

Sallamaari Janhunen

**UTILIZING SOCIAL SOFTWARE FOR EARLY STAGE
B2B TRUST BUILDING PROCESS IN CROSS-CUL-
TURAL COLLABORATIONS - FINLAND AND SOUTH
KOREA**



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ABSTRACT

Janhunen, Sallamaari

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Trust has been regarded as one of the most important components in any business partnership as trust offers many benefits in forms of elevated security and reduced risks. Simply put, trust can be categorized into cognitive trust addressing the calculative foundations, such as legal contracts and cost-benefit calculations, and affective trust addressing the emotional foundations, such as the inter-personal relationships between the collaborating parties. In case of international businesses where cross-cultural computer-mediated communication over national borders is in the center, social software can offer many significant advantages to face-to-face communication when meeting in person is not possible, using the example of Finland and South Korea. This thesis examines and finds the significant differences how Koreans view trust in relation to Finnish companies and how social software can be integrated into this process. The study finds that Koreans are strongly inclined towards affective trust where in-group favoritism and relationships between people dictate the trust expectations. A clear conflict between a typical individualistic culture such as Finland, in contrast to collectivistic Korea, was found. The results suggest that social software can be utilized for trust building process between these two cultures, however the selection of tools has to be made in relation to the matter at hand and should address the affective trust expectations. However, it was found that social software cannot completely substitute face-to-face communication.

Keywords: interpersonal trust, trust building, inter-organizational trust, social software, cross-cultural collaboration, South Korea

TIIVISTELMÄ

Janhunen, Sallamaari

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Luottamus on yksi tärkeimmistä rakennuspalikoista yritysten välisessä yhteistyössä, sillä luottamus tarjoaa yrityksille monenlaisia hyötyjä, kuten parempaa turvallisuutta ja pienempiä riskejä. Juuritasolla luottamus voidaan jakaa kognitiiviseen luottamukseen, joka perustuu laskelmointiin, kuten lakitekniisiin sopimuksiin sekä kustannus-hyötyanalyysiin, sekä affektiiviseen luottamukseen, joka ottaa huomioon luottamuksen tunnepuolen, kuten ihmisten välisen kanssakäymisen ja ihmissuhteet, jotka syntyvät luottamusten osapuolten välillä. Kun tietokonevälinen kulttuurienvälinen yhteistyö on keskiössä ja kasvokkain tapaaminen ei aina ole mahdollista, sosiaaliset ohjelmistot voivat tarjota kansainvälisille yrityksille samankaltaisia hyötyjä, kuin kasvokkain tapaaminen. Tämä tutkimus löytää merkittäviä eroja siinä, miten korealaiset käsittävät luottamuksen suhteessa suomalaisiin yrityksiin ja miten sosiaalisia ohjelmistoja voidaan hyödyntää tässä prosessissa. Tutkimus osoittaa, että korealaiset ovat taipuvaisempia affektiiviseen luottamukseen, missä oman ryhmän jäsenten suosiminen ja ihmissuhteet määräävät luottamuksen syntymistä. Individualistisen suomalaisen kulttuurin ja kollektiivisen korealaisen kulttuurin välillä on nähtävissä selvä konflikti. Tulokset viittaavat siihen, että sosiaalisia ohjelmistoja voidaan käyttää luottamuksen luomiseen näitä kahta kulttuuria edustavien yritysten välillä, mutta ohjelmiston valinta täytyy tehdä suhteessa käsiteltävään asiaan ja ohjelmiston tulisi ottaa huomioon nimenomaan affektiivisen luottamuksen piirteet. Sosiaalisilla ohjelmistoilla ei kuitenkaan kaikesta huolimatta voi täysin korvata kenenkään tapaamista kasvokkain.

Asiasanat: luottamus, luottamuksen rakentaminen, yritysten välinen luottamus, sosiaaliset ohjelmistot, kulttuurienvälinen yhteistyö, Etelä-Korea

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1 INTRODUCTION

Trust has an important role in relationship building and maintenance in business markets. Inter-organizational trust can potentially lead to many benefits, such as lower transaction costs, increased confidence and security in the relationship as well as more open, substantive and influential information exchange. (Jarvenpaa, Knoll & Leidner, 1998.) Building trust in cross-cultural relations is not a trivial task. Trust has been recognized to be one of the most important factors to consider in joint venture relationships (Boersma, Buckley, & Ghauri, 2003). Trust can be divided to cognitive trust which is the logically assessed component and affective trust which is the emotionally assessed component. The interpretation and importance of trust can vary depending on the cultural context and for this reason, analyzing trust is important in order for international business partnerships to succeed in their trust building process and therefore in their partnership. Potential threats arise when collaborating parties come from very different cultures that have different trust expectations and ways of building trust. (Ratnasingam, 2005.)

Trust building can prove to be a challenging task for enterprises because of the many cultural issues to assess. As the parties who wish to collaborate are located in the different sides of the world, most of the face-to-face communication has to be substituted with computer mediated communication. According to Panteli and Sockalingam (2005) collaboration tools are more commonly used between organizations and their partners to communicate and create relationships, therefore offering many similar advantages to trust. Social software, an umbrella term consisting of technological tools allowing communication, collaboration and networking between two or more users, can be utilized for B2B communication when the collaborating parties are geographically and culturally distant from each other. (Pirkkalainen & Pawlowski, 2013a.) Many social software tools exist to tackle these issues created by the distance, however as great as these technological innovations are, when cultural differences, all kinds of practical issues related to remote communication and competence to use these technologies are added into the mixture, the communication and trust building process through

these tools becomes more complex. Not only are the collaborating parties required to deal with the technology itself, in international cross-cultural setting, the biggest challenges will come from the cultural differences (Jarvenpaa, Shaw, & Staples, 2004.)

According to Jouhki, (2013) South Korea has been the subject of increasing interest in the recent years all around the world sparked by the Korean popular culture. Companies interested in penetrating the Korean market, have started looking for ways to address the cultural differences and geographical distance hindering the communication. The differences of Western and Asian cultures, Finland and South Korea in this case, create an interesting contrast for examining social software use for trust building process between companies that come from these cultures. The Asian collectivistic mindset in contrast to typical Western calculative and individualistic behavior creates an interesting discourse. Companies operating in international and cross-cultural environment are faced with multiple challenges, but also opportunities extending way beyond their own cultures. (Buchan & Croson, 2004; Huff & Kelley, 2003.)

1.1 Research problem statements

Following research problems have been composed to address the topic:

- 1) What kinds of trust expectations exist between companies that are trying to build trust in early stage cross-cultural collaborations, using the example of Finland and South Korea?
- 2) How is social software utilized to support affective trust building in early stage partnerships, using the example of Finland and South Korea?

By trust expectations, this thesis means the factors that influence the decision to trust the other party or the prerequisites to be fulfilled in order for the trust to form.

1.2 Purpose of the research

The purpose of this research is to find out what kind of trust related challenges exist and thus potentially hinder the business relationships between early phase business partners when they are geographically and culturally distant. Limiting the study mostly for Finland and South Korea provides a good contrast for examining the effects of cultural and geographical factors on the trust building through social software. This research is done completely in collaboration with anonymous Finnish software company that has operational units in several countries, including South Korea. The results of this research will to provide some insights for the software company and possibly to other Finnish companies who

already have business partners in South Korea, or are thinking of expanding their operations to Korean market. This cross-disciplinary thesis aims to shed some light on what kind of role the social software has in this process and how it could possibly be utilized in overcoming the challenges in early-stage affective trust building.

1.3 Motivation

Asia and especially Korean market is a lucrative business opportunity for many countries. Since Finland is well versed in the field of information technology, we should strive towards being among the strongest players in that field in Asia region. According to Finpro (2013) In 2011 Finland's exports to South Korea were worth EUR 567,7 million whereas Finland received South Korean products worth of EUR 600,5, most of the imported goods being heavy industry products. South Korea and Finland have a free trade agreement which makes trading even easier than before. The so-called "Asia boom" has already manifested in Finland as an eagerness of the Finnish companies to search new markets from South Korea (Team Finland, 2013). This is why more research related to Finland-South Korea business needs to be done in order to understand the business culture better and therefore successfully boost Finland's declining imports. South Korea is still relatively unknown market to Finnish businesses which is why this thesis aims to provide useful information for those companies who wish to expand to East-Asia.

According to Turkki (2009) Finnish people know relatively less about Korea than about China and Japan. The attractiveness of Japanese culture has brought Japan closer to Finns. For Finns, it has been easier to relate to Japanese culture, the Japanese appreciation of nature and aesthetics as well the Japanese pop-culture. Korean culture in contrast, is still a somewhat distant, darker and harder to understand compared to Japanese culture. Finnish East-Asia scholars have also not examined Korea that much compared to Japan and China. Finnish literature about Korea has also been extremely scarce by far. Only a few publications about Korea have been published in Finnish. However, Finnish people, as well as the whole world is getting more interested in Korea. Hallyu, the Korean wave, which is the internationalization of the Korean pop-culture, has created a strong interest towards Korea. (Turkki, 2009, 17-19, 170.) "Gangnam Style", the beloved song by PSY that has a record-breaking YouTube views, is one of the reasons why South Korea has recently sparked more interest around the world. This newly found interest already shows as the Finnish students' eagerness to go to South Korea for student exchange and many companies' interest to enter Korean market. (The Embassy of Finland to South Korea, 2015.) These are already pressing reasons on why conducting more research in this field is important because presently, the supply and demand do not meet.

South Korea is one of the industry leaders in information technology which is why that market has a huge potential for Finnish businesses to grow. However, the lack of understanding of the market, culture and language hinders seizing

these growth opportunities which is why this thesis aims to tackle these barriers. The writer of this thesis has personal experience from Korea as a Korean culture student and as an employee in a trade center. By to acquiring intermediate Korean language skills and studying the Korean culture, this thesis draws insights also from the writer's personal experiences as a Finn who is in constant interaction with Koreans in work-life as well as in personal life. All the Korean terms in this thesis, with an exception of well-known individuals' names, will be romanized following the system of Revised Romanization of Korean, which is the official Korean language romanization system in South Korea.

2 INTERPERSONAL AND ORGANIZATIONAL TRUST

Up to this day, researchers seem to debate about the adequate conceptualization of trust. Many different definitions of trust exist and are hard to compare with each other due to the large amount of varying definitions. The reason why comparing different trust definitions prove to be such a challenging task is that trust is multidimensional and can be defined as noun and verb, a personality trait and a belief and a social structure as well as a behavioral intention. Some researchers have simply declined to define trust as a term and rely on the reader's natural ability to understand the term. (D. McKnight & Chervany, 2001). This chapter examines different definitions of interpersonal trust and explains why trust is important for organizations to survive in today's dynamic business environment.

2.1 Defining interpersonal trust

If person X loans money for person Y, why would person X behave in such a way? Trust related research has been trying to explain when and why does trust arise and what drives us to make a decision to trust somebody. Some scholars argue that trust arises only when the perceived loss would be greater than the perceived gain because otherwise trust would only be simple cost-benefit calculations. In this case, it is unclear whether behaving in such an opportunistic and calculative way could be called trust at all instead of simple economic rationality. (Boersma, Buckley & Ghauri, 2003.)

Originally Zucker (1986) has identified three ways of to create trust, which are process based, institution based and characteristic based trust. These definitions surface in trust-related research regularly. Most common categorization of trust in literature is dividing the trust into cognition based and affection based trust. These definitions among other frequently used definitions are discussed in

more depth later in this chapter. To put it simply, trust can be defined as a relationship that exists between the “trustor” and the “trustee”, therefore trust always involves at least two or more parties. The parties are willing to depend on each other with a feeling of relative security regardless of the possibility of bad outcome or the fact that they are unable to control one another. (Becerra & Gupta, 2003.) Trust is a leap of faith. Jarvenpaa et al. (1998) define trust as a state when one waits that others will behave as expected. When the actions of others meet our expectations, trust is established. In other words, trust is a belief that other person or organization will perform in a certain way. Calefato, Lanubile and Novielli (2013) and Koeszegi (2004) emphasize that trust always requires a conscious decision even though there is a possibility that a risky relationship follows.

Figure 1 illustrates the components of cognitive trust and affective trust and aims to define the trustworthiness of a person or organization through ability, predictability, benevolence and integrity. The tripod model explains interpersonal trust but especially for commercial domain, the model is extended to take predictability into account as well.

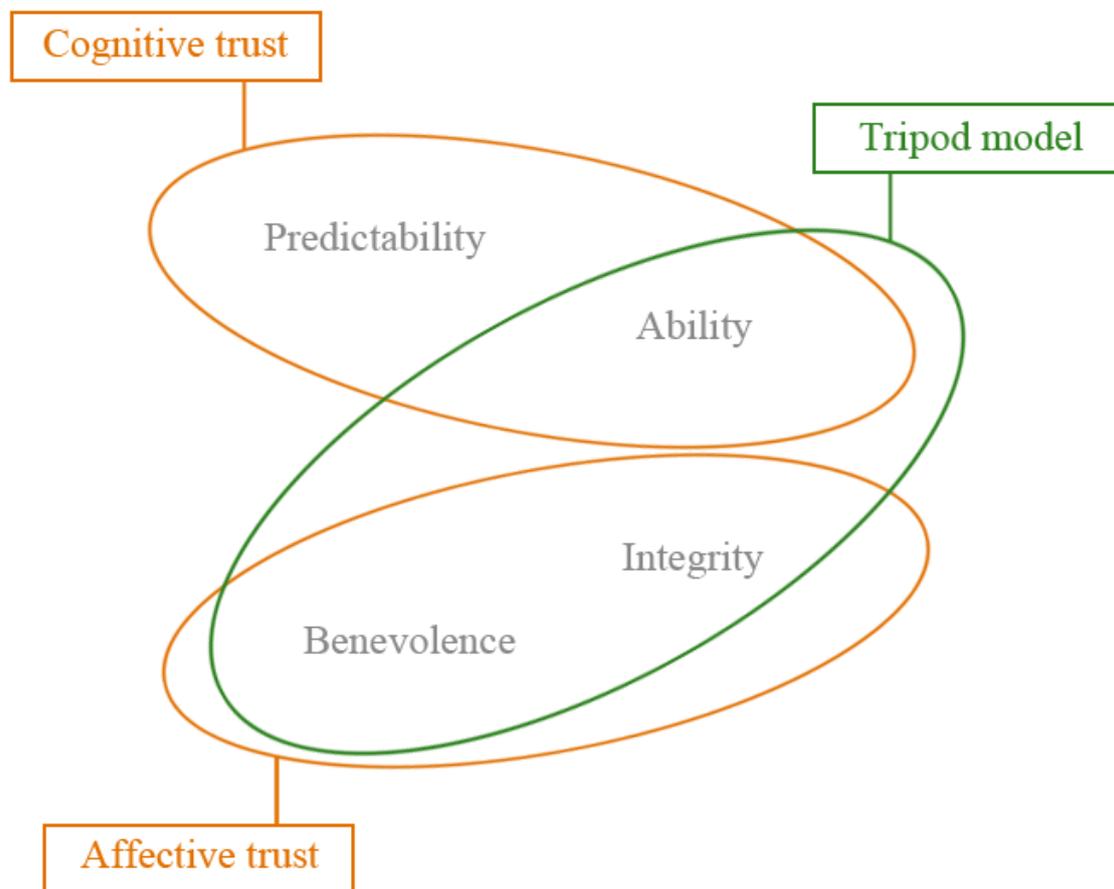


FIGURE 1 Mapping multidimensional models of trust antecedents into Affective and Cognitive dimensions (Calefato et al., 2013).

Ability is a part of cognitive trust and means the capability and obligation of the trustee to complete the allocated tasks in a specific domain. Ability is related to

trustee's professional skills, knowledge and competence which are evaluated by the trustor. The trustor evaluates the competence of the trustee with the available information that can be, for example, trustee's resume or company's website. (Calefato et al., 2013.) McKnight, Cummings & Chervany (1998) extended the model for commercial domain (figure 1) with a fourth dimension, predictability. The trustor expects the trustee to meet the certain expectations in terms of reliability and consistence of behavior. Predictability is especially relevant in e-commerce businesses. Ability and predictability are the building blocks for cognitive trust. These two characteristics are based on evaluating the personal and professional information about the trustee and means that the trustor is acting purely on rational foundations although emotions of course influence this process to some extent. (Calefato et al., 2013.)

According to Calefato et al. (2013) Benevolence includes many trustee aspects: level of courtesy, positive attitude, availability, intention to share information or resources, willingness to help, kindness and receptivity. This means that the trustee is usually seen as someone who cares about other's needs and goals. Mayer, Davis, & Schoorman (1995) explain benevolence as trustee's will to do good to the truster aside from an egocentric profit motive. Integrity includes a set of moral norms and trustee's characteristics that are usually considered as good. Integrity, honesty, fairness, loyalty and discretion are examples of characteristics that are perceived as favorable (Calefato et al., 2013.)

According to Parkhe (1997) trust and distrust do not necessarily share a direct relationship. If the trustee violates the expected behavior, distrust does not automatically follow. Instead this produces a sense of disruption of trust and confusion. Distrust is likely to arise when the trustor suspects that expectations were violated on purpose or this kind of violations are likely to occur repeatedly in the future. McKnight and Chervany (2001) define distrust as a "choice in avoiding an ambiguous path that has greater possible negative consequences than positive consequences". This is the exact opposite of the definition of trust. Some scholars simply define distrust as the absence of trust. Rousseau et al. (1998) even considered that deterrence-based trust may be closer to low-levels of distrust instead of trust.

