ORGANISATIONAL COMMUNICATION IN A MULTINATIONAL CORPORATION

A Case Study of Communication between a Finnish Headquarters
and its Swedish Subsidiary

Master's Thesis

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Tiivistelmä - Abstract

The purpose of this research was to describe the organisational communication of a multicultural corporation in a headquarters-subsidiary setting. The case corporation is a large telecommunications company which has strongly targeted its strategies towards international markets in recent years. The headquarters is located in Finland, and its subsidiary in Sweden. The first objective was to identify some factors which increase the complexity of organisational communication and may possibly cause problems in a headquarters-subsidiary setting. As one of these factors may be national cultural differences, the second objective was to analyse the impact of cultural differences in organisational communication between Swedish and Finnish employees.

The approach used in this research was qualitative case study with the starting point of analysis being empirical data. The main method was the conducting of semi-structured theme interviews. The data was obtained through 15 interviews of Swedish personnel at the subsidiary in Stockholm on October 1999.

The results can be divided into three groups: organisational communication, headquarters-subsidiary setting and national culture. The themes in the first group of organisational communication are official and unofficial communication and the use of communication channels, i.e. e-mail, phone, meetings, intranet and personnel magazines. The themes in the second group consist of communication problems specific to a headquarters-subsidiary setting, i.e. headquarters-subsidiary dilemma, organisational culture, organisational structure and geographical dispersion. The themes in the third group of results consist of national cultural differences between Finland and Sweden, i.e. management style, hierarchy, functions of discussion, orderly planning, high and low context, use of language, directness and non-verbal expressiveness.

Asiasanat intercultural communication, organisational communication, case study, multinational corporation, cultural differences, Finland, Sweden
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1 INTRODUCTION

Communication is the life blood of any organisation. Yet, in a multinational corporation it is a special case. As there are many different cultures involved, the complexity of the organisation and communication within increases. Discussion about the impact of cultural differences in international operations has become increasingly popular in the last few years. There seems to be increasing support for the idea that economic effectiveness of a multinational company within the global arena depends upon both individual and collective abilities to communicate competently with people from different cultures. Organisational communication should be able to effectively fulfil its functions in varying conditions in different units around the world. However, ensuring effective organisational communication internationally is not an easy task. Even if cultural differences are very significant, they are not the only factors which seem to affect organisational communication within a multinational corporation.

The purpose of this research is to describe organisational communication within a multicultural corporation in a headquarters-subsidiary setting. The case corporation is a large telecommunications company, which has strongly targeted its strategies towards international markets in recent years. The headquarters is located in Finland and its subsidiary in Sweden. Besides the impact of national cultural differences between Finland and Sweden, organisational communication is influenced by the setting of the headquarters and its subsidiary, organisational culture and structure, and geographical

dispersion. In addition, organisational communication as such has its functions and features, which need to be fulfilled, whether the organisation be domestic or multinational. All these factors make organisational communication within a multinational corporation complex and demanding.

Naturally, there would have been many other interesting aspects to study within the framework of a multinational corporation and organisational communication. Organisational structure and power division or control within the multinational organisation could have been observed in greater detail. As well, the field of business a corporation is engaged in, its history and economic decisions all have an impact on organisational communication. However, the focus of this research is in the aforementioned factors influencing organisational communication between the headquarters and its subsidiary. The perspective under study is that of its subsidiary, located in Sweden. The research was conducted by interviewing the personnel at this Swedish subsidiary.

For further interest, examples of previous studies in this area include the following: Marschan (1994) has investigated the impact of less-hierarchical organisational structures in the inter-unit communication within multinational corporations. Birkinshaw & Ridderstråle (1999) have examined the control aspect in the form of subsidiary initiatives and forces resisting them. More economical aspects of the functioning of Finnish multinational corporations and their foreign subsidiaries can be found, for example, in the research conducted by Hentola (1994), Anttila (1987) and Mörä (1985). More aspects with respect to Swedish culture have been presented, for example, by Laine-Sveiby (1991), Daun (1994, 1988), Forss (1988, 1984), Hill (1992, 1995), and very recently by Ekwall and Karlsson (1999).

This report has been written qualitatively so that both theory and findings intertwine. First, the objectives and the method of the research are introduced in the chapter 2. Chapter 3 theoretically defines organisational communication, its functions and the role of communication channels, as well as presents findings in those areas. The findings specific to a headquarters-subsidiary setting, such as the prevailing

headquarters-subsidiary dilemma, organisational culture and structure, and geographical dispersion are discussed in the chapter 4. The concept of national culture is discussed in detail in the following chapters. Chapters 5 and 6 define the theoretical concepts of culture and intercultural communication and chapter 7 introduces the cultural differences found between Finland and Sweden. Following as overview of the results in chapter 8, the research is evaluated in chapter 9 and chapter 10 concludes with a discussion on the opportunities of multiculturalism within multinational corporations.

2 THE RESEARCH

As the purpose of the research is to describe organisational communication within a multicultural corporation in a headquarters-subsidiary setting, there are two main objectives. Investigation of past studies has lead to an assumption that communication between headquarters and its subsidiary is somewhat problematic. Thus, the first objective consisted of identifying some of factors which act to increase the complexity of organisational communication and may possibly cause problems in such a setting. One of these factors may be national cultural differences as the case companies are from Finland and Sweden. Therefore the second objective consisted of analysing the impact of cultural differences in organisational communication between the Swedish and Finnish personnel. These objectives provided the basis for some suggestions about possible ways to improve communication in a headquarters - subsidiary setting.

2.1 Research Method

The approach in this research is qualitative, and the starting point of the analysis was the empirical data. It is typical for qualitative research to use inductive analysis in which a researcher tries to uncover unexpected elements in the data collected. A researcher moves from individual perceptions to more general meanings. Therefore, the basis of this methodology does not lie in the testing of a theory or hypothesis, but in the

analysing of the data in detail from different viewpoints providing for tentative theoretical insights. (Frey & al. 1992, 4.) Conducting inductive analysis without some expectations about the phenomena is practically impossible. However, expectations do not determine the flow of the research. Even though the overall objectives of the research are set and data collection is carefully planned, the flexibility of qualitative data allows a researcher to work on the data rather freely. The viewpoints of a researcher may be strongly present through the choices being made in analysing the data. For the gathering of data for this study, the viewpoint was that of its interviewees. The researcher tried to identify with their position. In addition, given that the researcher is Finnish and worked at the headquarters for a period of time, this furthers an understanding of the Finnish viewpoint.

In the case study approach general principles may be applied to specific situations or examples. Examples are analysed based on relevant theory and research leading to realistic and appropriate strategies to cope with situations identified in the case. (Frey & al. 1992, 2.) A case study seeks for detailed, intensive information about a single case. The purpose of the research is to study and describe a present phenomenon in detail. (Hirsjärvi & al. 1997, 130.) Although each communication situation is unique, the detailed analysis of a single case may lead to more general findings which may be applicable in other relevant circumstances.

The theme interview was chosen to be the main method of research since it is suitable for enhancing the understanding of how the Swedish subsidiary personnel evaluate communication with its Finnish headquarters. In qualitative research one does not try to find statistically generalisable findings, but to describe certain events and gain an understanding. One tries to give a theoretically reasonable explanation of the phenomena under study. (Eskola & Suoranta 1998, 61.) According to Frey & al. (1992, 285) interviews are essential for discovering what people think and feel about particular communication events. Syrjälä & al. (1994, 86) claim that interviewing is a suitable method as the information gathered by linguistic interaction is essential when there is a need to increase the human understanding of the target researched. The use of interviews for this study is reasonable since it could be expected that interviewees

would give many-sided answers the direction of which, difficult to estimate. In selecting an interview methodology the researcher also ensured the opportunity to ask additional or clarifying questions about the issues being examined.

Reviewing the literature and previous studies formed the basis for the themes of the interview. Since the researcher had the opportunity to work at the premises of the case corporation under study, access to a variety of background information was possible. The researcher conducted individual interviews with some key Finnish informants who worked with the Swedish subsidiary or were expatriates in Sweden. In addition, participation in some communication work groups to allow for familiarity with the concepts involved in organisational communication of this context was also done. The main themes of the interviews included the functions, channels and practices of organisational communication between the Finnish headquarters and its Swedish subsidiary, experience of working and communicating with the Finns, perceived communicative and cultural differences, language issues and ideas for improvement of the communication. (See Appendix 1.)

It is typical for a theme interview methodology to signify that the themes under study be already known to interviewer. However, the exact order and form of the questions are left to be determined in the interview (Frey & al. 1992, 286; c.f. Hirsjärvi & al. 1997, 204-205). The theme interviews were semi-structured and conducted in a discussion form. The themes were discussed in varying order and in different degrees of depth, depending on the way the discussion proceeded and the interviewee's willingness to discuss different topics. However, the same themes and questions were discussed with all the interviewees, apart from the questions, which proved to be irrelevant after a few interviews.

2.2 Interviewees

In qualitative research one can focus on quite a small number of cases to be able to analyse them thoroughly (Eskola & Suoranta 1998, 18). In fact, Mäkelä (1990, 53)

warns about gathering too large an amount of data, which may be difficult to manage and analyse in detail. There were 15 theme interviews conducted in this research in Stockholm, October 1999. All the interviews were done in a conference room on the premises of the Swedish subsidiary. The location enabled the researcher to observe the actual working environment of the interviewees. All the interviews were done in English, except for one, conducted in Finnish as the interviewee spoke Finnish as her native tongue. Sometimes Swedish was used by the interviewees, when it helped them in clarifying their answers. All interviews were tape-recorded.

Participating in a research may be justified through many reasons. Some people just like to talk about their experiences, but often there is an underlying assumption that the research may in fact, "make things better". Thus some people take part because of this possible positive outcome. (Bowler 1997, 70.) Half of the interviewees in this research were volunteers who replied to the request for participation. The request was placed in the subsidiary's intranet and emailed to the Swedish personnel. Information about the research was also distributed via the corporate intranet. The rest of the interviewees were selected by the researcher with the knowledge gathered from official documents and discussions with some key people both in the Finnish and Swedish organisations. Interviews were booked either via email or telephone. Interviewees received an email where, once again, it was explained in greater detail, what the research was for, what the role of the researcher was and matters relating to confidentiality elaborated upon. The purpose was to ensure participation, create a basis for trust and provide interviewees with the opportunity to ask questions if needed.

The sample was purposive in the sense that it was selected non-randomly because the participants possessed certain characteristics (Frey & al. 1991, 135). The interviewees came from different divisions. Different functions also had equal representation. There were interviewees from different parts of administration, sales, marketing, product management, production, technical support, deliveries and customer service. They had different positions ranging from top management to employees, and had from zero to 14 people working under them. Some of the interviewees had only worked for the Swedish organisation for a few months, while others had been there

almost from the beginnings of the subsidiary in 1995. A total of 4 females and 11 males were interviewed. The number of men was higher because the majority of the personnel in the Swedish organisation are male.

Interviews lasted from half an hour (one interview) to one and a half hours (two interviews), with the average of them lasting the pre-scheduled one hour time frame. The quality and nature of the discussions varied. Tiittula (1993, 35-36) claims that although an interview is a asymmetric situation since an interviewer has more power to direct a discussion, it is also interaction, like any discussion, where personal and situational factors have an impact. With some interviewees, the researcher created quite symmetric discussions, but with others it was difficult to make the situation feel natural or comfortable. Many of the interviewees were very friendly and openly discussed their views. There were, however, a couple of interviewees who appeared to be very suspicious and distrustful of the research. One of the interviewees was quite open in his comments, but seemed to have a very negative approach to everything. While some had read something about the concept of culture and were anxious to share their knowledge. A few interviewees had prior international work experience and some had close contact to Finns through their family background or friends. A few interviewees appeared quite self-confident and were convinced to know everything about the Finns and their communication with the Swedes.

This research was based on the views held by a certain group of the Swedish personnel of the corporation. All these people had experience in communicating with Finns and were speaking out of their own experience. Many quotes have been included in this report to ensure that one can "hear the voice" of the interviewees as they are the best interpreters of their views. Numbers one (1) to fifteen (15) have been used to denote which comment belongs to which interviewee to ensure equal treatment and that results have not been misused by including only a few people's opinions.

2.3 Data Analysis

Tape-recording the interviews is essential for their analysis (Tiittula 1993, 39). All interviews were also tape-recorded to ensure that the researcher could concentrate on listening and participating in the discussion by asking additional questions. Taping also enabled the researcher the freedom to observe interviewees.

All interviews were transcribed word for word as it was felt that the transcripts would be an essential tool and source for later analysis. According to Silverman (1997, 16), detailed transcripts of interviews may override the tendency to tidy up the conversation under study. The interviews in this study were transcribed verbatim. There are grammatical errors and mistakes, as well as incomplete sentences, but it is representative of how the actual exchange took place. However, as the intention was not to analyse the discourse at a deeper level, extra vocalisations were not transcribed in great detail, only the pauses and hesitations were marked. The researcher was merely interested in the substance of the discussions.

First, the transcripts were read one at a time where significant issues in each of the discussions were identified. These issues could then be compared to the issues raised in other interviews. After reading and comparing the transcripts several times, similar issues started to emerge from the data as they had repeatedly surfaced in the discussions. "The search for conceptually related, but empirically different situations is very good scientific practice" (Bechhofer according to Melia 1997, 32). These individually significant examples were then divided into theme groups from which the researcher tried to compile data to form conceptual categories. Each category was defined and each example was then compared to the definition. The categories were continually revised as the analysis proceeded.

The theme categories which emerged from the data can be divided into three groups: organisational communication, headquarters-subsidiary setting and national culture. The themes in the first group of organisational communication are official and unofficial communication and the use of communication channels, i.e. e-mail, phone,

meetings, intranet and personnel magazines. The themes in the second group consist of communication problems specific to the headquarters-subsidiary setting, i.e. headquarters-subsidiary dilemma, organisational culture, organisational structure and geographical dispersion. The themes in the third group consist of national cultural differences between Finland and Sweden, i.e. management style, hierarchy, functions of discussion, orderly planning, high and low context, use of language, directness and non-verbal expressiveness.

The theme categories will be introduced more specifically in the chapters 3, 4 and 7. The findings of the present research are described in light of previous studies and relevant literature so that deeper discussion and interpretation is possible. Statements made by the interviewees have been included as examples in each theme category.

3 ORGANISATIONAL COMMUNICATION

Pace and Faules (1994) define organisational communication to be "the display and interpretation of messages among communication units that are part of a particular organisation", which is comprised of communication units in hierarchical relation to each other and functioning in an environment. Organisational communication is the meaning generation process of interaction that creates, maintains and changes the organisation. (Pace & Faules 1994, 21-22.) According to Andrews and Herschel (1996) "organisational communication is a process wherein mutually interdependent human beings create and exchange messages, and interpret and negotiate meanings, while striving to articulate and realise mutually held visions, purposes, and goals" (Andrews & Herschel 1996, 14). The most important aspects of the definitions are activity and goal-orientation. Through communication, organisational members establish co-operation and co-ordinate their actions so that the goals of an organisation may be accomplished. Both these definitions also emphasise interpretation. It is not enough that messages are exchanged as there must also be an understanding of the meaning behind the messages.

According to these definitions, organisational communication includes internal communication within an organisation. In reality, external and internal communication are naturally linked and need to support each other. Åberg (1996) has added this aspect to his definition. According to him, communication of a work organisation means

exchanging messages between units of an organisation, which enables the fulfilment of objectives of the organisation and its members in different situations. Communication is a tool which not only ties the parts of the organisation together but the whole organisation to its own environment as well. (Åberg 1996, 61.) Although both internal and external organisational communication are equally important, the focus in this study is on the communication targeted towards and occurring within an organisation.

3.1 Functions of Organisational Communication

Organisational communication is a diversified phenomenon linked and intertwined with all the functions of an organisation. Thus it may be said that communication is the key tool of every employee. Organisational communication consists of the norms, values, and policies of the communication, as well as the networks, means and skills. Communication channels and technology form a framework filled with substance, quality and quantity of the messages being communicated within an organisation. Organisational structure, functions and culture should interdependently support and advance organisational communication. (Malkavaara 1999, 1-2.)

According to Åberg (1997), the basic functions of organisational communication within an organisation are:

1) To support the goals and the core functions. Communication is needed to support the production of goods and services and the delivery of them to the customer. This operational communication enabling employees to take care of their own tasks is the most important form of communication as without it, everything else fails to work.

2) To profile the organisation among employees. Organisational communication is needed to create a long-term profile of the organisation. It should create and maintain a positive organisational climate and ensure a collective team spirit among employees.

3) To inform about what is happening in the organisation. Informing covers goals of action, results and future prospects, as well as, new plans and their implications. It is important to inform about and discuss prevailing issues in an organisation and the work of each person. Some issues to discuss may include, for example, financial objectives, changes, education, developmental objectives and career development.

4) Commitment towards the organisation. New employees are inducted to their work and the company. They become part of the personnel and commit themselves to the objectives of a company. However, effective communication is not only needed for new employees, but to support and reinforce the commitment of all employees.

5) Interaction. Communication is needed to fulfil the social needs of people. Opportunities for interaction between people in both formal and informal situations have to be given. When people in a company know each other better, co-operation probably works better, team spirit increases and comfort with one's work also rises.

An organisation can directly influence organisational communication to fulfil the first four functions. This may be referred to as result oriented communication, since it directly and essentially impacts the results of an organisation. However, the fifth function, interaction, cannot be directly controlled by an organisation as it is the people within who have a stronger influence in this case. (Åberg 1997, 63-64.)

