-making power ensures quick moves, but may ignore employees’ voice. In Norway, decentralization or participative process is

popular. Norwegian managers avoid giving “order”. The ideal boss is a resourceful democrat. Subordinates expect to be consulted, and are ready to give honest and critical feedbacks. Decision-making often implies a negotiation process with various inputs. It can be a result of constructive cooperation, however in some cases, can also be gaming result of varied interests.

Communication. As the superiors’ power is unchallengeable, communication in Chinese company is normally one-way, that is, the superiors convey information down to the subordinates. Subordinates stick to the daily operation, and are reluctant to be involved in discussion of company-related issues. In Norway, genuine two-way communication between management and employees is stressed. Talking directly is a sign for egalitarianism, as the managers keep their foot on the ground, not to keep a distance. Employees are supposed to have the right to express their opinion freely and question the leaders’ decisions with reasonable reasons. Give an example: COSL Drilling Europe AS (CDE) is a subsidiary to China Oilfield Service Limited (COSL), and has its head office located in Stavanger, Norway. As the usual mode how such companies operate, COSL sent several managers to CDE, all of whom are Chinese from the head quarter in Beijing. In a private gathering, one of them complained to his Chinese fellows that he was upset because his Norwegian subordinates several times expressed disagreement with his decisions. “No” answer is not so acceptable in other countries as it is in Norway, especially when it comes from subordinates. In the CDE case, it at least made the manager feel uncomfortable.

Initiators of change. In China, the top management grasps the decision-making power and access to crucial information, thus it is they who initiate change and launch new programs. Top-down approach is normal and recommended by researchers for Chinese enterprises. In Norway, more bottom-up and inclusive processes are recommended when managing change. Managers depend on their ordinary workers, and expect proactive initiatives from them.

5.1.2 Collectivism vs. Individualism

Collectivism pertains to societies in which people from birth onward are integrated into strong, cohesive in-group, which throughout people’s lifetime continue to protect them in exchange for unquestioning loyalty. As its opposite, individualism pertains to societies in which the ties between individuals are loose: everyone is expected to look after him- or herself and his or her immediate family (Hofstede, 2010).

Misho Minkov analyzed the WVS database and developed a new dimension of national culture: exclusionism and universalism, which deals with in-group and out-group relationships. Exclusionism can be defined as the cultural tendency to treat people on the basis of their group affiliation and to reserve favors,

services, privileges, and sacrifices for friends, relatives, and other groups with which one identifies, while excluding outsiders from the circle of those who deserve such privileged treatment. Universalism is the opposite cultural tendency: treating people primarily on the basis of who they are as individuals and disregarding their group affiliations (Minkov, 2007). Minkov's research result was integrated with Hofstede's distinguishment of collectivism and individualism.

With a score of 20, China is considered a typical collectivism society. Traditional culture promotes collective-spirit and stresses the social attribute of individuals. In such a highly collectivist culture, people act in the interests of group and not necessarily of themselves.

Individualism and liberalism are responsible for selfishness and aversion to discipline; they led people placing personal interests above those of the group or simply to devoting too much attention to their own thing.

Mao, Zedong (The first chairman of China)

The collectivist culture in China encourages an interdependent self. Personal opinions are either submerged by group opinions or simply non-existence. Harmony should always be maintained and direct confrontations are avoided. Direct confrontation of another person is considered rude and undesirable. Negative information is supposed to be given in a subtler and indirect way.

Interpersonal relationship is an extreme crucial element in Chinese culture. Based on mutual trust and reciprocal treatment, interpersonal relationship is cultivated. The self is embedded in relationships, inextricable from them. In Chinese ethical system, the ultimate judgment about how to behave is not based on any distant religious ideal conceived in abstract terms, but largely on relationship rules. The person "invests" in the group, and the investment that he then cannot afford to lose becomes his "face" (Redding, 1993). The concept of face originated from the sense of shame, and in nature is a form of social control. Group pressure is used to ensure conformity through eliciting shame (losing of face).

Emphasis on interpersonal relationship and face lead to another important concept in Chinese culture: preferential treatment. This is related to Minkov's analysis of exclusionism and universalism. Chinese tend to behave cooperatively towards people they label as "in-group"—in their words, "giving someone face"—while show cold or even hostile to out-groups.

Norway with a score of 69 is considered as an individualism society. "Self" is important and individual's opinion is valued. Telling the truth about how one

feels is characteristic of a sincere and honest person. Personal choice based on individual's own judgment is respected. Everyone is expected to look after him/herself and his or her immediate (nuclear) family only. Privacy is important and respected. There are clear lines between work and private life.

Because of independent orientation and high commitment to egalitarian, the norm in Norwegian society is that one should treat everybody alike, and the same value standards are supposed to apply to everyone, i.e. universalism. Preferential treatment is considered unethical.

Implications for Change Management

Distinction between collectivism and individualism has far-reaching impact on change management. Management techniques and training packages have been developed mainly in individualist countries, and they are based on cultural assumptions that may not hold in collectivist countries. Some essential elements that need to be taken into account are:

Group opinion vs. individual opinion. The group-orientation in China lead to that people tend to adopt group's opinion, which is not necessarily consistent with his or her own opinion. Information spreads quickly in the group, and it is easy to reach consistence in behavior among group members. So communication and cooperation between group members is effective, which ensures a good productivity. In Norway, Everyone is expected to think independently. People take actions based on his or her own judgment. Personal opinions are encouraged and respected. Thus resistance to change is more subject to individual response, rather than group reaction.

Collective interests vs. individual interests. Mao's statement mentioned above showed an aversion of pursuing individual interests in Chinese traditional culture. The individual exists for the benefits of the collective, so collective interests prevail over individual interests, and collective will prevails over individual's will. Self-effacement in the interest of the in-group belongs to the normal expectations. In Norway, personal private and interests are justified. People are expected to act according to their own interests, and work should be organized in such a way that this self-interest and the employer's interest coincide.

Conflict resolution. In Chinese organizations, conflict is generally handled through intragroup mediation rather than the external formal system. Given the tradition of respecting age and hierarchy, senior workers often function as mediator in dispute. And informal and soft rules are applied. In an individualist society such as Norway, formal dispute settlement system is well prepared, and conflict resolution in practice largely depends on documents that determine important rules and procedures.

Relationship-orientation vs. task-orientation. In China there exists a relationship-orientation in both family and business area. The social needs of employees in the workplace will be perceived as more important than autonomy and self-actualization needs (Redding, 1980). There exists strong in-group cohesion and exclusion of members of other groups. A good personal relation based on mutual trust is premise of any task getting done. Hiring and promotion decisions take employee's membership of in-group into account. For the managers who want to reduce conflicts with employees, it is vital to avoid being labeled as out-group. Mutual trust-based relation can reduce the risk of wrong choice, save the transaction cost and enhance effectiveness, but on the other hand it is easy to fall into the trap of nepotism. In Norway, task-orientation determines that task prevails over relationship. No matter who you are or which group you belong to, decisions are made on the basis of the task itself. Selecting of personnel is supposed to be based on personal skills and relevant task contents, while promotion out of nepotism is not allowed or not encouraged.

Communication. Face-consciousness in Chinese culture implies that direct discussion of one's performance is awkward, which may arise resistant sentiment. So subtler and indirect ways of supplying feedback is expected. For example, having a senior worker who maintains close relationship with the person involved as an intermediary. Norwegian people are perceived as genuineness and straightforward. They view speaking frankly as an important virtue. Both managers and employees need to prepare for honest and critical comments.

Managing emotions vs. managing facts. In Chinese organizations, people usually feel emotionally integrated into a work group, where the relationship between employees and between employer and employees resembles the family ties. Business issues tend to be judged in moral terms. Change that breaks status quo alters the psychological contract between members and the organization – even though it is not written on paper, thus is viewed as a kind of betrayal. Traditional change theories emphasize much on communicating facts, like the need to change or the beneficial result of it. But in China, managers need to pay more attention to employees' emotions and feelings. Resistance to change can be greatly reduced, if leaders communicate messages in a way that evokes employees' emotional response (Seijets and O' Farrell, 2003). In Norway, the relationship between employers and employees is based on formal contract. "Business is business", morality is less relevant in workplace. Management in such society is management of individuals. Personal performance and practical needs prevail over the consideration of group ties.

5.1.3 Other Dimensions of National Cultures

The rest dimensions of national cultures—masculinity, uncertainty avoidance, and pragmatic—are relatively less relevant to change management, but they still have some applications for our topics.

Masculinity vs. Femininity

This dimension is about the fundamental issue: what motives people, wanting to be the best, or liking what you do.

A society is called masculine when emotional gender roles are clearly distinct: men are supposed to be assertive, tough, and focused on material success, whereas women are supposed to be more modest, tender, and concerned with the quality of life.

A society is called feminine when emotional gender roles overlap: both men and women are supposed to be modest, tender, and concerned with the quality of life.

Hofstede (2010)

China has a score of 66 on this dimension, which implies a success oriented and driven society. In the name of “raising family”, many people sacrifice family and leisure time to work. The dominant philosophy in society is letting the strongest win.

With an extremely low score of 8, Norway is one of the most feminine societies. Quality of life is important. Clear line between work and life exists. People work in order to live, so more leisure time is preferred over more money. Sympathy and support is given to the needy. Caring for others and “no countryman is left” is dominant philosophy in society, instead of the logic of “the best win”.

Implications for change management:

The role of leaders: in China, leaders usually stand out as charismatic men, who are decisive and aggressive. It is the leads that make things happen. They concern work, the economic performance of the enterprise. A tough leader is normal. Success oriented leaders are responsible for the growth of economy and make the Chinese firms competitive in the international market. In Norway, managers concern the learning ability of organization. They try to be supportive, and be facilitators for effective cooperation and information exchange between inter-department, while leave sufficient autonomic room to employees to their own work. They concern for people, contributing to extract the best of them in order to achieve common goal. The role of the manager changes from that of a decision-maker to that of a mediator between different actors, cultures, and ideas (Sørhaug, 2004). A tender leader is normal.

Uncertainty Avoidance

Uncertainty avoidance concerns the problem that the future can never be

known. This ambiguity brings with it anxiety and different cultures have developed different ways to alleviate this anxiety.

The extent to which the members of a culture feel threatened by ambiguous or unknown situation. This feeling is, among other manifestations, expressed through nervous stress and in a need for predictability: a need for written and unwritten rules.

Hofstede (2010)

With a score of 50, Norway show no preference on this dimension.

