Confucianism in Business

A Study of Chinese Management in Sweden

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Abstract

There have been many researches in the field of management, but none of them touches the area of Chinese management of Swedish staff, as far as we know. This is a rather new phenomenon ever since China decided for outward expansion. Cultural myopias and the lack of cultural competency are contributions to the failures of many cross cultural co-operations.

The purpose of this dissertation was to detect the management issues in terms of relationships, and shed light on the perceptual differences between the cultures within the chosen companies. To measure the values the employees had, from cultural aspects, we conducted a survey developed by Professor Geert Hofstede. The survey was used as a complement to our qualitative data, and the results demonstrated that the Chinese within these companies seem to adopt a rather "Swedish like" mentality. The qualitative results, however, prove that there are cultural differences causing operational frictions at these firms. The perceptual differences initiate cultural distance between the cultures, preventing comprehension. We believe the reason is failure to apply measures to educate and integrate the members within the firms.

Foreword

Kristianstad, December 2006

This dissertation concludes our studies at Kristianstad University, and it has been an unforgettable journey. During our education, we have gained much knowledge and experience in cooperation which helped us when writing this dissertation.

We would like to express our sincere gratitude to our tutor, Nils Gunnar Rudenstam, who has guided, helped and encouraged us throughout the entire process. For their special guidance, we would also like to send special thanks to Leif Holmberg and Annika Fjelkner.

Furthermore, we would like to thank all the participants in our research, especially one human resource manager who made it all possible.

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Chapter 1

Introduction

In the first chapter the background of the dissertation is described. The research problem and research objective are discussed. Further, the limitations and definitions are defined. Finally, the outline is presented.

"Good leaders grow people, bad leaders stunt them. Good leaders serve their followers, bad leaders enslave them."

Sir Adrian Cadbury

1.1 Background

As the world economy is globalising, cultural diversity management is a growing concept and a constant quest for social economy researchers to explore, not the least because of its nature of diversification. Consequently, diversification in terms of people is diversification in cultural background, language, personality and preferences. Management in this context is management of cultural references, to maximise the usage of a diversified pool of talents and build cross cultural competence (Hampden-Turner and Trompenaars, 2000).

China seems to be this decade's focal point in the eyes of business people and economists. Foreign Direct Investments into China are rapidly increasing. Yet, it is easily forgotten that the Chinese economy is expanding rapidly also in terms of an outflow of Foreign Direct Investments. Sweden has lately received some major investments from Chinese investors. Some of these investment projects also aim at encouraging further investments and enhance closer relationships between Chinese companies and European customers.

According to the Invest in Sweden Agency (ISA), seven Chinese investments were made in Sweden, from 2001 to the end of 2003. This number increased to 48 by the third quarter of year 2006. Moreover, several investment development companies have been established, such as the Dragon Gate in Älvkarleby and soon to come, Fanerdun AB in Kalmar. Fanerdun AB is a large exhibition facility which will present diverse Chinese trading commodities, and which will enable retailers to purchase Chinese products in Sweden (ISA, 2006).

1.2 Problem

There is such a great difference between the Chinese culture and the Swedish culture. There is also a lack of understanding of the differences and difficulties Chinese overseas management is facing whilst establishing in Sweden. Due to the short period of co-operation, between the two cultures, in an economic perspective, no mutual understanding has been recognised to overcome certain issues caused by cultural differences.

Professor Geert Hofstede illustrates the differences in national culture by his model of five cultural dimensions, measuring different psychological variables related to workplace situations. The dimensions are: power distance, individualism, masculinity, uncertainty avoidance and long-term orientation. To study Chinese firms in Sweden could be of great interest not the least because the two national cultures differ tremendously according to Hofstede´s research. Further, it is especially interesting in terms of organisational hierarchical relationships, such as relationships between managers and subordinates, between colleagues and between employees and the company. The relationships are not just determined by organisational structure but also by cultural frame of references. There have been reviews about management of Chinese staff, but none in the field of Chinese management of "western" staff, which we believe is a new unexplored phenomenon.

1.3 Purpose

The aim of our study is to discover the main issues that companies with Chinese managements are facing when working with Swedish employees and colleagues, and also to what extent the Chinese managers embrace the Swedish management culture considering their embedded nature of Confucianism. Hopefully, a better understanding of these issues can foster a development of mutual recognition between the two cultures to bridge the possible gaps which might cause frictions in daily operations at workplaces.