2.2 Cognitive trust

Social-psychological literature suggests that one way to analyze the trust building process and interpersonal trust definitions is differentiating logically assessed component, cognition-based trust, and social component, affection-based trust foundations (Jalali, 2010; McAllister, 1995). When rational thought processes and empirical evidence meet, cognitive trust is born. Cognitive trust occurs when we decide who to trust based on good reasons and knowledge about the other party (Calefato et al., 2013; Dowell, Morrison & Heffernan, 2015; Schumann, Shih, Redmiles & Horton, 2012). According to McAllister (1995) cognitive trust is

based on the principle of evaluating the characteristics of others and weighting the benefits of trusts in relation to possible risks. Based on these factors, we can evaluate the trustworthiness of the other party. In situations where we have full knowledge of the other party, there is no need to trust and whereas when we do not know anything about the other party, there is no basis which to rationally trust them. Thus, in case of cognitive trust, available knowledge and credible reasons influence the trust decisions greatly. In the business literature, cognitive trust has been studied relatively well and is argued to be more common to business relationships as cognitive trust is focused on costs, benefits and probability of defection and thus being the calculative and rational basis for the trust (Young & Daniel, 2003). Cognitive-based trust is sometimes also called knowledge-based trust.

2.2.1 Institution-based trust

Institution-based trust, also sometimes referred as institutional-based trust (Bachmann & Inkpen, 2011), control trust (Tan & Thoen, 2001) or technology trust (Ratnasingam, Pavlou & Tan, 2002) is formed through a third party. According to McKnight and Chervany (2001) "Institution-based trust means one believes, with feelings of relative security, that favorable conditions are in place that are conducive to situational success in a risky endeavor or aspect of one's life". The third party certifications, such as licenses and regulations imposed by governmental institutions or banks, confirm the trustworthiness of the organization. (Cazier et al., 2006.) People rely on others because they believe that the structures, situations and roles will protect them and ensure that in case of harmful situations, the untrustworthy party is punished by laws and regulations (McKnight & Chervany, 2001). Establishing institution-based trust is eminently important for companies that operate online because institutional structures help in managing online inter-organizational relationships (Pavlou, 2002). According to Zucker (1986) institutional trust is the most important component in an environment where familiarity and similarity do not exist because the parties are previously unknown to each other.

2.2.2 Deterrence and calculus-based trust

These two types of trust are closely related. Calculus and deterrence-based trust have been discussed in older publications but in recent literature, these terms are usually included in institution-based trust or are not described as separate trust definitions anymore.

According to Rousseau et al. (1998) Deterrence-based trust emphasizes utilitarian considerations. This means that the trustor believes that the trustee is trustworthy because the sanctions following from betraying the trust are far greater than the potential benefits gained from opportunistic behavior. Deterrence-based trust is common in inter-organizational situations. However, some

scholars have argued that deterrence-based trust is not a form of trust at all because sanctions can either foster or hinder cooperation. According to Rousseau et al. (1998) trust promotes cooperation, but cooperation can also occur for other reasons such as coercion, which makes it hard to call it trust.

Trust is not a control mechanism but it can act as a substitute for control. When there is not enough trust, control can take its place. Legal contracts act as one mechanism for controlling behavior. These kinds of contracts make sure that sanctions will take place if the trust is betrayed but they can also obstruct creating exchange relationships. People are not required to establish trust anymore when their exchanges are highly monitored and structured, therefore there is an apparent incompatibility between high control and positive expectations about the intentions of the trustee. Imposing very strict contracts can also be seen as a form of high distrust, which can even prevent trust from forming in the first place. (Rousseau et al., 1998.)

Calculus-based trust is based on an idea that the other party has no incentive to act opportunistically and will behave in a way that is beneficial (Mcknight & Chervany, 2006). According to Rousseau et al. (1998) the difference between deterrence and calculus-based trust is that calculus-based trust is derived not only from deterrence but also from credible information about the other party. This credible information is referred as "proof source" which can be, for example, provided by others as a form of reputation or as a form of certification. These kinds of assurances convince the trustor that the trustee is trustworthy. Calculus-based trust can also be seen as a form of high trust or distrust. The calculus-based trust often occurs in situations where the evidence of failure can be obtained in the short term but the risks do not threaten the trustor's broader interests.

2.3 Affective trust

According to McAllister (1995) "People make emotional investments in trust relationships, express genuine care and concern for the welfare of partners, believe in the intrinsic virtue of such relationships, and believe that these sentiments are reciprocated." In other words, the emotional ties between individuals can act as a base for trust in affection-based trust formation. In the field of information systems, it has been widely noticed that especially in case of virtual teams, cognition-based trust is much more common than affection-based trust (Hung, Dennis, & Robert 2004; Jalali, 2010). In business literature, the affective trust has not been studied as much as the cognitive trust foundations. Young and Daniel (2003) suggest that this might be because affective trust is seen as the emotional base of the trust. Emotional foundations are impulsive, non-rational and associated with poorer decision making. These qualities are also easily associated with stress and other negative emotions which could explain why it is not so well studied in business literature. Many scholars argue though that emotion-free trust does not exist and it could not be called trust in that case because the process would then be only pure calculations of costs and benefits.

Some researchers even suggest that a relationship whether it is business or interpersonal, is shallow and less enduring if it does not have any affective foundations. Whether it is a business relationship or just interpersonal, it is almost impossible to remove the affective foundations because we are all people. Positive as well as negative emotions affect the relationships and business relationships and these both can give valuable results. Trust, especially the affecting foundations of it, are part of risk-coping mechanisms (Young & Daniel, 2003; Koeszegi, 2004.)

2.3.1 Relational trust

Relational trust means creating trust through social exchange between individuals and organizations. Successful experiences act as a base to build trust for future exchanges as well. Relational trust is closely related social exchange theory. According to social exchange theory, people tend to evaluate long-term relationships and gains instead of only looking at the short-term transactions. (Cazier, Shao & St. Louis, 2006; Zucker 1986; Rousseau et al., 1998.) Relational trust can be also referred as process-based trust (Cazier et al., 2006) or knowledge-based trust (Adobor, 2005; McKnight & Chervany, 2001; Panteli & Sockalingam, 2005). Rousseau et al. (1998) argue that relational trust comes from the past interactions over the time between trustor and trustee. The information gained from within the relationship acts as a base for relational trust. Past successful interactions between the parties increases the positive expectations about the trustee's intentions. Usually frequent and long-term interaction, frequent mutual risk taking and successful fulfillment of expectations fosters interpersonal care and concern which is why emotions usually enter the relationship between the parties over the time. This is why relational trust can be seen as a form of affection-based trust (Rousseau et al., 1998.)

2.3.2 Characteristics-based trust

Characteristic-based trust, or sometimes referred as value based trust, is formed when the parties share similar values, background, ethnicity and experiences. In other words, if the parties have something in common, trust is more likely to exist and increase when the parties possess characteristics that are considered desirable. Parties coming from similar cultures are more likely to have higher level of trust than those who have high cultural distance. (Cazier, Shao & St. Louis, 2006.)

2.4 Inter-organizational trust

According to McKnight and Chervany (2006) "Trust is important to organizations because it lubricates the relationships that form the interlocking components of coordination, which, like gears, turn the wheels of commerce." Trust in

general, has been regarded as economically most valuable because it plays a central role in the relationship building in business markets. Not only does it save on transaction costs in organizations and institutions, but it can also be used as an “organizing principle” in order to answer the challenges of interdependence and uncertainties within and between modern organizations. Trust in general has many economically favorable outcomes. Strategic actions that would not be possible otherwise are considered to be possible because of trust. (Bachmann & Zaheer, 2006.) Trust may be rational, self-interested, and calculative and is always associated with “risks.” Risk is said to be “one of the few characteristics common to all trust situations.” (Mayer et al., 1995.)

Ratnasingam (2005) divides inter-organizational trust into three perspectives: Economic perspective of trust, organizational perspective of trust and behavioral perspective of trust.

2.4.1 Economic perspective of trust

Trust has an important role in the economic perspective because of interdependencies between trading partners. Economic perspective of trust usually involves a calculative process. When renewing trading contracts for future investments, trading partners usually perform cost-benefit analysis to find out whether it is beneficial to stay in the relationship or not. The use of information technology can reduce inter-organizational transaction costs. It is important for firms to substitute and complement trust and technology in order to reduce costs. (Ratnasingam, 2005.)

Ratnasingam (2005) examines trust in the view of e-commerce. Most e-commerce firms ensure partner authentication by implementing encryption mechanisms and thereby contribute to transaction integrity. Transaction integrity in turn helps to save time and costs. Companies can, for example, improve the quality of information sharing, transportation and other administrative costs with the help of information technology. These kinds of improvements can increase trading partners’ satisfaction and therefore increases partner reputation. Partners can demonstrate they are able to produce high-quality products and services and thereby achieve high levels of trustworthiness. This process is closely related to technology-based trust.

2.4.2 Behavioral perspective of trust

According to Ratnasingam (2005) “The behavioral perspective of trust is derived from relationship trust which focuses on the interpersonal behavioral characteristics of trading partners within a specific situation.” Institutional-based trust is very important when defining trust in inter-organizational settings. Derived from the figure 1, Ratnasingam (2005) identifies three types of trust – predictability, competence and goodwill – that are important trust components between organizations. Predictability means the other party’s ability to forecast, predict and

make judgments of their partner based on previous experiences. Competence determines if the partner has the ability, skills, competence and technical knowledge to perform as expected. Goodwill is focused on the partner's intentions and motives and how well the trustor is able to interpret the partner's behavior. McAllister (1995) points out that the relationships between trading partners moves towards affection-based trust, whenever the reliability and dependability expectations are met.

2.4.3 Organizational perspective of trust

Organizational perspective of trust is highly related to institution and technology-based trust definitions. Ratnasingam (2005) proposes that the best business practices, procedures and standards are important when it comes to functioning inter-organizational relationship. High quality standards, risk management strategies, security and many more altogether ensure that the reputation of the organization is good and thus inter-organizational relationships are created easier. For example, if the organization has a good reputation as a fair dealer, it can impact the image of the organization greatly as the firms tend to give recommendations.

2.5 Inter-organizational trust in cross-cultural environment

As discussed earlier, trust depends on many psychological, sociological and economical components. Defining trust itself and finding all the components is already a challenging task but adding a cross-cultural dimension into this equation is not something to be taken lightly. Establishing formal contacts is not a substitute for informal understandings which is why poor trust can destroy many potential alliances. One of the biggest challenges is that there are differences in the propensity of trust, attitudes towards trust and trust levels. (Parkhe, 1997.) As all these factors influencing trust and the concept of trust itself are not universal and vary between Western and Asian cultures, it requires a lot of commitment and research to start the trust building process with a company that has a significantly different national culture. Western capitalist markets are mostly based on legal contracts and ownership rights and thus lean strongly towards cognitive trust foundations. Whereas Asian markets, South Korea included, tend to be more concentrated on building long-term personalized trust relationships, the Western society is characterized by the calculative nature and tendency for short-term interests based on both parties' perceived interests. (Gill & Butler, 2003.) This suggests that Western cultures would be leaning more towards cognitive trust and Asian cultures would be more concentrated in supporting cooperative actions in relationships (Buchan & Croson, 2004) and therefore they would be more concentrated on affective trust. It is evident that a potential threat exists here since these cultures have different approach to partnerships. According to Gill and Butler

(2003) Betraying the other party's trust would most likely shatter, considerably weaken or lead to significant tensions and instability in the business relationship. The challenge is to acknowledge which actions are harmful for each national culture and which aspects instead would act in favor for effective trust building. For this reason, Korean culture is highlighted in this thesis to find out the most significant cultural factors which can help us analyze how trust building should be done in with Korean companies.

Luo (2002) argues that international partners will be more willing to be more tolerant and have more perseverance during difficult times if the business partnership enjoys satisfactory levels of trust. Trust creates "a flourishing and fruitful environment for developing relationship-specific assets, which may be in the form of personal skills or organizational routines, assets and technologies." (Luo, 2002.) The structure of the partnership might change as the relationship progresses and develops hierarchical characteristics. However, building trust usually lessens the need for formal coordination and compliance measures. Trust building gives more room for business growth as well as reduces the bureaucratic costs that usually come along with the cross-cultural management. Like established earlier, according to McAllister (1995), available knowledge and credible reasons influence the trust decisions greatly. As long as the cognitive and affective foundations of the trust are well established, the trust will have a positive impact on profitability because trust decreases the need to depend on external resources as well as reduces the businesses' economic exposure to environmental disturbances they will face in foreign markets. (Luo, 2002.)

2.6 Trust building process

What is the actual process of building trust between the business partners is one of the key questions in this thesis that needs to be answered before it is possible to move along examining how social software can be included into the trust building process. Where to start from and how does the trust evolve during the business partnership lifecycle? Boersma et al. (2003) offer a process framework which helps to analyse the development of trust in organizational settings. Figure 2 derived from Boersma et al. (2003) aims to explain what kinds of building blocks exist in the trust building process of international business relationships.

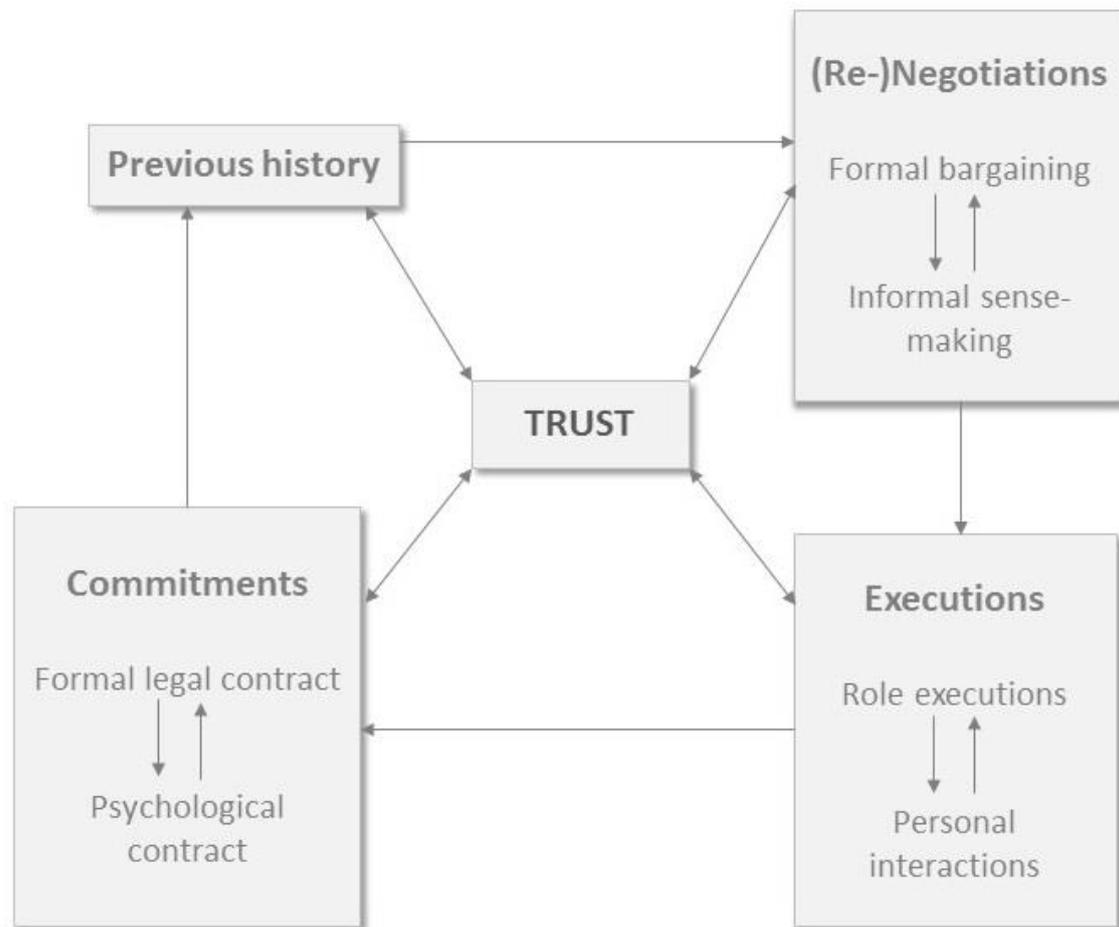


FIGURE 2 A process model of the development of trust in international business relationships (Boersma et al., 2003).

In the process framework, the trust building is categorized in to four different stages: *Previous history stage*, *(Re-)Negotiations stage*, *Execution stage* and *Commitment stage*. Although the trust building process can be divided into different subgroups, it should primarily be viewed as a circular process which doesn't have a clear starting or a finishing point. Instead, the process lives during the whole lifecycle of the business partnership and it can also cease to exist in some parts of the process if the trust requirements are not met. This model will be used as base for examining the role of social software in each part of the process.

2.6.1 Previous history stage

The first stage is the *previous history*. In this stage, the partners have not yet met each other to negotiate but instead they will construct an initial mental image of the other party which will act as a basis for the following steps. (Boersma et al., 2003.) According to Boersma et al. (2003) there are three key factors that greatly influence the stage of *previous history*:

1. Prior exchange between companies on an organisational level – Any kind of prior exchange with a potential partner company influences the trust building process. Especially if the experiences are good, it is more likely that a relationship will form more easily.
2. Overall reputation of the company – For example, the other party having a high market share and being one of the best in their respective industries, is usually a sign of a trustworthy partner. Reputation effects can influence greatly on how well a trust can be formed between the business partners.
3. Direct personal contact between the initiators – If people working for either company have met each other, these social exchanges between individuals will play a role in the initial trust formation. Having an insight into the other party's behaviour and character is important for evaluating whether it is possible to get along in a personal level and whether the others are willing to keep their word.

Depending on how much knowledge we have about the other party, the trust can either lean more towards cognitive or affective trust foundations. If the parties are previously unknown to each other it is likely that the trust will take more cognitive foundations because evaluating the trustworthiness of the other party is mostly based on references and cost benefit calculations. If the parties know each other already and have possibly already done business together, it is likely that the trust might have more affective foundations. At this stage, the main inputs are the knowledge of the partner's previous history, partner's reputation as well as all the prior exchanges the parties might have had. In the first stage, alongside with cognitive based trust such as legal contracts as well as competence evaluation, goodwill trust is also generated. (Boersma et al., 2003.)

