The Role of Reflexivity - managers utilisation of foreignness

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Mathias Ora Sti
Sebastian Hallenius
Supervisor: Stefan Arora-Jonsson
Abstract

Previous research concludes that multinational enterprises can gain operational space in foreign institutions by utilising their foreignness. This conclusion is made with an assumption that subunits act with intentionality and insight in their response to institutional demands. To investigate this assumption, we research whether individual MNE managers are reflexive and if they utilise their foreignness deliberately. It was explored by managers individual practical work and social skill, by qualitative interviews with five Swedish MNE managers in the host market Dubai. The analysis revealed that managers are reflexive and form answers to institutional demands in terms of deviation, conformity and mutual adaptation. Mutual adaptation has not been emphasised in previous literature, which makes us conclude that managers utilisation of foreignness is not as superficial as previous research suggest. Finally, our thesis contributes to organisational institutionalism and international business research, by investigating managers practical perspective in the host market Dubai, United Arab Emirates.

Keywords: Institutions, Foreignness, Reflexivity, Managers, Multinational Enterprises
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1 Introduction

Social behaviour has for long been a subject that international business research investigates (Hotho and Pedersen, 2012). How people think and act provides a society with cognitive and normative rules, which emerge when ideas are commonly shared (Jansson et al., 2007). Multinational enterprises (MNEs) operate in multiple countries where different cognitive and normative rules are at play (Kostova and Roth, 2002). These rules guide societal behaviours and form institutions that creates challenges for MNEs, in the transfer of organisational behaviours, practices and in the building and maintaining of relationships with host market actors. Mainly, due to differences in institutional settings between home and host environments (Kostova and Roth, 2002; Kostova, 1999).

Institutions create a complex environment with contrasting demands that cannot be answered with a single response, because responses that satisfy one demand might defy other demands, as these are many and conflicting (Pache and Santos, 2010). International business research about institutions has focused on how pressures in foreign environments force MNEs to conform local informal rules (Zucker, 1983). Recent studies have shifted its focus, from this initial point of organisational behaviours, practices and relations, to the role of individual actors in the interaction with institutions (Streeck and Thelen, 2009; DiMaggio, 1988). It is evident that individual actors not solely tend to remain passive receivers of institutions, but also forms strategic responses to institutions (Greenwood and Suddaby, 2006; Maguire et al., 2004).

Regnér and Edman (2014) concludes that MNEs are able to utilise their foreignness in foreign institutional environments. They argue that local actors tend to not expect foreign firms to behave in accordance with the local cognitive and normative institutions, which reduce the pressures on MNEs to conform. This implies that MNEs are able to form strategic responses to foreign institutions, responses that facilitate them to deviate from certain cognitive and normative rules. Regnér and Edman’s (2014) research, partly from the Japanese banking industry,
showed that foreign actors were able to deviate from institutional norms, without instant sanctions. This was enabled by reflexivity, i.e. an actors awareness of constraints and opportunities created by the local institutions.

Even though, Regnér and Edman (2014) opened up an alternative lens to the field of institutional research, the paper still has limitations. First of all, because their research was conducted in environments with substantial absence of cultural diversity. Secondly, they assume that MNEs are acting with intentionality and insights in their responses to institutional demands. This means that these firms possess awareness in their actions and responses to local institutions, which makes it an issue of reflexivity. It is therefore of interest to examine whether managers are reflexive in a market characterised by cultural diversity. We will thereby investigate this by question whether MNE managers are reflexive in host country environments, and if MNE managers utilise their foreignness deliberately?

1.1 Contributions and Structure

This thesis contributes to both organisational institutionalism and international business research. Mainly because most studies of organisational institutionalism cover organisations response to institutions, meanwhile this thesis focus on individuals within these organisations. These research questions were examined by primary data gathered through qualitative interviews with Swedish MNE managers in Dubai, United Arab Emirates. The qualitative research enabled us to understand whether their decisions and strategic response were made with reflexivity, and how it affected their firm’s position in regard to the institutional environment.

The remainder of this thesis is structured as follows. First of all, a theoretical section that discusses institutions and the view of how foreignness and reflexivity are concerned within the literature. Methodological considerations follows, including justifications, limitations and criticism. The empirical section provide findings, concerning how the respondents dealt with their foreignness in their everyday life. Furthermore, the empirical findings are contrasted to the theoretical framework in an analysis. Finally, we conclude how these findings contribute to organisational institutionalism and international business research.
2 Theory

The theory section concerns discussions of three main subjects that we find necessary in the investigation of managers’ reflexivity and utilisation of foreignness. An introduction to institutions is firstly given, as these constitute the framework of different demands that managers encounter. Foreignness stems from these different demands and the various institutional environments, which for long has been considered as a constraint and liability. A collective group of researchers including, Forsgren (2013); Holmes et al. (2013); Scott (1987) and Hymer (1976) has, therefore, emphasised the need for conformity to meet pressures stemming from local institutions. In contrast to this collective call, recent studies claim that foreignness implies less institutional pressure (Regnér and Edman, 2014; Yildiz and Fey, 2012 and Kostova and Zaheer, 1999). However, both these two perspectives might be explicitly or implicitly linked to the idea of reflexivity, i.e. an individual’s awareness of constraints and opportunities created by local cognitive and normative institutions in a host country environment (Suddaby et al., 2016; Regnér and Edman, 2014; Archer, 2007). This is a question about whether managers are aware of their institutional environment and if it enables them to utilise their foreignness.

2.1 Institutions

Institutions are formal, i.e. laws and regulations, and informal, i.e. norms and cultures. These two types of institutions are interlinked, norms form around formal rules, and informal institutions sometimes become formalised into law. The informal institutions consist of cognitive and normative aspects. Cognitive and normative institutions can be seen as rules within a society that are widely accepted by the society members. They are informal and socially constructed, which means that members of the society agree upon certain behaviours (Schutz, 1967). These institutions create a widely accepted social order, which is passed on from generation to generation within the concerned society.

The cognitive aspect of institutions consists of how people think and why people think similarly (Douglas, 1986). It reflects a common belief system of routines,
which are used by people within a society to understand problems (Ionascu et al., 2004). Belief systems also influence the members to interpret certain phenomenon alike, as the members pass their thinking patterns to each other (Jansson et al., 2007). It creates a homogenous culture among its members that make them behave in similar ways as they develop a shared “mental program” (Hofstede, 2003). One example could be a society’s members conception of relationships, e.g. in Dubai, United Arab Emirates, individuals tend to share private matters, even in business contexts.

The normative aspect provides informal implicit rules, i.e. it consists of members’ values and norms (Scott, 2001). These rules set guidelines for a society's members that state how one should act and what a member of the system should do (Jansson et al., 2007). Actions are assessed by the society’s expectations of acceptable behaviour (Heide and John, 1992), expectations that members of the society should conform (Jansson et al., 2007), or risk being punished for.

The contrast in institutional environments is thereby important to consider when firms operate in new markets. Research within international business has mainly concerned how differences in institutional settings create constraints for MNEs (Zhou and Guillén, 2015). Differences between cognitive and normative rules in home and host markets tend to increase foreignness, which subsequently can obstruct managers daily operations. However, this simplistic view does not provide the entire reality, but can rather be regarded as naive.

2.2 Foreignness

2.2.1 Different voices about foreignness

Edman (2009) argues that foreignness is defined in various ways, including for instance distance from the home market, location or number of local employees. It is therefore of difficult nature to explicitly categorise this concept, since it tends to grasp both subjective and objective meaning. On one hand, it is defined in the eyes of the beholder, on the other hand, solely on organisational traits and history
Foreignness is a recurring concept and researchers have historically shed light on the difficulties MNEs encounter when operating overseas (Forsgren, 2013; Hymer, 1976). These difficulties arise when there are great differences between the foreign and domestic market, as it proves challenging to gain necessary insights (Zhou and Guillén, 2015). The collective response has evidently been the need for local adaptation, thus "do in Rome as the Romans do" (Forsgren, 2013, p.139). Consequently, foreignness has to a great extent been related to predetermined notions and ideas about local embeddedness and constraints. These difficulties stem from an unfamiliarity about the particular institutions and its social, cultural and political differences (Zaheer, 1995). Firms generally possess more insight regarding business opportunities and constraints in their immediate surroundings, i.e. within the domestic market. In order to overcome the liabilities stemming from foreignness, Zhou and Guillén (2015) and Caves (1982) stress that MNEs are required to provide specific resources, in terms of organisational or managerial capabilities. The ability to rapidly obtain local insight is therefore of importance in order to reduce the degree of foreignness (Carlsson et al., 2005).

