



# Nordic Companies in China

## People & Organization

### Survey Report 2025/2026

Shanghai | 28 January 2026

Partners



DANISH CHAMBER OF  
COMMERCE IN CHINA  
中国丹麦商会

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# Why People & Organization Survey?

# Why People & Organization Survey?

## **Performance over pay:**

Execution capability—not compensation alone—drives results in a low-growth environment.

## **Organization as a strategic lever:**

Leadership, structure, and ways of working determine speed, agility, and resilience.

**Built for 2026:** Focused on the capabilities required to deliver strategy amid prolonged uncertainty

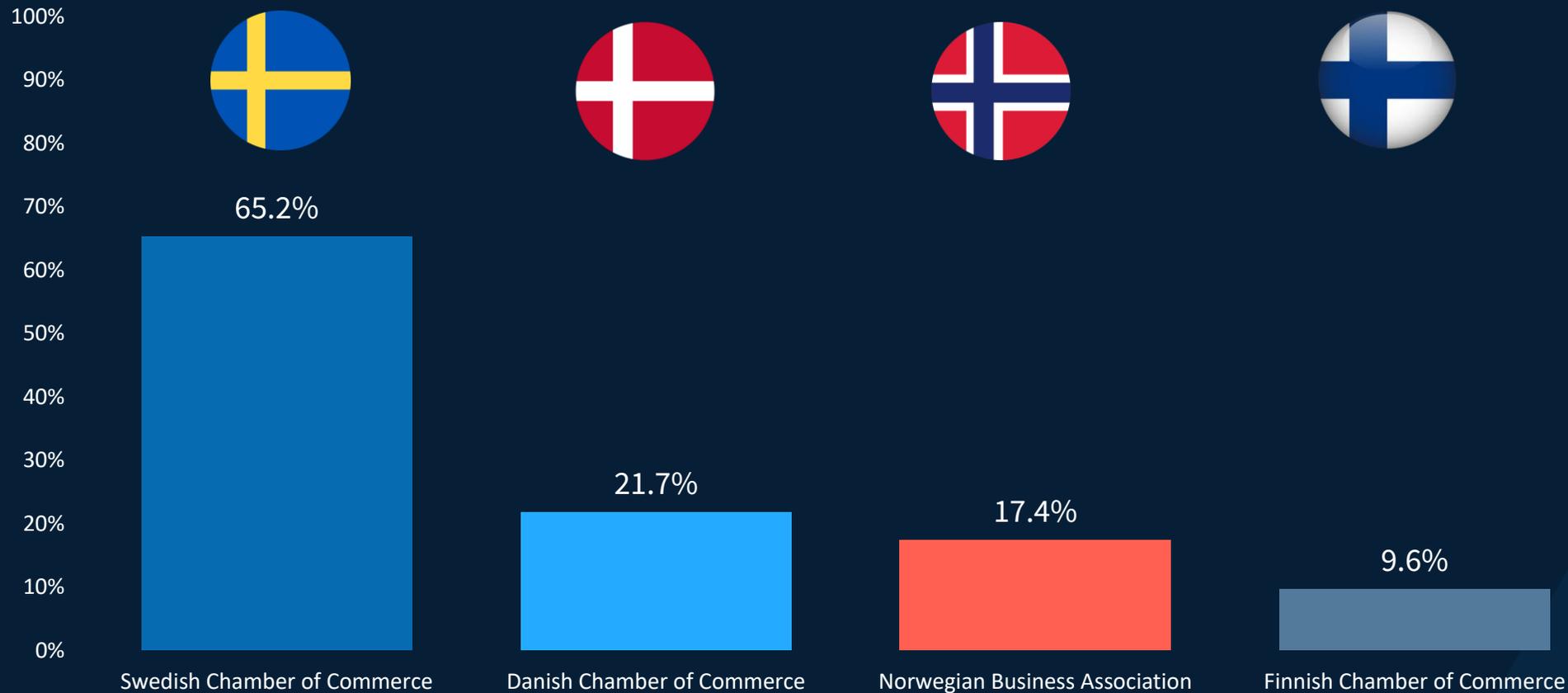
**Sustainable performance in China** is now driven less by pay levels and more by **Leadership Capability, Team Execution, and Organizational Effectiveness**

