

**INFLUENCE OF CULTURAL DIFFERENCES ON FINNISH-
CHINESE COOPERATION AT UPM-KYMMENE'S
THREE ASIAN SALES OFFICES**

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ABSTRACT

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Purpose of the study has been to examine the cooperation between Finns and Chinese at UPM-Kymmene's three sales offices in East/South-East Asia. Especially emphasis has been on cultural differences and on how they manifest themselves in everyday interaction at work and on what is their effect on the success of cooperation between the two nationalities. The viewpoint of the study has been the superior-subordinate relationships and leadership situations. The goal has been to study those characters and qualities that are especially worth remembering for the Finns when leading and dealing with the Chinese.

The previous researches referred to in the study deal with the theories of culture and cultural differences, with cross-cultural adaptation and communication, and with leadership and manager's work. Also main features of Chinese and Finnish cultures are described. The empirical part of the research was done at the three sales offices in Singapore, Hong Kong and Shanghai, where in total 22 UPM-Kymmene employees were interviewed, 16 of them being Chinese and six being Finns. The Finnish expatriates work as managers and Chinese as their subordinates.

The previous related studies support the findings of this research. The most crucial cultural differences between Finns and Chinese are the ones related to power distance, directness of communication and face saving as well as initiative and responsibility taking. These differences are apparent in everyday leadership situations. The study also found some areas of management where the Finnish and Chinese expectations do not completely coincide, these areas being e.g. motivating, feedback and relationship building. Cultural differences are also much regarded as positive assets for the company by bringing new perspectives and ideas to the work environment. Much of how the cultural differences are experienced among the employees has to do with one's own attitudes, interests and abilities to adjust.

Key words: culture, cultural differences, cross-cultural communication, adaptation, leadership, Chinese culture, Finnish culture

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1 INTRODUCTION

Internationalization of operations is creating challenges for companies. When starting to function abroad company faces a new economic, political, legal, social and cultural environment. To manage the foreign operations effectively requires, in addition to being familiar with your own business activity, being aware of the new culture and the new business environment as well.

Many companies face already in their home country problems related to multiculturalism and societal complexity. One can just imagine how the problems grow bigger when the operations are expanded across national borders. Gatekeeper researches (Berger et al. 1996, 18) have indicated that the further an event takes place, the less it interests us. Same holds true for culture: the further a culture is and the less we have or have had contacts with it, the vaguer and more abstract our knowledge about it is – and the bigger are cultural differences.

Cultural awareness is one of the subtle factors of competition on world markets. A lack of familiarity with local people's culture, business practices and social habits can weaken a company's position at the market, prevent it from accomplishing its objectives and ultimately lead to failure. Those companies, instead, who take the culture into consideration are more likely to develop successful, long-lasting business opportunities. This has been proven by several analyses that have been conducted on the problems companies are having in their foreign operations (e.g. Swierczek 1994).

The growing importance of world business has created a demand for managers who are sophisticated in global management and skilled at working with people from other countries (Adler 1997, 10). Internationalization requires co-operational skills from different nationalities and cultural representatives. Cooperation comes from working

well together. Successful cooperation manifests harmonized cultural integration – culture that is compatible with all the people in the organization from different cultures, added with a new dimension of mutual understanding. (Swierczek 1994, 40)

Cultural differences will be present also in the future. It is evident that some of the apparent cultural differences between countries have diminished and many cultural characteristics have been adopted worldwide. However, there should be no doubt that significant differences in values and ways of thinking and perceiving the world still persist, and will continue to do so for many years.

Multiculturalism at the work place can be a great asset for the company, if people there only know how to take the best out of it. When the company and its employees fail in that, multiculturalism can turn out to be a risky factor for the company's international operations.

1.1 Rationale and purpose of the study

There are several reasons for undertaking this particular research topic. One of the reasons is my personal interest in the subject and the company. I have worked for UPM-Kymmene during many summers and therefore it was a natural choice for me to first ask them about possible cooperation in this research. The subject I suggested on the basis of my interest in human resource management and the effect of internationalization on this. The research topic is a good way to combine and to take advantage of my studies both in my major subject, corporate strategy, and in intercultural communication.

This research will serve as a guidance for UPM-Kymmene in their Asian operations. Similar researches have not been made for them before. The possibility of cultural differences affecting operations has been recognized at the company. Therefore it is in company's interest to examine cultural differences in order to guarantee that the activities in the Asian region are not in danger because of cultural misunderstandings.

The purpose of the study is to find answer to the following **main question**:

- *How does the cooperation between Finnish superiors and Chinese subordinates function at UPM-Kymmene's three sales offices in Singapore, Hong Kong and Shanghai?*

The **subquestions** related are as follows:

- *What are the attitudes of Finns/Chinese towards cultural differences?*
- *How have Finns/Chinese adapted to the multicultural work environment?*
- *How do the superior-subordinate relationships between Finns and Chinese function?*

1.2 Structure of the study

This study has been consistently structured to first develop a theoretical framework for the research with the help of previous researches and related literature and secondly to examine empirically one specific case. Chapter two concentrates on culture and cultural differences, chapter three presents the framework of this study and the effect of cultural differences on organizations and management, chapter four identifies typical Chinese cultural features and in chapter five the emphasis is on Finnish cultural elements. This is followed by the implementation of the study and by the empirical results on how cultural differences influence the cooperation between Finns and Chinese at UPM-Kymmene's three sales offices in Asia.

2 CULTURE AND CULTURAL DIFFERENCES

2.1 What is culture?

Although people in the world have a great deal in common with one another regardless where in the planet they are born and live, there are even more things that they do not share with those who do not live in their immediate social surroundings. Among the things that people share only with their fellow community members is what antropologists call culture.

It is difficult to define specifically what the concept culture means. Therefore in the related literature it is possible to find several approaches to explaining this word. According to Kluckhohn (1951, ref. Hofstede 1984, 21) "culture consists of patterned ways of thinking, feeling and reacting, acquired mainly by symbols, constituting the distinctive achievements of human groups, including their embodiments in artifacts; the essential core of culture consists of traditional (i.e. historically derived and selected) ideas and especially their attached values."

Hofstede defines culture as "the collective programming of the mind which distinguishes the members of one human group from another... culture, in this sense, includes systems of values; and values are among the building blocks of culture...the interactive aggregate of common characteristics that influences a human's response to its environment" (Hofstede 1984, 21). It is the cumulative deposit of knowledge, experience, meanings, beliefs, values, attitudes, religions, concepts of self, the universe (reality, harmony with nature and hierarchies of status), time, role expectations and spatial relations acquired by a large group of people in order to adapt to the environment (Abdullah 1992, 3).

The word culture apparently originates with the Latin *cultura*, which is related to *cultus*, which can be translated as "cult" or "worship". Members of a cult believe in specific ways of doing things, and thus develop a culture that enshrines those beliefs. (Punnett & Ricks 1992, 153) A definition proposed by Terpstra and David (1985, 5) serves to delineate what is meant by the word culture in this kind of general context: "Culture is learned, shared, compelling, interrelated set of symbols whose meaning provides a set of orientations for members of a society. These orientations, taken together, provide solutions to problems that all societies must solve if they are to remain viable."

This definition contains several elements that are important to understanding the relationship of cultural issues and organizational decisions.

Culture is learned – it is not innate; as such it is possible for a person who goes to another culture to learn the new culture.

Culture is shared – the focus is on those things that members of a particular group share rather than on individual differences; therefore, it is possible to study and identify group patterns.

Culture is compelling – behavior is determined by culture without individuals being aware of the influence of their culture; understanding culture is important in order to understand behavior.

Culture is interrelated – although various facets of culture can be examined in isolation, they should be understood in the context of the whole; a culture needs to be studied as a complete entity.

Culture provides orientation – a particular group reacts in general in the same way to a given stimulus; understanding culture can help to determine how group members might react in various situations.

This definition suggests that one can learn other cultures and that culture is basic to how people behave. One's own culture is basic to how one behaves. To understand

how other cultures are similar to or different from one's own, it is necessary to first examine and understand one's own culture. This is difficult to do because people are generally not aware of the cultural influences that affect their values and behaviors. (Punnett & Ricks 1992, 153-154)

As stated above Hofstede defines culture as including systems of values. Values can be defined here as assumptions about "how things ought to be" in the group. The person may never articulate these assumptions, or even think of them; we have seen that persons start learning their cultural values in early childhood, at a preconscious level. As such these values are ingrained and are slow to change. (Mead 1998, 8) In Adler (1997, 15) a value is that which is explicitly or implicitly desirable to an individual or a group and which influences the selection from available modes, means and ends of action. Values therefore reflect relatively general beliefs that either define what is right or wrong or specify general preferences.

Culture is also influenced by conscious beliefs, attitudes, opinions etc. But these are often less reliable than preconscious values as guides to what really motivates behavior in the group. The point is that people often do not behave according to their beliefs, and so they are only weakly predictive of future behavior. (Mead 1998, 9) Therefore, my study focuses mainly on values as cultural differentiators.

Finally, I find it important to notify here that a nation is not necessarily identical to a culture, meaning that several cultures can exist within one nation and in some contexts it can also be reasonable to speak of several nations as being part of the same culture. Thus, culture does not necessarily mean country (Lane & DiStefano 1992, 23). It is possible to divide virtually all cultures into smaller sub-cultures with their own specific characteristics, which means that the unit of a given culture one chooses to work with is to some extent a matter of choice. However, whenever conceptually justifiable, it is usually most practical to use the national borders as identical to the borders of culture in empirical studies. (Gertsen 1986, 8) Also in my research, culture follows the national borders.

2.2 How do cultures vary?

To understand the differences in the behavior between people from different parts of the world, it is necessary to understand the primary ways in which cultures around the world vary. There are several experts in different fields of study who have researched differences in value orientations between cultures and my purpose here is to introduce those of them that I find the most applicable in international business context.

Anthropologists Kluckhohn and Strodtbeck (1961, ref. Schneider 1988, 4) have found differences in the basic underlying assumptions to the values which prescribe ways of perceiving, believing, thinking and evaluating the world, self and others. These differences arise from the following two basic orientations:

- Views of Man's relationships with Nature, which include:
 - Man's control over nature and the environment as well as his attitudes towards change
 - Activity versus Passivity, or Doing versus Being
 - Time orientation and attitudes towards uncertainty
 - Concept of Truth

- Man's view's of Human Relationships
 - Concept of self and how one should act
 - Relationship versus Task
 - Hierarchy versus Egalitarian

These above mentioned concepts serve as the basis for the difference between the Western and Eastern modes of thinking. I will now go through these concepts by explaining the differences in Western and Eastern traditions with the help of Abdullah (1992, 5):

- In Western tradition, Man is separate from Nature. He is viewed as the Master who harnesses and exploits Nature for his needs. He values action (i.e. what a person does). Time is important to him so he moves quickly to keep pace with it. He is also able to distinguish between time for work and time for play. Truth is determined by facts and measurement based on the scientific method.

As for human relationships, Western tradition emphasizes on the individual. A person sets his goals and determines, through his own efforts, to fulfil these goals. He solves his own problems, develops his own options and is self-reliant. He is motivated by competition and attains fulfillment through his personal achievements. He treats others as equals. He is able to separate ability from personality in his work. Status is based on egalitarian norms and hierarchy is considered less important. Greater priority is placed on task rather than the individual and differences are resolved face-to-face through open discussion.

- In the Eastern tradition, Man is viewed as a part of Nature. He has to integrate with and adapt to the environment. He is subservient to or is in harmony with Nature. Doing is not emphasized as much as being, and it is just as important to take things slowly. What a person is, is important. Work and life are not separated and there is stress on the present. Life is lived from day to day. The Eastern man is less hurried about time. Truth is determined by spiritual and philosophical principles.

As for relationships, the Eastern tradition views Man as a member of a family, a collectivity whose behavior is aimed at building smooth interpersonal relationships. Dependence on others is encouraged as it strengthens relationships among people; so communal feelings supersede the incentive to excel over others. One's life is largely a matter of fate. Personalities are reacted to in their entirety. There is a tendency to accept or reject the person completely. Relationships are hierarchical and people are treated according to their position in society. Differences are often handled through an intermediary to avoid losing face.

Above mentioned assumptions describe the basic differences between Western and Eastern traditions. However, researches by Hofstede and Laurent (ref. Schneider 1988, 5) demonstrate that there can be found differences along these dimensions also between Western cultures, and not only between Western and Eastern.

So far as the manager is concerned the Kluckhohn & Strodtbeck model carries weaknesses, since the authors were not centrally concerned with management studies, and did not describe the implications for management (Mead 1998, 28). However, other researchers have utilized the Kluckhohn & Strodtbeck model in business context and have proved it to be very useful as a way of comparing cultures. For example Fons Trompenaars indicates this in his 1993 work (ref. Trompenaars & Hampden-Turner 1997), where Kluckhohn & Strodtbeck's model is influential throughout. In his research Trompenaars has developed a set of parameters (universalism/particularism; collectivism/individualism; neutral/emotional; specific/diffuse; status; time; nature) for analyzing cultural differences. Each parameter is applied in practical tips for doing business, and for managing and being managed.

Cross-cultural research conducted by André Laurent examines attitudes to power and relationships. He studied the philosophies and behaviors of managers in nine Western countries, the United States, and three Asian countries (Indonesia, Japan and the People's Republic of China). (Mead 1998, 31) Laurent's research documents a wide range of cultural differences in work-related behavior and beliefs. Laurent asked managers from each country to describe their approach to more than sixty common work situations. He found little agreement across national boundaries on the nature of the managerial role and distinct patterns for managers in each of the countries. (Adler 1997, 42-46) The proposition that guided Laurent's research was that the national origin of managers significantly affected their views of what they considered proper management. His research uncovered differences in the basic conception of organization and found that these differences clustered by nationality. (Lane & DiStefano 1992, 197) Overall, the extent to which managers see organizations as political, authoritarian, role-formalizing or hierarchical –relationship systems varies according to their country of origin (Adler 1997,46).

2.3 Hofstede's value survey model

Geert Hofstede, a Dutch management researcher, corroborated and integrated the results of Laurent's and other's research. By comparing the beliefs and values of employees within the subsidiaries of a large multinational corporation (IBM) in 40 countries (later expanded to over 60 countries) Hofstede, like Laurent, found highly significant differences in the behavior and attitudes of employees and managers from different countries – differences that did not change over time. Hofstede found that the differences in work-related values and attitudes were more explained by the national culture than by the position within the organization, profession, age, or gender. (Adler 1997, 46-47) In summarizing the most important differences, Hofstede found that managers and employees vary on four primary dimensions: individualism/collectivism, power distance, uncertainty avoidance and masculinity/femininity (Hofstede 1980, 45-46). Later, Hofstede and his colleagues identified a fifth dimension, Confucian dynamism (Hofstede & Bond 1980).

Hofstede's research material was collected between years 1967 and 1973 producing a total of over 116 000 questionnaires from unskilled workers to research Ph.D's and top managers. Additional data were collected among managers participating in international management development courses and unrelated to the first multinational business organization. (Hofstede 1980, 44)

In the following paragraphs the four dimensions of Hofstede will be discussed and that will be followed by the look at organizational implications these dimensions may have:

Power distance indicates the extent to which a society accepts the unequal distribution of power in institutions and organizations. It is reflected in the values of the less powerful members of society as well as in those of the more powerful ones. (Hofstede 1980, 45) Power distance measures the extent to which employees accept that their boss has more power than they have (Adler 1997, 51).

Uncertainty avoidance indicates the extent to which a society feels threatened by uncertain and ambiguous situations and tries to avoid these situations by providing greater career stability, establishing more formal rules, not tolerating deviant ideas and behaviors, and believing in absolute truths and the attainment of expertise. Societies in which uncertainty avoidance is strong are also characterized by a higher level of anxiety and aggressiveness that creates, among other things, a strong inner urge in people to work hard. (Hofstede 1980, 45)

Individualism/Collectivism reflects the extent to which people prefer to take care of themselves and their immediate families, remaining emotionally independent from groups, organizations, and other collectivities (Schneider & Barsoux 1997, 79). Individualism exists when people define themselves primarily as separate individuals and make their primary commitments to themselves. In individualism people focus primarily on taking care of only themselves and their immediate families which implies loosely knit social networks. Collectivism is characterized by tight social networks in which people strongly distinguish between their own groups (in-groups, such as relatives, clans, and organizations) and other groups. Collectivists hold primarily common goals and objectives, not individual goals focusing exclusively on self-interest. (Adler 1997, 47)

Masculinity/femininity dimension reveals the society's bias towards either "masculine" or "feminine" values (Schneider & Barsoux 1997, 79). The dominant values of masculine societies emphasize assertiveness and acquisition of money and things (materialism), while not particularly emphasizing concern for people. The dominant values in feminine societies emphasize relationships among people, concern for others, and the overall quality of life. (Adler 1997, 55)

Appendix 1 presents the positions of the 40 researched countries in cultural maps. Because of the difficulty of representing four dimensions in a single diagram, the position of the countries on the dimensions is shown for two dimensions at a time. The vertical and horizontal axes and the circles around clusters of countries have been drawn subjectively, in order to show the degree of proximity of geographically or historically related countries. The three diagrams thus represent a composite set of cultural maps of the world.

Hofstede's dimensions, essentially, identify fundamental differences in the way people in various countries perceive and interpret their worlds. Understanding the relationships of the cultural differences found by Hofstede has helped academics explain and prescribe effective management approaches for different environments, which in turn facilitates the international managers to manage more effectively (Punnett and Withane 1990). In order to begin to understand cultural issues it is important to have appropriate theories which can be tested internationally, as well as reliable and valid instruments which can be used in different cultures. Hofstede's cultural maps is show at a glance where there are similarities or differences in work values – and, therefore, in potential employee behaviors – among various countries, and this is what makes his studies especially significant. Hofstede achieved what researchers had been attempting to do for many years, and so he laid the groundwork for later multicultural research. (Deresky 1994, 85) And Hofstede's work seems still to have considerable life for quite some time. As Smith (1994, ref. Mead 1998, 44) concludes “there are no indications that the cultural diversity mapped by Hofstede is in process of disappearing. Recent studies show just as much diversity as those done earlier.”

2.3.1 Organizational implications of Hofstede's four dimensions

In fact, several researchers have studied how Hofstede's dimensions influence organizations (e.g. Punnett & Ricks 1992; Swierczek & Hirsch 1994; Schneider & Barsoux 1997) The general agreeing on Hofstede's dimensions' organizational

implications is that: (1) Power Distance relates to the degree of hierarchy or the level of participation in decisions, the role of management/superiors, subordinateship and centralization, (2) Uncertainty Avoidance relates to the need of stability and conflict reduction, formalization and standardization, the time horizon in the organization and to the power of superiors, (3) Individualism/Collectivism relates to individual job design and performance-rewards or team organization and reward systems, loyalty questions between company and employees, organizational entrepreneurship and to cooperation and (4) Masculinity/Femininity relates to the task orientation as opposed to relationship styles of management, the concern for performance and to the relationships at work.

Given the differences in value orientations, Hofstede questioned whether American theories could be applied abroad and discussed the consequences of cultural differences in terms of motivation, leadership, and organization (Hofstede 1980). He argued, for example, that organizations in countries with high power distance would tend to have more levels of hierarchy (vertical differentiation), a higher proportion of supervisory personnel (narrow span of control), and more centralized decision making. Status and power would serve as motivators, and leaders would be revered or obeyed as authorities.

In countries with high uncertainty avoidance, organizations would tend to have more formalization evident in greater amount of written rules and procedures. Also, there would be greater specialization evident in the importance attached to technical competence in the role of staff and in defining jobs and functions. Managers would avoid taking risks and would be motivated by stability and security. The role of leadership would be more one of planning, organizing, coordinating and controlling.

In countries with a high collectivist orientation, there would be a preference for group as opposed to individual decision making. Consensus and cooperation would be more valued than individual initiative and effort. Motivation derives from a sense of belonging, and rewards are based on being part of the group (loyalty and tenure). The role of leadership in such cultures is to facilitate team effort and integration, to foster a supportive atmosphere, and to create the necessary context or group culture.

In countries ranked high on masculinity, the management style is likely to be more concerned with task accomplishment than nurturing social relationships. Motivation will be based on the acquisition of money and things rather than quality of life. In such cultures, the role of leadership is to ensure bottom-line profits in order to satisfy shareholders, and to set demanding targets. In more feminine cultures, the role of the leader would be to safeguard employee well-being, and to demonstrate concern for social responsibility.