China has a relatively low score of 30 on this dimension, showing a high tolerance of ambiguity. There is a tradition of family owned business, which tend to be small or medium sized. Limited size and management style in enterprises result in the competitive advantage of adaptable and entrepreneurial tendency. A lot of information is not vested in explicit code, always ready for changing environment.

Pragmatic

This dimension concerns the issue of how people in the past as well as today relate to the fact that so much that happens around us cannot be explained.

In societies with a normative orientation, most people have a strong desire to explain as much as possible.

In societies with a pragmatic orientation most people don't have a need to explain everything, as they believe that it is impossible to understand fully the complexity of life. The challenge is not to know the truth but to live a virtuous life.

Hofstede (2010)

China with a score of 87 is considered a very pragmatic country. What is good and evil depends entirely upon the circumstances at the time. People concern with personal adaptiveness. Redding (1993) summarized pragmatism in China like this: (a) Chinese perception is especially "immediate" and sense-based, (b) that Chinese morality is contingent rather than being based on absolutes, and it has already been contended that (c) social control comes principally from one's immediate circle, and (d) dedication to family survival is a dominating motive for behavior. In these circumstances, making decisions on what appear as practical grounds is to be expected.

Norway has a relatively low score of 35 in this dimension, implying a normative-orientation in society. People believe there are absolutely clear guidelines about what is good and evil. These always apply to everyone, whatever the circumstances. People concern with personal stability.

Norwegians are normative in their thinking. They exhibit great respect for tradition, and stick to formal rules and procedures. Sometimes they may be labeled as stubborn.

Implications for change management:

Flexibility of change plan. In Chinese enterprises, centralized leadership makes decisions flexibly and fast. In addition, inter-organizational networks based on the extended family make Chinese private companies very responsive to the environment (Whyte, 1995). Thus, adjusting previous decisions according to new circumstances is not a problem. In Norway, in accordance with its commitment to democracy, formulation of change plans is conducted by negotiation of different parties. Union participation is accepted and expected. Managers and union representatives are more attached to procedures and rules. Decisions that have been made are not easily adjusted (Lewis, 2006).

Table 5.1 Cultural Influences on Change Management

China	Norway
Strict hierarchical structure	Flatter structure
Centralized decision-making power, quick moves	Decentralized or participative decision-making process
Top-down approach in initiating change	More bottom-up and inclusive approach
A tough leader is normal, concerning financial performance	A tender leader is normal, concerning learning ability of organization
One-way communication	Two-way communication
Conflict is generally resolved by intergroup mediation	Formal dispute settlement system is well-prepared
Subtler and indirect ways of supplying feedback is expected	Speaking frankly, prepare for honest and critical comments
Group opinion submerge individual's opinion, cooperation within group is effective	Personal ideas are encouraged, resistance is subject to individual judgment
Collective interests prevail over individual's interests	Personal interests are respected
Relationship-orientation, cost-saving but may fall into nepotism	Task-orientation, nepotism is unethical
Managing emotions; Business issues tend to be judged in moral terms	Managing facts; Relations based on formal contract
More flexible change plan	Change plan is not easily adjusted, relying more on written documentations.

This following part attempts to clarify how national context influence resistance to change, and the similarities and differences of opposing behaviors in target countries. It is believed that resistance to change is a natural reaction of people to anything that significantly interrupts their status quo. Although every organizational change is unique in terms of content, scope, tempo, etc., there do exist national preference related to resistance during change process. “Similarities” indicate these elements that take place in both China and Norway. There exists no evidence that these special elements tend to appear more frequently in either country. “Differences” refer to these elements that happen more often, and thus result in more significant consequences in one country. However, it is noted that “different” elements in one country may also have manifestations in the other one, but in a much weaker extent. Analysis will unfold in following sequence:

- Reasons of resistance to change
- Types of resistant behaviors
- Strategy to overcome resistance

5.2 Reasons of Resistance to Change

A main concern of academics and practitioners is the ability of organizations to respond to environmental change. Reorganizing is usually feared, because it means disturbance of the status quo, a threat to people’s vested interests in their job, and an upset to established ways of doing things. For these reasons, needed reorganization is often deferred, with a resulting loss in effectiveness and increase in costs (Bower and Walton, Jr., 1973). A systematical assess of possible resistant factors—who might resist change initiatives and for what reasons- is a crucial precondition for successful change effort. It also contributes to the next two subtopics: to predict what form resistance behaviors might take, and to choose appropriate strategies to overcome resistant problems.

5.2.1 Similar Reasons

Both in China and Norway, some particular factors tend to arouse opposing views and resistant behaviors from employees. There exists no significant national distance regarding to the degree of influence these factors have on individuals, social relations and the relationship between people inside and outside the organization.

Loss of personal interests

One of the most mentioned reasons that people resist organizational change is that they believe change will lead to losing of something valuable. It is rational and natural that people react and defend their personal interests when confronting any “invasion” of their territory, given that change will often affect the distribution of “goods” and “bads”.

Personal interests could be economic benefit, such as salary, bonus, equity, or other forms of income. Change could result in redistributing of existing resources. Persons who hold and control these resources might fear the reduction or even loss of their advantages. Personal interests could also be the opportunities for advancement and promotion. Organizations consist of hierarchies and career ladders, and change in an organization can often change these (Stinchcombe, 1986). Another form of intangible interests is related to the job per se. A promising and meaningful job is a source for support for change efforts, while the probability of losing it or reducing its values will be regarded as unacceptable violation.

In Chinese culture, collective interests prevail over individual interests. Individuals are normally expected to sacrifice personal benefits for the sake of family or other groups he/ she belongs to. Especially in Mao's era, attempt of seeking personal interests were regarded evil and shameful. But this doesn't mean people have no desire for better life (often manifest in the form of material rich), or more opportunities for personal development. On the contrary, as the Social Security System covers only basic needs, and average salary of ordinary employees is relatively low, people are more sensitive to income reduction. However, given the dominant perspective emphasizing on collective interests in society, people usually choose other plausible rational and decent reasons than personal benefits to oppose change attempt.

In Norway, seeking personal interests and looking after him-/ herself and his or her immediate family is regarded as natural and something appropriate. Political culture encourages people to go for long-term interests and against for their own immediate, short-term interests, based on which to establish social cohesion. An essential precondition for this political culture is mutual recognition and respect between people, including their conflicting interests. Work is organized in such a way that this self-interest and the employer's interest coincide.

Fear of the unknown

Fear of the unknown is another aspect of human nature. "Unknown" is often related to danger, risk, or even death. When people face something unknown, they usually ask themselves questions like "what's going on", or "can I make it". But the tricky problem is that these questions can rarely get clear answer. This can lead to psychological stress for employees, and then be a source of resistant actions. In order to reduce stress, some people choose to maintain the current situation.

An element related to fear of the unknown is fear of inability to develop the new skills and behaviors required for new environment. All human beings are

limited in their ability to change (Kotter and Schlesinger, 2008). Even when people realize the need and positive results of change, they may be emotionally unable to make the transition. New colleagues, new tasks implicate the need for different behaviors, as well as loss of some satisfaction current job and activities give to him or her.

Risk avoidance has been entrenched in Chinese culture through millennia of conformance with traditional values and this is evidence in both arts and education, where creativity outside “the norm” is minimal (S. Zhao et al., 2011). Even though some employees didn’t hold completely negative attitudes toward change, they had some doubts about the new regime. In Norway, along with the trend of globalization and international exchange, new business model and technologies are continually introduced. Some people are unfamiliar to work with these various tools. In this case, they will fear of losing face, as they show to others that they are not able to adapt to these new ways of working. A survey showed that as much as 85% felt that the introduction of new technology created a sense of fear of losing control and fooling of themselves (Jacobsen, 2004).

Inertia in old ways of thinking and behaviors

Through long time interaction between people, a commonly accepted working routines and collective mindset is developed. Under this circumstance, people learn from each other how to deal with colleagues and management, which kind of tasks can be expected to perform and which should not be interfered in, and what decisions you can take and what you should leave to others. These implicitly coded social rules that ever contributed to effective cooperation and organizational growth may turn out to be obstacles when confronting requirements from new situations.

Commonly accepted ways of thinking and behaviors constitute the contract between organization and employees. This contract involves comprehensive mutual understanding than merely salary and working condition terms. It refers to the original economical, social and psychological elements. Although a psychological contract is a kind of psychological expectation, informal and not written agreement, it plays a critical role in the relation between people who work together and between employer and employees. A break of this psychological contract often leads to negative feelings, such as disappointment, despair, resentment or a sense of being deceived by the management. Additionally, breaking old contract always indicates establishing a new one, which require mass time and efforts from individual employees. Many can probably feel that it is demanding to make these new contracts, and would rather endeavor to maintain the contract they are familiar with for a long time.

In China, the most significant inertia comes from the inheritance of pre-reform period characterized by command economy. Bureaucratic and tyrannical leadership was normal, and direct command and order was usual measures to make employees implement change. Even in the post-reform era some managers still believe that coercion with severe punishment was the best strategy to control employees. They are used to ignore subordinates' feelings and ideas; on the side of employees, in spite of some scattered awareness of participation, they usually hesitate to be involved in planning and decision-making process. For the first, there exist no institutional arrangements that encourage proactive initiatives from ordinary employees, for the second, they don't have formal responsibilities for planning change. Waiting and expecting for clear instructions therefore dominate employees' thinking. Another source of inertia comes from the government. In the former command economy, the government as a super-CEO had control over all important decisions in economic and social life. Today, clarifying the government's role in economic development is still a hot topic in both academic and practice world. Some surveys showed that there were still a certain number of companies emphasizing that the change was driven by an administrative command from a local authority or government (Alas, 2009).

In Norway, the inertia has more to do with the decision-making process. Due to a tradition of high commitment to egalitarianism and democracy, management style tends to be consultative and informal. When managing development and change in business, managers depend on their ordinary workers, and expect proactive initiatives from them. On the side of employees, they usually expect to be invited to decision-making, and to exert impact on the process. In general, the literature on participation and employee involvement reports almost single-handedly on positive effects, with very limited attention to the costs of participation (Stensaker, et al., 2008). However, extensive participation inevitably asks for great deal of time and economic support, as well as efforts from individual members of organization. Through democratic and participative decision-making, commonly accepted ways of thinking and behaviors are established. The investment of time, money, and efforts would become heavy sunk cost when people try to alter these established orders. The more people involved, the more time, money, and efforts invested, the heavier the sunk cost would be. As a result, people may prefer to maintain statue quo, avoiding the risk of losing their former investment.