The general theoretical foundation has historically considered foreignness as a liability and constraint for MNEs (Eden and Miller, 2004; Roth and Kostova, 2003; Scott, 1987). More recent studies, however, stress that the effects of foreignness on MNEs might have various implications, depending on the particular institution (Regnér and Edman, 2014; Insch and Miller, 2005). As an example, Kostova and Zaheer (1999) claim that MNEs potentially can benefit from their position as a foreigner, partly when social, political or economic disorders are present in the host country. In addition, when actors in the local institutions possess a sense of inferiority, MNEs exposure to various institutions, in comparison to local actors, enables them to exploit different opportunities to engage in strategic responses (Regnér and Edman, 2014; Kostova and Zaheer, 1999). This implies that MNEs tend to face lower pressure to conform to local rules, which provide them with an advantage over local actors (Yildiz and Fey, 2012). It is therefore interesting how

(Edman, 2009). This implies that foreignness occasionally provide conflicting notions regarding its effects.
this paradox contrasts the liability concerns, which offers additional dimensions of the phenomena.

2.2.2 Managers utilisation of foreignness

A critical notion has for long been present regarding the possibilities of utilising foreignness. Even though, Regnér and Edman’s (2014) findings show that MNEs can exploit foreignness. They do not reject the claim about foreignness as a constraint, in accordance with previous studies (e.g. Insch and Miller, 2005; Scott, 1987; Hymer, 1976). However, we argue that this view have to be nuanced as foreignness constant is coupled with constraints. In particular, since empirical evidence has demonstrated to what extent actors are able to influence and utilise their operational space in foreign institutions (Szabó, 2017). Moreover, it emphasises the ability to exploit existing resources in the institutional environment in order to manage and execute activities to outperform local actors. This has also met criticism from different angles, including Regnér and Edman (2014) regarding the capacity of influencing foreign institutions, but also managers awareness and ability to utilise their foreignness. Additionally, by clarifying that foreign actors do not necessarily have authority in the institutional settings (Regnér and Edman, 2014).

Studies on institutions suggest how they critically influence performance and strategy execution (Holmes et al., 2013; Peng et al., 2008). To illustrate the underlying mechanisms, foreign actors that are engaged in institutions do not usually have the ability to exploit local routines, practices and norms due to a reduced institutional access (Regnér and Edman, 2014). Consequently, these types of constraints affect all organisations even though MNEs might have advantageous in their way of responding to them. Regnér and Edman’s (2014) research in the Japanese banking industry partly showed how foreign actors deviates from institutional norms, and how it rather have strengthened and facilitated their business. It was enabled by unconventional services, despite violations of the normative guidelines. In contrast to the request of conformity, this illustrates an ability to utilise foreignness through strategic actions.
The recurring explanations that are proclaimed regarding utilisation of foreignness is the fact that foreign actors tend to encounter less institutional pressures (Yildiz and Fey, 2012). But what does this statement actually mean? And how does it impact their strategic response? Edman’s (2016) findings show how this enables managers to act without strictly considering local norms and rules. More specifically, it constitutes reduced expectations from both consumers and other actors, which means that their actions occasionally tend to be neglected because of their foreignness. This implies that managers operate in some kind of obscurity, which provides them with more operational space. However, Millar and Choi (2008) argue that this requires managers to possess insight and awareness within the local institution, in order to exploit their foreignness in such ways. Moreover, a combination of local and foreign managers might enable these insights. Understanding of social rules and norms can be seen as prerequisites to enable usage of the position that actors are situated in. The ability to engage in strategic responses therefore depends on whether managers are reflexive about the institutional setting. Reflexivity provides insights into constraints and opportunities, but is hard to obtain, since individuals unquestionably tend to accept the social structure.

2.3 Reflexivity

2.3.1 Different voices about reflexivity

Reflexivity is a critical subject in the social science field, which means that individuals can become periodically self-aware. Self-aware in the meaning of gaining insights into constraints that are forced upon them by social structures, or institutions, in the society that they are operating (Suddaby et al., 2016).

There are several definitions of reflexivity, Archer (2007) refer to it as an individuals’ ability to reflect upon oneself and one’s own social circumstances. Suddaby et al. (2016, p.5) define reflexivity as ”individuals’ general awareness of constraints and opportunities created by norms, values, beliefs and expectations of the social structure that surrounds them”. Meanwhile, Regnér and Edman (2014, p.285-286) define reflexivity as the ”ability to see beyond local norms, cognitions and regulatory conditions of their surrounding host country environments”. There
are some similarities in these definitions, because all three definitions speak of the individual and how the individual reflect or become aware of certain social circumstances. Archer’s (2007) definition include all social circumstances that an individual is surrounded by, meanwhile Regnér and Edman (2014), and Suddaby et al. (2016) define these social circumstances to specific parts of institutions. As our intention is to investigate individual managers awareness of normative and cognitive institutions, we define reflexivity as "an individual’s awareness of constraints and opportunities created by local cognitive and normative institutions".

2.3.2 Managers’ reflexivity

Research suggests that some individuals are more aware of the social structures than others (Fligstein, 1997). This awareness is defined as the notion that certain individuals have a highly developed cognitive capacity to understand people and environments. Fligstein (1997) suggests that individuals with social skill are more likely to have a larger conception of their social structure. Individuals with high social skill are able to understand social constructions and make calculated responses by understanding the most desirable outcomes (Fligstein, 1997). These actors have specialised knowledge about the social and organisational field that they are embedded. The special knowledge consists of two factors: 1) the social and organisational field’s current conditions, and 2) what type of strategic actions that are suitable to the current social and organisational field condition (Suddaby et al., 2016).

The awareness of current conditions of the social and organisational field can be related to reflexivity and institutions. The described social structure is similar to cognitive and normative institutions, and the individual’s knowledge to understand social and organisational field conditions is essentially reflexivity. Suddaby et al. (2016) argue that social skill, therefore, is a critical, but yet an unexplored part of reflexivity. Awareness of ”the rules of the game” (North, 1991, p.3), i.e. the accepted behaviour in a social field is a key skill to understand the cognitive and normative institutions, and thereby if and how foreignness can be utilised.
According to Fligstein (1997), social skill also includes an individual’s awareness of what social position he or she has. Actors with a higher social position have access to more resources, such as social capital and networks. This is in line with Regnér and Edman’s (2014) explanation of how MNEs can form strategic responses to foreign institutions. MNEs are able to form strategic actions in relation to institutions due to their availability of resources, in terms of human capital, knowledge of institutional settings in different societies and a vast network of contacts (Regnér and Edman, 2014). It means that an actor with a high degree of resources tends to be more capable of overcoming constraints in the institutional environment (Battilana, 2006). This makes us question how social skill is affected by an actor’s history of previous relevant experience in foreign institutional environments. Actors with relevant experience in foreign institutions might be enabled to identify differences in the environments, and thereby achieve reflexive abilities. This is in line with Regnér and Edman’s (2014) conclusion of how MNEs, as organisations, have knowledge of institutional settings in different societies due to their operations at several locations.

2.3.3 Managers’ object of intentionality

Fligstein (1997) concludes that individuals with insights into the social structure are able to form strategic actions to the current organisational conditions. Suddaby et al. (2016) use Fligstein’s (1997) theory in their research about reflexivity and concludes that actors with social skill often also are reflexive. Social skill is thereby an interesting initial point in the exploration of Regnér and Edman’s (2014) assumption that MNE subunits are acting with intentionality and insight in host country markets. This seems less explicit when adapting the assumption on an individual manager level.

In contrast to the claims from Suddaby et al. (2016) and Fligstein (1997) about managers social skill and reflexivity, Smets et al. (2015, p.15) argue that actors make decisions upon the spirit "to get things done" in the "here and now". This should also be taken into consideration when studying individual actors’ management of institutional demands. Smets and Jarzabkowski (2013) argue that human agency is not activated solely by encounters with conflicting institutions, mainly because this
argument presumes that organisations have finished answers to institutional demands. Instead, Smets and Jarzabkowski (2013) suggest that actors use practical experimentation in their everyday work as answers to institutions. The result of the experimentation is not pushed by agency, instead, the authors claim that it is a result of organisations trying to solve problems, on an everyday basis. This means that most individuals in these organisations are practical workers who try to resolve issues in their everyday work life (Smets and Jarzabkowski, 2013). Smets et al. (2015) claim that these actors do not lack intention, as they try to realise practical work, but research should instead revise actors’ object of intentionality. It could give explanations of the original motivation for actors who try to find responses to institutional demands.