To sum up, Hofstede (1984) has listed the implications on organizations of each of the four dimensions in the following way:

TABLE 1 Consequences of Hofstede's four dimensions for organizations

LOW POWER DISTANCE	HIGH POWER DISTANCE
<ul style="list-style-type: none"> - less centralization - flatter organization pyramids - smaller portion of supervisory personnel - smaller wage differentials - high qualification of lower strata - manual work same status as clerical work 	<ul style="list-style-type: none"> - greater centralization - tall organization pyramids - large proportion of supervisory personnel - large wage differentials - low qualification of lower strata - white-collar jobs valued more than blue-collar jobs

(Source: Hofstede 1984, 107)

LOW UNCERTAINTY AVOIDANCE	HIGH UNCERTAINTY AVOIDANCE
<ul style="list-style-type: none"> - less structuring of activities - fewer written rules - more generalists or amateurs - organizations can be pluriform - managers more willing to make individual and risky decision - high labor turnover - more ambitious employees - lower satisfaction scores - less power through control of uncertainty - less ritual behavior 	<ul style="list-style-type: none"> - more structuring of activities - more written rules - larger number of specialists - organizations should be as uniform as possible (standardization) - managers less willing to make individual and risky decisions - lower labor turnover - less ambitious employees - higher satisfaction scores - more power through control of uncertainty - more ritual behavior

(Source: Hofstede 1984, 143)

LOW INDIVIDUALISM	HIGH INDIVIDUALISM
<ul style="list-style-type: none"> - involvement of individuals with organizations primarily moral - employees expect organizations to look after them like a family – and can become very alienated if organization dissatisfies them - organization has great influence on members' well-being - employees expect organization to defend their interests - policies and practices based on loyalty and sense of duty - promotion from inside and promotion from seniority - less concern with fashion in management ideas - policies and practices vary according to relations 	<ul style="list-style-type: none"> - involvement of individuals with organizations primarily calculative - organizations are not expected to look after employees from cradle to grave - organization has moderate influence on members' well-being - employees are expected to defend their own interests - policies and practices should allow for individual initiative - promotion from inside and outside - promotion on market value - managers try to be up-to-date and endorse modern management ideas - policies and practices apply to all

(Source Hofstede 1984, 173-174)

LOW MASCULINITY	HIGH MASCULINITY
<ul style="list-style-type: none"> - some young men and women want careers, other do not - organizations should not interfere with people's private lives - more women in more qualified and better-paid jobs - women in more qualified jobs not particularly assertive - lower job stress - less industrial conflict - appeal of job restructuring permitting group interaction 	<ul style="list-style-type: none"> - young men expect to make a career; those who don't see themselves as failures - organizational interests are a legitimate reason for interfering with people's private lives - fewer women in more qualified and better-paid jobs - women in more qualified jobs are very assertive - higher job stress - more industrial conflict - appeal on job restructuring permitting individual achievement

(Source: Hofstede 1984, 207-208)

2.3.2 Confucian dynamism as the fifth dimension

After establishing the first four dimensions, Hofstede and his Hong Kong based colleague, the eminent cross-cultural psychologist Michael Bond, conducted the first global management survey ever originally developed with Chinese managers and employees. Hofstede had become troubled by the concern of how big the influence of the researchers' own culture may have on the results. The IBM questionnaires evolved from work by only Western researchers; thus respondents in non-Western

settings were asked to answer questions that had been made up by Western researchers. Hofstede started to wonder, if it can be assumed that the respondents' answers accurately reflect the essence of their own cultures. Some of the questions may have been irrelevant to them and others that were relevant may not have been included. These concerns led to the development of the Chinese Value Survey.

The results of the Chinese Value Survey found support for Hofstede's previous studies, but found also a fifth remarkable dimension important especially for the Eastern mind. (Hofstede & Bond 1988) This dimension is Confucian Dynamism or long-term vs. short-term orientation. On the long-term side of this dimension can be found values that, according to Hofstede and Bond are rather oriented toward the future, like thrift (saving) and persistence. On the short-term side are the values like respect for tradition and fulfilling social obligations, which are rather oriented toward past and present. (Suutari 1996, 42) The dimension has been labeled Confucian Dynamism to show that it deals with Confucian ideas, which are discussed more in detail in the next section.

2.3.2.1 Confucian teachings

Confucius was an intellectual of humble origins in China around 500 BC. He gained a reputation for wit and wisdom, and in his later life was surrounded by a host of disciples who recorded what we know about his teachings. Confucius thus held a position rather similar to the Greek philosopher Socrates, who lived just 80 years later.

Confucius' teachings are lessons in practical ethics without any religious content. Confucianism is not a religion but a set of pragmatic rules for daily life derived from what Confucius saw as the lessons of Chinese history. (Hofstede 1994, 164-165) The following are the key principles of Confucian teachings (Hofstede & Bond 1988, 8):

1. *The stability of society is based on unequal relationships between people.*

The five basic relationships are ruler/subject, father/son, older brother/younger brother, husband/wife and older friend/younger friend. These relationships are based on mutual, complementary obligations.

2. *The family is the prototype of all social organizations.*

A person is not primarily an individual; rather, he or she is a member of a family. Children should learn to restrain themselves, to overcome their individuality so as to maintain the harmony in the family; one's thoughts, however, remain free. Harmony is found in the maintenance of an individual's "face", meaning one's dignity, self-respect, and prestige.

3. *Virtuous behavior towards others consists of treating others as one would like to be treated oneself: a basic human benevolence – which, however, does not extend as far as the Christian instruction to love thy enemies.*

As Confucius said, if one should love one's enemies, what would remain for one's friends?

4. *Virtue with regard to one's tasks in life consists of trying to acquire skills and education, working hard, not spending more than necessary, being patient, and persevering.*

Conspicuous consumption is taboo, as losing one's temper. Moderation is enjoined in all things.

2.3.3 Hofstede's critics

Despite the apparent value of Hofstede's study, the analysis is vulnerable on a number of counts. Some of the defects are now discussed here.

First, Hofstede's sample may be misleading. His informants worked within a single industry and a single multinational. Other researchers have therefore raised a question

like: Was there some kind of built-in bias in the original sample because all individuals were employees of a single multinational organization? After all, in any one country the values of IBM employees are typical only to a small group (educated, generally middle class, city-dwelling); other social groups (for instance unskilled manual workers, public sector employees, family entrepreneurs, etc.) are more or less unrepresented. (Mead 1998, 41)

Second, Tayeb (1994) claims that although Hofstede made a major contribution to the study of organizations within a culturalist approach, he did not empirically investigate the relationships and the structures of the organizations whose managers participated in the study. The relationships are conceptual and speculative. He arrived at his conclusions about the overwhelming influence of cultural factors on organizational structure on the basis of these speculations and subsequent “after-event” corroboration with findings of other studies, rather than “hard” evidence. It is not known, for example, how each subsidiary of the multinational corporation, whose employees’ attitudes and values were measured, was organized.

Third, like all national culture studies, Hofstede’s studies assume that national territory and the limits of the culture correspond. However, cultural homogeneity should not be taken for granted in countries which include a range of culture groups or with socially dominant and inferior culture groups. (Mead 1998, 41)

Fourth, there are some technical difficulties in Hofstede’s research. For instance, Hofstede defines small power distance as “powerful people try to look less powerful than they are” and femininity as “everybody is supposed to be modest”. Assuming that you come to a country where you observe that managers normally defer to their knowledgeable subordinates, are you observing the effects of small power distances or of high femininity? Technical problems also occur at the dimensional level. Any comparative study has problems in defining dimensions in terms that can be applied in different contexts. Individualism/collectivism can serve as an example. Hofstede applied the Anglo context of individualism – that is, in terms of the need to achieve and competitiveness. American individualism, instead, would be referred to as a choice made in preference to cooperation. And Thai concept of individualism means avoidance and mistrust of authority. Likewise, collectivism has different connotations

in different countries. For instance, in Japan it is organization based; but Chinese collectivism is family based. (Mead 1998, 42)

Fifth, it can also be argued if the four dimensions are an adequate representation of the true differences among the 40 countries. And as Søndergaard (1994, 449) wondered, is the use of only attitude-survey questionnaires a valid base from which to infer values?

2.4 Organizational culture

Even though the scope of this study is not to study organizational culture, I find it important to make a short note on the subject, since in the related literature many researchers discuss the relation between national and corporate cultures (see e.g. Schneider 1988; Hofstede 1994; Laurent 1983; Trompenaars 1997).

Organizational culture is a concept which is not so easy to define. Edgar Schein (1985, ref. Tayeb 1996, 97) is a writer who has contributed most significantly to the study of organizational culture and he offers his own definition to the theme. He states that organizational culture refers to basic assumptions and beliefs that are shared by members of an organization. These assumptions and views are based on shared experiences and have worked for long enough to come to be taken for granted in the organization. Organizational culture, in this sense, is a learned product of group experience and is therefore to be found only where there is a definable group with a significant history.

Through common experiences common beliefs, values, norms and attitudes are born in the organizations. Culture transfers through communication and learning, and individuals grow to become members of that culture. Culture is the strength that holds the organization together, it is the common link between the members of the organization. (Aaltio-Marjosola 1989, 4-8)

Adler (1997, 61) states that many managers believe that organizational culture moderates or erases the influence of national culture. They assume that employees working for the same organization – even if they are from different countries – are more similar than different. However, for example the studies by Hofstede and Laurent prove otherwise. In Hofstede's studies the striking results revealed that half of the differences in employees' attitudes and behaviors in a multinational company could be explained by national culture. In addition, Laurent found that cultural differences were more pronounced among employees from around the world working within the same multinational company than among employees working for organizations in their native lands. Laurent's assumption was that managers working for the same multinational corporation would be more similar than their domestically employed colleagues, but instead he found the managers maintaining and even strengthening their cultural differences. Therefore, it can be stated that organizational culture does not reduce or eliminate national differences, but instead maintains and enhances them.

2.4.1 The link between organizational culture and management culture

Organizational culture consists of several different subcultures. A group that is regularly interacting usually forms its own way of acting, its own culture. This way also management culture is a part of organizational culture. Management culture consists of organization's managers' established ways of behaving. Organizational culture tells the managers what is acceptable, and sometimes the managers need to change or adjust their behavior and habits to fit the organization better. However, every manager adds something – own beliefs and customs – to the management culture and therefore affects the ways the culture in the organization develops.

When a company is sending expatriate managers abroad, at least two types of management cultures get mixed. Because management culture is closely linked to the interaction between people, it is important that the expatriate understands the culture in the target country. Expatriates bring along beliefs, attitudes and habits that are

characteristic of the organizational culture in the home country, but at the same time they need to adapt to the management culture in the host country. In order for the management culture to be effective both parties, the expatriates and the locals, need to take into consideration the differences between the management cultures. Both parties should adopt the best features of each other's cultures and take advantage of them when creating new cohesive management culture. (Oksanen 1997, 32-33)

3 IMPLICATIONS OF CULTURAL DIFFERENCES ON ORGANIZATIONS AND MANAGEMENT

Both domestically and globally, the multicultural workforce has become a reality. Nowadays international management is one of the dominating factors of industrial activities. People from different countries have come closer to each other and cultural integration has thus been in focus. Several researchers (see Pahlberg 1995, 1) have argued that the world, especially within the business community, has become more and more homogenous. A recent trend is, however, to stress heterogeneity rather than homogeneity.

Heterogeneity is important to understand, since as Hofstede (1983, 75) points out, cultural differences may become one of the most crucial problems especially for management in multinational, multicultural firms. In multinational firms people with different nationalities, belonging to the same firm, have to cope with each other. And when people from different cultures work together, misunderstandings are likely to occur. (Pahlberg 1995, 1) Berger et al. (1996, 18) approach the problem by stating that international conflicts are born if the following items are not understood by different cultural representatives: mentality, communication norms, organizational structures, power structures/hierarchies, organizational cultures, strategic principles, ways to motivate and the behavior of customers and consumers.

Culture is usually thought of as causing problems. People rarely think of the benefits that cultural diversity may bring along to the organizations. Potential advantages can be realized by using cultural diversity as a resource rather than treating it as a liability to the organization (Adler 1997, 101). This way cultural diversity can represent one of the most valuable assets in a multinational company as each culture has some contribution to offer. Therefore a main objective in multinational companies should not necessarily be to strive for a shared, common culture. The most important is that cultural differences are handled in such a way that they do not create too many problems in relationships between people. In order to function smoothly, there is a need for understanding between the representatives of different cultures. The parties must learn how to cope with the cultural differences that exist. (Pahlberg 1995, 2)

3.1 Development of the theoretical framework of the study

Purpose of this chapter is to present the theoretical framework applicable in this particular study. The framework has been developed by the author, even though Lane & DiStefano (1992, 24) has been used as a basic reference. The framework will incorporate the information that will be discussed more in detail in the following sections. The focus is on leading people in intercultural settings. (Figure 1)

The figure should be read from the bottom up. Culture consists of sub-systems which shape values. The values, in turn, highly affect the attitudes and behavior of a person. In other words, attitudes and behavior of a person are highly dependent on his cultural background. From this follows that two persons coming from different cultures and backgrounds see and interpret events, interactions and behavior of other people differently.

In addition to the attitudes and behavior, which are shaped by the cultural background, a person's reactions towards people from other cultures are influenced by the adaptation process. The factors that influence the adaptation are e.g. own

attitudes, knowledge about different cultures, training and environment i.e. receptivity by the opposite cultures.

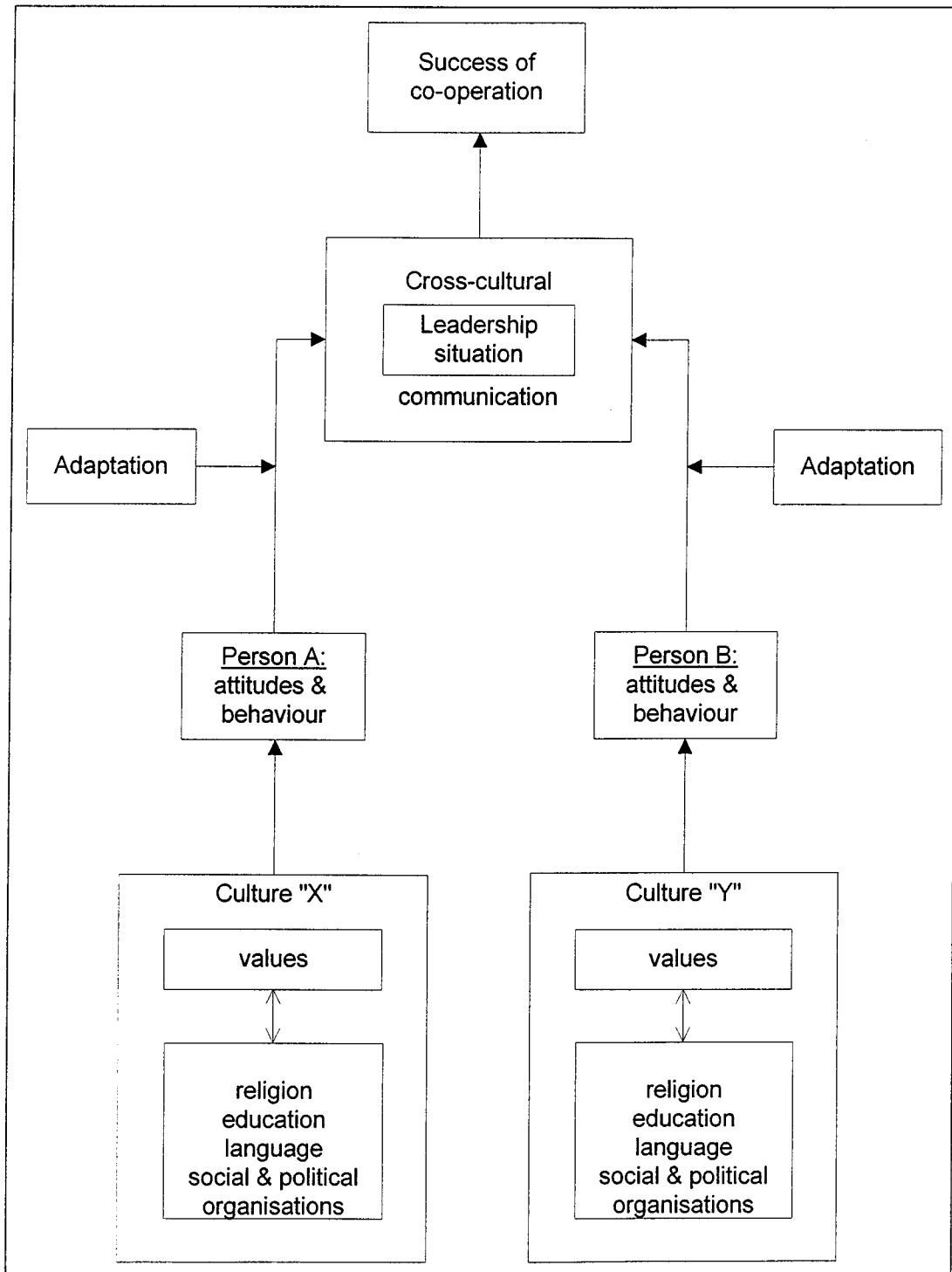


FIGURE 1 The effect of cultural differences on superior-subordinate cooperation

The cultural background and the ability to adapt to new situations affect the situation when two different persons meet. Cross-cultural communication happens between them for example in a leadership situation. Leadership situation with cross-cultural communication can lead to disadvantages, to conflict and unintended consequences, especially if the person is uncomfortable with the cultural diversity and the adaptation process has not been successful. However, there can also be high potential for advantages, like synergy between the two persons – on the condition that his attitudes towards cultural diversity are positive and he feels well adapted. The potential for advantages or disadvantages of cultural diversity is described at the top of the framework as the success of cooperation between people from different cultures.

In order to go deeper into the subject the following section intends to explain the basic points of management and leadership. This is followed by the explanation of communication and cross-cultural communication, which is the basis for the leadership situations examined in this study. Also, the cultural adaptation process is given some emphasis, since that affects remarkably the success of cross-cultural communication. And finally, potential advantages and disadvantages of cultural diversity are examined more in detail.

3.2 Management and leadership

Management and leadership are often thought of as one and the same thing. However, in the related literature (e.g. Laukkanen & Vanhala 1994; Hersey & Blanchard 1988) clear distinctions between the two concepts have been made. According to Laukkanen & Vanhala (1994, 167) the main distinction lies in that management relates to managing *things* and leadership to managing *people*. Managing things is based on rational decision making, whereas management of people means the interaction between superiors and subordinates. Hersey & Blanchard (1988, 5) define management as “the process of working with and through individuals and groups and other resources to accomplish organizational goals”. Leadership (1988, 86) is

described as “the process of influencing the activities of an individual or a group in efforts toward goal achievement in a given situation”. On the basis of these two definitions Hersey & Blanchard (1988, 5) derive the differences between the two concepts. They say that leadership is a broader concept than management.

Management is thought of as a special kind of leadership in which the achievement of organizational goals is paramount. The key difference between the two concepts, therefore, lies in the word *organization*. Leadership occurs any time one attempts to *influence the behavior* of an individual or group, regardless of the reason. It may be for one's own goals or for those of others, and they may or may not be congruent with organizational goals.

This study is going to concentrate on leadership – the management of people. In leading or influencing, there are three general skills or competencies required:

(1) diagnosing – being able to understand the situation you are trying to influence, (2) adapting – being able to adapt your behavior and the other resources you have available to meet the contingencies of the situation, and (3) communicating – being able to communicate in a way that people can easily understand and accept. (Hersey & Blanchard 1988, 5) Leading happens in every organization, and at all levels. It is called cross-cultural, when the people participating in the process are from different cultures (Adler 1997, 10-11). Leading process consists of the same functions both in domestic and international organizations, but since an international company deals daily with people from different cultures who speak different languages and have different values and habits, creates this bigger challenges for leaders. The management process, whether managing things or leading people, includes the following functions: planning, organizing, leading and controlling (Laukkanen & Vanhala 1994, 31).