Greenberg & Baron (1995) have defined the functions of organisational communication almost along the same lines as Åberg, but they divide the functions of organisational communication into three. According to them, the first key purpose of organisational communication is to direct action and get others to behave in a desired fashion. Secondly, communication in organisations is needed to achieve co-ordinated action. The third function of communication focuses on the social relations between people. For example, communication is involved in developing friendships and building trust and acceptance. (Greenberg & Baron 1995, 332.)

3.2 Official Communication

Organisational communication can be divided into two types, official and unofficial communication, which have different but complimenting functions. Official communication refers to the communication channels which have been agreed to and are known by all employees. They reflect the organisational structure and the power structures, and are controlled by the management. They are used to organise the work of an entire organisation. (Malkavaara 1999, 3.)

Within organisations, communication can flow in three directions: downward, upward, or horizontal. Messages flowing from upper to lower organisational levels constitute downward communication. Through downward communication, organisations direct the activities of employees, instruct them in proper behaviour and work methods, persuade them to adopt certain ideas and attitudes, evaluate their performance on the job, solicit upward communication and even provide entertainment. (Greenberg & Baron 1995, 345.)

The other vertical channel of formal organisational communication is upward where communication flows from subordinates to superiors. It usually assumes the form of employee comments including problems, reactions and ideas about co-workers and/or organisational policies or practices. It may also include their thoughts about what needs to be done and how it can be achieved. Contemporary management theorists have consistently argued that encouraging upward communication is extremely important. Those at the lower levels of an organisation clearly occupy a lesser rank and status than those at the higher levels, and this affects both the content of messages being passed upward and an employee's willingness to voice them in the first place. (Andrews & Herschel 1996, 145-146.) The difference in status between headquarters and subsidiaries can be quite significant. After all, the headquarters manages the subsidiary and is usually bigger and more powerful. Also, the history of the relationship is unequal as in most cases, the headquarters has usually established the subsidiary.

A horizontal communication channel sends messages between and among individuals at the same organisational level. Messages are characterised by efforts at co-ordination and attempts to work together. This communication exists in two forms: interaction among sub-unit peers and between and among members of different organisational sub-units. Exchanges between sub-units usually use informal channels. Among the units communication occurs formally or informally depending on the type of information exchanged. (Greenberg & Baron 1995, 346.) The team structure is often used when there is a need to improve communication either within or between sub-units. Teams usually have defined objectives but may divide the individual responsibilities among team members rather freely. One of the possible disadvantages of teams is that although communication within the team improves, communication to other teams or outside units may worsen.

According to Marschan (1994), much of the vertical information exchange between headquarters and its foreign subsidiaries is devoted to a headquarter's control over its subsidiary activities. It may take, for example, the form of regular financial reports submitted to the headquarters, visits to and from headquarters and subsidiary participation in the planning processes. (Marschan 1994, 2.) In this research, it was not studied in any greater detail what kind of information is exchanged between the corporation in Finland and Sweden. The interviewees referred to financial, other reports and headquarters-subsidiary visits. Almost all of the information coming from Finland seemed to be clearly related to the individual work of people and transmitted mostly via personal contacts through e-mail, telephone, and/or meetings. Some general information about the corporation was mentioned as coming through publications and the intranet.

> *H12: " There has been more things coming recently, different kind of small information books and so on and saying division so and so are doing that... and that's very good... and there are some internal newspapers coming and ok, everything is not in your perspective, but then you get the possibility at least to know what's happening in Finland. And then there is also this intranet..."*

All the interviewees mentioned that the most prevailing lack of information is about the vision and goals of the company. This seems to indicate that directing action and co-

ordination functions are not completely fulfilled and attempts at supplying information have been poor.

> *H9: "These organisational changes... very little information we have got... about what it means to us, and how is it going to impact us... What are the strategies and what is the goal, that would really be needed."*

> *H4: "Would like more information on the visions or their goals, especially if it concerns us."*

> *H2: " I don't think it's clear ... it's not really communicated in what way should we belong to the group... what is our position in the group... I think it must be... they have to communicate more of what is the idea of the company here in Sweden and the other subsidiaries... Must be communicated what 60 % of the should be outside Finland in five years or something... Should be communicated more long term information how should this be ... what the thoughts behind this are ..."*

This lack of direction may be partly due to the organisational change that the company is currently undergoing. Organisational change increases the need for information about the direction and strategies of a company and the position of its subsidiary in the plans. However, Forss (1988) and Laine-Sveiby (1991) claim the goals of a company which do not always seem to fully reach their subsidiaries to be a prevailing problem. It has been said that Finns do not use enough time to explain the vision and goals to the management of the subsidiaries before decisions are made. Often subsidiaries feel that they have no clear vision or position since the goals are not explicitly communicated or elaborated upon by headquarters. (Forss 1988, 65; Laine-Sveiby 1991b, 96.)

For example, in this case study, there had been a video conference about the organisational change the corporation is undergoing a few months prior to the interviews. There had been a personnel event held in Helsinki which had then been video conferenced around the country and to foreign subsidiaries. The idea of informing everybody at the same time was good, but technically, the presentation had not been very good. The contribution of the conference had not been successful as the management of the subsidiary had not been prepared and interviewees ended up being more mixed up than before. The Swedish subsidiary would have preferred to see

someone, even of a lower rank, telling them in person about the changes and their implication.

> *H8: ... and then he said, now we will stop this international project, because we are truly global now, and then the next slide he showed was in Finnish..."*
> *H5: " Some of the Finnish management should come over and show their faces, answer the questions. It's better than any video conference. We have the information meetings regularly once a month and any visit could be organised for example around them. "*
>
> *H9: " People were really confused, what does this mean for us? Of course, they are very busy men (the top management), but maybe they could have send some one else instead here to have another information event. "*

Some of the interviewees saw most of the communication as being one-way; from Finland to Sweden. Most stated that they do not usually contact the corporation in Finland and they even claimed that this might be a little difficult to do.

> *H5: " I think it is now... it's more information, no communication. "*
>
> *H10: " At the moment it wouldn't be too easy to contact Finland, because I don't know who to contact. "*
>
> *H4: " You sometimes feel that even if you sent something or mailed something will it really be addressed. Since there are so many divisions and everything in Finland, will there actually be some one who would listen. "*

Some of interviewees revealed to having built their own personal contacts through which they obtain more information if needed.

> *H11: " But if I want some information, then I ask. If she doesn't have an answer to my question, then she forwards it to someone else. "*
>
> *H1: " I don't think it's any problem, when you have started to learn to know people. "*

3.3 Unofficial Communication

Within every formal organisation there also exists an informal organisation. Within this informal structure much communication occurs whenever an individual feels the need to communicate with someone with whom he is not connected by a formal organisational channel. Informal communication is the dominant form of oral interaction in organisations and informal networks are vital in any hierarchical structure. (Andrews & Herschel 1996, 148.) Unofficial communication is based on the social relations of employees. It complements official communication but social interaction cannot be controlled by the official organisation.

When employees communicate with one another upward, downward, horizontally, and across channels with little, or no regard for designated positional relationships, the factors directing the flow of information are more personal and the flow less stable. This informal, personal information emerges from interaction among people and appears to flow in unpredictable directions. Hence, its network is referred to as the "grapevine". Information obtained through the grapevine concerns "what someone said or heard" rather than what was announced by authorities. Generally, 75 to 90 percent of the details of a message being transmitted through the grapevine are accurate, but information is usually somewhat incomplete, lending itself to misinterpretation even when the details are accurate. (Pace & Faules 1994, 136-137.)

Information obtained through the grapevine is considered somewhat inaccurate and therefore its power is often underestimated. However, the transmission occurs rather quickly and this information may easily become more reliable in the eyes of the personnel if official communication channels fail to properly fulfil their function. According to the interviewees of this research, social interaction mostly appeared among the personnel of the Swedish subsidiary as they could meet everyday and chat unofficially at anytime. However, the notion of the grapevine also flourished between Finland and Sweden.

H3: " Usually the subsidiaries know more what's going on, because we have a lot of contacts. As we are divisionally organised and each one of these divisions as well as functions gets a lot of contacts and gets also the feedback on what's going on in the different parts of the organisation... and as we are fairly small and we combine this, so we get small bits and pieces of information everywhere and gossip and... And for somehow people in Finland are quite willing to share the information with the guys in Sweden. And they also do it in a conscious way that we might need this information...."

In Marschan's study (1994, 79) communication between subsidiaries is characterised by a wish on behalf of the personnel to exchange experiences and enhance personal contacts. This was also found to be true in this research. In fact, it seemed that both personal relationships and the social function of communication were very important for all the interviewees. They would have liked to have a higher degree of personal contacts with the Finns to be able to discuss their daily work.

H1: " Yeah, if you say that if we can find people who are working on similar, who have similar work as I have. I think it will help a lot."

H9: " We would need more opportunities to meet other people, get to know them and to get to know how they work. With people in similar jobs you could exchange experiences and tips and talk about the problems and everything. We can't just use these electronic tools, you have to meet as well. That way you can get rid of the useless prejudice..."

Even in the exchanging of essential work related information, personal contacts seem to be a major channel between Sweden and Finland. In some cases it was even seen to be a problem since there are no documents of the discussions taking place so that the next time someone would require the same information, it would not be available.

H7: " I don't know if I get so much information from Finland. I think the knowledge I got... it's through my own contacts."

H8: " A lot of my project managers are talking to the Finnish project managers and they will exchange information in an uncontrolled fashion unfortunately, so it's not distributed to other people working on the same matter and it won't be written down anywhere. "

There seems to be no question about one of the most important functions of organisational communication. Among others Miller (1999, 153) states that one of the

most important roles of communication in organisations is the co-ordination and control of behaviours that will contribute to the accomplishment of individual and organisational goals. Another prevailing function of organisational communication is information exchange, which may be considered essential in enabling people to complete their tasks. Both of these functions are very important but seem to be somewhat neglected in the headquarters-subsidiary setting. Different assumptions about the nature of goals, strategies and instruction may lead both the headquarters and the subsidiary to feel frustrated. The headquarters may feel that they have provided all the necessary information and support while the subsidiary may feel that they have reported on their actions and provided headquarters with all necessary information. On both sides, there may be a gap between the expectations and actual behaviour.

The third prevailing function of organisational communication is social relations and interaction which are needed to create an employee friendly environment. One of the questions to be solved by the corporation is, whether there should be a close social contact between the various units or if it is enough for the personnel to simply be socially involved with their primary group of fellow workers. This has naturally to do with the type of work and co-operation needed to reach the goals of the units. The social function cannot be totally controlled by the formal organisation but it can be either supported or discouraged. Commitment may require even more complicated decisions. Should the subsidiary personnel be committed to their local organisation and work and to what extent should they be committed to the whole corporation? As the definite causes of commitment are unclear and as commitment may occur towards various targets, it may be difficult to find a balance. Also the profiling function may have various options in what is considered to be the image and which parts of the organisation are part of that image.

3.4 Communication Channels

Different communication channels all have their benefits and disadvantages. Thus they are, and should be, used for different purposes. Communication channels can be

divided, and their impact explained, for example, according to the media richness they convey. The term media richness can be used to define how rich the information being conveyed is, i.e. how many feelings, attitudes and other meanings can be transmitted in addition to the actual cognitive information. Face-to-face communication between people who know each other very well is one of the richest means of communication media whereas a strictly formulated written communication may be one of the poorest. For example, the brainstorming of ideas does not necessarily require a rich communication channel while negotiations or solving conflicts requires a channel through which feelings, attitudes and values can be transmitted. Therefore, bu this logic, communication technology, such as e-mail or intranet, is assumed to be quite limited in its information richness as non-verbal messages are hardly transmitted through it. (Jessup & Valacich 1993, 92; 283.)

Each organisation should have a communication channel for fast, real-time communication only covering the most important and acute messages. On the other hand, an organisation should also have a channel for deeper background information. (Ikävalko 1994, 70.) E-mail, telephone, and to some extent meetings were used for the purpose of quick messaging in the organisation under study. For background information personnel magazines seemed to be quite useful, as well as intranet and meetings to some extent.

According to interviewees, the frequency of contacts within the corporation between Finland and Sweden varied between different people and different situations, depending on the position and tasks of the people. Some interviewees were involved in projects with daily e-mail or telephone contacts within a specific group of people, others were involved in various discussions with different groups or individuals by e-mail, telephone or meetings. Some groups met face-to-face every week, others never. Intranet was not actively used, as it had some problems in defining its target groups. Therefore interviewees did not find the intranet very useful. Meetings were seen to be important for effective organisational communication even between geographically dispersed units of an organisation, at least to initiate the contact between members of those units. There

were some problems and some assumed differences in the use of channels between the Finnish headquarters and its Swedish subsidiary.

E-mail and Telephone

E-mail is the most frequently used communication media in the running of daily matters between Sweden and Finland. Some interviewees said that they had changed their usual behaviour when communicating with Finns. They went from using the telephone to using e-mail instead not only to cut costs, but also avoid any misunderstandings.

> *H6: " With email you have more time to think, what do I want, how do I put it, it's more quality than if you just say it... then it's easier to misunderstand and you don't remember what was said and you don't know if you got the message across..."*

> *H12: " In general it is often easier to use email, because it is easier to formulate and normally I like to talk on the phone, but when I send things to the Finnish colleagues I often use mail, because I use English, which is my second language and it is the second language in Finland as well and then we come to an equal knowledge level."*

A superior feature of using e-mail seemed to be its ability to provide documentation with no extra effort.

> *H1: " If I need a decision, I rather take in on mail, so I can have in on paper. It is always better to have decisions on paper."*

> *H6: " Email is my favourite... because it's documented and you can always refer back this is what we said..."*

> *H12: " And you can take up the mail and look up what did you mean."*

However, e-mail has its limitations, as well. The information richness of e-mail is fairly low, and it is not necessarily the best channel to communicate complex and ambiguous messages. E-mail does not allow for instant interaction which may otherwise decrease the chance for misunderstandings. Therefore some researchers believe that e-mail is the

most useful option when sending simple and routine messages. (Steinfield 1990, 284.)
This came up in the interviews as well.

> *H13: " E-mail is a dangerous thing. But I think it's not only Finland. But it's*
> *hard to express oneself very clear in an email, it's very easy to misunderstand*
> *what's said in the email... I didn't mean it the same way how you read it and it*
> *tends to escalate very quickly. "*

Part of the e-mail "etiquette" is to answer fairly quickly to messages. The Swedes found
this to be quite problematic with the Finns.

> *H13: " The big problem is that you don't know who should you talk to and if*
> *you ask a question of a wrong person, you don't get any answers. It's not like*
> *you get an answer telling, I'm not the person you should ask this, this is the*
> *guy you should ask from, you don't get a answer, just silence. Makes the*
> *communication more difficult, because I can't find out who should I talk to,*
> *unless somebody tells me. Sometimes you even hit the right person, but you*
> *don't know that you hit the right person, because they don't answer even if*
> *they might be working on it. "*

This was also found in Tiittula's (1993) research where she interviewed Finnish and
German business people about their business relations. According to her, Finns often
answer only if they think it is useful. If there is nothing to inform of, no answer is
needed. Instead, for the Swedes or Germans, for example, it may be vital to at least
inform the person that they do not have an answer or that they are the wrong person to
contact in that particular matter. (Tiittula 1993, 100.) This difference in answers may,
however, be a common problem around the world as the etiquette of proper email
behaviour is to a large extent still being negotiated by users.

The telephone may be fairly rich in its ability to convey feelings and attitudes.
Thus, it is a fairly rich communication channel allowing for fast transmission of
messages if needed. As well, some non-verbal messages are conveyed, such as the tone
of voice and intonation. Interaction enables questions which decrease the possibility of
misunderstandings. The roles of speakers can constantly change as it is easy to supply
feedback, and messages can be targeted and personal. (Komulainen & Näsi 1999, 6.)

Interviewees referred to the information richness of the telephone compared to e-mail, for example.

> *H3: " Phone is the most important means to communicate. E-mail is the most important for the running day to day matters, but it can never take the place of the phone... A bit more personal contacts... It's about business, but you can also talk about other things, gossip and do what ever you want, get updates on what's happening here or what's happening there which is very important... And you can a little more sense of the importance of the thing, get the soft values of the question... Do I have to spend a week on this issue or is it ok to do it in an hour? What will happen if I don't do this but that?"*

Meetings

Face-to face communication is very information rich because feelings, attitudes and values can be conveyed through non-verbal communication. Communication channels have been categorised, for example, according to their ability to convey social presence. Face-to-face communication conveys strong social presence since it enables the full application of non-verbal messages. Such channels are effective in tasks which require interpersonal commitment as they enable the social presence to be established between the communicators. (Rogers 1986, 52-53.)

Seeing that the geographical distance separating Finland and Sweden is fairly small, employees from both sides meet rather frequently. Most of the meetings took place in Sweden, but sometimes in Finland as well. Most of the meetings that had people coming from different countries were held in Helsinki while those which consisted of a one-on-one interaction saw the Finns going to Sweden. Meetings seemed to be a very important means to communicate.

> *H14: " The meetings are a good chance to meet other people from other countries. You always have misunderstandings when you are not talking the same language, but we have fun and try to understand each other... "*
>
> *H2: " Meet quite often, but not enough. "*

H11: " It's always easier to communicate if you have met the people and that's the same thing here. Because when you meet you get the contact you don't get when you only phone or use email. "

The meetings did not always have to be specifically arranged, but the already existing opportunities could have been more utilised. It may have been useful to think of the existing meetings and combine them with getting to know international people as well.

H10: "Our department has meetings every second week and there are always some people from Finland there as well. "

H7: " If you take this divisional day, then everybody said, oh great, now we get to meet the Finnish colleagues and so on... get to know them better and learn how they work and so on... but when everybody went there, they find out that it was just a divisional day for international subsidiaries, so they only met people from other countries... Then they had their own divisional day for the Finnish. "

In addition, working together on matters that had to do with international personnel of the corporation may have been a good way to gain mutual benefits. Co-operation may become easier as people get to know each other and the richness of viewpoints may be utilised in building creative solutions.