5.2.2 Different Reasons

Some special factors tend to arouse resistance to change in one country, while have little or less impact on people's behavior in another country. National difference in terms of cultural, social and economic aspects appears particularly obvious in turbulence time, for example, when a dramatic transformation is launched.

Misunderstanding and lack of trust

People resist change when they do not understand its implications and perceive that it might cost them much more than they will gain (Kotter and Schlesinger, 2008). Such situations often occur when trust is lacking between the person initiating the change and the employees (Argyris, 1973). Mutual trust asks for long-time interaction and respect for each other's interests and ideas. Leaders who didn't exhibit sufficient innovative competence and good cooperative and favorable personalities in the past would encounter a big problem of trust-building when they try to initiate any change.

Misunderstanding has a great chance to occur in organizational change in China. There are several reasons to explain this phenomenon: firstly, due to prevailing big power distance, change initiators – often the top management— are accustomed to ignore subordinates' feelings and perspectives. Even when managers intellectually understand the need of rank-and-file employees, they normally think it not worth taking any actions. In many cases, essential content of change plan is kept totally confidential until it is announced formally to all members in organization. Before the announcement, no consultation or negotiation takes place between employer and employees. The official line is often that related information is quite sensitive, thus any form of disclosure will lead to upheaval, or even disaster. This implies a deep mistrust leaders have on their employees' competence and loyalty. Ironically, when implementing change leaders yet expect trust from employees, so that they will act exactly according to the instructions without any conditions. But it often works contrarily to leaders' wishes. Uncertainty to future leads to anxiety, and accumulated anxiety is one of the main sources of unrest and resistance.

The second source of misunderstanding comes from the history of economic reform started in 1978. It ended the lifelong employment. Industrial reform, involving enterprise reform and the closing of unprofitable state-owned factories, led to massive downsizing. Accompanying the wave of downsizing, former welfare schemes were totally abandoned, but the new social security system was not yet established. To maintain economic growth in national level and reduce social unrest during the transition period, the state strongly promoted personal sacrifice for the sake of "the great rejuvenation of the country". Either because of moral pressure from society or simply no choice available, many people had to bear the cost of reform themselves, with a consequence of many years' poverty or social degradation. The dark memory of that history has a long lasting impact on Chinese' mindset. They fear to be sacrificed again when another wave of reform comes. Misunderstanding and mistrust is easily developed if the change is significant while communication is poor.

In Norway, democracy in workplace and participation from various parties are highly valued. Besides the institutional arrangements and support from legislations and procedures, the dominant political culture also promotes mutual communication and effective cooperation between management and employees. Thus, misunderstanding and lack of trust is less likely to occur in Norwegian enterprises. In book *Organisasjonsendring og endringsledelse*, Norwegian researcher Dag Ingvar Jacobsen mentioned as many as ten reasons for resistance to change, except “misunderstanding and lack of trust”. This may be because there is higher level of trust between employees and managers in Norway.

Professional disagreement

An important reason for resistance is that people can disagree to the change in professional view. They assess the situation differently from their managers or those who initiate the change. This concerns crucial questions such as: is there really need for change? Or whether the change planned is the correct solution for the current problem? The difference in information that groups work with often leads to differences in analysis, which in turn can lead to resistance. Professional disagreement is usually for the interests of the whole organization, not only for the people themselves.

Norway stands out as a perfect context encouraging workers' proactive initiatives. The country prioritizes education, study and science, so its workers are well educated and trained, often with vocational certificates. Additionally, institutions are developed to facilitate employees' participation and cooperation between employer and workers. Both management and union representatives are constantly schooled and trained, especially in how they can collaborate on corporate development. Dialogue is not left to randomness or improvisation by amateurs. On the contrary, at its best, parties are constantly trained and regularly informed in a comprehensive network by daily monitoring of status in all units and by frequent communication between all joints horizontally and vertically. They are part of an extended form of dialogic participation management (Hernes, 2006).

Kotter et al. (2008) warned that involving employees in the design of the initiative works only when employees have the information they need to provide useful input; it is disastrous when they don't. In this sense, Norwegian enterprises did a good job: through long time close contact and genuine communication, various parties in organization work up mutual knowledge, regarding workers' living conditions, corporate or industry position, etc. A case will give readers a more concrete impression on how workers are well informed and thus are able to provide useful input. Nidar is a Norwegian producer and distributor of confectionary. As one of the leading distributor of sweets to the Norwegian marketplace, Nidar enjoys more than one third of

market share. Internal communication is very open and direct in Nidar. There are “team briefs” once a month in each department where economy, social issues and market situation are presented by department leaders, and every four months there is a meeting for all employees headed by the managing director. (Schramm-Nielsen et al. 2004). These measures equip employees with solid knowledge to participate in a constructive discussion.

It turns out to be difficult for Chinese workers to give a professional assess of the big picture. They normally lack the essential access to necessary information. Management often keeps real-time data of economic, social issues and market situation confidential from employees for some reasons. Employees are expected to stick to their daily operation, and thus only familiar with the scope of their own job. Without accurate and reliable information, a useful and constructive input is difficult, if not impossible.

Job security

Job security in nature belongs to personal interests, but it would be appropriate to analyze it separately, given the distinct consequences it leads to. Change will often disturb the job security of individuals. Those who have a high need for job security tend to show a high level of resistance to change (S. Zhao, et al., 2011).

In China, job connects too many other benefits in society: medical insurance, pension, social status, or even which school your child is entitled to enroll. Losing a job or just geographical shifts would cause a chain reaction having all of these benefits impacted. As described in former chapter, Chinese welfare scheme is characterized by wide coverage for basis needs, differentiated provisions, and fragmented management. “Basis needs” refers to the most vital elements of social protection: low level social insurance, marginal social assistance, and minimal welfare services. This means the social support is not sufficient to maintain a dignified life, and having a job is extremely important to raise family. Differentiated provisions: there exists deep difference of treatment between population groups. A job largely determines one’s identity to a specific group. People are very cautious to their identity, and avoid falling down to lower groups. Fragmented management means the local government authorities have a great deal of autonomous power of implementing welfare policy. The social security system thus exhibits radical regional differences. Geographical shift of workers is difficult to accept if it implies significant reduction of social welfare. Consequently, Chinese workers have a high need of job security. When change threatens this expectation, severe resistance arises.

The Norwegian model is characterized by small wage differentials and the generous welfare system. The compressed wage structure is not only visible

within a specific enterprise, but also in the industry level, and across industries in the national level between people with different qualifications and professions. Norway is among the countries that have the smallest salary differences. Coordinated wage negotiation gives workers a kind of insurance against unemployment resulting from fluctuations in open markets. Welfare system first and foremost means a form of social and economic security, protecting people against adverse situation in the birth lottery and moderating the impact of various incidents.

Group pressure

There are various formal and informal groups/ networks in the organization. When change violates benefits of most people in the groups, group members or group leader, resistance occurs (S. Zhao, et al., 2011). If the group resists change, even though some member holds indifferent or positive attitude towards change, he/ she will feel group pressure and choose to follow the crowd.

Interpersonal relation is such an important element in Chinese culture that people are perceived being embedded in relationships. People usually feel emotionally integrated into a work group, where the relationship between colleagues resembles the family ties: members should show loyalty to the group in exchange for protection and care. Group objectives and opinions prevail over personal will, such that any behavior inconsistent with the group's opinions will be labeled as betrayal. People normally invest heavily in personal relations in terms of time, efforts as well as money. The sense of belonging they have in the original group is an important source of security. Therefore, people prefer to comply with group's opinion than taking the risk of losing group membership.

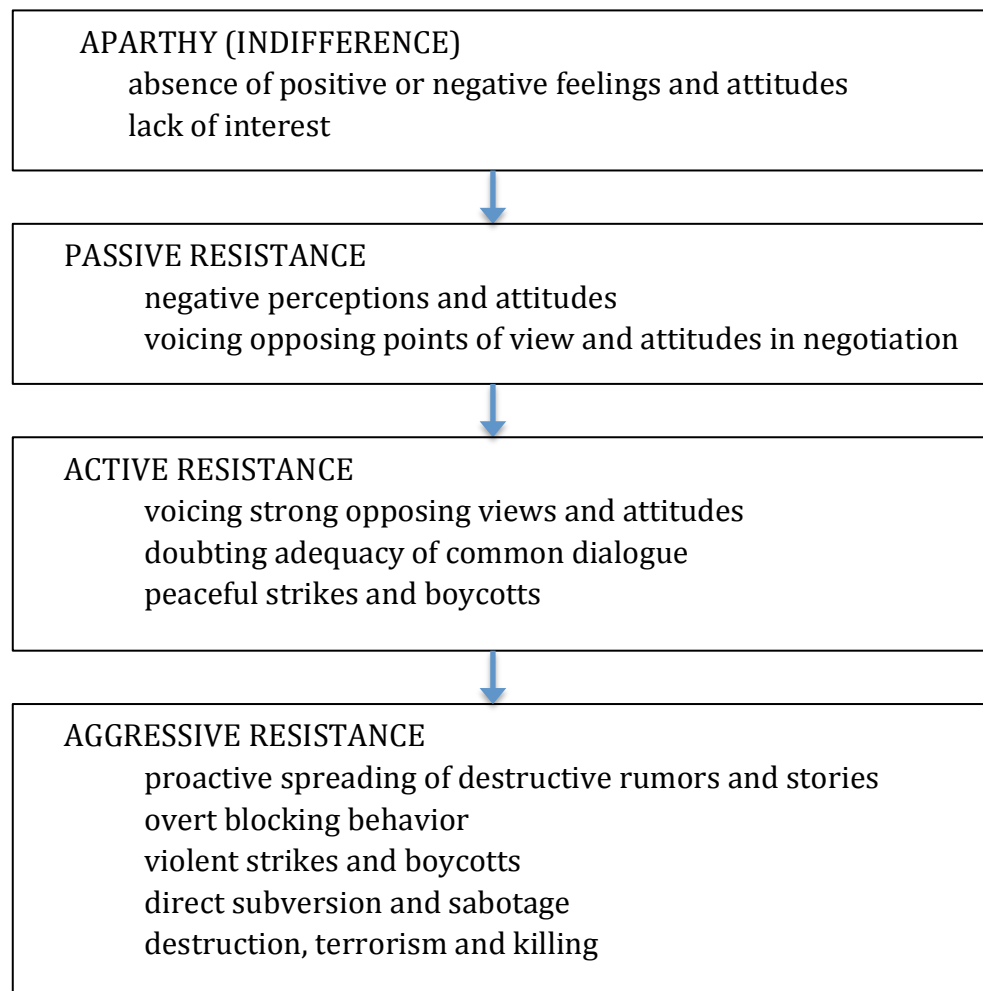
In Norway, there are looser ties between people. They prefer to cooperate as *independent* individuals who have privacy and distinct personal ideas. Different personal opinions are accepted and respected, and would not be judged in moral terms. Task-orientation determines that task prevails over relationship. Employees make decisions by themselves according to rational calculation, without the consideration of distinction between in-group and out-group.