2.4 Theoretical Synthesis

In this theory section, we have discussed different parts that we find crucial in order to progress in our investigation of MNE managers’ reflexivity and utilisation of foreignness. Based on this, institutions provide an explanation of the different demands that managers encounter. Foreignness stem from these different demands and research has mainly seen it as a constraint and liability. Without local embeddedness, foreign actors may encounter difficulties to gain institutional access, which makes them unable to exploit routines and practices inherent in the local institutional settings. Regnér and Edman’s (2014) findings show that foreignness can lead to competitive advantages, compared to local actors. However, this is established by the assumption that subsidiaries act with intentionality and awareness. Does this actually provide the entire explanation of how managers can utilise their foreignness?

Smets et al. (2015) recent study, contends that actors are practical worker, with practical intents. They make decisions upon the spirit ”to get things done” in the ”here and now” (Smets et al., 2015, p.15). The question ”what are actors’ object of intentionality” is therefore of importance to understand, as managers might just try to resolve issues in their everyday work life (Smets and Jarzabkowski, 2013). Managers solutions to everyday problems make us question how intentional the decisions really are. These decisions might give the impression of managers
reflexivity, but they might as well be unintentional. Even though, it is evident that reflexivity benefits managers and their organisations to understand the social conditions that they are surrounded by. It is not clear whether pragmatism also can provide answers to managers’ ability to utilise foreignness, which made us question how deliberate these actions are.

With these considerations in mind, we investigate whether managers are reflexive, and utilise their foreignness deliberately. Social skill is important, as it is intertwined with reflexivity and demystifies the ambiguous concept of reflexivity. Moreover, we have put forth questions of how experience might affect actors social skill, and how pragmatism is prevalent in managers everyday life. It seems likely that previous experience and pragmatism could influence managers answers to institutions. Figure 1 illustrates the relation between reflexivity, manager’s answers to institutional demands and how this results in utilisation of foreignness. Our theoretical discussion suggest that conformity and deviation are the two answers to institutional demands. In addition, we have chosen to include experience and pragmatism as two hypothetical parts that will we examined in managers formation of reflexivity.

Figure 1. Theoretical synthesis
We find social position as another important part of Fligstein’s (1997) theory, as these actors have resources available that can be used in the answers to institutional pressures. Swedish managers within MNEs were thereby chosen as respondents to ensure that they had a vast amount of resources to exploit in their answers to institutional pressures. It has enabled the investigation to focus on actors’ object of intentionality and insights into the social structure.
3 Methodology

It is complicated to conduct institutional investigations, but even to present them in comprehensible and objective terms. In particular, when it concerns investigations of Swedish managers’ reflexivity within foreign institutions. Schneiberg and Clemens (2006, p.217) acknowledge this difficulty, ”just as children are born into a world of already socialised adults, similarly, organisations are established in societies that are institutionalised”. This illustrates how difficult it is to separate individual action from the actual institution. Moreover, to investigate this, since it tends to be in symbiosis. Despite, a vast number of studies have tried to enable this, by capturing the major strategic actions on a macro level. Smets and Jarzabkowski (2013, p.4) though, employed a different approach in their attempt to capture the ”macro-worlds” of institutions and the actors within the ”micro-worlds”. By adopting a practised-based approach in order to acquire more of the individual actor’s everyday activities. This is aligned with the shifting focus that has been current over the past decades, regarding the role of actors themselves, rather than institutional structure and practice (Streeck and Thelen, 2009). In line with Smets and Jarzabkowski (2013), we have adopted a similar approach, in our endeavour to grasp the Swedish managers’ nature of work, the activities it involves, and the behaviour that comes with it.

3.1 Research approach

Our intention, to investigate the role of reflexivity in foreign institutional settings, underlies the careful considerations that have been made regarding the research approach. Several researchers including Creswell (1994) and Saunders et al. (2009) stress the importance of deliberately consider this issue due to its impact on the entire study. It is evident that qualitative research tend to put emphasis on words, patterns and relations rather than solely quantification. Even though, this segregation may be hard to stipulate according to Bryman and Bell (2015), this approach provided thorough opportunities aligned with this thesis. First of all, because it offered close contact to the respondents, which provided possibilities to gain in-depth insights into managers daily work in foreign institutions. In that sense, it was of importance to obtain these insights through human experience, as this study
is built upon whether managers are reflexive and subsequently utilises their foreignness. Secondly, it also fostered an interpretative approach, which has been valuable in order to transform each respondents’ understanding and experience into a narrative (Bryman and Bell, 2015).

An interpretative approach is, however, also related to some deficiencies (Saunders et al., 2009). The associated criticism mainly concerns the fact that it is built upon subjective meaning rather than objectivity. This is evident since the researcher are allowed to be influential throughout the process, which potentially can imply deformity in the provided result due to misunderstandings and misinterpretations. It also possesses limitations in terms of the possibilities of generalisability into a different context (Bryman and Bell, 2015). The implications stemming from this might affect the methodological credibility, which in turn affect the entire credibility of the thesis. Therefore, we felt required to be conscious of our personal influence in every single moment in order to retain credible and provide transparency in each decision.

One way to manage these issues is, according to Babbie (2013), to provide thick descriptions of the observable phenomenon. This means a continuous strive to provide as deep understanding as possible through frequent and explicit descriptions. Hence, it is certainly important to embrace characteristics within the reality where the respondents are present (Babbie, 2013). In this case, it concerned to exemplify the cognitive and normative behaviours that where intrinsic in the institutional setting of Dubai. Our intention was therefore to approach the Swedish managers both in their professional and personal life, to grasp whether they were reflexivity in the institutional setting.

3.2 Data collection

3.2.1 Qualitative interviews

A proven and widely used method for qualitative data gathering is the research interview (Qu and Dumay, 2011). Alongside, several careful considerations have taken place, including the structure, choice of respondents, number of interviews and
how to conduct an analysis of the data. Conducting research interviews is, therefore, to be considered as everything else than trivial and simple. In particular, since the choice of method to great extent affect the probability of answering the research questions (Bryman and Bell, 2015). This makes it a crucial part that permeates the entire study, which requires thoroughness and determination during the process.

Given the intention to investigate managers reflexivity in foreign institutions, the data gathering process has been conducted in the host market Dubai, United Arab Emirates. The reasons are first of all because it is desirable to be present, in order to obtain insights regarding social and cultural norms within the institution. Secondly, conducting this in a foreign institution, to a greater extent also prevents personal biases from being present in the accumulation of data. In turn, this also offers nuanced interpretations due to our unfamiliarity about the concerned institution. However, Gioia et al. (2012, p.19) claim that "all good qualitative research" consist of multiple data sources. We have employed this thoroughly, partly by being present in Dubai, which enabled us to observe and familiarise with the local institution. Besides that, we have taken history and information into account about the respective MNE. Finally, the heart of the data collection, which is the qualitative interview.

The qualitative interview method embodies more of an interactive approach between the respondent and the interviewer, which creates a conversational stream rather than solely a hearing (Babbie, 2013). This is consistent with an interpretative approach, thus appropriate with the intention of this study. Even though this approach requires various skills including deliberate planning, intensive listening and rigour preparation in line with Qu and Dumay (2011), it offered us a methodological autonomy that has been of value. Mainly because questions do not have to be asked with particular words or in a strict predetermined order, which offers liberty for both the respondents and the interviewer. In addition, it also creates possibilities to go beyond and replicate issues that might not have been expected initially through follow-up questions. As long as you are aware of what topics that are supposed to be covered, this method could engage respondents in deep reasoning, which in turn enables thick descriptions (Bryman and Bell, 2015).
The fundamental advantage that we obtained from using this method was the ability to reduce the sense of authority that easily comes to mind in these interview situations (Babbie, 2013). The general challenges remained however, due to respondents tendencies of being distorted and reserved in their explanations. Despite our initial clarifications regarding personal and corporate anonymity, data confidentiality and respondent validation, a sense of caution occasionally appeared. This became certainly apparent as the recorder was switched on. These effects altogether provide limitations that are necessary to be aware of. To instil confidence and calmness in the respondents was, therefore, of importance in order to maintain pace in the conversation but also gain accurate and thorough reviews.