Through Hofstede´s survey questionnaire VSM94, used in a new perspective, we hope to find certain correlations between the Chinese management and management theories to support our qualitative findings. By a new perspective we mean that our survey is conducted amongst Swedes and Chinese in Chinese companies in Sweden. Hofstede conducted his survey amongst Chinese in China and Swedes in Sweden.

1.4 Limitations

Our empirical study is geographically limited by the number of Chinese firms currently active in Sweden. Due to the rather late expansion of Chinese firms, there are not yet many of them. Our target companies for the study turned out to be mostly in the hi-tech industry, and these companies may have a totally different management compared to some other industries. The hi-tech industry requires highly educated personnel, who may enjoy certain freedom and more room for creative activities. Therefore, it might lead to doubts if our target companies represent Chinese management in general. Secondly, due to time constraints, we have chosen to limit our theoretical framework to the most well-known and supported management theories.

1.5 Research question and objective

The dissertation is based on the following research question and objective:

- Do Chinese companies in Sweden have a Chinese dominated or a Swedish dominated corporate culture?

- To observe the management issues in terms of relationships between the cultures and levels. By levels we mean mangers and subordinates.

1.6 Definitions

Below, we will define and explain the terms used in the dissertation.

Chinese company	*Chinese wholly-owned or Chinese majority stake*
Cultural differences	*Differences in psychological beliefs and behaviour which are rooted in cultural background*
VSM94 questionnaire	*Values Survey Module used by Prof. Hofstede to estimate national cultural variables, and to create his five cultural dimensions.*
Cultural dimensions	*Prof. Hofstede´s five dimensions measuring cultural aspects; power distance, individualism, masculinity, uncertainty avoidance and long term orientation*
Chinese employee	*Employee from China (expatriate)*
Swedish employee	*Employee from Sweden (locally employed)*

1.7 Outline

Chapter 1: In this chapter the background to the study as well as the limitation, purpose and research questions are presented.

Chapter 2: In this chapter and the research strategy is presented and also the methodological approaches and scientific philosophies.

Chapter 3: The theoretical framework is presented. We will also evaluate the current reliability, validity and generalisability of the different theories in relation to the case study and research question.

Chapter 4: This chapter presents the collected data, both quantitative and qualitative. We will discuss the research strategy and also the reliability, validity and generalisability of the interviews and survey.

Chapter 5: This chapter contains an analysis of the empirical data in this chapter.

Chapter 6: The conclusions are presented. We will briefly summarise the dissertation as well as give suggestions for further investigation related to the topic.

Chapter 2
Method

In this chapter the methodology of our study will be presented. The research strategy will be discussed, as will the credibility of the dissertation. The chapter concludes with arguments for the chosen scientific philosophy.

2.1 Choice of methodology

This is a study about Chinese management in Sweden, and the objective of the report is to observe management issues in terms of relationships between the cultures and levels. We were curious to know if the corporate culture within these organisations was dominated by the Chinese or Swedish culture. We needed to do a thorough research to get the answers we were looking for, and add more reliability to our study. Therefore, we started by studying previous researches and management theories related to Chinese management, to have a reference to do some kind of comparison of the cultural variables. We hoped to be able to bring forth some useful suggestions for building cross cultural management that are applicable to Chinese firms in Sweden.

Furthermore, we wanted to support our qualitative study with Prof. Hofstede´s survey questionnaire, VSM94, which evaluates cultural aspects of a group. In this case, we wanted to study how the dimensions change due to changed environmental circumstances. The collected survey data were measured against Hofstede´s published data of national cultural dimensions.

We chose to adapt a combination of both an inductive and a deductive research approach (Saunders, Lewis, Thornhill, 2007). By using both a survey and interviews, we hoped to give an interesting angle to our report.

2.2 Research strategy

2.2.1 The search for companies

We believed that finding companies we could study would be easy, but we were proven wrong. We knew that our research objects were Chinese companies, located in Sweden and with a Chinese management. But unfortunately it was difficult to find them, and even more difficult to gain access.

We had agreed upon limiting the number of research objects to three middle sized firms. However, we soon found ourselves fighting to gain access to any company with a Chinese management. The reason for their decline was usually that it was a busy time and they could not help us at the moment. But we suspected that it was not the only reason, because the nature of our research was rather sensitive. Finally, after numerous phone calls, and just when we were about to surrender, two companies were kind enough to open their doors to us.