H8: " I think it's more effective to send people on one-to-one meetings and I think we need to keep that up. But just to send them one by one, and they can work on their orders from there as well. You just have coffee together and ... you don't work together all the time, but to pop a question and it's more to get to know each other a bit, but not meetings... And I think it's the same the other way around, get people coming over here for a couple of days, visiting and helping out and then you get to know them a little better. "

H5: " We should be more involved already in the beginning. I think we have to work more and more internationally and also more in some kind of looser organisations, more in project or virtual teams. "

The Intranet

Intranet refers to a closed internal network of any organization where access is limited to its staff. It is usually connected with the internet but the access of external people is

blocked by a firewall. Intranet utilizes the programs and protocols of the internet and is easily accessible to anyone within the company. Thus, it can be easily used to overcome communication obstacles created by geographical distances. According to Juholin (1999), the nature of intranet is to be interactive and to support information sharing and the building of a community spirit within an organization. (Juholin 1999, 152-154.)

All the interviewees know the English version of the corporate intranet and almost all of them are familiar with it to some extent. However, very few people seem to actively use it. Its use has been promoted in the subsidiary, but naturally it takes one's own activity to use it.

> *H14: " Looks ok, but I haven't looked into so much. "*
>
> *H13: " I've been there, I've seen it, but I don't frequently use it. "*

One of the main perceptions of the intranet is that it is difficult to find specific information.

> *H14: " I think the intranet has the same problem as many other web pages, it's not missing information, it's too much. It makes it hard to find the information, it's so much information, you can't find the information you need. "*

Juholin (1999) warns about the intranet becoming a dumping ground making it difficult to find any specific information. There should be a clear order of information separating the acute, daily information from background information, and between information, which is essential for everyone and specific target groups. (Juholin 1999, 154.) One reason making it more difficult to find things on this particular intranet seems to be the mixture of target groups it is trying to serve. Some interviewees found it difficult to differentiate between the general information for everybody and the more specific information to be used by a particular group of people.

> *H2: " It's not especially good for the subsidiaries. This intranet is mostly the Finnish intranet, then there is the part in English, but it is not so big, there are some things translated of this, but... it is not the intranet for Sweden. "*

> *H9: " And if there are things in English, which are useful for others as well, it is very hard to find it, because there is so much stuff, which is only for Helsinki. "*

Another discouraging factor for potential users is that there are still some links that are only available in Finnish even though it is supposed to be an international site.

> *H1: " But you can also be recommended to this and this page, and when you go there, the language is Finnish. "*

> *H10: " Even if it is in English, sometimes when you click something, and want to read a document, it's not translated into English, it's still in Finnish. "*

Personnel Magazines

Personnel magazines are also used in this corporation as communication tools. Both the corporate level magazine and several divisional level papers are distributed to its Swedish subsidiary. In general, interviewees were satisfied with these publications. They thought they were well made and looked good. It seemed that it was good to have them but interviewees could not really comment on them much. The corporate level magazine is directly delivered to an employee's home and this was seen to be a good thing. The magazine was viewed positively because it supplied a wider picture of what the corporation is doing.

> *H3: " They're good and there's a need of it, because it shows that it's more than just Sweden and it's more than just Finland. "*

> *H5: " It's good to have stories from different countries... "*

It seemed that the efforts to include stories about other countries and a variety of divisions are paying off. However, the magazines were still judged to be a little limited and should have offered an even wider variety of stories. One of the interviewees pointed to an important feature of an interesting personnel magazine: it should be able to demonstrate recognisable things and people in the magazine. If magazines are too

distant or official, members of the organisation do not necessarily find them appealing (Ikävalko 1994, 70; Norberg 1999, 26).

> *H14: " Perhaps you should try get ... but I think they are trying to get information from all parts... so you always something from each country or division, so you can sort of recognise yourself.*

> *H7: " Many things in it come from Finland and they're translated to English. "*

> *H12: " I would like to see more information about the other parts, other divisions. "*

Juholin (1999) claims that even with the increasing amount of fast electronic communication, personnel magazines remain and have a purpose in organisational communication. Magazines are usually many-sided and trustworthy. Besides covering background stories and transmitting the leadership views on the future development of an organisation, magazines try to create the feeling of belonging and commitment as well as build a positive image of the organisation itself. They however cannot be the main communication channels but they can certainly compliment the other channels by reporting the news in a more thoroughly fashion. (Juholin 1999, 150, c.f. Norberg 1999, 25.)

4 ORGANISATIONAL COMMUNICATION IN MULTINATIONAL CORPORATIONS

A multinational corporation is a manufacturing company possessing at least six foreign production units or units producing the same level of service as its parent company. A foreign subsidiary can be defined as a foreign direct investment into an already existing company or into a company to be established abroad in whose management and control the investor is participating. (Hentola 1994, 15.) It is a growing trend for companies to increase their international operations. In many fields the domestic market is not large enough for a successful growing business and internationalisation may provide increased potential and new opportunities.

As international operations of multinational corporations increase, organisational communication becomes more complex. Modern multinational corporations are characterised by having their assets and capabilities located abroad and functioning in geographically dispersed organisations. In various units of the global corporation there are important resources and valuable knowledge to be exploited and combined with other competencies of the organisation. But how can these capabilities be captured for the benefit of the whole organisation? It seems that one of the central issues in managing a multinational corporation today is to motivate various organisational units to communicate and exchange information between one another. (Marschan 1994, 1.)

The ability of the multinational corporation to create and maintain its competitive advantage is often dependent on effective dissemination of knowledge and expertise across subsidiary units. Flexible, horizontal inter-unit communication and supporting network of personal relationships seem to be critical for the success of any multinational corporation. (Marschan-Piekkari et al. 1999, 422.) However, a number of empirical studies have concluded that the subsidiaries perceive communication to be the major cause of friction in their relationships with their parent companies. (Marschan 1994, 2.)

For communication to function globally, it has to be planned with an international mindset and with a will to communicate despite possible problems and increased complexity. For example, the particular corporation in this research aims to increase the proportion of international operations to over half of its earnings over the next five years. Successful co-operation of the different parts of the organisation can be facilitated by effective communication which will only become possible if the international setting with the variety of cultures and different ways of working is taken into account. In the long run, this approach may be beneficial for the whole corporation and actually become a part of its competitive advantage.

The differences between the national cultures have increasingly been recognised in the last few years. Multinational companies are starting to notice that the original concepts of business utilised in the domestic markets do not necessarily apply or effectively cross-over in other countries. Indeed, different approaches may be required to be able to function effectively in different environments. According to Laine-Sveiby (1991), knowledge about cultural differences helps to understand and deal with situations where other tools have failed. However, cultural differences are not a magic device that will solve everything. The headquarters-subsidiary relationship is problematic in and of itself and often, problems related to the relationship are explained by cultural differences. That is why it is important to understand the essence of the problems and be able to differentiate them from cultural obstacles. (Laine-Sveiby 1991b, 144.) Therefore the findings of this research do not only concentrate on cultural differences between Finland and Sweden but also take into consideration other factors.

Organisational communication and the use of communication channels have already been discussed in the previous chapter. There are several other factors that influence organisational communication between different units of a multinational corporation, the findings of which will be introduced in this chapter. Other factors are, for example, the dilemma in the differing perceptions of the headquarters and its subsidiary about their relationship as well as different organisational cultures found in these two places. Organisational structure and geographical dispersion also have an impact according to the findings of this research. It is challenging, if not impossible, to separate specific effects of different factors, but it is helpful to be aware of the variety.

4.1 Headquarters – subsidiary Dilemma

As the following quote taken from one of the interviewees indicates, the problems in the communication aspects of this corporation between the Finnish headquarters and its Swedish subsidiary do not reveal anything unique.

> H8: " But I've seen similar problems, when I was working for Ericsson, from the Swedish point of view... when you went to England or abroad to other countries...that these subsidiaries, they always had problems with the big mother company back home, because there you have all these divisions with strong managers saying things and there always problems co-ordinating things. "

Several researchers (cf. Marschan 1994, Tiittula 1993, Laine-Sveiby 1991) claim communication to be one of the central problems between headquarters and its subsidiary. The main differences of opinion include the knowledge about the local market, suitable products and the strategies needed. Tiittula (1993) refers to a mother-daughter dilemma, as the local personnel thinks they know the local market and conditions better than the headquarters, where people may have a different view of the matter. The situation is usually being interpreted on both sides so that it is always those on the other side who are stubborn and think they know everything better. This conflict is fairly common in any headquarters-subsidiary relationship. (Tiittula 1993, 78-79.) Along these lines, one of the main complaints of interviewees was that the business

environments in Finland and Sweden differ from each other. The markets as well as the positions of the companies are totally different. According to interviewees, Finns do not seem to understand this.

> *H10: " Sometimes the corporation in Finland... they don't really understand our situation here in Sweden... Many things that are easy to do in Finland are very hard to do in Sweden... I think the best way is to ask them to come here and see themselves. "*

> *H13: " The Finns listen, but don't listen. They hear the words, but not the meanings. We have tried to explain some people that the world does not look the same outside Finland, but they don't seem to understand. "*

> *H6: " There's a gap in the way they look at the world and the way we look at the world. The markets are different in Finland and Sweden. "*

Individuals tend to think that other people perceive, evaluate and reason about the world in the same manner they do. This is referred to as ethnocentrism and it is a universal tendency where nations tend to put their own culture and society in a central position of priority and worth. It therefore becomes the perceptual window through which a culture interprets and judges all other cultures. A logical extension of ethnocentrism is the position that "our way is the right way", which may prevent one from noticing the benefits that differing viewpoints can bring. (e.g. Hofstede 1991, 211; Lustig & Koester 1996, 303-304.) The interviewees seemed to think that, in this case, the approach of the headquarters was rather ethnocentric.

> *H14: " We have another working situation here and that sometimes causes misunderstandings when we don't understand that we have different situations here and there. "*

> *H12: " That's one of the main things to get a person sitting physically in Finland dealing with things outside Finland to realise that the conditions are different outside Finland. But that's nothing special with Sweden, it's the same thing with Belgium or Holland or... So to get people understand that there are things outside Finland, and those things can be better than in Finland, they can be the same than in Finland or they can be worse than in Finland, but there's world outside as well. And they understand that with their intellect, but not with their hearts. "*

H8: " I'm not sure we're so special here in Sweden, but that's the problem for the corporation globally... I think it's dangerous if we think that all the markets outside Finland look the same, and that we can use the same tools, because I don't think we can do that. "

It has been claimed that the distance between the headquarters and its subsidiary is inevitable. Many decisions are made at the headquarters and consequently, corporate management is often not available and does not know exactly what is going on in its subsidiary. The function of corporate management is to maintain the holistic approach and take care of the corporation as a whole. Hence, the subsidiaries do not always feel like they are part of it and do not necessarily see the benefits of such a holistic approach. (Laine-Sveiby 1991b, 144-146.) Sjöstrand (1981) states that empirical research emphasises the importance of local organisational units as many employees feel that the loyalty, solidarity or belonging are associated with them. There is only a limited group of people situated at the top of hierarchies who adapt a viewpoint with respect to the whole organisation. (Sjöstrand 1981, 85.) It is "instinctual" for anyone to focus their attention on their immediate environment and primary needs. It however requires more effort to evaluate situations from a wider scope and putting oneself into the position of the other.

4.2 Organisational Culture

As organisations grow and mature, they often differentiate themselves into subgroups that eventually become subcultures. The basis upon which this happens will determine the types of subcultures formed. Differentiation can take place, for example, in terms of products, divisions, functional lines, or in terms of geographies. If the differentiation results in any of these groups becoming fairly stable and developing history of their own, they will also develop sets of shared assumptions and subcultures of their own. The content of these subcultures will reflect the external and internal functions of the group. (Schein 1992, 274.)

Organisational culture can be defined as "a pattern of shared basic assumptions that the group learned as it solved its problems of external adaptation and internal integration, and that have worked well enough to be considered valid and be taught to new members as the correct way to perceive, think, and feel in relation to those problems" (Schein 1992, 12). This definition emphasises shared, taken-for-granted basic assumptions, which are held by members of the group. It also emphasises the learning of those assumptions through the socialisation process which integrates new employees to the group or organisation. According to Schein's definition common culture is not possible if enough history is not shared. However, when organisational cultures have been formed, it is difficult to change them, even if the cultures have some disadvantageous features or two different cultures need to be combined.

During the few years of its existence the Swedish part of this studied corporation has developed its own organisational culture. For quite some time the Swedish subsidiary was a fairly independent business unit with entrepreneurial individuals. It was not long ago that the structure was changed to bring the subsidiary under closer control of the headquarters by dividing the business responsibility into the divisions.

> *H2: " In the beginning, when they started the subsidiaries, I don't think there was a very good plan for this. People here started to build their own thing here in Sweden. "*

> *H12: " Because subsidiary like this is its own satellite living its own life. If the people in Finland don't tell us do that and do that, we manage very well ourselves. "*

> *H8: " In the beginning they had quite free hands here and they didn't get support from Finland even when they tried to get it. And now it's growing here and you have to get more structure in it... And now the structure is forced from Finland and they haven't been able to have good discussions about it, and now the Swedes complain, they don't really understand us here, they don't understand the situation here... "*

Deal and Kennedy (1982) state the elements of corporate culture to be business environment, values, heroes, rites and rituals, and cultural network. According to them, the business environment is the single greatest influence in shaping the culture. As each company faces different realities in the marketplace depending on its products,

competitors, customers, technologies, government influences, etc., they must carry out certain kinds of activities very well. Values are the basic concepts and beliefs of an organisation and act to establish standards of achievement within the organisation. A strong corporate culture exhibits widespread agreement on its organisational values. The third element of corporate culture are the heroes; those who personify the culture's values and provide tangible role models for employees to follow. The rites and rituals are the systematic and programmed routines of day-to-day life in the company which show employees the kind of behaviour that is expected of them. Cultural network refers to the means of communication and the reinforcing of corporate values. It forms a hidden, informal hierarchy of power within the company. A strong corporate culture including the aforementioned elements creates a system of informal rules which let employees know how to behave and what is expected of them. It improves both the individual and organisational performance. (Deal & Kennedy 1982, 13-16.)

Trompenaars (1993) claims that organisational culture is shaped not only by technologies and markets, but by the cultural preferences of leaders and employees. When people set up an organisation they will typically borrow from models or ideals that are familiar to them. Cultural preferences influence the models people give to organisations and the meanings they attribute to them. In fact, some subsidiaries of international organisations may be unrecognisable as parts of one company. They may have the same logo or reporting structures but they can be fundamentally different in their logic of structure and the meanings they bring to shared activity. (Trompenaars 1993, 138.)

Schein (1992) points out that even if a subsidiary operating in a different country is staffed primarily by employees and managers from the home country, it is inevitably influenced by the culture of that country. The more local nationals hired, the greater the influence. However strongly the home organisation feels about extending its core assumptions, i.e. supports diffusion of its organisational culture by intensive socialisation process and support, the local culture inevitably influences the geographic subculture as well. A different blend of assumptions not only reflects the local national culture but the business conditions and customer requirements. (Schein 1992, 259-260.)

Viewpoints that maintain there is a clear connection between the national culture and the organisational culture have been questioned and contradicted by some researchers. For example, Florida and Kenney's (1991) study on Japanese auto-manufacturers operating in the United States supports the view that organisational culture forms and operates independently of local or national culture. Trice and Beyer (1993), for example, view the relationship between organisational and national culture as complex. (Francesco & Gold 1998, 126-127.) It is not clear how national culture affects corporate culture. In any case, as Hofstede (1991) points out, organisational cultures are in many respects different from national cultures. An organisation is a social system of a very different nature compared to a nation. Members of an organisation usually have a say whether they wish to join a "culture", they are involved in it during the working hours only, and they may in fact one day eventually leave the organisation. (Hofstede 1991, 18.)

4.3 Organisational Structure

Every organisational system has a structure. Hall (1987) suggests that any organisational structure serves three basic functions. First, it helps to produce organisational output and achieve organisational goals. Second, a structure is designed to minimise, or at least regulate, the influence of individual variations in an organisation. Third, a structure provides an arena where decisions are made and power exercised; it is where organisational communication takes place and actions are carried out. An organisational structure therefore helps to shape communication. (Andrews & Herschel 1996, 131-132.)

The relationship between a company's business environment, strategy and organisational structure has been widely discussed. However, the evolution of the structure of companies becoming more involved abroad seems to follow fairly similar patterns. When there are only a few foreign units, relationships between the headquarters and foreign subsidiaries are more personal and direct. At first there is a subsidiary with a reporting responsibility directly to the headquarters. However, with

the growth of international operations there often is an international support body or division created to act as an "umbrella" for the foreign business. (Forss 1988, 65; Hulbert & Brandt 1980, 11-12.) The purpose of the international unit is to support international business operations and enhance co-operation between different units. Sometimes the unit ends up hindering or blocking the communication and co-operation as direct contacts could be more useful. A few of the interviewees pointed to this as shown with the following quotes:

> *H7: "Sometimes this international division, or what ever it was called before... they're needed to support the international subsidiaries, but often they're on the way as well... You get a lot of hops before get to the source of information. And very often it ends at the international level and doesn't get any further. Very often the international support organisation becomes more of an obstacle than assistance."*

> *H15: "I think we should stop having the international organisation between us and Finland, it's just another step. Because we need... I should have the same possibility to know the products and product development and everything like other sales person in Finland."*

Often, after this stage of internationalisation, the need for improved co-ordination and integration requires structure with more of a world-wide perspective which may be in the form of a matrix structure. (Forss 1988, 65; Hulbert & Brandt 1980, 11-12.) Matrix is the current structure in the case of this research.