# Respondents Composition

## Quantitative & Qualitative

# Respondents per Nordic Chamber Membership

Quantitative Survey - 115 Respondents



**Nordic Corporate Members**  
est. 600 companies

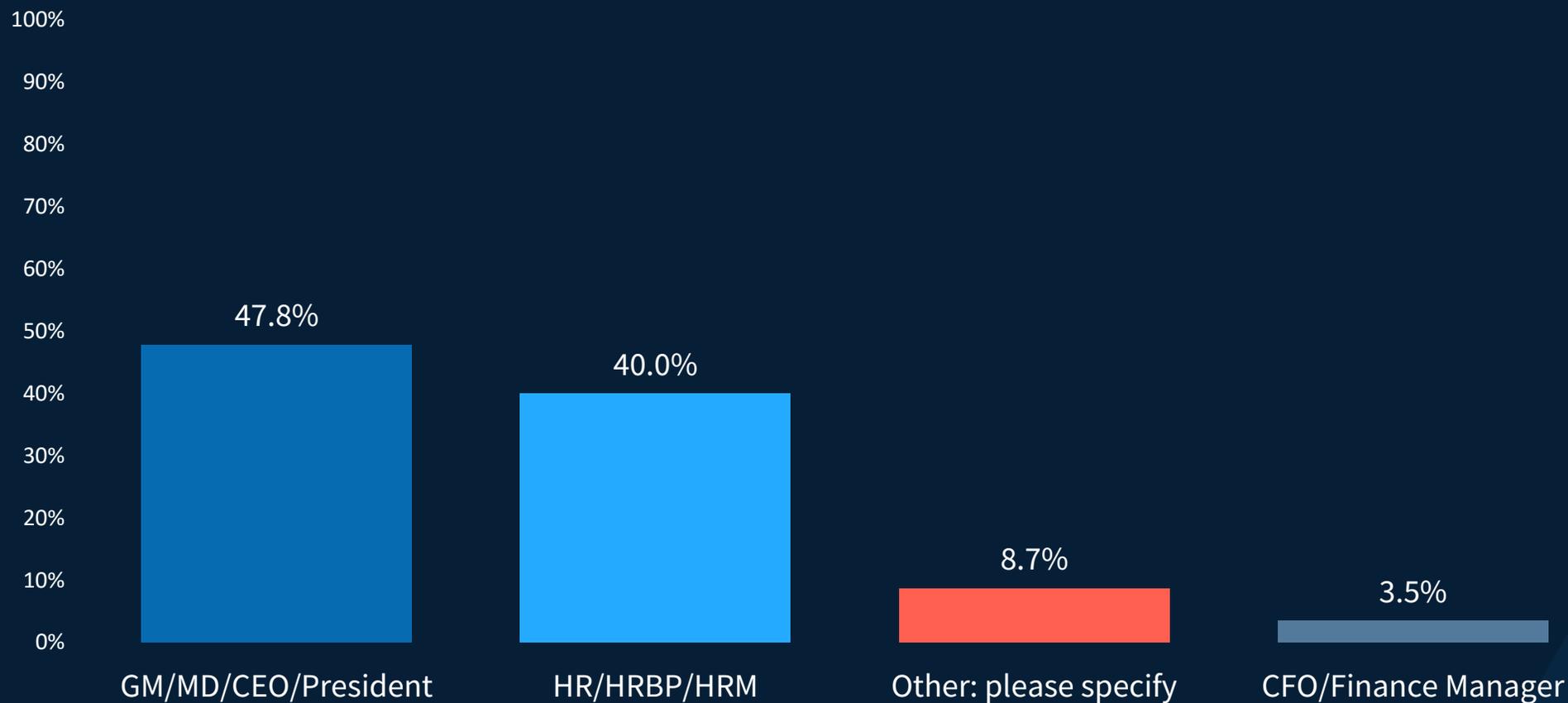
**Response rate: 19.16%**

N=115

Remark: A few respondents indicated membership of more than one Nordic Chamber

# Respondents' Position in the Company

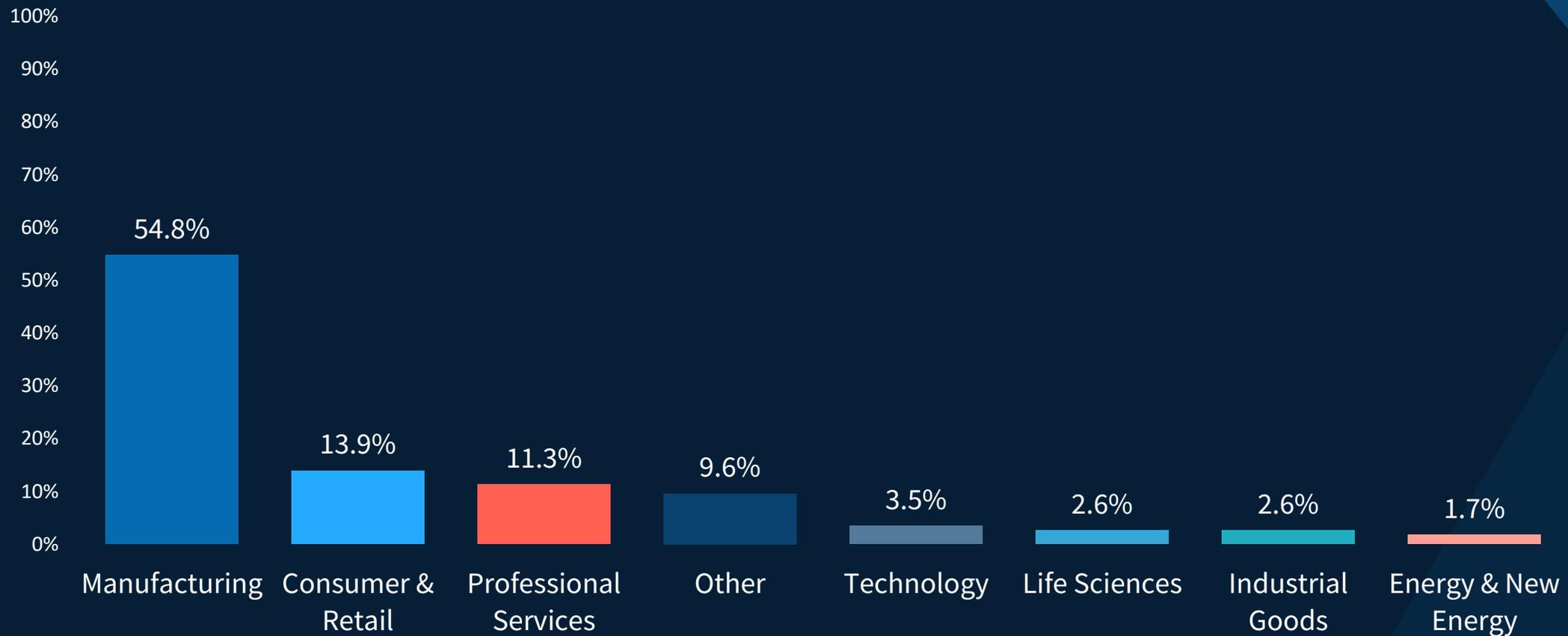
Quantitative Survey - 115 Respondents



N=115

# Industry Segments Represented

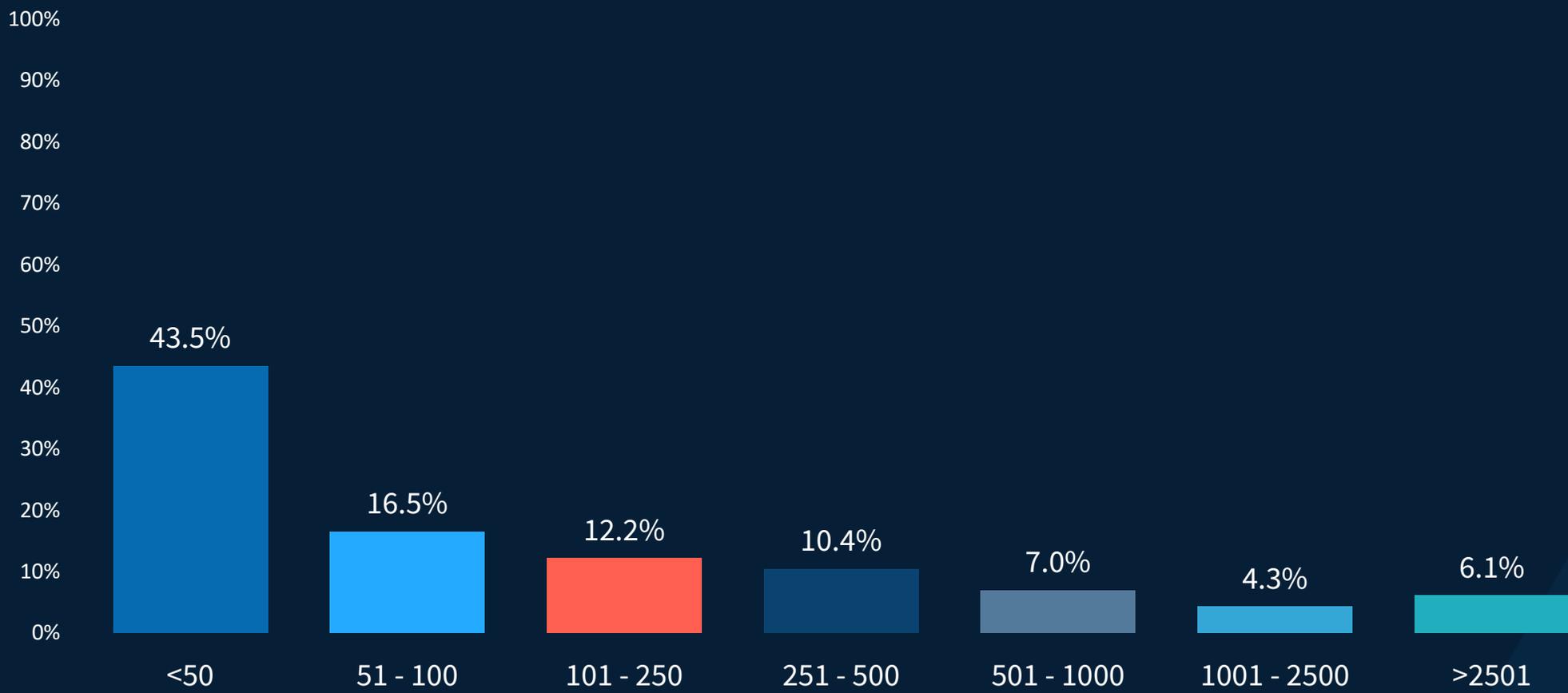
Quantitative Survey - 115 Respondents



N=115

# Size of Subsidiaries - FTE Count in China

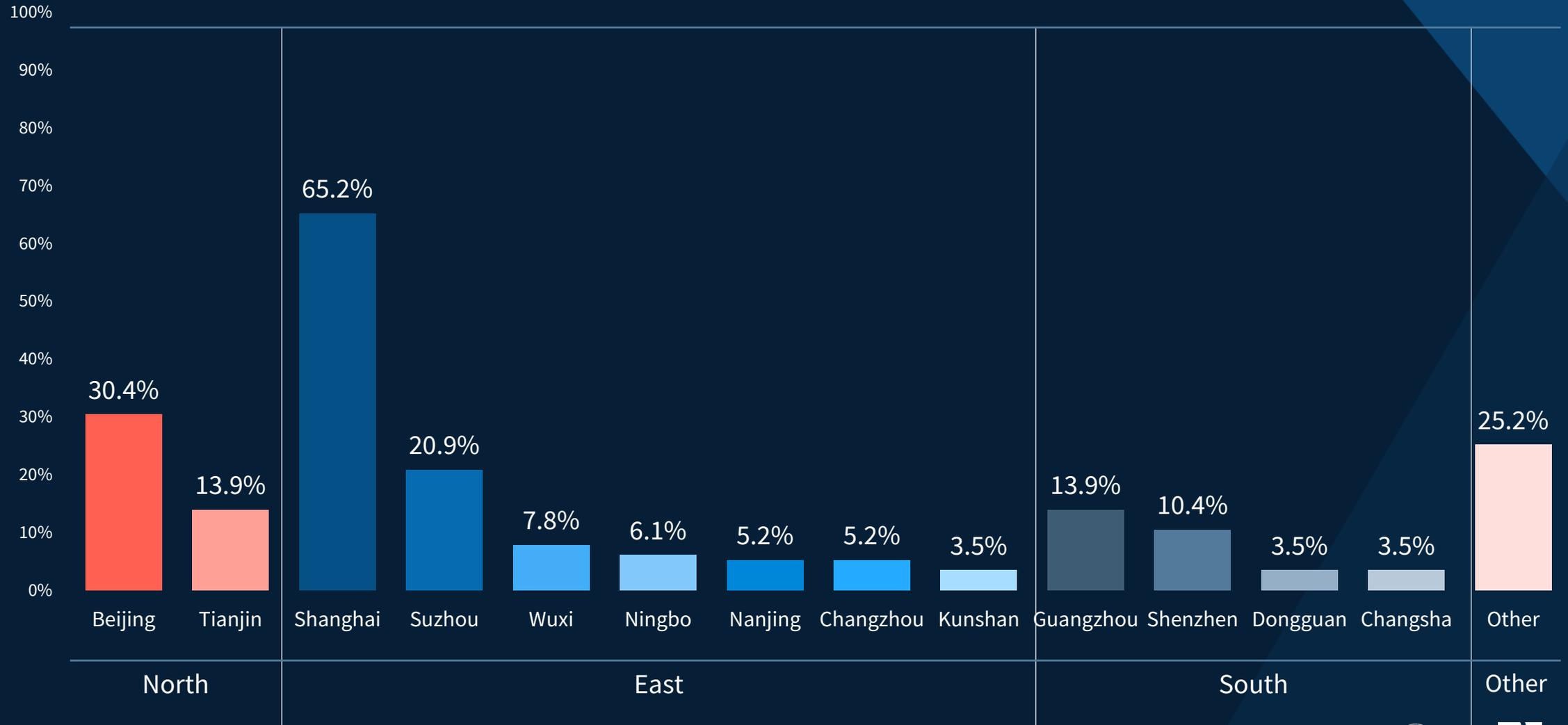
Quantitative Survey - 115 Respondents



N=115

# Respondents per Geographical Location

Quantitative Survey - 115 Respondents



Remark: Some respondents indicated subsidiaries in more than one city in China.