2.6.2 (Re-)Negotiations stage

The *(Re-) Negotiations* refers simply to the stage where parties come together to discuss the possibility of forming a partnership. At the negotiation stage, the negotiation stance and negotiation behaviour greatly influence the outcome of the negotiation and whether any kind of trust or distrust will be generated. (Boersma et al, 2003.) The aim of the negotiations is to establish a long-lasting business relationship between the parties. This is challenging because of the complexity of the issues and their legal and administrative contexts. When an international setting is added to the play, the diversity of the partners grows bigger which is a potential stumbling block for many negotiations. Not only do the businesses need to handle all the complex issues, high uncertainty and risks, they have to take into account all the cultural aspects of the negotiations as well. The effect of the culture in business relationships and negotiation styles will be examined in more depth in the later chapters of this thesis. (Koeszegi, 2004.) Boersma et al. (2003) stress that the importance of mutual economic advantage motivates the parties to come to an agreement. Believing that the other party would benefit from the business relationship and therefore being trustworthy would be in their

interests, helps to form a trust between the parties. If both parties start progressing from a point that they expect the other party not to act against any licenses and regulations, evaluating the trustworthiness of the others and thus forming a basic trust is likely to take less time. If both parties have to start from a situation where there is no prior exchange between them, the institutional based trust has to be built up first. At this point, the parties must rely on the information available and they must assess the trustworthiness of the other party more carefully. Having a long conversation and engaging into less formal meeting such as dinners and drinks with the other party can be a valuable step in determining from what kind of people the other party consists of and whether they are to be trusted or not. Discovering whether the business relationship is an opportunity instead of a necessity can be a good indicator whether the other party will be genuinely interested in working towards a common goal. (Boersma et al., 2003.)

2.6.3 Commitment stage

In the *commitment stage* the parties will reach a mutual agreement. They will also decide on the obligations and rules which they will need for the future action in the relationship. The parties will most likely sign formal legal contracts and therefore formalize their relationship and give a promise of successful execution. (Boersma et al., 2003.) In the cross-cultural settings, the meaning of formal legal contracts opposed to psychological contracts can be a potential point for great misunderstandings regarding what has been agreed upon. In the case of South Korea, formal legal contracts can have a significantly different role in the trust building process compared to Finnish business culture. These differences between formal legal contracts and psychological contracts will be discussed in more detail in the second chapter as well as in the analysis.

2.6.4 Execution stage

In *execution stage*, all the rules and obligations established in the commitment stage are put into action. This includes role interactions as well as personal interactions. Next rounds of negotiations might be needed in each iteration of the whole process depending on the need. If even one of the parties fails to fulfil the expected roles and do not show enough required commitment, the relationship will most likely come to an end. The trust building process doesn't end into the execution stage but can, and most likely will, go through the previous stages again when the business relationship evolves (Boersma et al., 2003.)

3 SOUTH KOREA AND CROSS-CULTURAL COMMUNICATION

Noll, Beecham and Richardson (2010) point out that many practitioners in software development field face a situation where they need to communicate globally. Many might end up working regularly in an environment that consists of people from different national cultures. The number of international businesses will keep increasing in the future as well, which is why cultural sensitivity is extremely important in order to secure effective and comfortable communication across different cultures. The purpose of this chapter is to give a brief overview of South Korean culture and to find similarities and thus common ground on where to start whenever Finnish companies want to form a business relationship with a Korean company and start their trust building process. Knowing South Korean culture and customs is extremely important when doing business with Koreans because poor cultural sensitivity can potentially sabotage a good business opportunity in South Korea. In order to understand where the contemporary South Korean culture comes from, it is necessary to take a brief look into the country's history as well. The South Korean culture is contrasted with a typical straightforward Western culture - in this case Finnish culture - using the Hofstede's Dimensions of the national culture as a basis for finding potential obstacles in cross-cultural communication with Koreans. As the cultures also have a high impact on how trust is perceived and how important trust is in the business partnerships for South Korean companies, this chapter also looks into trust levels across national cultures.

3.1 Defining culture and cultural distance

"Culture is always a collective phenomenon because it is at least partly shared with people who live or lived within the same social environment which is where it was learned." (Hofstede, Hofstede & Minkov, 2010, 6.) According to Hofstede

et al. (2010, 6) culture is a set of unwritten rules that dictate the social game. Culture is not built into our brain when we are born. Instead it is learned and derives from our social environment that surrounds us. Therefore culture is not the same thing as human nature which is common for everybody. Minkov (2011, 11) proposes that the culture is a system of shared meanings that is common to a particular society or a group.

“It is widely understood that the population of the Korean peninsula is more homogenous culturally, physically, and linguistically than most large groups elsewhere in the world.” (Kim, 2007, 16-17)

Although people are individuals and therefore there are great differences in the ways of behaving and understanding trust, this thesis will make careful generalizations in order to find important key elements in Korean culture. This is essential in terms of discovering how the trust building process would usually go with typical Korean companies and what kind of social software can be embedded into this process. In this thesis, “a Korean” is referring to a person who acts and lives in the Korean culture and identify as a Korean.

3.2 History of South Korea in a nutshell

South Korea is located in the southern part of the Korean peninsula and has a shared land border with Democratic People's Republic of Korea which is better known as North Korea. South Korea also shares sea areas with China and Japan. South Korea is roughly third of the size of Finland but inhabits approximately 10 times more people than Finland. Out of the total population of 50 million, around 20 million people live in the Seoul metropolitan area. (The Embassy of Finland to South Korea, 2015.) South Korea was under the occupation of Japan during early 1900's and endured Korean War between the 1950 and 1953. Despite of all the hardships in the country's history, South Korea has recovered very quickly and is now one of the highly industrialized countries in the world. Nowadays, South Korea is one of the leading countries in heavy and electronic industries. The gross domestic product of Korea is US \$1,304.3 billion and the currency used is Korean won. (korea.net, 2015.)

The Chinese influence in the Korean peninsula has been strongly present since the ancient times and approximately in 108 BCE, the Chinese Han dynasty conquered the Ancient Joseon. The Chinese presence in the area has permanently influenced Korea and the Korean culture and these roots can still be seen in the contemporary Korean society. The Chinese rule enforced itself through three different aspects: *Chinese language*, *Buddhist religion* and *Confucianism*. (Rees, 1988, 6-9.)

Chinese language has been one of the major influencers of the Korean culture. All serious Korean written works from earlier centuries were written in Chinese although the spoken language was Korean. One of the most famous of these works is one of the UNESCO's cultural heritage pieces, the *Tripitaka Koreana*, which is a collection of old Buddhist texts hand-carved on 80 000 wooden plates with delicate Chinese characters (Hwang, 2010, 44; Rees, 1988, 6.) Chinese characters are still used and taught to Korean students in schools even today. Up to this day, many official forms still require Koreans to write their name in both Korean and Chinese characters although the Korean Hangeul writing system is the official writing system in Korea and has been used since 14th century (Korea Foundation, 2010, 6).

Buddhist religion which is based on enlightenment and loyalty to the state became popular during the Chinese rule. Because Buddhism is undogmatic religion, it was largely accepted by all social classes and many Buddhist shrines and temples were built throughout Korea. Up to this day, many Koreans still visit Buddhist temples to pray and pay their respects. Although not all define themselves as Buddhist, many people still withhold Buddhist traditions and the temples are still valued part of the culture. The constant effort for harmony and balance that stem from Buddhism and Confucianism are still the main building blocks of the society itself. (Rees, 1988, 8; Lompolo, 2002, 166-167.)

Third and maybe still the most predominant aspect of Chinese culture is the Confucianism. Confucianism made its way to Korea and Buddhism started losing its influence. (Kim, 2007, 27-39.) Confucian ethics stress the filial piety, loyalty to the ruler as well as to the established order. Confucianism quickly became widespread practice in the feudal Korea. (Rees, 1988, 8.) Understanding Koreans through Confucian values will be discussed in more detail later in this chapter.

In 1443, King Joseon the Great created Hangeul, the Korean alphabet which was designed to specifically describe the Korean language. The Hangeul promoted literacy among the common people and especially women. Hangeul alphabetical system, consisting of vocals and consonants that are placed into rectangular formation to form syllables, is still used in Korea as the official writing system. (Korean Foundation, 2010, 28, 51.)

Korea was under Japanese control between 1910 until 1945 when it was colonized by Japan. Although Japan contributed into building infrastructure into Korea, Korea and Korean people were put through brutality in the early years of colonialization and later suffered a cultural genocide when Japan tried to assimilate Korean people by pushing them to adopt Japanese names and forced the Korean people to work in Japan. (Kim, 2007, 57, 66.) The period of colonialism is still a sensitive topic to many Koreans and best avoided. Korean and Japanese government still frequently have disputes over the issues related to the colonization period.

As an aftermath of the World War II, the Korea was divided by the demarcation line, the 38th parallel, into the Communist North under Soviet control and Democratic South under the control of the United States. Soon, the division would cause serious political and economic problems. Realizing the oppressive

atmosphere in the North, many people fled to the South. After a number of disputes between the West and the Soviet, eventually the Korean peninsula was formally divided into North Korea and South Korea. (Rees, 1988, 85,) Up to this day, the two Koreas still haven't signed an official peace agreement. Only armistice is in effect. North Korea regularly tests the limits of this armistice by different types of offensive acts throughout the year. (The Embassy of Finland to South Korea, 2015.)

3.3 Contemporary South Korean culture

As a result of the Korean War, the Korean peninsula was divided into North and South Korea. In just a few decades, the post-war South Korea has made a miraculous recovery from one of the poorest countries in the world into one of the leading economies, Seoul serving as a significant economic hub in the East Asia region. South Korea is an OECD member and is part of G20 as well. South Korea achieved the same industrial level than Japan just in 25 years which in comparison took 90 years for Japan. South Korea managed to move peacefully from military dictatorship into a democratic nation and transformed an illiterate and poorly educated countryside population into post-industrial society with a strong drive for technological innovations. (Turkki, 2009, 19.)

The younger Korean generation is very accustomed to using information technology. Different kind of smart devices are integrated into the society well and are part of the everyday life in Korea. Quick technological evolution has created a society where traditional values and practices clash and sometimes co-exist barely with the new trends. The traditional family structure is collapsing, the birth rates are alarmingly low and traditional Confucian ethics are hindering the young generation who is interested in creating an equal and international society. Especially young women have started revolting against the traditional Confucian beliefs that they are supposed obey their fathers and after getting married, their husbands. Young Korean women are increasingly ambitious in their careers which has created a situation where high achieving young couples are more interested in making money than starting a family. (Turkki, 2009, 19-20.)

3.3.1 Gangnam Style

In addition of being the most viewed YouTube video of all time, the Gangnam Style has a deeper meaning than just being enormously popular song that sounds like gibberish to most people. The song sarcastically describes the contemporary Korean society by referring to people's obsession in achieving material gain and high social status and therefore becoming citizens of Gangnam by spending a lot. Gangnam, meaning literally "South of the river" is known for being the rich, high-end part of the capital. Koreans have achieved huge gains GDP-wise in very short time but the growth hasn't been equitable. The younger generation has

started realizing that the growth has created a backlash. There is a significant amount of resentment towards the economic situation of Korea among the younger generation. There is rising tension emerging between the younger and older generations when youngsters get frustrated with the all the pressure they are under educationally and economically. (Fisher, 4th of August, 2012.)

In late-1990's the Korean government encouraged people to spend in order to climb over the Asian financial crisis. This advice worked and with hard work and aspiration, this mind-set combined with Korea's astonishing growth from poor agrarian society into economic power has fuelled the materialism. It can be said that Gangnam Style is the contemporary Korean people's pursuit for "form over function". (Fisher, 4th of August, 2012.)

3.3.2 Understanding Koreans through Confucian values

Although the younger generation is more and more westernized, the Confucian values still greatly influence the behaviour of Korean people. Many Koreans nowadays do not consider that their religion is Confucianism, however, practically almost everybody still follow Confucian ethics quite diligently. Understanding this part of Korean culture is extremely important in business life as well because Confucianism is the building block for many Korean behavioural models.

According to Choi (2007, 28) Korea is a very collectivistic society. This can already be seen in how Koreans talk about themselves. Instead of saying "I", Koreans often refer to themselves as "we". The society functions through togetherness. Choi (2007, 28) describes this Korean people's tendency to strong kinship as "woori" or so called "weism". Family members are extremely important and people tend to favour others who come from same home town or school. This is strongly present in business culture and politics as well when Korean managers end up hiring an alumni from the same university they went, or voting somebody who comes from the same home town. (Choi, 2007, 28.) Koreans are very keen on establishing and maintaining harmony in their group. The aspiration for harmony is based on the emotional aspects of the relationship by respecting other's feelings. This is highly present especially in Korean business culture where people put the most emphasis on relationships with their co-workers instead of expressing a high sense of commitment to their company. (Lee, Brett, & Park, 2012.)

The contemporary Korean society is one big melting pot for traditional and modern values. The Korean society is still greatly influenced by traditional Confucian values such as patriarchal authority, family-centrism and the preference for male offspring. The oldest son is still the most valuable member for the family as the son is usually expected to take over the family business and take care of his parents when they get old. Koreans in general have a very strong sense of filial piety which is shown as the high respect and sense of duty that the younger people show towards their elders. Obviously, some of these traditional values do not go well hand-in-hand with modern values that strive for gender equality, individualism and liberalism. Korea is constantly facing a situation where the

tradition needs to communicate with the post-modern world. Korea as a member of the OECD and UN, is constantly facing international pressure as well to address the gender equality and class society issues. (Lee, 1998.)

3.4 Korean Business culture

“The office is one of the arenas in which South Korea’s Confucian traditions are most readily apparent” (Hopfner, 2010, 123). Although having adopted Western-style structures or management, the majority of South Korean firms are very authoritarian and hierarchical. South Korean companies expect a high amount of devotion to your work. This shows as long hours and the subordinates not being able to leave before the boss has gone home. Instead of following a strictly scheduled working hours, Koreans tend to stay at work as long as necessary to get the work done, or even longer. The company workers are loyal to their company and in exchange, they enjoy a relatively high loyalty from the management as well as layoffs are still quite rare in Korea. Supervisors will go through a great deal to bond with their employees in a personal level which for a Westerner might feel intrusive. This, however, is a common practice in Korean companies because everybody is expected to withhold the group harmony. Team work is extremely important and team members are expected and encouraged to get to know each other well. It is very common to attend a co-worker’s wedding or even a funeral of your co-worker’s relative. This is all part of the workplace harmony among the team members. (Hopfner, 2010, 123.)

Disagreements between co-workers are often handled in the most discreet manner as possible. Disagreeing with one’s supervisor is out of question. Disagreeing with somebody publicly is considered as losing one’s face which is why these situations can easily harm both interpersonal and business trust relationships. (Kohls, 2001, 166.)

3.4.1 Hweshik - company dinner

The so called hweshik - which is a combination of Korean words “hwesa” for company and “shiksa” for meal - is noteworthy because it is a major part of Korean business culture and especially trust building. Going out for a company dinner after work is very common and more of an obligation than an optional event. Many Koreans treat alcohol as a “social lubricant”. The common consensus is that not participating in social gatherings involving alcohol consumption can be very harmful for one’s social life. It is common to think that the more is better. Interestingly, getting “high” quickly and being able to drink a lot is seen as virtue in Korean drinking and business culture. Although alcohol in general is considered harmful for one’s health in Korea, it is considered as one of the necessary parts of Korean personal and business life. (Park & Lee, 2009; Yun & Lee, 2015.)

Park and Lee (2009) conducted a study with Korean undergraduate students and their participation in alcohol related gatherings. Although the study was not made in business setting, the principles and reasons to engage in alcohol-related gatherings are the same. Park and Lee (2009) found out that promoting group cohesion was one of the major reasons why Koreans saw it to be necessary to join alcohol-related gatherings. Especially strengthening the junior-senior relationship was seen as an important aspect to consider whether to join these gatherings or not. Promoting group cohesion is seen as more important than the bad effect alcohol has on one's health. (Park & Lee, 2009.) According to Yun and Lee (2015) This kind of behaviour is often seen in work-life as junior employees feel obligated to join company dinners in order to improve group cohesion and to impress their seniors. A lion's share of boosting the workgroup morale and maintaining the harmony is done outside of the workplace. Due to Confucianism, Koreans are constantly aware of their interpersonal status and immediate social hierarchies which is why alcohol-related gatherings are a great way to ease this social tension and empower closer personal communication. The huge volume of bars, karaoke rooms and alcohol-serving restaurants in Korea usually comes to Westerners as a surprise. Drinking in public places is also legal in Korea which is why it is very common to see people drinking freely. The presence of the bars in every street and alley is a standing proof of how important drinking is in Korean culture. According to a study made by Alcohol Use Disorder Identification Test, 31,2 percent of adult males in South Korea can be identified as problematic drinkers and 61,5 percent of adult employees have reported of experiencing alcohol-related sickness due to participating in company dinners. (Yun & Lee, 2015.)

The company dinners and drinking in Korea in general includes a lot of etiquette which should be taken in account when engaging in these events. Drinking in Korea is more institutionalized and ritualized than in many other countries. Foreigners are not expected to know the etiquette but there are a few important things to remember when drinking with Koreans such as always receiving the drink by holding the cup with two hands and refilling your seniors' cups. Pouring alcohol into one's own cup and drinking alone is considered impolite. (De Mente, 2008, 60.) Although there are serious health concerns, for the sake of business relationships, it would be important to participate in business dinners and after-work drinks to bond with the Korean counterparts and to create group cohesion.