In a matrix structure, vertical and lateral channels of communication and authority operate simultaneously. Vertical communication flows within functional departments, while lateral communication flows within project group or geographical area activities. (Andrews & Herschel 1996, 141.) The idea behind such a structure is to acknowledge and resolve the diverse conflicting needs of functional, product and geographical management groups. Its multiple information channels allow an organisation to analyse external complexity and build flexibility in a changing environment. (Bartlett & Ghoshal 1990, 139.)

One potential problem with a matrix structure is the fact that personnel are responsible to a dual command structure. Sometimes the needs and priorities of

functional and geographical area decision makers may come into conflict, or the division of responsibilities may be unclear. (Andrews & Herschel 1996, 141.) Managers often cannot cope with the multiple reporting lines inherent in a matrix structure, conflicts among the different organisational dimensions may be accentuated and decision making may become more bureaucratic (Turner & Henry 1996, 311).

In this organisation the Swedish personnel seemed to suffer from this dual command dilemma. They had to meet the goals of their divisions, led from Finland, and the functions of the Swedish organisation, where they had to work together, for example, to sell a combination of products from different divisions. There was a contradiction between the local co-operation needs and competition in terms of meeting the divisional goals.

> *H10: " There's a conflict between the divisional goals and the goals of the Swedish organisation... it's a different way of working..."*
>
> *H8: " They cannot co-ordinate between different divisions in Finland. So we have to do some co-ordination here, but we don't have ... I'm not sure the directives we get from here are co-ordinated and we have to keep these focuses together, even though they belong to different divisions... "*

According to Sjöstrand (1981), however, it may be possible to divide the responsibilities quite beneficially between the headquarters and its subsidiary in a function-area matrix. This can support the essential co-operation in the model. (Sjöstrand 1981, 193-194.) If the problems of dual command are solved, the matrix may actually be very useful. Bartlett & Ghoshal (1990) point out that the organisational structure need not be the problem, but the single reliance to the structure. In their view, the formal structure is not sufficient enough to create beneficial multidimensional organisation. It also requires the systems and interpersonal relationships, as well as the norms, attitudes and values to allow information to flow and to drive the organisation toward a shared strategic objective. (Bartlett & Ghoshal 1990, 140.) All these elements need to be in place and combined to support communication and successful co-operation.

In their studies, Bartlett and Ghoshal (1989) discovered that successful companies were usually organised along the lines best suited to their environment. They refer to the model of a transnational company capable of thinking globally, but acting locally. (Turner & Henry 1996, 312-313.) In the transnational company, local strengths are capitalised and political risk minimised by the dispersal of assets and resources. Tasks are specialised to achieve economies of scale when necessary, but enable focused expertise when needed. Independence between organisational units fosters information sharing, organisational learning and concerted implementation. (Bartlett & Ghoshal 1987, 10-12.) This view seems theoretically reasonable but difficulties arise with the practical implementation of the model. Each company is a unique case and needs to select the best strategies and practices for their purposes. Successful companies are trying to find the balance in their structures to economically enhance communication and co-operation.

4.4 Geographical Dispersion

One of the bases of differentiation for a business is geographical dispersion usually caused by any one of four reasons. Firstly, the need to get closer to different customers and the realisation that geographically dispersed customers often require different goods and services creates pressure for geographical differentiation. Secondly, the need to take advantage of the local labour costs, or thirdly, the cost advantages of getting closer to raw materials, energy sources or suppliers. Finally, political pressure or pressure by local consumers may force the organisation to base itself in new locations. (Schein 1992, 255.) Often the aforementioned reasons may act in unison making geographical dispersion a profitable endeavour.

It is a challenge for the geographically dispersed companies to ensure effective communication amongst themselves. Technology provides new and dynamic channels for group collaboration across the dimensions of time and place. Although this allows the creation of communication networks and channels for co-operation that give business teams faster and broader access to information, the need for human contact

remains. (Andrews & Herschel 1996, 18.) It is part of human nature, and no technology, at least so far, can replace that. To be able to communicate effectively the organisation has to create a shared language and shared conceptual categories despite geographical dispersion. Lack of personal contact can cause communication problems when people work in different locations. In the opinion of the interviewees, there were only a few naturally occurring opportunities which allowed for Finnish and Swedish employees to acquaint themselves and the manner in which they work.

> *H2: "I think one problem is that when we're working with people from other country. But it would be the same if people were from another town in Sweden, or from another office. I don't think there is any difference in that. When you're sitting in different places it is not so easy to have that contact."*

5 Culture

Culture is a complex concept having been defined in hundreds of different ways. Trenholm and Jensen (1992, 368) provide one of the most basic definitions: "Culture is that set of values and beliefs, norms and customs, rules and codes which socially defines groups of people, binding them to one another and giving them a sense of commonality." In many of the definitions of culture the similarity of values and beliefs, norms and customs is stated as being the essence; that which ties the group members together socially, gives them a sense of belonging and conforms their perceptions of the world or their behaviour.

Gullestrup (1992) has added an important aspect to his definition of culture, continuity. His definition states: "culture is the view of life and the values, norms and actual behaviour, as well as, the material and immaterial productions resulting from these, which man takes over from a previous generation, and which he passes to the next generation, possibly in a modified form; and which in one way or another distinguishes him from people belonging to other cultures". (Gullestrup 1992 in Kuada & Gullestrup 1997, 158.) This definition stresses the dynamic characteristic of culture. Culture is passed from one generation to another, but not necessarily exactly in its original form. Cultures change when either the environment or internal circumstances change. However, it seems that the basic, underlying bases of culture are slow to change, even if the more superficial, visible artifacts may change quite rapidly.

5.1 Cultural Value Orientations

Quite a few researchers have attempted to develop frameworks to classify different cultures. Some frameworks overlap each other and some are attempts to elaborate on the previous work of other researchers. These frameworks aim to describe the value orientations or basic assumptions of cultures. According to Schein (1992), basic assumptions are taken for granted beliefs, perceptions and thoughts, and thus treated as nonnegotiable, ultimate sources of values and action. Basic assumptions deal with how people view the world and humanity's relationship to it. (Schein 1992, 22.) Value orientations, on the other hand, represent how different societies deal with various issues or problems (Francesco & Gold 1998, 20). Since the basic problems or issues are rather similar in various societies, cultural differences are based on different solutions to those problems.

Kluckhohn & Strodbeck (1961) have developed a value orientations framework of culture with six dimensions. (See Table 1.) They have included relation to nature, basic human nature, activity orientation, relationships among people, time and space orientations in their framework. (Francesco & Gold 1998, 20.) Instead, Hofstede (1980) has created his framework around four cultural value dimensions including power distance, collectivism versus individualism, femininity versus masculinity and uncertainty avoidance (Hofstede 1991). Schein (1985) on the other hand has discussed five areas around which a culture's basic assumptions typically revolve. He has listed assumptions such as humanity's relationship to nature, the nature of reality and truth, human nature and activity, and the nature of human relationships. (Miller 1999, 104.) Furthermore, Trompenaars (1993) has used seven dimensions to categorise cultures, according to their approaches in handling problems. Five of the dimensions are about how people relate to others. In addition, there are dimensions for time orientation and humanity's relationship to nature. (Trompenaars 1993.)

TABLE 1 Cultural frameworks of value orientations by Kluckhohn & Strodbeck (1961), Hofstede (1980), Schein (1985), and Trompenaars (1993).

Kluckhohn & Strodbeck	Hofstede	Schein	Trompenaars
Relation to nature	Power distance	Humanity's relationship to nature	Universalism vs. particularism
Basic human nature	Individualism vs. collectivism	The nature of reality and truth	Individualism vs. collectivism
Activity orientation	Femininity vs. masculinity	The nature of human nature	Neutral vs. affective relationships
Relationships among people	Uncertainty avoidance	The nature of human activity	Specific vs. diffuse relationships
Time orientation		The nature of human relationships	Achievement vs. ascription
Space orientation			Relationship to time
			Relationship to nature

All the above frameworks, except Hofstede's, include the aspect of human relation to nature. The fact that Hofstede clearly referred to work value orientations may explain this difference. Time orientation is another prevailing dimension in the frameworks. Even Hofstede later referred to long-term versus short-term orientation as the fifth dimension, due to his co-operation with Bond, who was concerned with the western bias of previous studies and deliberately introduced Eastern bias to his Chinese Value Survey (1987). The findings resembled those in Hofstede's original study, but instead of uncertainty avoidance, Bond introduced a new dimension, called Confucian dynamism. (Hofstede 1991, 161-166.)

Kluckhohn and Strodbeck have included space. orientation, which is unique among the frameworks of these researchers. Many of the frameworks above have dimensions which have to do with human relationships and the nature of human activity. After all, cultures are formed by groups of people, whose relations to each other differ. Trompenaars has used very specific categorisations of human relationships, but his method has been somewhat criticised. For example, Hofstede has raised concerns about the content validity of the instrument Trompenaars has used (Hofstede 1996).

It is difficult to evaluate the suggested frameworks. They are not meant to be exact descriptions, but give some guidelines for understanding cultural differences. At best they may only describe average behaviour in a culture and not necessarily the behaviour of any individual. No culture is homogenous. Even if in this report there are references to Swedes or Finns, the intention is not to talk about the individuals who belong to these groups as being representative of an entire culture. In any case, one should be careful about assuming the limits of a culture to correspond to the limits of a territory. In some cases there can be a distinct national culture within one nation. However, in many cases cultural limits do not correspond to the borders of a nation and members of the culture can be found in several countries. Furthermore, national cultures are further divided into co-cultures or subcultures.

5.2 Levels of Culture

Culture manifests itself at different levels. Hofstede (1991) has used an onion diagram to describe the levels of culture (See Figure 1). The onion diagram indicates that symbols, such as words, gestures or objects represent the most superficial level of culture and may quite easily change. Beneath them lie the heroes who possess characteristics which are highly prized and serve as models for appropriate behaviour. The next layer represents the core of a culture including rituals and collective activities which are considered socially essential and again, as examples of appropriate behaviour. While symbols, heroes and rituals are visible to outsiders, their meaning may be

invisible and only interpretable by the insiders. Hofstede states the core of culture to be formed by values which are broad tendencies to prefer certain states of affairs over others. Many values are learned implicitly and remain unconscious and therefore cannot be discussed. (Hofstede 1991, 7-8.)

Trompenaars (1993) has also used a round shaped model to represent the different layers of culture. In his model the outer ring is referred to as explicit culture including the observable reality of artifacts and products, language, food, buildings, agriculture, etc. This explicit culture reflects the deeper layers, the norms and values of a culture. Norms are either written laws or social control of "right" and "wrong". Values are the ideals or aspirations shared by a group. The core of a culture includes the implicit basic assumptions according to which a culture has organised itself to solve the problems in their society. As the adoptions of certain solutions is subconscious, they then become part of the ruling set of assumptions in a particular culture. (Trompenaars 1993, 22-24.)

According to Schein (1992) there are three levels of culture: artifacts, espoused values and basic assumptions. The most surfaced level is artifacts which can be seen, heard and felt. Examples of it could be language, physical environment and products, manners, and published lists of values, rituals and ceremonies. Espoused values, norms and rules of behaviour are used as a way of depicting the culture to members of the group and others outside. Articulated sets of strategies, goals and philosophies guide members of a group in dealing with different situations and set guidelines for new members on how to behave. However, they remain conscious and can be questioned, debated, challenged and tested. Schein claims unconscious basic assumptions shared by a group to be the essence of culture. These implicit assumptions guide behaviour and people's feelings, thoughts and perceptions. They define what is to be paid attention to, what things mean and what actions to take in various situations. (Schein 1992, 22.)
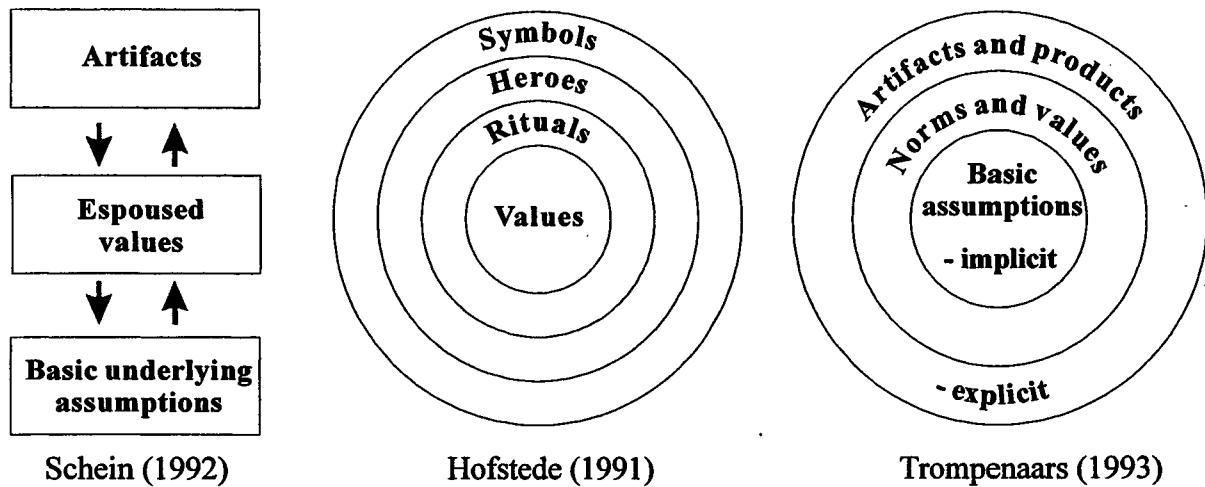
FIGURE 1   Manifestation of culture at different levels, according to Schein (1992),
Hofstede (1991), and Trompenaars (1993).

Even though Hofstede, Trompenaars and Schein use different terminology in their categorisations, the levels of culture seem to consist of: 1) observable things and phenomena, 2) conscious, but not as easily observable norms and models of behaviour, and 3) unconscious, unquestionable values and assumptions, which direct behaviour, perceptions and thinking.

On the surface cultures may seem very much alike. Artifacts, rituals and behaviour can all be observed. However, the manifested similarities may cover up major differences to be found deeper within the core culture. Visible symbols may be ambiguous and their meanings only clarified by understanding the levels of values and basic assumptions. The values and beliefs explain behaviour to some extent. Values, however, may only reflect rationalisations or aspirations. Although explanations may be offered in statements of values, there may be a difference between espoused theory and theory in use. To understand a groups culture, one must understand its basic assumptions through the interpretation of behaviour and values as well as through the understanding of the learning process where assumptions become shared by members of a group. (Schneider & Barsoux 1997, 18-19.)

A shared set of basic assumptions forms a thought world making individuals comfortable with those who share the same assumptions. However, situations where others do not share similar assumptions may bring discomfort since one does not necessarily understand what is going on, or worse, misperceives or misinterprets the actions of others. (Schein 1992, 22-23.) The underlying assumptions are difficult for outsiders to detect or understand as the same behaviour can have different meanings and different behaviours can have the same meaning. For example, maintaining silence in front of an old man may signify respect if the underlying assumption is that one should respect elders and not interrupt by stating one's less respectable, "younger" viewpoint. On the other hand, in a culture which shows respect by letting the elder in on everything one has on their mind, maintaining silence may seem quite strange.

5.3 Cultural Spheres Influencing Individuals

Tiittula (1993, 12) states that there are methodological problems in researching intercultural differences. Even if all individuals who have experienced another culture can state something about the observed differences, it is difficult to find more generalisable findings. It is therefore difficult to separate situational factors or personal features from cultural differences. Every person's awareness and behaviour is guided by three levels, which Hofstede presents as a pyramid of "human mental programming". (See Figure 2)
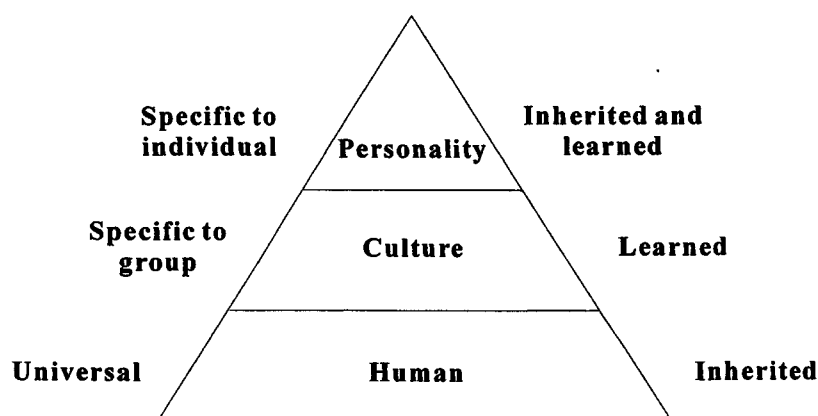

FIGURE 2   Levels of human mental programming by Hofstede (1991).

Human nature is what all human beings have in common. It represents the universal level of an individual's physical and basic psychological functioning inherited through genes. The human ability to feel fear or joy, the need to associate with others or to play and exercise oneself belong to this level. In the middle of the pyramid is the collective level, the characteristics of which are specific and shared by a certain group of people. The earlier reference to the universal human need to associate with others is at this level represented as what an individual would do with this need or how it would be expressed. These expressions are modified by the culture of one's group. The third level of the pyramid refers to the personality of an individual which is not shared with any other human being. It is based upon traits partly inherited and partly learned through personal experiences influenced by the culture of the group one belongs to. (Hofstede 1991, 5-6.)