Planning involves setting goals and objectives for the organization and developing ways with which these goals and objectives are to be accomplished (Hersey & Blanchard 1988, 6). Planning gives purpose to the organization and meaning to its other activities. The need for planning exists at all levels of the organization, but the process may be different at different levels. (Punnett & Ricks 1992, 172) Once plans have been made organizing becomes meaningful. This involves bringing together resources – people, capital and equipment – in the most effective way to accomplish

the goals. Organization, therefore, involves an integration of resources. (Hersey & Blanchard 1988, 6) Leading means directing and encouraging of employees in order to accomplish organizational goals (Laukkanen & Vanhala 1994, 33). Controlling involves feedback of results and follow-up to compare accomplishments with plans and to make appropriate adjustments where outcomes have deviated from expectations (Hersey & Blanchard 1988, 6). The control process enables management to detect deviations and take remedial action (Punnett & Ricks 1992, 179).

The above mentioned four managerial functions have dominated the vocabulary of management almost whole of the 20th century. But how valuable are they in describing managerial work? Henry Mintzberg is one of those who was not totally satisfied with the four managerial functions' ability to explain manager's work. Therefore, he wanted to research the subject and some of the results are presented in the following section.

3.2.1 Manager's work and ten working roles

In 1966 Henry Mintzberg started to research on a question of what managers really do. His purpose was to find accurate results on managers' work which would also have empirical validity. He collected the data both in structured and unstructured form using observations during the work days, mailing, direct contacts and verbal interactions and this way paid attention to managers' reactions and action patterns. (Mintzberg 1971, B-98)

As one of the results of this study, Mintzberg identified ten manager's working roles – organized sets of behaviors belonging to identifiable offices or positions. Ten roles were chosen to capture all the activities observed during this particular study. All activities were found to involve one or more of three basic behaviors – interpersonal contact, the processing of information, and the making of decisions. (Mintzberg 1971, B-103) As a result, the ten roles are divided into three corresponding groups – three

interpersonal roles, three informational roles, and four decisional roles (Minzberg 1973, 56).

The purpose of the following subsections is to briefly explain each of the roles, but because of the nature of the study, only one of the roles, the one of the leader, will be explained more in detail.

3.2.1.1 Interpersonal roles

The first and the most simple is the role of *figurehead*. The manager has the duty of representing his organization in all matters of formality. (Minzberg 1973, 56) The manager is a symbol of the organization, who must preside at ceremonial events, sign legal documents, receive visitors, make himself available to those people who want to deal with the organizational “top” (Minzberg 1971, B-103).

Second of the interpersonal roles is the role of a *liaison*. Empirical studies have emphasized the importance of lateral or horizontal communication in the work of managers at all levels and they also take much of the manager’s time. (Nurmi 1992, 86) The manager establishes his network of contacts essentially to bring information and favors to his organization. Making use of his status, the manager interacts with a variety of peers and other people outside his organization. He provides time, information, and favors in return for the same from others. (Minzberg 1971, B-104)

Third role is the *leader* role. It is the most widely recognized of managerial roles and will also be discussed more in detail in this study, since the study concentrates on interpersonal leadership situations – between superior and subordinate. As Suutari (1996, 12) states, leadership is seen as a form of behavior by an individual in a managerial position whose actions are directed towards the members of an organized group, and this way leadership includes social interaction. The role of the leader describes the manager’s relationship with his subordinates – his attempts to motivate them and his development of the milieu in which they work. (Minzberg 1971, B-103)

Leadership permeates all activities and it is up to the leader to maintain a certain degree of alertness in the organization (Minzberg 1973, 61-62). Leadership includes a variety of clearly defined tasks but also many unofficial interpersonal activities. Organizing subordinates' work, defining work responsibilities, agreeing on objectives and controlling the results are some of the most important ones. For these there can be organized different kinds of formal procedures like conversations on a regular basis, meetings, organizational structures, job descriptions, control and reporting methods etc. Responsibility of subordinates is an inseparable part of superior's responsibilities. To manage this responsibility includes also informal contacts between superior and subordinates – discussing, listening, influencing, inspiring, encouraging, delegating, motivating, persuading, commanding, and offering carrots and sticks – that is, using the wide scale of activities that are present in interpersonal relations. (Nurmi 1992, 85). In concluding the discussion of the leader role, two points should be noted. First, the key purpose of the leader role is to affect an integration between individual needs and organizational goals. The manager must concentrate his efforts so as to bring subordinate and organizational needs into a common accord in order to promote efficient operations. Second, it is in the leader role that managerial power most clearly manifests itself. Formal authority vests the manager with great potential power; leadership activity determines how much of it will be realized. (Minzberg 1973, 62)

3.2.1.2 Informational roles

Of the three informational roles, the first – *monitor* – identifies the manager as receiver and collector of information, enabling him to develop a thorough understanding of his organization (Minzberg 1973, 57). Within his own organization, the manager has legal authority that formally connects him – and only him – to every member. Hence, the manager emerges as nerve center of internal information who possesses the total picture of the organization. (Minzberg 1971, B-104)

The second role, termed *disseminator*, involves the transmission by the manager of special information into his organization. (Minzberg 1973, 57) The manager acts as

the mechanism by which organizational influencers make their preferences known to the organization (Minzberg 1971, B-105).

In his *spokesman* role, the manager is obliged to transmit his information to outsiders. He informs influencers and other interested parties about his organization's performance, its policies, and its plans. (Minzberg 1971, B-105)

3.2.1.3 Decisional roles

First of the decisional roles is that of the *entrepreneur*. This role describes the manager as initiator and designer of much of the controlled change in his organization. The manager looks for opportunities and potential problems which may cause him to initiate action. (Minzberg 1971, B-105)

The *disturbance handler* role deals with involuntary situations and change that is partially beyond the manager's control. The manager must act in order to make necessary corrections to avoid disturbances that may generate a crisis in the organization. (Minzberg 1973, 82)

In the *resource allocator* role the manager decides where his organization will expend its efforts (Minzberg 1973, 57). By deciding who will get what and who will do what, the manager directs the course of his organization (Minzberg 1971, B-106).

The final role describes the manager as a *negotiator*, a participant in negotiation activity on behalf of his organization (Minzberg 1971, B-107). Actually, one could say that a major part of manager's work is some kind of negotiation. The role of the negotiator is, therefore, the least separate of all the roles, because in practice it is included in all the roles (Nurmi 1992, 98).

3.3 Cross-cultural communication

All management activity involves communication. Take for example manager's interpersonal leader role; manager needs communicative skills in order to perform them (transmitting instructions, giving directions, reporting, eliciting information and opinions, generating enthusiasm, resolving conflicts, motivating). Communicating effectively challenges managers worldwide even when the work force is culturally homogenous, but when employees speak a variety of languages and come from an array of cultural backgrounds, effective communication becomes considerably more difficult.

Communication can be defined as a "dynamic process whereby human behavior both verbal and nonverbal is perceived and responded to" (Lane & DiStefano 1992, 18). According to Adler (1997, 68) communication is the exchange of meaning, attempt to let own meanings to the awareness of other people. Communication includes any behavior that another person perceives and interprets. Porter & Samovar (1997, 9) confirm that the word *any* tells us that both verbal and nonverbal behaviors may function as communication messages. Verbal messages consist of spoken or written words and non-verbal messages include tone of voice, facial expressions, behavior, and physical setting. Every communication has a message sender and a message receiver. Communication is symbolic behavior and therefore the sent message is never identical to the received message. (Adler 1997, 68)

Cross-cultural communication occurs when the sender of the message is from one cultural group and the receiver from another (Harris & Moran, 1991, 31). Communication is largely influenced by cultural factors (Pahlberg 1995, 1), the ways in which we communicate, the circumstances of our communication, the language and language style we use, and our nonverbal behaviors are primarily all a response to and a function of our culture (Porter & Samovar 1997, 20). Therefore communication does not necessarily result in understanding. Miscommunication can occur when the person from the second culture does not receive the sender's intended message. The greater the difference between the sender's and receiver's cultures, the greater the chance for cross-cultural miscommunication. (Adler 1997, 70-71) From familiar

communication situations cross-cultural communication differs in that there are systemic, substantive differences in assumptions made by people of different cultures. Being aware of and understanding these different assumptions can help improve communication and relationships with people in different cultures. (Lane & DiStefano 1992, 18) On the contrary, if you do not share the other person's priorities of importance and relevance, you are in danger of sending ambiguous messages and of misinterpreting the messages that this person sends to you (Mead 1990, 9).

People from different cultures see, interpret, and evaluate things differently, and consequently act upon them differently. This may lead to that people from one culture may find the behavior of people from another culture bizarre. Adler (1997, 71-87) mentions three main reasons for this: 1) cross-cultural misperception, 2) cross-cultural misinterpretation, and 3) cross-cultural misevaluation.

1) Perception is the process by which individuals select, organize, and evaluate stimuli from the external environment to provide meaningful experiences for themselves. According to Adler the differences in perception models between people from different cultures derive from the fact that perceptions are neither innate nor absolute. They are selective, learned, culturally determined, consistent and inaccurate.

2) Interpretation occurs when an individual gives meaning to observations and their relationships; it is the process of making sense out of perceptions. Based on our experience, we make assumptions about our perceptions so we will not have to rediscover meanings each time we encounter similar situations. There are all the time so many stimuli and perceptions around us that we start categorizing them in groups that simplify our environment. However, categorization may become ineffective if we place people and things in the wrong groups. Cross-cultural miscategorization occurs when home country categories are used to make sense out of situations abroad.

According to Adler stereotyping is a form of categorization that helps us to organize our experiences of other cultures. The purpose of stereotyping is not to describe individual behavior, but rather to describe the behavioral norm for members of a particular group. Stereotypes can be helpful or harmful, depending on how we use them. They become helpful when people are aware that they are describing a group

norm rather than characteristics of a specific individual, when they describe rather than evaluate what the people from the group are like, when they are accurate and modified based on further observations and experience with the actual people and situations. Subconscious stereotyping can be very harmful, because it is difficult to modify or discard even after we collect real information about a person. If a subconscious stereotype inaccurately evaluates a person or situation, an inappropriate, ineffective and frequently harmful guide to reality is likely to be maintained. In Schneider & Barsoux (1997, 13) a research has indicated that managers are ineffective in cross-cultural situations if they either deny having stereotypes or get stuck in them. The most effective managers are those who admit having stereotypes, use them as a starting point, but continually revise them as more experience is gained.

One of the problems in cross-cultural communication is cross-cultural misinterpretation. According to Adler there are three reasons for this: a) subconscious cultural blindness when we lack awareness of the assumptions we make and of the cultural basis for these assumptions, b) lack of cultural self-awareness, meaning that we are not aware of our own cultural conditioning, and c) projected similarity, where it is assumed that people are more similar to you than they actually are.

3) Third of the reasons why other cultures may seem odd is cross-cultural misevaluation. This means that our own culture is used as a standard of measurement, judging that everything similar to our own culture is normal and good and that which is different is abnormal and bad.

3.3.1 High-context and low-context cultures

Cultures can be compared on the basis of how verbal and non-verbal communication are emphasized in different cultures (Salo-Lee et al. 1996, 59). According to Hall cultures can therefore be classified to high-context and low-context cultures, which describe how different culture groups respond differently to contexts – which is, the

information that surrounds an event. Culture groups' members' experiences of context influence how they communicate. (Mead 1998, 28; Hall & Hall 1989, 6)

A high-context communication or message is one in which most of the information is already in the person, while very little is in the coded, explicit, transmitted part of the message (Hall & Hall 1989, 6). In high-context cultures, which include most of the Asian, Arabic and Latin cultures, only part of the information is expressed verbally. The majority of messages depend on the external environment, situation, and non-verbal behavior in creating and interpreting communications. (Salo-Lee et al. 1996, 59) An indirect style of communication is valued, as is an ability to understand this (Mead 1998, 29).

In low-context cultures that according to Hall include American, German, Swiss and Scandinavian cultures the importance of verbal communication is emphasized in the interaction between people (Salo-Lee et al. 1996, 59). The environment is less important, and non-verbal behavior is often ignored, and so communicators have to provide more explicit information. A direct style of communication is valued. (Mead 1998, 29)

Low-context communication is believed to be more common in individual cultures, whereas high-context communication is more common in collectivistic cultures. In collectivistic cultures face-saving and maintaining group harmony are important aspects, and this often requires indirect communication. Real meanings are expressed non-verbally and interpreted on the basis of non-verbal hints and familiar cues. Instead, essential part of individual cultures is expressing own opinions and personal feelings and hopes. This often means direct communication. (Salo-Lee et al. 1996, 60)

3.4 Cultural adaptation process

One of the factors affecting the success of cross-cultural communication is acculturation and adaptation. Acculturation means effective adjusting and adapting to a specific culture (Harris & Moran 1991, 10). It is a process, which begins when people from different cultural groups meet in person and when this is continuous (Tuomi-Nikula 1989, ref. Lindberg 1992, 6). In the related literature acculturation is often referred to as a one-way process of cultural change of minorities. However, in this study acculturation means a two-way process.

Cultural adaptation process begins, when a person is in continuous contact with another person that represents a different cultural group. This can mean two kinds of situations:

- A. A person moves and starts living abroad in a strange cultural environment.
- B. A person still lives in his own cultural environment, but has to be in close cooperation with a representative of a different culture. This kind of situation is born, for example, when a foreigner becomes a subordinate, a colleague or a superior.

When different cultures meet, a person may first have unrealistic expectations and faulty and insufficient information about the foreign culture. With time, when the person realizes how things really are, he usually gets disappointed. The person is tied to the values of his own culture, and he gets confused when the other person's values differ from his own. The person may face culture shock. The situation becomes more difficult with an inflexible attitude towards the thought and behavior patterns represented in the new culture. If the culture shock is deep and it lasts long, it is possible that the person will not adapt to the new culture at all and conflicts may arise. Instead, if both parties adapt to each other's cultures, synergy may be born in the cross-cultural cooperation. (Lindberg 1992, 6)

Communication activities of sending and receiving verbal and non-verbal information lie at the heart of cross-cultural adaptation (Porter & Samovar 1997, 407). Many of the misunderstandings can be born because two people from different countries do not speak a common language. However, to understand each other only a common language is not enough – the content and meaning of words is culture bound. The use and meaning of the words as well as of the non-verbal cues differ from one culture to another and confuse those who are not familiar with the differences. Adaptation to a new culture happens only when the person feels mentally balanced when acting with the representatives of a different culture. This can happen only after having learned to understand his own culture. (Lindberg 1992, 8)

One of the ways to adapt to the new culture is acquiring information. When a person knows more about the other culture, its people and history, he is able to understand it better. He can also be more realistic in his hopes and expectations and this way avoid disappointments. Developing own personal qualities is important in the adjustment process. Patience, flexibility, coping with uncertainty, empathy, self-confidence and social skills are some of the qualities that help the adjustment process to be faster. (Lindberg 1992, 9)

Also, environment is one of the factors affecting the adjustment process. For example, in Porter & Samovar (1997, 409-410) this is referred to as host receptivity and host conformity pressure. These describe the degree to which the environment is open to, welcomes, or accepts strangers into its social communication networks and offers them support and also the degree to which the natives are willing to accept and tolerate that strangers' cultural practices differ from their own.

Crucially important in the adjustment process is a positive but realistic attitude towards the new situation. Preparedness to take risks and to accept failures are also a key to a successful cross-cultural adaptation. (Lindberg 1992, 9)

3.5 Advantages and disadvantages of cultural diversity

The assumption in this study is that if the adaptation and the communication process between the representatives of different cultures are successful, there is a possibility for advantages and synergy in the intercultural cooperation. Instead, if two persons from different cultural groups do not manage to adapt and communicate effectively, there is a strong likelihood that disadvantages, conflicts and misunderstandings are born.

3.5.1 Possible advantages of cultural diversity

Potential advantages of cultural diversity can be realized if cultural diversity is used as a resource rather than treated as a liability to the organization. A truly multicultural organization can be defined as one wherein diversity is valued and utilized rather than just contained (Schneider & Barsoux 1997, 227). Cultural diversity can be a great asset to the organization – after all, different cultures bring new and multiple perspectives to the work environment. Adler (1997, 100) has listed some of the possible advantages that can be born from cultural diversity. These include enhanced creativity, flexibility and problem-solving skills, greater openness to new ideas and multiple interpretations of different issues. Other ways of thinking and seeing may be particularly useful, since in business life paradigms need to be constantly questioned. As André Laurent puts it:” It is the very richness in the diversity of cultures that makes them an asset to international companies. Each culture has some specific and unique insights and some specific and unique blind spots.” (Schneider & Barsoux 1997, 229)

Cultural diversity presents major opportunities for synergy. Synergy is happening when the output of two or more individuals or groups working in cooperation is greater than would be the combined output of their working separately. (Mead 1998,

18). Separate parts function together to create a greater whole and to achieve a common goal (Harris & Moran 1991, 11). Cultural synergy involves a process in which managers form organizational strategies, policies, structures and practices based on, but not limited to, the cultural patterns of individual organization members. Culturally synergistic organizations create new forms of management and organization that transcend the distinct cultures of their members. This approach recognizes both the similarities and the differences among the cultures that compose a global organization and suggests that we neither ignore nor minimize cultural diversity, but rather that we view it as a resource in designing and developing organizational systems. (Adler 1997, 107)

3.5.2 Possible disadvantages of cultural diversity

Cultural differences may become one of the most crucial problems especially for management in multinational, multicultural firms. When people from different cultures work together, misunderstandings, conflicts and problems are likely to occur. (Pahlberg 1995, 1)

The classic management definition of conflict is that it is “a condition in which the concerns of two or more parties appear incompatible” (Thomas 1976, ref. Swierczek 1994, 41). Conflicts emerge because of differences in perspectives between parties. (Swierczek 1994, 41). Many of the cultural conflicts and misunderstandings between representatives of two different cultures are due to communication problems – cultural differences may lead to a communication gap. In order to get the necessary information, individuals need to communicate and communication is largely influenced by cultural factors. Hence, people have culturally determined styles and ways of handling things, acquired primarily through their national culture but also through their business, corporate and individually based environments, and a reasonable hypothesis is that it is easier to communicate with people who share the same view of the world. (Pahlberg 1995, 1)

Below is a list of patterns of culture developed by Hofstede and Hall (Swierczek 1994, 41). From the table it is clear what the cultural roots of possible incompatibility could be. There are significant differences in cultures, because certain values are emphasized more than others. When two cultures meet and represent different views there is a possibility for conflict or misunderstanding.

TABLE 2 Dimensions of culture and conflict

<u>Individual</u>	<u>Collective</u>
Self goals	Group goals
Look after self	Belong to in group
Self interest	Loyalty to group
Temporary alliances	Stable relationships
Universalistic	Particular
Use same standards	Different standards for in group
Individual judgement	Social norms
Competitive	Paternal
<u>Manage Uncertainty</u>	<u>Avoid Uncertainty</u>
Informal	Formal
Conflictual-ambiguity-accepting	Compromising
Spontaneous	Rules
Flexible	Low tolerance
Risk-taking	Absolute
<u>Masculine</u>	<u>Feminine</u>
Assertive	Accepting
Success	Satisfaction
Achievement	Affiliation
Quantity	Quality
Performance	
<u>Large Power Distance</u>	<u>Small Power Distance</u>
Distance natural between superior and subordinate	Equality
<u>High Context</u>	<u>Low Context</u>
Social definition	Individual definition
Spiral logic	Linear logic
Indirect speech	Direct speech
Symbolic	Nonsymbolic

Source: Swierczek (1994, 41)

Adler (1997, 99-100) has also listed some of the possible disadvantages that may be born because of cultural diversity. Cultural diversity may cause ambiguity, complexity and confusion. It may lead to miscommunication and to the difficulty to reach agreements and agree on specific actions. People from different cultures fail to

understand each other; they do not work in the same ways or at the same pace. According to Adler problems most frequently occur in convergent processes, at times when the organization needs employees to think or to act in similar ways.

4 MAIN FEATURES OF THE CHINESE CULTURE

The objective of this chapter is to introduce some of the main features of Chinese culture, the historical and philosophical roots of these features and the ways in which they manifest themselves in today's China. It thus aims at providing some explanations for the culture-related issues that most Westerners generally regard as strange and difficult to comprehend.

This research includes empirical studies with Chinese in three regions: Singapore, Hong Kong and Shanghai. In all the cities Chinese culture is prevailing, but naturally due to different environments differences can be found. However, since in all the cities the majority of inhabitants are Chinese, the traditions are shared and according to Laaksonen (1988, 68-69), Abegglen (1994, 194) and Moilanen (1997, 79) it is valid to present Chinese culture as representing the Chinese of all the three regions. This is how the issue is approached in this chapter, but it will be followed by some city-specific information.