3.5 Korean culture according to cultural dimensions

This thesis bases a part of the cultural comparison analysis on the Hofstede's cultural dimensions which is prevalent in many publications related to examining national and organizational cultures. In the case of this thesis, Hofstede's insights are only used as a guideline to find significant differences and similarities in Korean culture in relation to Western societies such as Finland. This is done in order to highlight certain areas that are notable especially in organizational settings.

In figure 3 “6-D model of Finland in comparison to South Korea” (The Hofstede Centre, 2015a) different cultural dimensions are identified and displayed next in a bar diagram to help us identify the differences of Finland and South Korea in each category.

Finland in comparison to South Korea

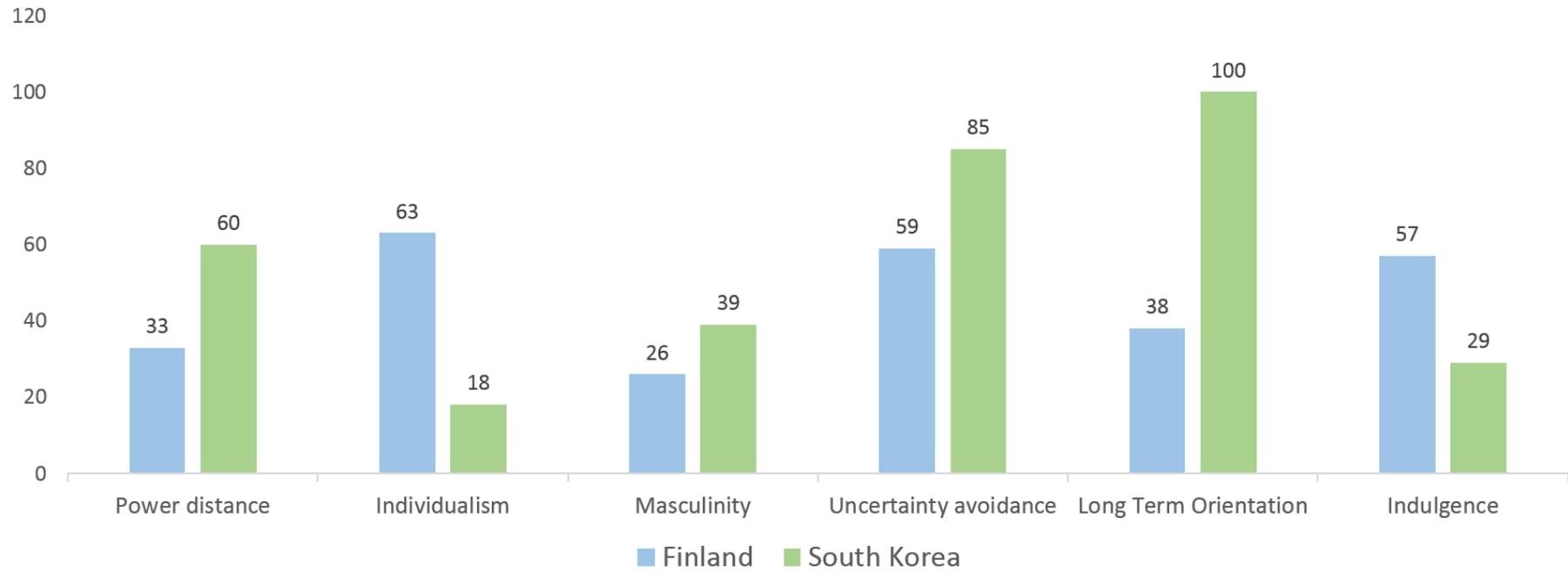


FIGURE 3 6-D model of Finland in comparison to South Korea (The Hofstede Centre, 2015a)

Power distance describes how equal the society in question is. Hofstede (2015a) describes power distance as “the extent to which the less powerful members of institutions and organizations within a country expect and accept that power is distributed unequally.” In Finland the number is 33 points which is low. In practice, this means that Finns appreciate independency, low hierarchy, equal rights and decentralized power. The leaders tend to be more of a coaching leaders who are easy to approach than authoritative leaders. General attitude towards managers is informal and workplace communication is usually very direct, conversational and even supervisors are addressed by their first name. (The Hofstede Centre, 2015a.) Korea scores 60 points in the power distance which is significantly higher than Finland. This means that Korea is a somewhat opposite of Finland in this sense as it is a hierarchical society and hierarchical constructs and inequality between individuals are widely accepted as the norm in the society. The power tends to be centralized, boss is expected to be an authoritative leader who tells the subordinates what to do and in exchange, the subordinates offer their loyalty and respect to the boss. People in workplace are addressed by their title or their last name. (The Hofstede Centre, 2015b.)

Individualism in this context is pretty self-explanatory as it describes “the degree of independence a society maintains among its members.” (The Hofstede Centre, 2015a). Individualism is defined through whether people experience themselves as “I” or “We”. In individualistic societies people mostly care about themselves and their immediate family whereas in collectivist societies people usually think that they are part of a group which takes care of them in exchange of loyalty to the group. Finland gets a high score of 63 points in individualism which means that Finland is an individualistic society where work-related relationships are mostly contract based aiming for mutual advantage. For example, hiring or promoting a person is expected to be done based on the person’s merits and skills instead of relationships. Conflicts leading to offence usually result into lowered self-esteem. (The Hofstede Centre, 2015a.) Korea ranks on the other end at 18 points in individualism which makes Korea a highly collectivistic society (The Hofstede Centre, 2015b). As established in previous chapters of this thesis, Koreans usually referring to themselves as “we” instead of “I” is a good example of the collectivistic Korean mindset where group and family comes first. According to The Hofstede Centre (2015b), the loyalty to the group in collectivistic societies usually overrides societal rules and regulations which often leads into situations where, for example, hiring and promotion decisions at work place are done based on family ties and common background (Choi, 2007, 28). Maintaining the group cohesion and harmony is extremely important and conflicts usually lead to shame and loss of face. (The Hofstede Centre, 2016b) This thesis relies on Lee's (2005) notion on how Koreans are likely to define themselves through their standing in the surrounding society, like most typical collective societies. Social relationships, such as family ties, affiliation, roles or connections usually have an effect on how most Koreans would describe themselves. Typical Westerners would usually describe themselves through their unique attributes, traits and

personalities which is common for individualistic societies where the individual is in the center.

Masculinity determines whether the society is driven by competition, achievement and success or more inclined towards caring for others. Masculine societies focus on a value system where aspiration to be the best starts in school and continues all the way to organizational life. The opposite of Masculine society is a Feminine society where people are more interested in quality of life and caring for others, rather than competition. Doing what you love is considered being successful and shining out from the crowd is not encouraged. (The Hofstede Centre, 2015a.) Both Finland and Korea score to the feminine side and therefore do not have a significant difference in this dimension. However, it can be argued whether this dimension is current because Korea exhibits characteristics of both dimensions.

The uncertainty avoidance explains into which extend the society is able to deal with the uncertain future. This dimension has to do with the amount of control a society is willing to use in order to influence the future. South Korea, scoring 85 points in uncertainty avoidance is one of the highest scoring countries in the world. In practice, the uncertainty avoidance means that the society is highly controlled by social and behavioral norms and rules and is not very tolerant towards unorthodox practices. People in countries of high uncertainty avoidance tend to be hard-working, precise and have an emotional need for rules and an urge to be busy. Security is deemed as one of the most important factors in life. (The Hofstede Centre, 2015b.) Finland scores 58 points making it a country with a moderately high uncertainty avoidance, however not as high as Korea.

Long term orientation describes "how every society has to maintain some links with its own past while dealing with the challenges of the present and future" (The Hofstede Centre, 2015a). South Korea scores a whopping 100 points in long term orientation which means that South Korea is a pragmatic society where people's lives are driven by virtues instead of a religion. This behavior is well present in the corporate life because Koreans tend to prioritize durability and sustainability over profit. (The Hofstede Centre, 2015b.) In contrast, Finland instead is a normative society as it scores only 38 points in the long term orientation. Finns tend to be more focused in achieving results quickly and finding the truth than adhering to virtues. (The Hofstede Centre, 2015a).

The last dimension, indulgence, simply refers to the people's ability to control their desires and impulses. South Korea scores only 29 points in indulgence, suggesting that it is a country with restraint. People in restraint societies do not put emphasis on free time and control their desires, unknowingly and knowingly, as some of the control comes from the societal rules and norms. (The Hofstede Centre, 2015b.) Finland however, scores 57 points, suggesting that it is an indulgent country where people enjoy their life and put a lot of emphasis on their leisure time, spending their money on commodities and activities that make them happy.

The dimensions presented above are not to be taken too literally because they are bold generalizations, and although both countries might score on the

other ends of each dimension, they still might exhibit various characteristics of each dimension. However, this model of cultural dimensions is a good starting point for cultural analysis on what kind of issues are likely to surface in cross-cultural communication in organizational settings when cultures in general have significant differences in some areas. By keeping in mind the cultural dimensions, the contrast between individualism and collectivism and the difference in long-term orientation, are topics to be highlighted when thinking about the trust building process with Koreans as these dimensions are very likely to influence how trust is built in cross-cultural settings.

3.6 Trust in collectivistic and pragmatic Korea

According to Huff and Kelley (2003) organizations that enjoy high levels of internal trust are more likely successful than those who suffer from lower levels of trust. Teamwork, goal setting, employee satisfaction and organizational commitment are affected positively when the high levels of trust are present in the organization. Huff and Kelley (2003) mention that several scholars have suggested that the trust would have more predominant role in collectivistic cultures, like South Korea. "A common theme is that because collectivists have a more interdependent world view, they place more importance on relationships and nurture them with more care than individualists" (Huff & Kelley, 2003). Some theoretical studies suggest that trust would be more calculative and relationships would have less meaning in individualistic cultures. In collectivistic cultures, the relationship would be one of the most important factor in establishing trust. (Huff & Kelley, 2003.) Gill and Butler (2003) also mention that Western societies are more inclined towards legal contracts and ownership rights which whereas Asian societies tend to be relationship-centered. Although many researchers have identified high collectivism and homogeneity as one of the most distinctive features when describing the Korean society, the issue is not as simple as it would seem at first glance. The younger generations are breaking these traditional models and are shifting away from this extended family-centered culture to more of a nuclear family setting similar to the Western societies. Korean youth is moving towards more individualistic way of life which is why contemporary Korea would be better described as a melting pot for both collectivistic and individualistic cultures. Rapidly globalizing world is mixing cultures which is why, although there are some distinctive features and uniqueness in Korean culture in general, the society in the end should not be viewed as strictly homogenous. (Southerton, 2008.)

3.6.1 In-group favoritism

However, there are some limitations related to the trust foundations in collectivistic cultures as well. Some scholars have proposed that trust in collectivistic

society is not necessarily “trust” as a typical Westerner coming from individualistic culture might understand it, because although collectivistic cultures generally place a high value on trust, the trust is very much dependent on the group you belong to. Trust and relationships instead of calculative involvement are believed to have a very predominant role in collectivistic cultures but trust also has limitations. There is a clear distinction in interaction between the members who belong to the group, in-group members, and between those who are not part of it, the out-group members. (Buchan & Croson, 2004; Huff & Kelley, 2003.) Therefore, Cho and Yoon, (2001) propose that when describing especially Korean business culture, we should talk about “dynamic collectivism” instead as this takes into account collectivistic norms for in-group members and individualistic norms in case of out-group members.

In collectivistic cultures, it would seem that building trust with the out-group members is seldom encouraged because of in-group favoritism. This kind of in-group favoritism every so often tends to be self-perpetuating. Some scholars suggest that this is due to the high enforcement of social sanctions within the in-group members that causes the tendency to have high level of trust within the in-group members but low level of trust towards the out-group members. Individualistic cultures in contrast are more capable of forming trust relationships with out-group members as well. (Huff & Kelley, 2003.) This can potentially be an issue whenever Finns are trying to establish trust with their Korean counterparts as in-group favoritism usually exists in Korean corporate culture, especially in big chaebol companies. External partners can be easily affected, and even more so depending on the significance of geographical, cultural and social distance because the distinction between in-group and out-group becomes more significant. Whereas in-group favoritism can make Korean companies more competitive and dynamic, while collaborating with global external partners, it can also cause confusion and instability. (Cho & Yoon, 2001; Huff & Kelley, 2003.) Buchan & Croson, (2004) argue that in-group favoritism is problematic because corporations in collectivistic cultures usually tend to hire managers from the same family and employees based on their kinship more than based on the level of their professionalism. “Because of differing levels of spontaneous sociability, people in different cultures extend different levels of trust and trust-worthiness to various members of society” (Buchan & Croson, 2004). These factors can potentially hinder business relationships where Korean corporations would need to trust their external partners.

Buchan and Croson (2004) examined the influence of social distance to trust and trustworthiness comparing United States and China. Although those countries are not in the scope of this thesis, the comparison of an individual society like United States and a collectivistic society such as China can be generalized up to some extent to Finland and South Korea as well. Buchan and Croson (2004) found out in their study that there was a significant drop in incentives to trust when the social distance moved away from one’s family. Whereas in United States the trust was declining steadily the further away a person moves from their immediate family, in a collectivistic society, the steepest decline comes when the

trustee is not part of one's family anymore. These remarks support the theory that social distance has a greater influence on trust and trustworthiness in collectivistic cultures. Overcoming this social distance will be one of the main challenges when building trust with Koreans.

As both Buchan and Croson (2004) as well as Huff & Kelley (2003) point out, the clear distinction between in-group and out-group members would make many Asian companies handicapped in global markets due to their inability to trust their external partners. By looking at the success of many Korean international companies such as Samsung, Hyundai and LG, it can be seen that despite of the preference of in-group members and own kin over the out-group members, Koreans have established and are constantly successfully creating new global businesses. In order to remove this limitation of not being able to trust out-group members, Koreans start building a relationship with their external partners and nurture the relationship with utmost care. Lee (2005) points out that the barrier between in-group and out-group members can become less overwhelming if both parties engage into regular integrative negotiation and therefore establish cooperative interdependence. These kinds of actions allow the Koreans to eventually transform the out-group members into in-group members. Although this kind of bonding to develop the relationship with the external partners causes higher transaction costs in the beginning of the relationship, it can potentially greatly reduce the partner's opportunistic behavior, which in return is beneficial for the long-term business relationship. (Huff & Kelley, 2003.)

Looking at the trust-related literature and especially the literature related to Korean way of trust-building, it would seem that Koreans would be more inclined to affective trust building because they place high value on relationships. Whereas in a typical individualistic country such as Finland, trust building would lean more towards cognitive trust foundations as trust building in individualistic countries would be more based on references, performance and economic benefit rather than relationships. This difference in thinking is a potential obstacle in trust building between Korean and Finnish companies.

3.7 Korean culture in the analysis

As learned in this chapter, Korea possesses many unique cultural traits which cannot be ignored in the analysis part of this thesis. Keeping in mind the Korean history and culture, the analysis has to be able to discover the most significant features of the Korean culture and find out how they will influence the trust building process between Finnish and Korean companies. One of the most challenging parts to be taken into account in the analysis will be discovering how Koreans in general understand trust and does the trust extend beyond their own culture. Trust being quite an abstract construct, there will be great challenges in finding out through the interviews how trust is experienced and understood by Korean and Finnish interviewees. As established before, trust tends to be multi-dimensional and there are differences in how Westerners might understand trust

in relation to Koreans. Trying to discover how and why Koreans trust cannot be separated from the Korean culture since the culture and social norms has a great influence on the propensity of trust.

For the reason that the Confucian culture has a great impact on how relationships are viewed and how hierarchy is established, the analysis will aim to find the potential obstacles Confucianism will create when communicating with the Koreans and trying to build trust. The Korean tendency for high collectivism and in-group favouritism will be in high focus when examining the trust building process between the Finnish and Korean companies. Finally, the process model of the development of trust in international business relationships (figure 2) will be utilized and modified to present the trust building process between the Finnish and Korean companies. Discovering how all the cultural aspects affect the social software usage will be equally important. Social software and social software usage in Korea will be discussed further in the next chapter.

4 SOCIAL SOFTWARE

Alongside with Web 2.0, the rapid development of information and communication technologies has revolutionized the ways organizations work. These technologies and new ways to work have made it possible for organizations to expand globally more effectively. Finland alongside with the Scandinavia has been one of the leading countries in promoting the extensive use of ICT technologies in workplaces. (Sivunen & Valo, 2006.) However, working in globally distributed teams as well as communicating with business partners around the globe is not a simple task even though we have the technology to virtually reach the other side of the world in real-time. A variety of social software applications have been introduced into this process successfully but besides of people's willingness and competence to use the technologies, the process also has a socio-cultural dimension which needs to be examined. (Pirkkalainen & Pawlowski, 2013a.) This chapter focuses on defining social software and social software use. Possible ways of utilizing social software for trust building process in globally distributed settings is also examined in this chapter.

4.1 Defining social software

Like trust, social software turns out to be a challenging term to define mainly because it is mostly used as an umbrella term for different kinds of applications. Pirkkalainen and Pawlowski (2013a) define social software as applications that allow interactive collaboration, managing content and networking with others. The social software encourages people to form groups and work together in order to achieve common or personal goals through collaboration. To sum it up, Pirkkalainen and Pawlowski (2013a) explain that social software can be seen as "applications that involve various collaborators in social interaction where new meanings, contents or discussions are created." Avram (2006) argues that there is

a tendency to include email, discussion lists and message boards into social software as well because they also enable interaction up to a certain degree. However social software can be distinguished by bottom-up approach where people are self-steering in forming the groups whereas email and discussion lists and boards require top-down approach with assigned membership.