Indeed, there are probably endless lists of reasons why people resist change. Whatever they could be, the most important is to make an accurate diagnosis of possible reasons before any action being taken. Thereby managers or change initiators stand on a reliable departure point to predict and explain various resistant responses, as well as develop appropriate strategies to overcome them.

5.3 Types of Resistant Behaviors

Coetsee (1999) concluded a comprehensive model to explain the nature of resistance to change, and proposed four categories of resistant behaviors. Drawing on Judson's (1991) continuum of resistance, Coetsee's model extended the original dichotomy of passive and active resistance to the following more elaborate model:

Figure 5.3 Forms of Resistance to Change



Source: Coetsee (1999)

The following part will analyze the similar and different forms of resistance to change in these two countries in light of Coetsee's theoretical framework.

5.3.1 Similar Resistant Responses

Empirical data shows that all of the four forms of opposing behaviors have certain chance to arise in organizational changes both in China and Norway. That which intensity of action to take or whether use some of these measures sequentially largely depends on the particular circumstance, i.e. the speed and

suddenness of change, the impact of expected consequences to rank-and-file employees, and the like.

Apathy/ indifference

It is probably more appropriate to view apathy as a transition zone between resistance and acceptance than labeling it as a form of resistance. In this situation, people realize change is happening or about to take place, but their perceptions and attitudes regarding change are neutral, without clear inclinations to object or support. This transition zone is characterized by lack of positive or negative feelings and attitudes.

Employees may express indifferent attitudes when (a) the target change will not impact their interests or the existing routines and procedures; (b) change comes fast and unexpectedly, so the majority of workers choose to wait and see the real consequences; (c) some employees prefer to hide their attitudes, in such way avoid getting involved in political battles. The last one is special obvious when there exists intense dispute among top management.

Passive resistance

Passive resistance is a mild or weak form of opposition to change. It is characterized by negative emotions or attitudes expressed by voicing opposing points of view, regressive behavior. Compared to “active resistance”, passive resistance normally manifests less visibly.

Passive resistance is a term heard often in business organization. Typical behaviors include: not challenge the change directly, but continue doing things in the old way; diminish enthusiasm; complain without proposing solutions, etc. Passive resistance is considered more dangerous than active resistance. As a “silent killer”, it goes undetected and hence unresolved.

Although this form of opposition could happen both in China and Norway, it is reasonable to expect higher incidence in the former. In Chinese environment, openly expression of disagreement is discouraged. Direct confrontation of another person is considered rude and undesirable. Negative information is supposed to be given in a subtler and indirect way. Additionally, Chinese organizations have more hierarchical structuresstructure than Norwegians do, which implies opposing the views of superiors directly is unacceptable.

Active resistance

It is a strong but not destructive opposing behavior. People express their strong opposing perspectives and attitudes more visibly by blocking or impeding actions, such as working-to-rule, making half-hearted efforts, slowing down activities, protests, as well as peaceful boycotts and strikes. Some employees will question the changes openly and indicate a lack of support for

it. These terms of objection are often symptoms of the involved parties doubting the adequacy of common dialogue and negotiation to resolve differences (Coetsee, 1999).

Active resistance manifests in a stronger way. Though having the potential of damaging, it is at least more visible and easier to notice. Hence, the change initiators could better prepare themselves to take appropriate actions and eventually overcome resistance.

Aggressive resistance

This is the strongest manifestation of opposition. Aggressive resistance is reflected in destructive behaviors such as purposefully committing errors and spoilage, proactive spreading of destructive rumors and stories, overt blocking behaviors, violent strikes and boycotts, direct subversion and sabotage, and the most severe form of destruction-- terrorism and killing.

The three former types of resistance emphasize on expressing contradictory viewpoints between employees and change initiators, while the last one tends to undermine the basis to implement changes. Severe responses could occur when change is dramatic, and expected to have great influence to employees' fundamental concerns. However, as aggressively resistant behaviors stand a good chance to cross the boundary of law, these means are rare to adopt.

5.3.2 Different Resistant Behaviors

The most important difference of workers' actions in China and Norway is that the former are usually random and sudden, without the help of trade unions; while the latter tend to be well organized, with the support of systematic institutions. The difference in form implies that the latter is usually more powerful, and thus has greater chance to impact the change process. The Norwegian model of workers' movement will first be discussed and followed by the analysis of the situation in China.

Norwegian model of worker movement

The Norwegian system is probably the most elaborately regulated in the world:

-- Well-organized associations on both employee side and employer side.

Norway has a relatively high proportion of membership in trade unions. The main organizations on the employee side include Landsorganisasjonen i Norge (LO), Yrkesorganisasjonenes Sentralforbund (YS), Unio, and Akademikerne. They together constitute the high membership rate of more than 50 percent. The main associations on the employer side involve Næringslivets Hovedorganisasjon (NHO), NAVO and Virke. Well-organized and functioning associations on both sides have far-reaching meanings: they increase the predictability of the business, and contribute to form the game

rules, like binding and comprehensive collective agreements. A survey showed that 70-80 percent of the trade unions participated in the planning and implementing of development projects (Grimsrud, et al., 2005).

-- Institutionalized conflict resolving mechanism

Routines for dialogue and measures for compromising solutions are developed. Such mutually accepted mechanism involves who can take part in discussions, which issues can come to the table, when consultation should take place, etc. Competence of employees is increased by participation.

-- Comprehensive and elaborate collective agreements and legal framework

Agreements and legal framework strengthen and consolidate the Norwegian system. Main Agreement (Hovedavtalen) of 1935 contains the basic rules of working life, including the general provisions on negotiation and cooperative relationship between employers and employees, and employees' participation rights. Legal regulations of labor market go back to the first laws relating to worker protection and labor disputes at the turn of the last century, through the labor dispute act and the service dispute act and laws on joint stock companies, until the law of introducing the corporate democracy from 1972 and the working environment act in 1977. Collective agreements and legal framework contribute to resolve conflict and achieve consensus.

-- Mutual accepted game rules

Typical rules for example include:

- for the centralized wage negotiation, there sets a two-year cycle for major negotiations, with peace obligation between them;
- negotiations take place mostly at the same time within a limited period of time, having virtually all groups involved.
- front-subjects-model (frontfagsmodell), which means the competition-exposed industries negotiate first and set the framework for the whole income settlement.

Besides income settlements, negotiations between the two parties also contribute to achieving a common understanding on working environments, an effective dispute settlement mechanism, and other important issues in working life.

-- Essential role of government

The government plays an essential role in the Norwegian model. This happens through mediation institution, public campaigns and collective agreements framework. Additionally, in some special situation the government can take measures to intervene directly when negotiations get stalled or a major conflict threatens.

Well-organized Norwegian model implies effective participation and cooperation of various parties during enterprise development and change, but on the other hand, it also indicates organized and strong resistance when employees have different opinion regarding change program than their managers. With a long tradition of democracy in workplace, Norwegian workers are skillful in negotiation, and can be organized easily under trade unions to deal with employer and government. Given the size and high membership rate of trade unions in Norway, worker movements are quite powerful that can makes the transformation deferred or totally abandoned.

Worker movement in China

Workers' actions in China turn out to be more difficult, and usually take place randomly and suddenly. Grassroots employees have to take protests or strikes on their own, without the help of trade unions.

All-China Federation of Trade Unions (ACFTU) and its affiliated organizations are the only legitimate trade unions in China. Although having many members, they are always questioned about their independent role of representing workers. With an official background, they are led by the Communist Party. They are established either according to administrative orders in public organizations or agreement with employers in private business, instead of by recruiting from below. Grassroots trade unions are funded by their embedded organizations. Thus, Union leaders are often managers or even enterprise owners. Many others are company appointees.

Besides non-independent status, trade unions in China are also accused of their ambiguous positioning of responsibilities: should represent workers to deal with the employers and government, or the opposite? In practice, unions focus on maintaining stability to promote economic development. "(We endeavor to) mobilize and organize the workers and staff members to take part in the construction and reform and accomplish the tasks in the economic and social development" (Constitution of the Chinese Trade Unions). So the function of Chinese trade unions at best is nugatory, except arranging some sports and entertainments activities, somehow existing as a sideshow in terms of "voice" and dispute resolution; or otherwise function as tools of employers and government, conveying government policies and enforcing labor disciplines.

Legislation on labor law was quite lagged. Chinese workers had their first Labor Law as late as in 1994, Unemployment Insurance Regulations in 1999, Work Injury Insurance Regulations in 2003 and Labor Contract Law in 2007. Due to the lagging of legislation on labor law, the local authorities have considerably discretion of law application, hence the line between "legal" and "illegal" workers' actions turn out to be fairly blurred. Workers through active or

even aggressive resistant behaviors such as protests or strikes constantly test the bottom line of local authorities, while the government through arrest and trial releases signals of its limits of tolerance.

The government's attitude towards labor movements is quite cautionary. Due to historical reasons, authorities normally hold a negative perspective on any "movement" for concern of social turbulence and economic downturn. They usually encourage workers to tribunal through the formal disputes procedure. Given the high cost of legal proceedings in terms of time and money, many workers are reluctant to do so.

Chinese workers get insufficient outside support from either trade unions or government, thus they have to take actions on them own. Workers' movements tend to be sudden and random, sometimes dramatic, which show a considerable diversity: some of them were well organized, managing to constructive collective negotiations; while some of them went over the line, lost control and triggered mass unrest.

5.4 Strategies to Overcome Resistance

Choosing appropriate strategies to overcome resistance bases on the accurate diagnosis of underlying reasons and the form of resistance. No strategy is context-free. Elaborate consideration of the environment where changes take place should be stressed. Kotter and Schlesinger (2008) warned that the most common mistake managers make is to use only one approach or a limited set of them regardless of the situation. This would include the hard-boiled boss who often coerces people, the people-oriented manager who constantly tries to involve and support his people (Kotter, 1977). Successful organizational change efforts are always characterized by skillful application of a number of strategies, often in very different combinations and sequences.