Both these companies are in the hi-tech business but their names will remain confidential, as will the identities of the interviewees. Due to the limited number of Chinese companies in Sweden, we have been very moderate on the whole with information about these two companies (Saunders et al, 2007).

2.2.2 Secondary data

There was much literature found in the field of Chinese management and management of Chinese staff. However, there were, as far as we knew, no studies published of Chinese management of a western pool of staff. Therefore, we did not have any direct references highlighting the empirical subject area. Instead we studied the literature that focuses on the characteristics of Chinese management, or models and theories which explain the nature of Chinese management (Trompenaars, 1997, Hofstede & Hofstede, 2005). We chose to focus on the theories of Hofstede and Trompenaars because they seemed to be the most well-known and well supported management theories. In the field of cultural dimensions

(Hofstede & Hofstede, 2005), we found and studied researches criticising these dimensions (McSweeney, 2002).

2.2.3 Primary data

2.2.3.1 The preparation for the interviews

The interviews were a way of getting a more profound understanding of the relationships between the cultures and levels in the companies. We were well aware that the nature of a study like this is a sensitive one, and we also knew the answers we would receive would be based on personal experience, feelings, cultural references of the participants, and possibly even hear-say. But we had invested a great deal of work and effort in carefully reading the different theories on organisations, management and cultural differences. We believed that it would make it easier for us to ask the right questions which would provide us with the information we needed, but also help us choose whom to talk to.

We needed to talk to managers as well as subordinates, so it was advisable to make two different interview guides. A manager's job and responsibility are quite different from a subordinate's, which means his/her point of view differs as well. After some consideration we came to the conclusion that the same applies for the Chinese and Swedes, so we also adjusted the interview guides depending on the nationality of the manager or subordinate. Furthermore, we made the decision not to ask too specific questions but to let the participants speak freely and simply use our interview guide to keep the interview on the right track. The questions we had prepared were in the areas of authority, bureaucracy, creativity, good fellowship and verification. These are the problem areas within an organisation according to Trompenaars´ theory (Trompenaars, 2000). We did not only focus on the questions themselves, but we also arranged them strategically in order to get as honest answers as possible (Saunders et al, 2007). For instance, we chose to number the question about "the characteristics of an ideal manager" as question 1, and then placed the question about "the characteristics of your manager" as question 7. If we had placed the latter question as number 2, there could have been a risk that the interviewees would answer according to

social manner. We were worried that the participants would modify their answers because of the sensitive questions, which could supposedly jeopardise their jobs or the peace at the workplace (Luo, 2000).

2.2.3.2 The execution of the interviews

It turned out to be difficult to convince the Chinese at Company X to participate in an interview. Their excuse was lack of time, but some managers were suspicious of our motives and they asked us if we were doing espionage. We needed to do a lot of explaining of what we were doing there, and explain the purpose of our research several times. We had to assure them that the president had given us his permission and that we were just students struggling to earn a bachelor degree in business. Finally, we managed to talk to ten people at Company X: two Chinese managers, two Swedish managers, one Chinese subordinate and five Swedish subordinates. We had hoped to talk to a few more of the Chinese, but considering their anxiety and the fact that they did not speak English that well, we were satisfied with the number of participants. We believed that they had provided us with a comprehensive view of the situation in Company X.

In Company Y we interviewed three Swedish subordinates, and since there was only one Chinese who spoke English, we had no other choice but to stop at one Chinese subordinate. We had an interview planned with the manager as well but he declined, due to the lack of time. We were dissatisfied because we believe that an interview with the manager would have given us a more profound understanding but this way we only had the opinion of the subordinates.

2.2.3.3 The survey

We conducted a survey which was developed by Hofstede to compare culturally determined values. It is a 26-item questionnaire, six of which are for statistical purpose. The questionnaire covers five cultural dimensions; power distance, uncertainty avoidance, masculinity, individualism and long-term orientation. The purpose with the survey was to collect data about how employees at Chinese firms in Sweden with a Chinese management,

perceive the management style. The survey did not measure the Chinese management as such, but how the employees at these firms felt in different situations. The results indicated that they changed values and behaviour, because they are working for a Chinese management in Sweden. We thought it would be interesting to see if the outcome would differ from Prof. Hofstede´s country specific data published on his website.

The questionnaires were handed out before we went ahead with the interviews because we believed the result of the survey would be helpful to us. We also chose different days to hand out the questionnaires, one day for the Swedish participants and on a few days later for the Chinese participants. This way we could study them separately as well as jointly, and compare the results to Hofstede´s data.