These new applications such as YouTube, Facebook, Skype and instant messaging applications among others facilitate the “power of the collective”. The social software aims to enhance the ordinary interaction among people. Not only is this situation human-computer interaction but social software takes it even further by making it human-computer-human interaction in social situations. Instead of just examining the technological aspects of social software, psychological aspects also need to be studied. Due to recent emergence and popularity of social software tools, it is important to uncover both the social and technological aspects of social software in order to understand it better. Because the users of social software are so divergent and constantly shifting, the social requirements of these technologies are in constant stress compared to more traditional software. Many scholars have suggested that when designing social software the biggest challenge is not the technology itself, it is the social aspect which is why when trying to define and study social software the human aspect simply cannot be ignored. (Pereira, Baranauskas, & Silva, 2010.)

There are as numerous of different social software tools available as there are definitions for what social software actually is, which is why this thesis does not aim to explain each social software tool type in detail and how it could be used. Instead, a table of relevant social software tool types with short explanations will be provided in order to briefly explain what social software embodies and in order to find the best possible tools to use for B2B trust-building between Finnish and Korean companies.

4.1.1 Types of social software

According to Muller et al., (2012) there has been rising interest towards social software usage in enterprises. In addition to most popular social software types such as instant messaging applications and social networking sites used in business environments, blogs, microblogs, wikis, shared bookmarks and shared files have also been studied. The table below, derived from Pirkkalainen and Pawlowski (2013a), lists the social software tool categories, their purpose and also gives a few examples of social software services and tools.

TABLE 1 Social software tool types and examples (Pirkkalainen & Pawlowski, 2013a)

Tool category	Purpose	Examples of services and tools
Blogging	Communication	WordPress, Naver Blog (Korean)
Micro-blogging	Connection / awareness	Tumblr, Weibo (China)

Social networking	Awareness, communication, sharing, (collaboration), (identification)	Facebook, Cyworld (Korea), LinkedIn
Social bookmarking	Identification, collaboration, sharing	Delicious
Wikis	Collaboration, sharing, identification, communication	Wikipedia, Namu Wiki (Korea)
Collaborative writing	Collaboration	Google (Docs, Sheets, Slides), Atlas
Instant messaging and chatting	Communication	WhatsApp, KakaoTalk (Korea)
Time management	Collaboration, awareness	Mind42, Google calendar
Shared information spaces / media sharing	Identification, collaboration, communication sharing	YouTube, Instagram, KakaoStory (Korea)
Conferencing	Communication	e.g. VoIP tools such as Skype & Google Hangouts
Brainstorming	Collaboration	Stormboard
Discussion boards / forums	Communication	phpBB, Naver Cafe (Korea)

Regarding early-stage B2B trust building between Finnish and Korean companies, the most relevant social software tool types to be examined in this thesis are social networking tools, instant messaging tools and conferencing tools. As discussed in the earlier chapters of this thesis, Koreans are inclined towards building trust based on relationships. This is why social software that allows easy collaboration and communication between the individuals will be playing the biggest roles in determining how these tools could be utilized in the trust building process.

Instant messaging refers to social software which allows asynchronous and synchronous communication between two or more parties through PC or a mobile devices. Besides of just normal text, today's instant messaging application usually include VoIP conferencing tools such as calls and video calls. Media sharing and gaming through instant messaging tools is very common as well in advanced instant messaging tools, such as popular Korean instants messaging application called Korean KakaoTalk. (Jin & Yoon, 2014.) Noll et al. (2010) discuss that although instant messaging tools are great for situations where immediate or timely attention is required, but they are also useful because communication is easier for those who have trouble with English. The nature of instant messaging gives the other party some time to think what to answer, which is why instant messaging tools can be utilized well in cross-cultural communication where people are not communicating with their native languages. Through instant messaging, it is hard to know whether the information has been understood by the other party as the communication is mostly text based and missing the visual input. For this reason, the usage of emoticons has become popular in instant messaging in order to transfer some of the emotion to the other party. (Noll et al., 2010)

Kärkkäinen, Jussila and Väisänen (2010) define social media and social networking as applications where the user-generated content is in the center. Social media itself is an umbrella term for many different type of applications that allow different types of cultural actions to take place online and allows companies to extend their knowledge beyond their company borders. A good example of social

networking tool is popular Facebook which is used by millions of people around the world. The usage of social networking tools in business has recently become a hot topic in business related research as businesses have been forced to move their operations to internet as well. Because social networking tools are still relatively new, the adoption of these tools to business practices still requires a lot more research.

Last but not least, video conferencing tools were identified as one of the important social software tools to play a big role in the trust building process with the Korean companies. The conferencing tools, such as Skype and Google Hangouts are the closest of all social software tools when it comes to face-to-face communication. The video conferencing tools refer to tools that allow synchronous communication similar to real-life face-to-face situations where the communicating people can hear and see each other in real-time. Depending on the amount of participants, the video conferencing tools will show a live stream of each participant in the PC or mobile device screen. These tools usually also include chatting, sharing and other rich media tools to enhance and support the video stream. (Tang, Wei, & Kawal, 2012.) Video conferencing tools are almost mandatory in any cross-cultural business where the collaborating parties are geographically far away from each other. There are many free and easy to use applications available and since Finland and Korea both have advanced internet connections, having even a simple phone call through conferencing tools will be much more inexpensive than a normal phone call. The video conferencing tools can up to some extent ease the situation where meeting face-to-face is not possible as the tools are good when there is need for synchronous meetings. It is possible to pick up the nonverbal cues of the conversation as well because of the video stream. Whenever there is a need for immediate answer and constant interaction, the video conferencing tools make it easier for companies to operate in international settings. (Jarvenpaa et al. 2004.)

4.2 Social software adoption for globally distributed organizations

In the contemporary society with global economy, businesses are expected or even forced to operate in a globally distributed environments. Luckily, inexpensive and fast communication tools are available. Whether it is a colleague in another country or a partner enterprise, collaborating over geographic, temporal, cultural and linguistic distance is a must in an international company. Not being able to be in the same physical space limits the means of communication and therefore potentially hinders cooperation. While social software offers a great relief for this situation, many barriers and challenges exist. These barriers can potentially prevent globally distributed teams and businesses from collaborating effectively which is why it is important to identify the barriers and opportunities. (Noll et al., 2010; Pallot, Martínez-Carreras, & Prinz, 2010.) Kärkkäinen, Jussila

and Väisänen (2010) point out that since this topic is still fairly novel, the major challenges of adopting social software for B2B environments were the lack of understanding and possibilities. Academic research about successful implementation and practical examples are still a bit lacking which is why from managerial point of view, implementing social software for globally distributed organizations can be overwhelming. The available knowledge is not in balance with the actual change of implementing social software tools for organizational collaboration purposes. Al-Ani, Horspool and Bligh (2011) point out that when communicating in cross-cultural virtual business environments, strong leadership skills, coordinating and establishing effective working relationships are equally important. Having an organized way of working and withholding the principles of good team work with social software in geographically and culturally diverse setting is as much important as overcoming the cultural barriers or knowing how the technology itself works.

When social software is implemented correctly into organizational social practice, it could potentially foster faster decision making and improve efficiency. The challenge is that in the existing research of global social software, majority of the researchers have mainly been focusing on the technological and interpersonal barriers instead of looking also into many other challenges that come with the international environment. There are still many components such as language barriers, cultural, temporal and geographical differences which need to be taken into consideration when talking about implementing social software for cross-cultural collaboration. (Pirkkalainen & Pawlowski, 2013a.) Baltatzis, Ormrod and Grainger (2008) mention that when thinking about the competence technology-wise, luckily nowadays most people engage into social networking and social software use during their free time by their own free will or due to sheer pressure to stay connected with others. This also means that the competence of using these tools also in organizational setting already exists within the workforce. The attitudes towards social software usage in organizational settings have gradually become more tolerant and some organizations even encourage their employees to engage into interaction via social software. Rather than preventing their employees to use Facebook or other tools during worktime, the companies have started seeing the true potential of these tools business-wise as well. (Baltatzis et al., 2008.)

Pallot et al. (2010) mention that the distance between the collaborating individuals is one of the key elements in discovering the potential barriers of social software use. A well-known cultural anthropologist Edward T. Hall, who studied cultures and communication in 60's and 70's already discovered that the social use of space is important as it can either facilitate or complicate communication and social interaction. Individuals operating more than 30 meters away from each other are less likely to collaborate frequently. Social software can remove this lack of physical contact but on the other hand it can also alter the perception of distance and therefore become more subjective. Different views still exist whether the physical distance specifically is still the biggest challenge for international businesses. (Pallot et al., 2010.)

4.3 Cultural dimension in social software

Pirkkalainen and Pawlowski (2013b) indicate that culture has a significant influence on how globally distributed cross-cultural people use social software. There are many potential stumbling blocks such as different procedures, strict hierarchy and differing practices stemming from the cultural diversity of the collaborating individuals. This is why analyzing the cultural dimension in social software is extremely important when trying to discover how social software is used in Korea and can it be utilized for trust building process between Finnish and Korean companies. Pirkkalainen and Pawlowski (2013b) identify 5 significant barriers that are likely to hinder knowledge sharing through social software in global settings. These barriers are presented in the Table 2 and a few examples are given derived from the works of Noll et al. (2010)

TABLE 2 Cultural barriers in social software usage (Noll et al., 2010; Pirkkalainen & Pawlowski, 2013b)

Barrier	Examples
Cultural distance in differing values, perceptions, viewpoints and practices	Common misunderstandings due to language barriers and the lack of knowledge. Agreeing, disagreeing and declining can be complicated through social software due to different communication styles and limited means of communication.
Lack of common usage and norms	The ways of using social software can differ greatly. A tool that is suitable for one culture, doesn't necessarily translate well to another.
Orientation of the organization	Roles and tasks might become unclear when distance makes organization more complicated.
Not knowing what is accepted to be said and what not	A person higher in the hierarchy cannot be called by their first name. The tone of the speech still has to be respectful and somewhat formal. What kind of topics should be avoided?
Cultural time perceptions	A meeting, although it is virtual, will start on time. Responsiveness vs. unresponsiveness.

When examining the barriers and a few examples outlined in the Table 2, it can be seen that the issues are not exclusively limited to social software only. All the barriers can be present in any cross-cultural communication situation in general but when this communication has to be through social software, the cross-cultural issues themselves can also get more complicated.

Cultural distance in differing values, perceptions, viewpoints and practices are the most common barriers mentioned in publications that try to explain problems in cross-cultural communication. People who are not English natives or are not very confident in their speech, may prefer to choose a written format over a teleconference or phone call. Despite of using instant messaging or email as the main communication medium, the language barrier can still be quite an obstacle to overcome. If the proficiency of language is very different among the collaborating parties, the one with more fluent skills will usually automatically adopt a more powerful role in the interaction. This is a potential danger to any kind of cross-cultural communication not limited to social software exclusively. In case of Asian countries, such as Korea, this scenario is very likely. Adding up even more challenge to the language barriers, are the differing interpretations of communication. Saying "No" can be easy for Finns as straightforward Westerners but Koreans prefer not to decline directly which is why there is a lot of room for misinterpretations. Differences also in time management and ways of working can be misinterpreted as rudeness or incompetence when the collaborating parties have completely different expectations how to proceed with certain tasks. Not only are there cultural differences but also organizational culture differences. (Noll et al., 2010.)

Lack of common usage and norms is one of the main issues Jarvenpaa et al. (2004) mention in their research related to social software usage in cross-cultural trust building. Pirkkalainen, Jokinen, Pawlowski and Richter, (2014) Point out that the ways of using social software can be significantly different across cultures. Although tools would be designed to serve a certain purpose, they might not be suitable for people coming from different culture and the tools might be incompatible with their ways of working as these tools are not necessarily always well translate to support a variety of international users. This creates a possible culture-related barrier for social software usage.

Orientation of the organization has an effect how well social software can be utilized for communication. The distance usually tends to complicate the organization which in return will create uncertainty among the collaborating partners. (Jarvenpaa et al., 2004.) Likewise, as discussed also in the earlier chapters, *not knowing what is accepted to be said and what not*, is a key element in communicating with Koreans whether it is face-to-face or through social software. The border of formal and informal can become quite unclear in social software because many social software tools create an illusion of informality, which is why with Koreans, it is extremely important to pay close attention on how to address another person and what kind of tone to use with them. The social software makes determining this even harder which is why collaborators should pay extra attention to this. (Jouhki, 2013.)

Cultural time perceptions along with temporal distance cause disruptions into the everyday communication easily. Whereas people collaborating over social software in the same time zone can discuss with each other in real-time, in case of Finland and Korea having a time difference of six hours during the summer

and seven hours during the winter, will most likely suffer from the temporal distance. A message sent by a person in Finland during the normal office hours, might not get a response from a person working in Korea until the next working day. In addition to creating many everyday practical problems, this can cause frustration among the collaborators because the communication is almost constantly asynchronous. This is identified as one of the main problems in not being able to familiarize oneself well with the other party, which in exchange causes lack of trust. (Noll et al., 2010.)

4.3.1 Social software in South Korea

South Korea is known for having one of the fastest internet connections in the world which is why the usage of personal smart devices and technology in general is strongly present in the society. In the recent years, South Korea has become one of the leading countries in ICT and smartphone technology. The country has a competitive ICT industry, laws that are favorable for the industry and consumers who are eager to spend their money on new smart devices, which is why South Korea has developed a strong presence in the ICT industry. The overall atmosphere and “early-adopter” culture in South Korea act as an excellent growing platforms for different smart device application innovations. (Jin & Yoon, 2014.) Almost everyone are concentrated on their phones in public transportation and being connected and involved in virtual environment can already be seen as a part of Korean sociocultural infrastructure. The social software usage in Korea is at the same time very promising but also threatening. In this new way of communication, traditional and modern values as well as Western and Eastern values are in constant collision. However, whether Korea turning into a ubiquitous, globalized and digitalized society is a threat or an opportunity, Koreans seem to have developed a strong interest towards communication and communication studies. (Jouhki, 2008.) According to Jouhki (2009), The mobile phones are somewhat a status symbol for Korean youth. The phone is considered a significant part of one’s identity and it is acceptable to carry one at all times. Being connected and available instantly was seen one of the most important parts of having a mobile phone because Koreans in general have a strong need to belong into a group. Not being reached by a phone would eventually lead to social isolation because for most, the phone was their main medium of communication and an extension of themselves. Even in social software, people saw maintaining the harmony, feeling the sense of belonging and managing their micro-networks very important. (Jin & Yoon, 2014; Jouhki, 2009.)

When looking at the average usage of mobile applications in Korea, applications used for communications are dominating the statistics. In 2013, KakaoTalk, a popular instant messaging application was the most used application in Google Play Store in South Korea. (Ahn, Wijaya & Esmero, 2013). As a matter of fact, KakaoTalk is so popular, that Koreans rarely ask anybody to “text me” or “message me” and instead say “Katakalk me”, “Katakalk” being an abbreviation from KakaoTalk. KakaoTalk quickly became the most popular social networking and

instant messaging service in Korea and it continues to grow and spread over Asia. In addition to instant messaging, KakaoTalk offers games, free VoIP service VoiceTalk as well as a microblogging and picture sharing service called KakaoStory (Choi, 2013.) Jin and Yoon (2014) suggest that because Korean culture heavily relies on age and power relations in everyday face-to-face communication, especially in corporate culture, KakaoTalk and other messaging applications can lessen the very dominant norms of communication and have a positive effect on relationships.

4.4 Social software for trust building

According to Jarvenpaa, Shaw and Staples (2004) Utilizing social software for trust building already includes a problem in relation to trust research because when trust is built through computer-mediated communication, the context of human relationships can be significantly altered. As information technology changes the conditions and ways of working considerably, it can have a strong relation with levels of trust because collaboration through social software often tends to be temporary and created on an ad hoc basis. The people collaborating virtually and geographically away from each other might not have had the chance to form a prior social history and have not physically existed in the same place with each other. Compared to those who have the chance to go through the trust building process face-to-face and therefore form a shared social history tied to a physical location, the conditions where trust can be build will be different. As the conditions change, so can potentially the role of trust as well. (Jarvenpaa et al., 2004.)

Because global businesses are forced to operate with geographical and cultural distance between each other, social software could come to rescue in these kinds of situations. Online communities and social software have traditionally primarily been studied as a public environment. In an organizational setting, the starting point is already significantly different as the organization provides a shared context in which everybody working for the organization are part of, with authenticated access and with their own names. This kind of common ground and eliminated anonymity will most likely help building trust. Organizational setting will also dictate the style of conversation in social software which will undoubtedly be more business-focused compared to social software use independent from any organization. (Muller et al., 2012.) This setting already facilitates trust building, however in cross-cultural collaborations, difficulties will most likely arise due to differences in corporate and national cultures. As discussed in chapter 2 earlier, in the field of information systems, it has been widely noticed that especially in case of computer mediated communication, cognition-based trust tends to get more attention than affection-based trust (Hung et al. 2004; Jalali, 2010). The business literature examining trust building in typical Western societies tends to be less focused on affective trust than cognitive trust.

The explanation for this can be that since individualistic cultures place less importance on the relationships instead of calculative way of thinking, the focus has been more on the cognitive side. (Young & Daniel, 2003.) Social software in trust building has significant challenges to tackle because people collaborating through social software do not necessarily have a chance to meet face-to-face in order to exchange knowledge and therefore also get to know each other personally (Noll et al., 2010).

The formation of early stage trust is very situational in cross-cultural communication via social software because people have different ways of interpreting non-responsiveness. Non-responsiveness might be interpreted as a technical problem instead of unreliability by those people who are more inclined to trust others easily. Those with the tendency not to trust others so easily, might interpret silence as an intentional choice not to respond. According to some researchers, high trust encourages to trustworthy action whereas low trust can result into decreased performance and therefore low satisfaction. When thinking about social software, a rule of thumb is that slow or non-existent responsiveness will lead to low levels of trust whereas timely responsiveness will increase the trust. The difficulties in understanding response behavior in social software are common issues in computer mediated communication, specifically in early stage trust building phase because the communicating parties are not familiar with each other. (Jarvenpaa et al., 2004; Li, Li, Mädche, & Rau, 2012.)