A conscious use of various strategies means having an accurate understanding of the advantages and disadvantages of the methods, and their applicable situations. Kotter et al. (2008) suggested six basic approaches to deal with resistance. They are education and communication, participation and involvement, facilitation and support, negotiation and agreement, manipulation and co-optation, and explicit and implicit coercion. The following analysis will draw on this theoretical framework.

Table 5.4 Methods for Dealing With Resistance to Change

Approach	Commonly used in situations	Advantages	Drawbacks
Education and communication	There is lack of information or inaccurate information and analysis	Once persuaded, people will help with the implementation	Time consuming if lots of people are involved
Participation and involvement	The initiators don't have all the information they need to design change, and others have considerable power	People will be committed to implementing, and relevant information they have will be integrated into plan.	Very time consuming, and employees may design inappropriate change
Facilitation and support	People are resisting because they fear they can't make the needed adjustments	No other approach works as well with adjustment problems	Time consuming, expensive, and still fail
Negotiation and agreement	People will clearly lose out in a change, and have considerable power to resist	Relatively easy way to avoid major resistance	Expensive and open managers to the possibility of blackmail
Manipulation and co-optation	Other tactics will not work or are too expensive	Relatively quick and inexpensive solution to resistance problems	Lead to future problems if people feel manipulated
Explicit and implicit coercion	Speed is essential and change initiators possess considerable power	It works quickly and can overcome any kind of resistance	Risky if it leaves people mad at the initiators

Source: Kotter and Schlesinger (2008)

5.4.1 Similar Strategies

These approaches apply to both Chinese and Norwegian national context, showing no significant preference in either one. In this sense, they can be perceived as foundation for adoption of other specific tactics to overcome resistance.

Education and communication

Managers may choose numerous combinations of different approaches to deal with opposition, but this one stands out as prerequisite for any strategy. An education and communication program can be ideal when resistance is based on inadequate or inaccurate information and analysis, to educate people about the need for and the logic of the target change.

This method aims at creating a "climate for change", or in other words "readiness for change". Kurt Lewin (1997) referred to three basic elements in this stage: interpret the past; draw a picture of the future and the way forward; and communicate this through language and action. *Interpreting the past*

focuses on creating a sense of crisis, that is, the organization stands on an adverse situation, if not being changed, it will “die”. Change initiators need to point out which mistakes had been made, how these led the organization to the current situation. *Drawing the future* is to provide a vision that inspires individuals to change. Change agents should create a perception that change is good for the organization, and is also good for the individual. The vision is not merely about money, but has a broader content related to job enrichment, development opportunities, meanings of work, etc. *Communication* could take place in various forms: one-on-one discussion, presentations to groups, or memos and reports. The point is to communicate with employees as many times in different occasions as possible.

For Chinese organizations, education and communication is extremely important before implementing the plan. Employees, especially the grassroots staff are normally not involved in the initial designing stage, hence hold neither intellectual nor emotional connections with the change program. As mentioned before, the reasons for resistance to organizational change in China could be fear of unknown, misunderstanding and lack of trust, in situations where sufficient and accurate information is missing. The method of education and communication hence can be the best solution to overcome or simply avoid the resistance related to inadequate information.

However, the common mistakes Chinese managers often make are related to timing and time of communication. *Timing* refers to the appropriate time point managers communicate content of change to employees. Communicating too early when the design of change initiatives is still up in the air will only lead to confusion and conflicting arguments rather than a fairly clear picture of the future. Taking the open conversation too late then implies that leaving essential “battlefield” to negative stories or rumors that undermine precious trust between management and employees. Chinese managers often make the latter mistake, releasing information to employees so late that anxieties and concerns are already accumulated among workers. It is no surprise even seemingly “good” suggestions will encounter resistance. *Time*, or in other words, patience, is another essential element of communication. Chinese managers tend to simplify education and communication to “announcement”. Change initiators inform workers decisions this minute, and expect them to implement next minute, leaving no room for mutual dialog and no time for reflection. However, the approach of education and communication is time consuming, asking for patience and open mind.

In Norway, management style tends to be consultative and inclusive. A good manager is first and foremost a good communicator, having formal or informal conversations as a natural part in his/her daily work. The challenge is that as communication between management and ordinary workers is taken for

granted, people tend to ignore its symbolic meanings: what's the difference between today and other days? What is the distinction between the presentation made today and the one on the other day? Change agents need to give significant signals that change is on the way through language and symbolic actions.

Facilitation and support

People decide to resist change may because they fear they can't make the needed adjustments. Even when people realize the need and positive results of change, they may be emotionally unable to make the transition. Facilitation and support approaches are most helpful when fear and anxiety lie at the heart of resistance (Kotter, et al., 2008).

Managers could be supportive in various ways: providing training in new skills, introducing counselors outside to facilitate learning process, offering mini sabbaticals that involve some reflective or educational activities away from work, etc. The point is to provide extra resource and energy employees need to adapt to the new situation. This approach can relieve individuals' workload, thus makes the change process easier to implement. Another way that is often ignored by managers could also be supportive: consciously highlight the small improvements of the employees along the way. Creating short-term wins could generate enthusiasm and confidence.

Both developing countries like China and developed countries like Norway face the issue of innovating or introducing new technologies and ideas to maintain sustainable competitive advantages. Whatever new models to adopt, they need to be implemented by ordinary workers. Facilitating and supporting employees is not just a way to overcome resistance, but rather an essential driving force for continuing growth of the whole organization. However, some managers simply hope their workers could be equipped and ready for the new environment by themselves, with no extra investments. Training program could be time consuming and expensive and still fail. If time, money, and patience are just not available, then using supportive methods is not very practical (Kotter, et al., 2008).

Negotiation and agreement

One of the most mentioned reasons that people resist organizational change is that they believe change will lead to loss of something valuable. Indeed, it does will sometimes. Negotiation is particularly appropriate when it is clear that someone is going to lose out as a result of change and yet his or her power to resist is significant. In this situation, an effective way to deal with resistance is to offer incentives.

Negotiation and agreement normally bases on the principle of distributive justice, that is, there must be a proportionality between performance and pleasure, between contribution and benefit. The more you work, the more you get. If change leads to redistribution of benefits and resources, appropriate compensation is naturally expected. Put it in another way: no one should get benefits at the expense of others. Unilateral favoritism in change process is not acceptable and has a great chance to result in oppositions.

Negotiations could take place in various forms, for example, in China people have lower level of tolerance for geographical shift for it may indicate significant reduction of social welfare. Then managers could compensate workers' loss with money or extra welfare arrangements from enterprises. As another example, in Norway management could give a union a higher wage rate in return for a work rule change. Again, this approach has certain drawbacks: it may turn out to be expensive, and once a manager makes it clear that he will negotiate to avoid major resistance, he opens himself up to the possibility of blackmail (Kotter, et al., 2008).

5.4.2 Different Strategies

Choosing of strategies either bases on elaborate considerations of advantages and disadvantages, or is just an instinctive reaction shaped by special environment. Some researchers found that the latter factor may appear dominant under certain circumstances (Mintzberg, et al., 2001).

Explicit and implicit coercion

When speed is essential, and the change initiators possess considerable power, they may deal with resistance by explicit or implicit coercions. Managers use pressure through various forms of threats, by referring to the formal authority they have, and what will happen if subordinates fail to comply with this.

Emans et al. (2003) labeled this approach as forcing influence behavior, which aims at blocking non-compliance behavior, or making that kind of behavior too unattractive to be performed.

Two forcing behaviors, called "sanctions" and "blocking". The first one, sanctions, encompasses actions such as threatening the target person's job security and preventing the target person from getting a pay rise, if he/she does not give in. The second one, blocking, encompasses actions such as threatening to notify an outside agency or threatening to stop working with the target person if he/she does not give in.

Emans et al. (2003)

Chinese managers tend to use coercion to overcome resistance for several reasons: first, there is socially accepted big power distance with the endorsement of traditional cultures; Second, bureaucratic and tyrannical leadership in former demand economy still has profound impact today. Some managers still believe that coercion with severe punishment was the best strategy to control employees. Third, strong entrepreneurial business model asks for quick implementation of change to respond to environment sensitively. The strong entrepreneurship of small or middle size family business refers to the flexible leadership style and an entrepreneurial decision-making model. The leader usually spots opportunities quickly and moves faster than the crowd. The advantage of coercion is that it is speedy and can overcome any kind of resistance. Thus, it is a reasonable choice, going well along with this aggressive and entrepreneurial business model.

The strength relation between management and workforce, or in other words, the situation of labor market also influences the use of coercion method. For some simple job consisting of repetitions and routines, employers less rely on employees' competence, hence employees have no valuable card in their hands. Given the large populations in China, ordinary workers face severe competition in labor market, as well as the powerful employers. In some non-knowledge-intensive companies, managers choose to implement change coercively. If employees resist, managers can replace them quickly without hesitation. A case in China: on 5 March 2014, Wal-Mart suddenly and unilaterally announced that they would close down the store in city Changde, and pay off the store's 135 employees. They set the deadline of 19 March for signing agreements. Employees reacted violently and refused to accept its settlement plan. By 19 March, all of these workers were replaced by colleagues from elsewhere, and were driven away from this store.

The method of coercion is often connected with negative meanings. But it does work when speed is essential to make change happen. When change initiators grasp enormous power and discretion, they can make decisions autocratically and ask employees to implement rapidly. Without sophisticated planning instruments or employees involvement, Chinese firms adopt proactive and flexible strategies, being particular responsive to the changing environment. Negative consequences are also significant. Using coercion can be risky, because inevitably people strongly resent forced change.

Norway has a tradition of democracy and high commitment to egalitarianism. In workplace, smaller power distance is observed. Norwegian managers avoid giving "order". They manage to ensure employees' ideas and opinions being heard, and take mutual communication seriously. Employees have the right to express their opinion freely and question the leaders' decisions with reasonable reasons. During decision-making process, different parties work

together, aiming at achieving consensus. Enjoying a fairly low unemployment rate and a high need for special abilities and competence, Norwegian workers hold considerable bargaining power towards their employers. Therefore, managers have neither overwhelming power to implement change coercively, nor widespread social recognition that support them to do so.

Manipulation and co-optation

This is a covert way to influence others. Despite negative connotation ascribed to these words, manipulation and co-optation is relatively quick and inexpensive solution to resistance problems.