Since we had a quite narrow target group, the decision of direct contact was rather definite. The questionnaires were handed out in person with our contact from the companies as supervisor. Not only did this result in a higher response rate, 72 participants filled in the questionnaire, but it also gave us the opportunities to acquaint ourselves with the employees in order to gain more from the interviews.

2.3 Scientific philosophy

We adopted a more interpretivistic approach when it came to the matter of interpreting the feelings and experiences our interviewees had and that they had shared with us. More specifically, how they interpreted the other culture, the work environment and the relationships through their cultural frame of reference. Since preference is a unique variable, we could not observe it from our own perspective, but from the research subjects' perspective. This approach is called "empathetic stance" according to Saunders (Saunders et al, 2007).

It is arguable that, even though we used a survey questionnaire, we also adopted an interpretivistic approach for our deductive part of the research, simply because we were measuring feelings and perceptions which are very

varying depending on the individual. However, a characteristic of positivism, which we also chose to adopt, is the independency to the research approach. The research was conducted in a value-free manner, without our intervention, to reflect the replication of the Hofstede survey as correctly as possible. In reality, researches are often conducted this way, with a combination of different approaches as each other's complement to assure the reliability of the conclusions. It is our belief that researches with too much focus on the definition of the scientific approaches loose focus on the essence of the research objectives. The fact that we adopted positivism did not mean we were caught with quantifiable subjects, but that we were liberated to quantifiable variables of cultural aspects, such as feelings (Saunders et al, 2007).

2.4 Discussion about credibility

2.4.1 Reliability

The reliability of data has a direct negative correlation to how sensitive the data is and how the collection of the data is conducted. In a "protected" environment, the respondents would feel much more at ease to share sensitive information than in an exposed environment. Our study was conducted in a rather anonymous manner to assure the reliability of the data. However, there is always a certain degree of dishonesty in every research when it comes to sensitive matters. We have been very careful with expressing our own thoughts, this to assure the readers of our objectivity when conducting and analysing the data. Therefore, the reliability of the report is moderately high but the reliability of the data could be questionable.

2.4.2 Validity

It is questionable whether or not Hofstede´s published data of country specific cultural dimensions are still valid. However, our study only uses his data as background. The actual data analysed is our own. Therefore, we believe our study to be valid, in terms of relational matters.

2.4.3 Generalisability

As will be mentioned in the next chapter, the size of a firm is a determinant establishing the relationships within it. Therefore, if of another size, it is possible that the relationships within the firms would be different and therefore not applicable to our study. Furthermore, considering the low amount of respondents, it would not be correct to claim the data to be valid to other firms. However, it would not be wrong to argue the existence of the perceptual issues in other Chinese firms active in Sweden as well. Yet, we do not claim that the specific daily operational problems of our research objects exist in other firms.

Chapter 3

Theoretical Framework

Here the theoretical framework is presented. First we briefly discuss Nordic management and Confucianism, which has been dominating Chinese culture since 500 BC. Further, we describe the two main theories applied in the report.

> "The only constant is change"
>
> *Confucius*

3.1 Introduction

The first two theories presented in this chapter are used as background to give an understanding of the basic differences between the two cultures, which have major effects on the current management in the firms. Further, we will explore the two main theories used to analyse the collected data, Hofstede's and Trompenaars´s.

3.2 Nordic management culture in brief

According to Björn Bjerke nordic management refers to Swedish, Danish and Norwegian management culture. He argues that this management culture is equal, tolerant, democratic and individualistic (Bjerke, 1998).

The culture sets the individual in focus. Therefore, there is a greater focus on freedom, independency and equality in business life to enhance the individual to act most beneficial for his/her own sake and also for the company. The employees in this culture tend to have more decision making power than in other cultures because of the decentralised organisational structure and the democratic organisational culture. However, Bjerke argues that the Scandinavians are rather "collective individualists". They are not supposed to be prominent or superior to their fellow-countrymen. This is formulated as the Jantelagen (Bjerke, 1998).

Management in Nordic culture is more a matter of cooperation than role acting because of decentralisation. A discussion taking place in business life is a basis for learning in the organisation. Thus, the organisation is a political environment for conflicts and power struggles, which are seen as creativity enhancing (Bjerke, 1998).

