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South–South? Culture Talk and Labour Relations at a Chinese-owned Factory in Hungary

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ABSTRACT

In 2011, a large Hungarian chemical factory was acquired by a Chinese competitor. The resulting encounter between Chinese managers and Hungarian staff — which took place in the context of a harsh retrenchment that has curtailed the powers of organized labour in Hungary — highlights the inadequacy of dichotomies such as North/South, East/West and socialist/capitalist. As with other corporate acquisitions in Europe, Chinese managers expected to 'learn' from 'advanced Western management practices'; instead, they found what they interpreted as a backward, 'socialist' work culture in need of modernization. For their part, Hungarian staff feared the imposition of a culturally inappropriate 'Asian labour discipline', but have come to see at least some of the changes as part of a necessary modernization. 'Asian', 'European', 'Western' and 'socialist' are floating signifiers used by both Chinese and Hungarian staff at the factory in various, often contradictory ways to justify management choices, staff resistance or individual preferences. As a result of their analysis, the authors suggest that discussions about the impact of Chinese investment on labour practices should recognize a wider range of contexts, including the presence of precarious socioeconomic environments within the so-called 'advanced economies'.

INTRODUCTION

A Filipino engineer in orange coveralls emblazoned with the Brazilian flag sits alone at a table eating a plate of Chinese food. He repeatedly asks the Hungarian waitress for ice: like many others accustomed to American food culture, he does not enjoy his Sprite without it. He is seated next to two big tables, at which a Hungarian group and a Chinese group are having animated

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conversations. He seems lonely, and lights up when someone addresses him in English.

The engineer has come to service a machine at the Chinese-owned Borsodchem (BC) chemical factory in Kazincbarcika, in an economically depressed former coal-mining region of north-eastern Hungary. He has flown in from Dubai, where the Japanese company he works for has a regional centre. His presence highlights both the unexpected array of encounters thrown up by contemporary global capitalism and the disarray into which they throw the familiar dichotomies of North versus South, East versus West, capitalist versus socialist, and core versus periphery. The Filipino engineer from Dubai; the Chinese managers; the Hungarian workers of a former socialist state enterprise that is now part of the European Union; the Gypsy residents of this high-unemployment region who live in ghettoes with communal wells just miles from the factory: who represents what here? And who is the significant Other against which one's own position is defined? How much sense does it make to speak of the acquisition of one of the largest European chemical factories by a Chinese state enterprise as a 'South–North' or alternatively a 'South–South' encounter?

The term 'global South' tends to be shorthand for poor countries, in contradistinction to the rich North. More specifically with a Marxist-Wallersteinian inflection, it denotes the periphery, as opposed to the core, of the world system. In this way, it is a successor to Mao's 'Third World' while eschewing the problematic distinction between 'West' and 'non-West', a binary that was once partly political (the 'Eastern Bloc' versus the 'Free World') but is now almost exclusively cultural. The term's vagueness is both an advantage and a weakness. But while deliberately glossing over ideologies and presumed cultural differences, it nonetheless contains another form of essentialism. The 'global South' is largely imagined to be post-colonial, and hence racially non-white. It also conjures up, and is often used in the context of, the politics of 'indigeneity', another discursive field that is constructed in opposition to an expansive 'global North'. Indeed, the 'global South' is pictured, if not as uniformly poor, then as united by a shared disadvantage or relative powerlessness vis-à-vis the 'North'. Yet in reality, different locations not only across, but also within 'Southern' countries are positioned on very different scales as far as global networks of power are concerned.

Nonetheless, 'South–South' is a fortuitous adjective for diplomats, including Chinese ones, who want to construe relations with particular countries as undergirded by a solidarity based on that shared disadvantage. Setting aside these emotional connotations, it can be understood as referring to international relations that bypass the long-term colonial/imperial nodes of global political, economic or cultural brokerage, such as New York or London. The position of Moscow is ambivalent here. For much of the 20th century, it functioned as the centre of its own set of global networks — the 'Second World' — that brought together the leaders of Cuba, Vietnam and Ethiopia. By that token, it should be excluded from any 'Southern' status. Yet its participation in the BRICS, which has turned from a concept into an institutionalized grouping, appears to convey a touch of 'Southernness'.

This article analyses the encounter between Chinese managers and Hungarian staff at Borsodchem since its acquisition by a Chinese competitor, Wanhua, in 2011. It is based on interviews in Kazincbarcika and Budapest in 2012, 2013, 2014 and 2015, and at Wanhua's headquarters in Yantai, Shandong Province, China, in 2014.[1] As with other corporate acquisitions by Chinese companies in Europe, Wanhua managers came to Hungary expecting to 'learn' from 'advanced Western management practices'. Yet, as our interviews show, they found what they interpreted as a 'socialist' work culture in need of modernization. For their part, Hungarian staff feared the imposition of an 'Asian labour discipline' but have to some extent come to see changes as part of a necessary modernization. 'Asian', 'European', 'Western', and 'socialist' are floating signifiers used by both Chinese and Hungarian staff at the factory in various, often contradictory ways to justify management choices, staff resistance or individual preferences. Chinese managers strive to transform labour practices they see as backward or 'socialist' into a regime seen as more modern, productive and competitive. Sometimes reluctantly, Hungarian managers and workers go along with accepting 'modern management' but label those practices they are uncomfortable with as 'Asian' and hence culturally inappropriate. These negotiations take place against the background of a particularly harsh retrenchment of organized labour in Hungary that limits its ability to mount more aggressive forms of resistance and is in fact conducive to its accommodation and co-optation. Placing the study in the context of labour encounters in Southeast Asia and Africa rather than just Chinese acquisitions in Europe, the article seeks to push the boundaries of the 'South–South' framework. It suggests that, viewed through the lens of Chinese capital flows, the contours of the global economy do not conform to the usual North–South division, and that discussions of the impact of Chinese (or Indian, etc.) investment on labour practices should attend to new sets of categories in a more diversified context, including precarious socioeconomic environments within the 'advanced economies' as well.

HUNGARY: AT THE WESTERN END OF THE 'NEW SILK ROAD'

As part of the reshaping of global investment flows, Chinese investment in Europe has grown rapidly since the 2008 recession. In 2004–08, yearly investment flows from China to the European Union (EU) were less than US$ 1 billion. In 2009–10, they rose to around US$ 3 billion; in 2011 — when

1. The two authors made separate inroads into the company through management (Xu) and unions (Nyíri). Interviews were conducted both separately and together, in Chinese and Hungarian.

China became the top source of investment in Germany — they reached nearly US$ 10 billion (Hanemann and Rosen, 2012). Although investment flows declined somewhat in 2013, they exceeded US$ 10 billion again in 2014, according to the Heritage Foundation's China Global Investment Tracker (official data are not yet available).[2]

In 2013, the Chinese government announced a strategy called 'one belt, one road'. Referring to the 'New Silk Road Economic Belt', which is to link China with Europe through Central and Western Asia, and the 'Maritime Silk Road', which will connect China with Southeast Asian countries, Africa and Europe, it calls for Chinese help for a massive upgrading of transport and energy infrastructure along these two routes. Most of the funding is focused on the poorer countries of Southeast and Central Asia and Eastern Europe. In fact, China had already announced a credit line of US$ 10 billion earmarked for Central and Eastern Europe (CEE) in 2012, and in 2014 set up another investment fund for the region with a capital of US$ 3 billion. In November 2014, China and 20 other countries announced the establishment of an Asia Infrastructure Investment Bank, in which China is to invest US$ 50 billion and hold a 50 per cent stake. Separately, China announced the setting up of a US$ 40 billion Silk Road Fund.