3.3 Choice of location

3.3.1 United Arab Emirates

The entire data collection took place in Dubai, United Arab Emirates. In recent years, this location has turn out to be the fast-moving metropolitan hub in the Middle East. Characterised by rapid changes and a vast immigration of expatriates from all over the world, which contributes to a vibrant cauldron of culture, business and tension. Therefore, it is evident that the tension, that stems from the diverse institution create unique challenges as well as invaluable opportunities. In contrast to Regnér and Edman (2014), who partly studied a land that embodies homogenisation, compliance through formality and a history of limited immigration. This in turn certainly creates distinct institutions of less influence. Consequently, an investigation of managers reflexivity within the institutional environment of Dubai, could potentially offer additional insights. Schneiberg and Clemens (2006) also claim that institutional interactions are more visible during change. Hence, it was of relevance to interview Swedish managers in Dubai, since this institution, to great extent, is constituted by change.
3.4 Organisations and respondents

3.4.1 Multinational enterprises and Swedish managers

The choice of organisations has been of secondary relevance in the strive to conduct this study. There have not been certain attempts to reach specific organisations, but rather stipulated requirements concerning multinationality, thus boundary-spanning firms. MNEs have resources in order to answer institutional pressures (Regnér and Edman, 2014), which is in line with Fligstein’s (1997) theory of social position. We assume that all managers are able to form answers to institutional pressures by utilising their firms’ resources. MNEs are also fascinating due to their ability to operate in various markets thereby cope with distinguished circumstances. At an individual level, it was of importance that managers had the prerequisite to form strategic decisions to handle institutional pressures. MNE managers social position enables the investigation to focus on their own institutional reflexivity and foreignness.

The Swedish Business Council in Dubai enabled us access to the respondents in order to arrange personal meetings and interviews. The choice of respondents was limited to Swedish managers that are operating within the foreign institutional environment. Individual managers have been chosen, as they are the ones who have to deal with the local business norms and customs. An organisation by itself is unable to be reflexive, it is rather the individuals within the organisation that builds answers and strategic responses to institutional demands. The individual respondents have been of primary relevance. However, it is likely that the period of which the respondents have been operating abroad affect their insight, experience, and not least their social skill. How long they have had managerial responsibilities might also affect the results. The endeavour has therefore been to acquire respondents with different background, age, gender and managerial responsibilities, as long as they shared the common denominator of being Swedish managers within MNEs.

Five managers have been part of the data collection. The focus has been to conduct a few thorough and intimately interviews rather than a larger number of shallow ones. In order to approach the respondents and capture their perceptions
through detailed reviews. Despite, it is evident that the number of respondents will not provide a complete illustration, nor enable generalisability. Although, their accumulated experience offers an enough sufficient, nuanced and appropriate view to understand whether managers are reflexive and utilise their foreignness in daily operations. Table 1 provides information about each respondents’ foreign experience, area of responsibility and its organisation. Furthermore, it contains clarifications regarding the length of the interviews and when the respondent validation was completed.

Table 1. Interview information

<table>
<thead>
<tr>
<th>Respondents</th>
<th>Foreign Experience in Dubai</th>
<th>Role and Organisation</th>
<th>Date and Time</th>
<th>Validation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Respondent U</td>
<td>More than 3 years</td>
<td>General Manager, Hotel</td>
<td>18/03/18 90 min</td>
<td>14/05/18</td>
</tr>
<tr>
<td>Respondent V</td>
<td>Less than 3 years</td>
<td>Vice President, Engineering and Manufacturing</td>
<td>18/03/18 90 min</td>
<td>08/05/18</td>
</tr>
<tr>
<td>Respondent W</td>
<td>Less than 2 years</td>
<td>Manager Business Control, Engineering and Manufacturing</td>
<td>18/03/18 90 min</td>
<td>30/04/18</td>
</tr>
<tr>
<td>Respondent X</td>
<td>More than 6 years</td>
<td>Chief Executive Officer, Health provider and Research</td>
<td>19/03/18 90 min</td>
<td>29/04/18</td>
</tr>
<tr>
<td>Respondent Y</td>
<td>More than 4 years</td>
<td>Management Consultant, Consultancy</td>
<td>26/03/18 60 min</td>
<td>14/05/18</td>
</tr>
</tbody>
</table>

3.5 Research ethics

Ethical considerations are essential in research, particularly in the processing of data (Bryman and Bell, 2015). In everything from accumulation, use, analysis and the reporting of data. This because respondents can feel anxiety, stress and be harmed, as they share sensitive information (Saunders et al., 2009). It was of importance to inform our intention with this study, in order to reduce the sense of anxiety among the respondents. Moreover, by clarifying the voluntary nature of participation, possibilities of anonymity and confidentiality of data.
The dialogue has been ongoing continuously, in order to achieve our intention of transparency and consensus throughout the process. All respondents were asked where they preferred to conduct the interviews, to ensure their convenience and comfortableness. Subsequently, the respondents gave us their consent to be recorded. Four out of five interviews were conducted within or in connection to each respondents’ office, and the last one at a local café. Due to some requests and considerations regarding privacy, all respondents including their MNEs have been anonymised. The intention of transparency within the data process has been appreciated, but also induced some challenges, since all of our actions required perceptiveness. This implied that we had to restructure and remodel our content to some extent, as a result of the respondent validation. Even if it occasionally did obstruct our coding and reporting of data, it has been of essence in order to provide reviews that the respondents were comfortable with.

3.6 Analysis of data

3.6.1 Grounded theory

There are several ways and methods to conduct analysis of data in an inductive manner (Bryman and Bell, 2015; Kvale and Brinkmann, 2009). A method that have had historical presence is grounded theory. This method has been continuously exploited, ever since Glaser and Strauss release of ”the discovery of grounded theory” in 1967.

Strauss and Corbin (1990, p.24) characterise ”the grounded theory approach as a qualitative research method that uses a systematic set of procedures to develop an inductively derived grounded theory about a phenomenon”. Saunders et al. (2009) explain it as a strategy, that aims to generate new contributions. Hence, this methodology can be used within a wide range of business and management issues, and might be particularly favourable to explain or predict different behaviours and phenomenon (Goulding, 2002). It offers consistency, as this thesis partly aims to extend Regnér and Edman’s (2014) research by investigating managers reflexivity and their potential of utilising foreignness.
3.6.2 The procedure

The strength experienced from this particular approach is the fact that it follows an explicit pattern of procedures that provides clarity and determination throughout the entire process. The initial phase after the transcription was to review the data. That was conducted repeatedly by both of us, in order to gain an intuition of the data. Subsequently, the data was subsequently highlighted in colours to distinguish certain indicators from the entire content. These indicators facilitate the overview of sentences and statements that might be of relevance in order to answer the research questions. A selection took place in the following phase to reduce the amount of data and retrieve the data of substantial relevance. In the third phase, different codes served as perspicuous fragments of the indicators that it represented. That was a crucial part in order to distinguish descriptiveness from abstraction, thereby move from an explanatory level to an analytical level. The final phase then contained categories to usurp indicators of diversity.

The entire procedure of analysing the data contained four different phases that were in symbiosis with an equal number of elements. Altogether, to reach saturation in the accumulated data. The two first elements, i.e. indicator and selection has been guiding and given rise to the section of empirical findings. Whilst the two subsequent ones, i.e. codes and category, has given shape for the section of analysis.