One form of manipulation is conscious structuring of information. When facing change, people react firstly with their own concern: “what will happen to me”? So, it’s better to address personal concerns first than focusing on organizational benefits. Additionally, people are more sensitive to loss than gain. Rather than just telling people what they will gain as a result of change, managers could make greater influence by telling what employees stand to lose if they don’t accept change.

Co-opting an individual or a key figure of a group is also helpful. Change initiators can seek support by involving the very person in the designing stage, or promising a desirable role in the new organization or offering new and challenging tasks. It is noted that giving a role in the design or implementation of the change is not a form of participation, because change initiators first and foremost care about the symbolic meanings of getting the person involved, that is, the endorsement of the very person, while paying less attention to his/her advice per se. The mere presence of the key figure will contribute to overcome resistance and arouse commitment from him/her and the group he/she represents.

Chinese workers normally lack the formal access to essential information regarding the industrial environment, the position of their company among competitors, etc. Thus, they more rely on managers to give change direction and meaning. Conscious structuring of information can get great effect at a relative low expense. But this needs to base on honest and trust. If employees feel they are cheated or fooled, they will respond even more violently. Another form of manipulation, co-optation, is suitable for situation where there exists significant opinion leader in a group. Confucian doctrines stresses kinship ties and group loyalty, hence it is easy to reach consistence in perspective and behavior among group members. Given the tradition of respect for age and hierarchy, senior workers often function as opinion leaders within a group. If change initiators could manage to get these key figures involved in design or implementation stage, the mere presence of them will endorse or legitimate change initiatives.

The method of manipulation will have little or no effect in Norwegian context. Mutual communication is highlighted and routinized as a natural part of daily operation. Well-informed Norwegian workers are more willing to give useful input basing on independent judgment. Conscious structuring of information hence will confront critical questions from employees. Dispute settlement systems at organization level, as well as at national level are institutionized, pre-determining who will take part in discussion, which issues will come to table, when consultation will take place, etc. Little room is left for manipulation and co-optation.

Participation and involvement

The last but not least approach to resolve resistance problem is involving employees in the formulation and decision-making process. When initiators do not have all the information they need to design and implement a change, or they need the wholehearted commitment of others, or the potential resisters have considerable power to resist, participation and involvement can often make very good sense.

While literature on participation and employee involvement in general reports almost single-handedly on positive effects, some researchers point out that this method could be very expensive and time consuming (Stensaker et al., 2007) or lead to a poor solution if the process is not carefully managed (Kotter and Schlesinger, 2008). Lawler (1992), in his approach to creating high involvement organizations, regards involvement as congruence of four factors, which he employs a simple equation:

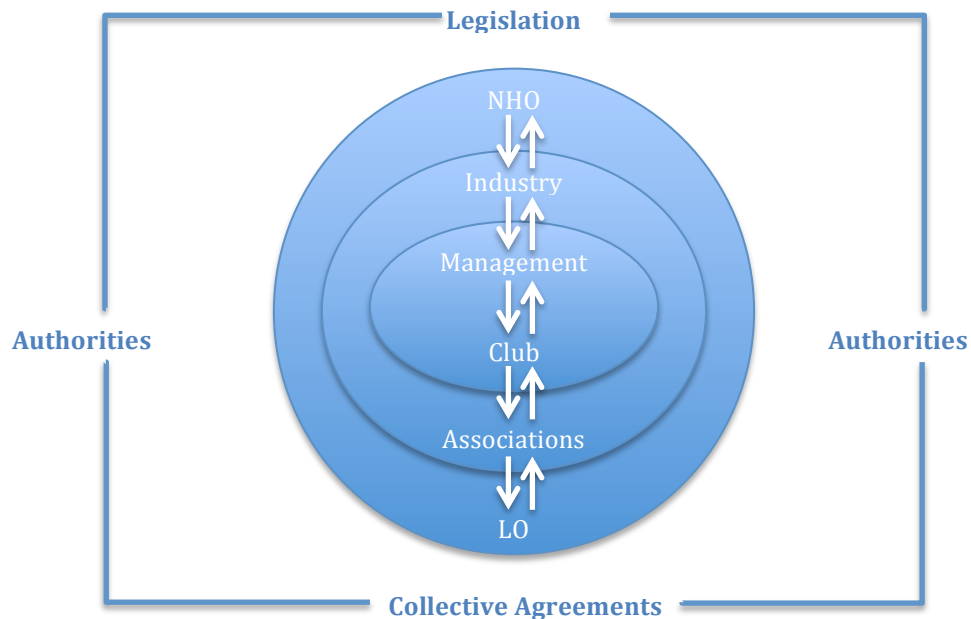
$$\text{Involvement} = \text{Information} \times \text{Knowledge} \times \text{Power} \times \text{Rewards}$$

- Information: process, quality, customer feedback, events, and business results;
- Knowledge: the work, the business, and the total work system;
- Power: act and make decisions about the work in all its aspects;
- Rewards: ties to business results and growth in capacity and contribution
(Lawler, 1992)

Should even one element be missing, the remaining three will have little or no value according to this multiplicative model. Then involvement of employees will be meaningless, or even lead to disastrous consequences.

Norway establishes a comprehensive system of institutions, as well as corresponding political culture to promote participation of employees. An overview of Norwegian model is exhibited as follows:

Figure 5.4.2 Norwegian Model of Participation of Employees



Source: Gudmund Hernes (2006)

- Information: institutional arrangements showed above contribute frequent contact, close communication between employees and management, thus promote mutual understanding.
- Knowledge: both management and ordinary employees are constantly educated and trained in order to keep pace with development.
- Power: it is expected that the top managers solicit employee input and heard employees' voices. Change agents must show how input has been considered and explain why it has not been taken into account if input is discarded.
- Rewards: collective agreements and legal provisions determine employees' participation right, and corresponding rewards related to contribution and business results.

A survey showed that leaders take the union in the major development projects, because it provides useful input. It is not just talking about plain cosmetics. They believe that this also makes it easier to gain support to change among employees (Grimsrud et al., 2005).

Although involvement and participation of employees is generally recommended during change process, it is noted that it can be quite costly both in terms of time consuming and financial support. Thus it is not appropriate when time and money is not available. Participation is believed to create useful input of employees. But due to different source of information, employees may design inappropriate solutions. Management then faces a

challenge to justify why their ideas are not adopted. Dialog aims at achieving consensus, but it can also lead to long time negotiation and endless haggling, which in turn makes the change ineffective and unattractive.

Participation and involvement of employees in organizational change has been a hot topic in China's academic world for years. In practice, this still stays in experimental stage. Many managers hesitate to adopt this method, as they fear it will be unaffordable if too many are involved, or ineffective given the enormous time expected. However, Chinese workers move faster, especially in southeastern China. They are organized on their own, asking for the right to participate in the change process and having certain influence to the final consequences. We can expect greater improvements in this field.

Table5 Similarities and Differences of Resistance to Change in China and Norway

	Similarities	Differences
Reasons to resistance	Loss of personal interests Fear of the unknown Inertia in old ways of thinking	More likely to happen in China: Misunderstanding and lack of trust Job security Group pressure More likely to happen in Norway: Professional disagreement
Forms of resistant behaviors	Apathy/indifference Passive resistance Active resistance Aggressive resistance	In China: Workers' actions tend to be random and sudden, without help of the trade unions. In Norway: Workers' actions tend to be well-organized, with the support of systematic institutions
Strategies to overcome resistance	Education and communication Facilitation and support Negotiation and agreement	More likely to happen in China: Explicit or implicit coercion Manipulation and co-optation More likely to happen in Norway: Participation and involvement

5.5 Lessons that Learn from Each Other

Comparison of the same issue in different national context promotes reflection regarding the advantages and disadvantages of change conducted in China and Norway. Both the Chinese model and Norwegian model are successful in terms of promoting economic growth and improving quality of live for ordinary people in general. They may learn from each other for further development.

The Chinese model is characterized by effective moves, decisive and aggressive strategy, and result-oriented approach. The leaders dare to make decisions and take actions when necessary, with all passion and hope. The model is proved to work well in Chinese context by exhibiting great achievement: China managed to be the No. 2 economy within 40 years from universal poverty and blankness of industrie. In general, the advantages of Chinese model are:

- Centralized steering system. Even in the post-reform era, the government still plays a vital role in concentrating scarce resource into crucial industries and infrastructures. The centralized steering system is responsible for the quick primitive accumulation of capital.
- Strong entrepreneurship. Chinese leaders favor proactive and aggressive strategy, and tend to adopt pragmatic and flexible leadership style in order to adapt to the rapid changing market. Reasonableness is more important than reasons.
- Trust-based relation between group members. Trust-based relation among employees is a precious social capital. There is usually high cohesion in a group. It is easy to reach consistence in attitude and behavior among group members. Thus communication and cooperation within group is effective under explicit or implicit group rules, saving from lengthy documents.

However, the coin has the other side: all of these advantages have drawbacks if they are operated in an inappropriate way.

- Centralized steering system has a tendency to intervene specific operation and management than just facilitating industrial development into a desired pattern. Administrative controlling and order can damage economic vitality. A lot of social and economic problems in current China can find roots in the situation of mixed administrative order and market.
- Entrepreneurial leaders centralize the decision-making power, and would like to get his/her plan done coercively, as the method of coercion is speedy and can overcome any kind of resistance. During this process, employees' voice is neglected, and their interests may be sacrificed.
- Emphasis on interpersonal relation may lead to nepotism and preferential treatment. Group pressure can be used to ensure members behaving in the best interests of the group. Collective opinions submerge individual opinion.

The Norwegian model is known for extensive welfare states, wage and gender equality and a balance of power between capital and labor (unions). Democracy in workplace and participation of employees is highlighted when change program is launched in organizations.

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- Institutionalized cooperation of various parties. The three main parties that interact and cooperate in working life are organizations on the employees' side, organizations on the employers' side, and the government. They work together, co-decide common conditions for work environment, wages, and contribute to an effective conflict-revolving process.
 - Small wage differentials and welfare state. Coordinated wage negotiation gives workers a kind of insurance against unemployment resulting from fluctuations in open markets. Generous welfare system insures citizens and residents of Norway against unforeseen events related to health, income and employment, but also the consequences of possible wrong decisions and weakness of will in their lifetime.
 - Consultative management style and extensive participation of employees. The management style is less hierarchical and more consultative. Employees expect to be invited to participate in decision-making, and to have influence on the process. In general, participation leads to commitment, not merely compliance.