Jarvenpaa et al. (2004) point out that when implementing social software for trust building in cross-cultural collaborations, the different ways of interpreting the actions of the other party, should not be ignored as lowered level of trust will eventually have a direct effect on performance and therefore this can be harmful for the business. Especially from managerial point of view, it is important to acknowledge the importance of initial trustworthiness in virtual teams. Jarvenpaa et al. (2004) propose a model to explain the initial trustworthiness and its effect on trust building in virtual teams (figure 4).

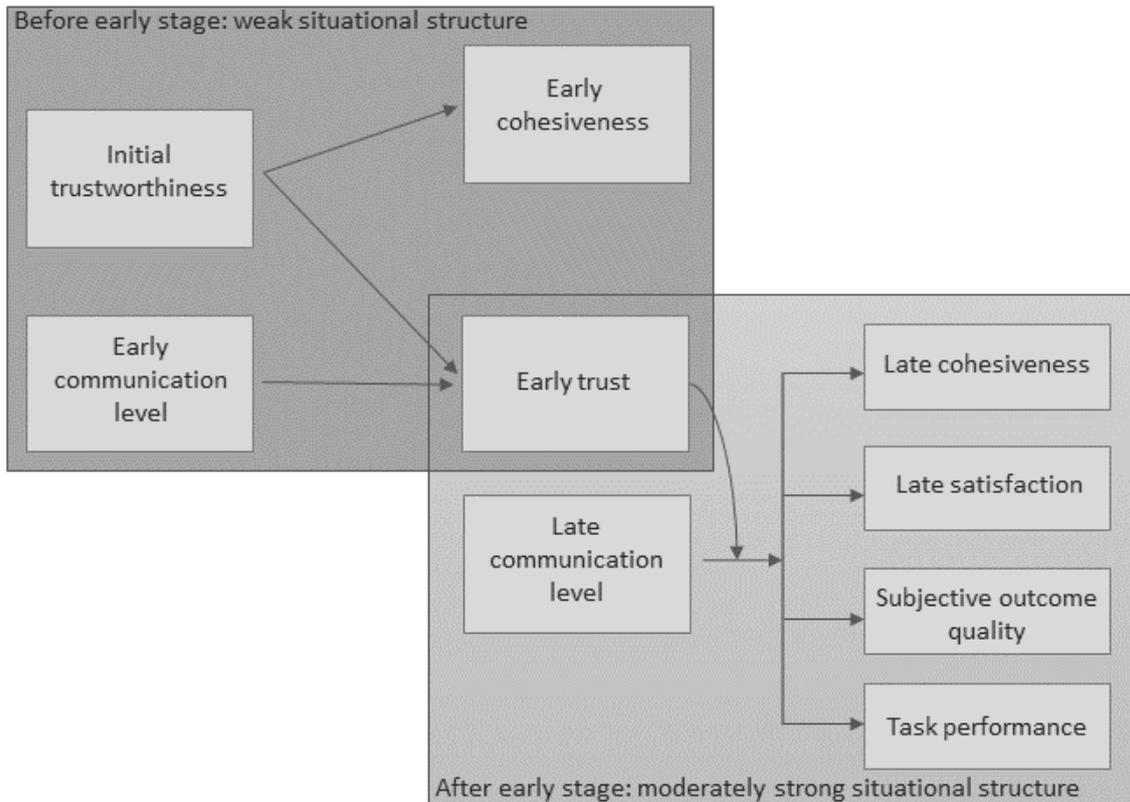


FIGURE 4 The role of situational structure on trust in virtual teams (Jarvenpaa et al., 2004)

The model aims to explain how the initial trustworthiness affects the early stage trust and how can early stage trust contribute to better attitudes and performance in virtual teams. According to this model, the level of trust has a strong relation to attitudes because the situational structure is weak. The weak situational structure refers to situations where people have very little knowledge of the other party and the ways the other party behaves. At this point, most people just make assumptions about the other party within their own cultural and behavioral framework. In cross-cultural use, this will obviously be very challenging. If these attributional processes are to be trusted and initial trustworthiness towards the team exists, the early stage trust will also increase, unless the other party does not prove itself untrustworthy in any way. In the case of social software, judging the initial trustworthiness of the other party can be a major challenge because the physical dimension is completely removed. In cases where the initial trustworthiness is low, the communication behavior is the most important factor in evaluating the trustworthiness of the other party. Lapses in communication are more easily interpreted as intentional silence which is why people in this situation would aspire to increase the frequency of the communication to elevate the early stage trust. Therefore, the more frequent and extensive the communication is, more early stage trust will be generated as a result which is why it can be said that trust is also self-reinforcing. (Jarvenpaa et al., 2004.)

In figure 4, Jarvenpaa et al. (2004) also explain how early stage trust can influence the group and their performance afterwards. This thesis does not aim

to explain what kind of effects increased early stage trust in virtual teams will have on performance, especially since it is still a controversial topic, but there are a few points that should be mentioned when arguing why early stage trust in social software is so important. As can be seen from the figure, high level of early stage trust can have many positive effects on the team's performance. High level of early stage trust can potentially reduce the time and therefore resources wasted on efforts to bring the collaborating parties together. The trust that others will behave as expected and produce good results in a timely manner will mean that the collaborating parties need to spend less time monitoring each other and can concentrate on their own tasks instead. Low trust doesn't prevent people from working together but it requires significantly more efforts from collaborating parties to produce the same result as those with high trust. (Jarvenpaa et al., 2004.)

4.5 Implications for analysis

The analysis aims to discover what kind of cultural barriers exist in using the social software for trust building between the Finnish and Korean employees of the software company. As Noll et al. (2010) as well as Pirkkalainen and Pawlowski (2013) discovered, there are 5 significant barriers in cross-cultural social software usage. The analysis endeavors to explain into which extend these barriers have an effect on the affective trust building process through social software, and if there is any possibility of overcoming these barriers. The opinions of Finnish and Korean employees of the Finnish software company will be contrasted for this purpose.

Li et al. (2012) explain that low cultural intelligence, varying levels of language proficiency, competence to use the communication technology and unreliability of the communication technology are all significant factors in deciding whether trust can be built through social software in cross-cultural B2B settings. Koreans are already using many social software applications in their everyday personal and social life, which in theory, should make harnessing it for B2B trust building process easier as the competence, will and infrastructure to use that technology already exists. Following up with the Figure 2 presented in the chapter 2, the analysis aims to find specific social software tool types that could be implemented into each part of the trust building process to facilitate affective trust, keeping in mind the Korean culture. According to the theory, the cultural context has a strong effect on the interpretation of the social software mediated messages which is why the analysis will also aim at discovering the different ways how social software is used and is expected to be used in trust building process between the Finns and Koreans.

5 ANALYSIS

The empirical part of this thesis consists of ten semi-structured interviews all conducted with the employees of the anonymous software company. This chapter explains the interview process and provides an analysis of the interview questions based on the answers received in the interviews. The analysis is conducted utilizing the thematic analysis style briefly explained in this chapter as well. To highlight the most meaningful observations from the interviews, the analysis is categorized into three main themes with each of the themes having multiple sub-themes. The results are analyzed in parallel with the definitions introduced in the earlier chapters, however all the theoretical contributions are drawn together in the conclusion section.

5.1 The research methodology

The interview data is analyzed in parallel of systematic literature review by utilizing the thematic analysis style. According to Boyatzis (1998, 4-5), the thematic analysis is a process of encoding qualitative data and categorizing it into themes that are related. The themes can be anything from simple codes to descriptive sentences that describe the observations. The themes can be results of intuitive observations or formulated deductively from the theory or background research. The thematic analysis has many different purposes but in this thesis it is used to systematically observe certain cultural behavior related to social software. Prior to the empirical part of this thesis, the interview questions were categorized into three different themes, following the structure of the literature review. The thematic analysis of the interview questions follows the same pattern with small changes.

For this study, ten semi-structured interviews were arranged within the software company. The interviewees represented multiple nationalities as six of

the interviewees were Finnish, three were Korean and one was Chinese. The gender distribution was very even as half of the interviewees were women and half were men. All of the interviewees had experience in doing business in the Asia region and most of the interviewees had years of experience in interacting with Korean people specifically. The respondents came from different positions within the company although most were from high management or in mid-managerial positions in their own particular departments or line of work. The table 3 below lists each interviewee briefly and explains their connection to Korea or to Finland. Due to the anonymized nature of this company, the name of the interviewees and their job titles are not specified in any way. The interviewees are introduced in this thesis only as "Interviewee" followed with a numeric value depending on who is speaking, for example "Interviewee #1".

TABLE 3 List of Interviewees

#	Nationality	Experience related to Korea or Finland
1	Finnish	Daily interactions with Korean partners and extensive knowledge of the Asian markets.
2	Finnish	Weekly interactions with Korean operational unit, many years of experience from the Asia region in general and occasional visits to Korea.
3	Finnish	Working in the Korean operational unit, daily interaction with Korean partners and extensive knowledge of the Korean market.
4	Finnish	Daily interaction with partners all over the world and occasional visits to Korea.
5	Finnish	Daily interaction with partners all over the world and occasional visits to Korea.
6	Finnish	Many years of extensive experience from Korea and Asia region, extensive knowledge of the Korean market and occasional visits to Korea.
7	Chinese	Working in the Finnish operational unit. Occasional interaction with Asian partners and extensive knowledge of the Asian markets.
8	Korean	Working in the Korean operational unit. Daily interaction with Korean partners and Finnish operational unit, extensive knowledge of the Korean market.
9	Korean	Working in the Korean operational unit. Daily interaction with Korean partners and Finnish operational unit, extensive knowledge of Korean market.
10	Korean	Working in the Korean operational unit. Daily interaction with Korean partners and Finnish operational unit, extensive knowledge of Korean market.

The interview was divided in three categories to make it easier to follow for both interviewer and interviewee and to follow the general thesis structure. The categories therefore were: "Partnerships and culture", "Trust" and "Social software for trust building". The interview structure moved from general to detailed, preparing the interviewee for the next set of questions, and therefore the questions

were composed to relate to the previous category, to make combining the concepts easier for the interviewees. The last questions involved all previous category themes, eventually drawing all the concepts together. All the questions used for this interview can be found from the appendix 1. Depending on the eagerness of the interviewee, the duration of each interview was between 40 to 60 minutes.

The interview questions concerning partnerships and culture as well as trust were composed keeping an eye on the trust building process model (figure 2) presented in the second chapter and cultural barriers in social software usage (table 2) presented in the fifth chapter. Depending on the position the employee held in the software company, the interviews leaned towards specific category or specific topic the most, as naturally interviewees from different business units had more to say about topics closely related to their work. Finnish interviewees with more experience with Koreans were more focused on the detailed cultural issues whereas interviewees with less experience were more comfortable with topics related to problems in trust building in general. Employees who were directly involved with partnership building with Korean companies were more inclined on speaking about how to evaluate the trustworthiness of the Korean external partners.

The figure below (figure 5) illustrates the three different themes and sub-categories that were composed based on the interview results. The analysis will also move forward by following the themes presented in this figure.

UTILIZING SOCIAL SOFTWARE FOR EARLY-STAGE TRUST BUILDING

CULTURE MATTERS IN PARTNERHIPS BUILDING

Language barriers on the way

Relationship management requires getting personal

Distance creates practical issues

THERE IS NO BUSINESS WITHOUT TRUST

Trust building is not always formal

Trust can be suddenly switched off, but not on

SOCIAL SOFTWARE SHOULD BE CULTURE SENSITIVE

Nature of the communication determines the tools

Instant messaging has conquered Korea

Trust cannot be delegated to social software

FIGURE 5 utilizing social software for early-stage trust building

5.2 Culture matters in partnership building

Cultural differences were raised as one of the major topics in the interviews. Finnish interviewees were asked about their perceptions about Korean culture and vice versa. This was done in order to get a better understanding how limiting the cultural differences was experienced in the cross-cultural communication between the employees and external partners. Not only is there a language barrier, but also a collection of other cultural aspects which can easily cause confusion and misinterpretations. Different values, norms, communication styles and of course different languages, will have an effect on our perceptions.

5.2.1 Language barriers on the way

As expected from the theory, the interviews revealed that one of the biggest challenge in communication between Finnish and South Korean counterparts is the language barrier. In international business, it is rarely possible for everybody to communicate in their native languages. Among the older Korean generations, English skills are still relatively poor due to the limited exposure to the English language in everyday life. The quality of the English education which strongly relies only on writing and reading instead of encouraging students to develop their communicational skills, is also one of the core reasons why many Koreans are not very comfortable using English in professional settings. Many are very humble about their skills and express shyness related to speaking English although the proficiency to do so would be completely sufficient. The lack of common language significantly complicating the communication between the parties is also the case with the Finnish software company. Although there are many other cultural differences hindering the communication process, without exception, interviewees mentioned the language barrier as the first and foremost reason why partnership and trust building is difficult.

“I’m not usually in direct contact with our partners in South Korea because they don’t speak English and I don’t speak Korean. So, that’s a problem! Usually we have an agent, a third party in between, who is managing the work between our company and the partners but since we have an operational unit in Korea, they are kind of like our agent.” (Interviewee #1)

The Finnish software company is in a fortunate situation in this case, because the company has an operational unit in South Korea where the local employees will frequently take care of business operations regarding Korean market. In many occasions, it is not possible to do business in South Korea without an interpreter or even better, a local agent who is fluent at least in both English and Korean. Middlemen and local agents are very commonly used as an aid to tackle the language barriers and other cultural differences when foreign companies want to enter the Korean market. Having a local office is almost a must if companies want

to improve their market penetration in South Korea. As already discussed in earlier chapters, due to language barriers and cultural distance, having a local agent or office is very beneficial for the business. An agent is essential for partnership and trust building also because Koreans tend to be more trusting towards in-group members, such as other Koreans compared to foreigners. Having a local onboard will most likely simply be more efficient way to get things done because issues stemming from cultural differences and language barriers will be significantly diminished.

5.2.2 Relationship management requires getting personal

Asian countries and Asian people are usually perceived slightly hard to approach by Westerners due to high cultural distance. However, surprisingly, five out of six Finnish interviewees mentioned that Koreans are the easiest to work and communicate with out of all other Asians they have experience working with. “Koreans were always so efficient and more used to Western style of business, especially if I compare it to China or India” (interviewee #4). Although there is a lot of room for misinterpretation, Finnish interviewees got the notion from Koreans that they are sincerely working hard for the sake of the relationship. This also supports the theory that although Koreans are more inclined towards favoring in-group members, they are willing to work on bringing the out-group members to the in-group. This can be one explaining factor why Koreans were perceived more pleasant to work with than some other nationalities as Koreans seemed to be genuinely interested in building a long-lasting relationship instead of engaging into meaningless small-talk or clearly acting out of their own selfish calculative interests. When the other party showed sincere effort to reach a common goal, the language barrier or cultural differences weren’t so limiting anymore.

In the software company, the relationship management with Koreans is done and should be primarily done locally. The language barrier is one of the major reasons why this is necessary but for lessening the problems created by the cultural distance, somebody with a good knowledge of the local market, customs and language is needed. “In South Korea, do it like Koreans” (interviewee #3) is a good rule of thumb how Korean market should be approached because our cultures and norms are so different that it is almost impossible to do relationship management remotely from Finland. The person with the knowledge of the local customs and language will be able to pick out non-verbal cues and figures of speech much better than somebody who does not have experience from the Korean culture. In terms of relationship management, the cultural sensitivity is extremely important because simple misinterpretations can cause irreversible harm to the relationship.

“Many are probably surprised by the personal questions Koreans will most likely ask. For Finns, the things Koreans ask, might feel too curious or intrusive but I personally do not mind this as I usually aim to form deeper relationships. Talking about my family or personal life for example should be comfortable. Creating this bond with Koreans was very easy from the beginning compared to some other nationalities I have

worked with, however I do realize that many Westerners might be quite taken back by Korean style bonding.” (Interviewee #6)

The tendency to involve topics of one’s family, marital status, age, job and overall personal life into the business relationship building is normal in South Korea. As established in earlier chapters, the questions that often seem too personal for Westerners, are an essential part of Korean culture to find the interdependencies between people and establish a correct hierarchy. The questions related to one’s personal life is the way how Koreans usually start whenever they meet a new person they have an intention on establishing a longer term relationship with. According to interviewee #3 Finns should be open-minded in these situations and show equal interest towards the Korean counterparts. Interviewee #2 points out that building a business partnership in Korea is like making a friend, you have to show sincere effort and concern towards the other party. The better you know the other party, the easier it is then to discuss about business. There should be very regular interaction between both of the parties in order to keep the relationship alive. Interviewee #3 pointed out that

Although very regular interaction and open-minded discussion is highly encouraged, there are some topics which are better to be avoided. Interviewees with the most experience from Korea and Korean people emphasized that bragging about one’s success is not appreciated which is why typical Finnish style of humbleness usually goes quite well hand-in-hand with Korean culture. Sincere interest towards Korea, Korean culture and history will most likely impress Koreans and help in breaking the cultural barrier between the parties. Koreans are proud of internationally known and successful Korean brands and Korean people such as athletes or actors and appreciate it, if foreigners know from what kind of things Korea is famous for. Colonialization period and North Korea are controversial topics and usually better to be avoided unless specifically asked. Koreans in general are interested in Finland and think that Finland is a highly educated, highly advanced and a clean country. Because there are many similarities with both Finland and Korea, finding common topics to talk about usually is not a major problem.