The regular Economic and Trade Forum of China–CEE Countries, which has served as the main forum for these deals, includes both EU members and non-members. (The Chinese government speaks of the CEE-16.) Of the former, Hungary has, since 2010, made China a focus of its foreign policy and was the first European country to benefit from a Chinese investment and loan 'package' negotiated during the Chinese prime minister's visit in 2011, which included buying some of Hungary's debt. It has also been the top destination of Chinese investment among the CEE-16, totalling US$ 4.6 billion according to the Heritage Foundation. The largest investments have been the purchase of BC and the setting up of a European regional support and logistics centre for the Chinese telecoms giant Huawei. The former benefited from a Bank of China credit of 1.1 billion euro, while the latter received a China Development Bank credit line of US$ 1 billion. In addition, there have been some smaller-scale acquisitions of manufacturing companies and investment in real estate. In 2014, China, Hungary and Serbia agreed on an upgrade by Chinese companies of the railway linking Budapest to Belgrade, and in 2015, Hungary and China signed an MoU on cooperating within the 'one belt, one road' framework.

It could be suggested that Chinese investments in Hungary are facilitated by friendly political gestures and a relatively low level of labour protection on the Hungarian side. Hungarian Prime Minister Orbán Viktor, whose rule since 2010 has been marked by an increasing level of conflict with the EU and the United States over issues ranging from economic protectionism to

2. See www.heritage.org/research/projects/china-global-investment-tracker-interactive-map (accessed 1 February 2015). This database tracks announced investment deals.

media freedom, judicial independence and corruption (e.g. *The Economist*, 2014), has called China a strategic ally (*HVG*, 2012). To substantiate such statements, the government banned a demonstration by members of the Falungong religious movement, which is banned in China, and rounded up Tibetans for a police check during the Chinese premier's visit in 2011. Chinese interest in Hungary redoubled after the 'one belt, one road' initiatives were announced, with media articles describing the country as a friendly destination for Chinese investment.

However, Hungary's economic weight within the region has been slipping since the 1990s, and it now has the lowest per capita GDP among Eastern European EU member countries outside the Balkans. The average Hungarian gross wage in 2014 was US$ 920, towards the middle of Eastern European wages. But Hungary, along with Romania, was the hardest hit by the post-2008 recession, and the 2012 Labour Law lowered previously high levels of labour protection, limiting unions' right to strike, making them financially responsible for losses incurred due to strikes deemed illegal, and transferring some of their functions to enterprise councils, which in many cases, including at BC, have not been set up (IndustriAll, 2014: 112). This law, which in the words of the chairman of one of BC's unions 'broke the unions' back',[3] was coupled with a radical curtailing of unemployment benefits and the introduction of compulsory community labour at below-minimum wage for those receiving unemployment benefits — measures in line with the government's strategy of encouraging re-industrialization by offering investors cheaper and more flexible labour. Indeed, the Chinese Ministry of Commerce's 2014 guide to investing in Hungary notes that 'the role of trade unions has gradually diminished' and 'in comprehensive businesses with a close relationship to the market', it is 'negligible', although at large industrial companies unions are still active (Ministry of Commerce, 2014: 10). Furthermore, the Hungarian parliament — in which the ruling party has had an absolute majority since 2010 — passed two new labour laws, restricting the right to strike and broadening employers' rights to require employees to work overtime. Collective bargaining covers 34 per cent of workers, similar to other Eastern European countries but far below Western European levels, with the exception of Britain (IndustriAll, 2014: 100).

WANHUA BORSODCHEM: THE TAKEOVER

As is generally the case in Europe, the largest Chinese investment in Hungary to date and the principal testing ground of encounters between a Chinese management and local workers has been an acquisition rather than a greenfield investment. BC, a manufacturer of polymerized toluilene diisocyanate

3. Interview, Kazinbarcika, 23 June 2011.

(TDI), an important plastic used in the auto and construction industries, was acquired by Wanhua Industries, a state-owned enterprise based in Yantai, Shandong Province. Wanhua bought 96 per cent of BC stock from Permira and Vienna Capital Partners, a British and an Austrian financial investor, in 2011. Wanhua reportedly spent US$ 1.7 billion on the acquisition, making it one of the largest Chinese corporate acquisitions in Europe and creating one of the world's largest manufacturers of TDI and MDI (polymeric methylene diphenyl diisocyanate, another key industrial polyurethane).[4] Before the acquisition, Wanhua lacked TDI technology but was already one of the world's largest makers of MDI.

By the standards of Chinese business, Wanhua, with two plants and a few thousand employees, is a medium-sized enterprise. Its overseas expansion is representative of what may be called the third wave of Chinese corporate globalization. The first wave entailed state-owned oil, mining, construction and engineering companies that deploy a large cohort of managers and technicians circulating across continents but concentrated in temporary enclaves in rural locations, mostly relying on Chinese labour and having little contact with local society. The second wave involved IT and electronics giants ('national champions') with strong government backing, initially targeting business customers but increasingly expanding to end users and benchmarking themselves against a few Western peers. The third wave involves a broader range of companies with less high-level government backing, for which internationalization may be a survival strategy in the face of domestic competition (Kernen, 2014). Many of these are moving manufacturing abroad.

BC is Hungary's largest chemical company and by far the largest employer in the region of Kazincbarcika (population 28,000); the plant stretches for 5 km along the town's main road. BC itself employs around 2,600 people in the town, but according to the chairman of the economic committee of the town council, between a quarter and a third of Kazincbarcika's inhabitants depend on the company, directly or indirectly, for their livelihoods. BC generates around half of the town's tax revenue and has traditionally been

4. Separating state enterprises from private business in China is often difficult, as most 'state enterprises' are in fact conglomerates of cross-owned companies that combine state and private (including management and employee) ownership. It is perhaps more important that 'state enterprises' are tied to government bodies through both ownership and effective control of management decisions; that their organizational structure and culture carries the heritage of state enterprises (including the role of the Party organization); and that permanent staff enjoy a broader range of welfare benefits than in the private sector. Wanhua Industries, the legal heir of Qingdao Synthetic Leather Factory, is a holding controlled by the Shandong Province State-owned Assets Supervision and Administration Commission. Its ownership structure is not public, but according to a senior manager, in 2014, the Commission's share dropped to 40 per cent and the privileges of state-employed staff were abolished. Wanhua Industries owns 62 per cent of the stock of Wanhua Chemical, which has traded on the Shanghai Stock Exchange since 2001.

the main sponsor of cultural events and sports teams in town and in the region. Such sponsorship declined under Permira management but was revived on a smaller scale by Wanhua, such that BC is once again the 'gold sponsor' of Kazincbarcika's main cultural festival, Kolor City.[5]

Founded in the heyday of socialist industrialization in 1949, BC was privatized in 1991 and in 1996 went public on the London Stock Exchange. In 2006, Permira acquired a dominant share, delisted the company and reorganized it by closing some production lines and spinning off non-core businesses such as maintenance and packaging. It also planned to cut about 1,000 jobs, causing tensions with the town. The national government stepped in and averted drastic job cuts by agreeing to provide electricity at a discount. Nevertheless, the number of workers employed by BC declined by about 1,000 in the four years of Permira ownership.