# Respondents Profiles

## Qualitative Survey - 17 Respondents

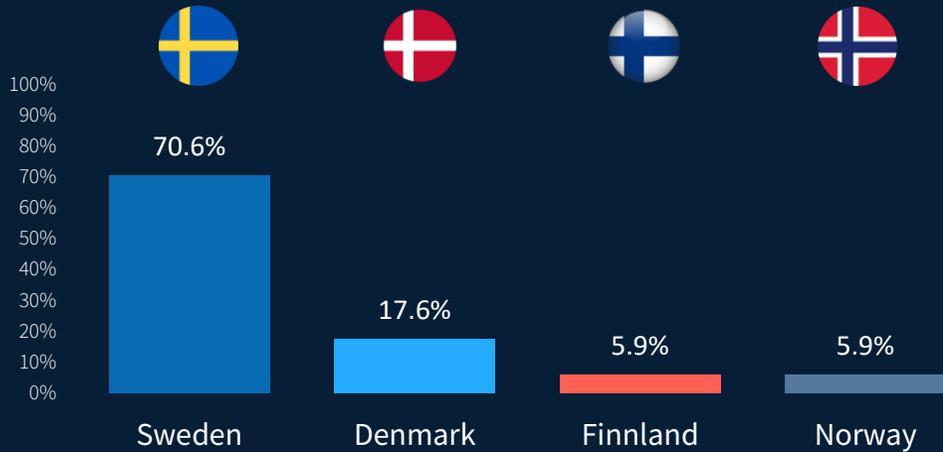


Figure 1: Respondent's Company Origin

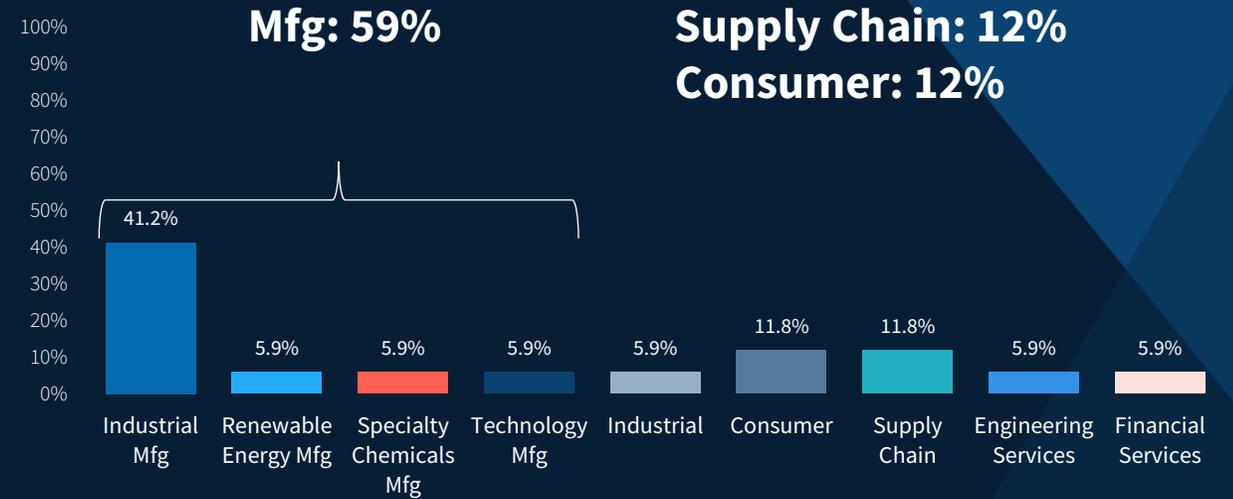


Figure 3: Industry Background

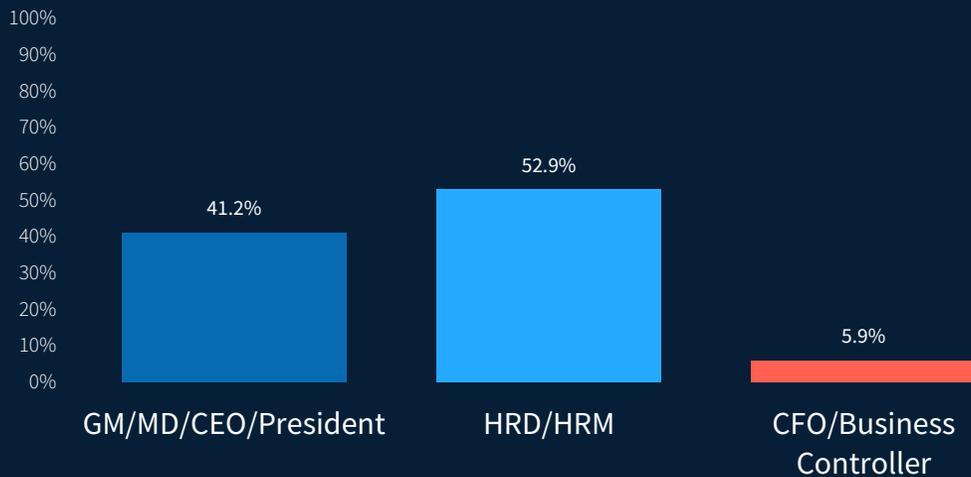


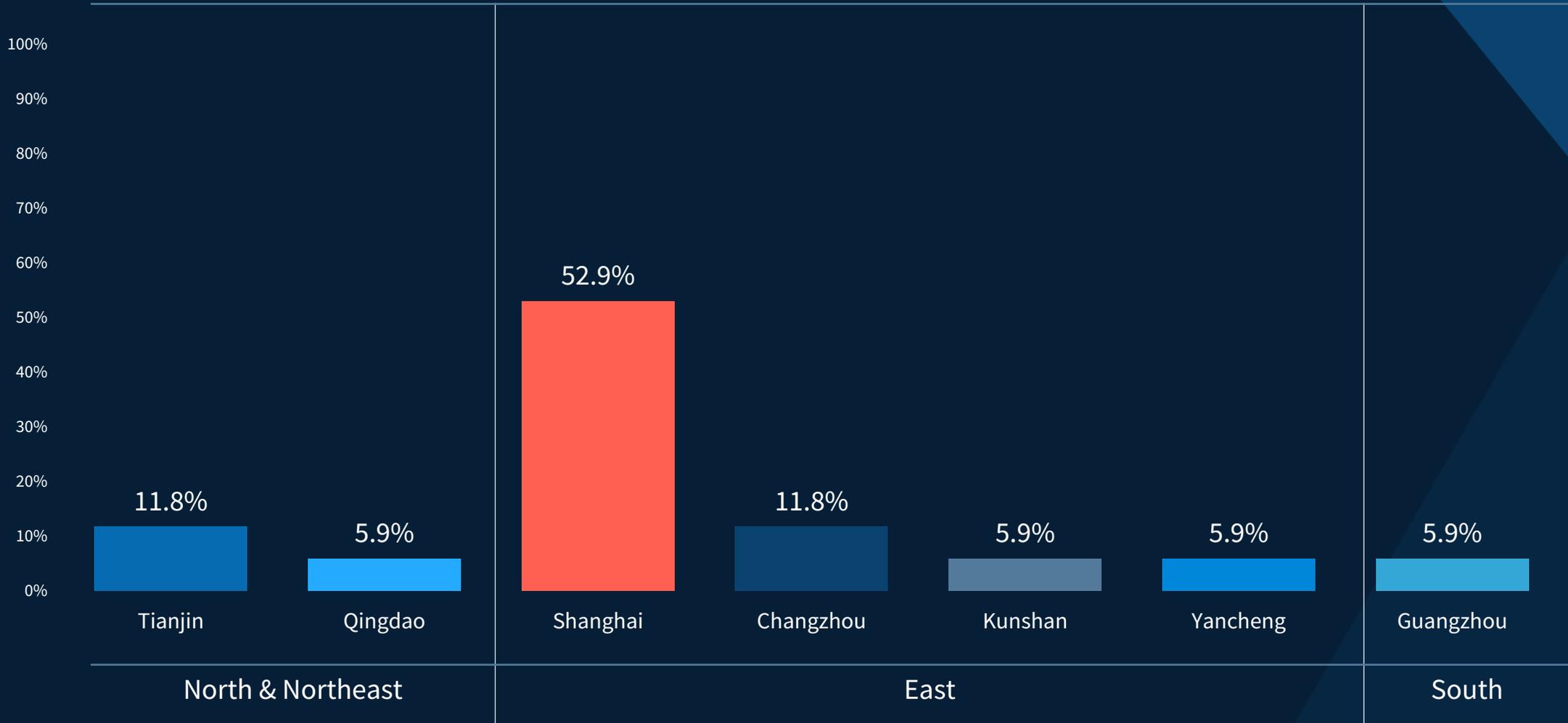
Figure 2: Respondent's Position in the Organization



Figure 4: Subsidiary Size in China

# Respondents per Geographical Location

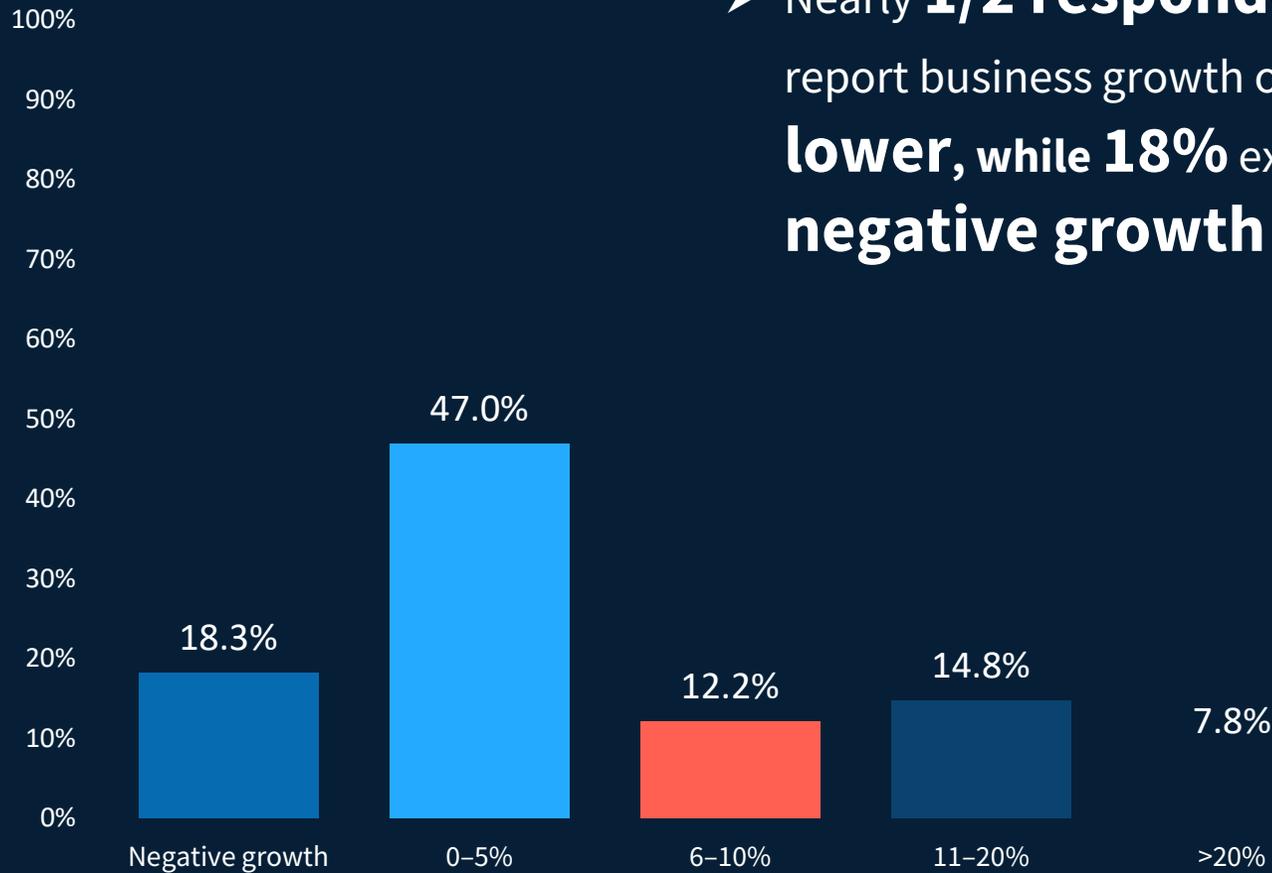
Qualitative Survey - 17 Respondents



# Survey Results 2025

# Business Growth Results in 2025

➤ Nearly **1/2 respondents (47%)** report business growth of **5% or lower**, while **18%** experienced **negative growth in 2025**



N=115

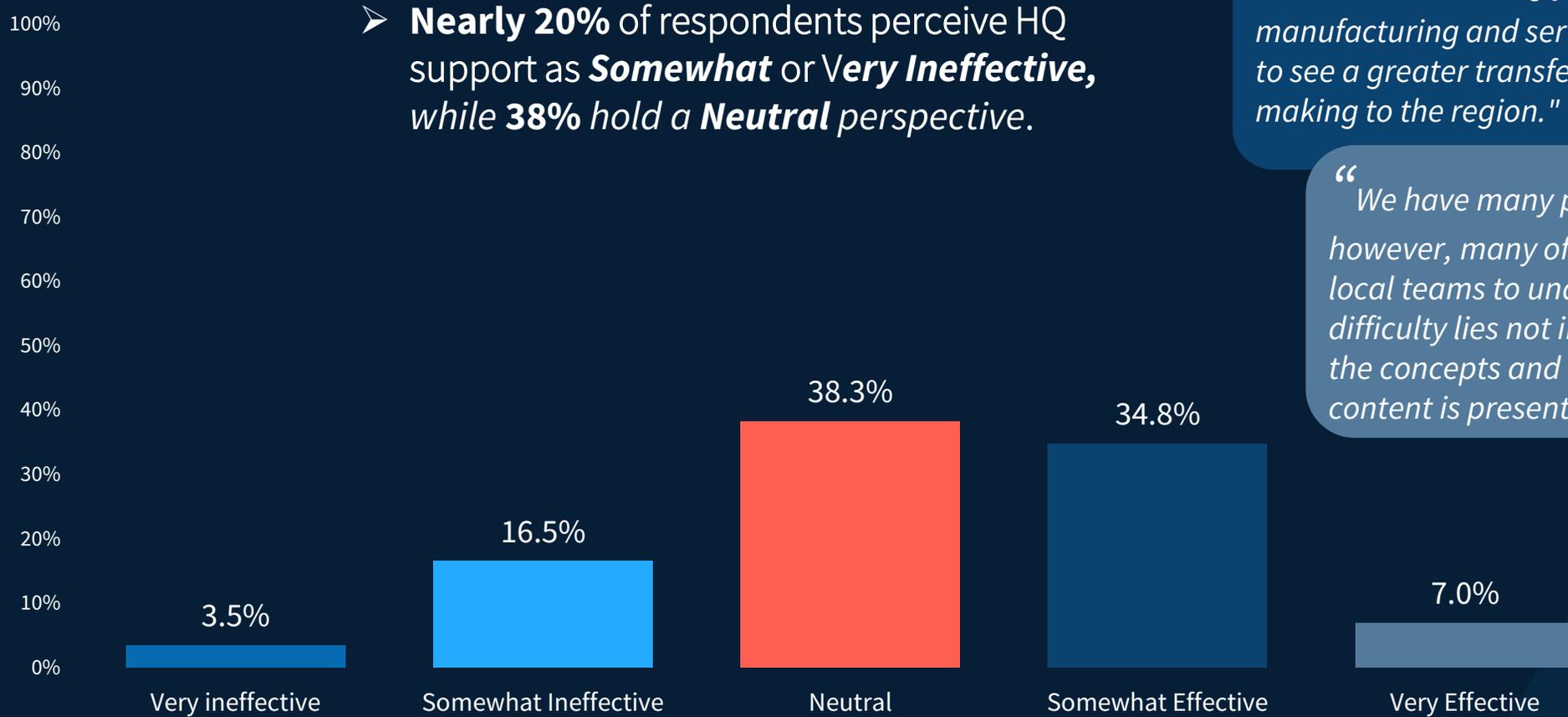
“ Over the past 12 months, we have been operating in a challenging economy where consumers are cautious about their spending. Intense competition arises not only from competitors but also from partners, who are under pressure to engage in extreme behaviors.”

“ We anticipate a decline in order intake over the next couple of years, leading to a significant drop in revenue in 2-3 years”

“ We are facing overcapacity, which is leading to a price war due to too many companies competing in the market. This competitive landscape is likely to persist next year...”

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# Nordic HQs' Understanding, Communication Effectiveness & Alignment on P&O Challenges in China Office



➤ **Nearly 20%** of respondents perceive HQ support as **Somewhat** or **Very Ineffective**, while **38%** hold a **Neutral** perspective.

“As China increasingly becomes the primary manufacturing and service hub, we would like to see a greater transfer of strategic decision-making to the region.”

“We have many programs rolled out from HQ; however, many of these are challenging for local teams to understand and implement. The difficulty lies not in the language used, but in the concepts and the manner in which the content is presented...”