While involvement and participation of employees is one-sided reviewed as a perfect approach to overcome resistance and implement change plans, some researchers warned that it also has disadvantages (Meyer and Stensaker, 2007; Kotter and Schlesinger, 2008):

- Quite time-consuming. Participation of various parties aims at getting different input and thus designing a consensus-based change. During this process, enough time is essential for thorough communication and probably negotiation. When change in the environment is fast, the reaction of organizations will turn to be lagged and thus missed precious opportunities.
- Consensus may never be achieved, thus participation leads to mess and endless quarrel. When conflict of interest is huge, or the process is poor managed, participation can take too long time while achieve no or poor solutions. In this case, change is ineffective, being stuck in gaming of various parties.
- Well-organized workers indicate strong force in dealing with employers and government. Participation can promote commitment and cooperation, but it can also spark more voiced and better organized resistance, which eventually slows down the process of change, or block it totally.

China and Norway can draw on some elements of each other's model when designing change. The most common mistake leaders make is to use only one approach or a limited set of them regardless of the situation. Neither the hard-boiled boss who often coerces people typically in China, nor the people-oriented managers who constantly tries to involve and support his

people typically in Norway is very realistic, and can create problems.

Despite that the average living standard of ordinary people is improved greatly, it is undeniable that the Chinese economic growth takes place at the expense of lower class workers. They burdened the cost of transformation, whereas enjoys the achievements in a limited way. When the reform goes beyond the stage of primitive capital accumulation, change initiators should consider a fairer model. Actually, the Chinese government begins to learn from the Nordic or Norwegian model, and has an ambition to build a harmonious society with emphasis on redistribution of welfare and social security (Moene, 2003). Main points that can be learned from Norway include:

- (1) Involve lower-level employees in planning change in the initial stages. Grassroots workers are usually voiceless in change process. The Norwegian model of participation can ensure employees' voice being heard, and encourage precious input of them. This objective can be achieved by strengthening the function of workers' representative agency: trade unions.
- (2) Institutionalize conversation and communication between management and work force. To narrow the power distance between the two main parties in workplace, it is not sufficient to only expect the kindness of managers. Norwegian system can be a good role model that institutionalizes routines for dialog, dispute settlement, and so on. Therefore, conversation and communication is not left to randomness or improvisation by amateurs.
- (3) Promote fairer redistribution of welfare and social security. It is crucial to clarify who will burden the cost of change. Win-win result of change is ideal, but not easy to achieve. No matter how you design change, in some cases it does imply that someone is going to lose out. In that case, besides reasonable compensation from specific enterprise, social welfare and security is an important premise for employees to accept change. It may not be very realistic to adopt the Norwegian generous welfare system from cradle to grave, but the Chinese government can improve its own system by making it fairer and more effective.

Norwegians are proud of equality and democracy in society. Extensive involvement and participation of employees is viewed as a competitive advantage when managing change, while the cost of participation and possible negative impact is little mentioned. When the change must be made immediately, it can take simply too long to involve other. To improve this model, Norwegian managers can adopt some adjustments when necessary:

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- (1) Limit the scope of involvement. When changes appear frequently in organizations, there is some recent evidence that if provided a choice, a number of employees prefer *not* to be involved in change processes, but rather be allowed to daily operations and provide input on changes through other means than direct participation (Meyer and Stensaker, 2007).
 - (2) Centralize decision-making power without the assistance of employees. When speed is crucial and change must be made immediately, leaders should dare to make decision on his own and take responsibilities without involving others.. Every coin has two sides, centralizing decision-making power can be viewed as decisiveness, but more often, labeled as autocracy, which is unacceptable in Norwegian context.

5.6 Case Exhibition

In this part, cases from China and Norway will be exhibited relatively to give readers a more concrete impression regarding resistance to change under these different national contexts. One is about the system and structure reform in maintenance department of a Chinese airline company; the other is about the merger between Statoil and Hydro's oil and gas operations in Norway.

System and Structure Reform in Maintenance Department

China Eastern Airlines Jiangsu Co., Ltd. (CEAJ) is the first major airline company in Jiangsu Province. In April 1993 it was co-established by China Eastern Airlines Co., Ltd. and Jiangsu provincial government. In 2004 it was reorganized jointly with Nanjing Airlines Co., Ltd. Now CEAJ is the largest base airline in Nanjing International Airport, enjoying one-third market share in Nanjing. Volume of passage traffic per year exceeds seven million. Currently, the company maintains total asset of 2.8 billion yuan, and approximately 2,000 employees.

Around 2000, CEAJ launched a series of change initiatives, aiming at improving its performance. Due to the “shelter” from state and lack of competition, the company suffered from serious bureaucracy, which was a typical characteristic of companies within the state-protected industry. Severe hierarchical structure increased the cost of HR management, and hindered internal information transmission. All of these led to lagging response to rapid change in market. Thus the top wanted to initiate structure and system reform in the company by:

1. Flattening the hierarchy. Reducing number of middle managers from 22 to 14, and the management level from 7 to 3. Meanwhile, introducing annual evaluation system to employee' performance.
2. Establishing performance-related pay system. On average, employees' pay

should be composed of a base amount of 60% and an output-related amount of 40%.

3. Introducing ICT management measures, reorganizing business process by Management Information System.

In order to reduce the risk of change and evaluate the impact of these transformational measures, the company decided to choose the maintenance department as the first reform experimentation. The problems in this department were: 1) uneven distribution of workload led to too high working pressure for some workers and too low for the others; 2) seniority-based hierarchical system and over-staffed managers led to mismanaging, ignoring or sabotaging the intentions of superiors; 3) egalitarian, non-performance related wage distribution system and no evaluation arrangement led to inefficient operation and muddle along orientation.

Therefore, in line with the overall reform objectives for the whole company, the maintenance department developed the following change measures: 1) reengineering operation process, implementing flexible working hours and applying Management Information System; 2) making several leader positions available for competition according to everyone's working performance; 3) implementing performance-based pay system, aiming at increasing income by 30%.

This reform began in the early 2001. As fearing disclosure of change initiatives will trigger strong resistance, the plan of change was kept confidential within several leaders of the department. As late as 2002 when the first round of position-competition started, there took place sporadic trainings and explanations. The majority of employees was anxiety and had no idea at all regarding to where the reform would go. Especially the old workers and managers who started their career early in this company expressed strong opposition openly.

In the middle of reform, the CEO of the company was changed. The new leader had different opinions regarding to the change program. Gradually, the leader of the department and the CEO had conflicts. As the reform was related to salary distribution change, it needed cooperation from other departments. But cooperation within the company didn't go smoothly due to the political behaviors between leaders.

Civil aviation industry was separated from Air Force in 1980s. Although the running time is not so long, with the huge state support it is considered as one of the most stable industries. Workers in this industry have high satisfaction and a sense of superiority. They were used to old HR system, salary distribution system and business process. Especially these old workers who

started their career early in the company regarded themselves as “founder fathers”. New position-competition system was considered to threaten their existing authority and resources.

From the beginning of 2002 to the end of 2003, the reform lasted two years. As the performance-related pay system failed to achieve, there was widespread dissatisfaction among employees. At the end of 2003, the CEO had to cease the reform, with the consequence of having leader of the maintenance department replaced.

Source: He, Z. H. (2005)

This case represents the typical reasons for resistance to change in Chinese organizations:

Misunderstanding and lack of trust. People resist change when they do not understand its implications and perceive that it might cost them much more than they will gain. The leaders of the maintenance department did not clarify the change plan to employees until they began to implement it. The people affected had no idea at all how this change would unfold, and what was it for them. Even after the reform was official announced, the leaders only released essential information little by little, hoping to implement the plan little by little accordingly. The logic behind this tactic was that radical change has a great chance to trigger unrest, so it would be better to keep employees away from core information. But it worked out contrarily to the leaders’ wishes: as official explanation was not present, stories and rumors were spreading around. Even though the change aimed at increasing the income of grassroots employees by 30%, people still believed that they would lose out in the reform.

Fear for loss of personal interests. This is one of the most mentioned reasons that people resist organizational change. Senior workers started their career early in the company, especially those who devoted their whole life in the job tended to regard themselves as “founder fathers”. The change initiatives would be regarded as an invasion if they lead to redistribution of resources. Thus, the new position-competition system was considered to threaten their existing authority and resources.

Fear of the unknown. The unknown future can lead to psychological stress for employees, and then be a source for resistant actions. Some employees in this department did not hold completely negative attitudes toward change, but they had some doubts about the new regime. They worried about that they might turn out to be unable to develop the new skills and behaviors required for the new environment. Especially for those old workers, mastering new ICT tools was quite demanding, which implies much effort for further learning.

Political behaviors between leaders are obvious another crucial influencing factor. But as this thesis focuses on the resistance from ordinary employees, it will not be discussed this time.

The way leaders approached change unfortunately did not turn out to be a part of a clearly considered strategy.

Communication and education was conducted in a hesitant way. The first mistake was timing: it was too late. Being worried about the probability of unrest, leaders released concrete plan just before implementing, hoping that employees follow the instructions without questions—for they have no time to think and thus question it. But rumors were already floating about, destructing the precious trust guaranteeing the successful results. Another mistake was about the transparency. Communication aims at making employees understand the implications and logic of the change. But leaders in maintenance department kept core information confidential, only released them little by little according to the implementing process. Without transparency and trust, any communicating attempt is merely nothing than nugatory.

Training and support in this case was far from enough. The reform included both system and structure change of the department, which implied a lot of extra work of employees. However, corresponding training and support was not sufficient, only taking place sporadically. The employees had neither the knowledge about the objectives of training, nor the logic between training and reform plans.

The Merger of Statoil and Hydro's Oil and Gas Operations

Statoil is a Norwegian multinational oil and gas company headquartered in Stavanger, Norway. The government of Norway with more than two third shares is the largest shareholder in Statoil, while the rest is public stock. Norsk Hydro is a Norwegian aluminum and renewable energy company headquartered in Oslo. The government of Norway owns more than one third ownership interest in the company. In 2007, merged the former competitors Statoil and Hydro's oil and gas operations to a joint venture, which in the beginning was named StatoilHydro (the company later changed its name to Statoil).

Three main objectives were presented: The merger should enable a more proactive international growth; it should help to further develop activities on the Norwegian continental shelf; and it should contribute to development of new and alternative energy sources. To achieve these objectives, managements from both companies endeavored to ensure a tight and real integration based

on the best of both companies and by treating the two companies and the people in them as equals.