Permira first resisted the takeover by Wanhua, which then moved clandestinely, through an intermediary, to acquire BC's mezzanine debt that amounted to 36 per cent of stock value, and then offered BC an injection of operating capital in return for the right to exercise a purchase option. Although, in the end, a hostile takeover was averted, employees and townspeople were afraid that Wanhua was only interested in acquiring the technology and the market, and was then going to close down production or bring in Chinese labour. Wanhua's leadership was aware of these fears and regarded them as an important risk as, beyond low morale, it could cause a drain of Hungarian managerial personnel and affect the company's value. The fact that it had — albeit by somewhat clandestine means — gathered information about the situation and mood within the company as well as the town prior to the acquisition, and then moved to assess and allay these fears early on through individual conversations with managers and collective communication, may have contributed to the relatively smooth and conflict-free outcome of the acquisition compared to many other corporate acquisitions and investments by Chinese companies, both in higher- and lower-income countries.[6] Mindful of the fears associated with the poor environmental record of the Chinese chemical industry, Wanhua also implemented higher environmental and health protection standards than those in Permira's days, pointing out that these standards were already in place at its Chinese operations.

So far, Wanhua has cut no jobs: as a senior manager explained, this had been 'the only request' Prime Minister Orbán made to Wanhua's chairman Jason Ding. Yearly collective bargaining has continued and ensured nominal overall wage raises, although real monthly gross base wages have stagnated around US$ 500, plus overtime. A more differentiated wage distribution, in

5. The festival's name alludes simultaneously to the vocabulary of contemporary urban cool, with its undertones of multiculturalism and diversity, and to the city's moniker under socialism, when the uniformity of its concrete-block housing was alleviated by painting them in different colours.
6. Wanhua's acquisition strategy is described in detail in Yang (2014).

which unions have been allowed little say, first led to fears that wages would drop for some employees, but these fears were allayed as most workers have benefited under the new system. Like many other companies, BC made use of the provisions of the 2012 Labour Law to raise working hours to a uniform 40 hours per week, eliminating contracts of 36 and 38 hours. But BC has also set a target to hire 30 university graduates and 25 skilled workers a year. Nearly 100 unemployed locals who retrained under an EU-financed, government-administered programme targeting disadvantaged groups, including Roma (Gypsies), have formed the bulk of the latter group. Many unskilled workers in the state socialist period were Gypsies, but they had been among the first to fall victim to massive job cuts in the 1990s, forming the bulk of the region's long-term unemployed population (see Messing and Molnar, n.d.).[7]

It is with local management that most friction occurred. After first retaining the German CEO delegated by Permira, Wanhua's management was displeased by his taking a holiday during a financial crisis and, as profits continued to drop, quietly let him go. Wanhua's chairman, Jason Ding, became CEO. More problematically, unlike in some other high-profile acquisitions in Europe such as the takeover of Volvo by Geely, all senior managers have either been replaced by or placed under the supervision of Chinese managers seconded from Yantai or are shadowed by Chinese counterparts. Top Wanhua managers recognize the 'international thinking' (Yang, 2014: 9) of BC managers as an asset for Wanhua as it continues its global expansion, particularly with the construction of a plant in the US, but appear unwilling to leave these managers in key decision-making positions.

Even before the takeover, the commercial counsellor of the Chinese embassy in Budapest sought support from Hungarian government officials. In 2014, Wanhua signed a 'strategic partnership agreement' with the Hungarian government. The government has favoured such agreements with foreign investors to ensure long-term commitment to production and employment in exchange for benefits such as tax cuts and cut-price utilities. In this case, Wanhua committed to investing another 1.6 billion euro in constructing additional plants, but these have not materialized. Still, Wanhua expanded production capacity, reduced waste, increased global sales, paid off BC's debts (amounting to nearly 1 billion euro), and in 2014 posted a modest profit of 8.4 million euro. In 2014, BC climbed to 11th place on the list of Hungarian companies by sales value (*HVG*, 2015). Meanwhile, sales and profitability at Wanhua's Chinese operations continued to increase, suggesting that the acquisition, from a business perspective, was successful — an outcome that is true of only about a quarter of Chinese corporate acquisitions abroad (Yang, 2014).

7. While the term *cigány* ('Gypsy') carries negative connotations, both Gypsy residents of the region and national Gypsy organizations continue using it along with the term 'Roma', which is predominantly used in civil rights discourses.

Two unions are active at BC: the Union of Chemical Industry Workers (VDSZ) and the Independent Union of Chemical Industry Employees (VMFSZ). Each union has around 700 members, bringing the unionization of employees at the plant to around 50 per cent. VDSZ is heir to the socialist-era union and therefore generally seen as closer to the opposition Socialist Party, which has retained control of the town government. Clerical employees are over-represented among its members. VMFSZ, whose members are mostly line workers, technicians and engineers, was founded after Hungary's democratic transition. It is a member of the Democratic League of Independent Unions (Liga), which has a history of closer relations with Fidesz, the current governing party. Seeing itself as a 'regime-changing' union that played a part in the demise of state socialism, it has tended to be both more nationalistic and generally more militant. The two unions were adversaries in the 1990s, but more recently have cooperated. Both union leaders retained their positions under the new management.

The unions' relationship with the Permira management was tense. The head of VMFSZ, Salagvárdi Gábor, a second-generation BC worker who has worked at the company since 1970 and has headed the union since 1993, sees the hand of BC's German competitor BASF in Permira's acquisition of a controlling stake, followed by a declining European market share under a CEO who had formerly been a BASF director. Relations with the Wanhua management got off to a difficult start. As Salagvárdi said, 'the Chinese aren't used to being contradicted by the union'.[8] At the first round of collective bargaining, the new management argued that workers should understand that because of high taxes and several years of losses the company was in no position to raise wages in the following year. 'We tried to explain that we don't care; we care about honest work getting honest pay. Finally we convinced them'. No strike has been contemplated, although as Salagvárdi points out, it would have been next to impossible under the new Labour Law anyway.

In contrast to the CEO appointed by Permira, Jason Ding — whom he affectionately calls 'the old man' — soon won Salagvárdi's approval. He describes Ding as a 'fellow professional who is on the side of the employees; he knows a lot, works a lot, and is very honest'.[9] On his first visit to BC, Ding told employees that Wanhua was here for the next 100 years, not just the next five. Although wages stayed slightly under the industry average, the unions were willing to go easy on wage demands in exchange for a prospect of stability, and played down tensions arising from increasing wage disparities within the workforce that can now reach over 50 per cent. Unlike the top managers delegated by Permira, who ruled the company from hotel rooms in Budapest and had specially cooked meals when visiting, the Chinese management rented housing in Kazincbarcika and ate at the factory

8. Interview, Kazincbarcika, 23 June 2011.
9. Interview, Kazincbarcika, 4 July 2012.

cafeteria. For his part, Salagvárdi pledged to support management as long as they maintained existing jobs and created new ones. 'In a word, they seem much more human than the Germans. It gives my faith back that it pays to be loyal to the company [H. *cégelkötelezettnek lenni*], to love your profession [H. *szeretni a szakmát*]'.[10] He dismissed fears of a mass importation of Chinese workers as 'silly gossip' and points out that while Permira wanted to remove the Hungarian flag from the factory gate, Wanhua has made no attempt to add a Chinese-language sign. (Chinese flags have been added, but the Chinese embassy's request to put up further welcoming signs for the ambassador's visit, as would be customary in China, was politely refused as inappropriate.)