The collective level found at the middle of Hofstede's pyramid consists of a unique set of cultural influences for each individual. The behaviour of members reflects the multicultural influences as they belong to several groups. According to Kuada and Gullestrup (1997), to expect people to act and react as if their behaviour is shaped by only one culture is only a theoretical abstraction. In real life people are members of, and influenced by, more than one cultural group. (Kuada & Gullestrup 1997, 156-165.) Almost everyone belongs to a number of different groups of people and categories at the same time. All the groups have their own characteristics separating them from other groups or categories. The various characteristics of a group can be shared within a national culture, but also by regional, ethnic, religious, linguistic, gender or generation cultures (See Figure 3). They can also be characteristics of the social class or organisational cultures. Furthermore, these cultures can be divided into different subgroups, such as professional or working groups one may belong to. These subcultures are not mutually exclusive, since people can concurrently belong to several subcultures. People occupy different roles according to which they behave in different situations. There are subcultures which are formed, for example, by the marketing oriented people, technical staff, or sales people.
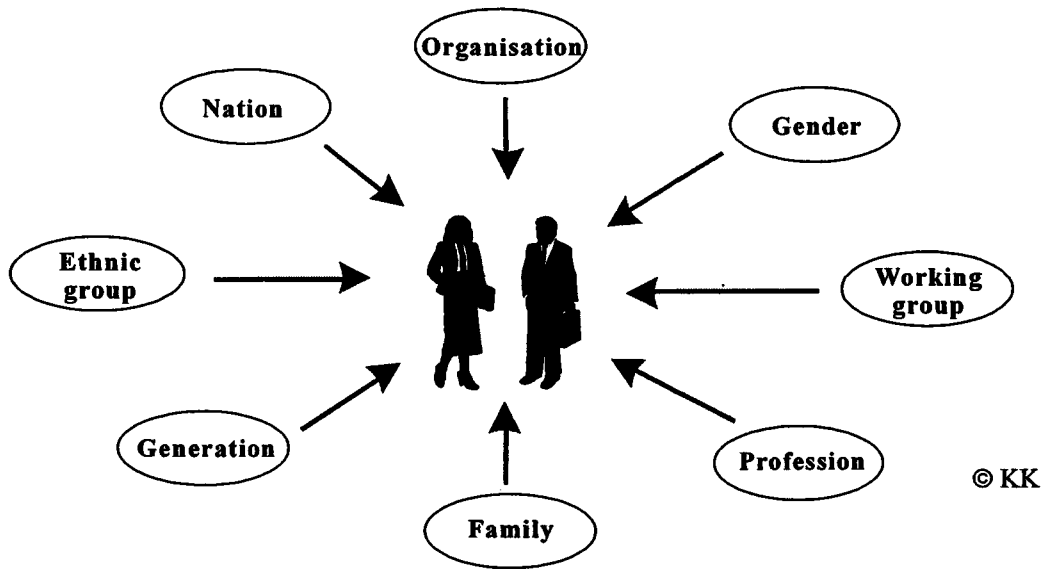
FIGURE 3   An individual is influenced by the culture of the various groups he
belongs to.

6 INTERCULTURAL COMMUNICATION

According to Samovar and Porter's (1997) definition intercultural communication occurs "whenever a message produced in one culture must be processed in another culture". They point to the importance of the most influential elements of culture when members of two different cultures come together in an interpersonal setting. (Samovar & Porter 1997, 8.) These elements may refer to any of the value orientations presented in the cultural frameworks. The definition leaves open the nature of the two cultures in question. Rogers and Steinfatt (1999) go a little further in stating that the individuals exchanging information do not need to act as representatives of different national cultures, as they define intercultural communication as "the exchange of information between individuals from different cultures. Such dissimilarity may be based on national culture, gender, ethnicity, religion, age, or other factors." (Rogers & Steinfatt 1999, 111.)

In a sense, any communication could be said to be intercultural as every participant has their own history and background they bring to the communication situation. (Salo-Lee & Winter-Tarvainen 1995, 82.) All the groups an individual belongs to influence the individual with their specific features. However, the extent to which the cultures differentiate the individual from each other varies. For example, the communication taking place between two mothers of young children from totally different cultures may be easier than the communication occurring between the mother and a business man from very similar cultures. Lustig and Koester (1996, 50) maintain

that the use of the term intercultural communication refers to a degree of difference between people which should be large and important enough to create dissimilar interpretations and expectations about competent behaviors used to create shared meanings.

People's behaviors are frequently interpreted symbolically. Messages do not have to be consciously or purposefully created with the specific intention of communicating a certain set of symbols to which the receiver may assign intended meanings. Whenever people communicate, they must interpret the symbolic behaviors of others and assign significance to some of those behaviors in order to create a meaningful account of the other's action. Thus each person involved in a communication transaction may not necessarily interpret the messages in exactly the same way. This may especially be so in situations involving intercultural communication where it is rather likely that people interpret the meaning behind messages differently. (Lustig & Koester 1996, 29-30.) The way a person experiences the message of another person is not only dependent on the other person's behaviour, but also on the values, expectations and personality of the perceiver.

6.1 Attribution Theory

When interacting with each other, people try to give meaning to one another's behaviour. Attribution means that one draws upon their past experiences and gives meaning to the observed behaviour. Meaning is relative due to the uniqueness of human beings who posses unique backgrounds and sets of experiences. As one encounters a behaviour in an environment, a meaning which the individual feels is most appropriate becomes assigned to it. Usually, this process works quite well but sometimes it fails and messages become misinterpreted; the wrong meaning is appointed to the observed behaviour. (Samovar & Porter 1997, 9-10.)

As the experiential backgrounds of the people in an interaction vary, for example, in cases where people are from very different cultural backgrounds, the possibility of

misunderstandings increases. A behaviour can more easily be misinterpreted between people from dissimilar backgrounds. For example, if an employee in a certain culture voices disagreements with a position taken by a superior, this behaviour may be considered as being disrespectful of authority. However, in another culture this same behaviour may be seen as desirable individualism. According to Rusanen (1993), to be effective in intercultural communication one should make isomorphic attributions and be able to give the behaviour the same meaning as the other party. To avoid misunderstandings one needs to try to look at things from the other party's perspective. It may be easier if one has some knowledge of the other culture. (Rusanen 1993, 36.)

6.2 Stereotypes

Tiittula (1993) states that cultural differences should not be exaggerated. It is important to be aware of them and have the right attitude towards them but to not let them guide the whole thinking. Otherwise, this creates a danger that other cultures are encountered with prejudice and stereotypes. It is easy to forget that all the people are individuals and different from each other. Nevertheless, people from different national cultures may have more in common than two Finns working next to each other. (Tiittula 1993, 146.)

Stereotypes are a form of generalisation about a group of people. When people stereotype others, they take a category of people and make assertions about the characteristics of all people who belong to that category. Stereotypes may be used both positively and negatively, but often the negative stereotypes are emphasised. To some extent the simplifying stereotypes are needed as a method of organising the world. However, a negative consequence may be that a vast number of differences between the members of a given group are not taken into account. (Lustig & Koester 1996, 305.) Stereotypes are used to help process new information by comparing it with past experience and knowledge. When one meets someone from another country, he evaluates the present encounter compared with the past experience. The process in and of itself does simplify the current reality but is necessary for him to organise reality.

Therefore, the existence of stereotypes is not in itself the problem, but perhaps the way they are used.

Research indicates that neither the denying of stereotypes or getting stuck with them is beneficial. If the stereotyped assumption is that "all Swedes are alike", then any new input is distorted to fit such a mind-frame and the organising element behind a stereotype is misused. On the other hand, if one understands that there is no individual that perfectly fits into a stereotype, then meeting opportunities can be used to enrich the already held views about Swedes. Previous knowledge can be utilised as a starting point which may need to be revised. (Schneider & Barsoux 1997, 12-13.)

6.3 Continuum of Intercultural Differences

Successful communication requires more than a shared language and therefore even intracultural misunderstandings between members of the same culture are not rare. However, the more distant the cultures from each other are, the more probable it is that there will be difficulties in predicting and judging the behaviour of the representatives of the other culture. (Salo-Lee & Winter-Tarvainen 1995, 82.) As the degree of intercultural difference increases in human communication situations, information exchange is likely to be less effective and meanings less likely to be shared. The message intended by one party is less likely to be interpreted correctly by the other party if the participants are from different cultures. The chance of understanding one another decreases as cultural differences increase. (Rogers & Steinfatt 1999, 105-106.)

Adler (1997) refers to projected similarity as the assumption that people are more similar to others than they actually are, or that another person's situation is more similar to one's own than it in fact is. Projected similarity involves assuming, imagining and actually perceiving similarity where differences exist. It is accentuated in cross-cultural situations. (Adler 1997, 83.) Also Barna (1994) refers to a naive assumption of sufficient similarities among peoples to be one of the reasons for misunderstandings in intercultural encounters. According to her, similarity is often assumed due to biological

and other physical similarities and the illusion of the increased western influence around the world. Assuming similarity may also reduce discomfort in dealing with differences. (Barna 1994, 173-174.) This tendency however often leads to inappropriate and therefore ineffective behaviour.

The Swedish and Finnish cultures are rather similar to each other in many respects. However, there are also significant differences. Lehtonen (1990) refers to the paradox of intercultural communication. The closer the two cultures are to each other, the higher the risk that one misunderstands or is misunderstood when communicating. When things seem to be clear on the surface it is easier to believe that the thoughts and reactions will also be the same. (Lehtonen 1990, 25-27.) As the following chapter presents, both Finns and Swedes have their own ways to talk, to make decisions and to draw conclusions based on the other's behaviour. It is difficult to give any simplified, general list of cultural differences as they are always relative and depend on perspective. If for example, the differences between Finns and Colombians were compared to the differences between Finns and Swedes, the perception of the Swedish-Finnish differences would not necessarily appear to be that different. Besides, the same differences can have either positive or negative meanings in varying contexts.

7 FINLAND AND SWEDEN - SIMILAR, YET DIFFERENT

Laine-Sveiby (1991) investigated three Finnish companies and their Swedish subsidiaries to determine how cultural differences between Finland and Sweden influenced their relations. She claims that since Finland and Sweden are so close to each other and since on the surface, the cultures seem similar, one is not necessarily prepared to see the differences. Thus, the differences appear as surprises. (Laine-Sveiby 1991b, 55.) The current research seems to support the findings of Laine-Sveiby. Indeed, at the beginning, most of the interviewees said that there are no big cultural differences. Many of them were referring to the Finns and the Swedes as being culturally quite similar to each other. However, even though most people started off by saying that there are no differences, they came up with quite a few differences or communication problems, at least partly caused by cultural matters later in the discussion.

> H12: " If you should try to co-operate with Saudi-Arabia or something you should be prepared that things are very different, and then you're not surprised, but when you come to Sweden-Finland, Sweden-Norway you are surprised every time some things are different. "

According to the interviewees, some feel they are working for a Finnish company, others do not, depending on the job. Some are actively involved with Finns in their work and they may either be happy about the high level of expertise there is in the corporation or annoyed because of the control of the Finns. To others, it does not matter one way or the other, because it does not make any difference in their work. On the

surface the matter does not seem to be significant nowadays as so many people are working for international companies which can have their headquarters in almost any country. People do not think about it in their daily work and it often only comes up when headquarters makes a particular request.

H2: " I think most of the people here feel they're working for a Swedish company."

H1: " I think they have some problems to that the company in Finland more and more looks into the Swedish organisation... But the most of the Swedish people welcomes that, the Finnish people have enormous knowledge and we can have very very much help in driving this forward, because they have this enormous organisation. "

H9: " Well... [people see the Finnish ownership] negatively when there are these delegations, which march here to tell us how the things should be... It just feels that we're not equal... "

The overall attitude towards the Finns and working for a Finnish company was very positive.

H7: "the company has a good reputation, it's innovative & technical..."

H10: " Feels good to work for a Finnish company, because they are very focused in what they are doing... "

Quite a few of the interviewees had Finnish relatives or friends. Some even had Finnish parents while others had come to know Finns living in Sweden.

H11: " And whole my life I have had friends who are living in Finland or have lived in Finland and are now living in Sweden, so I have got used to Finns, I know them. "

H12: " I think it's very easy for the Swedish people to communicate with the Finns. 99% of the experiences are positive. "

H3: " I think everybody knows a Finn one way or another, so there's no barriers in that sense. "

The interviewees were careful about generalising when explaining what they consider the Finns to be like. Many of the interviewees pointed out that there are regional differences between different parts of the countries and often problems have more to do with personalities or situational factors than national cultures. Great differences had also been encountered between different departments and functions. Technical people tended to be more technical, whether in Sweden or Finland, and compared to them, marketing people were more marketing and sales oriented in both countries.

> *H11: " But when we look at different parts of Sweden we have different cultures to... and I think it is the same in Finland."*

> *H2: " I don't think I can point out anything very specific Finnish... I don't think there is any different in communicating with the Finnish, it's more personality..."*

> *H12: " The span is bigger between different categories within countries than between countries themselves... so I mean if I talk with a very technical person in Finland, I might get answers that I don't really understand, but the person might understand the situation here... But I could get the same answers from a technical person here, who is sitting far away from the customers for example... I think, if you have the same kind of function in the Swedish or Finnish company you understand each other quite well. I think in general I have very little problems in communication with Finland."*

7.1 Management Style

Suutari's (1995) research on leadership beliefs in Finland, Sweden, France and the Netherlands confirms that even though there are many similarities, there are also some rather clear differences between Finland and Sweden. The findings seemed to indicate that compared to Finland, Sweden scored relatively high in matters relating to social orientation of leadership, for example, decision participation and delegation of autonomy. Finland instead scored relatively high in more work-related orientation, such as role clarification and co-ordination. (Suutari 1995, 295-296.) These finding may indicate that the expectations towards leaders or management are different in Finland and Sweden. In Sweden the management may be expected to be rather skilled in social relationships and show trust to the personnel by asking for their opinion and dividing

responsibilities among them. Instead, the Finnish management may be expected to establish and maintain the roles within the organisation more clearly and use them as a management tool. The Swedes may expect a little more personal approach when compared to the Finns.

All the interviewees in this research referred to management style as being one of the major cultural differences between Sweden and Finland. One of the interviewees described the difference by saying that the Finnish in solving problems involves someone from the top management to take a decision creating enormous chaos as everybody is anxious about what is going to happen. Eventually more information becomes available and the situation normalises. It does not take much time to make the decision but it takes a lot of time to re-establish the work once it has been made.

"The Swedish way" is to tackle the problem by involving the whole personnel and forming project groups to discuss and prepare the decision. Consensus is very important. When the decision is finally made, everybody is on board and ready to work. It takes a lot of time to make the decision, but there is no chaos afterwards to be organised. It is difficult to say which decision-making model is more effective, but there seems to be a definite difference which should be taken into account in business interactions.

The interviewees had quite a few examples of situations where they felt that the Finns forced a ready-made decision on them. Many of them said that there were usually no explanations, just a decision given to act upon. The Finns informed only about the decisions not the process preceding the decision. Even if some of the issues were discussed it did not necessarily influence the actual decisions being taken. It sometimes caused quite harsh feelings.

> *H13: " And the Finns usually sits quiet nodding his head... so we think that we all agree, but then when he goes out of the meeting, he acts completely different to what we agreed in the meeting we thought we all agreed on... because he didn't agree at all, but he didn't say anything... and then it's chaos. "*

H1: " I wanted to have in this... that the Finnish people recommend use this, use this... But we are not in Finland, we are in Sweden... so maybe we can't use that... you need recommendations, not decisions "You shall have this!""

H4: " And it's almost like the Finnish are deciding everything and now at the last stages they are taking the views of the workers which kind of gives me the feeling that I'm left out, because I don't have the whole picture on what they really want to do with this thing. "

H6: " Usually the differences of opinions are discussed. Discussion does not necessarily mean that things are going to be that way. "

However, one of the interviewees thought that despite this harsh style which the Finns appear to possess in informing the Swedes about their decisions, it does not always mean that the decision is final. Decisions can be influenced, if one dares to question the issue at hand.

H8: " You get the feeling that you get information that has been decided, this is the way it is, it feels that you get a directive. But then if you start discussing you can find out that it's not always a directive... but it feels as a directive. If you start discussion, you can change things and have a different view. It sounds like this is it, but it really is an opening for discussion, but I think we don't feel that always. Maybe it is a directive... "

Despite the prevailing view, some of interviewees actually thought that it was a good thing that decisions are quickly taken and acted upon without extensive discussions.

H10: " The Finnish staff is better to make decisions, to really take actions, as we in Sweden are more... we have to check out some things, think about it and maybe then we can make decisions. "

7.2 Hierarchy

Trompenaars (1993) has described the Swedish corporate culture as the only European culture that is "Incubator" culture characterised by an overriding value for self-expression and self-fulfilment. This culture type is egalitarian, with spontaneous relationships growing out of the shared creative process. Structure and hierarchy are minimal and authority to command is strictly personal based on vision, ideas, and

ability to work with and through others. (Peters 1998, 7.) The Finnish management style is more of the "Eiffel Tower" type. Each higher level has a clear and demonstrable function of holding together the levels beneath it. You obey the boss because it is his role to instruct you. The authority in the "Eiffel Tower" system depends on the role and the level of hierarchy where one is positioned. (Trompenaars 1993, 148.)

In all societies and organisations, some of members have greater possibilities to act and decide the direction of their actions, whereas others have smaller possibilities. According to Hofstede (1991, 23-24), nations can be distinguished by the way they are accustomed to deal with inequalities. He uses the term "power distance" to measure the extent to which less powerful members of organisations accept an unequal distribution of power. To what extent do employees accept that their boss has more power than they have? Is the boss right because they are the bosses, or only when they know the correct answer?

Hofstede (1991, 26-36) states that countries with small power distance demonstrate limited dependence of subordinates on bosses and a preference for consultation, as subordinates will quite easily approach and contradict their bosses. Organisations are fairly decentralised and the hierarchical system is just an inequality of roles open to change. In large power distance countries subordinates are unlikely to approach and contradict their bosses directly as they are expected to be told what to do. Both superiors and subordinates consider each other as existentially unequal which creates the basis for a hierarchy. According to Hofstede's research, the power distance is slightly higher in Finland than in Sweden.