An important process initiative was to divide the integration into two phases: the first phase mainly affected land-based activities and course in 2007, while the second phase spanned longer time (2008-2009) and involved operating environments.

The first phase of integration was described as a model of cooperation because it was marked by excellent cooperation both between the different unions and between unions and management. Immediately after the merger between Statoil and Hydro was announced in December 2006, the trade union Industri & Energi Hydro initiated a seminar of all associations from both companies. The seminar was held over two days in January 2007. Costs were covered by Statoil and Hydro. All associations participated. They gave their support to the merger as a correct industrial decision. They agreed on what requirements should be set, and these were forwarded to management.

There are two things that are particularly remarkable. Firstly, all unions agreed to act as a joint interest group towards management. This was welcomed by the Board and management. The management did not have to negotiate solutions with each association in each company, which would be an alternative without such a gathering of the interests of the employees.

The second was the establishment of Labor Unions Forum that carries of their common interests in the integration process. They decided that each union should have one vote, not voting shares based on the number of members in each union, as the conventional way. All interests should be given the same opportunity to influence processes. The management decided to cover the forum's expenses to two consultants from LO.

In phase 1 the merger was very effective and achieved all the objectives on the time it were planed.

Phase 1 included the entire company except offshore production and onshore production. Nevertheless all unions participated in the implementation of Phase 1. Given the success of Phase 1, it was greatly expected that the same principles would apply to Phase 2 when the two companies' oil installations should be integrated, and that it should be carried out ending with the same great success. But it didn't go like that.

Both the degree of standardization, downsizing plans, training programs, and security levels were sources of disagreement, resistance, and eventually conflict. The conflict culminated in April 2008 when management presented

the new operating model as a consensually agreed document, some of which the unions said it was not. This had at least five clear consequences:

- The conflict led to that management and unions stopped corporation and instead began to negotiate rights – i.e. a less constructive relationship
- Some of the unions walked out in the media on their own, cooperation between trade unions was disintegrated and they were no longer functioning as a whole
- The conflicts were eventually resolved, but they delayed the introduction of the new operating model with six months to one year. (common operational model was implemented in July 2009)
- The downsizing that management suggested was negotiated down by half
- There was negotiation over training and downsizing course that was longer than management suggested

In Phase 2 conflicts went along several lines, both between unions and between management and the various unions.

Source: Colman, Falkum, Stensaker (2011)

In this case resistance predicament has more to do with different professional assessment of the situation. The difference in information that groups work with often leads to differences in analysis, which in turn can lead to resistance. Norwegian workers normally are well informed, and thus stand on a solid base to give useful input. In the second phase of merger, trade unions and management disagreed with issues of the degree of standardization, training programs, and security levels, etc. For example, the management believed that procedures for inspection, maintenance, production and so on should be as similar as possible on all platforms. In this way, the employees should be able to eventually work on the most platforms, and this would provide a greater flexibility. The staff felt that this was not possible because the differences between installations were too great.

Another reason for resistance concerns the interests of individual workers. Trade unions opposed the downsizing plan suggested by management. After negotiation, they managed to reduce the number to half.

Trade unions both in Statoil and Hydro played a critical role during merger process. Through trade unions, workers were organized, engaged in change at a significantly higher level by regular contact between management and employees.

Strategy adopted by management was clear: participation and involvement of employees. But it was implemented in an inconsistent manner. Managers can

choose a number of strategies to deal with resistance, often in very different combinations. But these strategies should be consistent and compatible intrinsically.

In the beginning, management adopted participation approach. With a participative change effort, the initiators listen to the people involved and use their advice. Mutual respect for each other's opinion and power is expected. But when management presented the new operating model unilaterally in April 2008, they violated this expectation. They claimed that this new model was a consensually agreed document, but the unions said it was not. When trade unions' opinions were not in the best interests of the management, the latter tried to adopt implicit coercion by announcing "consensus" which was actually their own ideas. Inconsistent usage of different strategies may create more resistance than if the managers have done nothing.

Chapter 6 Conclusions

This study focuses on the similarities and differences of resistance to change in China and Norway. The author address this topic by linking change management theories and practice to research on cultures and institutions in these two countries.

More than other countries, in China culture pervades. Traditional values and beliefs impact on people's mindset and behaviors, direct management-labor force relationship, and constrain the institutional design at the national level. Chinese culture has Confucianism as the core element, with a particular emphasis on the family. Behavioral codes and normative principles are based on these family-related values: respect for age and hierarchy, loyalty to family and groups you belong to, preferential treatments to in-groups, as well as face-consciousness. People are not encouraged to be different to others. Being consistent in group's perspective is expected. A strong sense of vertical order is established, leading to strict hierarchical system in both society and organizations.

The most significant characteristic of current China is "transition", from bureaucratic systems of state planning into a more market-oriented economic regime. A mix of administrative planned economy and market factors during this transitional period makes changes difficult. Managing change in China need to be special aware of the way people persisted in previous approaches and behaviors inherited from the command economic regime. Economical transition resulted in collapse of old structures, systems, rules, and principles. Welfare system in old days was abandoned, while the new one takes quite a long time to establish. The interim was a period of policy neglect, social chaos and misery. These features of transitional period have far-reaching impact on employees' attitude when they confront change.

Interaction between management and workforce manifests in various ways. The Chinese trade unions are perceived as big but impotent. They are questioned about their independent role representing workers, and accused of being nugatory in terms of "voice" and dispute resolution. Hence, it is more common to observe resistant behaviors or actions outside of trade unions. Management style in Chinese enterprises tends to be autocratic and entrepreneurial. It contributes to a flexible and responsive business model on the one hand, but leads to accustomed ignorance of employees' feelings and ideas on the other hand. Therefore, managers in China tend to underestimate the significance of employees' attitude and the resistance to change.

Traditional culture of Norway emphasizes on genuineness, straightforward, egalitarian, and democracy. Individualism and individual efforts are admired,

independent thinking is encouraged and personal opinions are respected. When managing in Norway, you need to prepare for honest and sometimes very critical feedback from employees. Equality orientation implies less hierarchical and more communication, while democracy commitment refers to an extensive participation of employees and a logic of consensus in decision-making process.

When it comes to the institutional design, the Norwegian Model is known for small wage differences and generous welfare systems. Compressed wage structure is a practical expression of the principle of egalitarianism. Extensive welfare system protects people against adverse situation in the birth lottery, moderates the impact of various incidents in life, and also the consequences of possible wrong decisions and weakness of will in their lifetime. This political-economic framework determines a cost-sharing mechanism for change, and support people to pursue new and better orders.

Corporate governance in Norway is characterized by cooperation of different parties and a consultative and inclusive management style. Organizations on the employers' side and on the employees' side, plus the government constitute the three main parties in cooperation in workplace. They interact and work together, co-decide common conditions for work environment, wages, and contribute to an effective conflict-revolving process. Management style is less hierarchical and more consultative, facilitating effective participation from various levels in enterprises.

All of these above provide a national, cultural and institutional context of understanding resistance to change in China and Norway. As two countries that are far away both in the sense of cultural differences and physical distance, China and Norway hold both similarities and differences when it comes to the phenomenon of resistance to organizational change. The departure point of this explorative research is that people in either country make decisions according to rational consideration, which is deeply shaped by special national context.

In China, change process is usually top-down, a tough leader is normal with centralized decision-making power; conflict is general resolved by intragroup mediation. Group pressure is used to ensure conformity of its members. In Norway, more bottom-up and inclusive approach is recommended when managing change. A tender leader is normal, facilitating comprehensive participation of employees and decentralization of decision-making power. Formal dispute settlement system is well prepared to deal with resistance as well as other problems during transformation process.

Concerning of losing personal interests, fear of the unknown, and inertia in old

ways of thinking and behaviors are the similar reasons for oppositions, even though they may manifest in different extent. In China, misunderstanding and lack of trust, and a concern of job security are more likely to occur as reasons to resistance. Misunderstanding is particularly obvious when change is dramatic but communication is poor. Concern of job security is related to the fairly imperfect welfare scheme. Grassroots employees need a job to maintain a dignified life. Group pressure as a source for resistance is unique for collectivism society which emphasizes group loyalty and conformity. Professional disagreement is more likely to be an opposing reason in Norway. Workers are well educated and informed, and are encouraged to give proactive input.

When employees decide to oppose change, they may express their opinions in different ways. All of the four forms of opposing behaviors have certain chance to arise in organizational changes both in China and Norway: apathy, passive resistance, active resistance and aggressive resistance, with the degree of intensity increasing from relatively mild to severe. But worker movement faces different national context, which determines the Chinese workers are more difficult to express their opinions or protect their rights than their contemporaries in Norway. In general, the former are usually random and sudden, without the help of trade unions; while the latter tend to be well organized, with the support of systematic institutions.

Choosing appropriate strategies to overcome resistance bases on the accurate diagnosis of underlying reasons and the form of resistance. Education and communication, facilitation and support, negotiation and agreement are basic approaches for any change effort, and are preconditions for adopting other specific tactics. In China, explicit or implicit coercion is more likely to be adopted by managers, given the prevailing high power distance and a tradition of autocratic and entrepreneurial business model. Manipulation and co-optation is suitable when access to key information is privileged and opinion leader exists in groups. Extensive participation and involvement of employees is a significant characteristic of Norwegian business model. However, core elements must be present to ensure a positive effect of this approach, that is, information of overall situation, knowledge of the work, power to make decisions and rewards related to business results.

With excellent economic growth China proved the effectiveness of its special model, that adopts decisive and aggressive strategies, flexible and autocratic leadership style and entrepreneurial decision-making model. The negative impact of this model is also obvious: individual opinions and interests receive insufficient respect. During change process, grassroots employees are rarely involved in planning stage and normally voiceless. Chinese managers should learn from the Norwegian model, taking employees' ideas seriously and

encouraging proactive input of them. Communication between management and workforce need to be institutionalized and social welfare and security need to be improved.

The Norwegian model emphasizes and promotes democracy in workplace and participation of employees in change process. In general, participation creates wholehearted commitment, not merely compliance. It is noted that this model is also time-consuming, and employees may design inappropriate change. Additionally, extensive involvement and participation can imply more voiced and better organized resistance, which in turn slow down the change process or block it totally. Therefore, in particular situation, Norwegian managers need to adopt adjusted strategies, like limit the scope of participation or make decision on his/ her own, to make the change immediately.

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