Workers we spoke to echoed the sentiment of Hungarian managers and town administrators that Wanhua's commitment to stability, as demonstrated by investments in new facilities such as a hydrochloric acid production line that will only be recouped in the longer term, came as a huge relief after a period of constant upheavals when, as one of them put it, 'I used to come to work every morning shitting my pants about when they were going to fire me'.[11] As a top Chinese manager noted with satisfaction, 'at Christmas, the unions brought fruit and gifts to the hotel where the Chinese team stays. This is not a common occurrence in the relations between unions and shareholders. [For,] in the West, unions . . . and the company are implacable enemies, full of hostility and hatred', he added by way of explanation (Yang, 2014: 36).

EAST, WEST AND 'BAD SOCIALISM': DISCOURSES OF WANHUA'S MANAGEMENT REFORMS

After the takeover, Wanhua seconded around 20 Chinese staff to BC; short-term visits can bring this number up to 50. Apart from senior management, most Chinese staff are young employees in the IT, finance and communications departments. Wanhua has initiated a training programme aimed at building up a 'pool of internationalized personnel', run by an American manager. It has also initiated a system of internal internships, in which staff can experience work at an overseas subsidiary for 1–3 months. Every year, two or three Hungarian employees do a 4–6 week 'rotation' in Yantai. In the words of the personnel manager in charge of internationalization, the purpose of short-term stays abroad for Chinese staff is precisely to get them out of their comfort zone, to let them experience a bit of hardship (Ch. *chiku*), which includes being placed among non-Chinese co-workers. Although Chinese managers on long-term assignments rent houses in town, in practice they lead fairly isolated lives with little diversion, often staying at work until 8 pm and spending their free time calling home, singing karaoke or playing

10. Interview, Kazincbarcika, 15 August 2014.
11. Interview, Kazincbarcika, 16 August 2014.

cards. Only three managers brought their families along from China, and all settled in Budapest, in proximity to international schools.

At first, Wanhua expected to encounter the more 'advanced' management environment they associated with the West. As a senior manager explained, they 'wanted to learn, but there was nothing to learn. . . . [The Hungarians] were even worse than us. . . . This surprised us very much'.[12] In the event, Wanhua, in addition to its manufacturing technology and environmental and health protection standards, ended up 'exporting its management technique', notably a new set of core values, a new performance evaluation model, and a waste reduction campaign based on the principles of 'lean management'. The former Yantai plant director was seconded to BC as Senior Vice President in charge of production to oversee all this.

Rather than seeing BC as a corporation with its own values or culture that needed to be integrated into Wanhua's, it was made clear that BC staff were expected to 'replicate Wanhua's domestic experience', as Jason Ding put it (Li, 2015).[13] Wanhua management believed that, in order for changes to work, they had to be led by Hungarian staff. The primary responsibility assigned to Chinese members of the project group in charge of the merger was to make sure that the group understood the company's goals, while 'the responsibility of Hungarian colleagues was to understand the company's expectations' and implement the project (Yang, 2014: 30). The management also understood that, particularly in the initial atmosphere of distrust surrounding the takeover, heavy-handed attempts to change BC's ways of operating would be met with resistance. It therefore commissioned a Western consulting company to prepare a report on BC's corporate culture. The report made a number of critical points. These included the findings that BC staff were too focused on production and not enough on the market, and that individual relationships were seen as far more important for success than teamwork (Yang, 2014: 35).

At a meeting of senior management, Jason Ding declared that some practices had to change. An important element in achieving that was a new set of 'core values', adopted from one defined by Ding himself and already used at Wanhua's operations in China. Indicating how seriously this initiative was taken by management, the new core values were discussed multiple times in senior management meetings and finally rolled out in 2014 in a massive communications campaign. The campaign was led by Borsodchem's communications team, headed by a young Chinese manager transferred from a similar unit in China, whose function he himself described as

12. Interview, Kazincbarcika, 15 August 2014.
13. Attempts at 'cultural bridging' were undertaken at annual family day activities when Hungarian staff cooked goulash soup alongside Chinese employees preparing dumplings. These activities were well liked by local staff, such that Jason Ding spoke of a growing popularity of Chinese culture among workers (Li, 2015). But 'culture' was perceived as something separate from what happened inside the company.

'internal propaganda'. Posters and booklets displaying the six core values — and subtitled 'Understand, Accept, Follow' — are in every conference room and hallway. Every organizational unit organized discussions of the core values, and forms filled with every team's interpretation of them are now also on display.

In the words of the Chinese manager, his office's main task is to facilitate change. Indeed, 'capability of and willingness to change' became the first 'core value' on the Hungarian list. Apart from that (and perhaps 'performance orientation' in fifth place), the values listed seem neutral enough: 'being practical', 'commitment to excellence', 'customer orientation' and 'teamwork'. Two of them — 'excellence' and 'teamwork' — were also present on the pre-takeover list of core values. The other two values on that earlier list, which are no longer included, were 'respect' for individuals with different cultural and social backgrounds and 'open communication'. The only core value on Wanhua's original list that, after heated discussions, was deemed culturally inappropriate and expunged was 'gratitude and sacrifice' (*gan'en juxian*), replaced with 'efficiency orientation' (*jixiao daoxiang*).

One could thus perhaps trace a slight shift towards more hierarchy, differentiation and productivity in these 'values', but even the new list hardly contains anything that would raise eyebrows in a Western boardroom. Perhaps to emphasize the international nature of this new system, the booklets and leaflets are all bilingual, English and Hungarian, with senior Chinese managers referred to by their English titles as Chairman and Vice Presidents. Moreover, the Wanhua management introduced online platforms and an e-mail account through which staff are able, at least in principle, to voice their opinions and concerns to senior management, a possibility that had previously not existed. Even so, the manager in charge of the communications team was worried whether Hungarian staff would 'accept this Eastern-style core values campaign'.[14] What he had in mind was the ubiquity and a certain heavy-handedness of visual and verbal promotion, which he felt was 'a bit socialist' — a term that, here, referred to the Chinese Communist Party's propaganda traditions.[15] For this manager, there was considerable slippage between what he saw as cultural differences between East and West and political differences between capitalism and socialism, and in this case, he associated 'socialism' with the Chinese side.