Laine-Sveiby (1991) claims both the Finnish and Swedish companies to have authoritarian leaders. However, the ways they manifest their authority is different. The Swedish managers are manipulative and lead the participants to believe that they can influence the decisions as they are thoroughly discussed. On the other hand, the Finnish managers are more openly authoritarian, based on their position in the hierarchy. (Laine-Sveiby 1991b, 111-112.) According to interviewees in this research, this difference seem to affect the behaviour of employees towards their superiors.

H2: " It seems harder for the Finnish people to get contact with some managers than for us, who it is quite natural to just call some one or what ever... but I have recognised this a little that some people are more afraid to make this kind of calls and just pick up the problems... They don't discuss problems in that way... It is easier to continue than to take the discussion with the manager. "

H14: " It is very important what position the people you talk to have. How you should act toward that person... I don't think we Swedes think so much of it. It doesn't matter if you're a senior... You pay more attention to the people who are higher than you... it's more respect. Respect in way... You can have respect so that you respect them as persons and don't fear them... but it's more with a fear and they have more power than I have. "

One of the findings in Laine-Sveiby's research (1991a, 88-89) was that according to the Swedes, the power division in Finnish organisations is concentrated in the upper levels of the organisation. Lower levels are not sufficiently informed. The management keeps this initiative to itself. The Swedes think that the Finns dare not say what they think out of respect for their superiors. Even the simplest things are often taken to the higher levels because people do not dare make decisions by themselves and instead want to have the support of their supervisor. In Finnish organisations this is more important than acquiring support from their own level in the organisation.

The above was also confirmed in this research. Sometimes it was frustrating for the interviewees that discussions with the Finns did not lead to any decisions without the involvement of higher authorities. They were frustrated about taking the matters from one level to another and felt that in Sweden they had more authority to make decisions at their own level. It seemed to them that in Finland, the authorities can make decisions without consulting the employees but that employees cannot make many decisions on their own.

H1: "... you always must to go to your boss and instead to have contact with people on your own level... We can call direct, and don't have to from my boss to his boss to his boss...

H3: " And here the strict hierarchy is simply more visible. It's good people, but still limited amount of authority. Here I can often have the answer, no sorry, I can't decide... Things tend to be delegated upwards... A lot of

communication from the low level, but not enough from the levels where the decisions are made and which have more effect on the business in Sweden. "

It was often difficult for the Swedish interviewees to find the right people in the Finnish organisation who have enough authority. They also felt that they had to try to find ways to bypass hierarchical levels. At the same time they felt that they may have upset the Finns by not "following their rank".

> *H12: " The problem is often that you have to know which persons are dealing with what things. Even if you like in the database can find the persons, it's really hard to know who's really taking the decisions. It requires that you have met all these people and interacted with them for a longer time to understand the practical life. It's not that person, but that person taking the decisions, but they're telling this person what to do to this person what to do... "*

The hierarchical differences were also evident in the meetings. In the Finnish meetings, the hierarchical structure and who the leader was seemed to be more obvious. If there were any higher-status people present they were automatically taken as authority figures in the meeting. To the Swedes it seemed that the ideas or decisions were not criticised or questioned much. The authority legitimated by the hierarchy itself allowed the boss to make individual decisions.

> *H6: " If the decision is bad they try anyways because it was the boss who decided that. In Sweden my boss have to convince me also. "*
>
> *H12: " It is a little bit more obvious in Finland that somebody's steering the meeting... it's a little bit more apparently like this, and if everyone's more aware of the structure and if this person is on this level or this level and everybody takes for granted that this person will lead the meeting. "*
>
> *H3: " Goes often with the status of the people, hierarchical differences among Finns are quite significant. If in the Finnish meeting, there is one that ranks a bit higher, you expect this person to do the talking, to present everything. "*
>
> *H5: " If the boss is there, the others don't react the same as they would if he wasn't there. They are more quiet and respect the boss. "*

This Finnish respect for authority also showed in the communication style through the more formal expressions and use of titles.

H13: " It's more formal... it's strict. I think you have a lot of unspoken laws that you have to be a Finn to understand."

H5: " More formal in Finland. Using Mr or Mrs etc."

H7: " A little more respect for titles... don't question some one else's work or someone else's responsibilities."

7.3 Functions of Discussion

In Swedish organisations people expect the possibility to discuss the decisions before they are actually made. This does not necessarily mean that they are truly involved in or need to approve the decision; it is more about allowing everyone the opportunity to express their opinion. It is the feeling of being involved. (Laine-Sveiby 1991a, 100-101.) According to the interviewees, the Swedes never seemed to get the opportunity to talk enough with the Finns and the decisions were given as orders or – as someone called them – "directives". As the Swedes did not feel that they had been involved in the decision-making process, they perceived the Finns to be lacking in long-term thinking and making sudden changes without analysing the consequences.

H6: " Somehow I wish we talked more... when they're finished, we need to talk a lot more about it."

H10: " I think it sometimes irritates the Finns that we always discuss."

H6: " I think the Swedish meetings are more lively, we kind of... say what we mean and debate them and question things why do we do it this way and we want to change it and... "

Most interviewees felt that it is very difficult to influence the decisions in any way. They felt it was difficult to get Finns to discuss the issues as deeply as they would have liked. Laine-Sveiby (1991) defines one of the keywords in this problem as the "decision-making moment". In Finland there is a clear division of the discussion and formal decision. In Sweden all situations are possible decision-making moments and the division between discussion and decision-making is not as strict. The discussion may continue after the decision-making as well. To the contrary, it may be difficult for Finns

to think of constant discussions as being a part of the decision-making process. The Finns may think that the Swedes just wish to endlessly discuss matters and cannot really make any decisions. This may explain why some Finns think that Swedish decisions are vague and some Swedes think that Finnish decisions are too quick. The Swedes do not necessarily see that Finnish decisions are usually prepared beforehand, outside the meeting. (Laine-Sveiby 1991a, 98-99.) One of the interviewees explained the lack of profound discussions as being a cultural thing.

> H2: "... I think it is easy to talk, but it is not easy to get something done... But this is a cultural thing. If there is decision from the manager in Finland, they just rule it out without discussing. I think we're discussing more here in Sweden if it would work or not, and checking with different people if it is correct to do it like this and then we make the decision... As I see it little bit from Finland that there is just a decision done and they haven't discussed it."

Laine-Sveiby (1991b, 60-61) states that in general, compared to Finns, the Swedes may be more open in having a personal exchange outside the work-related context. The social aspect is quite important, as "meaningless talking" is not meaningless at all to the Swedes. This social aspect is often lacking when they meet with the Finns. Daun (1994), to the contrary, claims that the Swedes clearly separate their private lives from business and often do not want to share it with their work mates. The attitude of minding one's own business is part of the Swedish independence character. (Daun 1994, 90-92.) These rather contrary views seem to indicate that even though small talk is important, it may not have to necessarily be about very private things. It may be enough to talk about any other topic besides work to show that one is interested in the other person also as a human being. Several interviewees mentioned the lack of coffee or lunch breaks with the Finns and the loss of an opportunity to discuss and get to know one another better. In general, the interviewees did not find it easy to make small talk with the Finns, but this was not perceived as being a major problem.

> H8: " There's one thing about the meetings in Finland I have noticed... They seem not to have lunch... They seem to have meetings... meetings all day long... And I'm not quite sure if that's effective... And what I find a bit annoying that they don't have time to go to lunch."

H3: " When I've had a lot of contacts with people, tends to be ok, there has to be something apart from work. I don't mind that at all, on the contrary I appreciate it because that gives you some kind of feeling of what kind of person are you dealing with. "

H15: " To loosen things up I talk about private things. It's not easy to get the Finns to talk, but I do it. "

In the opinion of the interviewees, the Finns seemed to differentiate between free time and business more clearly. The Swedes claimed that the Finns end their meetings at the set time whether all issues have been discussed or not. As the goals of a discussion serve a completely different function in Sweden, they may have a different approach to meetings. In meetings with the Finns, a lot of information is usually given. It seems like the Swedes would usually need a little more discussion time and possibilities to ask about issues and obtain a more personal touch. When the Swedes come to visit Finland it is their first priority and they seem to be a bit surprised when the Finns do not have quite the same attitude. In Finland it seems common practice to book other meetings for the same day or some people may only participate in part of the meetings, skipping lunch or the evening programme or any other more personal events. Similar views were expressed by the Germans in Tiittula's (1993) research. According to them, free time in Finland is "holy". If the time scheduled for the meeting is over, then the meeting is over, even if all the issues on the agenda have not been addressed yet. (Tiittula 1993, 81.)

Of course there are great context bound differences in how strictly working hours and free time are separated. However, there is a danger of cultural misunderstanding if the Finns are ready to end at four o'clock while the Swedes would be ready to go on. It is possible that the Swedes see this as a sign that the task is either not important or their time not appreciated by the Finns. Many interviewees got the feeling that their time and effort in coming to Finland was not appreciated enough. The Finns seemed to go on with their own business and did not take their participation in the meetings seriously. As well, telephones were seen to be a major problem.

H3: " *Initially I was very frustrated with the bigger meetings. People came late more in Finland than in Sweden, left a bit when they wanted to, and mobile phones ... people have the phones on, they answer, go make calls...* "

H5: " *When people spend a lot of resources in travelling to Finland, both money and time, they expect to have effective meetings, but the focus isn't always on the meetings, because people are doing other things, sending emails and "oh I need to do this", and at four o'clock they leave... I think we are a bit more... working later and when we need in the evening sometimes as well. They keep their mobiles on and look at them and don't concentrate in the meeting.* "

7.4 Orderly Planning

Laine-Sveiby (1991) refers to the scheduling of time which seems to be even more important in Sweden than in Finland. In her view, the Swedish and the Finnish ideas of the optimal length of the planning stage vary. In Sweden, a schedule is planned well in advance. Meetings are planned well ahead of time and the possibility of any surprise is minimised. The quick changes caused by the Finnish management is perceived as "messing" things up. The Finns might schedule things very late or not schedule at all. The Finns avoid planning in advance, even when it would be possible and in cases where no change is expected. In Finland this practice is considered as being flexible, in Sweden, it is a mystery. Often the Finns do not even notice that there are differences in the planning phases and consequently it becomes the problem of the Swedes. Often it is taken to mean that Finns do not appreciate the time or work effort of the Swedes. (Laine-Sveiby 1991a, 65-68.)

Daun, Mattlar and Alanen (1988) also refer to the Swedish need of order and good planning. In their study, they collected data through the administering of questionnaires and compared the Finnish and Swedish personality features. For example, one of their questions about order and planning was: " Blir ni irriterad på personer, som inte är ordentliga och punktliga?" [Do you become irritated with people who are not organised and punctual?] Eighty percent (80 %) of the Swedes answered "yes" compared to 74 % of the Finns. The researchers concluded their findings in this and other related questions

to indicate that the Swedes are in general more systematic and orderly than the Finns. (Daun, Mattlar & Alanen 1988, 283.)

The findings of this research also seem to confirm the above findings of Laine-Sveiby (1991) and Daun, Mattlar & Alanen (1988). In addition to booking meetings with short notice, information about internal matters. requiring quick action upset interviewees.

> *H6: " There's nothing wrong with the meeting culture, but they're different. In Sweden for example, we tend to book our meetings well ahead to make sure that everybody can attend... but somehow I have the feeling that in Finland they don't do that... they book their meetings very short in time. "*
>
> *H1: " ... when something major happens, it usually happens very quickly, like internal thing... like that you could buy shares: you had to make decisions fast. At least they should have told us, why the hurry. "*

Meetings should be effective, especially when people travel long distances to participate. For example, when the corporation's personnel from Sweden and Finland meet one needs to prepare well if the meeting is to be effective. The purpose of the meeting has to be clear not only to ensure that people are working in the same direction but also to ensure that the appropriate people are present. In the opinion of the interviewees, this was not always the case.

> *H6: " Tends to be a lot of meetings, and some meetings are ... what's the purpose of this meeting... you think afterwards, why was this meeting so important that we had to go to Finland. Some product forums usually are quite promising, and there's an agenda, which is good, but when the time comes not all people are attending the meeting and then things kind of fall out of the agenda... And they still come here and have the meeting... "*

Laine-Sveiby (1991) claims that the Finns have a positive attitude towards spontaneity, while the Swedes tend to be more organised. This systematic planning is part of the Swedish concept of order. (Laine-Sveiby 1991a, 65-66). This also came up during the interviews for this research. Not only in the planning of meetings but generally, the Swedes did not really appreciate improvisation. On the other hand, in the case of the

Finns, the changes were introduced with only short warning. One of the interviewees defined the Finns as being:

> *H3: " pretty straight forward, with a limited analytic consequence capability, as they might not have always thought it through what the consequences are... ".*

Daun (1994) has studied the Swedish mentality utilising both quantitative and qualitative methods. Daun (1994) refers to the Swedish mentality of pertinence. Everything needs to be based on facts; there are no speculations and concrete details are needed to confirm things. (Daun 1994, 160-161.) The findings of this research seem to confirm Daun's findings. It appears that the Swedes are more detail-oriented than the Finns, and that they can sometimes be confused about the "relaxed" attitude the Finns have towards contracts or customer orders. Interviewees seemed to think that there is a significant difference in this matter, and that the Finns may be a little annoyed with the Swedish attention to detail.

> *H15: " Maybe things are easier... I think we have much higher standards for quality. In Finland it's more: "this is alright, isn't it? I think it's right, let's just do this. "... It's more easy approach, when we start worrying directly... What if this goes wrong? Did you think of that? What if the customer... Have you checked this? Maybe the customers are different... here they are more sceptical and want to check everything. Often it goes that they think we're finished and we think that there's still 40 % left to do. Maybe they think that we're exaggerating sometimes. "*

Interviewees often communicated via e-mail as a means to ensure that all details are captured and taken into account. Thus, the messages could be checked and referred to at a later date if needed. The need for systematic organisation emphasises the need for written communication as it may increase clarity and ensure that everybody shares a common view on what is decided.

Tiittula (1993) also refers to the perceived Finnish carelessness in her research. Several of her interviewees assessed the Finns as lacking in long-term thinking and being a little careless in their relations with the Germans. She claims that the Finns have the mentality that one cannot explain and argument "obvious" things to other experts.

However, greater precision may be necessary when doing business abroad. (Tiittula 1993, 132-133.) A few of the interviewees in Sweden were quite concerned about this matter.

> *H6: " I once tried to double check what kind of agreement it was with a customer, but nobody had the contract... Everybody was just quite sure that the product was what was agreed upon, but you can't trust a hear-saying, you have to see the contract, but they just accept that. "*

> *H7: " And at the hearing there were questions asked and a Finn was there as well and he said that all the questions were too simple, that I couldn't ask any of them, because they were too simple... Formalities and... They were too easy, too simple, he thought. He would have felt uncomfortable asking so simple questions... to straight out everything... When you make a 200 million crones proposal you really have to be sure that you have understood things right. It takes more to a Finn to ask a simple question. I don't mind if it helps things. "*

7.5 High and Low Context

Carbaugh (1995) claims that there are certain rules that apply to Finnish speech. First, according to some of the rules for speaking properly, especially in public, one should not state the obvious. Second, if speaking, one should say something worthy of everyone's attention. Third, one should not invoke topics or themes that are contentious or conflictual. In other words, the present relations should be kept on harmonious ground. (Carbaugh in Salo-Lee 1995, 55.)

The findings of this research seem to indicate that some rules which the Swedes use and invoke when speaking in public, for example in a meeting, seem to be quite different from those of the Finns in similar contexts. The Swedes seemed to believe that one should be expressive with very few constraints. Such rules laid the bases for wanting long discussions since the belief is that everyone should have the opportunity to speak or to be heard from.

Laine-Sveiby's research reported that many of the Swedes were annoyed by the Finnish quietness and they went on to offer many explanations for it. Often, the quietness was seen as expressing aggressiveness. Others thought that the Finns could not speak the language or just thought slower. (Laine-Sveiby 1991b, 18.) Similar views were expressed by the interviewees in this research.

> *H15: " They talk less. But that's good. We talk sometimes too much. But there are two sides of talking ... If you don't dare to talk you don't get your information. Which could be good to solve the problem... In Sweden we let more people talk... to get to know..."*

> *H4: "[In Finland] you only say something when you need to say something"*

> *H13: " I think you have a lot of unspoken laws that you have to be a Finn to understand."*

This difference may have something to do with Hall's concept of high and low context cultures. He uses this continuum to explain differences in communication styles among cultures. Even though Finland and Sweden are both low context cultures (e.g. Salo-Lee & Winter-Tarvainen 1995, 89), Finland is situated closer to the high context end of the continuum. Some researchers have even claimed Finland to be a high context culture (e.g. Widén 1988; Honkavaara et al. 1992 in Tiittula 1993). In a high context culture, "most of the information is either in the physical context or internalised in the person, while very little is in the coded, explicit, transmitted part of the message" (Hall 1991, 61). Silence has an important function in communicating. It can be used to indicate truthfulness, disapproval, embarrassment and disagreement. A communicator's message is conveyed implicitly, and the unspoken or unwritten information may contain the essence of the message. (Gudykunst 1998, 115-117.) For example, a person from a high context culture may not state explicitly with words his disagreement with something, but rather uses silence to indicate his opinion. However, as silence may also indicate approval or trust, the receiver should be able to interpret the situation and context to understand what the person actually means.