Many of the special features in Chinese behavior nowadays can be explained by the long history and tradition of China (Rosenberg 1995, 130). Chinese culture is over 5000 years old and as it is maybe the oldest of the still prevailing cultures. Three religious systems – Confucianism, Taoism, and Buddhism – have lived in China for over 2000 years. These three religions are considered the basis of the development of the Chinese value system. The first two are more like life philosophies whereas the last one guides the thoughts of what happens to people after death. Chinese base their

ideas of societal structures and interaction models on these three religions; this can be manifested in their behavior, action and habits. (Moilanen 1997, 12-13)

This chapter consists of certain key “themes” or features which can be said to depict core aspects of Chinese culture. According to Laaksonen (1988, 333) most of these features derive from Confucius’ thoughts, traditional hierarchical family system and centralized government system. These historical roots are reflected in the Chinese present-day characteristics: hierarchy, masculine domination, respect for age, bureaucracy, importance of interpersonal relationships and saving face. Many of these aspects fall into Hofstede’s dimensions of power distance and collectivism. The next sections will therefore describe two of the traditional Chinese features – hierarchy and collectivism – with the help of Hofstede’s studies. The following sections will then illustrate and give explanations to other salient Chinese cultural values, habits and orientations, like harmony and the concept of face, guanxi and reciprocity, superstitions and fatalism and polychronic time and past orientation.

4.1 Power distance and collectivism

Hofstede’s studies have already been explained earlier in this study, therefore this chapter is going to concentrate only on explaining how China falls into his dimensions. As Hofstede’s studies, however, did not include China, one possibility for looking at Chinese value system and national culture is to use Hong Kong, Singapore and Taiwan as representatives of Chinese traditional culture. According to Laaksonen (1988, 68-69) this approach is valid since the great majority of inhabitants in these countries are Chinese.

4.1.1 Power distance, hierarchy and bureaucracy

The China-related countries score considerably higher on power distance compared with, for example, the Scandinavian countries (Singapore 74, Hong Kong 68, Taiwan 58 and Scandinavia mean 28, world mean 51) (Hofstede 1991, 26). Where the power distance is high, the society believes that there should be a well defined order in which everyone has a rightful place. Effective management in countries with high power distance incorporates a well-defined hierarchy, centralized decision making and authoritarian leadership. (Punnett & Ricks 1992, 158)

The early root of Chinese respect for authority derives from Confucius' teachings. He structured interpersonal relationships into five hierarchical dualities: ruler-subject, father-son, husband-wife, older brother – younger brother and senior friend – junior friend. Each individual is expected to adjust him/herself to these prescribed interpersonal relationships, social structures and to appropriate norms of behavior. (Kirkbride et al. 1991, 365) According to Laaksonen (1988, 330) this hierarchically organized family system still prevails in today's China. It affects behavior in families, enterprises and government. The Chinese are masculine-oriented according to Hofstede's cultural dimensions and man is still the head of the organization, even though the "status-distance" between men and women has somewhat started to decline.

Age is another cue that determines relative status (Brislin & Hui 1993, 247). Old age, wisdom and life experience have been kept almost as synonyms. Age brings respect automatically along. (Rosenberg 1995, 133-134)

Kirkbride et al. (1991, 368) state that Chinese tend to avoid open confrontation for fear of disturbing these aforementioned relationships, e.g. a difference of opinion might cause loss of face of superiors if the subordinate does not accommodate to the superior's wishes. This would be strongly contradictory with the principles of hierarchy, conformity and collective harmony. These prevailing values thus lead

individuals to put great emphasis on the hierarchical relationships between themselves and the other party in any conflict situation.

The hierarchical structure and the tradition of honoring those of higher social status can clearly be seen on a practical level; in China bureaucracy is still the fact of life (Brislin & Hui 1993, 247). China's bureaucracy owes much to the Confucian heritage. It is an outgrowth of inherited attitudes toward authority, status and decision making, as well as a result of the state's need to maintain and centralize political, social and cultural control. (Seligman 1990, 41)

4.1.2 Collectivism

The Chinese regions of Hofstede's studies clearly represent collectivistic societies; they all score very low on the individualism index (Hong Kong 25, Singapore 20, Taiwan 17, Scandinavia mean 69, World mean 73). Collectivism refers to societies in which people are integrated into strong, cohesive in-groups (relatives, organizations, close friends etc.). The tie between an individual and his in-group is always strong: a group provides protection in exchange for an individual's unquestioning loyalty. (Hofstede 1991, 51, 53) In management high collectivism means that group decisions, group action and group work are preferred (Punnett & Ricks 1992, 158). There is also a tendency to avoid all situations, which place the individual in confrontation with his/her group. Maintenance of collectivity and continuous harmonious relationships are of importance. (Kirkbride et al. 1991, 367)

In China the roots of collectivism can be found in the hierarchical family system of old China, where they wanted the families and society to function in harmony on the basis of loyal hierarchical relationships. This means that people were dependent on power figures but wanted things to be handled and responsibility to be carried collectively. (Rosenberg 1995, 131-132) Also, the late Chairman Mao Tse Tung further reinforced collectivism as he identified individualism and liberalism as evil. According to him placing personal interests above those of the group was an indicator

of selfishness and aversion of discipline and therefore disturbing to the societal balance. (Hofstede 1991, 71)

Adler (1997, 26, 163) states that people become committed to organizations for very different reasons. For example, in collectivistic societies people make commitments because of their ties to managers, owners, and coworkers. Prime qualifications they seek are trustworthiness, loyalty and compatibility. The success of the group should always be placed ahead of an individual's self-interests. Adler (1997, 158-166) deals also with motivation theories and according to her, since most of those theories have been created in USA it can not be assumed that they would apply everywhere in the world. For example, Maslow's need hierarchy stresses the importance of self-actualization, even though in China security and interpersonal relationships are regarded as much more important than individual status or career. Personal satisfaction is gained through group outcomes.

In China the relationship between the employer and employee resembles a family relationship with mutual obligations of protection in exchange of loyalty (Hofstede 1991, 64). The influence of a typical Chinese work unit, *danwei*, extends far beyond employees' working lives and well into their personal lives. The role of the work unit has been to provide the employee with everything from housing to funerals. However, nowadays when the joint ventures with foreign companies have become more common, the enterprises have started to function differently from a typical Chinese unit and the control exerted by the *danwei* has been considerably diminishing. (Seligman 1990, 38-39)

4.2 Harmony and the concept of face

Confucianism stresses the notion of harmony between man and nature, between man and Heaven and between man and man. The Confucian "Doctrine of the mean" advises individuals to adapt to the collectivity, to control their own emotions, to avoid confusion, competition and conflict, and to maintain inner harmony. In Chinese

societies it is important to avoid situations that violate this principle of harmony by unsettling the group or placing the individual in confrontation with his group. (Kirkbride et al. 1991, 367)

Closely related to the maintenance of harmonious relationships within the members of the society is the concept of “face”. It refers to the respect, pride and dignity of the person and is related to the person’s status in the society. (Rosenberg 1995, 135).

The concept of face includes three aspects: losing face, saving face and giving face. A loss of face can happen e.g. when a person’s request is not granted or when somebody openly criticizes another person. This violates the principle of harmony and emotional restraint in Chinese society. The Chinese typically try to avoid causing others to lose face. Protecting others from losing face is regarded as saving face. And thirdly, an individual can also give face to another by e.g. openly praising him. (Seligman 1990, 42-44). Giving and not giving face can thus be used as positive or negative sanctions (Laaksonen 1988, 68).

Kirkbride et al. (1991, 368) state that harmony, face and shame added to the striving for conformity and collectivism create a certain social pressure which influences the Chinese people to be less openly assertive and emotional e.g. in conflict situations. The fear of damaging someone else’s face will result in a preference for compromising and avoiding styles. It is only the individuals with high organizational or social status who can afford to be less accommodating. As Hofstede (1991, 58-61) states this is not the case in individualistic cultures, where speaking one’s mind is the characteristic of an honest person and direct confrontation is somewhat welcome, since it may lead to higher truth and better results.

4.3 Guanxi and reciprocity

Guanxi is a cultural phenomenon common to Chinese all over the world. Literally guanxi means relationships, but connections is a valid translation for the word as well.

It has everything to do with who you know and what these people are willing – or obligated – to do for you. Guanxi entails a social obligation to do and reciprocate favors for another person. (Seligman 1990, 45) Guanxi refers to the relationship with two parties, which can be called friendship where parties are committed to exchanging favors continuously (Moilanen 1997, 35).

Guanxi has strong impact on doing business with Chinese. For foreigners of crucial importance is a creation of a good relationship right from the beginning. As Hofstede states (1991, 67) in Chinese society the personal relationship prevails over task whereas in many Western countries we are used to just the opposite – the task is supposed to prevail over any personal relationship.

Age and status of those with whom Chinese are interacting influence the way in which each situation is handled. Old people and those of higher status will be more highly valued and there will also be greater efforts to maintain guanxi and protect face in such circumstances. (Kirkbride et al. 1991, 370) It could therefore be argued whether guanxi represents certain unfairness regarding e.g. rewards and advancement, since they are not necessarily based on performance or merit but upon relationships, political influence and seniority. This can be seen as especially problematic in the work context.

4.4 Superstitions and fatalism

The traditional beliefs of the Chinese are endless: don't eat fried food if you have a sore throat; don't sleep with your feet pointed at the door; if you don't finish your rice your husband will have a bad skin; number 9 brings luck; number four means death; and so forth. Chinese strongly believe that there are several relations that individuals can not influence themselves, since they are predetermined and governed by a powerful external force. Man is a part of the nature and therefore he has to learn to adapt to it and not try to overcome or master it. (Brislin & Hui, 1993, 246)

The type of thinking refers to a fatalistic worldview which Adler (1991, 158) describes as external attribution as there always exists an element of luck. Most Western countries do not share this fatalistic worldview; on the contrary, people strongly believe that their own actions and choices determine to a great extent what their lives will be like. Fatalism decreases the willingness to use risk-adjustment strategies in decision making, information gathering or developing alternative courses of action. The subordinates also prefer to consult superiors before taking any measures.

Feng shui is one of the things that overseas business people need to take seriously when dealing with Chinese, even though for Westerners it easily sounds really superstitious. However, Chinese believe strongly that feng shui can either improve or destroy one's luck and happiness. There are several stories going around about western business people who have not taken feng shui into account when building businesses with Chinese and lost everything. Feng shui affects the building constructions, locations, decorations and colors, and defines favorable numbers, dates and names. (Moilanen 1997, 30-31)

4.5 Polychronic time and past orientation

Chinese perceive time as polychronic, non-linear, expandable, ongoing and unlimited. This is in contrast with the typical Western orientation where time is perceived as monochronic, sequential and something to be saved, spent or wasted. The polychronic time perspective with the prevailing past orientation will result in a culture where there is much less sense of urgency than in monochronic cultures. (Kirkbride et al. 1991, 368-369; Adler 1997, 29-31)

According to Laaksonen (1988,64) past orientation in China derives its origin from the respect for tradition and Confucian values. In work life this past orientation manifests itself in emotional resistance to change, risk aversion, lack of innovativeness and preference for security and clear instructions. This is in contrast

with future-oriented cultures that many Western countries present. They strive for stronger achievement motivation, risk taking, tolerance for ambiguity and conflicts and less hesitation to change. (Hofstede 1991, 166; Kirkbride et al. 1991, 368-369; Adler 1997, 29-31)

4.6 Brief descriptions of Singapore, Hong Kong and Shanghai as manifesting the Chinese culture

Previous chapters gave a brief overview on the main features of Chinese culture. The historical and philosophical roots of these features were discussed and also insight into how they manifest themselves in everyday life has been given. Most of the discussed features derive from the Confucian traditions and apply to all Chinese societies, whether in Singapore or mainland China. Among different Chinese societies there are however major differences, much due to the political and economical environments, which do affect the everyday life of people. This chapter aims at giving brief overviews of each of the three cities examined in this research.

Singapore

Singapore is one of the world's dynamic economies. This former English colony has since the 1960's built a modern, internationally oriented trade, manufacturing, and service economy largely from scratch. (Hinkelman 1994, 1) The receipt for success in Singapore has been the combination of the Economic Development Board of the government, which has directed the economy planning strictly, and the foreign investments by multinational companies (Pukkila 1998, 60). In the 1990's the growth figures of Singapore national product have been at the level of 10 %, and today the standard of living there exceeds, for example, the standard of living in Finland (Moilanen 1997, 79).

Singapore's business environment is dominated by people of Chinese origin, who comprise almost 80 % of the population. Although Chinese Singaporeans are removed from their ancestral homeland, they retain many of the cultural characteristics of Chinese in mainland China. Their social philosophies and rules of etiquette remain essentially Chinese, even though in contrast to most mainlanders, Chinese Singaporeans are also more conscious of the non-Chinese habits and have a distinctly broader worldview. (Hinkelman 1994, 146) However, the Chinese cultural features are not as distinct as in Hong Kong and things are discussed rather directly. Business is dynamic and decisions are made fast, unlike in mainland China. Young Chinese Singaporeans have had a chance to grow into internationalism, which affects their way of seeing the world. Confucian teachings and discipline have not, however, been forgotten in the upbringing of these young Chinese Singaporeans. Therefore deeply rooted values and concepts, the strongest of which perhaps is the concept of face, still strongly affect their behavior. (Moilanen 1997, 79)

Hong Kong

Hong Kong region has had population for about 6000 years. Nowadays the "little giant" populates 6.3 million people and the national product is the third highest in Asia, after Japan and Singapore. In 1997 Hong Kong was handed back to China, after 155 years as a British colony. (Pukkila 1998, 5, 20)

Despite the handover back to China the Hong Kong economy still has British influence in free trade environment: private ownership, low tax rate, hardly no currency controls, open and fair competition (Rajasaari 1996, 52). Legislation, which is based on Common Law –system, is still valid. The relationship between China and Hong Kong can be described as "one country, two systems". (Pukkila 1998, 9-10)

Founding an enterprise in Hong Kong is as simple for foreigners as for locals. Therefore several foreign companies have established subsidiaries to the islands. A typical local enterprise is run by a family, the owner having a very tight control over everything. Technical and managerial know-how may be bought from outside, but outsiders do not have any possibility to enter in managerial positions. The patriarchal

management style leads to the fact that subordinates easily tell the superiors only the good news, not the bad ones, the decisions are made according to the feelings and without patience and long-term goals. On the other hand, advantage of the local entrepreneurship is that failures are forgiven and everybody is given a chance to start again. This is very exceptional in Asia, because usually a social group comes before an individual and a failed individual has to carry a stigma of failure for the rest of his life. (Pukkila 1998, 39-42)

Cultural variety and the knowledge of English have been Hong Kong's assets when foreign companies have chosen the location for their Asian headquarters. Nowadays it, however, seems that both the interest in cultures and languages are diminishing among the youth in Hong Kong. The handover has increased the ethnical awareness of the Hong Kong people and Chineseness has become a fashion, if not even ideal. (Pukkila 1998, 51)

Shanghai

Of the three cities described in the research, Shanghai is perhaps the most Chinese in a sense that it is the only one that is and has always been a part of People's Republic of China and the population of which consists almost 100 % of Chinese. The city is the leading industrial city in P.R.C but the growing trend has started only in the beginning of the 1990's when the constructions started at the Pudong area, in the "socialist Hong Kong". Shanghai has a population of 13 million people and it is very well located.

Shanghai is competing with Hong Kong of the foreign investments and many foreign companies have started to realize the importance of investing directly in China and not to the Hong Kong islands. Even though in general foreign companies are happy with Shanghai as a business environment, the traffic, massive bureaucracy and corruption are mentioned as negative factors.

Shanghai does not, however, present direct competition to Hong Kong. Shanghai has still a long way to go to be as powerful as a financial center. It seems that Hong Kong

serves the international markets and Shanghai the domestic ones. All in all, one can think that Hong Kong and Shanghai complement each other and benefit from each other's success. (Pukkila 1998, 58-60)

5 ELEMENTS OF THE FINNISH CULTURAL IDENTITY

The purpose of this chapter is to briefly discuss the main features of the Finnish culture and how they manifest themselves in the work life today.

5.1 Historical roots of the Finnish culture

The Finnish cultural identity originates from the pre-Christian era when great migrations from the East settled in the country and pushed the Lapps northwards. The time was characterised by animism and shamanism, documents of which can be found e.g. from the Finnish national epos Kalevala. (Rajasaari 1996, 42)

Although some Christian influences had already been received earlier, the Christian era of the people started during the 13th and 14th centuries, when the most part of the country was converted to Roman Catholicism by Swedish and German missionaries, while some eastern areas became under the influence of Eastern Orthodoxy by the Russians. Perhaps the most important cultural influence affecting and even formulating the Finnish national identity was the protestant creed in its Lutheran form that was introduced by the state during the 16th century. Even today about 89% of the Finnish people belong to the Lutheran Church. (Koivisto 1993, 12-13)

During the last 100 years the secularisation and modernization have taken place in the Finnish society. The beginning of the change towards modernization was the moving from villages to towns, which was called "escape from villages". Along modernization people alienate themselves from traditional values. Work had an essential role in the process of modernization because with the work people start to appreciate efficiency, industriousness and systematicness. Modernization also created a modern school system, and equality between men and women was born. (Rajasaari 1996, 44)

Liberalism was the next stage towards modern life. This bases on the thought that things forbidden before must be allowed so that people can become individualistic and live freely. Liberalism leads to the next stage of modernization, which is hedonistic self-realization. Hedonistic person works because he enjoys it, a traditional person works because it is his obligation. (Rajasaari 1996, 44)

5.2 Finnish work culture

Every country and culture has its heritage, which has implications on the work life in that country. The most important protestant influences in Finland are individualistic self-concept, clear emphasis on work as value, and direct and explicit low-context communication style. The modernization brought along values like equalization and democratization. (Koivisto 1993, 13-14) The democracy strives for consensus, and also feelings of togetherness, reasonability and belief in own values are central in the Finnish society (Rajasaari 1996, 46).

There have been made some researches on Finnish management, and according to those work is a very important value in life for Finns. The quality of work life, challenge, meaningfulness, appreciation of the personnel know-how, people orientation and the development of human resources are experienced as extremely important. (Junnola & Juuti 1993, 159) For Finns it is essential that the chain of command and responsibilities are clearly defined so that everybody can do their own

work without too tight control. Communicating to all the personnel about the decisions made is also regarded important among Finnish managers. The decision making process among Finns is quite slow, but when the decision is made it is strongly supported. (Liuhto 1991, 32-55)

In Punnett & Ricks (1992, 172-182) managerial functions have been approached by using the results of Hofstede's study. Using this as a reference, Finnish organization can be described as an organization with minimized power differences. The relationships between superiors and subordinates are usually friendly and everyone is seen as being capable of contributing to the planning process and input is sought from all organizational levels. When a particular task has been assigned to someone this person is expected to make the necessary decisions to carry through with a given assignment and to refer to his superior only when decisions involve unusual circumstances. People are responsible for ensuring that tasks assigned to them are completed successfully and close supervision is negatively evaluated.

The organizations are fairly little centralized, power tends to be shared throughout the organizations. It is normal that employees begin at lower levels in the organization and progress to higher positions through hard work, good performance and acceptance by their co-workers. Each individual has a clear picture of his responsibility and authority. Individuals accept responsibility for their own work and expect to be evaluated on the basis of their personal performance. Individual innovation and creativity are respected and rewarded. Communication is free flowing to all directions. Feedback from all levels is encouraged and it is expected to be taken seriously by superiors.

6 IMPLEMENTATION OF THE STUDY

6.1 Methodology of the study

This particular study represents qualitative research material. The study has been made as an assignment from a company and deals with one specific case, UPM-Kymmene's three sales offices in East/South-East Asia. The target group of the research is small and the purpose has been to approach the research problems as deeply and understandingly as possible. All these factors speak in favor of the qualitative research.