Table 2 illustrates the procedure from the element with transcription of data, followed by the refinement of all the respondents’ dictums. As previously stated, the distinction between the second and third element was crucial in order to enable abstraction rather than descriptiveness in the analysis. The element containing "the essence" is where the interpretative part is present in order to form each respondents’ review to an analysis. In prior to the final element of comparable analysis, the respondents have been able to validate, in order to ensure that the interpretations were sufficient with their actual meaning. Finally, the comparable analysis enabled us to find patterns as well as contradictions, which facilitated to categorise and structure the data, in accordance to Corley and Gioia (2004), for the subsequent section of analysis.
<table>
<thead>
<tr>
<th><strong>Indicator</strong></th>
<th><strong>Selection</strong></th>
<th><strong>Codes</strong></th>
<th><strong>Category</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Transcription of Data</td>
<td>Refinement</td>
<td>The Essence</td>
<td>Comparable Analysis</td>
</tr>
<tr>
<td>&quot;I started with a relational focus but realised that it didn't work due to zero progress and no one taking it seriously. So then I didn’t care about the relation and started delivering instead because the relationship is my first option for achieving results. But if I don’t achieve results, I totally don’t care about the relation because I have to reach results. In the end of the day, that's what it's all about.&quot; - Respondent W</td>
<td>The relationship is my first option for achieving results. But if I don’t achieve results, I totally don’t care about the relation because I have to reach results. At the end of the day, that's what it's all about.</td>
<td>What counts is practical work and results.</td>
<td>Pragmatism.</td>
</tr>
<tr>
<td>&quot;The contrast is huge, a lot of different cultures. No fundamental culture but rather several nationalities at the same place. Less than 10% of the population are locals, which imply a huge number of expatriates. This is explicit at the office, among stakeholders, clients, who they are. It is hard to know whether you are supposed to meet with a Finnish, Indian or American, once you are meeting. Also at the office, I guess we have 12 different nationalities.“ - Respondent V</td>
<td>[There is] no fundamental culture, but rather several nationalities at the same place. About 10% locals, which imply a huge number of expatriates. This makes it difficult to know whether you are supposed to meet with a Finnish, Indian or American.</td>
<td>Several influences and cultures to be aware of.</td>
<td>Mixture of Cultures.</td>
</tr>
</tbody>
</table>
4 Empirical findings

Throughout our interviews with the five respondents located in Dubai, we have noticed a pattern that both restrain and provide the Swedish managers with tools to execute strategic actions. Furthermore, we have realised that reflexivity in its pure form, can take various shapes and be obtained through different types of measures. This empirical section demonstrate these insights and is categorised in a way that are initiated with a contextual introduction to provide a glimpse of the environment where the Swedish managers are present. This contextual introduction has its focus on the macro perspective, to illustrate how demographics, culture and cognitive behaviours influence the market environment. The contextual introduction is followed by illustrations of how different parts of the population reacts to these macro forces, in terms of how the interplay of different cognitive and normative behaviours affect Swedish managers’ everyday work in Dubai. It is firstly presented from the respondents internal organisational perspective, including governing of the organisational practices, objectives and group relation dynamics. Secondly, by the respondents’ external relations with various stakeholders, including interactions and challenges that emerges.

4.1 Contextual introduction to Dubai

Dubai is located in the United Arab Emirates, which is a society that consists of a high proportion of expatriates, with origins from many parts of the world. Its society is a mixture of cultures mainly from India, Pakistan, the Philippines and Egypt, meanwhile the indigenous population cover approximately less than 10 percent of Dubai’s entire population. Throughout the past decades, Dubai has evolved progressively. This progress has partly been made by a workforce from the Indian subcontinent.

"United Arab Emirates is a very young country. It was founded in 1971 and Dubai is the city that has changed most in the world in the last 40 years. It has been possible due to that large groups of people have been brought to the country, especially from the Indian subcontinent, they have built the city." - Respondent Y
It is evident, according to the respondents, how Dubai, as a community, is a mixture of different norms, cultures and nationalities. A particular country’s institutions are not in rule in Dubai. The institutional rules are rather decided on the origins of the actor or company you are supposed to meet with, as they change depending on who you interact with. This also seems to be influential in everything, from how business is conducted, to how leadership is executed.

"There is an extreme mixture, you cannot say, this is how it is. Because Indians have their culture, Egyptians, Lebanese and Pakistanis [etc.] have their [...]. They all bring it with them from their home countries.” - Respondent U

"The demography controls a flexible and differentiated culture, leadership and how to do business.” - Respondent X

This creates an institutional setting of uniqueness, which requires flexibility and perceptiveness. Therefore, as a professional in Dubai, it is certainly important to possess abilities in order to adapt to these different occasions. Especially western norms, since there is a vast amount of professionals with that background.

"People from the west has also been brought to the country, to establish some kind of best practice. The best managers have been brought to build firms and organisations with healthy structures.” - Respondent Y

"You have to adapt to other Europeans. Most of the [Swedish] people think that they will do business with an Emirati, but that is almost never the case. The local population is about 10 % of the population, and they are often the manager’s manager. They [Emiratis] are almost never grounded in the operational work, it is other westerners that support the decisions.” - Respondent Y

These professionals bring their home country’s norms and values, in accordance with the previous statement by Respondent U. It contributes to an institutional environment, which contains various cognitive behaviours. This in extension cause tensions, but also incremental movements towards a unified direction.
[Do e.g. Indians change their behaviour when they come to Dubai?] “A bit. They get a bit [culturally] soften because there are so many westerners here.” - Respondent U

The society mirrors the heterogeneous organisations, that contains dozens of different nationalities. Thus, different behaviours and expressions tend to give rise to managerial challenges for the respondents. In general, this means that those who are from outside Europe, are usually familiar with hierarchical structures and strict authority. As managers ‘words are law’, the respondents report that this occasionally causes communicative barriers and misunderstandings, which require thorough deliberations.

“Irony is dangerous [in Dubai]. Swedes like using irony. Swedes can say ‘We will shut the business down!’. But they [other nationalities] think, ‘what, are we shutting the business down?’: No, it was a joke. You have to watch out for these things.” - Respondent V

“At the time when we were supposed to restore the dining room [at the hotel], I noticed the new chairs and just said ‘I think the old ones are better looking’, without being literal. A couple of hours later I returned, and noticed that they had changed the new ones with the previous chairs. This shows how perceptive they are, which made me aware of how deliberate I have to be.” - Respondent U

4.2 Adaptation of various forms

Dubai is undoubtedly a society characterised by heterogeneity, which not least the presence of all the world religions witness. The indigenous population is of Islamic belief, which means that religious formal rules are governing and part of the constitution. Despite, some formal rules are occasionally overruled by ambiguous informal rules. Because Emiratis have tendencies of being indulgent, with behaviours and cultures that do not fit their normative rules. This means that the indigenous population continuously reshape their perception and tolerance. As an effect, formal rules are softening and transforms into new acceptable informal rules.
“Religion is strong [important] here. The state religion is Islam. You can find all religions in the world here in the UAE. You can find Europeans, so you can go to several different kinds of churches if you are a Lutheran, Catholic or whatever you are. There are Buddhist temples, but it is Islamic rules that rule here. Women are supposed to cover their heads but there is a flexible adherence to this. But look around you, some women have a headscarf on the head, some on the shoulders, some completely covered and others are not covered at all. Let two generations pass, I do not think that it will exist anymore. They adapt as well.” - Respondent X

An additional example concerns unmarried couples, and whether they are allowed to live together, within the same household. This also provides a glimpse of how religious rules transform into more contemporary informal rules.

“Dubai is an interesting place privately, as well. I live together with my girlfriend, but legally we are not allowed because we are not married. Despite, there are still a lot of people who do it. And no one will question that, as long as you comply with the rules [correction: accepted behaviour]. Because the law is not enforced, and as long as you conform, there will not be any problem.” - Respondent W

This chain of incremental adjustment seems to create renewal that has spread throughout the entire society. Small steps of progression in terms of openness towards different behaviours and perceptions, which implies that previous informal rules have become more permeable. This means that the continuous adaptation is ongoing in all layers, from both the local population and the foreign, due to influences from all over the world.

“It [adaptation] is similar when you greet someone. Women, especially Muslim women, prefer not to greet by taking the hand. But they adapt [their behaviour]. They choose themselves if they want to greet you by hand or not. Both parts adapt. They [women] take the initiative to circumvent us from embarrassment.” - Respondent X
4.3 **Swedish managers practical work in Dubai**

4.3.1 **The internal view**

Dubai’s social structure of diversity and multiculturalism were also reflected in the organisations that we visited. The respondents reported that their organisations consisted of employees, with dozens of different nationalities. This means that cognitive and normative behaviours and perceptions can differ widely, as the variety of nationalities have divergent informal rules. Relations are thereby imperative to coexist within one organisation and establish coordinated actions. These multicultural aspects are some of the challenges that Swedish managers have to deal with in their everyday work. The five respondents had all various degrees of previous foreign experience, which can be one explanation of how these managers dealt with diversity challenges in their respective organisations.

