Variety of Capital?

Chinese Multinational
Corporations in Europe

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How do we approach the internationalisation of Chinese capital? With US company expansion came Americanisation and Fordism; with Japanese internationalisation, Japanisation and transplantation. So does the geographical shift of Chinese multinational companies (MNCs)—often under state ownership—bring with it Sinification? The recent work of Ching Kwan Lee (2017), on Chinese companies in Zambia may offer some pointers for comparison. Below we quickly outline Lee's theoretical approach, and then consider the empirical distinctiveness of Chinese MNCs in Europe, which we believe challenges the rather binary choices posed by

Lee's approach. In looking at Chinese MNCs in Europe, we see divergent national traits, and different local and global adaptations.

Binary Choices

Lee's excellent *The Specter of Global China* is notable for its case study material and the author's struggle to access, reveal, and interpret data gathered over many years of painstaking empirical work. However, the book is not exceptional theoretically. Lee articulates what she calls a 'varieties of capital',

not capitalism, approach to distance her work from comparative institutionalists, who see capitalism as divergent due to its embedding in national institutions that integrate both capital and labour in nationally diverse, but archetypal, ways (Hall and Soskice 2001). This latter approach operates at the national level, whereas Lee builds from the ground up, stressing the importance of contexts where work and workers' struggles are embedded. But she is also concerned with the national, as her focus is the legacies of state capitalism in China and its internationalisation. This approach starts within theory and uses the empirical theoretically. However, her theorising assembles sharp binary comparisons between Chinese state capital and all other forms of capital, empirically expressed through two sectors: mining and construction in Zambia.

Chinese capital, like all capital, exists in what she sees as 'three moments': accumulation, production, and ethos (echoing Weber's cultural 'spirit of capitalism'). But, Lee suggests that in all three moments there are but two pathways: for accumulation, either 'profit maximisation' (global private capital) or 'profit optimisation' (Chinese state capital); for production, regimes that control to extract 'maximum surplus value' (non-Chinese production) or for 'stability and flexibility' (Chinese state capital), i.e. giving something to workers, and not simply controlling and exploiting them; and with ethos there is also the binary choice between a Chinese 'collective asceticism' (or 'eating bitterness') and a Western (or non-Chinese) 'ethos of individualistic careerism' (Lee 2017, 11–13). Lee's robust comparative approach leaves little room for diversity and complexity, as there are only sharp binary choices in all three moments.

Through the empirical chapters, contrasts are made between MNC investments from different nations, and private and state capital, and the different pressures they bring into the workplace. Investment, for example, is compared between long-term (slow profits and technical development) versus short-term (finance and profit-taking). Labour is divided

between casual employment contracts and regular ones, and labour organisation in Zambia is analysed in the past and today—as recalled by older and younger workers. Further, Lee contrasts Chinese capital in the two sectors: in construction, where it fits within the casualised labour model dominant in the sector; and in mining, where Chinese managers behave differently from their counterparts in other mining MNCs—working longer hours, living in more basic dormitory accommodation, having deferred methods of payment, and interacting more informally with employees. This makes Chinese managers altogether different from expatriate managers from the US, UK, and South African MNCs. The 'spirit' of Chinese capital in mining is heavily conditioned by privatisation reforms in China, with its intense competition for work and what is referred to as the sacrifice managers make by hard work and private deprivations ('eating bitterness')—considered a normal part of being a manager.

The European Case

Lee's work shows the mutual conditioning between the home country and host country practices, but we also need to understand the global neoliberal conditions that allow for Chinese expansion, and this takes us away from a simple interaction between states and state-linked entities. Capital is institutionalised, but not simply through national rules, as uneven development and competition for dominance between capitalist powers means there are 'dominance effects' alongside system and society effects (Smith and Meiksins 1995).