As a starting point in qualitative research is the description of *real life*. The purpose is to make a comprehensive study on the research subject. (Hirsjärvi et al. 1997, 161)
The research material is primary, which means that it has been specifically acquired for the purpose of this study. This enables the material to find answers to the original research questions relatively well. Qualitative research is a process, where the collection, analysis and reporting of the material are bound to each other and happen simultaneously. The research is implemented flexibly, which means that plans and procedures are modified according to the situation. (Hyvönen & Vanhala 1994, 19-21)

Qualitative research material is in verbal form and it represents the research questions theoretically. This means that all the essential features relevant to the research questions are present. (Uusitalo 1991, 79-80)

The research strategy in this research is a case study, which according to Yin (1989, 23) is an empirical inquiry that investigates a contemporary phenomenon within its real-life context, when the boundaries between phenomenon and context are not clearly evident. It is especially applicable when the purpose of the study is to answer the questions "how" and "why". According to Hyvönen & Vanhala (1994, 76-77)

case study is very applicable in organizational research, because it allows to access the factors and mechanisms that describe people's attitudes and behaviors. Case research can be descriptive, exploratory or explanatory. This study is descriptive, since it aims at giving a general picture of the topic researched – the influence of cultural differences on the cooperation between Finnish superiors and Chinese subordinates.

6.2 Collection and analysis of the research material

The collection of the research material was implemented by personal interviews. The type of interview used was a *focused interview* (Yin 1989, 89) in which the interviewees were interviewed for about one hour or an hour and a half. Interviews remained open-ended and conversational, but I as an interviewer followed a certain set of questions. The open-ended questions allowed the interviewees to freely express their views and opinions and created a relatively varied and many-sided description of the reality and individual experiences.

There were 22 interviewees of which 16 were Chinese and six Finnish. The Finns were all expatriates working currently at one of UPM-Kymmene's sales offices in either Singapore, Hong Kong or Shanghai. Of the 16 Chinese 13 work as sales or financial administrators or assistants at the sales offices and three as sales managers. Common to all the Chinese is that their boss is Finnish. For one of the Chinese the closest supervisor is Chinese, but she has close interaction with the Finns as well.

The interviews took place at the sales offices in Singapore, Hong Kong and Shanghai in November 1999. All of the interviews with the Chinese were conducted in English, and with Finns the language was Finnish. I personally did not have a problem with the English language and if any problems in understanding occurred, additional explanations or questions were used.

Before the actual interview process I conducted a pilot interview in Finland with Chinese students who have worked for UPM-Kymmene in Valkeakoski and who now study in the same town. The purpose of the pilot study is to help the investigator to refine the data collection plans with respect to both the content of the data and the procedures to be followed (Yin 1989, 80). In my case the pilot interview helped me realize the need for revising some wordings of the questions and for reorganizing the order of the questions.

There are many ways to analyse the research material. Because my study is a research with a focus on understanding, I use qualitative analysis and making conclusions. The purpose is to synthesize the main aspects of the results and to answer to the research questions.

6.3 Reliability and validity of the research

Reliability of the research means the repetitivity of the research results and the likelihood of producing results that are not random. This means that if another investigator used exactly same methods in the same research he would end up with the same results. Random mistakes can be born, for example, if the interviewee remembers wrong or interprets the question differently than what the interviewer meant. (Uusitalo 1991, 84) In this research the mistakes tried to be avoided by formulating clear and simple questions. The interviews were also immediately after interviewing carefully rewritten down and gone through when the situation was still in the interviewer's fresh memory. In the interview itself, it was possible to clarify both questions and answers if something remained unclear. This is a clear advantage of the interview process compared for example to surveys.

The validity of the research refers to the extent to which the research data gives information about the phenomenon under examination. Validity problems are mostly born in exploring theoretical concepts. (Uusitalo 1991, 84) According to Yin (1989, 40-45) the reliability of a descriptive case is measured by theoretical and external

validity. In order for the research to be theoretically valid it is important to carefully think of the theoretical framework on the basis of which the interview questions are made (Hyvönen & Vanhala 1994, 70-72). In this research the theoretical validity has been increased by examining carefully the related literature and previous researches on the subject. The interview questions have been made as exact and simple as possible. The meanings of the questions have been clarified during the interviews if needed. To a good validity of my research refers also the amount of interviewees compared to the total amount of employees at the offices. From the Hong Kong office all the people working there were interviewed (four in total, one of which represented Raflatac), in Shanghai all but one were interviewed (five in total) and in Singapore three from the UPM-Kymmene's office were not interviewed, which left 13 interviews in total (one of them represented Raflatac).

The critique towards case studies is closely related to the reliability and validity. Case research is hard to be repeated in exactly the same form as the first time. The results are seldom possible to be generalized. The study is closely bound to the investigator's personality, because the investigator's preferences and knowhow influence the conduct of the research a lot. In the interviews the investigator is present herself, and her presence may affect the question setting and interviewee's answers. (Hyvönen & Vanhala 1994, 82-83) Every interview is different and unique. Typical of qualitative research is that the answers of the participants are always subjective and affected by numerous personal factors and characteristics.

Also the use of foreign language may be a reason for wrong interpretations. Even though all the Chinese interviewees spoke fairly good English, there may have been occasions, where understanding was not complete. Also people's perceptions and the use of language and words are different for persons from different cultures, which may result in misunderstandings. I tried to minimize the problems related to the language and false interpretations by interviewing as many Chinese as possible, which resulted to be 16, almost three times more Chinese than Finnish interviewees.

At first I was afraid that Chinese would not like to talk to me about the issues that interview questions handled, but fortunately that fear was unnecessary. Only a couple

of interviewees sometimes clearly avoided to express their opinions. Most of the time the environment was relaxed and trusting.

All in all in the research I have aimed at openness and honesty towards the subject examined and people interviewed. The purpose has been to analyse the research material objectively and to show the relation between theoretical material and empirical research.

7 INFLUENCE OF CULTURAL DIFFERENCES ON FINNISH-CHINESE COOPERATION AT UPM-KYMMENE'S THREE ASIAN SALES OFFICES

This section has been developed to take a closer look at the interviews and to the findings that the empirical process has produced as answers to the particular research questions examined in this study. The topic is covered by first analysing the interviews with both the Chinese and the Finns, secondly by discussing the results and finally with conclusions that are expressed in a form of recommendations.

7.1 Analysis of the interviews

The purpose of this chapter is to approach the results of the research by examining closer the interviews and responses by the participants to the interview questions. The analysis has been structured so that the four parts of the interview are handled separately and in every part the Chinese employees' answers will be discussed first, followed by a detailed discussion of the interviews with six Finnish expatriates. Chinese do represent three different Chinese regions and some differences among

their answers can most likely be found. However, as stated already earlier, all the regions have their origins in the Chinese culture and, thus, it can be assumed that Chinese share similar values and attitudes despite where they live. Therefore their answers will be handled all together, and if significant differences among Chinese from different areas are born, those will be mentioned.

7.1.1 Attitudes towards cultural differences

The first part of the interview concerns interviewees' experiences related to cultural differences and to their positive and negative aspects. The discussion includes opinions on which differences are the most apparent and on how important cultural differences in general are regarded.

Chinese:

Most of the Chinese employees like working with the Finns. Seven out of the 16 interviewees say that they enjoy a lot or pretty much being part of the Finnish company, seven like it or have "no problem" with it, and only two express themselves of not enjoying it really at all or of not being happy. Most of the opinions were general in a sense that they covered working with any foreigner, despite the nationality. Only one of the employees mentioned that how much she enjoys working with foreigners is dependent on the nationality. The Finns she likes, but not automatically all the foreigners.

In general the aspects that the Chinese regard the best when working with the Finns repeat themselves in several answers. The Chinese value a lot the independence and freedom that the Finnish boss them allows. A Chinese enterprise is traditionally really hierarchical, where superiors tightly control their employees. The independence and freedom are something new for the Chinese who work at UPM-Kymmene.

One of the Chinese subordinates describes the best part of working with the Finns in the following way:

“Best about working with the Finns is that they are so soft-spoken, don’t raise their voice, so humble and down-to-earth. Finns never put anybody down. They regard the employees as adults, give them the freedom and independence. Chinese just want power.”

Finns are also experienced as relaxed, easygoing, friendly, very polite and flexible. With Finns the work environment is not so hectic and Finns themselves are not too workaholic. The Chinese respect the privacy that Finns allow them, the working week is five days and on Saturdays the employees are not bothered. Also the flexibility in working hours and holidays is well appreciated. The Finnish bosses are open for communication, listen to their subordinates and encourage them to reflect their opinions. This helps the Chinese to be clear about their responsibilities. In Chinese companies the channel of communication has traditionally been from top-to-down, which means that employees are not encouraged to tell their opinions. Chinese bosses regard their time too valuable to answer employees’ questions, at least this is how employees see it. Since Chinese employees are not used to giving their opinions, foreign companies need to reserve some time to start getting initiative from them. In the beginning the Chinese often object to that, but do get used to and enthusiastic about it.

Many see as positive the possibility for professional development, which they can receive when working for a foreign company. For some a foreign company represents a chance to have an ideal job and professional support. Chinese get the opportunity to learn a lot from foreigners. The learning is not only professional, but a lot is appreciated also the new knowledge of foreign countries, their cultures and people’s attitudes, opinions, mentality and ways of perceiving things. As one of the interviewees stated: *“Learning from foreigners helps you to understand the life in general”*. Most of the Chinese want to work for a foreign company and respect UPM-Kymmene as their employer, whereas two of the respondents wouldn’t mind working somewhere else, if they had the same job or salary.

As a positive aspect of the combination of both Finns and Chinese working together in the office has also been mentioned the knowledge of the organization that Finns pass on to the Chinese, and the knowledge of the local markets, habits and regulations that the Chinese can pass on to the Finns. This combination allows the company to understand the foreign market more easily. An employee from the Shanghai office said:

“Cultural differences can be seen in that Finns don’t like waiting. Sometimes we have to wait for a customer for one day, Finns seem to hate it, but we locals don’t mind.”

Different attitudes and working habits cause some problems to Chinese when working with foreigners. Chinese do not have as much confidence to work with Finns as they would with locals. They are not familiar with what and how the Finnish people think, so making business with them is more difficult. Language creates some barriers to find mutual understanding and to create close relationships with Finns. Some Chinese find it difficult to express themselves because of the foreign language.

The comment of a Chinese describes the problem of separateness between Finns and Chinese:

“Sometimes I feel that Finns are biased and only their own group and don’t care so much about the staff welfare. I don’t totally understand how the expats can get all the advantages and locals don’t.”

The worry of the Finnish expatriates not stepping to the level of the staff was expressed by a few interviewees especially in Singapore, where the office is much bigger than in Hong Kong and Shanghai. Some of the Singapore employees feel that the superiors are too distant. One reason for this is most likely that the staff is divided to sales and administration personnel, where sales personnel has more contacts with managing director of the sales office. Especially in Singapore the Chinese employees were hoping for more activities together with the Finns. They would, for example, like sometimes to be invited to their manager’s house to see how he lives.

One person compared her experiences to a former Asian employer, and felt that in that company staff welfare had been much more important than at UPM-Kymmene. By that she meant that the boss had been physically very close to the employees, all the time keeping an eye on the staff and controlling their work. For this person, this had been a sign that boss cares. With UPM-Kymmene she thinks that she can be too independent and therefore doesn't feel cared about. Thus, not all Asians value the Western style of managing. Chinese employees are said to lack initiative and ability to make decisions and take responsibility, much because of the fear of making mistakes and losing face, and this person well reflects this reluctance.

Another person wondered, how it is so important for UPM-Kymmene and other foreign companies to find people with business knowledge. According to her Chinese would not care if the person does not have ability in business, he/she can be hired anyway. The collectivism of the Chinese culture and the tight bonds with the family support this idea of hiring people even without professional capability.

Even though this study concentrates on the Finnish superiors and their Chinese employees, a brief note can be made on how the Chinese feel about their relationships with Finnish colleagues in Finland. Especially worth mentioning is the fact that was expressed by several interviewees. Finnish people are regarded as slow in answering to the Chinese requests. Too often the Chinese have to face Finns being on coffee breaks. Finns do not want to be bothered during that time even though Chinese requests, for example, for paper samples are really urgent. Chinese feel that Finns do not care about the work that Chinese try to do for the company and do not realize the importance of it.

Cultural differences between Finnish and Chinese as perceived by the Chinese employees of UPM-Kymmene much relate to the mentality and attitudes. In work life Finns are more concentrated on the bigger picture and have the devotion for the organization. Chinese are more devoted to their specific job in order to get the income. The Chinese regard themselves as more systematic and faster than Finns. Finns are considered more open and direct, which sometimes causes some confusion among Chinese, since they regard as more polite and sensitive an indirect way of

communication. Finns get credit from Chinese by being *"humorous and active, Chinese being more stiff and serious"*.

In worklife the Finns are also perceived by the Chinese as concentrating on people development and information technology. One of the employees in the Hong Kong office stated that *"the positive effect of Chinese and Finns working together is the creative thinking, Chinese are able to get western advantages like trust, openness, contribution and initiative, and learn about the emphasis on human resources and IT"*.

One thing that the Chinese appreciate with Finns is that they do not impose their own culture much. Brislin & Hui (1993, 238) state that many people feel that they come from an advanced culture whereas people from other cultures behave strangely or unproductively. However, if this feeling was communicated with Chinese, the foreigners would be unsuccessful.

The cooperation between Finns and Chinese at UPM-Kymmene has been described by several Chinese respondents as *"so far so good, but there's always room for some improvement"*. Some Chinese would like to feel closer to the boss, to diminish the separateness, by having e.g. more activities together after work. Many of the Chinese feel that UPM-Kymmene still has a far way to go to get all the positive things out of the variety of people. Even though having operations in Asia, UPM-Kymmene still does everything in a *"Finnish way"*. The company has not yet been able to gain synergy. One person commented:

"Many times I could have sold with higher prices than Finns, but Finns just sell cheaper. Then I don't feel getting support and credit for my work from Finns."

Most of the Chinese agree that it would be easier to work only with locals than with Finns, because the Chinese share similar culture, background and language. Daily contacts are easier to be formulated with the people from the same nationality. Locals open up more easily to other locals, foreigners may make them shy. Some interviewees, however, stated that working with Finns is easier in a sense that they do not have such a hierarchy as Chinese firms, and the employees are given the trust and

freedom. Chinese managers seem much more demanding. According to some interviewees there can also be seen many similarities between Finns and Chinese, mostly related to *"the philosophy of life – how to see and understand people"*.

A few of the interviewees were not able to mention any cultural differences between Finns and Chinese or notice any differences when working either for a Finnish or a Chinese company. Most of the Chinese employees interviewed, however, had noticed differences and also regarded them as important to take into account, even though did not see them as causing problems, when doing business in a multicultural environment. They are important to consider for better work environment and for the company to perform well. As one person stated:

"Cultural differences are about respecting each other's habits and understanding, accepting and adapting to them. They make work and life more interesting. But most important is that one doesn't make a problem out of them, but just accepts and understands that people are different."

Relationshipwise a lot depends on the personality as well, since people are individuals. Businesswise, one needs to be more aware of the cultural aspects, even though result is at the end what counts. One of the respondents described the Chinese:

"Culture is really important for us. If a foreign person knows about and respects our culture, we become happy. And businesswise, they have to know that black envelopes can not be sent to Chinese customers..."

This comment about black envelopes relates to a happening, when UPM-Kymmene in Finland had sent customers in Hong Kong letters in black envelopes. This confused some of the customers, since black is regarded as a color of misfortune and sorrow.

Finns:

All of the interviewed Finnish expatriates that work at UPM-Kymmene's sales offices in Asia have several years experience of working with foreigners. They all share

common interest in different people and cultures finding them captivating and fascinating. The previous experience with foreigners has helped the Finns to adapt to the work with Asians, even though all of them admit that there are difficult and challenging aspects to be learned related to the work with different cultures.

As the most crucial cultural differences between Finns and Chinese Finns perceive the strong hierarchy that Chinese have in the organizations and the high respect that Chinese have for superiors and for elders. This results in that Chinese expect the organizational communication to be only from top-to-down. The employees are not used to asking questions, giving their suggestions or presenting initiative to their managers. As employees Chinese are very obedient. Chinese fear strong decision making power, because that brings along the responsibility for the decisions. Compared to the Finns Chinese seem to take more seriously and more personally the mistakes they make. Cooperation with Chinese requires a lot of sensitivity – things have to be presented softly and indirectly. Finally, the key to making business with Asians is trust, since without trust nothing works.

The best factors when working with the Chinese are, according to the Finns, the experience and learning one can achieve as a foreigner. Already the basic work abroad is interesting, but as extra one gets a possibility to widen up the way to see the world, to understand people and to find new meaning to the life itself. When people have different backgrounds, by interaction many viewpoints can be shared. Every culture has something valuable to give and this way everybody has a chance to learn *"best practices"*. One of the Finns stated that Working with different cultures is interaction at its best. One has to be ready to learn new things all the time, *"You give and you get."*

People who seek their way to working with foreigners usually like challenges and are very motivated, which creates many chances for new business ideas to be born. In cooperation with local employees it is easier for Finns to function abroad, since locals know the local habits, which facilitates the interaction with local customers. Sometimes the foreigners maybe of help in facilitating business negotiations. Positive in the Finnish-Chinese cooperation is that both need each other. This way the relationships towards company headquarters and customers are well taken care of.

Working with Asians is a challenge for the Finns and the feeling of getting things work is the best reward. One of the expatriates commented that Asians are sincere and spontaneous not trying to be anything that they really are not. With them things are made more simple, in business deals, for example, time is not wasted.

The most difficult with the Chinese the Finns state being the lack of initiative from the Chinese side. The Finnish boss has to always be around to make decisions. There can, however, be seen improvement in this. Nowadays the Chinese have become more confident, more independent and more familiar with the team work than what they traditionally have been. Especially if the Chinese have made mistakes, the Finns find it also very difficult to openly discuss the problems. Chinese are afraid of losing face in front of the Finns or their Chinese colleagues. Finns perceive the Chinese as slow, they do not seem to share the same priorities in handling issues in their order of importance. Challenging parts of working with foreigners are as well the language and the difficulty it causes for some people to express themselves. Demanding is also the fact that one has to all the time think of the own behavior and examine one's own personality, which makes the process tiring. A lot of time has to be spent on removing, eliminating and balancing the possible disadvantages caused by cultural differences. For the most part interaction with the Chinese does not, however, represent a problem to the Finns or require much of extra effort from them, one just has to be aware of the possible differences and the challenges they create.

Organizing the company system in Asia has sometimes been difficult for the Finns. One of the Finns clarified that, in his opinion, as long as things work out smoothly things get done efficiently among the Chinese, but if there are any exceptions or deviations from the normal, tasks do not become accomplished. People have a tendency to believe that everything always functions. Business morale, rules and regulations are different among Chinese and Finns, and this creates a need for unifying the company policies in order for everybody to be clear what is allowed and what is not. The Finnish expatriate in Shanghai verified that in China there is no clear way of doing business. For example, the price negotiations you need to do over and over again, even though you had thought that prices from previous contracts still were applicable, like in Europe.

All the expatriates feel that cooperation between Finns and Chinese at UPM-Kymmene works well or at least as well as it can. The people at the offices have managed to create a common UPM-Kymmene culture, which leads everybody to strive for the same goals. The beginning of the cooperation has never been easy, it has required a lot of work and change of attitudes. Nowadays all the Finns can feel satisfied with the change in the Chinese, they have become more open and independent than in the beginning. They do not fear the superiors anymore, but are willing to say things straight. The organization used to be a line organization, but now it has been changed to matrix – Singapore, Hong Kong and Shanghai offices create a common team. Matrix is often seen as a horror among Chinese, but at UPM-Kymmene employees seem to become more and more familiar with it every day.

The expatriate in Hong Kong said that he has not found any particular difficulties to get along with the Chinese, because Finns and Chinese have similarities. With these he refers especially to the stiffness and taciturnity. The Finn in Shanghai confirms that atmosphere at the office is good, people feel close to each other. As an expatriate he feels being in between the Finnish and Chinese intellectual world.

Related to the differences working with the Chinese requires more from the expatriates than working with the people from their own nationality. With Finns the work is routine and easy. People share common concepts, expressions, interpretations and working habits. This is not the case with the Chinese. However, two of the expatriates who have worked in Asia for several years feel that for them it may be even easier to work with Asians than with Finns.

In Finland people talk about private things with their colleagues much more than Chinese are willing to do. However, even though leisure time is brought to the work place in Finland, work gets done efficiently. Chinese instead *seem* to be efficient, because they do not chitchat at work hardly at all, but still all the Finns agree that in Finland giving, understanding and implementing orders is faster.