Unlike the new core values, the introduction of performance-based remuneration and a '360 degree evaluation system' initially met with widespread

14. Interview, Kazincbarcika, 16 August 2014.
15. He could have added the use of personal examples of self-sacrificing workers, such as the unnamed worker with an 'exemplary attitude' who 'despite his serious illness came back to work immediately [when] he was able to', mentioned in the CEO's January newsletter to workers. The use of exemplars has been a feature of Chinese government both before and during Communist Party rule (Bakken, 2000).

disquiet and resistance.[16] In this context, Chinese managers referred to 'socialism' with a very different connotation. The introduction of a system in which every employee was to be regularly evaluated by their line manager, subordinates and co-workers was particularly necessary, one senior Yantai-based HR manager explained, in order to replace a 'very lax' performance evaluation mechanism that had been used under previous managements.[17] 'They didn't care' about performance 'because they were used to "eating from the big pot"', he said, using a sarcastic reference to the communal meals of the Great Leap Forward era in China. 'After the year-end evaluation came the raises and the bonuses', more or less equally for workers on the same job as long as they met the basic requirements, 'give or take a little'. As another senior Chinese manager involved in the merger wrote, employees believed that:

> the difficulties had arisen through the fault of the German managers, and employees should bear no responsibility for it, a bit like the mood at our big state enterprises used to be . . . . [They] separated their own work from the actual interest of the company . . . . [They] were very concerned about losing their jobs, but lacked understanding of BC's problems, choosing passively to wait, doing things with low efficiency; ageing of the staff was serious, managers did not train subordinates, there were few young people in core positions. (Yang, 2014: 35)

Under the new system, meeting the 'key performance indicators' (KPIs) does not automatically guarantee a bonus. Each employee is assigned a grade, from A to E, based on a bell curve, such that only 5 to 10 per cent of workers in a particular job description can be given an A. In addition, jobs of the same type — according to union standards — have been assigned four categories with remuneration that can be up to 50 per cent higher or lower than the average. According to the same HR manager, this was 'a big shock to them'. Workers complained that managers may be biased in assigning labels, and unions objected that they are excluded from monitoring real wages because worker evaluations are withheld from them on grounds of privacy. 'This is planned-economy thinking! What they think is: What if the market doesn't work? Let the government take care of it!', the manager scoffed.[18] Yet it should be noted that while the continuous monitoring, evaluation and assessment of individual and group performance following a detailed set of agreed parameters as a basis of motivation, reward and punishment is typical of global neoliberal management practices, it also fits closely with the Chinese Communist Party's cadre evaluation practices that have been used in state enterprises since Maoist times (Kipnis, 2008). The same is true of the system of individual and group awards, such as Advanced Worker (Ch. *xianjin gongzuozhe*), introduced along with the evaluation system.

16. 'Under the old [socialist] regime, we used to have campaigns for waste-free work, but snitching on your colleagues shouldn't be the way to achieve it', grumbled a union leader. 'That goes too far' (Interview, Kazincbarcika, 23 June 2011).
17. Interview, Yantai, 31 March 2014.
18. Interview, Yantai, 31 March 2014.

Although Advanced Worker must have sounded familiar for anyone who worked at BC before 1990, this heritage was not recognized either by the Chinese or the Hungarian staff. Instead, it was the foot-dragging of the unions about agreeing to this new system that Chinese managers described as 'socialist'. To prepare for its first round of negotiations with BC's unions, Wanhua retained a local consultancy firm that developed its negotiating line, which a senior Wanhua manager described as follows: 'If this company can keep paying wages, that's already pretty good, so what do you want to negotiate about? If you don't like it you can go. As for raises, there definitely won't be any'. He discerned in the attitude of the unions a lingering 'shadow of the socialist enterprise. They still like egalitarianism [Ch. *junfen*] .... They are more socialist than us.... Young people [staff] who haven't seen what a state enterprise [in China] is like can go take a look'.[19] The presence of second- and even third-generation workers, too, was like China's old state enterprises. Furthermore, as another top manager scornfully but probably correctly wrote:

> Some [Hungarian] managers saw themselves as 'job creators'; not only did they lack motivation and awareness to optimize jobs; what they wanted to do was to help their subordinates keep their jobs at all costs. In addition, the unemployment rate in this area is currently the highest in Hungary, [and] the local government is only concerned with preserving jobs but not with the company's actual operations or financial situation.... Today's problems are like Wanhua's situation 20 years ago. (Yang, 2014: 24, 46)

In contrast to China, the manager we spoke to added, the government in Hungary hasn't been resolute enough in forcing state enterprises to be profitable. (In fact, in the 1990s, all state enterprises in Hungary except utilities, public transportation companies and hospitals were privatized or went bankrupt.) In his two years of dealing with BC, this manager said, his main task has been to 'break through [or smash; Ch. *dapo*] this thing', i.e. this system or mentality of entitlement. He was confident that this effort would eventually succeed, because he judged, perhaps rightly, that the Hungarians 'believe Wanhua saved their company, even saved the whole north-western [actually, north-eastern] part of Hungary'. If BC closed down, then 'the whole north-west [sic] would be in a mess'.[20] The director of Kazincbarcika's employment office echoed this argument.

Unlike the new core values, the new remuneration system was understood by Chinese managers as deriving fully from modern management techniques compatible with the global economy; indeed, it was called the Hewitt Method. They therefore perceived no ambiguity regarding the cultural appropriateness of the new system, which was introduced with the help of a local consultancy firm and accompanied by references to MOL, Hungary's national oil company, which was said to have introduced a similar system.

19. Interview, Kazincbarcika, 16 August 2014.
20. Interview, Kazincbarcika, 16 August 2014.

Instead, the perceived obstacle here was the socialist past — the way China used to be but no longer was.

The third, and most controversial, new management technique was the introduction of 'lean management' (Ch. *jingyi siwei*), an organizational model derived from Japanese manufacturing practices and primarily associated with the Toyota production system, but globally adopted since the 1980s (Janoski, 2015). To introduce it, Wanhua sent a Yantai-based American HR manager to 'set up a brainwashing course' (Yang, 2014: 43). 'Lean management', according to Janoski (2015: 89), combines decisions based on long-term strategy rather than short-term profit or cost goals; just-in-time inventory; a trusted network of suppliers integrated into planning; continuous improvement based on incremental change; and a protected core of permanent employees working in teams buffered by disposable temporary staff. In other words, it involves a combination of flexible production with long-term strategic planning and team-building. Lean management's advocates credit it with higher productivity, less waste, high levels of worker commitment and cooperative labour relations. Critics argue that lean management has emerged in conditions of weakening collective bargaining and workplace security; while preferable to some alternative models, it has caused high levels of workplace stress and represented a step back from an earlier agenda of workers' social rights (Huxley, 2015: 135–6, 146–8). In China, 'lean management' has been adopted mostly in industries employing skilled workers, rather than the low-added-value assembly factories with precarious labour on which most research on labour–management relations has focused (Chan, 2001; Lee, 2007; Pun, 2005).