N=115

**Imagine:  
Your Product meets only 50% customers' need and expectations.**

**Added value is merely average...**

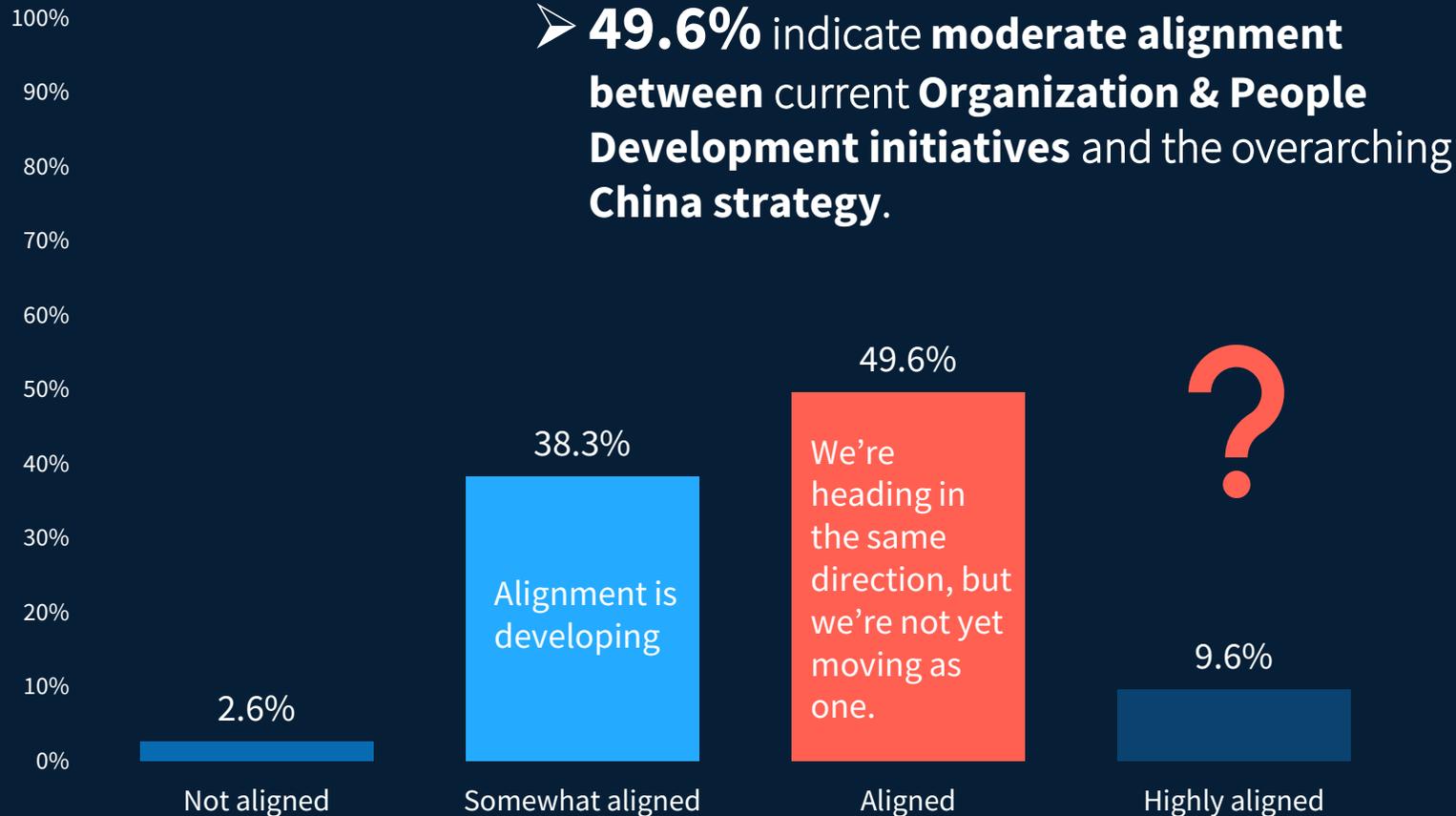
Yet, today **Organization & People activities are**

**50%** moderately **Aligned**

And only **10%** are **Highly Aligned**

**with the overarching China business strategy**

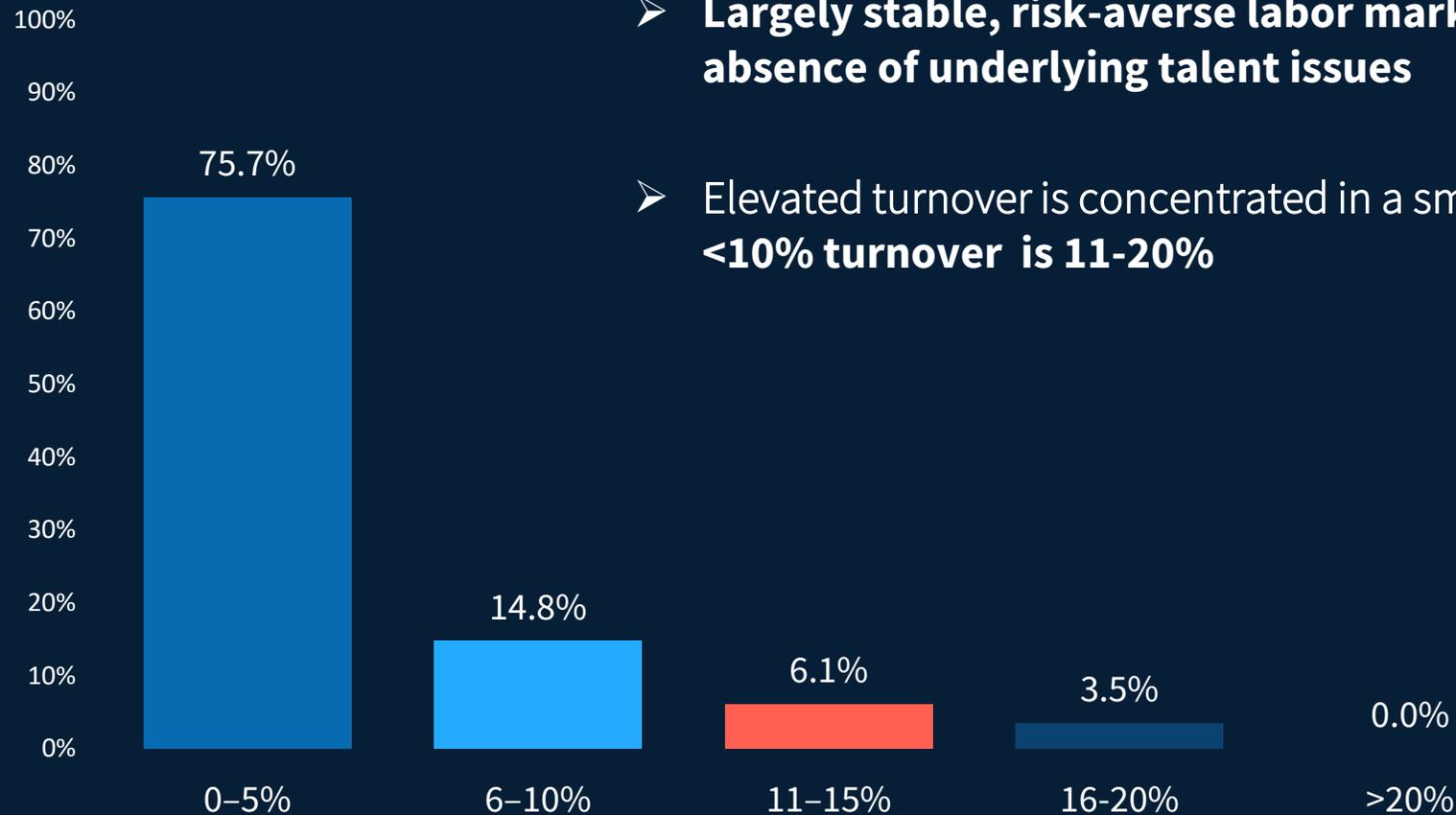
# People & Organizational Initiatives Alignment with the China Business Strategy



➤ **True strategic integration** remains the exception rather than the norm

- Strengthen **business-people** dialogue
- Embed **people and organization development in strategic planning**
- Increase **rigor in value measurement** – qualitative & Outcome-based ROI
- Institutionalize **regular strategic reviews- impact on business**

# Employee Voluntarily Turnover Rates

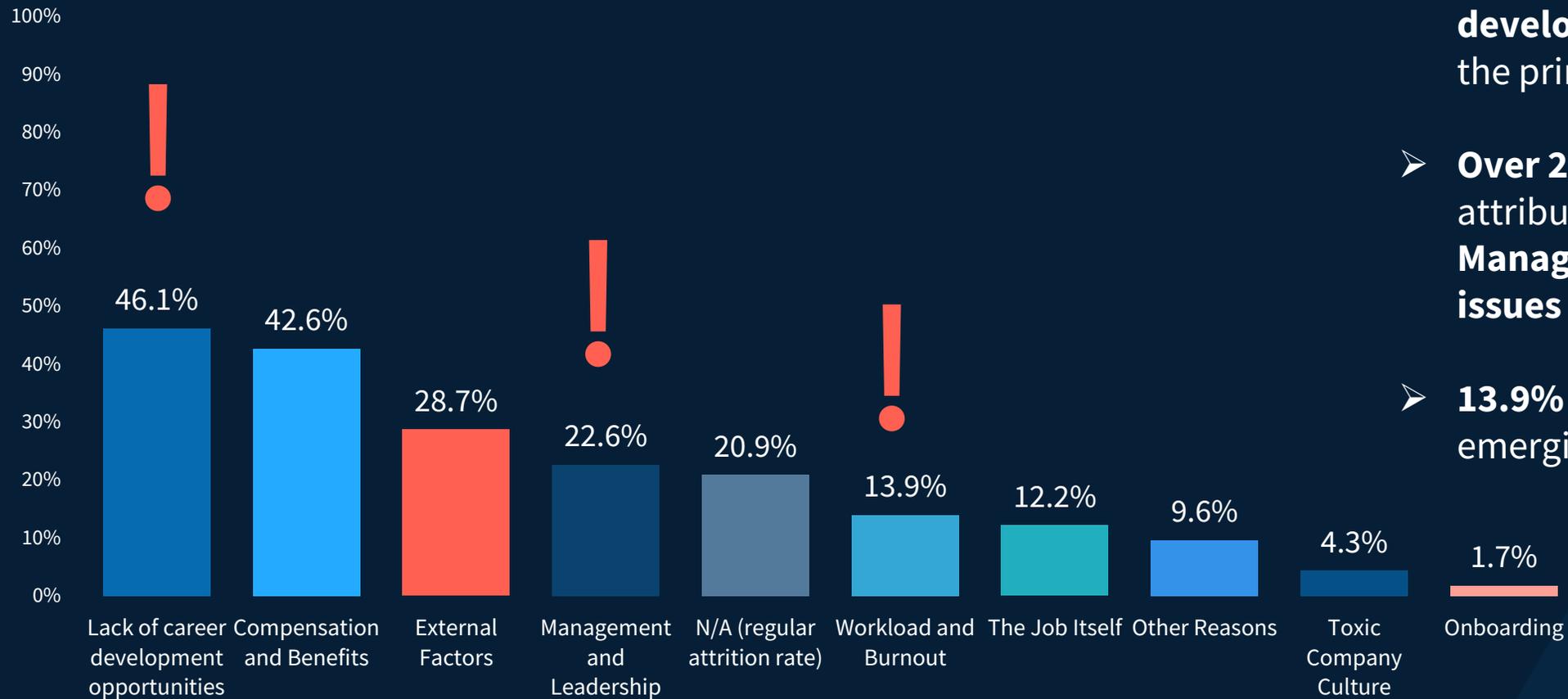


- Largely stable, risk-averse labor market rather than an absence of underlying talent issues
- Elevated turnover is concentrated in a small minority  
**<10% turnover is 11-20%**

“ Many of the truly talented individuals tend to stay in their current positions rather than seeking new opportunities unless necessary. We remain optimistic about identifying more talent in the market. ”

N=115

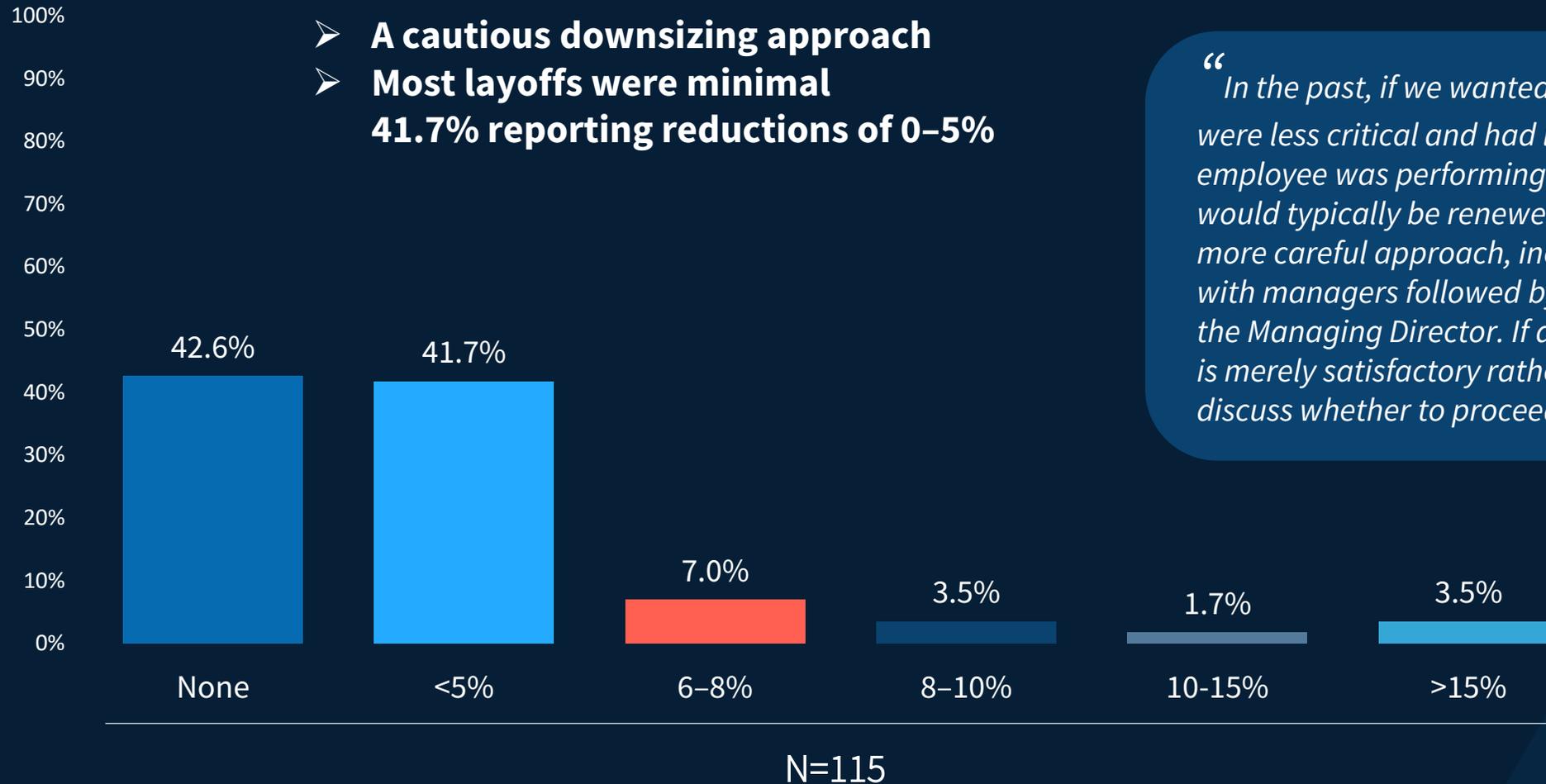
# Primary Reasons for Voluntarily Turnover Rates