It is prevalent that the respondents’ Swedish background and heritage, in terms of inclusion, consensus and empowerment, were brought with them. These values were then used in the governing of their organisations and canalised through their daily operations. The organisations’ employees were not used to deal with some of these methods, but had to adapt to the disparities and the Swedish managers’ notion of employees.

"I have established a way of leadership that they [employees] are not used to. The traditional leader here is assumed to know everything, can do everything and is not questioned. There was a suspicion in the beginning when someone was asked to help with a decision. ‘Why do you ask me?’ They might even have disbelief in the competence of the leader, ‘don’t you know it yourself?’ I have contributed with openness and the sharing of knowledge.” - Respondent X

"I felt that the middle management wondered why I did this [development of employees and inclusion of employees in decision-making]. ‘Why do we have to take part of it?’ You are the boss and should tell us what to do. ‘I felt a distrust in the beginning [of my time in Dubai]. I had to follow-up on my decisions, so they were implemented on that level.” - Respondent X
Employees involvement in the processes of managerial issues, initially created a situation of resistance and distrust from different parts of the organisation. Partly due to that they were not used to situations where managers acted in this manner. It resulted in that some employees showed distrust in the managers’ capabilities.

"But it took a while for them [employees] to understand that I did not ask to question them. I asked because I wanted to know what they thought and to show that they could influence [decisions].” - Respondent U

Even though the intention of involvement of the employees created challenges, managers had a predetermined purpose with this action. Transparency was one important element that was instilled, in order to facilitate information and knowledge sharing among the departments. This in turn also encouraged employees to become more engaged and the entire organisation to be driven by progress and efficiency.

“I have contributed with openness and the sharing of knowledge.” - Respondent X

“I mainly believe that I influence my department managers. The department managers see If I pick trash as a hotel manager, as you do in Sweden. They cannot be too nice if I am not too nice to do it. It creates a better collective spirit, everyone has to play their part. If it is necessary to remove dirty plates, then you do it. It should not be strict, you should be able to work beyond your duties.” - Respondent U

4.3.2 The external view

The Swedish managers also witnessed about how several external challenges occurred in the meeting with local stakeholders. Not least, when it comes to how business at this location is conducted through relations, as a result of the institutional environment.

“A lot of the business establishment is about the relationship in the Middle East, you should know or want to know the person you are supposed to do business with. […] You sign [a contract] with someone you know, with the people that you trust. The culture here is ‘you want the best for me if you know me’.” - Respondent X
This is evidently something that the Swedish managers have to conform with, in their way of doing business. Because this is how the business environment is like, which requires certain adjustments. It is therefore of necessity to sustain the relationships in order to maintain the trust.

"It is not about corruption. I pay with my social time. We speak about other things to establish a relation." - Respondent X

These relations however, sometimes demand indulgence in terms your cognitive and normative approach. On the contrary, some notions of cognitive behaviours were not acceptable. At this point, the Swedish managers chose to diverge from the institutional demands. It was rather the stakeholder that had to adjust to maintain the business relationship.

"Regarding business relations [...] during the first months here [in Dubai], we had a discussion ongoing with a customer in another country, and I sent [the client] our attendance list for a meeting. Instantly, the client called me, wondering if one of us were an Indian, which I confirmed. 'Pick someone else then', he replied. When we asked why, the customer told us that it could be negative for the deal, if we sent an Indian, as they are not in highest regard within that country. We decided to bring this guy with us anyway, as he was the most suitable and it went well. This is an example of an informal issue.” - Respondent V

When this decision and final action reaches the stakeholders, it is occasionally received with mixed feelings. Even though, this may appear as a minor consideration, it can easily turn into a fragmentation and put relations at stake. Because informal rules, yet, taken for granted have in certain occasions evolved over time to become formal rules. This seems to be an action for MNEs, partly to protect their immaterial rights and critical processes, but also to respond strategically to a harsh competitive situation. Several stakeholders perceive this as alarming and might not want to embrace the underlying mechanisms, as they believe that the relationship is built on trust rather than solely a business relationship.
“In retrospect, I think that the contracts that Swedish MNEs had 15-20 years ago, compared to now, is a huge difference. You cannot even compare it, and I believe that this is a major challenge for our partners, agents and distributors. Because they have been used to how we have been operating in the last 10-15 years. At a time when we were not that developed, but rather conducted contractual agreements by hand-shakes or through one single document. However nowadays, I have been working a lot to update all our agreements, in some cases even without having written agreements, but rather gentlemen’s agreements [verbal agreements]. This means that it is not only a contractual issue, but it is also about trust.” - Respondent V

“[…] and now when we are sitting in a meeting [e.g.] with the old man who founded the company, and his son who is the natural heir, they feel like ‘why do you bring up these modifications now’. We already have this gentlemen’s agreement and have been doing business like this since 1978, and now you have modified everything. And it is not even small changes.” - Respondent V

Even if these contractual arrangements may be a result of an increased pressure for protection, some instances showed that Swedish managers ignored the sustainability of relationships completely. Results were of primary goal, meanwhile relations were used a tool to achieve results. This meant that some managers were willing to sacrifice a relationship, in order to achieve results in the short term, even if it might not be the most sustainable way.

“I received comments like you cannot speak like that to an older person, and of course, that is important to be aware of. But honestly, it is not about gender, age or ethnicity it is about competence and results. I do not have time to be culturally flexible in these cases.” - Respondent W

“The relationship is my first option for achieving results. But if I don’t achieve results, I totally do not care about the relation because I have to reach results. At the end of the day, that’s what it’s all about.” - Respondent W

The acceptance of this behaviour, that Swedish managers diverge from institutional pressure, may lie in the general view of Sweden and Swedish
professionals. Sweden has an advantageous reputation in Dubai and is known to be successful and innovative, which enables them to instil trust in their business processes.

"Sweden is highly regarded as a country in UAE, so I think it is beneficial to be a Swede when you live and do business here." - Respondent V

"Swedes have an advantage and Sweden is highly regarded here. Swedes are seen as well-educated, open, punctual and transparent. Not all other countries are appreciated similarly." - Respondent X

"Swedish products and firms have a well-established reputation in the Middle East. Sweden is often in synonym with quality, research and cutting-edge. The fact that something is produced in Sweden, or if a Swedish firm provides a service, is a selling point for many Swedish firms." - Respondent Y

Another explanation to the issue of acceptance or adjustment can be found in the way Swedish managers acquire insights into the business environment. This by bridging the local norms and customs, but at the same time possess corporate understanding and insight. Local insights thereby enable the Swedish managers to build strong relationships.

"My job is quite simple in one way. It is to execute our business plans and you do that successfully by having the best people in each area. The right people is the key. My challenge is to get the best possible local team and team leader in each territory. For example, in France I need a Frenchman that knows the French market, understands the culture and speaks the language. At the same time, he should understand the business context, our customers’ needs and conform to our core values." - Respondent V
5 Analysis

Dubai’s social structure stems from the large expatriate population that was brought into the city to build the infrastructure and economy. These conditions have remained and resulted in a heterogeneous culture. Heterogeneity in the city has created a varied institutional environment that the Swedish managers have to be aware of during their everyday work. Business relationships cannot be approached in one way, because these managers have to be aware of which different cognitive and normative rules that dictates in the stakeholder’s home country.

5.1 Foreignness

Zaheer (1995) claims that difficulties stemming from foreignness refers to an unfamiliarity about the social, cultural and political differences. Researchers have progressively been advocating this as a constraint and liability. Deviation or conformity has therefore been emphasised as two recurring concepts to respond to this issue. This is evident in both the theory and the empirical findings, either through adjustment to the local institution or deviation from the present norms. The empirical findings, however, also shows how a mutual adaptation is present when it comes to the Swedish managers, the local population and other foreigners’ reactions to the institutional setting.