Yet despite a pedigree that combines an 'Asian' origin with cachet as an internationally acclaimed management technique, many workers consider the implementation of 'lean management' as bureaucratic and indeed smacking of old 'socialist' techniques, an observation that echoes Lu Zhang's (2015) analysis of 'lean management' in China's automotive industry. Unlike in China (Zhang, 2015) or the US (Huxley, 2015), 'lean management' at BC has not, so far, appeared to result in excessive overtime or a change of work organization. Its main thrust has been a system of bonuses for employees who come up with improvements that reduce waste. Ideas are collected by specially designated managers and then evaluated in a process that involves five or six steps and culminates in a calculation of savings. The highest reward for a 'lean' idea, a new way of sewage treatment, was Ft 2.5 million, or nearly a year's wage; rewards of Ft 10,000 to Ft 100,000 are more typical.[21] In addition to individuals, teams can also submit ideas, in which case they can use the reward for 'team-building exercises' that typically mean eating and drinking together. According to Wanhua managers, the goal of the initiative was as much shaking up the workers' sense of ownership and

21. In mid-2014, the exchange rate was around US$ 1 = Ft 230.

willingness to change as actual savings (Yang, 2014: 43). But not everyone was convinced. 'They think they invented it, but we in the 1960s had to come up with innovations as part of the socialist brigades' competition . . . of course most of them were just on paper', a union leader chuckled.[22]

The system also generated resentment, as each worker is required to submit a certain number of ideas per year: this varies by seniority, with some employees set a target of more than 100 — a system aggravated by interdepartmental competition and regarded as an infantilizing waste of time.[23] Moreover, some workers have accused managers of sabotaging and then appropriating their own ideas, while upper-level managers were incensed that their subordinates pursued these proposals while disregarding their instructions. It was in this context that we encountered one of the most counter-intuitive uses of the 'Asia/Europe' dichotomy: a union leader said that voicing one's ideas and defending them was not part of 'European work culture'.[24]

PROGRESS THROUGH HARD WORK: NEOLIBERAL MANAGEMENT AND SOCIALIST PATERNALISM

We have seen, then, that Chinese managers and Hungarian workers and union leaders use the terms 'Asian', 'European' and 'socialist' in order to distance themselves from practices they are reluctant to accept, and to justify that reluctance. Like many Chinese managers overseas, and perhaps expatriate managers more generally, Wanhua managers cast themselves in the role of modernizers. They want to transform labour practices in ways they see as more modern, productive and competitive, and away from what they see as cultures of indolence. This desire to transform is an extension of a discourse on enhancing human 'quality' (Ch. *suzhi*) that has been pervasive in both government and popular interpretations of progress in China since the 1980s. Suzhi is a complicated term that can cover many things from manners and hygiene to education, but it is closely related to the conceptualization of a modern individual suited to a global market economy (Kipnis, 2006). Under economic reform, socialist paternalism at the workplace was to be replaced by a rational hierarchy aimed at maximizing productivity and competitiveness (e.g. Ping, 1999). In poorer societies such as Cambodia (Nyíri, 2013) or Africa (Lee, 2014), Chinese managers frequently see their work in terms of hardship, self-sacrifice and innovation which overcome many obstacles, most notably those of locals' low suzhi. Compared to those discourses of national-cultural essentialism, Wanhua's mission is largely expressed in the

22. Interview, Kazinbarcika, 5 July 2012.
23. Zhang (2015: 160) has observed similar worker aggravation and ridicule concerning 'suggestion quotas' under 'lean management' in China's auto industry.
24. Interview, Kazincbarcika, 5 July 2012.

managerial language of efficiency and economic rationality, underpinned by international management models, while BC's perceived backwardness is cast as 'socialist' rather than cultural; references to suzhi are rare.

At the same time, the language of lean management and 360-degree KPIs coexists with the paternalism of 'Chairman Ding promised not to fire staff, lest north-western Hungary should turn into a mess'. Such paternalism in employer–employee relations, based on the reciprocity of commitment and care, can be traced both to traditional morality and to the Maoist system of work units. A locally hired Chinese interpreter recalls how Jason Ding gave pep talks along the lines of 'you are very lucky; in our time, we had to endure hardship; now you must endure just a little hardship'. After the talk, the Hungarian employees asked her what he meant. They could, she said, 'understand the words but not the meaning', as they were not familiar with the practice of *suku*, 'describing hardship', a rhetorical device derived from the Maoist era that entails contrasting today's good life with past suffering in order to affirm faith in the leadership.[25] While Wanhua managers may boast of having moved past the 'shadow of socialism', for Chinese employees, some practices conjure up associations with socialism in a different sense: by invoking the discourse of the state, they promise political privilege and stability. (Such practices also surface on other occasions: a foreign manager recalls being shocked when, shortly after he joined the company, there was a celebration at which staff sang 'red songs'.)

Yet the worries of this interpreter and the Chinese manager who feared that the core values campaign would come across as excessively 'Asian' or else 'socialist' may have been overblown. As we have seen, Hungarian workers, especially the older ones who have lived through a number of upheavals, interpreted these campaigns — or at least the core concerns behind them — as evidence of long-term commitment and an appreciation of professional skill that had been lacking under the previous management. Both union leaders and workers admitted that performance evaluations and lean management demanded more attention on the job and continued engagement after working hours, as workers were expected to think about improvements and innovations. Some interpreted this as an 'Asian' — rather than a global flexible capitalist — work practice, one they therefore needed to get used to. Yet they also acknowledged that these methods 'worked', as they did in fact motivate them to work better and feel more ownership for the company.

In fact, it can be argued that the combination of what we may call neoliberal management techniques — 360-degree evaluations and worker input in lean management — with the paternalistic contract offered by management — keep your jobs but leave it to us to decide on wages — has gone down reasonably well with workers in Hungary. Despite the fact that there is no

25. Interview, Budapest, 10 January 2012.

dedicated PR team working on media relations, Wanhua's public image is untarnished. Every year, Wanhua holds a family day on which it invites local families and officials to visit the factory; it has made donations to the Red Cross, held demonstration classes at high schools, and supported sports and cultural events. More significantly, it has provided jobs to members of vulnerable social groups. But these activities have received little or no publicity, and cannot claim credit for earning BC the place of model business in the Ministry of Commerce investment guide's section on how to establish harmonious relations with Hungarian society (Ministry of Commerce, 2014: 59–62). Rather, what appears to have made the most difference to labour relations here, compared to the conflicts known from Africa and elsewhere, is the premium on what Ching Kwan Lee (2014) has called 'encompassing accumulation' in an environment with starkly deteriorating job security. This is an environment not unlike that of Western Europe and North America, but with greater existential insecurity and more limited opportunities for bargaining, that contrasts with the recent memory of an extensive welfare net. It needs to be remembered, too, that most workers at BC are skilled and represent some value to management. In Africa, the most conflicted relations with Chinese managers have tended to be with unskilled labourers; at BC, most of these had been made redundant before the Wanhua takeover.

What Lee calls 'encompassing accumulation' is a combination of profit maximization with long-term considerations of resource security, market access and national interest (as believed to be understood by the government). Pursuit of 'encompassing accumulation' does not have to follow from clear government instructions; it can also result from an unspoken understanding of what government, or particular government bodies relevant to the company's leadership, expects or will approve of. The balance between profit-seeking and 'encompassing accumulation' also depends on corporate culture, the position of the company in the complex corporate and government hierarchies in China, and the personal habitus of the company's leaders. As Smith and D'Arcy (2013) point out, different state enterprises, and even different branches of the same state enterprise, may display very different degrees of opportunistic entrepreneurialism or cautious bureaucratism when abroad.