- **46.1% cite the lack of attractive career development opportunities as the primary reason for leaving**
- **Over 22.6% of respondents attribute their departure to Management or Leadership issues**
- **13.9% Workload & burnout emerging factors**

N=115

# Layoff Trends Among Nordic Companies

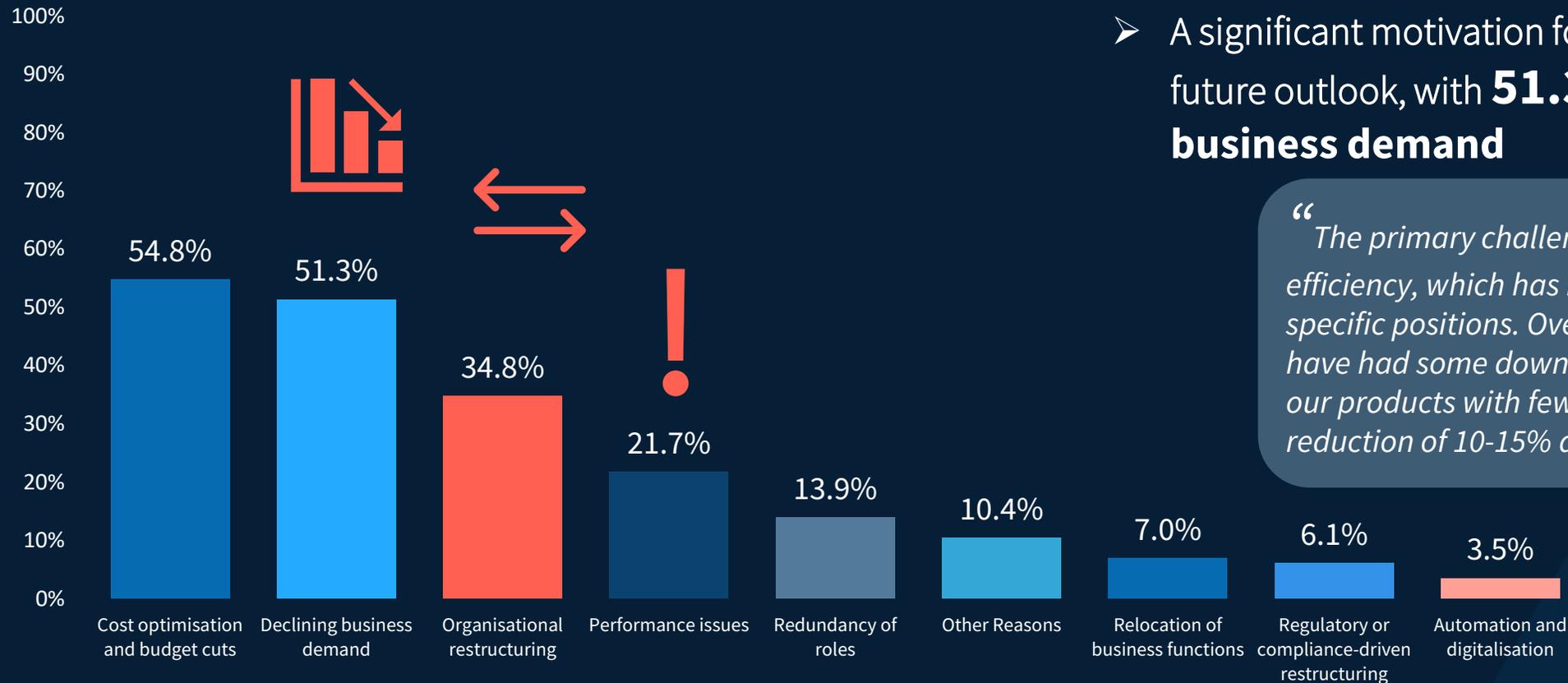


- **A cautious downsizing approach**
- **Most layoffs were minimal**  
**41.7% reporting reductions of 0-5%**

“  
In the past, if we wanted to renew a contract, we were less critical and had lower expectations; if an employee was performing adequately, the contract would typically be renewed. Now, we will adopt a more careful approach, including evaluation meetings with managers followed by a second evaluation with the Managing Director. If an employee's performance is merely satisfactory rather than strong, we will discuss whether to proceed with their renewal.”

# Layoff Trends Among Nordic Companies

## Primary Motivation behind Layoffs

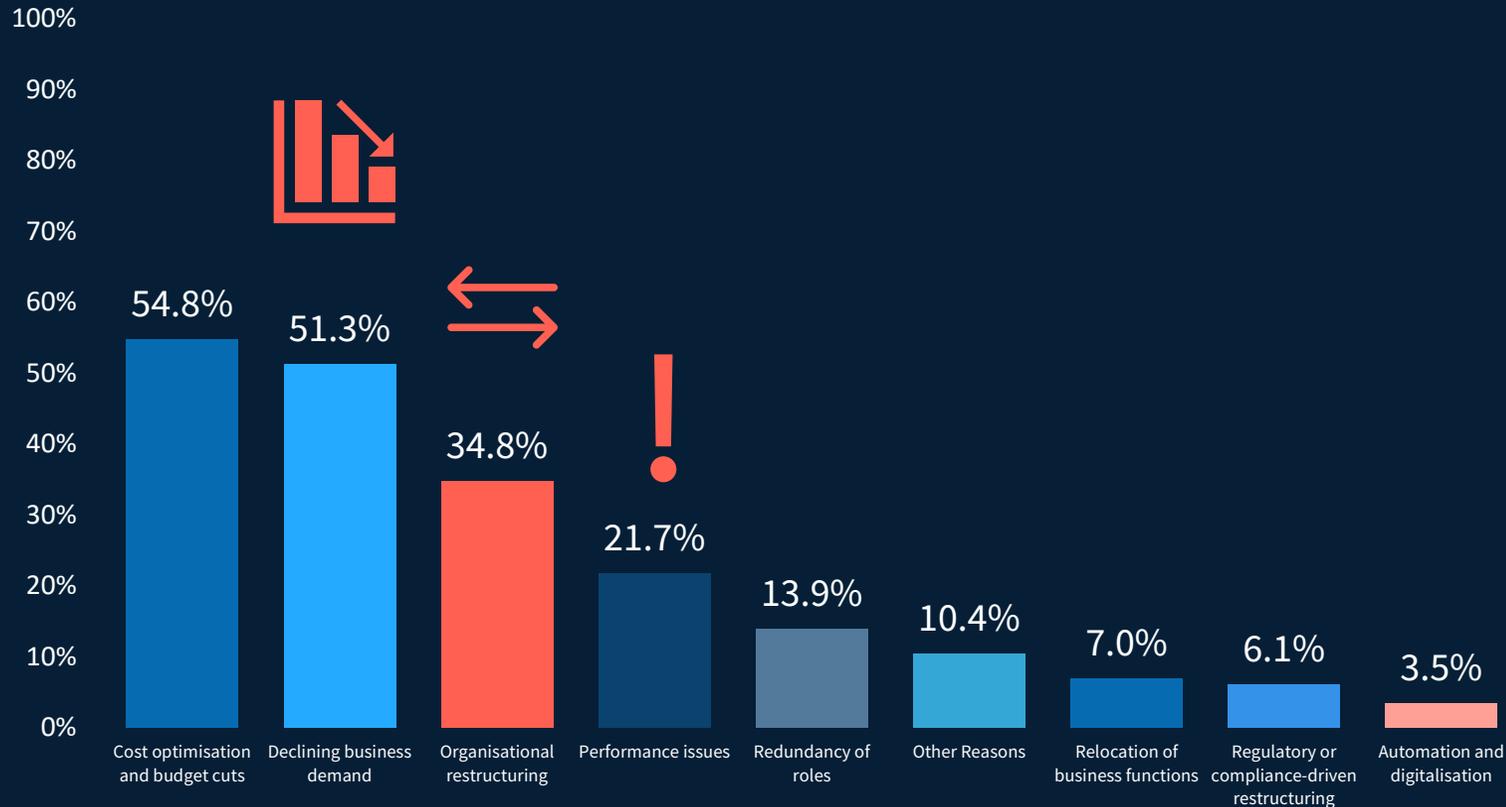


- Layoffs are primarily driven by **cost optimization and budget constraints**, accounting for **54.8%**
- A significant motivation for layoffs is a lackluster future outlook, with **51.3% citing declining business demand**

“The primary challenge we face is driving efficiency, which has resulted in the need to reduce specific positions. Over the past 12 months, we have had some downsizing, as we need to produce our products with fewer people. This has led to a reduction of 10-15% across the board.”

N=115

# Layoff Trends Among Nordic Companies



## Implications:

- Protect **morale and psychological safety** during transitions
- Strengthen **strategic workforce planning**
- Provide **structured support for affected employees**
- Sustain **investment in talent development**