5.1.1 Deviation

According to Yildiz and Fey (2012), reduced institutional pressure is a potential effect of foreignness. Regnér and Edman’s (2014) research testify that this tends to enable foreigners to circumvent norms in the institutional environment. According to the empirical findings, the respondents did not explicitly touch upon reduced institutional pressure in terms of their foreignness per se, but rather through underlying explanations. Both Respondent V and X emphasise that Swedes in general is highly regarded both professional and personal. In addition, Respondent Y claims that Swedish products and services are known for its quality, and this image has been growing. Hence, it is reasonable to assume that this offers Swedish managers greater operational space, in terms of indulgence compared to other actors. Not necessarily due to a reduced institutional pressure, but rather as an effect of the
sufficient reputation that they hold. This indulgence is evident in how the respondents have been able to maintain their usual way of operating. For example, in the way Respondent X established his leadership, despite resistance and differences in the institutional setting. Moreover, how Respondent V and W occasionally deviated from a relational focus, when they realised that this was an inefficient way of conducting business.

These measures can all be seen as different ways of circumventing institutional norms, in the same way that there is a mixture of cultures and nationalities, which gives Dubai a peculiar touch with unique institutional settings. There also seems to be a mixture of ways to perceive and respond to their foreignness. In that sense, we noticed how two separate issues were evident and facilitated, when it comes to deviation. First of all, the view of Swedish managers as highly regarded professionals, provides them with credibility and a distinguished position. Secondly, the determination Swedish managers possess, in terms of includance of employees and the creation of efficient organisations. Therefore, these two issues in combination offer a glimpse of how we perceive that deviation from the institutional setting, is a way for Swedish managers to utilise their foreignness. Even though, deviation might not be the most sustainable way to conduct business, since it affects business relationships.

5.1.2 Conformity

Conformity in contrast, requires an additional approach, and is referred to a foreign actors way of adjusting to the institutional setting. This has been advocated by researchers as an action to conform to local norms and thereby overcome the liabilities occurring as an effect of foreignness (Forsgren, 2013; Hymer, 1976). This means that conformity occasionally is considered as the only measure for avoidance of these liabilities, however, it requires insights to adjust to the local environment. Insights regarding behaviours, norms and values that can be hard to obtain. Regnér and Edman (2014) claim that the ability to usurp and exploit local routines, practices and norms are difficult due to reduced institutional access. Especially in Dubai, partly due to its unique institutional setting and the mentality to create a society and business community without friction. The mentality sets requirements and creates
expectations, that all actors should be flexible. Consequently, this situation of uniformity makes it difficult for Swedish managers to utilise their foreignness.

This is also evident among the reviews from the respondents with most experience in Dubai. Engagements at certain occasions force to conformity, e.g. when Respondent X engage in meetings and negotiations with the ministry of health. Partly because the relationship is of vast importance in bargaining and to make progress in business. Possessing this flexibility witness about managerial capabilities, in accordance to Zhou and Guillén (2015), and create ways to obtain insights. In a strategic manner, it might not be the most desirable action, because this action is characterised by awaiting and caution rather than proactivity. We believe that it creates difficulties to utilise their foreignness, because this stance restricts, rather than enabling operational space. By constantly adjusting, it becomes even harder to execute strategic actions. In that sense, it rather shows how the Swedish managers depart from their initial behaviours, norms and values. Hence, we believe that the empirical findings show that solely conformity, does not provide the managers with lever to utilise their foreignness.

5.1.3 Mutual adaptation

Beyond deviation, which can be seen as one response to foreignness, the collective call from researchers is that foreign actors are required to conform to local institutions (Forsgren, 2013). This is the fact in Dubai as well to a certain extent, in particular since Islamic rules are governing. Although, it provide a simplistic view of the phenomena, because, given the respondents’ reviews, it is rather evident that a mutual adaptation is ongoing continuously. Respondent X spoke about it as influences from western norms and values. Both in terms of how religious beliefs and behaviours changes generationally, as people become more tolerant. These values and norms have been widespread in Dubai, as the institution has relied on western managerial practices in the establishment and progression of the economy. This witness about a mutual process of adjustment, rather than solely a one-way adaptation and is certainly sufficient in the case of Swedish managers in Dubai.
Millar and Choi (2008) argue that foreign actors are required to have insight and be aware of the institutional setting, in order to utilise their foreignness. That has been evident throughout the findings as well, in terms of their understanding of individuals’ cognitive and normative behaviours. As this seems to be essential in order to maintain business relations and succeed in Dubai.

5.2 Reflexivity

Millar and Choi’s (2008) notion of awareness is clearly connected to Regnér and Edman’s (2014) assumption of managers intentionality and insight into institutional demands. The intentionality and insight have been defined as reflexivity, i.e. awareness of constraints and opportunities created by local cognitive and normative institutions. Smets et al. (2015), however, argue that managers might not be reflexive, but rather practical workers with practical intents.

The empirical findings have shown that understanding of different institutions is highly important for Swedish managers operations in Dubai. Operating in Dubai might even require some degree of reflexivity in order to be successful as the society consists of many interconnected nationalities and cultures. The managers interviewed spoke of different layers of informal institutions. This can be seen from a macro perspective of how Dubai’s demographics influence the whole society, to how it influences interactions between organisations, its employees and individuals private life.

5.2.1 Social skill and awareness

Fligstein (1997) conclude that actors with social skill are more likely to have a larger conception of the social structure. This means that these actors have knowledge about the social and organisational field’s current conditions, and can form strategic actions that are suitable to these conditions.

According to the empirical findings, the Swedish managers reported similar reviews about the social structure, as the macro structure consists of a differentiated culture that dictates Dubai’s business environment and culture. This created demands, which resulted in that the Swedish managers could not relate to one
institution, but rather a mixture, that dictated both internal organisational issues, as well as in relations with external stakeholders. The answers to these demands were of different character. For example, in how Respondent U and X included their middle management into decisions to gain insights in different cognitive and normative institutions. It is also prevalent in terms of how Respondent V and W had to adapt their communication with employees, as employees took everything they said literally. Clarification of their communication was of necessity to manage operations efficiently, without misunderstandings. This realisation requires thorough capabilities to grasp and adjust behaviours and execution. Mainly because Respondent V and W explicitly said that results were of primary concern.

The formation of answers to these institutional demands seems, however, relatable to the Swedish managers’ experience in Dubai. It is evident that Respondent V and W, with less than 3 years experience, were more prone to form deviating answers to the institutional demands. Meanwhile Respondent U, X and Y, with more than 3 years of experience, were more subjected to mutual adaptation. Principally because of the importance of relationships in the Middle East. Business is built upon relationships with key stakeholders, and the Swedish managers’ awareness of this was apparent.

5.2.2 Relationships

According to Fligstein (1997), certain individuals have a cognitive capacity to understand people and the environment. In line with this, the respondents repeatedly emphasised the power and need for relationships, in order to conduct business in the Middle Eastern environment. Respondent V acknowledge that as a key to ensure that the right local competence is present. Therefore, we believe that mutual adaptation is necessary for both parties to enable creation and sustainability of the relationship. This in extension forces to compromises and indulgence that can be utilised by the stronger part. This is explainable by the recognised reputation that Swedish managers hold in Dubai, it is likely that they can benefit from relations, by gaining insight and operational space, and thereby utilise their foreignness.
Respondent V and W’s assertions of relationships were of different objective though. Building and maintaining relations were seen as a tool in their strive to achieve results. It was used as a first concern, but ignored in certain situations, as it prevented orders to be executed and results to be achieved.

5.2.3 Pragmatism

Respondent V and W’s strive to achieve results is closely relatable to Smets et al. (2015) discussion of actors as practical workers, with practical intents. Moreover, they argue that these actors are not reflexive just because they form answers to institutional pressures in a foreign market. Regnér and Edman (2014), however, assume that these actors are reflexive, as they do form strategic answers to institutional pressures and utilise their foreignness, to achieve competitive advantages, compared to local actors.

Both reflexivity and pragmatism are evident throughout our interviews. Respondent V and W are practical workers, as they do everything in their power to achieve organisational goals. We argue that these actors are both pragmatic and reflexive because they repeatedly apprised the importance of relationships in the Middle East. Deviation from institutional norms is not a long-term solution, however, it was occasionally required. We believe that the pressure from for-profit organisations might have a large impact on their decisions. These organisations have to realise objectives and results, both quarterly and yearly. How this is handled could be influenced, once again, by experience. Experience in both the role as a manager and the institutional environment. Respondent U, X and Y might have realised that mutual adaptation is the most effective answer to these institutional pressures, even though that results were never explicitly mentioned throughout their interviews.