5.2.3 Distance creates practical issues

When asked about any practical issues apart from language barriers or cultural issues, all interviewees mentioned that the time difference creates problems quite frequently. Sometimes meetings have to be re-scheduled multiple times, which can be harmful for the business relationship at longer run if both parties are unable to find a suitable time. This is already one alarming sign that a business partner might not be reliable if it is not possible to schedule frequent meetings. “Time difference is not necessarily a barrier, it is more like of a nuisance” (interviewee #1). The people involved in international business are usually prepared for the time difference which is why it is considered as a necessary part of the work and

therefore it is tolerated. The time difference between Finland and Korea is manageable but of course requires extra work compared to what it would require if everyone were located in the same time zone.

Phone calls are very common way to reach the Korean counterparts from Finland but sometimes the clear consensus is lacking what has been agreed upon on the phone. This is why email or social software tools are looped into the communication process to make sure that both parties are aware of the situation. Technical issues preventing flowing communication are a common nuisance as well. As Jarvenpaa et al. (2004) discovered that silence, regardless of it being intended or unintended, due to technical issues is a common challenge in cross-cultural virtual teams. This is not an exception with the Finnish software company either as technical problems occur regularly in communications with Korean counterparts. The technical issues related to social software usage are discussed in more detail in the upcoming paragraphs.

5.3 There is no business without trust

When the interviewees were asked how they would define trust in a business relationship, everyone needed a small break to formulate that definition into words. The words "gut feeling", "transparency", "understanding" and "flexibility" came up from multiple interviews. "Working towards a common goal. I cannot put it into words... but it's the feeling you get when you feel like you can rely on somebody." (Interviewee #5). Openness and clear motives are very important in evaluating the reliability and integrity of the possible business partner. Trust is a definite key element in the partnership building and fundamentally something that you can count on the other party to do what has been agreed upon. The trust also means that you do not constantly need to supervise the other party to ensure the quality of the outcome. Finnish interviewees were very clear that they expected the other party to openly express their motives. The trustees must also be able to be recognize and admit their mistakes and weaknesses honestly.

All interviewees without an exception stated that it is impossible to form a business relationship if basic trust requirements are not met because without some kind of fundamental trust, the relationship cannot exist at all. However, the role of trust in the business partnership can vary depending on the complexity and importance of each project. For example, outsourcing a very straightforward industry standard task which doesn't require major investments and doesn't involve significant innovations or development process, might not require such a high level of trust due to the nature of the task. In this case, simply signing a contract with the partner company can be enough reassurance that everything will go as agreed. These types of agreements might not require affective trust building at all because they are primarily relying on cognitive trust types: deterrence and calculus-based trust and institutional trust.

The software company usually has a very straightforward process on how to proceed when they want to start a business partnership with a Korean company. The Korean company must first pass a financial check which is either done by the business unit located in Finland or in Korea depending on in which language the information is available. The company's credit rating, business reports and products are usually checked before any further action towards the partnership building is taken. The trust building process already starts with this background check as cognitive trust starts to form when the software company is evaluating the partner's standing in the market, their financial stability and all the risks and benefits involved in the possible business relationship. The reputation of the partner in that market also counts because if the company is known for being difficult to deal with, excellent references might not be enough in that case. The partner must also possess somewhat similar values and goals in order to even be considered as a partner. If the partner candidate passes all the necessary checks, the actual partnership building through negotiations can start. From this point forward, building the affective trust becomes extremely important.

5.3.1 Trust building is not always formal

The role of contracts and legal agreements is slightly different in Korean culture in contrast to typical Western way of business. Finns can be very straightforward in their partnership building process and an agreement could even be made through a few emails. Finnish as well as Korean interviewees pointed out that Finnish people, like most Westerners, are quite reliant on contracts, maybe sometimes even too much. Although Koreans usually respect the contracts well, there are situations when Finns are too gullible and place too much weight on the contract itself and might neglect affective trust building. Interviewee #3 emphasized how Finnish people tend to be a bit naïve in trust building because the other party by default is trustworthy before they prove themselves untrustworthy. Koreans usually approach this situation with the premise that there is no trust but it can be earned.

"Finns are more into contracts. When there is an official documentation about the agreement and hands have been shaken, that's the deal. From Korean point of view, they might think that something has already been agreed upon while mingling and socializing whereas for Finns this might come as a complete surprise. Only mostly high level conversations and big decisions are done formally around the table but everything else basically is through informal socializing in Korea. At its best, contracts for Koreans are only piece of papers." (Interviewee #3)

This statement is a good example of a situation where the cultural differences related to negotiating, trust building and business practices is very visible. Unless the matter is very formal and involved people are of high status, business proposals and getting to know the other company are primarily done outside of the work environment – at lunches, dinners, sipping a cup or two of coffee and alcohol. The situation itself can be formal considering that socializing is part of the

business negotiations but the informal parts where business is set aside and both parties are just concentrating on getting to know each other and want to spend time together, are equally important. When comparing cognitive trust and affective trust, the role of official contracts and legal agreements is diminished the bigger and greater the business partner is. As stated earlier, the smaller and simpler the deal is, trust is more based on cognitive foundations and doesn't necessarily require extensive interaction between the two companies. Due to legal reasons, or because the partnership has a high risk and requires major investments, decentralizing responsibility for multiple partners might not be possible and this is a clear call for affective trust building.

In Korea, networks are extremely important in terms of trust building. A person who is from the same family, company, alma mater, hometown or even army troops, will form a network of people which in exchange determines your standing in the surrounding environment. Personal ties are in a significant role in the trust building process in Korea due to in-group favoritism and tendency to make trust decisions based on affective trust types: characteristics-based trust and relational trust. Developing these two trust types usually cannot be done in formal meetings or during background checks because they both stem from the social interaction and long-term relationships.

Being a person who enjoys the respect of others, is a non-spoken necessity in the Korean market. Charisma plays a big role because so-called people skills are effective and required in a market where affective trust building is the foundation of all business partnerships. The legal contracts can be seen as a necessity but the actions speak for themselves. The further you are committed to take the relationship, more trust can be built as eagerness to build the relationship shows commitment. In order to build this affective trust, usually regular meetings and phone calls are held between the companies. Industry fairs are good opportunities to socialize with partner candidates that the software company has not had the chance of meeting face-to-face.

5.3.2 Trust can be suddenly switched off, but not on

By failing to deliver something on time was seen as a clear trust violation in Korea where business is mostly done in very systematic ways compared to countries where invoices are, by default, almost always paid late and the companies might need to send multiple reminders to get everything done.

“South Korea is actually a good example because it is really evident that the trust is the foundation of everything. I experienced this first hand when one of our Korean partners failed to pay their invoice on time. When I got in touch with them, they emphasized multiple times that they are extremely sorry and said it will never happen again.” (Interviewee #1)

Even a failure of executing very basic task which is mentioned the contract or a result of an oral contract, can cause the trust to deteriorate rapidly or even destroy

it completely. Building trust can be complicated and takes a lot of time and commitment but it can be ironically easy to destroy in contrast how much effort was put into the building process. As Koreans place a high value on relationships, an act that can cause harm to this relationship and disturb the harmony, is usually taken very seriously. It is not uncommon to see Koreans express very sincere regret to maintain their face in situations where a mistake has obviously been made and a contract has been violated.

Korean interviewees had a surprisingly pragmatic approach to distrust as losing trust for the interviewees meant a situation where the other party simply didn't perform as was agreed and expected. Whereas trust building took very affective foundations, whenever talking about distrust, Koreans has a more cognitive and straightforward approach to the situation. Finnish interviewees however, thought that Koreans would be very keen on evaluating the other party's integrity and reliability based on social factors such as overall behavior and non-verbal cues which are not apparent to people coming from other cultural backgrounds.

5.4 Social software should be culture sensitive

The software company is operating in an industry where computer-mediated communication is common and done daily internally and externally. It is common to have people from different cultural backgrounds working on different locations which is why using social software is not only an option, it is a pure necessity. All interviewees saw social software as a positive opportunity to enhance their communication with their international partners although cultural differences, language barriers and differences in communication styles were expected to complicate the social software usage. The interviewees experienced that the biggest barriers in social software usage for trust building are not technical barriers but more of cultural barriers.

Cognitive trust building which begins with the background check, can also be done utilizing social software. Professional social networking tools can be great for both cognitive and affective trust building as many have introduced many tools that help determining what kind of company is in question. Three of the Finnish interviewees mentioned using CRM tool, Salesforce, for screening of the potential partners because it is possible to see hard data as well as interact with other companies. However, affective trust in the form of relationship management was seen more important with Korean companies. The Finnish interviewees were positively surprised how well Koreans use social software tools as part of their partnership building process.

5.4.1 Nature of the communication determines the tools

The Interviewees were asked about the usage of social software in their partnership building processes and the common consensus was that the correct tool should be selected based on three different factors: 1) formality of communication, 2) nature of the communication, and 3) urgency of the communication

The communication tools should be selected keeping in mind the formality of communication. This is important because as discussed in earlier chapters, Koreans have a clearly established hierarchy which should be respected. Although Koreans in general do not expect foreigners to be very familiar with their customs, respecting hierarchy should always be considered. Simply put, an instant message through KakaoTalk messenger is not appropriate for the CEO of a big conglomerate, but using instant messaging to communicate with employees from lower levels of the organization, such as sales, business development or account management, can be an excellent tool to build trust and have a real-time conversation similar to face-to-face interaction. For higher level of communication requiring more formal presence, conference calls through Skype for example, are very common and useful. If the matter in question is very major or the partnership requires a lot of commitment time and money-wise, a face-to-face meeting with higher level personnel is usually required and it cannot be substituted with any social software tool. However, the conferencing tools can complement face-to-face meetings well later on.

The nature of the communication also dictates how the tool should be selected. If the issue is very complex, an instant messaging tool might not be the best possible choice as instant messaging is more suitable for relationship building and agreeing about less complex issues. For complex matters that require a lot of planning and intense communication, a conference call followed up with emails is usually how the software company approaches the situation. The chatting format not leaving a clear documentation on what has been said is not suitable for complex issues because the messages disappear too quickly into the flow of thousands of messages. Instant messaging by nature is real-time and messages are short, which is the reason why a simple email or a phone call works better in this case.

Urgency of the communication should be considered whenever choosing the right tool. Anything that requires immediate attention usually gets communicated through instant messaging tools or conferencing tools in the software company. An email or a note left in professional social networking environment such as CRM system, can easily be left unnoticed and usually does not give a notification to the receiver, therefore not serving the purpose of urgency very well. Koreans usually carry their phones with them at all times which is why instant messages get noticed and answered in very timely manner. The nature of instant messaging puts pressure on the other party to reply as soon as they can because many applications even give a notice to the sender when the message has been received and seen by the receiver. If the issue is very pressing and extremely urgent, usually an old-fashioned phone call is made.

In all of these cases, it is still customary to send an email afterwards summarizing all the points discussed in the conversation, especially if any action points or agreements were established. The Korean interviewees emphasize that although they are using KakaoTalk, Skype and other social software tools a lot with their partners, they still usually strive for using email because of the need of clear documentation. Instant messaging and phone calls due to differences in languages, culture and communication styles create an environment where misunderstandings and misinterpretations are quite common. From emails, it is also easier to extract the most meaningful content. It is appropriate to add the higher level personnel to the email chain to get their approval on matters that have been discussed with the lower level personnel.

5.4.2 Instant messaging has conquered Korea

It more of a rule than an exception to see Koreans immersed in the versatile world of their smart devices. It became very apparent from the interviews that instant messaging holds a strong ground among Korean communication and instant messaging is even expected in business relationships as well. Using the Korean instant messaging application, KakaoTalk, is completely acceptable and normal in Korea.

Computer mediated communication is the most effective and cheapest way of communication and great for relationship building it is not possible to meet face-to-face all the time. Since email is quite clumsy due to the volume, instant messaging can complement email very well, because instant messaging is well suitable for simpler matters that require quick answer. As discussed in the earlier chapters, instant messaging is great for both synchronous and asynchronous communication because instant messages usually get noticed easily and receive a response in a timely manner. Other integrated features in instant messaging applications serve a purpose as sharing information and media is easy. The interviewee #2 specifies that KakaoTalk or Skype's messaging features are very useful in his work because he can receive and send direct map links in case of business meetings or get a sample picture of another company's product. These kind of features help in getting to know the other company and what they can do.

Instant messaging can also lessen the social tension and hierarchy. Since instant messaging tends to be more personal, it is sometimes easier to get an answer through this tool. However, choosing the correct way to speak to somebody and choosing the general tone of the conversation can be confusing and especially difficult for people who come from different cultures. Interviewee #8 mentions that even for Koreans, it is sometimes hard to choose the correct way how to address somebody in the conversation that is going on in KakaoTalk. Especially in case of group conversations, where people of different age and from different positions of the organization interact with each other. When combining Koreans and Finns, it can be a true challenge in finding the proper way of addressing each contributor in the conversation. Although finding out what is appropriate to say

and what is not, instant messaging tools are useful in the trust building process because they allow constant communication and therefore effective relationship building instead of traditional forms of communication like phone calls or emails. In case of the software company, social software is necessary in the trust building process because it is simply so much more effective when thinking about the reachability of other people.

The Finnish interviewees who had experience in using KakaoTalk or other instant messaging applications with Koreans, mentioned that they sometimes have hard time making out the meaning of emoticons. Coloring the conversation with emoticons is very popular in Korea and usually the message can even be interpreted as “cold” if it doesn’t include any emoticons. For Koreans, a certain emoticon or a combination of emoticons can contain a coded message apparent to the people in Korean culture, but for Finns, interpreting the message can be a tough nut to crack.

“It’s interesting to see how relationship building happens through KakaoTalk and how emotions are exchanged through emoticons. This is an important part of communication our feeling to the partners and vice versa.” (Interviewee #2)

5.4.3 Trust cannot be delegated to social software

Judging from all the interviews, social software cannot function by itself. Although social software tools are great in bridging the gap between companies that are geographically and culturally distant, it should be treated as a support function, or a spice that can be added, but it still requires traditional form of communication on the side in order to serve its purpose. All interviewees were firm in their opinion when they stated that social software – as its current state – cannot completely replace face-to-face communication in any way. Replacing some part of the face-to-face communication is possible and sometimes social software can even be useful before meeting the other party to form a certain image about the other party’s competences, but face-to-face meeting is inevitable at some point and if it cannot be arranged, it is very likely that the business relationship will also not form. Seeing the other party’s movements, facial expressions and other non-verbal cues is extremely important especially when signing a contract because usually people are able to spot nervousness or other suspicious behavior, and that’s when the gut-feeling kicks in. Existing in the same physical space is simply not replaceable by any technological tool.

“Especially when you use telecommunication tools such as normal phone or just skype without the video, sometimes it feels that the other person is very far away. Sometimes the facial expressions are very important to understand what others mean which is why I think, in that sense, using social software is a harder than having a face-to-face meeting.” (Interviewee #9)

Korean interviewees mentioned that even using most social software tools such as instant messaging or social media for everyday communication, the business

partner needs to be familiar already. For this familiarity to be established in the first place, there usually needs to be at least one face-to-face meeting. Using social software to replace the first meeting was generally not taken very well with Koreans, whereas Finns were more comfortable with the idea. The common consensus was that face-to-face is the only right way to do trust building in early-stage business partnership because usually the matters at hand are quite complex. When all of the collaborating parties are in the same room, also the effect of cultural distance and language barriers get diminished because physical existence in the same place makes bonding easier. The multi-dimensionality of trust is specifically highlighted with Koreans because the trust building process includes so many different elements. In order to act in all of the dimensions, trust must be first earned face-to-face.

6 DISCUSSION

This part of the thesis draws together all the points presented in the analysis section and presents both theoretical and practical contributions of the research. The theoretical contributions will explain how the results relate to the theory established in the earlier chapters of this thesis whereas practical contributions will offer practical examples how social software can be embedded into the early stage trust building process. In order to conceptualize the early stage trust building process with Koreans and how social software is utilized for affective trust building, the results are also presented in a table format to highlight the most crucial aspects to consider. The answers for the research problem statements will be presented and limitations of the study are discussed at the end of this chapter.

6.1 Summary of the results

Two research problem statements were composed for this thesis in order to find out if it is possible to utilize social software for early-stage trust building process between Finnish and Korean companies. Through extensive literary review and interviewees conducted in a software company with Finnish and Korean employees, the answers to research problem statements were formulated.

The first research problem statement: "What kinds of trust expectations exist between companies that are trying to build trust in early stage cross-cultural collaborations, using the example of Finland and South Korea?" proved out to be a tough nut to crack, because especially literature about Finland-South Korea business was extremely scarce. However, by evaluating different type of research related to business practices in Korea and Korean culture, and by interviewing the employees of the software company, it was possible to find out the most important trust expectations. The table 4 summarizes the trust expectations of Finns and Koreans in early stage cross-cultural collaborations.

TABLE 4 trust expectations of Finns and Koreans in early stage cross-cultural collaborations

Country	Trust expectation
South Korea	Similar values, background and characteristics
	Inter-personal relationships and harmony
	Regular interaction also outside of business environment
	Integrity and honesty
	Long term transactions
	References and performance in the market
Finland	Cost-benefit calculations
	Contracts and legal agreements
	Performance in the market
	Integrity and honesty
	Good gut feeling
	Short term transactions

As can be seen from the table 4, the trust expectations do not always meet although these are similarities as well. The trust expectations are both cognitive and affective, but Koreans are significantly more inclined towards affective trust foundations than Finns. Instead of legal contracts, agreements and performance in the market – in which Finns tend to put strong reliance in – the expectations were mostly related to the inter-personal relationships and overall feeling about the other party. Similar values, expectations, background and a genuine interest to establish a long-term relationship instead of calculative motives, were seen as the defining factors in trust expectations with Koreans. Due to the collectivistic nature of the Korean society, references, harmony and a sense of togetherness matter a lot. The trust expectations that came up during the interview, listed in the table 4, were in line with the literature review. In relation to previous research, the expectations didn't reveal anything new, however the possible issues between Finnish and Korean cultures specifically was something that hasn't been studied before and therefore there is a clear call for future research. To summarize the trust expectations into one term, the relationship building can be highlighted as the most important trust expectation between Finnish and Korean companies and therefore this answers the first research problem statement.