# Foreign Staff in Nordic Organizations

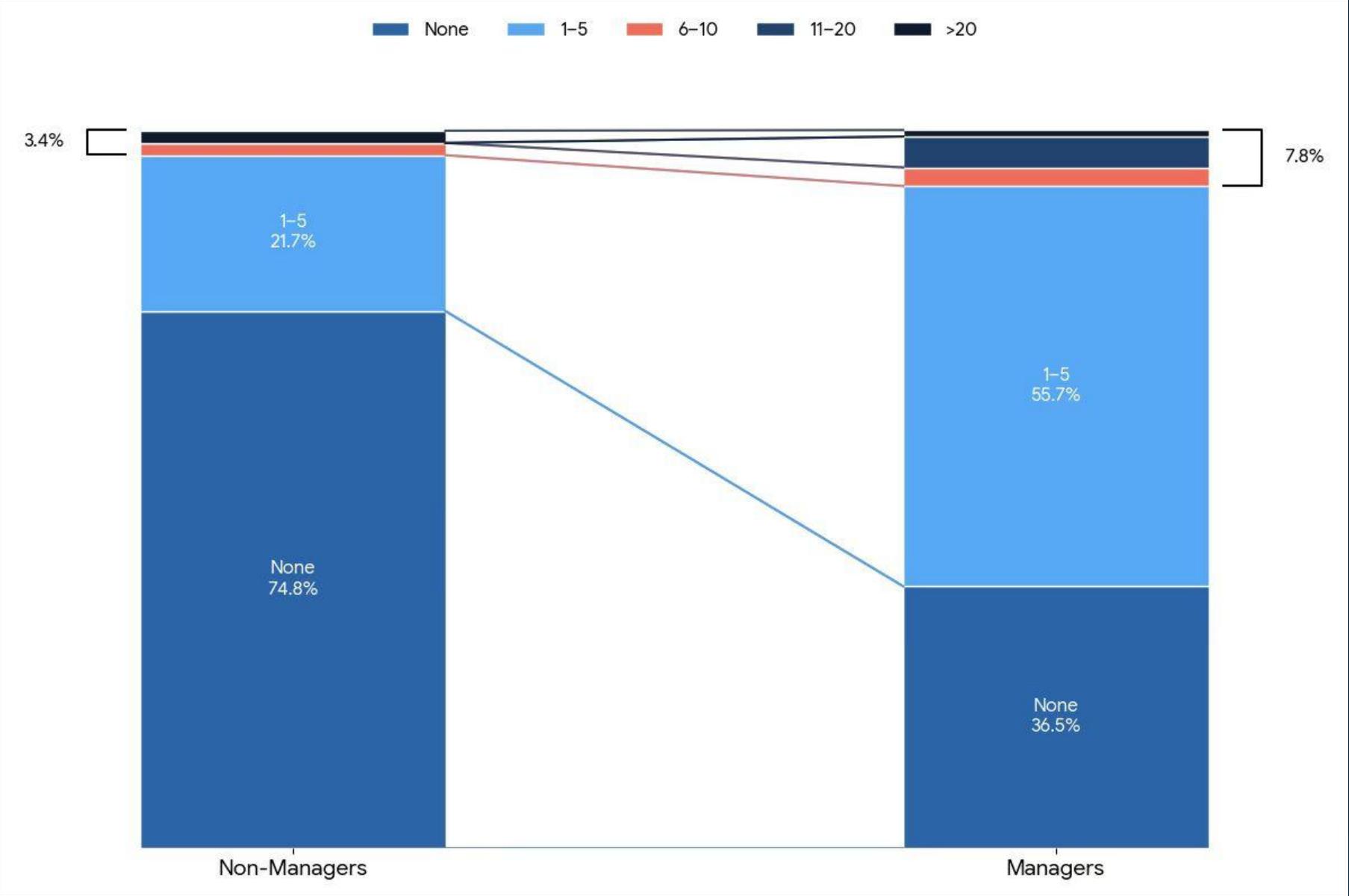


- **Over 1/3 of firms have no foreign managers, and nearly 3/4 have no foreign staff, highlighting limited cross-cultural exposure and potential risks to knowledge transfer and global alignment**
- Localization is no longer selective but structural in workforce composition



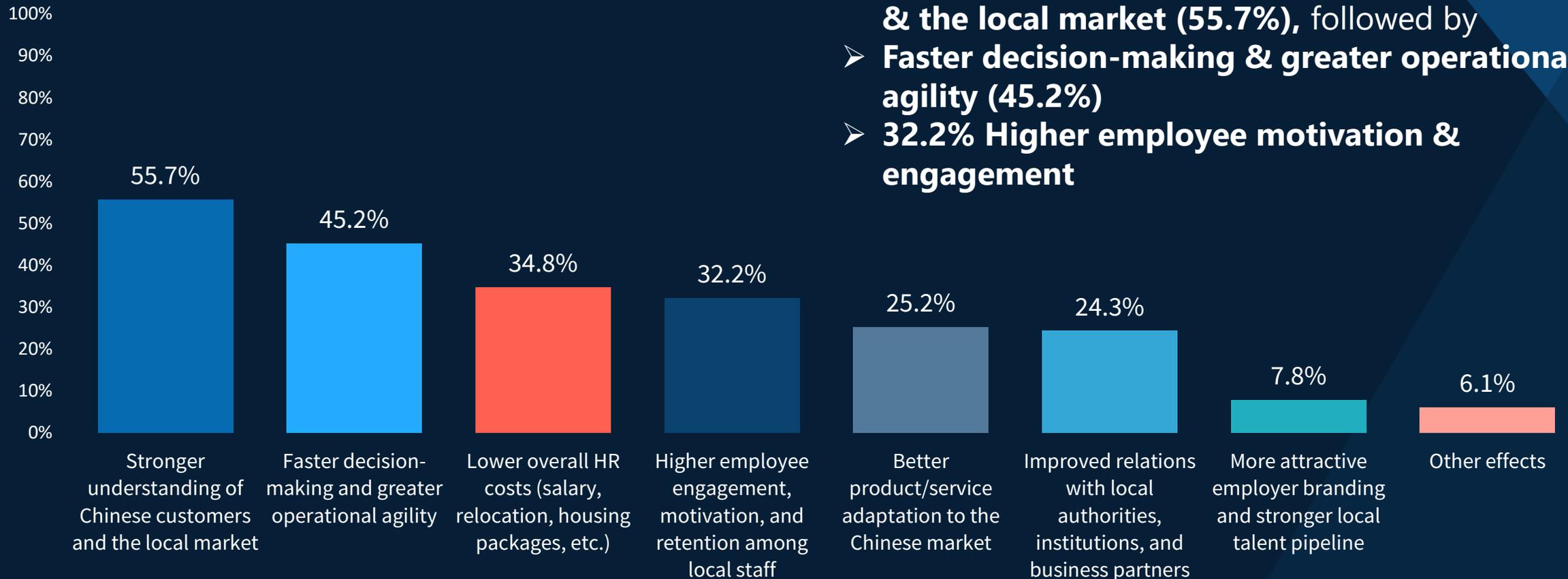
“People localization offers several advantages; we operate in manufacturing, not technology, and our EBIT is at 10%, which doesn't represent double-digit profitability. However, it's still essential to maintain a reliable bridge between HQ and the local team, which is facilitated by the GM role.”

# Foreign Staff in Nordic Organizations



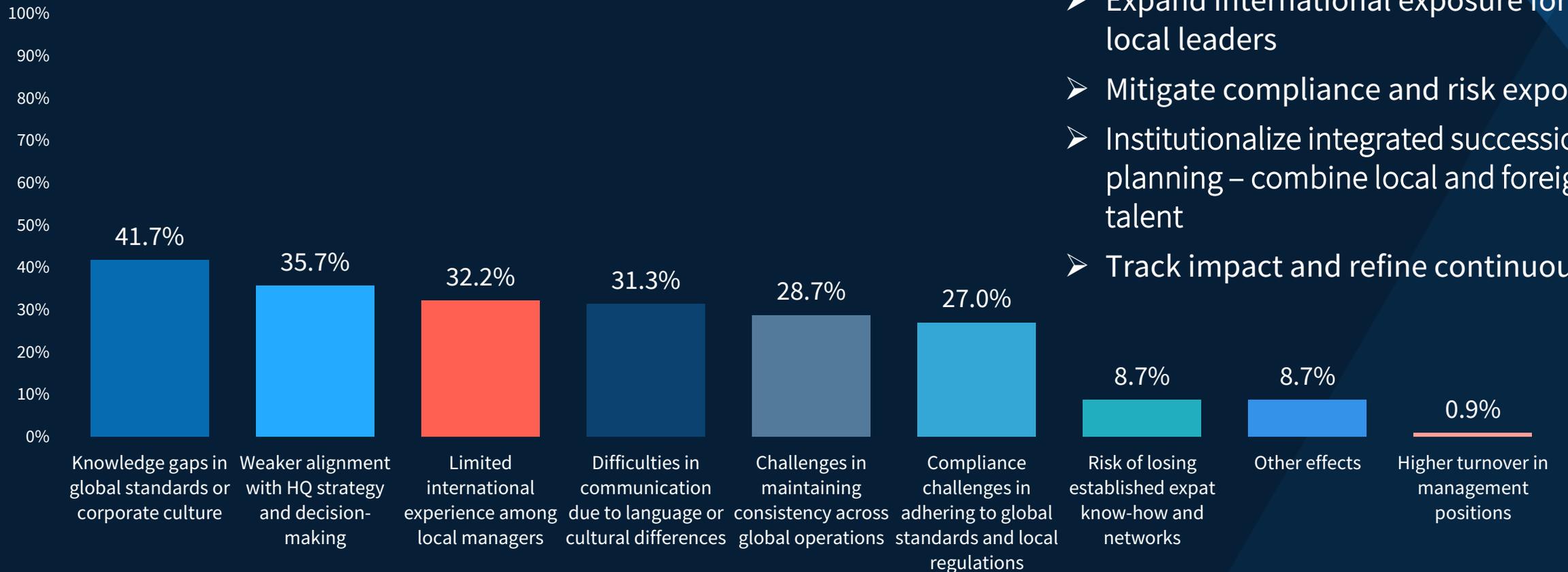
# The Dual Impact of Talent Localization: Benefits and Challenges

## Talent Localization Benefits



# The Dual Impact of Talent Localization: Benefits and Challenges

## Talent Localization Drawbacks



## Implications:

- Build strategic local capabilities
- Enable targeted knowledge exchange
- Expand international exposure for local leaders
- Mitigate compliance and risk exposure
- Institutionalize integrated succession planning – combine local and foreign talent
- Track impact and refine continuously

# Key Challenges in 2025

## Organizational Effectiveness

Localization  $\neq$  agility and resilience

- Agility is not merely a skill; it encompasses a **way of thinking, a system, and an organizational design** that enables the organization to function as a unified body



- Strengthening **agility and resilience**, **improving productivity**, **fostering innovation**, and **sustaining employee engagement** are **critical priorities** for a comprehensive people and organization development strategy
- **A structural tension.** Despite high level of talent localization, Nordic companies continue to face **persistent challenges** in **agility, resilience, and employee engagement**

# Key Challenges in 2025

## Team Effectiveness

- Results indicate a broader need to strengthen team effectiveness through **intentional organizational design and capability building**

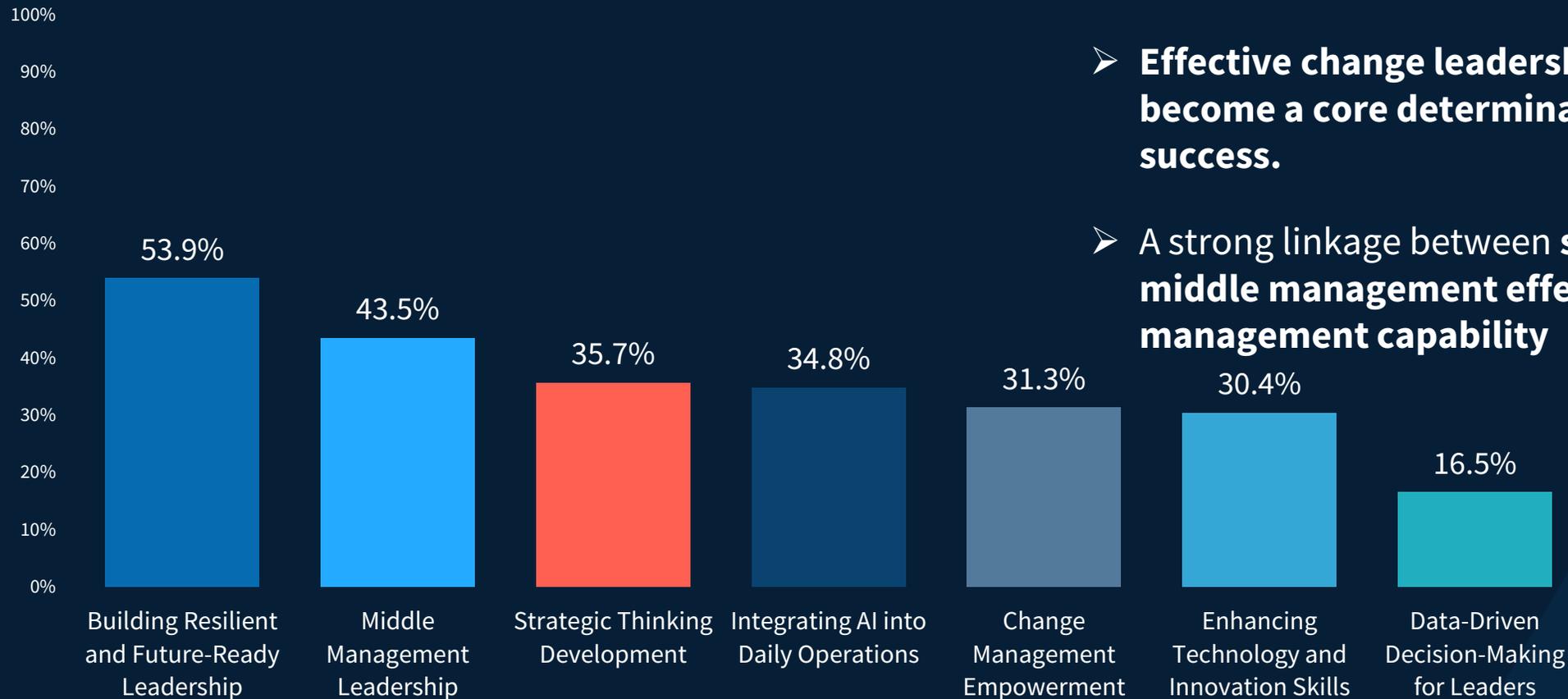


### Implications

- Strengthen cross-functional understanding
- Align performance metrics
- Increase leadership connectivity
- Empower frontline collaboration
- Deploy cross-functional delivery teams

# Key Challenges in 2025

## Leadership Effectiveness



- **Middle managers (43.5%), in particular, serve as the primary drivers of execution and change on a day-to-day basis.**
- **Effective change leadership (31.3%) has become a core determinant of organizational success.**
- **A strong linkage between strategic thinking, middle management effectiveness, and change management capability**

# Key Leadership Competencies for Success in China

Leadership Effectiveness – based on Qualitative Insight

➤ The leadership profile required to succeed in China is **less about control and expatriate oversight**, and more about **collaborative leadership, agile execution, transparent communication, and values-based decision-making**, anchored in a strong local talent base.