5.3 Analytical summary

In this analysis, we intended to address the two complex and not least intertwined issues of whether MNE managers are reflexive in host country markets and if MNE managers utilise their foreignness deliberately. Due to its entwined character, we found it reasonable to present them accordingly in an aggregated answer. Thus, the analysis has shown that managers utilise their foreignness deliberately in several
instances. Both in terms of the management of their respective organisations, and in the interactions with stakeholders. Two reasons are present here. Firstly because of reflexivity, and secondly, because managers strive to achieve results.

The respondents showed reflexivity through their social skill with insights in the social structure, which is particularly prevalent in their reviews about the macro structure. The macro structure of different nationalities resulted in that they were unable to react to one institutional demand. The respondents’ answers to these different demands were projected divergently. We have concluded three types of answers, namely, deviation, conformity and mutual adaptation. These three answers were vital to endorse in Dubai’s social structure, as business is built on relations between stakeholders and these relations are of importance in both directions. From a local perspective, the indigenous population is dependent on westerners contributions of infrastructure, best practice and the economic growth. Foreigners have similar needs to sustain relations, because business is conducted through relations at this location. This constitutes a mutual adaptation from both parties that are important for the Swedish managers in order to ensure that relations to stakeholders are maintained.

Even if mutual adaptation was the common case, some instances realised conformity. The examples given were in connection to meetings with formal ministries. The few examples of this showed that it was not possible to experiment with different answers to how processes were executed in these instances. In relation to this, we could not draw any conclusions about the role of local embeddedness and conformity. The loose structure of institutions in Dubai did not provide any clear local embeddedness, since there is not one institutional framework to follow. The Swedish managers had to account for nationalities with cognitive and normative behaviours from all over the world.

All respondents interviewed were employed by for-profit organisations, which entails reaching quarterly and yearly goals. The respondents were aware of how important relationships were, but achieving results seems to be another pressure that some of the managers had to consider. It led to that some managers deviated from
normative behaviours. They were willing to sacrifice relations, by deviation, to achieve these results. The strive to achieve results has led these managers to utilise their foreignness by pragmatic decisions. We see a relation between this pragmatic behaviour and experience in Dubai. Respondent V and W had least experience in these markets, but were also most inclined to disregard relations by deviation. It did not lead to long-term results, however, the managers communicated awareness of the implications. This shows that foreignness is utilised partly through actors’ reflexivity and pragmatism.

The discrepancies among the respondents were especially prevalent when the data was structured in Figure 2. It illustrates the respondents’ reviews and how their quotes are organised according to the different themes. Respondent V and W were the only two that reported dictums about pragmatism and deviating answers, meanwhile, the respondents with more experience were prepared to find a mutual process of adjustment with stakeholders in Dubai.
The impact of experience

The Swedish managers showed social skill and awareness of how the social structure influenced their operations. By that, they formed strategic answers to the institutional environment. This means that Regnér and Edman’s (2014) assumption of intentionality and insight corresponds to our findings. However, we believe that reflexivity can take various shapes and be affected by previous foreign experience, including both social skill and awareness. Managers have shown that deviational answers demonstrate responses built upon pragmatism and decisiveness.

Subsequently, if we compare the respondents based on their experience and categorise them into 0-3 years of foreign experience and 3-6 years of foreign experience, we found some discrepancies in their way of canalising their reflexivity. For example, it is evident that the less experienced tend to act pragmatically and are
more prone to deviate at some occasions. As in the case of when they utilise their reputation to deviate from cognitive and normative institutions. Although, this does not make them less reflexive, since they still show reflexivity regarding their social position, but also how these actions eventually affected their relationships. In contrast, the more experienced acted out of mutual adaptation because of their understanding that an unsustainable relationship eventually complicates business. Given this, they were more prone to mutually adapt since they viewed their actions as more long-term oriented. It is difficult to say whether this is due to age, rebelliousness or simply the industry that they are operating within. It seems to be a pattern related to their experience, which affects their choice of action.

With this in mind, we have found two common ways of managers’ utilisation of foreignness, in accordance to Figure 3. Pragmatic managers utilise deviating answers to institutional pressures in order to achieve short-term results. Meanwhile, mutual adaptation is formed to maintain relations with key stakeholders to achieve long-term results. We have identified that foreignness is not only affected by deviating and conforming behaviours, but also by an ongoing process of mutual adaptation with key stakeholders. Managers with less experience were more inclined to use deviating answers, although, with an understanding of the consequences. Nevertheless, all managers preferred to maintain relations by mutual adaptation, but experienced managers realised this more frequently.

![Diagram](image)

**Figure 3. Managers utilisation of foreignness**
This also illustrates the difficulties of investigating reflexivity within foreign institutions. Prior to this study, we were aware of that reflexivity, as a concept, was difficult to examine. In particular when it comes to grasping individuals’ awareness and insights through interviews. This means that the study is not without deficiencies. First of all, it might appear questionable that the study only is built upon five deep interviews. The small sample of respondents solely provided minor insight of a larger picture and thereby a glimpse of the phenomena. However, due to that the thesis concerned investigations on an individual level, it enabled us to obtain valuable insights, both in their private and professional life. This offered us sufficient understanding of how the institutional setting was perceived and both restricts and provides them with opportunities.

Given this, our research has contributed to literature on both organisational institutionalism and international business research. First, by investigating whether Regnér and Edman’s (2014) assumption of intentionality and insight aligns to Swedish managers situated in foreign institutions. Secondly, by taking the practical perspective of individuals, which are the ones who form decisions to institutional demands and execute organisations’ everyday work. Through this, we have combined international business research with organisational institutionalism in the host environment of Dubai.
6 Conclusion

We have in this thesis investigated two research questions. First of all, whether MNE managers are reflexive in host country markets and secondly, if MNE managers utilise their foreignness deliberately. We conclude that the Swedish MNE managers are reflexive, but also pragmatic in certain situations that require decisiveness and results. Social skill was an important factor in reflexivity, as it enabled the Swedish managers to identify institutional demands, and form answers to those. The answers to institutional demands were in form of deviation, conformity and mutual adaptation, where mutual adaption was most frequently adopted. Mutual adaptation enabled the managers to build long-lasting relationships with key stakeholders. This has not been emphasised by previous literature and should be considered in future research, because the reality of managers’ utilisation of foreignness is not as superficial as the literature suggests. Previous literature has mainly concerned deviation and conformity as the two answers to institutional demands. Our research, however, concludes that there is a mutual adaptation ongoing between different institutional actors. This allows actors to find a middle ground and to enable relationships in a market where relations are a fundamental aspect in business operations.

On the contrary, deviation was used by managers with a more pragmatic perspective, in a strive to achieve short-term results. Both of these answers to the institutional demands were enabled by e.g. Swedes advantageous social position and reputation in Dubai. We conclude that these actors are reflexive and utilise their foreignness, as they possess awareness of the decisional consequences when they deviate from institutional demands.

6.1 Future research

We have concluded how mutual adaptation is a prevalent process in managers’ utilisation of foreignness, but have not investigated the underlying mechanisms of the ongoing process. Given this, we recommend to further research MNE managers’ mutual adaptation in foreign institutions. This is of interest, since we believe that two of the mechanisms could be managers’ experience and reputation of various
forms. We ask ourselves what other mechanisms that influence the power balance in
the negotiation between institutional actors. Finally, it could be of interest to examine
in order to provide insights into how the dynamic interplay among these actors
allows for more operational space in foreign markets.
References


Appendices

The questions below represents samples of what kind of questions we covered during the interviews. With that said, it does not provide the entire view, but exemplifies how the procedure progressed throughout the five different meetings. The following questions were replicated in some form during these meetings.

Sample of interview questions

Formalities
o Would you prefer to be anonymous?

Intro
o Can you explain your role and your responsibilities within this organisation?

Institutions and informal rules
Wherever you are, there are a lot of informal rules and norms to consider. For example, people are standing in line in the grocery store etc.

Foreignness
o You are part of a multinational enterprise (MNE), how does it impact your operations here in Dubai?

o Before you went abroad, how prepared would you say that you were for this foreign adventure?

o What made you feel that way?

-Exemplify?
What role does your Swedish background have?
   - In what way does that affect you?

Reflexivity

What did you know about Dubai before you came here?
   - How has your view changed throughout the years?

Did you realise any instant challenges in Dubai?
   - How were these discovered?
   - Exemplify?

How do this affect your daily work?

How can you manage these?