When working with the Chinese it is important to remember to avoid praising the advantages foreigners can have as expatriates. The expatriates should not either

impose their own culture and habits. *"This is how we do in Finland"* gets a very negative sense among Chinese. Creating trust is of utmost importance in cooperation with the Chinese. Until then the Chinese keep wondering *"whether this really is true or not..."*

All the expatriates agree that cultural differences are something that companies need to take into consideration when doing business abroad. For selling it is a must to know about them, and in management knowing about them helps, but a lot depends on the people's personalities as well. Overall, Chinese value a lot those people who consider their culture and respect it. For example, Chinese New Year is an important happening among all the Chinese and for the foreign employers it is essential to know how to act during that time. For a company it is crucial to send abroad expatriates that get along with people instead of necessarily being the smartest ones. Important is to know about different cultures and people's behaviors, but not to change oneself to be something one really is not.

7.1.2 Adaptation

The purpose of this part of the interview was to explore the adaptation of the employees to the work in multicultural environment. Emphasis was put on their previous knowledge of the foreign culture, on the attitudes of the surrounding people towards them and on the cultural training. These are all factors that contribute to the adaptation process.

Chinese:

For many of the UPM-Kymmene's Chinese employees working for a foreign company is not totally unfamiliar, since several employees have gathered work experience from other Western companies before. However, none of the employees had gathered experience of Finnish companies before working for UPM-Kymmene.

Finland as a country, Finnish people and Finnish culture have been totally new acquaintances for UPM-Kymmene's Chinese employees. None of the employees had any expectations concerning specifically working for a Finnish company. For many the most important aspect was to get to work for a Western company.

The most surprising for the Chinese concerning specifically a Finnish company have been the Finnish employer's strong respect for privacy, the technological knowhow and advancement, the challenging jobs and the Finnish personality characters like friendliness, warmth, respectfulness and humanity. Many employees compared the Finns to their previous employers that have been American, English, French etc. and Finns were said to be giving the best impression. One employee commented:

"I had always thought that all the Europeans are the same, but now I've realized the differences."

In general, the Chinese employees in all the three offices have faced no difficulties in adapting to the work with Finns. All the respondents describe Finns as friendly and kind with positive attitude towards Chinese. One of the Chinese mentions that *"difficulties in adapting do not arise as long as people are working for the same goals and at UPM-Kymmene this is happening."*

Almost all the Chinese, however, acknowledge also issues that do make the adaptation more difficult. Especially in Singapore Chinese employees notice a gap between them and the Finns, relationships between them staying just as work relationships. Even though Finns are encouraging initiative from their Chinese employees, there is not much other kind of interaction between them. Employees are aware that there is a lot more going on in the organization than they know about. Some reasons for the separateness are the language and different working attitudes. However, in Hong Kong and Shanghai offices the Finnish bosses were given credit for trying hard to minimize the distance. In each of those offices there is only one Finnish expatriate working, which naturally affects the creation of relationships compared to the bigger Singapore office.

All in all, also the Finns in Finland are considered warm and easygoing. But sometimes Chinese have a feeling that Finns do not totally trust them, but rather treat them as outsiders:

"If Finns and Chinese compete for the mill's attention, Finns are taken more seriously."

UPM-Kymmene has not provided its Chinese employees any particular cultural training that would familiarize the Chinese with the Finnish culture. The training the employees have received concerned only work. Almost all the Chinese regard the training concerning the work as the most important, since the success of operations is a key in the business and the most essential for many Chinese is to learn about the paper business, but they recognize the usefulness of cultural training as well. They compare their experiences to some other companies and see the cultural training that those companies have provided as one reason to those companies' success.

Especially the employees emphasize that it would be helpful to receive information concerning Finland as a country, Finnish life style, people's habits and their ways of doing things and thinking. Cultural training provides attachment and motivation and could minimize the gap between Finns and Chinese – Chinese could feel less isolated from the company's home country. Chinese also stress the importance of giving training to the Finns as well.

All the Chinese very much appreciate the trips to Finland that UPM-Kymmene has provided for many of them already during their first year of employment. The trip has served as a motivating factor for many Chinese, they feel being important people in the company as entitled for the training abroad. Among the 16 Chinese interviewed there were only two that had not been to Finland, and both of these two hope to get there soon as well.

Finns:

Finnish expatriates who moved in Asia to work for UPM-Kymmene sales offices had some basic expectations on how it would be to work with Chinese. And living and working in Asia has been much of what they expected it would be, even the cultural differences between Finnish and Chinese have not been that striking.

As most surprising the Finns have found the inefficient use of time among the Chinese, the efficiency seems to be in many aspects just a myth. The job descriptions need to be really clear, since for Chinese it is difficult to think abstractly and start working on tasks that have not been specifically assigned to them. Deviations or exceptions from the normal are not encouraged or even allowed. Surprising has also been how creating trust is of so huge importance. Foreigners have to know how to approach the Chinese and how to develop a trusting environment. When trust has been created, the Chinese stop the crookedness, which also is a well-known myth about Chinese. Overall, dealing with the Chinese requires sensitivity, absolute "no" should be avoided and above all, foreigners should remember not to act like "an elephant in a glass shop", but rather think carefully first what to say, for whom, where and when.

None of the expatriates have complaints about the adaptation process, all in all things have gone well. All of them have experience of working with different cultures and many have lived abroad already for several years before starting to work for UPM-Kymmene in Asia. Difficulties do, however, rise, but the right attitude in handling them helps. Finnish managers have had to revise their management style, since principles of management in Finland and Asia are not the same. For example, one of the expatriates said that the Chinese work the best under a threat of punishment. Bureaucracy in handling everyday things has required a lot of patience, relationships with officials are very much different from what Finns are used to in Finland. In mainland China in Shanghai, the high level of pollution and the lack of nature, leisure time activities and information channels are all influencing the satisfaction level of the Finnish expatriate.

Chinese are very receptive towards Finnish and Western in general. They are acting positively and admiringly thinking that in Western companies lies the opportunity. Western companies offer better salaries and compensation than Chinese firms. The youngest of the Finnish expatriates who has worked in Singapore only for some months has been warmly welcomed to the group, but he knows that as a young person he has to be quickly able to show his capabilities in work life in order to receive the full respect.

In general Finnish people are lacking self-confidence and Chinese often notice that. Finns also act openly, directly and honestly. This results in that Chinese easily regard Finns a bit naïve, dumb and rough. However, it is easy to be a Finn abroad, the reactions from Chinese are positive, which leads to a good relationship.

All of the expatriates agree that cultural training is important and interesting for the people who start working with foreigners. One of the Finns, however, doubts whether cultural training would be of any help in practice and therefore does not have many expectations in terms of training.

Even though the importance of cultural training is acknowledged, none of the Finnish expatriates working for UPM-Kymmene in Asia has received it. The previous experience has helped both the expatriates and their spouses in adapting, and interaction with Finns who have come to Asia already before has provided some guidance. But all in all, the Finns have had to be really active themselves in finding out of their new life in Asia. In Finland from UPM-Kymmene side nobody had asked whether there would be need for training and guidance and also otherwise they seemed to have very little information on how the expatriates can organize the life in a new country.

Especially important would be to guide on everyday things like apartments, schools, banks etc., but emphasis should be put also on cultural issues like history, people and their habits. This would teach the Finns humbleness and would facilitate the cooperation with the Chinese. The orientation to the new culture is important for the family as well, there are examples that the work period abroad has failed because it has been too tough and tiring for the spouse.

The training should be two-way in order for the locals to be more familiar with the new company and the new boss as well. This would help the locals understand better the goals of the company, the company style and expatriate's importance for the overall success of the foreign subsidiary or branch. To facilitate the adaption process of their local employees, the Finns have regularly sent the Chinese to Finland to different kinds of training programs.

7.1.3 Communication

Communication is an essential part of the management process. In this part of the interview the goal was to explore more closely, however not really deeply, the communication between Finns and Chinese. Especially emphasis was put on the influence of language on the communication and on greatest communication differences between the two nationalities.

Chinese:

General opinion regarding the language in the communication process is that it would naturally be easier to communicate if Finns and Chinese shared a common mother tongue, but language does not represent a real problem. At UPM-Kymmene's offices it is always possible to ask for clarification if understanding has not been complete. The problematic area in language is that in different languages grammars and words have different meanings – language represents a culture – and therefore people just don't think alike. Sometimes answers lie behind the lines and misunderstandings happen. People may get wrong ideas, but counterpart doesn't necessarily even understand having said something upsetting.

In Singapore and Hong Kong offices language is seen less as a problem than in Shanghai. The employees in Shanghai refer especially to the communicating with the

Finns in Finland, with their own Finnish boss communication is easier. The boss also speaks some Chinese, which is a lot appreciated by the employees.

Chinese think that they themselves have more need for language training than Finns. Finns are more open-minded and experienced with foreigners, which facilitates the communication in foreign languages.

The biggest differences in communication habits between Finns and Chinese relate to the directness and sensitivity. Finns are more direct and straight-forward than Chinese. This relates to the concept of face, and some Chinese feel that Finns should think more how other people feel. In business directness is, however, appreciated. Compared to many other Westerners Finns are seen as respectful remembering always the polite words like "thank you" and "please". When Chinese have power they take advantage of it, and forget to be polite. Overall, Asians are more careful in what they say, think first and then say. Chinese also often have more than one meaning to their word. One Chinese employee gave an example describing that in a situation when something is offered to the Chinese they usually say "no" because are too embarrassed to say "yes", but at bottom want to be insisted to take the offer anyway.

In Chinese eyes the directness makes Finns seem like simple and honest. If Finns are not happy, it can be read from their face. Finns are experienced as more expressive than Chinese, slamming phones and throwing things quite spontaneously. Finns also hug more, Chinese are only used to shaking hands. But Finns are also described as quite silent and respecting the privacy. Chinese feel being much louder themselves, especially in their personal life.

In business negotiations Finns are more relaxed than Chinese and prefer the chitchat. This is were Chinese are more direct – when talking business they prefer going straight to the topic without the small talk.

Finns:

All the Finns agree that in communication with the Chinese a common mother tongue would be helpful. That would decrease certain separation between the superiors and subordinates and facilitate chatting. Common mother tongue would most likely abolish the misunderstandings caused by wrong interpretation. Language does not, however, represent a big problem in the cooperation.

Biggest communication differences according to the Finns are the indirectness of the Chinese and high respect for age and hierarchy in general. At the office surroundings it can be seen that Chinese subordinates have difficulties to communicate with each other because other ones have worked longer in the office and this has created certain hierarchy between them. An example of the indirectness and the avoidance of the Chinese to say "no" is from Singapore where one of the Finnish expatriates was looking for a folder and asked from a subordinate whether she knew where it was. The subordinate obviously did not have a clue, but never admitted that, but instead started looking for it. When asking something from a Chinese, it is important that the question is modified so that Chinese do not have to answer direct "yes" or "no". This is to preserve their face.

Related to the face it is crucial that you never intentionally embarrass anybody, and negative things have to be presented positively. For example in sales negotiations, one can remember this by compromising in the price. It is important that nobody has to leave from the negotiation table as a loser. Communication with the Chinese requires a skill to read between the lines in order to understand and realize their real opinions and feelings.

Considering the face requires sensitivity from the communicators. With Chinese one can crack jokes up to a certain point, but one has to be much more careful than with the Finns. There are differences in a sense of humour and the ability to open up between Chinese and Finns.

The continental and overseas Chinese differ in their communication habits in that overseas Chinese are regarded more expressive where as continental Chinese as more

reserved. Overall, overseas Chinese are seen even more traditional than continental Chinese in terms of culture. For example, overseas Chinese are the ones who bring out the superstitions. Continental Chinese have behind so many years of communism and tight and strict control that have affected their behavior and thinking process very strongly.

7.1.4 Leadership

The leadership part of the interview aimed at a closer examination of superior-subordinate relationships and interviewees' views on some specific management functions. The interviews were finished with a discussion of possible improvement suggestions and future expectations in terms of management and UPM-Kymmene organization in general.

Chinese:

The superior-subordinate relationships at UPM-Kymmene's sales offices seem to be satisfying to the Chinese employees. In Singapore the employees state that the relationships have improved a lot lately – as always it takes some time to learn about each other. According to them the functioning of a relationship depends a lot on the personal character, not on the nationality. The boss in Singapore allows the employees a lot of freedom, independence and trust, lets them give their opinions and listens, accepts compromises and asks for consensus. Staff meetings have become more and more interactive. With a Chinese boss it is not easy to talk, since they often hold conservative values. However, not all are happy with the independence that the boss allows the employees. For example, one employee wonders how the boss knows about employees' performance with this little control. She thinks that it is good that Chinese are concerned about what their employees do. Overall, Singaporean employees feel that they would like to get to know their superiors better, there exists a

gap – boss is far away. Some employees think that boss should be more equal, and not to favor some employees over others.

In Hong Kong employees see the relationship with the boss functioning well. One states that it is enough if the work relationship is good, because that is what counts. It is important that people work together well to get good sales performance. Especially valued by the Hong Kong employees is the openness and respect that the boss emphasizes. Employees are well informed of what is going on and this makes them feel more valuable to the organization and serves as a motivating factor. The boss in Hong Kong is described as having a nice personality who accepts mistakes, gives feedback and forgets anger easily.

"The English boss we had before showed his superiority and kept the Chinese employees as second class. Now, of course Finn is the boss, but he however shows respect to employees and racial bias does not exist."

As a bit problematic in Finnish style of managing an employee in Hong Kong sees the avoidance of conflict. Finns do not like to face and interfere conflicts, which results often in not solving them. In this Chinese are different.

In Shanghai the same aspects as in other offices are mentioned, boss is described as relaxed, kind, active and humorous. Communication is open and free, people strive for the same goals, boss does not act selfish, but rather lets everybody to participate.

In general, when comparing Finnish and Chinese managers things that come up relate to the hierarchy, control and persistence that are more Chinese ways to manage and to the freedom, openness and trust that are represented by the Finns. The Chinese feel that Finns are out to help, whereas Chinese tend to be more selfish. The moment you get into the Finnish organization you become a member of the entity, since *"Finns are concerned about interaction, chaining and skill development"*. Finns are also regarded as punctual with the time. Young Chinese manager generation is, however, perceived as being very interactive as well.

The Chinese employees confirm that now that they work for a Finnish company they have had to change their working style from before. It is always important to adapt to the company expectations. As has been mentioned several times before, much of the change is related to the independent work that they are now allowed to do. Job has become more challenging, which requires more from the employees but which also results in more employee satisfaction. Many feel having become more brave and open and enjoying the initiative possibility. Now they are allowed to think by themselves and encouraged to tell the opinions out loud. They feel getting respect from their superiors, Finns have given them a chance to learn a lot without too much stress. A concrete difference is also in the amount of using information technology as a medium of communication.

Finns:

The superior-subordinate relationships function well between the Finns and the Chinese. In order for the organization to become more efficient the Finnish expatriates have tried to change the management of the organization towards more team-oriented and initiative-taking. The Chinese who have not previously been used to this kind of management have, with time, adapted well to the system. Nowadays the communication in the organization runs from top-to-down, but also increasingly from bottom-to-up.

The positive aspects of the superior-subordinate relationships are that people get along well, understand each other, interact and dare to speak. The groups at the offices have understood what the core of the work is and teams strive for the same goals. There is high respect for others and people learn more and more to take others into account. Chinese as employees are very obedient, try hard to keep their boss happy. They have a service-oriented mentality. Chinese are also seen as more patient and more sensitive than Finns.

Obedience and the respect for hierarchy leads, however, to that Finns would hope the Chinese to question things more. Doing exactly what the boss asks them to do prohibits the Chinese from correcting the bosses mistakes. Finns would like to see the

Chinese as still more open and more initiative, even though there has already happened some improvement. For example, when the boss is out of town, the Chinese lack the organizing ability and often fail to work in the order of importance. Chinese employees are also very apt to complaining, and seldom remember to thank for the changes, but rather just demand for more.

The Finns remind that when working with the Chinese one should not forget to be his/her own self, even though certain modifications in terms of respect, flexibility, sensitivity and patience are often needed. Finnish expatriates' important responsibility is to achieve the balance between different working cultures, people and organizational needs.

7.1.4.1 Management functions

In the interview process certain management functions and interviewees' feelings about those were handled. The purpose was to see if the Finnish managers' and Chinese employees' expectations and hopes concerning these management functions were met.

Decision making:

Chinese:

Singaporeans seem being the happiest of the independence that they are given concerning decision making. They have a certain amount of freedom to decide on their own. The Finnish boss is flexible, a Chinese boss would supervise and control much more. Even though the employees are satisfied with being able to decide on their own work, most of them express, however, the unwillingness to decide about "bigger" things. For bigger decisions they want to have approval from the boss. As a

conclusion, the Singaporeans enjoy the independence in every-day decisions but do not want to have more decision making power.

In Hong Kong the employees feel that they can give enough of their opinions, but are not allowed to make final decisions. This has much to do with the current boss who is interested in and cares a lot about what is going on in the organization. A Chinese interviewee who is at a managerial position thinks that even though he can make some business decisions, he doesn't have any say in the organization. The company is still so Finnish that Finns want to have the decision making power as well. The employees in Hong Kong express the willingness to have "a bit more" decision power to themselves.

The employees in Shanghai reflect the carefulness of making decisions. They are allowed to decide on their own of their own responsibilities, but all of the interviewees, although enjoying the responsibility, like to confirm the crucial decisions from their boss. Decision making power creates pressure. One commented:

"I am allowed to make decision on my own, but I have to be very careful with them. Therefore I want to discuss with the boss."

Finns:

Decision making with the Chinese is hierarchical, which means that Chinese employees avoid making decisions. Managers are the ones who are paid for making them. Chinese themselves are afraid of taking the responsibility for deciding wrong. And especially, if the decision involves money the Chinese are even more reluctant to make decisions. The reasons of not wanting to decide derive from the fear of losing face and from superstitions.

To encourage the Chinese in decision making Finns have started giving them more and more decisions to be made, and this way increased the independence of their work. One of the Finnish expatriates mentioned that he tries to apply also the local style in his management, so that his subordinates are given subordinates as well. He

believes that since the locals are used to the hierarchy and its motivating power, it should not be removed totally.

Delegation of work and responsibilities:

Chinese:

All the interviewees say having enough work, rather too much than too little. In China the paper market itself has been a bit quiet, which reduces the amount of work for the employees. Concerning the job description, the employees in Singapore and Hong Kong would like to have more specific, clear and explicit descriptions of what their work includes. In Shanghai all the employees feel having a clear picture of their responsibilities.

Finns:

The opinion from most of the Finnish expatriates is that with Chinese the job descriptions need to be very clear and exact. This is related to the lack of initiative and abstract thinking that Finns have noticed in the Chinese. One of the Finns, however, does not recommend too clear job descriptions, since there is the risk of Chinese sticking just to those and not being creative in their work at all.

Team work vs. individual work, importance of relationships:

Chinese:

In general among the Chinese employees team work is preferred over individual work, even though the importance of individual responsibilities is realized. A good combination of the two is the best alternative. Team work is a good way to take the best parts out of the employees and to combine the knowledge. In all the offices team spirit is well appreciated, the work environment is cooperative. Only one employee prefers individual work, because people have different opinions and that, according to

her, makes team work difficult. One employee instead thinks that Finns prefer individual work, because, for example, when there would be need for problem solving Finns are lacking the ability to solve them in teams.

In terms of relationships between superiors and subordinates the employees in Singapore would like to get to know the Finns better. The staff recreation every month is regarded as important and as a means to a more effective work environment, but participants are usually only the Chinese employees.

In Hong Kong and Shanghai the Finnish bosses are more active than in Singapore in organizing events after work. Not everybody is, however, interested in participating, but rather respects the privacy. In general the opinion is that activities together are an important and a good way to get to know each other.

Finns:

Team work, as it is in Finland, has been something new for the Chinese and the Finnish expatriates have had to spend some time teaching and discussing it. According to the Finns wide scale team work is not a Chinese specialty, but in small groups team work works quite well. In general, the Chinese prefer taking the responsibility as a group, so that not any one individual has to carry alone the pressure of making wrong decisions.

Chinese are described as being very collectivistic, but according to the Finnish expatriates who work with the Chinese, collectivism refers only to the tight bonds with the family and closest friends. In work life Chinese are many times very individualistic, even competitive. Even though at UPM-Kymmene the team spirit at the Asian offices has been well developed, the Chinese lack cooperational and horizontal communication skills at some instances, where they would be needed. An example of this kind of situation is the absence from the office of the Finnish boss.