- 1. Team Leadership & Collaboration**
- 2. Adaptability, Agility & Execution Focus**
- 3. Communication & Transparency**
- 4. Integrity, Reliability & Compliance Mindset**
- 5. Ownership, Decision-Making & People Development**

## Cooperation & Alignment

*“As we encounter more external business challenges, internal cohesion becomes increasingly important. Different functions must work together and align more effectively to address these challenges.”*

## Leadership development

*“Employees need to develop leadership skills and effectively follow working procedures, such as lean production methodology. Engaging in activities like GEMBA helps employees deal with challenges actively rather than remaining confined to the office”*

## Execution is key

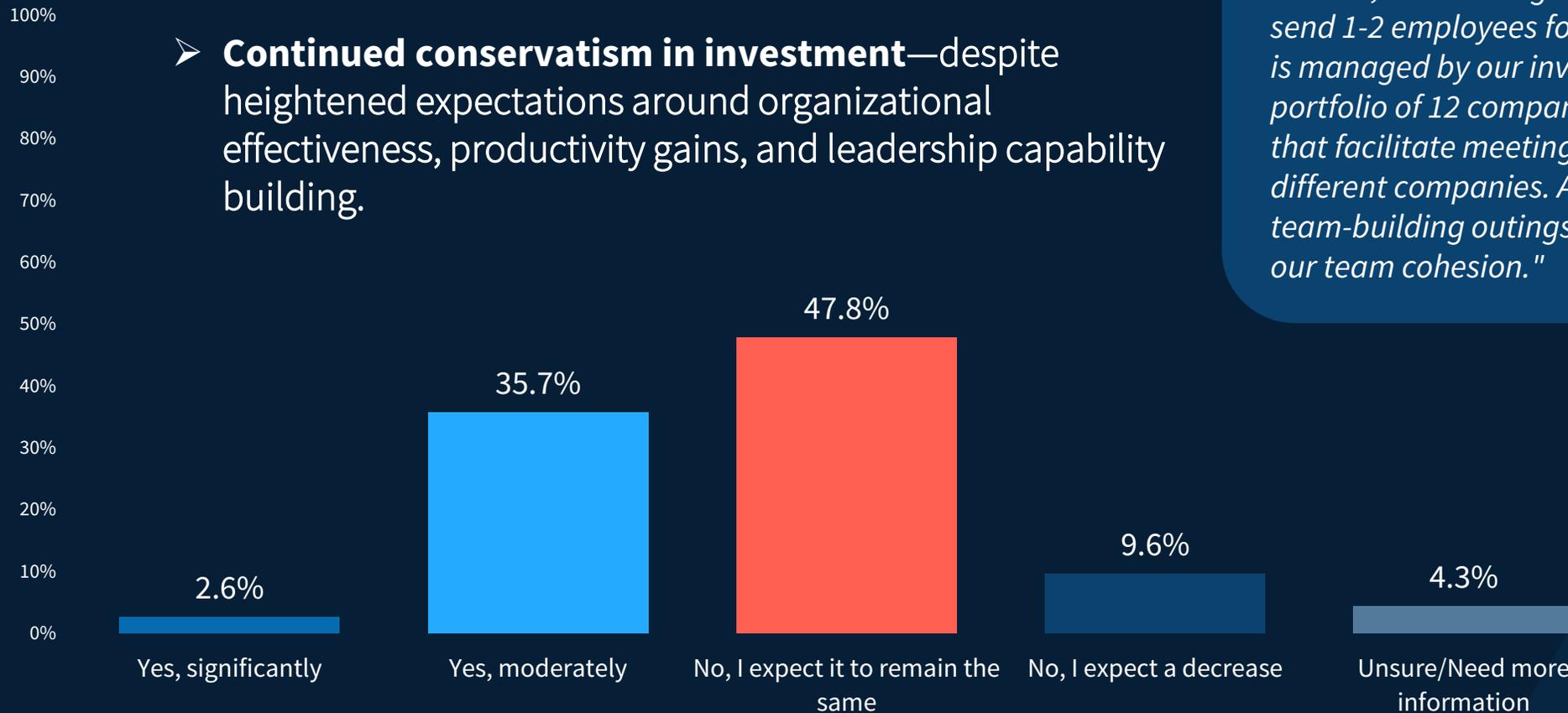
*“While it's valuable to have impressive presentations and creative ideas, the focus should ultimately be on execution—transforming concepts into reality rather than just showcasing appealing proposals.*

# Outlook 2026

# Outlook for People & Organization Development Budgets in 2026

- Taken together, the findings suggest a clear tension between **Strategic Ambition and Financial Commitment**

- **Continued conservatism in investment**—despite heightened expectations around organizational effectiveness, productivity gains, and leadership capability building.

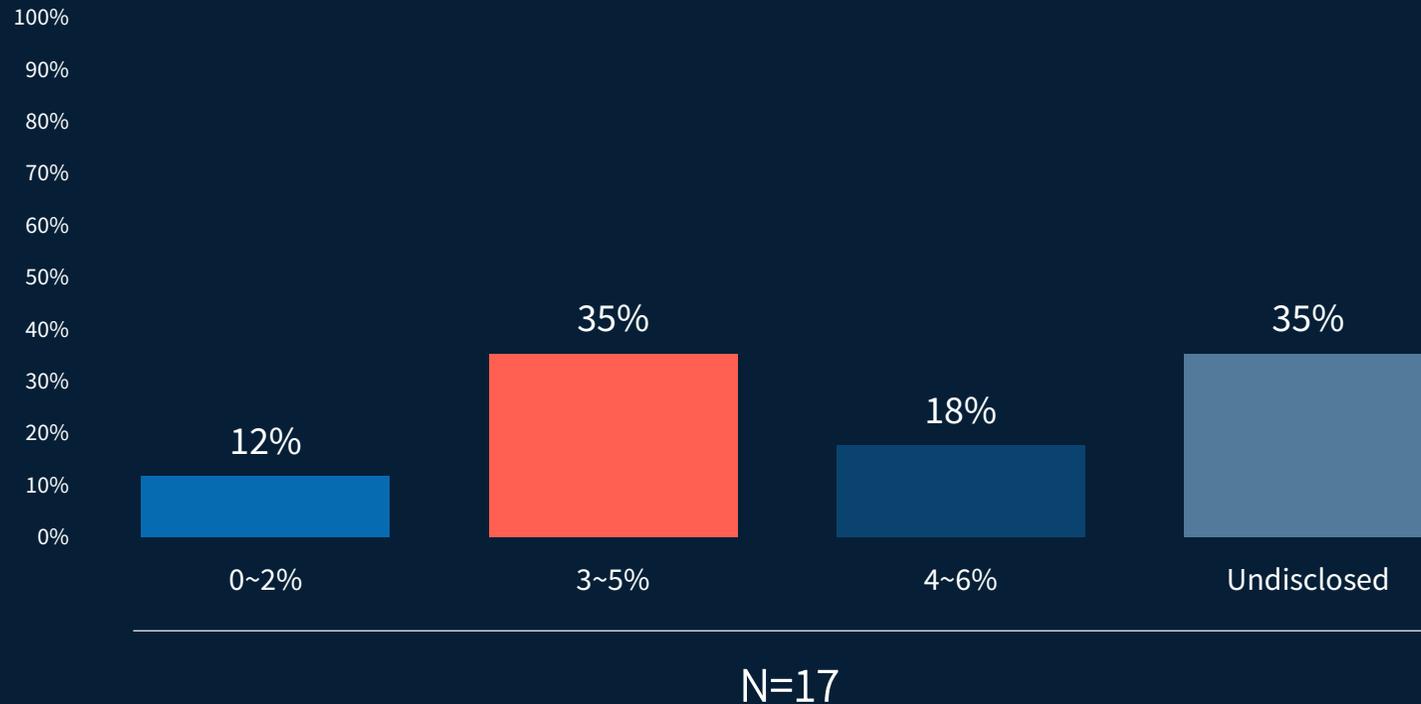


“ There is no special budget allocated for this; instead, we have a global program that allows us to send 1-2 employees for training at HQ. The initiative is managed by our investors who of manage a portfolio of 12 companies. They organize programs that facilitate meetings and networking among different companies. Additionally, we conduct team-building outings and activities to strengthen our team cohesion.”

# Outlook for Salary Increments in 2026

Based on Qualitative Insights

- Salary increments will continue to correlate with GDP trends, inflation, etc., however we observe even lower levels this year – increments will be applied with caution.

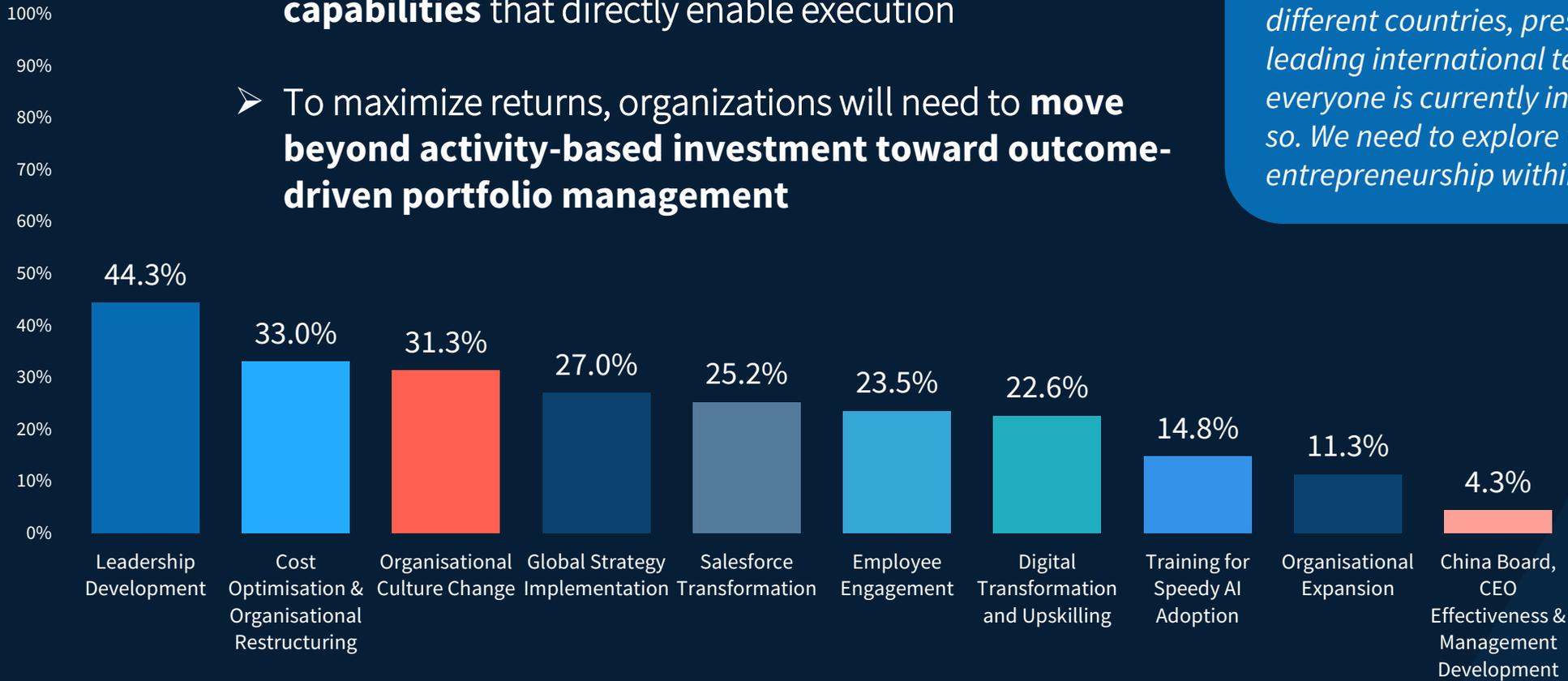


“ We will focus on individual performance rather than implementing across-the-board salary increases for all employees ”