Wanhua's operations in Hungary are not easily understood purely in terms of short-term profit maximization, nor are they directly influenced by non-commercial considerations. Wanhua's CEO, Jason Ding, has been described by Chinese media as possessing a combination of technical knowledge, entrepreneurialism and a hands-on attitude unusual for state enterprise bosses. Senior managers at Wanhua have described him as benefiting from the support of Wanhua's previous chairman, who shielded the company from excessive interference from its owner, the State Assets Committee, enabling him, for example, to introduce market-dictated salaries to retain top staff as early as the 1990s.[26] On the other hand, Wanhua managers have repeatedly stressed[27] that BC's purchase is a strategic move necessary to place the company on an equal footing with its global competitors, Bayer and BASF, by acquiring production facilities in their backyard and allowing them to retaliate against competitors' attempts to undercut Wanhua's pricing in China (see Yang, 2014: 9). Since MDI and TDI production is a global oligopoly of a handful of companies, Wanhua's strategic interest was to acquire a position in which it could exercise pressure on global prices. Such a strategy may not be dictated by any government blueprint, but it echoes the focus of the government's rhetoric on national sovereignty in economic matters.

Ding, who joined Wanhua's predecessor company, the Qingdao Synthetic Leather Factory, in 1982 as a fresh graduate, has described its development of MDI as breaking out of a 'siege' of Japanese and Western multinationals interested in keeping China's domestic manufacturing capability low (*Southern People Weekly*, 2011). 'What Ding wanted was to get respect from the industry', and 'in order to achieve that, Wanhua had to make a strategic move in Europe' (ibid.). In other interviews, Ding has talked about Wanhua's 'voice' and 'standing' within the global industry and the success of the BC acquisition as beneficial to improving China's image (Li, 2015; Long, 2012). To his staff, he has described Wanhua's success abroad as 'paving a road for Chinese companies' (*Southern People Weekly*, 2011). Indeed, following its strategic partnership agreement with the Hungarian government in 2014, Wanhua announced the establishment of the 'Sino-Hungarian Borsod Trade Cooperation Zone' with the intention of attracting further Chinese investors in the chemical industry to take advantage of the facilities available on BC's large and not fully used plot. Such clustering of Chinese enterprises into special economic zones follows China's domestic economic development model. The zones are common among greenfield investments in Africa and Southeast Asia where they are seen as enhancing access to infrastructure and security (e.g. Brautigam and Tang, 2011), but are unusual for corporate acquisitions in the West. A number of such overseas special zones have received concessional loans from the Chinese government, and Wanhua hopes to obtain incentives from both the Chinese and the Hungarian side. So far, a Shandong-based private chemical company has committed US$ 120 million to build a citric acid plant to employ 160 people (BoOn, 2015).

While there is apparent dissonance between Wanhua's rhetoric of rejecting 'socialist' labour practices and maintaining certain emotional or ritual, as well as structural and real, connections to its past as a 'socialist state enterprise', Hungarian unions also have an ambivalent relationship to 'socialism', although in a different way. Union leaders, and many workers, were socialized under state socialism and are often nostalgic about certain aspects of their lives and BC's standing in that era, as one of the country's

26. Interviews, Yantai, 31 March 2014.
27. Interviews, Yantai, 31 March 2014 and Kazincbarcika, 15 August 2014.

most respected industrial companies. Yet in Hungary's public sphere, expressions of such nostalgia are largely taboo, and even more so for unions whose political stance is historically opposed to the party-state. Ritual practices that recall state socialism seem to trigger in them a complex reaction that includes ridicule, discomfort and familiarity. At the same time, Ding's no-nonsense managerial habitus, which stresses closeness to the production process, reminds them of the era before the arrival of financial capital and in that sense is comforting. Moreover, Chinese managers' faith in progress through hard work rekindles a deeply familiar but largely lost feeling from the past. A long-time union leader's account of a visit to Wanhua's plants in China to meet his union counterparts reflects these more complex feelings:

> We, as a union that stood for regime change [i.e. the abolition of the party-state and transition to multiparty democracy] stressed pluralism in the unions. [But] the canteen they have, the flower garden, it's all clean and orderly. They're building the fucking future in China. Residence parks [gated communities], it's like a fairy tale down to the last blade of grass. There is something we aren't doing right here. So I told the boys: It's true that . . . [trails off], yes, but there's order. They all wear the same clothes; the boss can be recognized from the hammer-and-sickle pin he wears. They've got party rule, that's for sure. They said we were waiting for the Party secretary, the union leader and the PR director, and that was one and the same person. We were in a movement room [he uses an old term for a function room used for Party events under state socialism], and in the afternoons there was choir practice there. Believe it or not, we were singing 'Up, Reds, proletarians!' [a Soviet song with translations in both Chinese and Hungarian]. [Laughs.][28]

Wanhua managers interpreted the relative smoothness with which they have been able to implement management change in their own ways. Luckily for Wanhua, one senior manager suggested, Hungarian culture was a 'marginalized' or 'vulnerable' (Ch. *ruoshi*) one, perhaps because of what he understood as the weakness of the Hungarian state.[29] This meant that, though they might drag their feet, they would not refuse to comply; he contrasted this with the response of local staff at Wanhua's greenfield investment in the US: 'They would say: Why would we do it the way you want when our way is better? And in general they were right'. The manager's narrative displays a certain ambivalence: although he believes Hungarians, unlike Americans, do not possess superior ways of management that Wanhua could learn from, and are therefore right not to resist the implementation of models imported from China, he also sees their acceptance of these models as a cultural weakness.

A particularly interesting 'critical incident' involving a clash of corporate cultures has been described by a senior Chinese manager involved in key aspects of the merger (Yang, 2014: 30–31). This manager, who did not formally occupy a top position within the BC organization but played a crucial role behind the scenes, ordered that all cars in BC's management parking lot face in one direction, so as to create a more orderly look for visitors. The

28. Interview, Kazincbarcika, 23 June 2011.
29. Interview, Yantai, 31 March 2014.

order was questioned by numerous Hungarian managers and took 10 days to implement. The Chinese manager noted that such an order would immediately be followed at Wanhua's Chinese operations. Western observers would likely see this incident as evidence of the reluctant acceptance of a more authoritarian corporate governance. Yet the Chinese manager, on the contrary, interpreted the foot-dragging as evidence that BC's corporate culture was highly hierarchical and only orders from the top were followed, while those of lower-level managers could be contradicted. He took hierarchy to be not simply a Hungarian but a European corporate characteristic and contrasted it with more egalitarian Chinese practices that dictate less difference in dress, body language and use of space while at work (Yang, 2014: 36). Such outward egalitarianism is probably more characteristic of state enterprises and is a heritage of state socialism, although it is also part of 'lean management' practices (Huxley, 2015: 145).

CONCLUSION

The impact of China's overseas investment has aroused heated discussions. Scholars have variously approached it from the perspectives of geopolitics; labour conflict and resistance; implications for development and cross-cultural conflict or accommodation. In this article, we have explored the actual configurations through which certain forms of managerial rationality gain acceptance in the context of the global expansion of Chinese capital (see Collier and Ong, 2005).

Andrew Kipnis (2008) and others have pointed out how, in China, value systems and techniques associated with global neoliberalism overlap with and feed off those of the contemporary Chinese party-state, which continues to define itself as 'socialist'. At home as well as abroad, Chinese managers are expected to act as agents of a modernizing process that combines Fordist discipline with elements of flexible production (Zhang, 2015) while themselves adapting to the constantly evolving requirements of the global market. Nyíri has argued elsewhere that the confidence in the capacity of such discipline to effect progress distinguishes Chinese enterprises more than other politically or culturally shaped aspects of their operation (Nyíri, 2013). In contrast to views that charge Chinese investors with ignoring labour standards, other scholars have pointed out that Chinese managers' actions adapt to local regulations: where labour standards are laxer or unenforced, they simply take advantage of them (Lee, 2009). As in better-known cases in Africa, our earlier research in Cambodia suggested that where profit maximization is accompanied by widespread subcontracting, Chinese enterprises often violate existing labour regulations even when some enforcement is present (Nyíri, 2013). In such contexts, labour conflict has been rife. Studies of the consequences for labour relations of Chinese acquisitions in North America and Western Europe are yet to be published, but on the whole, fears of layoffs and closures associated with Chinese takeovers have not been substantiated.