In a high context culture, what is not said is sometimes more important than what is said. In contrast, in a low context culture silence is space to be filled. A low context

culture depends on the use of words to convey meaning. Precise, explicit explanations and background information are given. In a low context communication individuals must explicitly express their message and provide the information needed to gain full understanding. (Victor 1992, 139.) High context communication instead involves using understatements, pauses and silence or providing the least amount of information possible to allow listeners to infer a speaker's intentions. Extensive use of words is negatively associated. People who use few words are viewed as being more trustworthy than people who use many words. (Gudykunst 1998, 116.)

People from a low context culture verbalise the whole communication process and build their opinions openly. People from a high context culture rather think of the meaning and the substance behind words. From the thinking process, the Finns only reveal the end result. (Antola 1995, 65.) This may be one of the reasons why the Swedish interviewees in this research felt that Finnish decisions are just given and not explained. The difference in the way context was regarded may also explain some other differences that the Swedes found in their communication with the Finns, such as the amount of misunderstandings in the e-mails, perceived lack of details or expression of one's opinions in meetings. It may be that not all the "hidden" messages of the Finns were understandably available to the Swedes.

In organisations that differ in their background and experiences, one cannot expect the discussion participants to "read each other's thoughts" and reach the right conclusions. Feelings, opinions, apologies, gratitude etc. have to be expressed in a way that is most suited to the culture. In Finland one can still often convey these messages non-verbally, for example, through eye contact. (Salo-Lee & Winter-Tarvainen 1995, 103.)

7.6 Language

In Hofstede's model (1991, 212-214), language belongs to the surface level of culture and the words are symbols used to transfer culture. Thinking is affected by the

categories for which words are available in one's language. However, language and culture are not so closely linked that sharing a language would imply sharing a culture. Two cultures with different languages can culturally resemble one another more than two cultures with the same language.

Language is neither the only, nor even the most important communication barrier in intercultural encounters. Nevertheless, it remains the most obvious difference that international business communicators are likely to face. (Victor 1992, 15.) Marschan-Piekkari et al. (1999) have studied the effects of language on communication in a multinational corporation. It would appear that information distortion and loss in exchanges between individuals in different units of a multinational corporation, caused by language differences, persist particularly among non-native speakers of English. It is usual that a large proportion of the staff must conduct information exchanges in a second language. Despite the frequent use of a common company language, the disturbances of the communication flows as a result of language difficulties is considerable. (Marschan-Piekkari 1999, 422-426.) Without doubt, language skills are important in international business and should be somewhat emphasised in recruiting and training personnel.

Both the Swedish and Finnish population have the benefit of sharing a common language, at least to some extent. According to Laine-Sveiby (1991b, 67-74), however, this is somewhat of an illusion as the Swedish spoken in Finland and the Swedish spoken in Sweden are different from each other. The given society has formed the language on both sides and as the societies are different, so are their emerging languages. Language is not purely words, but reflects a way of thinking, the daily life, and the relationships between people in the country. This claim is supported by the findings of this research.

H12: " And even if they know Swedish, it's the Finnish Swedish and it's a little bit different though, it's a ... two different branches going the separate ways. So some expressions are not familiar even to the Swedish speaking Finns. "

At the turn of the decade of 1990s at the time of Laine-Sveiby's research, Swedish was the most frequently used language between the Finns and the Swedes. In this research the findings seem to indicate that the most frequently used language between the Finnish headquarters and its Swedish subsidiary is English. The Swedish language was usually used only if the Finns suggested it. Although some people spoke Swedish quite well, not everyone did, therefore English became the usual choice to ensure that everyone had a chance to be involved. Many interviewees also thought that the usage of Swedish may have put the parties at unequal levels since Swedish is still the native language of Swedes and not Finns.

> *H1: " We usually speak English, some of them are actually very good with Swedish, but some of them don't speak Swedish at all, so we must speak English. I think that is the most fair language to speak, because no one can have benefits ... "*

> *H13: " If I as a Swede speak Swedish to a person in Finland who knows so or so much Swedish, I get the upper hand, because I know the language. If we speak English we come to terms it's even somehow. "*

It may be that the findings of this research with respect to the language issue, differ from Laine-Sveiby's because of individual or situational differences or because the companies are from different fields. However, it may also be that the main language used in relations between Finland and Sweden has at least, to some extent, changed from Swedish to English during the last decade. One of the reasons may be that studying Swedish is not considered to be as important as it once was in Finland thus creating individuals who are less skilled in using the language. The Swedish that is learned in schools may not be enough to do business with. Another reason may be that many of the technical terms are not even translated into Finnish or Swedish and instead, are used in English. This appears to be the case especially in the field of computer science and telecommunications. Once a communication effort begins in one language it may seem difficult to change the language later, even if at times, for example, in a more social setting, things could be communicated in Swedish. Naturally, some people know Swedish very well, or at least try to speak it when possible. It usually leaves a rather nice impression to the hosts if one is able to say at least something in their language. One interviewee saw this to be so important that he had started to learn some Finnish.

Even if English is seen as an equalising language by the interviewees, it often caused problems. After all, it is a foreign language to both the Finns and Swedes. Misunderstandings appeared to arise rather often and many interviewees said that one had to be very careful in understanding one another when communicating in English. The subtle nuances of the language were often lost, even in the case of fluent speakers. One of the interviewees made a nice comparison to bandwidth.

> H8: " And the other factor is that we have to communicate in English and that means that if we're talking about the bandwidth.... if you have very high bandwidth, if you talk Swedish with your friends and can describe everything exactly... and then you have to go to English, and you loose a lot. And then you come to talk to the Finnish and they have the same problem, and then you bring these two types of English together... Because I don't think the English is good enough on either side and I think it's mismatching, because the way you speak English if you're from Finland or if you're from Sweden you speak differently. "

> H2: " It's not our normal language. It is always translation from one's own language. I translate into Swedish in my mind and they into Finnish. There's always the possibility to go wrong. "

Even the meaning of a word can vary in different countries or different organisations. One interviewee had an example of a situation where both the Finns and Swedes worked together in a project group. All along they had experienced some problems when finally they figured out that they had a totally different understanding of the word "project leader". Similar experiences are likely to appear if the use of same words is assumed to ensure understanding. This assumption may not always be true.

> H7: " Titles are the same in Finland and Sweden, but they mean different. Still we use the same systems, but we don't really have the same titles... we think we have, but then it's not. It causes a lot of confusion and mix-up, misunderstanding. "

As some of the misunderstandings between the headquarters and its subsidiary certainly have to do with language skills, they should be acknowledged. At the beginning of a project or a new co-operation effort, common understanding about the terminology to be used and ground rules of the group should be ensured. Language can be used carefully and messages can be made as clear as possible. To reduce the chance of

misinterpretation, one has to be willing to find a common understanding and have an inquiring attitude. One can simplify their vocabulary by avoiding complicated words, slang or metaphors as well as speak slowly and carefully. One can try to not jump to conclusions and try to listen to what is not said because it is considered too obvious or too unfamiliar. Frequent summarising and rephrasing and the use of written support materials may further be of help in difficult communication situations. Feedback and questions can be used to check for common understanding. (Mead 1990, 118.)

Language does not cause problems only when people meet or communicate, but also the whole approach to the language issue itself is problematic. For example, in this particular corporation the use of foreign languages, or rather the lack of it, still seemed to be a little inconsiderate. Eventually, as the amount of non-Finnish people working for the corporation in different countries will increase, it will be essential to draft clear language policies. There were quite a few examples of interviewees being frustrated by the use of Finnish language in matters that would have been useful to them as well. For example, many tools, databases and even the corporate intranet were still based on the Finnish language and did not always benefit non-Finnish speakers.

H9: " It feels like there are barricades being built between Finland and the subsidiaries. In the beginning there was a lot of information in Finnish. Now it is getting better, but there are still a lot of tools, which are in Finnish. For example, the personnel database is in Finnish and you can only look for people with their names, which is often not possible for the foreign people. "

H1: " If they say for example that you have some tools or something... and then it is in Finnish... "

H2: " They start to develop the systems in Finnish and then translate them into English. I think they should start to develop systems only in English and then translate them into other languages if needed, for example Finnish. "

H11: " They are not realised that we're part of the company. There is the Finnish part and the English part in the system. So when you're working with the database in Finland you don't get the same as I get here. I can never be sure that I have the same information that you have. The people who are making systems have to change and think international. "

H10: "I have used the corporate intranet a little bit, I'm not an expert, but I have used it a little bit. Even if it is in English, sometimes when you click

something, and want to read a document, it's not translated into English, it's still in Finnish."

In any case, interviewees were quite positive about the development of language use. The problems have been noticed and are being tackled at least to some extent.

> *H14: " But during these years I've seen changes for the better. In the beginning all the information we got was in Finnish and I kept sending them back, please my Finnish isn't that good. And when it then was translated, it was just sent to me, instead of thinking ok, we have a full company in there... but it's changed, it's gotten better."*

> *H15: "All the things have to be in English, some things are still in Finnish, but they're working on it. I've seen improvements, so I imagine that the work is going on, and it has to go on, and the goal has to be that everything is in English."*

Apart from the language problems, it was considered somewhat problematic that the information published was usually from a Finnish viewpoint. The new employee handbook was used as an example. Detailed information, such as the working hours, did not apply for Sweden. Some of the people saw the inequality reflected in the amount of information given in English.

> *H3: " It is working better and better now, but there are still a lot of general information in Finnish. The intranet in English is a huge resource for information and very good, but compared to the Finnish version it is somewhat small. Of course we don't need to know everything, but when it comes to things like organisational changes, organisational information, processes, there it is essential to have exactly the same information more or less at the same time."*

> *H14: " I get all these funny mail, where there's a long list of people of all the people who get the mail and then there's the Finnish version and then the short English version."*

One interviewee had become a little frustrated with the Finns always choosing to speak in Finnish amongst themselves. It was considered annoying to have some people start speaking in Finnish in the middle of negotiations. For example, when a Swedish colleague was taken for a beer, most of the discussion was in Finnish and only

sometimes did the Finns remember that there was someone present who did not speak Finnish.

> *H12: "Well, one part of feeling secure with the Finnish people is the Finnish language. Not very many people speak this language, and you will never become a part of it, because you don't understand it. If you sit in a meeting and there are five other Finnish people are talking about things, you sit like this (arms crossed, eyes half closed), you don't understand what they're saying."*

One can try to respect speakers who do not master the native language by using a third agreed upon common language in meetings or social situations. During the breaks in a meeting or in social settings, for example, there usually is a good opportunity to get to know others better, but language can be quite an effective barrier.

7.7 Directness

Laine-Sveiby (1991) points out that all communication problems are not based on inadequate language skills. Often when there are problems in understanding each other, the language skills of the people are the first to be blamed. However, even though this sometimes may be the case, often it is not the root of the problem, but the differences in expression are. (Laine-Sveiby 1991a, 57-59.) Communication style is one of the elements which may lead to differences in expression. According to Francesco and Gold (1998), verbal communication style refers to the words used and the way they are put together. Directness versus indirectness is one of the dimensions of communication style. (Francesco & Gold 1998, 58.)

According to Tiittula (1993), directness as a feature of speech may refer to honesty, how directly uncomfortable things are said, how much preparation requesting something takes, or how quickly one can "get to the point" in negotiations. Different languages soften the language in different ways and often formulating an utterance properly may be difficult in a foreign language. There is a tendency of the Finnish language to deliver short messages while using a minimal amount of background

information. Tiittula assumes that many times the perceived Finnish directness is caused by the lack of language skills. Often the perception of rudeness or being abrupt is due to the lack of means to soften a foreign language. (Tiittula 1993, 109-110.)

The interviewees perceived the Finns to be very direct in many ways. As described earlier, the Finns were perceived to be direct in their decision-making and the announcing of the decisions, but they were also thought of as being direct in their way of speaking. The interviewees perceived the Finns as getting straight to the point without using additional words or phrases. As well, the manner in which conflicting issues were dealt with was very direct. Someone even claimed that Finns tend to choose stronger words instead of milder synonyms.

> H12: " People in Sweden avoid conflicts, in Finland you don't avoid conflicts, you just "pum" and then it's solved and then you just go on. "

> H8: " From our side then they're rude and they're angry from Finland when they're writing an email... But as I have understood so far... it's not true... you just have different ways of expressing yourself in Finland ... it's not as bad as it looks... because you just translate it into English from Finnish... and when we receive it... wow! They're really angry now... but they're not... just how you speak... "

> H7: " Finns are very accurate and straight to the point, they say what they want to say and then end... no beautiful sentences. "

> H8: " You use stronger... if you have synonyms, you will choose very strong word ... and in Sweden you would choose the others, that you don't want to upset people so you would choose a milder word. "

It is sometimes easier to notice and react to problems which are purely based on language differences. Often the communication style may however cause more fundamental misunderstandings since the differences are misinterpreted or they are not even consciously noticed. In such a case, communication with a person just does not seem to work at all or seems to be uncomfortable for some reason.

7.8 Non-verbal Expression

Non-verbal communication refers to transmission of messages without words. Such messages may be conveyed, for example, with gestures, facial expressions, interpersonal distance, touch, eye contact, smell and silence (Chaney & Martin 1995, 56). In general, neither the Swedes nor the Finns seem to be non-verbally very expressive compared to representatives of many other cultures. However, the Finns seem to be even less expressive when compared to the Swedes. Some interviewees had paid attention to the minimal amount of non-verbal feedback the Finns seemed to provide.

> *H11: " The Finnish people are difficult, because you can't tell what they're thinking or ... you read more of our bodylanguage, but you can't from the Finnish people... they're neutral. Do we have an understanding, does he understand?... you just don't know. "*

> *H6: " I think the Swedish meetings are more lively, we kind of... say what we mean and debate them and question things why do we do it this way and we want to change it and... Finns are more calm and like this (shows a serious, expressionless face and nods slightly) "yes". We could get mad at them sometimes. "*

Laine-Sveiby (1991) has also encountered this difference in her research and finds it to be even a bit more problematic than might be expected. The Swedes often felt that they had expressed too much of themselves while the Finns had not done the same in return. The Finns just sat with their faces motionless and the Swedes felt they could never be sure of what the Finns thought or how warm the relationship between them really was. (Laine-Sveiby 1991a, 27-28.) One of the interviewees referred to this by stating:

> *H4: " They don't give themselves out in the beginning. "*

Sometimes lack of feedback may give a false expression that someone does not understand. It is often expected that people somehow indicate that they either understand or do not. One of the interviewees referred to this problem.

> *H12: " Finns are embarrassed to admit that they don't understand. "*

Non-verbal communication does not seem to be a major issue in communication between the Finns and Swedes, as it was only mentioned by a few people. On the other hand, for example, Lustig and Koester (1996) stress that non-verbal communication functions as a "silent language" and imparts its meanings in subtle and covert ways. People process non-verbal messages, both their sending and receiving, with less awareness than verbal messages. (Lustig & Koester 1996, 187-189.) Indeed, the importance of non-verbal codes in communication has been well established. If a verbal message is in conflict with its non-verbal component, the latter becomes more credible. One potential source of problems is that although some non-verbal messages are intentional, the meaning is often attributed to the behaviour of the other, even if the person did not intend to convey such a message.

8 OVERVIEW OF THE FINDINGS

The findings of this research have been divided into three groups: organisational communication, headquarters-subsidiary setting and cultural differences. The findings in the first group consist of official and unofficial communication and communication channels. The second group consists of headquarters-subsidiary dilemma, organisational culture, organisational structure and geographical dispersion. The third group of cultural differences consists of the following: management style, hierarchy, functions of discussion, orderly planning, high and low context, language, directness and non-verbal expressiveness. However, such a division is somewhat artificial, as factors are intertwined and it is impossible to clearly separate their impacts. Therefore, their separation is theoretical so that it can allow for a framework where the different factors affecting organisational communication in a headquarters-subsidiary setting may be observed.

The interviewees claimed to not have enough information about the vision and goals of the company and were unsure about the direction of the corporation and their position in it. They also said that co-ordination between the divisions and the functional structure did not work. This seems to indicate that some of the most important functions of organisational communication are not being fulfilled in this headquarters-subsidiary setting. It is rather common for subsidiaries of multinational corporations to be lacking such goal oriented, guiding information. It may indeed be that this type of

communication may be insufficient. However, it may sometimes be more about different expectations and unclear role division. The headquarters and its subsidiary may see each other's positions differently. It may be that the headquarters sees its subsidiary as just one unit among others, fulfilling its purpose. For the subsidiary, however, this purpose is their reason for existence and may therefore consider their contribution essential to the corporation. At the same time, they believe to know the markets and local business environment better than the headquarters. Their reality is in the centre of their attention. The headquarters instead has many forces competing for their attention while trying to look at the whole corporation. They may have no time or interest in attending to the concerns of its subsidiary. The relationship of the headquarters and its subsidiary sets its own requirements for organisational communication. In the event that headquarters and its subsidiary have their own assumptions about their relationship, and that these assumptions do not match, it is inevitable they will have contradicting views on many issues.

The findings seem to reveal that the Swedish culture may be a little more relationship oriented when compared to the Finnish culture, which may be a little more task oriented. Thus it may also be that some of the expectations of the Swedes have not so much to do with insufficient information flow, but with a need to have more personal relations and discussions with their headquarters. The interviewees would rather have had, for example, a lower level manager telling them, personally, about the organisational change. The Finns, however, had chosen a more authoritarian approach, in which the top management told everyone, simultaneously, about the changes. The task of informing about facts was considered important. In the case of the subsidiaries this meant holding a video conference. This impersonal approach left the Swedes unsatisfied as they did not have a chance to discuss the issue. Similar situations or opinions are reflected in the data rather frequently. In general, the Swedes felt that they rarely get to profoundly discuss anything with the Finns.