Motivating:

Chinese:

As the most important motivating factor the Chinese employees mention job satisfaction. This includes company and product image, work environment, job nature, learning opportunity, challenge and responsibility, sense of achievement, fair boss and recognition. Nobody mentions salary as the most important motivating factor, even though it is by many people regarded as important. Six of the interviewees mention money as an equal motivator with the job satisfaction. Two of the interviewees are definitely not at all motivated by money. The rest believe that money has an influence, at least to some extent, on their motivation to work harder and to acquire more knowledge of the business, even though other factors are more dominant.

Finns:

All of the Finns think that money is the number one motivator for their Chinese employees. One of the expatriates has for example noticed that money punishment has been the one and only way to get some prohibitions through to some Chinese. Increasingly important motivating factors have become also a good work environment, good company image, challenge and responsibility.

Feedback:

Chinese:

In the Singapore office three of the employees feel getting enough feedback, whereas six would like to get more. The feedback that Finns give is often an indication after which they make the employees think themselves on how to improve. Some employees mention that they would like to have more solutions from their boss. One employee links the lack of feedback to a feeling of not being important in the company. Most of the feedback is negative, if something is wrong the boss is more

apt to comment than when something is done well. The performance appraisal that has been taken into use is well appreciated. One of the employees is closely supervised by a Chinese manager, and according to her Finns give employees more development training than Chinese do.

In Hong Kong employees get lots of constructive feedback, both positive and negative, from the boss. Only the Chinese at a managerial position would like to hear more on how he is doing from his boss.

In Shanghai office the employees seem happy with the amount of feedback they get from their boss. He always gives the feedback in a "good way", encourages and rewards. If he suggests for an improvement he says: "*You may have your opinion, but let me tell you how I'd do it...*"

None of the Chinese seem to have problem with negative feedback. Even though Chinese traditionally may prefer indirect discussion, at least in the feedback issue they appear comfortable with direct talk.

Finns:

Giving feedback to the Chinese employees has not been regarded as difficult by the Finnish managers. Chinese do not really show their emotions to the feedback, so one can not really know how they react. It is essential that feedback is given as positively as possible and by encouraging and making suggestions for the improvement. In general, positive feedback and praising are desired to be given in front of other people, negative feedback needs to be given personally. Finns have not noticed problems in giving feedback face to face.

Finnish expatriates would like to get more feedback themselves from the Chinese employees. Now the Chinese are the listening party of the discussion, even though Finns would like to see also their contribution in the feedback process.

Discussions, talking and listening:

Chinese:

In Singapore the employees' opinions whether it is easy to talk with their boss vary. Some think that the boss there is a friendly, good listener with whom it is easy to talk and chat also about personal things and who is doing his very best to understand people. Some employees think that he is too busy to be interested in solving their problems and always looks at his watch. Some of the employees wouldn't even be interested in talking about personal issues with the boss.

In Hong Kong and Shanghai the bosses are good listeners and it is easy to talk and discuss with them even private things.

Finns:

In general there is less discussion with the Chinese at the work place than there would be with the Finns. In Finland people keep more in touch. For Chinese it takes some time to open up – that normally happens only after having achieved the trust. Only when people know each other very well, which is a long process, the Chinese will discuss also private things.

7.1.4.2 Improvement suggestions and expectations for the future

Chinese:

When the Chinese employees think of UPM-Kymmene as a company and of its management especially good they find the challenging jobs and independence that the company them offers. It is well appreciated that the leaflets, brochures, weekly reports and other information is sent to the Asian offices straight from Finland. UPM-

Kymmene is regarded as a mature company with an easy standardized system that offers its employees good benefits. One interviewee stated:

" I am impressed by the social responsibility that the company carries. I admire how they give for example summer jobs for students, there is a lot for Asia to learn. "

Improvement suggestions for the Finnish managers include the hope for the managers to become more willing to solve problems and conflicts that are happening in the office. Also in Chinese eyes Finnish managers should sometimes be more patient. Chinese employees hope for more positive feedback, more clear job descriptions, more interaction with the boss and equality inside the office. The last hope was directed to the Singapore office where there are both sales and administration people.

In terms of the company itself the hope for a more organized cooperation was brought out. Now there seems to be unawareness of the areas of responsibility of each person, and this makes the contacts from the Asian offices to mills in Finland more difficult. For example, sample requests have to be directed to many different people. Communication-wise there is room for improvement in the company. Employees in the Asian offices feel that there is much more going on in the organization than they are told about. Chinese employees hope for more monitoring from the company's side also to the Asian direction so that cooperation and communication would run more smoothly than what it does now. The company is in many places still too Finnish, they have still much to do in order to gain the advantages of synergy and everybody's knowhow. It would be important to intergrate the best parts from every individual to UPM-Kymmene knowhow.

The teachings from WWC (Winning With Customers) have been understood also in Asia, and the direction towards more customer orientation is highly valued. However, in the Asian offices there is still room for improvement in terms of WWC: more trust, more initiative and more customer orientation is still expected. There are also hopes for a more modern organization and for easier use of Internet and information technology. The company seems to be highly advanced in this area, but Asian offices lack a bit behind. There was expressed also some hesitation towards the pace of the changes that WWC has caused. First of all, the staff has not been informed of all the

changes well in time, which has caused some confusion. Secondly, one of the employees recommends UPM-Kymmene to verify if WWC really is as applicable in Asia as in Europe. She emphasizes that business habits in the two continents are different and asks whether the Asian business practices were enough considered when WWC was created. For example, there are different opinions on pricing policies – in her opinion prices should not be vided too much and too often in Asia. There have also been differences in the opinions of which customers are the key. Asians see the loyal customers as the most important, whereas the trend at UPM-Kymmene has nowadays been to serve especially multinationals and their branches even though some smaller customers have proved to be better customers. As a conclusion of this one could state that the principles of WWC have not been perfectly communicated between UPM-Kymmene in Finland and in Asia and maybe all the important aspects concerning WWC have not been covered.

Finns:

Most important for the work environment is that people get along. This is facilitated by open communication and continuous development of the team spirit. Finnish expatriates hope that Chinese would start appreciating more those things that are going well for them. Now they never seem totally satisfied with changes that are happening, whether in their personal salaries or organization wise. Finns think that if the Chinese show the satisfaction, then they are not able to demand for more.

Finns wish for the improvement in training for all those people who start working in a multicultural environment. This includes the expatriates and their families who actually move abroad, local people who receive their boss from abroad and also the visitors who just travel on assignments abroad. The purpose of the training would be to minimize the gaps caused by cultural differences in order for the business and personal adaptation to be successful. The training should mostly concentrate on practical things without forgetting background information to the country, its people and culture either.

The expatriate in Shanghai made a hope for improvement concerning communication system at UPM-Kymmene. According to him Shanghai is lacking behind in this, only now the office received Notes to the computers. Some factories accept the orders only with KISS, and in Shanghai they are wondering how are they supposed to order from those mills without this system. They would appreciate if the office was updated with all the information technology that is available in the company and applicable to the sales offices and that somebody from Finland was sent to teach the office in their use.

7.2 Results of the study

A basic element in discussing cultural differences and their effect on organizations and management is that all members of a culture are taught a set of values, beliefs, and norms which enable them to understand and interact with people around them (Suutari 1996, 201). Understanding different cultures, thus, means recognizing these values and rules of different people and how they both affect and reflect everyday decisions and actions of a particular person (Berryman-Fink 1991, 205). In multicultural work environment cultural differences may result in misinterpreting the behavior or communication of a superior or a subordinate, because each individual's cultural background performs the function of organizing the world of ideas, people and authority in a way that makes sense to them (Suutari 1996, 202).

This chapter aims to conclude the findings of this study and how they reflect the related literature. Main focus is on both Finnish managers' and Chinese subordinates' perceptions on management functions, on leadership roles and on how different cultural backgrounds affect the cooperation at the Asian sales offices. The discussion will reflect what kind of an expatriate manager is successful in East/South-East Asia and in general, what are the important aspects to take into account when dealing with the Chinese.

The most extensive and well-known comparative study on cultural differences and their effect on organizations has been made by Hofstede (1984). Also in this study I

found it useful to explore his dimensions. Even though China was not included in Hofstede's actual studies, he and other researchers as well (see e.g. Hofstede 1991; Laaksonen 1988) have studied China's position on the cultural maps.

China scoring high on power distance (Hofstede 1991, 26; Laaksonen 1988:69) became clear in the interviews. Even though almost all the Chinese interviewed reflect the satisfaction of getting independence and freedom in their work under the Finnish supervision, autocratic decision-making, obedience and conformity appear clearly to be characteristics of Chinese assumptions for superior-subordinate relationships. The Chinese are accustomed to hierarchical decision making, where tasks are given by superiors and there is a general reluctance to take any personal responsibility or initiative. In addition to the high power distance structure of the society, the lack of initiative can result from the past orientation of the Chinese, which manifests itself in resistance to change, risk aversion and lack of innovativeness (Hofstede 1991). One of the Finns interviewed thinks that the resistance to take responsibility derives from the fatalistic view point and the big amount of superstitions that Chinese hold.

The reluctance to make decisions results in that even relatively minor issues are being passed up for resolution at a higher level. In this kind of case there is a risk for the organization to come up with efficiency problems, of which the Finnish expatriates interviewed mentioned. Chinese at the sales offices seem comfortable with making routine decisions, that is, decisions which are repetitive and have procedures set up to deal with them and with which the risks are not high (Appleby 1994, 112). Of the 16 interviewees only a couple express the willingness to have more decision power to themselves, otherwise Chinese seem content with the current situation.

The avoidance to take responsibility shows in that Chinese want to be very clear and precise about personal duties and thus require exact job descriptions. The purpose of the job description is to concisely identify and describe the contents of the job (Appleby 1994, 371). The need for clear description of everyone's duties results in that everyone is prepared to do only the tasks within his/her area of responsibility. Therefore, the Western style of more democratic and participative decision making and team work have been something totally new and odd for the Chinese. Teaching

group work skills for the Chinese has required time and effort from the Finnish managers, but results have been quite satisfying.

The desire to stick only to one's own clear tasks and not searching for new areas of responsibility reflect also the Hofstede's dimension of high uncertainty avoidance. However, the Chinese also show trends of low uncertainty avoidance, because not any particular commitment or loyalty to the organization appear to exist, but rather they seem willing to change jobs if something better comes up. At the moment none of the employees, however, shows any need for changing the job, since the satisfaction level of the work that UPM-Kymmene as a western company them offers is high.

The collectivistic orientation of Chinese culture manifests itself in decision making in that Chinese prefer to take the responsibility for making decisions in groups, that is they avoid individual responsibility. They also seem to put great emphasis on interpersonal relationships, which came up in the interviews as a willingness to have outside-work activities together with the boss. The Finns, however, argue the collectivism of the Chinese by saying that collectivism only is important inside the family and closest friends. At work the Chinese seem even competitive and for example horizontal communication between work colleagues is not as natural as for Finns.

One of the interesting aspects in the results of this research is that even though all of the employees highly regard their boss as a boss and this way represent high power distance, they, however, want close relationships with the boss as well, which is a sign of collectivism and high demand for interpersonal relationships. There is a bit of controversy in this in a sense that one could argue that if a manager who tries too quickly to go down to the level of staff, which is required when creating interpersonal relationships, may well lose the respect of others as he may be regarded as contravening the norms of interaction among those of different status. In a case of UPM-Kymmene sales offices, the Chinese employees, however, show strong willingness to minimize the gap between the superior and subordinate levels. One has to remember that this is the opinion from most of the interviewees, not all.

Motivation refers to the way urges, aspirations, drives and needs of human beings direct, control or explain their behaviour (Appleby 1994, 199). Many characteristics of a job affect an employee's motivational level and either encourage or discourage the desire to perform well. Motives are individualistic and the extent to which employees are motivated by different motivating factors will vary from person to person. (Berryman-Fink 1991, 158) In this research there became clear differences on what the Finns think are the motivating factors for the Chinese and what Chinese themselves regard as motivating. According to the Finns Chinese get motivated almost only by money that represents a hygiene factor of motivation by Herzberg (see Appleby 1994, 200). However, according to Herzberg this kind of motivator only removes dissatisfaction, but does not really increase motivation. The Finnish expatriates interviewed agree with this in a sense that they feel that Chinese never are completely happy with the salary, but keep asking for more. Most of the Chinese themselves did not see money as the most important motivator, but regarded the challenge, work environment, recognition and achievement as more crucial. This kind of motivating factors are the ones that result in positive and increasing motivation and well-being. The Chinese reflected the link of effective supervision to the employee motivation – subordinates will be motivated to perform well, if they have a good relationship with their supervisor and feel that supervisory practices are fair. Effective supervisors will motivate by giving regular and specific performance feedback, by coaching employees to improve their performance, by encouraging employee growth and development, and by rewarding good performance.

The Chinese employees appear motivated by the independence and freedom that they are allowed in their work. According to them the trust that the boss them gives makes the work enjoyable. Surely there are exceptions, and the boss has to be aware of the extent to which each individual likes or fears/resents the responsibility (Berryman-Fink 1991, 77). Employee training and development can be a valuable tool for developing motivation, and at UPM-Kymmene this is one of the factors that almost all of the Chinese interviewees mention as a great motivator for them. The Finnish company appears to provide the Chinese with opportunities for personal development that would not be possible in a local company.

A job without feedback is discouraging. Also in this research process the importance of feedback has clearly been brought out. The Finns are hoping for more feedback from their Chinese subordinates and Chinese are hoping for more feedback from their Finnish superiors. Even though Chinese are described as high-context people (Salo-Lee et al. 1996, 59) with preference for indirect and implicit talk, direct feedback seems to be highly appreciated. One has to, however, remember that negative feedback should be given constructively. Direct negative feedback can otherwise result in a loss of face, to which I will come back a little bit later.

The purpose of this study has been to take a look at the Finnish managers working with Chinese at the sales offices in Asia and especially at their leader role. The interpersonal aspect when working with the Chinese seems to be of great importance with creation of personal relationships and trust, finding the right ways to motivate employees, giving feedback etc. Of the other nine manager's working roles as listed by Mintzberg (1971) other crucial roles as appears in this study are the ones of decisional roles. With Chinese subordinates it is extremely important that the manager is well capable of supervising, approving, deciding, handling disturbances etc. Manager is the one with information and authority and subordinates count on him knowing how the company is run.

The traditional Chinese cultural features of harmony, face, trust, respect and fairness are reflected in the results of this study. In terms of harmony the Chinese have presented clear reluctance to seek clarification or help from the superior. The Finns have had to strongly encourage them to take initiative, present their opinions and ask if something is not clear. Chinese traditionally accept tasks even if they lack the skill, knowledge or authority to complete them, but do not let the boss know about it. This can be attributed to the fear of disharmony and confrontation. The same appears in the reluctance from the Chinese side to say direct "no". In not wanting to let others down and cause a loss of face or damage group harmony, it is easier to be general, vague or indirect about making commitments.

Face relates to the maintenance of collectivity and harmonious relationships within the members of the Chinese society. It also refers to the respect, pride and dignity of a person (Kirkbride et al. 1991, 369). The avoidance of responsibility as discussed

above is one indication by the Chinese to avoid getting into situation which might mean a loss of face for either the person himself or others. Chinese try to avoid taking individual action that later for one reason or another might be criticized. Björkman (1993) states that openly criticizing another person and thus causing him a loss of face violates the principle of harmony and emotional restraint. On the other hand, an individual can also give face by e.g. openly praising another person. At UPM-Kymmene, even though the Finnish superiors all seem to be aware of the importance of positive feedback and praising, the Chinese are still hoping for more positive recognition. The Chinese also feel that Finns are reluctant to solve conflicts, whereas Finns say that solving conflicts with the Chinese is not easy because of the fear of causing them to lose face. Therefore, one could state that even though face is important to take into consideration when communicating with the Chinese, the Chinese still all encourage direct problem solving and would like to see Finns as more active in that. This is supported by Suutari's research as well (1994, 131) according to which Finnish managers tend to see less need for role-clarification and conflict management than had been expected.

All in all, the concept of face seems to mean the same as respect for the Chinese, which shows as a sensitivity in communication with others. The Chinese regard Finns as respectful and seem understanding to the Finnish style of directness. This kind of directness in talk that Finns sometimes represent can be accepted from a Westerner but from a Chinese it would not be acceptable.

In a business context a relationship of mutual trust is crucial. This could be seen in the interviews by the Chinese preference to serve loyal customers, whereas they said that Finns go only to the big customers. Trust is an essential element in the creation of superior-subordinate relationships as well. The superior needs to trust the employees in order to delegate authority to make independent decisions. Chinese employees at UPM-Kymmene feel being trusted, since a lot of independence is granted. This they say being different from a Chinese organization. At the same time, also the subordinate has to trust the superior, which means that the superior has to be able to show his capabilities so that there is no question of his wisdom. In an Asian context age is still a crucial factor in getting the respect, but there can be seen change in this.

Being unprejudiced, just and fair are perceived to be important values by the Chinese subordinates. The manager must be seen as treating employees equally in salary policies, task delegations and performance evaluations. In general Finns are experienced as fair and equal in dealing with the subordinates, even though there is room for improvement.

The work in a multicultural environment requires many adjustments from all the parties involved. This is necessary in order to avoid unrealistic expectations towards the subordinates or superiors, which may cause frustrations and unfavorable attitudes and reactions. Cultural differences increase the number of perspectives to the work itself that, if unmanaged, may lead to unfavorable consequences. Because of the variations that exist between different people, training in cross-cultural skills is crucial. A major objective of this kind of intercultural training is to facilitate the people to cope with unexpected events in a foreign culture, and to be more capable in their interaction with foreign people. This would enable to reduce tensions that cultural gaps may cause. With training people can be familiarized to the points of view of those from different cultures. (Suutari 1996, 36-37) At UPM-Kymmene neither the Finns or Chinese have been pre-trained to working together. Most of the interviewees, however, express the interest in receiving cultural training in addition to the job-related training and also acknowledge the usefulness it provides.

Even though the prior knowledge of the foreign culture with which either the Finns or Chinese have started to work has not been wide for any of the interviewed, it is clear that own interest, motivation and curiosity to work in a multicultural environment have facilitated in the adaptation process. Own positive attitude is of great help. In addition, both the Finns and Chinese regard the counter part as having been receptive and positive in the work relationship. Especially with the Finns, the wide prior experience in travelling and living abroad has facilitated the settling down either in Singapore, Hong Kong or Shanghai.

7.3 Conclusions

To conclude the findings of the study I would like to briefly discuss some possible recommendations on how to manage the Chinese. These recommendations are especially meant for the Finnish managers that already work or are going to work with the Chinese:

Being a leader with the Chinese means showing that one knows what he is doing, that he is the expert and the arbiter. As an expatriate one has to be well aware of the processes of the company and know them in order to maintain the manager's respect. Creating trust is of utmost importance and the staff has to know that the expatriate manager is committed to the work and to the staff. The expatriate manager is successful when he is sensitive, fair and generous and shows personal commitment and care for each individual.

Chinese need encouragement to work in teams, they lack initiative and avoid responsibility and therefore an essential task of the expatriate is to help people manage themselves. A common problem is that when the expatriate is absent from the office the work does not get done. To avoid this, staff should be prepared beforehand by giving them clear and unambiguous job objectives, clear task deadlines and clear rewards and punishments if job gets done or not. Encouraging self learning and team-orientedness is not easy but once staff understands the importance of it, they appreciate the superior's effort and become more and more resourceful and initiative developing.

All in all Chinese regard all kind of training and development as a reward of a job well done. Also otherwise, it is important for an expatriate manager to understand what motivates each staff member and to use this knowledge to keep the employees satisfied and committed to the organization. As a result of this study the only motivator does not seem to be money. From the whole organization's perspective the Chinese hope to get the Finns to use more the knowledge and skills that Chinese possess for the company's benefit.

In terms of commitment, setting common goals for the whole office is essential. It is important to openly communicate the purpose of the business and not to keep any essential information to oneself. The staff has to know that the expatriate is there for the whole company's benefit, and everybody has to work together as a team to achieve the goals. If any necessary changes have to be made in the operations, the subordinates have to be encouraged to see the reasons for these changes. Opening minds of the people is a key for the foreign companies to operate.