In Hungary, the specifics of the global market for Wanhua's product, its ties to the state, diplomatic considerations, and the personality of its chief executive have all played a role in Wanhua's path of 'encompassing accumulation'. This has influenced its labour relations. Wanhua has avoided the type of conflict and negative publicity that embroiled the Korean tyre maker Hankook, where the union VDSZ organized repeated protests after Hankook refused collective bargaining. Remarkably, while Hankook was accused of imposing conditions 'alien to European work culture' — as the president of VDSZ wrote in an e-mail — such rhetoric of cultural 'othering' has not come into the open in the case of Wanhua, where, as we have seen, cultural labelling has been used in much more complex ways.[30]

Wanhua union representatives do draw a distinction between Wanhua as an 'Asian' company and BC as 'European', but generally do not describe this European identity as endangered. Nonetheless, they sometimes betray fears that are not limited to labour practices but encompass a sense of a vague danger. 'As long as we can preserve this Europeanness, there won't be any Chinese letters on that gate', one of them once said, as if the lettering stood for the company's identity and, by implication, its way of operating.[31] Yet these occasional references to cultural difference are quickly qualified: 'Sure, it's not the same if someone goes to see a Chinese or a Hungarian [manager] with a problem. It's a different culture. . . . Okay, it's a different culture, it's hard for them to understand things, but when they do, then they behave more flexibly than the Germans used to' (ibid.). Indeed, it is with regard to memories of 'the Germans' that ominous references to 'foreign interests' at work are likely to surface.

Such ambivalent discursive tactics show that speaking of 'Asia' and 'socialism' are attempts to make sense of, and reassure oneself regarding, one's current position within the global capitalist system. They are reminiscent of what Monica DeHart observed in development projects financed by China in Costa Rica, a country similarly on the periphery of the developed 'West'. A Chinese investor can in some ways be seen in a more favourable light than its Western competitors, but the labour efficiency it brings with it, while admired, is invariably seen as a sign of 'Third World' docility (DeHart, 2012). Although it is acknowledged that Chinese labour norms contribute to development, the fear of assimilating those norms — even if expressed as rejection of that possibility — is the fear of losing developed status, of becoming 'Third World'. Nonetheless, union leaders are more concerned with the overall marginalization of unions at the workplace and the shrinking of labour protection under the new labour law, against which they protested publicly. They realize that this is a global process and they liaise with

30. E-mail from Székely Tamás, 7 August 2014.
31. Interview, Kazincbarcika, 5 July 2012.

counterparts elsewhere in the EU to devise strategies to counteract it. They are also aware of and express support for fledgling labour protest in China. But, although they understand the subordinate position of unions in China, they do not link the shrinking room for organizing and protest to Chinese management or to cultural discourses.

For their part, Wanhua managers do not engage in the sort of direct 'cultural scapegoating' that has been applied by other Chinese managers to Cambodians (Nyíri, 2013). While they reject the idea that BC is a 'European' company — a designation they associate with 'advanced' management practices from which they can learn — the master narrative they use to explain this difference is 'the shadow of socialism' rather than culture. Some Wanhua managers argue explicitly against cultural stereotyping:

> The BC case has proved to us that Western employees are not like what we read in books, only interested in 'money' and lacking a sense of ownership. In fact, they are just like us; they need care, they need equality and respect, [and if they get them] they will also have the right sense of ownership and responsibility, just a more rational and professional one. (Yang, 2014: 36)

In the narrative of Wanhua managers, the 'Westernness' of Hungarian employees is ambiguous, but BC is 'socialist', while Wanhua is modern. Yet it is precisely Wanhua's own 'shadow of socialism', experienced differently, that inspires the trust of union reps and has helped rekindle a sense of responsibility among employees. As on a Chinese farm in Tanzania, whose state 'heritage' both aggravated and mitigated relations with local workers with their own memories of 'socialism' (Zhang et al., 2012), here too it creates a shared institutional memory, though used in differing ways by the two sides.

As a former socialist state enterprise located in an Eastern European country that is now part of the EU, Borsodchem offers a particularly rich case of discursive entanglement in which the frames East and West, Asian and European, socialist and capitalist are all part of the mix. Eastern Europe is neither the 'West', with its dominant connotations (in China) of prosperity, welfare, rights and hostility to China, nor the 'South', with its connotations of backwardness and often racialized developmental inferiority (tropes that are often in evidence in Africa). It is possible that Chinese managers in fact held such views but masked them under complaints about the 'residues of socialism'; in any case, overt references to the allegedly culturally (or biologically) coded indolence of the 'natives', such as one encounters in Africa or Cambodia, were absent. Chinese traders who flocked to Hungary in the 1990s did not shy away from summary statements about Hungarians' laziness, but simultaneously praised their high suzhi, referring here to manners and education (Nyíri, 2005). Like their equivalents in Africa, younger and more educated BC managers distance themselves from the crudeness of 'low-suzhi' Chinese traders and seek to produce an alternative historical explanation for what they see as the shortcomings of Hungarian work culture.

By uncovering the frequently unconscious, but sometimes probably deliberate misrecognition of a flexible capitalist practice, or a move to defend labour protections as culturally or ideologically determined, we hope to suggest three points. First, we draw attention to the complex intellectual lineage of these categories which, though part of a global 20th century intellectual history, are nonetheless differently inflected for Hungarians and Chinese, than they are for Africans or Americans. These divergent inflections — for example, whether 'socialism' is associated with warm and fuzzy, though somewhat embarrassing, nostalgia or with images of sacrifice and deprivation — are not simply determined by geopolitics or 'culture' but rather by the specific experiences of particular cohorts and the way those experiences are interpreted in locally dominant narrative frames. Second, we suggest that juxtaposing experiences of management–labour interactions that take place at various sites of the global map of Chinese corporate engagements would be a meaningful enterprise, revealing how these historical differences in local inflections may influence the course such engagements take. For example, in Hungary, references to the shared history of 'socialism' are used by both Chinese managers and Hungarian workers as a term of distancing, even though more complex undercurrents are also at work; but in Africa, appeals to shared post-colonial history are used by both sides to affirm familiarity. And third, ambivalent encounters such as at Borsodchem allow us to think outside the box of the usual geo-economic and geopolitical categories of developed and developing, North and South, historically close and distant, and to begin to think about frames of analysis that are more relevant from the perspective of mobile Chinese capital, including wage costs, regulatory environments and the perceived quality of the workforce, but also location in the global flows of goods and capital. The modalities of Chinese capital moving into new spaces of production may create new convergences between downwardly mobile workers in advanced economies — including the US rust belt — and their upwardly mobile counterparts in poorer parts of the world, even as strategies of engagement and reactions to them will continue to diverge.

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