Structural problems hindered communication between headquarters and its subsidiary. The international division is often aside of the top decision making, even if it is located at the headquarters. Despite good intentions, the international division could

not always support communication between units in the best possible way. Some interviewees considered the international division unable to provide added value and just to be an extra step in communication between units. On the other hand, the multidimensional matrix structure adopted in the organisation did not always meet its objective of increasing communication between the global divisions and Swedish functions. Co-ordination between divisions did not work well, and the contradiction of competition between different divisions and co-operating local units was considerable. These may have been problems characteristic of an initiating phase, since the structure was rather new. Naturally structural solutions do not determine communication alone, but when successful, they may provide a sufficient framework for purposeful communication.

The different organisational cultures of any headquarters and its subsidiary do not always work well together. Instead of being a uniting force, they may become separating. Especially in this case, as the subsidiary has been allowed to develop its own culture, which differs from that of its headquarters, it is not easy to try to integrate the two organisational cultures. It may be impossible, let alone necessary.

As companies become increasingly dispersed, geographical distance is an interesting element in communication. Even in physically centralised companies, telecommuting is offered as a flexible option for employees. New technologies provide the facilities for working towards a shared goal despite geographical distance. This however requires new thinking in terms of communication, commitment and profiling the company to its personnel. Traditionally, work organisations have provided a social environment for its members. When geographical distance lessens personal contacts, communication has to rely on other channels and still be able to fulfil the needed functions, including social needs of its personnel. In a subsidiary the immediate environment provides personal contacts among its members, but communication also has to work across a distance with other units and the headquarters.

The interviewees perceived the Finnish and Swedish cultures to be rather similar, but they also perceived differences. The perceived differences were categorised to

management style, hierarchy, functions of discussion, orderly planning, high and low context, language, directness and non-verbal expressiveness. The interviewees considered the Swedish management style to be more relationship and consensus oriented, compared to the Finnish authority orientation. Hierarchies based on position were more important in Finland, compared to the assumed equality in Sweden. In the opinion of interviewees, discussions were an important part of Swedish opinion exchange and consensus seeking, while in Finland they were more oriented to making a decision. The Swedes seemed to plan everything very orderly whereas the Finns may have considered it more important to simply get things done. English was mainly used in communicating as using a second language was considered to be an equalising factor when compared to using Swedish. To the Swedes, the Finns appeared as being very direct and non-verbally fairly expressionless. Making a list like this seems very simple, but in reality both the similarities and differences appear much more complex and are sometimes more of a reflection of individual differences and situations than different cultures. Many of the differences are intertwined and therefore the categorisation could have been based differently.

Various attempts at the categorisation of cultural differences between Finland and Sweden have been made. Many consultants and other business related people have attempted to answer the need for increased understanding of differences and practical applications of it in the business world. One of the most recent publications has been written by Ekwall and Karlsson (1999). They justify the reason for their book "Kohtaaminen - kirja kulttuurieroista ja johtajuudesta" [Meeting - a book about cultural differences and leadership] given the current interest in cultural differences. They claim that for a long time it was politically correct to emphasise the similarities and solidarity between Finns and Swedes. It now however seems to be more about the differences and taking them into consideration so as to enhance co-operation. (Ekwall & Karsson 1999, 5.)

Hill (1992, 1995) has used the EU as a framework for his books, which attempt to be an "objective assessment of the different temperaments present in the European House". He tries to deal with underlying ethnic characteristics rather than their external

effects. (Hill 1992, 10.) Lewis (e.g. 1996) is famous for his cultural guides, which attempt to help the business world deal with colleagues coming from different cultural backgrounds. Both authors handle also Finland and Sweden in their books.

Mergers and acquisitions which cross the border between Finland and Sweden often heat up popular discussion about the cultural differences and the rivalry between these countries. This tendency could be seen, for example, in Finland's main newspaper, Helsingin Sanomat, in 1998 (HS 22.2.1998, 5.4.1998, 3.5.1998) and in its Swedish counterpart, Dagens Nyheter (25.1.1998).

Without going further into these examples, it seems obvious that cultural differences between Finland and Sweden are widely discussed and may be the cause of misunderstandings and inappropriate conclusions on both sides. Although the differences are known to exist, this knowledge seems to rarely be linked to practice. For instance, many interviewees in this research knew that management or communication styles differ between Finland and Sweden, but this awareness rarely led to evaluating and adapting one's own behaviour in actual conflicting situations. Instead, different behaviour was judged to be annoying and wrong. In general, this represents one of the challenges of intercultural communication. Training may be one of the ways to create a link between awareness and behaviour, even though the results of training are sometimes questioned.

9 EVALUATION OF THE RESEARCH

The focus of this research was in the perceived differences and problems of communication between Swedish and Finnish employees in a multinational corporation. However, this does not mean that similarities should not be considered as being important. The presence of differences makes it possible to notice similarities and similarities therefore appear in clearer form (Mäkelä 1990, 45). Without comparison it is difficult to fully notice anything in one's own environment. Salo-Lee and Winter-Tarvainen (1995) state that when a foreign culture is encountered, one usually becomes more aware of the rules of one's own culture which that individual normally obeys without thinking or noticing. One also uses those rules to interpret the behaviour of other people. Through differences one does not therefore only notice similarities, but also gets to know oneself better. (Salo-Lee & Winter-Tarvainen 1995, 85-86.)

Lehtonen (1993) warns about the possibility that a communication researcher falsifies reality by concentrating on the failures or lack of communication. Either researcher may over-report the failures or readers may generalise individual findings and have them appear too negative. (Lehtonen 1993, 9.) This may be a danger of this research. Thus it cannot be over-emphasised that there probably are a lot of positive experiences of communication between Sweden and Finland and examples of situations and relationships where communication works perfectly. This being said, it is still important to realistically look at any problems and find ways to improve a given situation.

Scollon (1997) points to the role that individuals play in intercultural communication. He states that it is not the categories or cultures which communicate with each other, rather it is the humans in social interactions. While those social interactions may borrow their resources for communicating from various cultures, it is not the cultures themselves which communicate. (Scollon 1997, 4.) This report may help in describing the nature of some of the perceptions that Swedes have of the Finns. It does not however state what the Finns are truly like and why. One should therefore avoid interpreting the results with a set of notions represented by a phrase such as "Finns are like this". Instead, a phrase like "many of the Swedish interviewees think that the Finns behave like this" would be more appropriate. There are many factors which may influence the way the Swedes experience and interpret communication with the Finns. The unique situation, personalities, gender, and context may influence situations differently. Therefore one should not consider the findings to prove that "this is how it is", but rather that "this is how things seemed to be in this case".

The major limitations with respect to the generalisability of results in this study are probably caused by the relatively small sample of Swedish people from a corporation's one subsidiary. It may be that the corporate culture or the field of business have influenced the findings. The focus, however, was in the perception of the Swedish personnel in this particular corporation, and should therefore be treated as such.

As well, the data in this research was not naturally occurring. That is, actual communication situations were not evaluated. However, even with its limitations, the data is useful as a starting point in shedding some light on the issue at hand. According to Silverman (1997), there is a danger in using interview as a method in that there is a gap between beliefs and action, and between what people say and what they do. Thus interviews cannot substitute observational data gathered from actual behaviour. (Silverman 1997, 15.) However, naturally occurring data would have been impossible to gather in this particular case. For example, the observation method would have been too time-consuming compared to the resources available. It may also have been very difficult to obtain the trust of the organisation to be able to observe the actual communication events, often containing confidential business information. The same

applies to written material, such as recorded email discussions. In addition, the use of survey would not have given the in-depth data gathered through interviews and would have easily disregarded unexpected findings.

According to some researchers, validity is increased by qualitative research as it provides more in-depth information about what is being studied than most quantitative research. Nondirective interviews are likely to generate more valid data because they encourage people to describe their feelings more fully and because interviewers can ask additional follow-up questions. (Frey & al. 1991, 124.) This was especially important in this research as it was conducted in a foreign language, which the interviewees mastered in various degrees. It was essential to be able to rephrase and follow any discussions with additional questions. It was also beneficial to be able to use some Swedish, despite choosing English as the main language of the interviews.

According to Syrjälä & al. (1994, 100), it may be impossible to avoid the sympathies or antipathies of a researcher, but they can be anticipated and thus avoided to some extent. Frey & al. (1991) instead refer to the researcher personal attribute effect since particular researcher characteristics may influence people's behaviour when interacting with interviewees (Frey & al. 1991, 125). In this particular case, interviewees may have seen the interviewer as a channel for the anonymous transmitting, be even a little exaggerated, grievances to the headquarters in the hopes of influencing matters. Therefore, the researcher needed to be extra careful not to influence the results as expectations for certain findings were quite strong, given previous research. The best possible care was taken, however, to avoid the impact of the researcher's expectations on the results. Reliability was also strengthened through the taping and transcribing of interviews so that the researcher could listen to and read all the interviews several times without having to rely on memory about what was said.

According to Mäkelä, it is not exactly possible to assess the reliability or validity of a qualitative research according to the traditional, quantitative principles (Mäkelä 1990, 47). The qualitative analysis is more individualistic and less standardised than quantitative analysis. Thus it is important to report as carefully as possible the processes

leading to the results reported. (Mäkelä 1990, 59.) To accomplish the best possible reliability this research has been documented and reported in detail. Such detailed reporting of data collection, analysis and other stages of the research, terms and theories also lessens the threats of validity (Syrjälä & al. 100-101).

To further increase validity in this study, the researcher gathered experiences by talking to the Finns working in Finland with matters concerning the Swedish subsidiary, as well as Finnish expatriates working in Sweden and the Finns visiting Sweden for meetings or consultations at the time of the interviews. These discussions seem to further support the evidence obtained from the interviews. In addition, the findings were often in line with earlier findings, which seems to support the generalisability of the results. It is unfortunate that it was not possible to gather the views of the Finns in this research: it could have provided very interesting material for comparison. Therefore one should keep in mind that this is only one side of the story, and the story may in fact look quite different from other points of view.

Even though cultural differences between Finland and Sweden have been studied before and there is literature and training available on the topic, the differences are still troubling. Often they are not being taken into consideration sufficiently. The added value of this research was to put the national differences into perspective with the other factors affecting organisational communication between a Finnish headquarters and its Swedish subsidiary. In addition, some previous research findings have been discussed with the current findings to verify or contradict them.

It would be interesting to research the perceptions of people of different cultures among various types of groups within a workplace. The results would help to tailor training and other means of internationalisation to the appropriate people. Also, it would be useful to determine what the exact "problem points" are in communicating with various cultures. In doing this, problems could be paid attention to allowing greater ease for participants. For future research it could be recommended to use naturally occurring data. The utilisation of interviews allows for the possibility of including stereotypic views held by interviewees as they may be familiar with the known cultural differences

between Sweden and Finland. Further research with data collected in actual communication situations or from authentic material may be useful.

10 MULTICULTURALISM IN MULTINATIONAL CORPORATIONS

Multinational companies have economical reasons for. geographically decentralising their organisation into different countries. Increased market potential, reduction of labour and material costs as well as political pressure may be among these reasons. Often more subtle potential benefits of employing a diverse work force and best practices in different units around the world are not as clearly utilised.

When looking at cross-cultural interaction within intercultural organisations, Adler (1997) defines three relationships between headquarters and subsidiary companies. The first is cultural dominance. In a dominant relationship, the culture of the subsidiary and its employees is ignored and the culture of the parent company is imposed. The second relationship is cultural ethnocentrism in that the culture of the subsidiary is noticed, but only as a source of problems. The third relationship is cultural synergy. Managers using the synergy approach see both advantages and disadvantages in cultural diversity and believe that creative combinations of different ways will produce the best approach for working and organising. The synergistic approach attempts to minimise potential problems and maximise potential advantages of diversity. (Adler 1997, 104.) The latter approach may be reflected in the current discussion about the term used when referring to the foreign subsidiaries of a multinational corporation. According to Hentola and Luostarinen (1995), the often preferred term is "foreign unit", due to the strong connotations of subordination of the

original term. After all, a subsidiary may also be a clearly individual entity with a potentially strategic role within the corporation. (Hentola & Luostarinen 1995, 3.)

Turning a multinational corporation into a truly multicultural entity by utilising the potential of diversity may benefit in expanding alternatives in terms of multiple perspectives and greater openness to new ideas. As well, it may increase creativity, flexibility and solutions to problems. Multiculturalism may also have its disadvantages in increasing ambiguity, complexity and miscommunication, as well as increase difficulties in converging actions. (Adler 1997, 100.) The benefits of well-managed impacts of diversity are likely to overdue the costs. Many companies have units located in different cultures and have an increasing amount of employees coming from various cultural backgrounds. If they want to choose the dominant or ethnocentric approaches, they will loose the potential benefits and continue to struggle with problems caused by cultural diversity. It may be reasonable in any multinational company to turn the already existing diversity into a competitive advantage. This may require fresh attitudes and thorough planning of organisational strategies, structures and culture, in the beginning especially from the top management. Eventually systematic planning and work is needed from the whole organisation to develop the corporation towards synergistic multiculturalism.

A multicultural working environment has potential benefits. However, the work is often disrupted by underlying cultural differences that may prevent people from understanding each other. This research has illustrated some differences between the Finnish and Swedish personnel of this corporation, and shown how great the differences can be even when the cultures seem to resemble one another. As the corporation becomes more international, the need for the personnel to be able to work effectively with very different people increases. Awareness, knowledge and skills are all needed in acquiring intercultural communication abilities. Awareness requires the recognition that everyone have their own cultural background, which determines the way one acts, thinks, communicates, perceives and interprets. Awareness and general knowledge about cultural differences apply in any foreign culture and aid in the understanding one's own behaviour and the behaviour of others. Knowledge about specific cultures may be

needed to successfully interact with people from those particular cultures. Skills are based on awareness and knowledge, but require practice. Facilities for multicultural co-operation may be created and fostered in an organisation through training. However, different training needs, due to different intercultural encounters the personnel engages in, should be kept in mind when planning the training.

Despite possible problems, there should be opportunities for people from different countries to meet, share experiences and get to know each other and their respective way of working. These personal networks may enable better communication and productive co-operation. However, seminars, get-togethers and training events involving people from different cultures should be carefully planned to produce positive results instead of reinforcing negative stereotypes. Expatriates may often be used as interpreters of cultures. Working with someone in close quarters for longer period of time allows for the observation of foreign patterns of behaviour and some reasoning behind them, as well as provides opportunities for the explaining of one's actions. Expatriates can function rather effectively in increasing awareness about the similarities, differences and about the different perspectives. It is important to realise, support and utilise this extension in the role of expatriates working in a foreign country, as well as in returning to the home organisation.

Regardless of the approach a corporation may choose, there are a lot of potential sources of frustration and misunderstandings that may occur in the formulating and implementing strategies. There is likely to be a mismatch in the opportunities as seen by the headquarters and its subsidiary. The strategies pursued may be very different. Strategies which are considered to be crucial to survival by the headquarters may not be similarly appreciated by their subsidiaries. Similarly, the headquarters may have difficulty in getting managers in their subsidiaries to use the same methods of analysis, and concepts, such as objective information or market research, may be understood differently. On the other hand, subsidiaries may be frustrated in not having clear enough corporate goals and intended strategies or clear-cut assignments of responsibility. That is the case especially when strategic decisions are assumed to come primarily from headquarters. It decides what to do, and the subsidiaries are supposed to implement

these decisions. However, it may sometimes be useful to question the roles of the headquarters and their subsidiaries in formulating, as well as implementing strategies. It is important for both headquarters and their subsidiaries to know what information is considered relevant, what models and methods of interpretation are considered useful and, who expects to be involved or to take the decision. Research has shown that the more subsidiaries are involved in the formulating of strategies, the more readily they are implemented. The mismatch can also be used to build creative tensions, which can enable alternative models and creative solutions. Global strategies of a multinational corporation do not necessarily have to come only from the headquarters. (Schneider & Barsoux 1997, 121-123.)

Stage (1999) introduces the negotiated order theory focusing its attention on the features of headquarters-subsidiary organisations and communicative participation. As the new organisational culture appears at each new subsidiary of a multicultural corporation, subsidiary employees attempt to participate in and negotiate the creation of their organisational communication culture. The negotiation should support bridging the gap between the different expectations of the headquarters and their subsidiaries, so that the requirements of the headquarters are met and the appropriate ways of conducting business in the location of the subsidiary are ensured. (Stage 1999, 262.) Instead of the traditional setting where the headquarters rule and their subsidiaries obey, it may be possible to find new ways allowing for subsidiaries to also contribute, to the best of their ability, in building a successful corporation.

Some of the problems are rather implicit in a headquarters-subsidiary relationship. However, their impact may often be reduced by effective organisational communication. Every multinational corporation should have clear communication and language policies implemented throughout the organisation. The functions of organisational communication and their sufficient fulfilment should be considered in each corporation. All the necessary information, material, tools and systems should be available to the respective personnel. The increasing need for language skills should be taken into account in both the recruitment and in the planning of the training of personnel. As the complexity of a multinational corporation increases, the importance of

segmenting the internal audience and tailoring messages to meet needs grows. Different media and languages may be needed to reach different audiences, and messages may need to be adapted. Needs and expectations for communication vary across functional and geographical areas and should be taken into account.

There are no ready-made models for ensuring successful communication within multinational corporations. Each case is unique and should be treated as such. However, as it has been discussed in this report, there are some prevailing issues. They seem to appear rather frequently in a headquarters-subsidiary relationships and therefore, should be paid special attention to.

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Themes of the Interview   **Appendix 1**

Background information
- time working in this organisation
- previous work
- type of work
- position in the company

Communication between the corporation in Finland and Sweden
- channels
- functions
- practices
- possible barriers

Language

Experience of the Finns
- contact with the Finns
- ways to work in Finland and Sweden
- working together
- possible cultural differences

Improvement
- needs of change in communicating with the Finns