The previous chapters introduced different social software tools and according to the interviews, instant messaging tools, conferencing tools and social networking tools were picked out to be the most significant tools in terms of communicating with Koreans. The table below (Table 5), illustrates the best social software tools to be used in trust building process with Koreans, explaining their purpose, how the cultural distance is visible in the tools and what kind of trust can be generated with each tool.

TABLE 5 summary of social software tools used for early-stage trust building between Finnish and Korean companies

Social software tool	Purpose	Cultural distance	Trust formation
Instant messaging tools	<ul style="list-style-type: none"> ➤ Both synchronous and asynchronous communication ➤ Timely responses ➤ Discussing of simple matters ➤ Relationship building ➤ Media and location sharing ➤ Lessening the hierarchy ➤ Allows time to think what to answer 	<ul style="list-style-type: none"> ➤ Confusion on how to address all participants ➤ Confusion caused by different communication styles ➤ Confusion caused by the language barriers ➤ Confusion in interpreting the emoticons ➤ Difficulties in determining if the tool is appropriate for the matter at hand 	<ul style="list-style-type: none"> ➤ Affective trust <ul style="list-style-type: none"> ▪ Relational trust through continuous interaction
Conferencing tools	<ul style="list-style-type: none"> ➤ Synchronous communication ➤ Real-time interaction ➤ Video stream adds a dimension for non-verbal communication ➤ Discussions of complex matters ➤ Relationship building ➤ Media sharing 	<ul style="list-style-type: none"> ➤ Language barriers can be too overwhelming in real-time communication ➤ Non-verbal cues hard to interpret ➤ Time difference and time perceptions cause practical issues in arranging calls 	<ul style="list-style-type: none"> ➤ Affective trust <ul style="list-style-type: none"> ▪ Relational trust through continuous interaction
Social networking tools	<ul style="list-style-type: none"> ➤ Background research ➤ First contact with the potential business partner ➤ Asynchronous communication 	<ul style="list-style-type: none"> ➤ Difficulties in determining if the tool is appropriate for the matter at hand ➤ Difficulties in determining if unresponsiveness is accidental or intentional 	<ul style="list-style-type: none"> ➤ Mostly cognitive trust before first face-to-face meeting <ul style="list-style-type: none"> ▪ Affective trust can be built later on, specifically characteristic-based trust.

“How is social software utilized to support affective trust building in early stage partnerships, using the example of Finland and South Korea?” As expected, the answer to this question is not easily explained with just a few words, especially because previous research about this topic is scarce and this thesis may very well be the first of its kind to answer this question. Social software most definitely can be used for trust building between Finnish and Korean companies, however the selection of the tools is dependent on the formality, urgency and the nature of the communication. Unlike the previous research might suggest, this thesis found out through the interviews that instant messaging tools, conferencing tools and social networking tools were the most crucial tools in the trust building process between Finnish and Korean companies. These tools can be used simultaneously through the whole life cycle of the trust building process, but social networking tools tend to be focused on the very initial cognitive trust building whereas instant messaging tools, as well as conferencing tools are used after the initial cognitive trust is built through background checks and the partner company has been evaluated face-to-face. Instant messaging tools and videoconferencing tools are the best choice for building affective trust because they enable synchronous and asynchronous communication through internet connection which is excellent both in Finland and South Korea. Using these tools for relationship building with the partner company through frequent interaction is the key for successful affective trust building between Finnish and Korean companies, and therefore this answers the second research problem statement.

6.1.1 Theoretical contributions

Through the extensive literature review, this thesis discovered major characteristics of the trust types that are prevalent in the Korean society. As discussed by Gill and Butler (2003), Huff and Kelley (2003) as well as Young and Daniel (2003) a typical western society, such as Finland, often tends to be more concentrated on cognitive trust building, deterrence and calculus based trust as well as institutionalized trust drawing the trust from cost-benefit calculations and legal contracts. It was apparent that there was a fundamental conflict on what kind of trust expectations these two cultures have, because when thinking about partnerships with Korean companies, it was well established, in the literature as well as in the interviews, that the affective trust is the basis of all. This is why Cho and Yoon (2001) and Buchan & Croson (2004) raise the in-group favoritism as one of the biggest obstacles to address in trust building process in cross-cultural collaborations. The importance of characteristic-based trust as explained by Cazier et al. (2006) is based on similar values, background, ethnicity and experiences. This is a good example of Korean in-group favoritism and therefore is one of the biggest barriers to overcome in trust building process as Finnish and Korean companies by default lack some of the common characteristics in order for this trust expectation to be met. The relational trust, relying on relationships and part interactions, seemed to be the core of trust building process with the Koreans and a core problem existed here as the companies are usually geographically distant

from each other, making face-to-face communication almost impossible. With the help of existing research about the different trust types, this thesis identified which types exist in Korean society and how they should be addressed.

The trust building between Finnish and Korean companies hasn't been studied before which is why the results of this thesis offer completely new information on how to proceed with the trust building process with Koreans when the communication is done through social software. Although Jarvenpaa et al. (2004) as well as Noll et al. (2010) discuss the trust formation and practical issues in virtual teams in cross-cultural setting, the trust building between Finnish and Korean companies specifically is not studied. Pirkkalainen and Pawlowski (2013a), Pirkkalainen and Pawlowski (2013b), Pirkkalainen et al. (2014) as well as Sivunen and Valo (2006) argue what kind of problems global workers are likely to face while using social software and how all social software tools are not necessarily used the same way in different cultures. This thesis discovered problems that arise in using social software for trust building specifically between Finnish and Korean companies. By analyzing the existing literature related to trust building, social software and different aspects of Korean culture – focusing on possible issues that arise from collectivism and in-group favoritism – this thesis discovered previously unknown information about the main issues in this process and explained which social software tools are being used to address these problems.

6.1.2 Practical contributions

With the help of this thesis, companies should be able to distinguish, what kind of trust expectations Korean companies have and how it is possible to make these expectations to meet in the trust building process. With the extensive cultural analysis, Finnish companies can recognize the typical characteristics of Korean culture as well as the crucial differences that will most likely affect the trust building process – the most notable differences being a strong reliance on relationships, social status and hierarchy as well as the continuous aspiration towards harmony. As the trust building in Korea will be in-group biased and focused on the affective trust foundations, companies will be able to choose the correct course of action when starting their trust building process. Integrating the relationship building into the trust building process in the form of inter-personal interactions, bonding within the group and informal group outings, should be the starting point of any desired long-term partnership that involves at least a moderate risk.

The findings that Koreans base their trust building process on affective trust foundations, helped in determining what kind of social software tools are utilized in which part of the trust building process. Cognitive trust expectations have to be met but this was mostly done only in the very initial-stage of the partnership building process, before having the first contact with the other party. In the light of the results, it can be said that the rule of thumb is that when the Finnish companies have fulfilled their cognitive trust expectations through background checks, the trust building process should be almost completely focused on affective trust building.

In terms of social software, this thesis presented the most crucial social software tools to be used for affective trust building with Korean companies. By utilizing the social networking tools, instant messaging tools as well as conferencing tools with Korean partners, the Finnish companies will be able to build trust effectively when meeting face-to-face is not always possible. These tools that rely heavily on inter-personal synchronous and asynchronous interaction, will help in addressing the most typical issues in the trust building process such as the lack of relationships and the problem of out-group versus in-group. With the help of this tools, it is easier to gradually bring the trust expectations closer to each other despite of the cultural differences.

6.2 Limitations of the study

Since the software company is specialized in making software, most of the company's employees are skilled in using information technology in many ways. Taking this into account, this study cannot be well generalized for other big international Finnish companies as the employees' competence levels in using ICT were exceptionally high. Also, the technology competence mentioned as one of the major barriers in trust building through social software, was not present in the study due to the excellent competence of the interviewees. Especially social software usage in this company in particular seems to be widely accepted, used and even necessary to communicate across different departments and business units. Social software is implemented for internal and external communication which is why the competence for using social software in this company can be relatively high compared to many other Finnish companies and therefore the results of this study should be interpreted keeping this in mind.

The age breakdown in the company is young which is why the average age most likely influences the company's culture and thus affects the competence and willingness to use social software. The average age of the respondents was younger than 40 years old which is low considering that respondents came from totally different positions, from normal subordinates to high management. There weren't any significant differences in the social software usage between these respondents which indicates that the overall company culture is very encouraging and open for using social software as part of the daily activities in all levels of the organization. Therefore the results of this study might not apply for other Finnish companies that have significantly different company culture and age demographics.

Since the sample size of the Koreans participating into the study was only three out of ten, the sample size for analyzing social software and trust from Korean employees' perspective was small. At the time of this study, there were very few Korean people employed by the company and out of those employees, three were able to participate into the study. All the interviews were made inside the company and the information had to be handled in strict confidentiality which is why in order for getting more interviewees, extending the interviews outside of

the company would not have been an acceptable option. In order to compensate for the small sample size, the literature review concentrates more on Korean culture and trust issues in Korea in order to better understand the cultural factors behind the results. Due to language barriers, only three Koreans were able to participate for the interviews because the interviews were held in English. Even employees with fluent English skills occasionally struggled to express themselves in English, specifically in trust related topics as the concept of trust is very abstract and explaining it proved to be a challenging task even in one's native language. For possible future studies, these interviews should be conducted in Korean in order to secure more interviewees and to make sure that interviewees can communicate comfortably and nothing is lost in translation. For this same reason, the interviews with Finnish people were conducted in Finnish in order to ensure that expressing oneself would be as easy as possible. For possible future research, involving the partner companies in Korea into this study would be necessary to obtain more robust data. Also, examining Korean culture as a homogenous society will soon not be a valid approach in studies involving business practices in Korea. Since Korea is rapidly moving towards more and more international and heterogeneous society, B2B trust-related topics should be more focused on specific organizational cultures instead of national cultures.

In half of the cases, the interviews had to be organized through social software. Skype and Google Hangouts were used for this purpose. There were multiple technical issues which is why few of the interviews needed to be re-scheduled or paused until these problems were addressed. Although social software such as Skype allows seeing and hearing the other person in real-time, it cannot replace face-to-face meetings as was established earlier in the literary review as well as in the analysis. Adding one layer in between of the interviewer and the interviewee already seemed to create an atmosphere where communication wasn't as natural and easy as it was face-to-face. It is likely, that this has affected the results moderately, especially from the Korean side since all the interviews with Koreans had to be arranged through social software due to the geographical distance.

The very limited amount of literature available about Finland-Korea business was also a big obstacle in collecting background information for the literature review. This thesis also leaned on the writer's personal experience and observations made while working in South Korea. Since these experiences are always subjective and although it can bring interesting addition to the cultural analysis, it is possible that the writer's personal bias has influenced the analysis.

6.3 Future research possibilities

As Finland-Korea business is still very rarely addressed subject, there is a lot of room for future research. Koreans are extremely accustomed to using information technology as part of their everyday life which is why there are plenty of opportunities to conduct research in the area of social software usage for B2B

trust building. Implementing a social software tool that also addresses the cultural differences and especially the language barriers is an interesting topic and potentially useful for enhancing effective business relations between Finnish and Korean companies. Focusing on one particular social software tool such as KakaoTalk, offers many promising research opportunities and has a potential in contributing to the field of cross-cultural trust research. Especially the differences how emoticons are used and interpreted through social software between people that come from different cultural backgrounds should be investigating further.

In one of the interviews, an interesting topic arose when talking about substituting face-to-face contact with social software. According to the interviews, it is not possible in South Korea to build inter-organizational trust without meeting the other party in the same physical space which is why taking social software even one step further would be an extremely intriguing research topic. Having virtual meetings and placing the people's avatars inside the same virtual space could possibly someday offer a solution for situations where geographical distance is a major obstacle in partnership and trust building processes. Modern technology such as Oculus Rift, which is a virtual reality headset designed mainly for 3D gaming (Oculus VR, 2015), could be utilized also for virtual meetings. In this case, all the participants would virtually exist in the same space and see and hear each other in real-time. Combining this virtual reality with a real-time translating software, there might be a day when flying to the other side of the world for business negotiations will not be necessary anymore. Adding a sense of existence in the same place can offer an additional dimension compared to normal video conference where interaction still tends to be restricted as detecting other people's body language and presence is not possible the same way as it would be face-to-face. Since 2009, big companies such as Cisco and Dell have already utilized the Second Life game for virtual meetings where holding speeches and demonstrations is possible in a space where every participant has a virtual avatar (Boorstin, 27th of February, 2009). Combining games, virtual reality and social software into one could possibly create completely new approach for international business.

7 CONCLUSION

It can be stated that based on the literature review, defining trust proved to be a challenging task. The definitions are many and vary depending on the context and the viewpoint of how trust is examined – from interpersonal or from organizational perspectives. However, some clear groupings were found, such as categorizing trust into affective and cognitive trust. Many other trust definitions are either derived from affective and cognitive trust or are very closely related or overlap with both. To put it simply, trust could be defined as a relationship between the “trustor” and the “trustee”.

What all the examined literature had in common is that trust is an expectation that the other party will behave in an expected way and that trust is one of the basic building blocks when it comes to any relationship, whether it is a business relationship or just an interpersonal relationship. Business relationships are very dependent on trust and can easily cease to exist if the trust is lost. Both affective trust and cognitive trust relationships exist, but the business relationships are usually more prone to moving towards affective trust as the relationship between partners evolves even though the trust in the first place had cognitive foundations. In an inter-organizational perspective, the trust is usually based on the expectations that predictability and credibility are met by the other party. If the two parameters are met sufficiently, the relationship will usually develop some affection-based features as well over time.

It was established that affective trust is the key in forming a business partnership with a Korean company and that trust is always multi-dimensional. Although there are numerous cultural differences, language barriers and other practical issues complicating this process, the interpersonal interaction and bonding with the group were of utmost importance in creating a long-lasting business relationship with a Korean company. Placing the emphasis on relationships as building trust, was very dominant in literature as well as in the empirical part of this thesis. The Western individualistic tendency to trust based on cost-benefit

calculations and legal contracts is likely to collide with Korean collectivistic aspiration towards establishing a harmonic relationships with one another. The collision of two different fundamental trust expectations is likely to cause significant problems in the trust building process if both parties lack the necessary cultural intelligence and do not place enough interest towards relationship building.

Defining social software also raised clear confusion in the literature. Most literature sources define social software as a group of tools that enable simultaneous collaboration, content creation and sharing amongst the users. Most literature concentrated only on analyzing social media applications when it comes to trust building. Substituting face-to-face communication and easy knowledge sharing are seen as the key points in utilizing social software in trust building process. Social software can enable many features that can lead to enhanced trust building, such as communication, information sharing and the sense of solidarity. Both affective and cognitive trust can develop by the help of social software. More effective knowledge sharing and communication enhances the cognitive trust foundations and through better knowledge about the other party, affective foundations can develop as well.

The secret of utilizing social software for trust building process between Finnish and Korean companies was choosing the correct tools that address the affective trust foundations specifically. Social networking tools, instant messaging tools and conferencing tools were found to be the most effective for relationship building due to their ability to allow asynchronous and synchronous communication that have many similar advantages to face-to-face communication. The selection of these tools was not always simple although they all contribute to the relationship building, they serve different purposes through the trust-building process. The selection of the tools should be made keeping in mind the complexity of the matter at hand, the level of conversation as well as the urgency of the matter. When all these factors were considered, social software could bring clear added value into the trust building process with Koreans.

However, in this thesis, one point clearly rose above everything else: social software cannot completely substitute face-to-face meetings when building trust with Korean companies. Although we have amazing technological inventions that have revolutionized international business, social software tools at their current state simply cannot be compared to meeting another person and existing physically in the same space, because a simple thing such as one handshake can already tell a bigger story than a face seen through Skype video stream.

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APPENDIX 1 INTERVIEW QUESTIONS

- Please introduce yourself and your role in this organization

Partnerships and culture:

(Focus on Finnish or Korean side depending on the interviewee's nationality)

1. How do you usually proceed when you want to start a business partnership with another company?
2. Based on what kind of factors do you evaluate the integrity and reliability of the other company?
3. How do you usually handle the communication with a partner company?
4. When the partner is located in another country, what kinds of challenges do you usually experience in the communication process?
 - a. Practical issues like time difference and time management?
 - b. Socio-cultural difference affecting the communication?
 - c. Language barriers?
 - d. Differences in overall communication styles and procedures?

Trust:

1. What is "trust" in your opinion?
2. What kind of role does trust have in the partnership building process?
3. How do you define the trustworthiness of the other company?
4. What kind of role do the legal contracts have in the trust building process?
5. What kind of role does personal interaction have in the trust building process?
6. How formal or informal is the trust building process?
 - a. Examples of signing contracts \leftrightarrow mingling over the dinner and having common activities outside of work environment.
7. Have you experienced distrust with any of your existing partners? Have you declined a business opportunity due to distrust? How does the distrust show in practice?
8. How do you make a decision whether to trust the other company or not?
9. Differences in experiencing trust:
 - a. For Finns: Have you noticed any differences on how Koreans experience trust compared to us?
 - b. For Koreans: Have you noticed any differences on how Finns experience trust compared to us?

Social software for trust building:

1. What kind of social software do you use when communicating with your external partners?

2. How well do those technologies work for you?
 3. What kind of challenges are related to using these technologies?
 4. How well are these technologies incorporated into your trust building process?
 5. How necessary is social software when determining the trustworthiness?
 6. Would it be possible to substitute face-to-face meetings with social software?
- Anything to add?