The Chinese employees see many positive aspects in Finns as their managers. Finns are perceived friendly, warm, respectful, human, relaxed and trusting. These are highly valuable and well appreciated strengths, and therefore Finns should not forget to all the time keep strengthening them further.

8 FINAL WORDS

This particular research has been a challenging but a rewarding process. Never in my life have I concentrated on any issue as thoroughly as with this research topic. And I feel lucky. I have had an opportunity to research something that genuinely interests me and that has provided me not only with a lot of new information, but also with different perspectives and aspects to look at people and life in general and especially with new and wonderful experiences.

Even though this research may have some flaws especially related to my natural Western bias to research Chinese culture, I think it examines as objectively as possible the topic at hand. For this I owe gratitude to all the interviewees who were supportive, understanding and very cooperative.

As it turns out and what I find especially interesting, is the reflection of UPM-Kymmene's company values in the interviews. Not one interview went by without

some note on openness, initiative or trust. One can, therefore, say that either the company has been very effective in communicating these company values all the way to Asia, or then they just happen to be otherwise particularly well chosen to describe the company culture.

Within the limits of a thesis this study has concentrated on cooperation between Finnish superiors and Chinese subordinates. Even though the Chinese interviewed come from different regions in East/Sout-East Asia, in this study they have been handled all together, and only if significant differences have occurred they have been mentioned. This is because the main purpose has been to examine Finns versus Chinese, and not Chinese from one region versus Chinese from the other region. If possible, this could be a subject for future research, since for sure Chinese from different regions differ, even though with the scope of this study these differences were not significant. For future research topics I would also suggest more careful examination of the adaptation processes by both Finns and Chinese, or more closer look at the specific management functions. One interesting point of view could as well be to see what is the relationship between the variables of personal attitudes and adaptation to the success of leadership situations.

Before turning the page to new exciting challenges I would like to finish by summing up the characteristics that people need for successful multicultural interaction: First of all, it is crucial that one is aware of one's own cultural heritage and knowledge. This awareness helps in making fair, understanding and non-judgmental evaluations about other cultures. Second, successful interaction with foreign cultures requires tolerance for ambiguity and patience with an open mind. Third, of extreme importance is the ability to communicate respect and to display empathy and flexibility. Fourth, one should not forget humbleness, the ability to acknowledge what one does not know. And finally, it is essential to understand that interacting with different cultures is about taking turns, about giving and getting. These guidelines kept in mind, cultural interaction is nothing but FUN!

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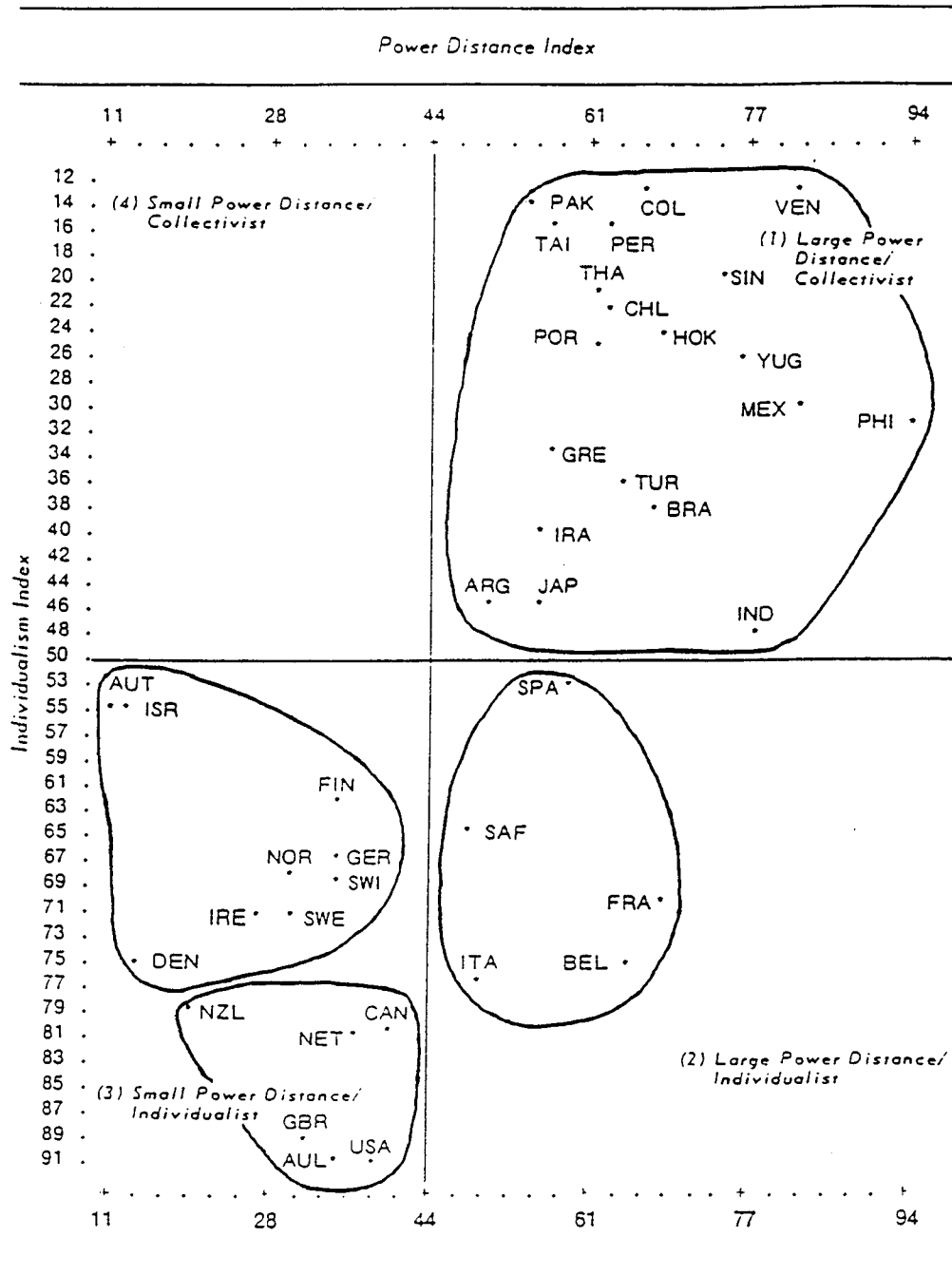
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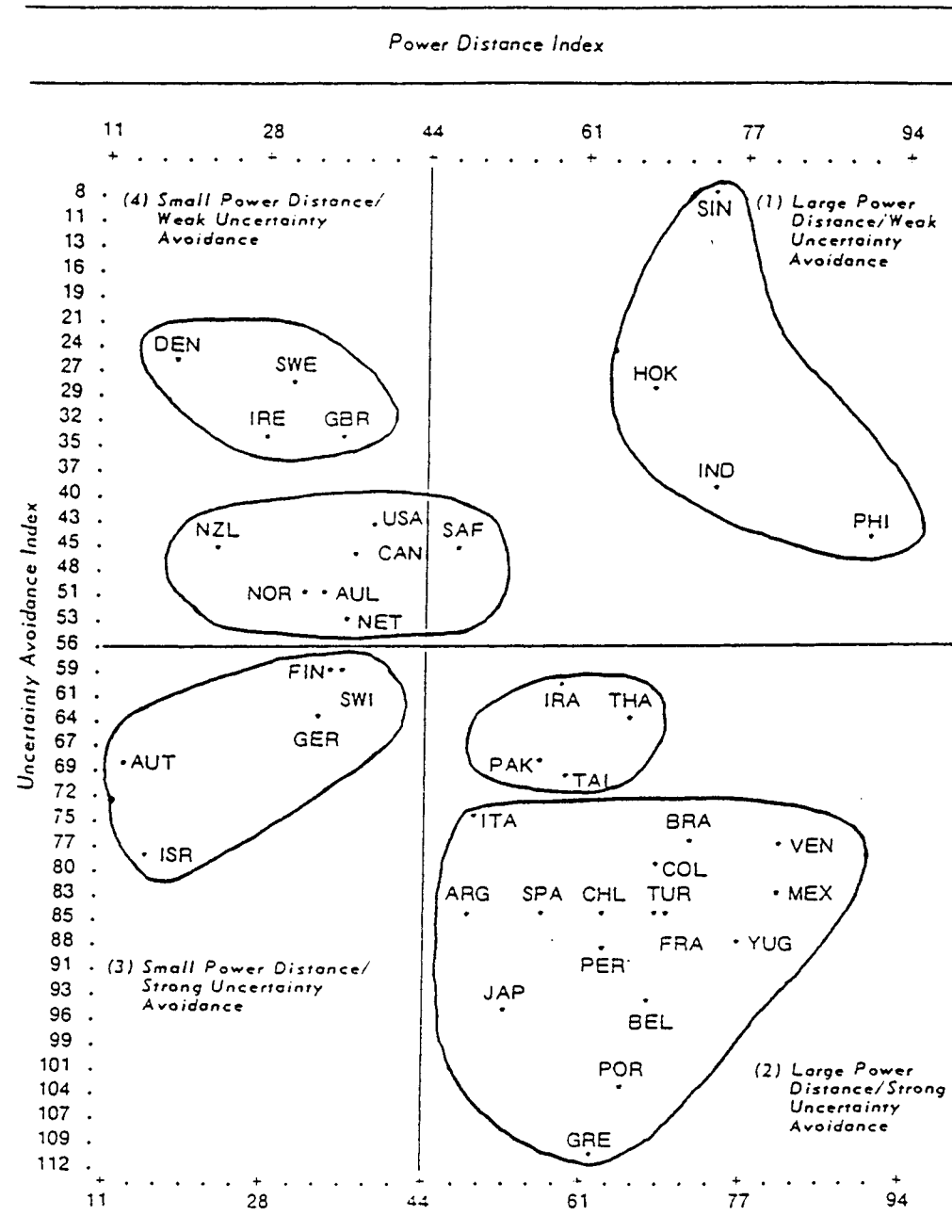
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APPENDIX 1 Positions of 40 countries on Hofstede's dimensions

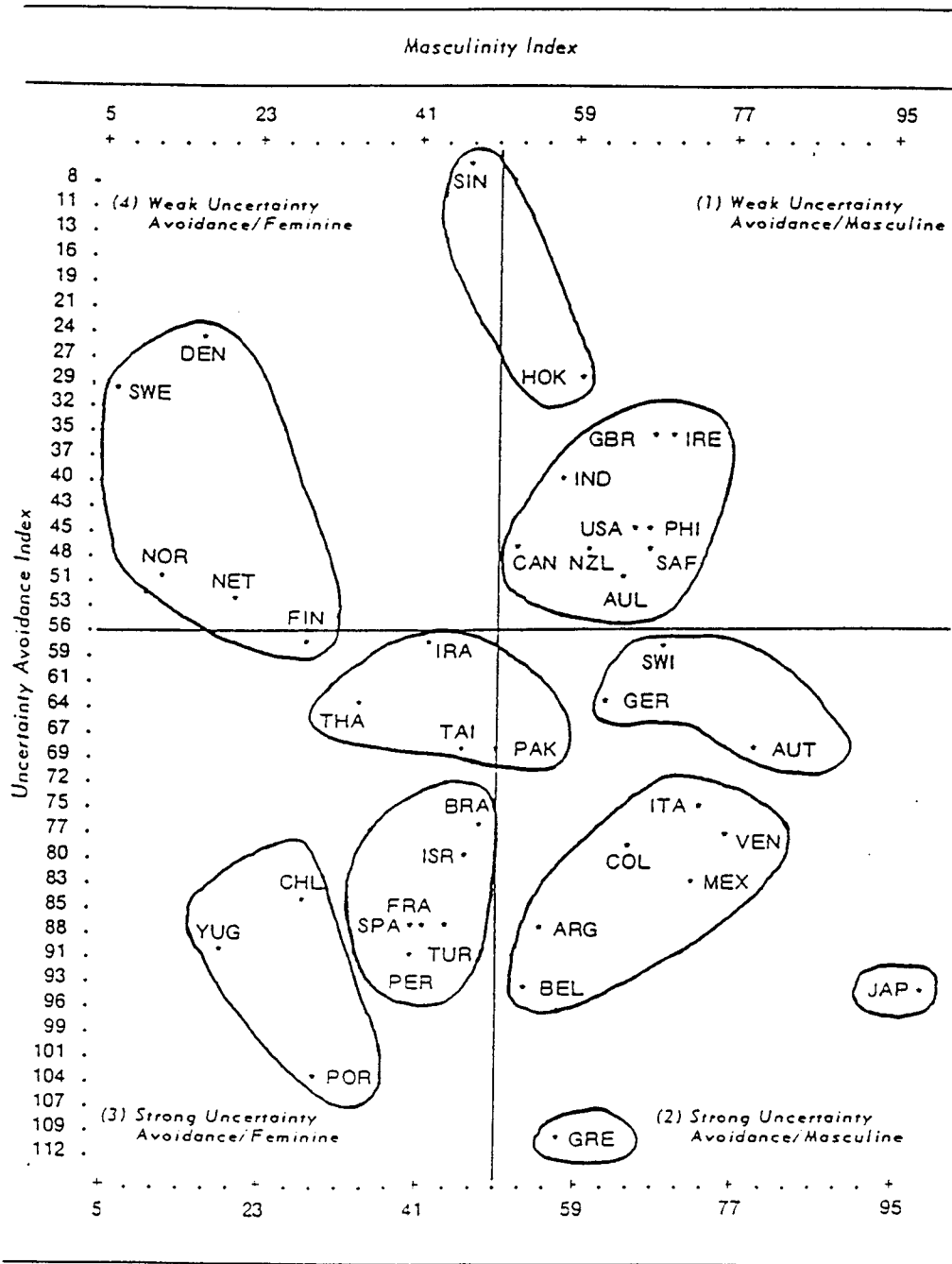
Power Distance and Individualism



Uncertainty Avoidance and Power Distance



Masculinity and Uncertainty Avoidance



Used abbreviations of 40 countries

ARG Argentina	FRA France	JAP Japan	SIN Singapore
AUL Australia	GBR Great Britain	MEX Mexico	SPA Spain
AUT Austria	GER Germany(W)	NET Netherlands	SWE Sweden
BEL Belgium	GRE Greece	NOR Norway	SWI Switzerland
BRA Brazil	HOK Hong Kong	NZL New Zealand	TAI Taiwan
CAN Canada	IND India	PAK Pakistan	THA Thailand
CHL Chile	IRA Iran	PER Peru	TUR Turkey
COL Colombia	IRE Ireland	PHI Philippines	USA United States
DEN Denmark	ISR Israel	POR Portugal	VEN Venezuela
FIN Finland	ITA Italy	SAF South Africa	YUG Yugoslavia

Source: Hofstede (1980) "Motivation, leadership, and organization: Do American theories apply abroad?" *Organizational Dynamics*, pp. 42-63.

APPENDIX 2 Letter sent to UPM-Kymmene sales offices

Helsinki, Nov 8th, 1999

Dear recipient at UPM-Kymmene organization,

My name is Mari Purmonen and I'm approaching You concerning an assignment that has been given to me by UPM-Kymmene Group here in Finland. I have been assigned to examine the work environment at UPM-Kymmene's three Asian offices in Singapore, Hong Kong and Shanghai, in all of which there are people working both from Finnish and Chinese culture groups. The purpose of the study is to examine the possible influence of cultural differences on Finnish-Chinese cooperation at the work place.

Nowadays, internationalization is creating more and more challenges to companies, and one of these challenges is the management of human resources. Companies can easily face already in their home country issues related to multiculturalism and societal complexity, but one can just imagine how these issues grow bigger when the operations are transferred across national borders. When talking about cultural differences they can easily get a negative tone, even though it should be remembered that these differences can as well be an enormous positive asset to the company.

I will be arriving in Asia to the UPM-Kymmene offices for a period of two weeks in order to conduct some interviews related to the above mentioned issue. Interviews in Singapore and Malaysia will be held between Nov 15th-19th, in Hong Kong 22nd-23rd and Shanghai 25th-26th. I would appreciate a lot your effort towards the subject by being the interviewee.

Interview will last about one hour, depending of course on the situation. The topics of the interview will involve cultural differences between the Finns and the Chinese and their positive and negative effects, ways of communication, adaptation to the work in a multicultural environment and superior-subordinate relationships. I would appreciate if you had a chance to give these issues a thought already beforehand.

I am looking forward to meeting you at one of UPM-Kymmene's Asian offices at some point during this month.

Sincerely,

Mari Purmonen

APPENDIX 3 Interview questions

Part 1

Name: _____

Position: _____

Years spent in this position: _____

Part 2: attitudes towards cultural differences

In the organization you work for there are representatives of Chinese and Finnish cultures...

1. Do you enjoy working with people from other countries? _____
 - If yes, what is the best thing about working with with different cultures?

 - If no, is there some specific reason why not?

2. Do you think it would be a lot different to work with people only of your own nationality and culture? _____
 - Do you think it would be easier? Why is that?

3. In your opinion, does the co-operation at work between Finns and the Chinese run smoothly in your organization?

4. Have you noticed any cultural differences between these people? _____
 - If yes, what do you think are the most crucial differences?

5. What kind of positive effects for work can you find because of cultural differences?

6. What are the negative effects of cultural differences for work?

- Do you think that cultural differences can be a reason for misunderstandings at work? Do they happen often? What are they like?

7. What is your personal opinion on cultural differences – are they important and if they are, in what sort of situations? Could you describe a typical situation where culture plays an important role?

Part 3: Adaptation

8. Is this your first time to work with Chinese/Finns?

9. Has working with them been what you expected? In what sense yes or no?

10. Have you faced any difficulties in adapting to work with the Chinese/Finns? _____

- If yes, what would you specify as most difficult?

- Have the Chinese/Finns been positive in working with you?

- Have there ever been times that you have felt not welcome into their "group"?

11. Did you receive any cultural training on behalf of your organization before starting to work in a multicultural environment? _____

- If no, do you think that training would be useful in helping to understand people from different countries? Is there especially something you would have liked to know beforehand?

- If yes, how big a role you think training plays in helping you to cope with people from other countries? Do you think you had received enough information about the other culture before starting to work? Was the training focused on the "right" things?

Part 4: Communication

11. Is English the language you use when communicating with Chinese/Finns? _____

12. Do you think it would help if you spoke common mother tongue or at least fluent Chinese/Finnish?

Let's move beyond language...

13. Do you feel that the communication habits of the Chinese/Finns differ from the communication habits of your own?

- If no, please explain.

- If yes, what are the most crucial differences? (non-verbal communication, directness, attitudes twds silence, face-saving...)

- Are there any specific situations you could describe where you have especially noticed these differences?

- What do you think are typical Finnish ways to communicate?

- What are typical Chinese ways to communicate?

14. Do you think YOU usually understand well what the other people are saying?

- Has it ever happened that in reality the other person meant something else than what you understood?

15. Do you think that you usually become understood in what you say by your Chinese/Finnish work colleagues?

- Do you ever feel that when communicating with Chinese/Finns at the work place they DO NOT understand what you really mean? Why do you think that happened?

- Has it ever happened that a Chinese/Finn got insulted by what you said? Why do you think that happened?

Part 5: Leadership

16. If you think of the superior-subordinate relationships at your work place, do they function the way you like them to?

17. What is especially good about these relationships?

18. Have you noticed any problems in these relationships? _____

- If yes, please specify.

19. Do Chinese employees have some special characteristics that make them more difficult or easy to manage compared to Finns? Or do Finns as superiors have some special characteristics that make them different from Chinese managers?

20. Do you feel that the way in which you operate now differs from the way in which you operated before starting to work with Chinese/Finns?

- Why the change?

21. If you think of the following aspects of leadership (superior-subordinate cooperation), do the Chinese and Finns at your organization share similar kind of expectations and hopes on how to manage them? Where lie the biggest conflict areas?

- Decision making?

- Delegation of work and responsibilities?

- Team work vs. individual work, importance of relationships?

- Motivating?

- Feedback? Criticizing? Rewarding?

- Discussions, talking and listening?

- Question for Finns: Have you had to adjust your leading style to fit leading the Chinese? Why the change? Do you think they are content with your leading style?

- Question for Chinese: Have you had to accept new ways to be managed now that your leaders are Finnish? Are you happy with the ways they lead the organization?

- Are there any things you would like to change in the management of this organization?

- What are your hopes and expectations for the development of this organization in the future?