The international expansion of Chinese MNCs into Europe symbolises a substantial reconfiguration of the global economic and political order (Hanemann and Huotari 2018). Access to strategic assets in order to 'catch-up' and potentially 'overtake' MNCs from the more advanced economies is arguably the main driver for increasing merger and acquisition (M&A) activities of Chinese MNCs in Europe

(Ramamurti and Hillemann 2018). With a focus on building technological expertise and managerial know-how through M&As, some Chinese MNCs run a tiered employment system in their European subsidiaries: filling the top managerial positions with professionals sourced in the host countries while sending an extensive number of home-sourced employees to work in key functions, such as the R&D department (Zheng and Smith 2018). The scale of the home-sourced workforce varies across host countries, industrial sectors, and firm sizes.

Treating the case of Chinese MNCs as a new international player emerging from a labour-rich country, the source of heterogeneity (or uniqueness) is often traced back to the 'national model' of labour management, promoted by big firms and backed-up by an emerging powerful state (Tungli and Peiperl 2009; Megbowon et al. 2019). In line with this nationality discourse, some argue that Chinese MNCs are at a developmental stage and hence learning from, and evolving towards, MNCs from the more developed world (Shen and Edwards 2004). The tiered employment system is developed to facilitate a distinctive pattern of knowledge diffusion, in which the home-sourced workforce acts as agents of knowledge transfer between the acquired subsidiaries and the parent firms (Zhang and Edwards 2007). China's transitional institutional environment and its lack of a representative national model of international staffing have encouraged an approach in subsidiary management where trust relations are personal, not bureaucratic and standardised (Cooke, Saini, and Wang 2014). The preference for using 'professional' managers and 'trusted' employees mirrors the need for continuous and incremental adjustment to a dynamic external environment, seen by some as unique to the Chinese MNCs as well (Liu and Woywode 2013).

The strengths of this nationality discourse, also evident in Lee, lies in highlighting the distinctiveness in the patterns of employment relations and in tracing the national social institutions that enable or embrace these

patterns. The 'home country' serves as an underlining reference point to explain the employment policies adopted by MNCs. These studies are insightful in terms of unpacking the 'Chineseness' embodied in the patterns of employment relations. However, it seems we rarely raise the question of what the distinctiveness of the newcomers' approach means to 'the rules of the game' played by multinationals, which to a large extent reflects 'a predominantly Anglo-American approach to theorising the MNCs' (Mathews 2006). The empirical significance of the tiered employment system points us towards rethinking the dominant paradigm on the comparative studies. In particular, we need to consider roles played by Chinese MNCs as agents of capital, which takes commodification of labour beyond the national stage and into an increasingly integrated global labour market. It might well be time to move away from probing the national origins or Chinese character of expansion, and reframe employment relations in Chinese MNCs in the context of the international political economy of capital relocation and cross-border work deployment.

Concluding Remarks

On a positive note Lee's work brought out the more micro-level elements of internationalisation, especially exploring the contests between local workers and international employers. More problematic are the binary contrasts between different cultures of capital, stressing the tendency for national or home-country practices to frame management-worker interactions, with a concomitant understatement of the emergence of general practices, such as precarious forms of employment and the use of migrant labour at all levels within the international firm, and the sense in which systemic elements of capitalism—not different capitals—continues as the common language of work, whatever the context.

The tiered employment system observed in our studies of the Chinese MNCs in Europe signifies the fact that transnational labour deployment is driven by the increasing international mobility of capital against the backdrop of more relaxed regulatory institutions. The tiered employment system underpins more transaction-based employment relations formed between MNCs and a wider group of international migrants, professionals, and workers, which have become more visible in MNCs. We suggest that it is not simply a national characteristic that Chinese MNCs source local professionals to manage and train the workforce from the home country. Rather, it shows the increased ability of capital to access and mobilise an international migrant workforce, which is rooted in a global trend of informalisation of international employment relations and segmentation of international workforces.

It is also worth noting that the tiered employment system observed in our studies of the Chinese MNCs in Europe is emblematic of the complexity and diversity of reorganising work in a new space—echoing the way that Lee’s work highlights the fact that Chinese MNCs are political actors and able to challenge the reality imposed upon them by other institutional actors, such as government officials and rival MNCs from the more advanced economies. The power of these actors is uneven, and therefore employment outcomes vary. This contested terrain of international employment relations gives rise to variance in (and will continue to shape) the use of international migrant workforce among the Chinese MNCs in Europe. ■

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