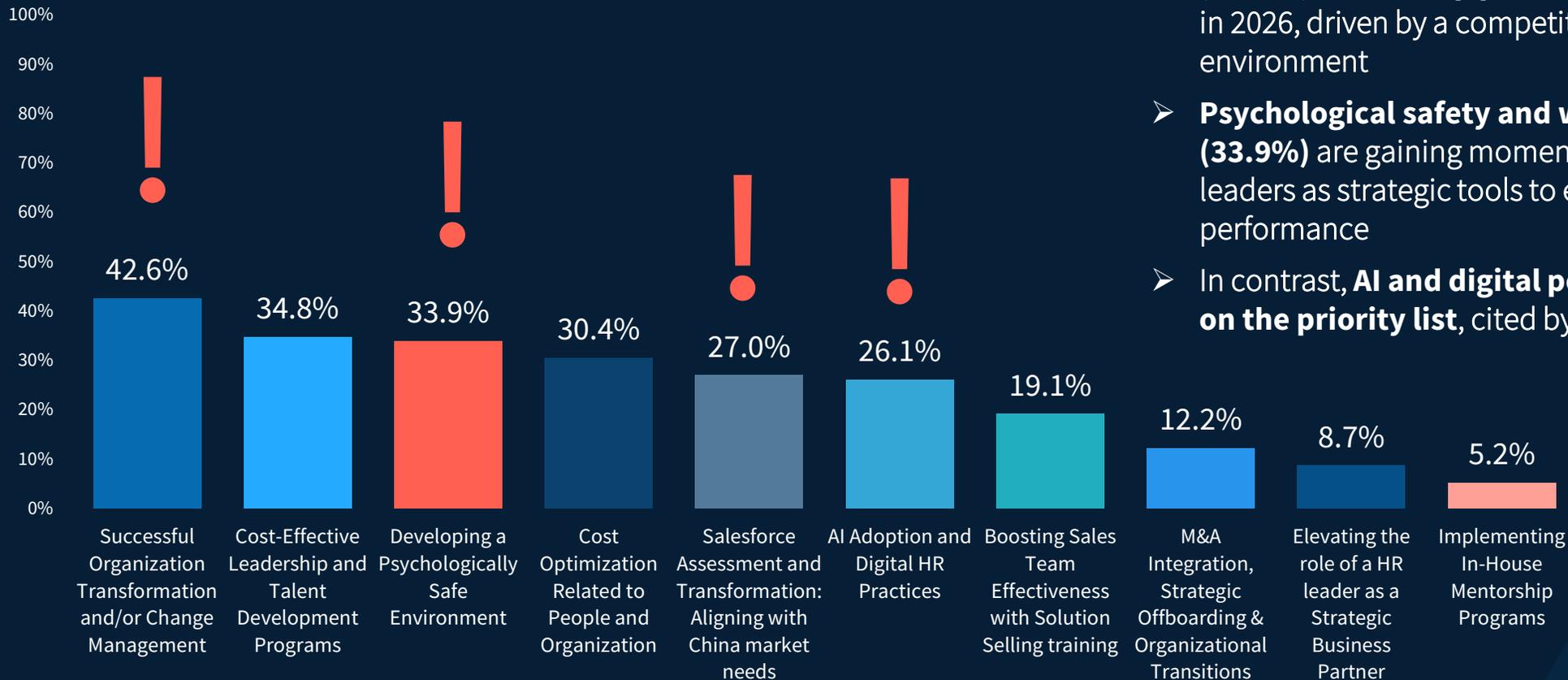
# Priority Areas for People and Organization Development Investment to Support the China Strategy (2026)

- Organizations are seeking to **balance short-term efficiency pressures with selective investments in capabilities** that directly enable execution
- To maximize returns, organizations will need to **move beyond activity-based investment toward outcome-driven portfolio management**

*“Our focus is on developing our leaders. One leader may have subordinates reporting from different countries, presenting a challenge in leading international teams effectively. Not everyone is currently in an optimal position to do so. We need to explore ways to cultivate entrepreneurship within our leadership ranks.”*



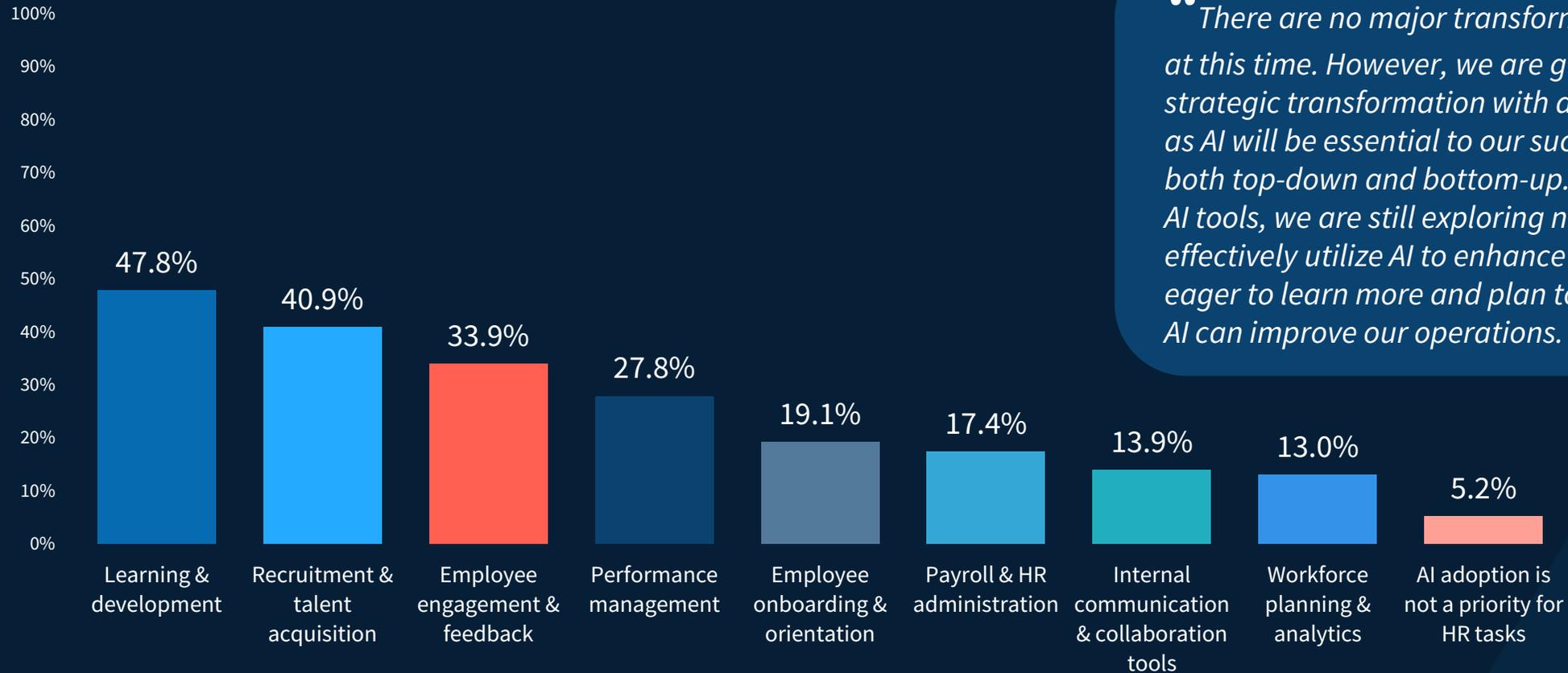
# Key People and Organizational Priorities Heading into 2026



- **Organizational transformation and change execution (42.6%) are the top priorities** for Chinese organizations in 2026, driven by a competitive and dynamic market environment
- **Psychological safety and workforce resilience (33.9%)** are gaining momentum and should be seen by leaders as strategic tools to enhance engagement and performance
- In contrast, **AI and digital people practices rank lower on the priority list**, cited by **26.1% of respondents**

# People and Organization Tasks Most Likely to be Automated through AI Integration (Next 6–12 Months)

➤ **47.8% of respondents identify L&D as the leading use case for generative AI automation**



“There are no major transformations occurring in China at this time. However, we are globally renewing our strategic transformation with a focus on AI for 2026-2027, as AI will be essential to our success. This approach will be both top-down and bottom-up. While HQ will share some AI tools, we are still exploring new ways in China to effectively utilize AI to enhance work efficiency. We are eager to learn more and plan to organize sessions on how AI can improve our operations.”

# Highlights & Take Aways

Business  
Expectations 2026 –  
**Cautiously Optimistic**

**Cost optimization**  
continues to  
**dominate decision-**  
**making**

A growing  
**ambition–investment**  
**mismatch**

**Talent localization**  
improves engagement  
but **does not build**  
**organizational**  
**capability**

**Cross-functional**  
**alignment** is the **key**  
**enabler of agility**  
**and speed**

**Psychological**  
**safety** has emerged  
as a strategic  
performance lever

**Leadership**  
**development** remains  
the anchor investment—  
but requires recalibration  
– **resilient, strategic &**  
**future ready**

**Change management**  
is recognized as critical  
but remains **under-**  
**enabled**

**AI adoption** is  
currently **efficiency-**  
**led**, not  
transformation-led  
(value-adding)

**China** remains an  
**underutilized** testbed  
for organizational and  
**AI innovation**

# So what?

**Many organizations operate like “Titanics”,  
while the China market requires  
the nimbleness & cohesion of “rowers” in a fast-paced  
competition**



# Top 5 Recommendations & Call to Action for Executive Leadership in China

1

Strongly **Align People & Organization Initiatives with China Business Strategy** and Develop Success Metrics to evaluate P&O impact.

2

**Invest Seriously in Leadership Capability Building:** Resilience, Strategy, Decision-making, Entrepreneurship, Agility and People Development

3

**Drive Cross-Functional Collaboration** and Innovative Organization/Team Design as a **Lever for Agility and Speed**

4

**Embed Psychological Safety** as a **strategic lever** for Motivation, Productivity, Employee Engagement.

5

**Accelerate AI-Driven Transformation Locally.** Utilize China AI technology and ecosystem to drive global initiatives

# Top 5 Recommendations & Call to Action for Headquarters Leadership

1

**Strategic Financial Commitment with a China-Tailored Approach.**

2

**Accelerate AI Adoption and roll out and Empower Local Leadership.** Utilize China's AI capability.

3

**Strengthen Alignment with China Subsidiary through Active Listening and Local Insight, delegation of decision-making as an empowerment for speed.**

4

**Balance Talent Localization with Strategic Succession Planning and Compliance.**

5

**Engage China as a Strategic Partner for Global Learning (AI, Technology, Innovation, Agility & Speed).**

# Contact



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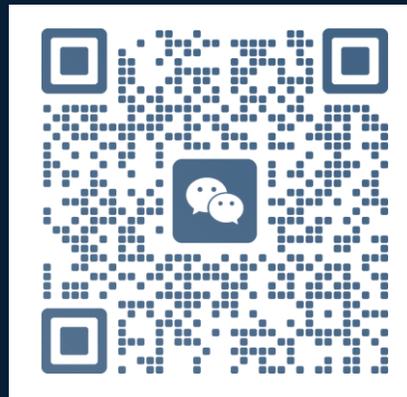
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Expert team dedicated to you:

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- Certified consultants with deep expertise in your industry.
- Highest standards of conduct and integrity.
- Customer satisfaction 89%.

## Extensive Track Record

Independent foundation owned firm:

- >50 years of delivering results.
- We guarantee to deliver.
- More than 3000 SME, corporate and public clients served annually.



**M&A**

Pre-M&A Due Diligence  
Post-M&A Integration  
Org. Structure & Culture Development



**Strategy Implementation**

Strategy Implementation  
Company Performance Enhancement  
Business Success through OKR



**Board & CEO Practice**

Board & CEO Effectiveness  
Board Dynamics  
Board & CEO Evaluations



**Organizational Advisory**

Organizational Capability Diagnostics  
Organizational Effectiveness  
Team Effectiveness  
Change Management



**Leadership Advisory**

Leadership Effectiveness (Assessment)  
Leadership Development  
Coaching & Mentoring Programs  
Succession Planning  
Offboarding (Outplacement)