3.3 Confucianism

Confucius, 551-479 BC, has a prominent place in Chinese culture and the hearts of the Chinese people. Born during *The spring and autumn period* when morally declining reigns were ruling the states, he decided to travel from state to state to "pursue the rulers to follow his proposals of morally correct politics." Confucianism has experienced many ups and downs, as a state doctrine during the Han (206 BC-220 AD) and the Tang (618-907) dynasties to being pursued by the young Republic of China after the fall of the Qing dynasty (Kang, 2003).

For western people, Confucianism might seem like a religion. But excluding the fact that Confucianism actually touches the ritual offering, there is nothing in Confucianism that is religious. It is a pragmatic foundation of correct moral thoughts and etiquette, a system of behaviour in life that should be applied to everybody in society in order to maintain peace and prosperity (Kang, 2003).

Confucianism centres on the theme relationships. Individuals are born into and held to stand in different degrees of relationship with different people. This should not be mistaken for the Indian caste system. It just relates to one's current status as a person to another. For instance, at birth, you are born as a child and younger or older brother or sister. You might be born as a peasant with lower status, but you are also able to achieve higher social ranks if you educate yourself and fulfil your duties (Kang, 2003).

Confucianism establishes the Five Cardinal Relationships between individuals in a society and argues that unless these five relationships are fully enacted, the society will sooner or later fall apart because people are not acting their roles or fulfilling their duties (Kang, 2003).

These Five Cardinal Relationships are:

- *Ruler and subject* - The subject is required to be unquestionably loyal, to fulfil his duties as a subject and to carry out daily work, paying taxes, not committing crimes etc. while the ruler is bound to act in fairness and benevolence towards the subject.

- *Father and son* - The father should be benevolent towards the son and in return expect obedience from the son.

- *Husband and wife* – Benevolence and love is given in exchange for obedience and trustworthiness.

- *Older and younger brother* – The older brother is expected to care for and act benevolently towards the younger while the younger is to obey his older brother.

- *Friend and friend* – Even between friends there is a difference due to age. The younger one is expected to show his respect towards the older because of his greater experience.

These five relationships are today modified due to the many changes in society. For instance, women were not considered in ancient China and were therefore not even mentioned in the other four relationships. But women have advanced to a more equal position today. The distance between the authority and common people is also not as great as before. According to Hofstede (2005), culture is a living organism and it changes over time, especially when interacting with other cultures. Yet, the essence of the philosophy remains, even in today's Chinese society, since you are supposed to show obedience and respect towards authority, fulfil duties, have respect for elders, show benevolence and preserve peace (Kang, 2003).

3.4 Hofstede

3.4.1 Introduction

In the field of cultural research, Hofstede is one of the most known and acknowledged researchers. He was early with recognising cultural myopias having an effect on organisations and says that the differences are visibly observable. Because people have different cultural backgrounds, they are likely to perceive matters from their own frame of reference, which could vastly differ from others. Therefore, judgement is made out of their own perspective. This is, clearly, a great issue for an organisation if the members within it do not consider cultural relativism and try to build cross cultural competence. On the other hand, in a world of emerging globalisation and uncertain future of global competition, possessing cultural diversity could rather be seen as a competitive edge which can enable the organisation to manage global clients (Schwartz, 1996).

3.4.2 Cultural dimensions

Hofstede´s attempt to define national cultural aspects resulted in a research of IBM employees in more than fifty countries. He observed some common basic problems with consequences for the functioning of societies, groups and individuals within it:

- *relation to authority*
- *conception of self – relation between individuals and society*
- *the individual's concept of masculinity and femininity*
- *ways of dealing with conflicts*

The empirical findings acknowledged the previous thesis and became representative for Hofstede´s four cultural dimensions: *power distance, collectivism vs. individualism, femininity vs. masculinity and uncertainty avoidance.* Later, Bond from the Chinese University of Hong Kong developed the fifth universal cultural dimension: *short term vs. long term orientation* (Hofstede & Hofstede, 2000). From here, the text is based on Hofstede (Hofstede & Hofstede, 2000) if nothing else is mentioned.

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3.4.2.1 Power Distance, PDI

Power distance is defined, from below, *as the less powerful individuals' expectation and acceptance of the inequality of distribution of power in society or organisation.* Societies scoring high in this index are rather bureaucratic with powerful centralised decision making machineries. A feature of high power distance is the way subordinates approach their managers. Confrontation and consultation is made in a different manner. In lower power distance organisations, there is a preference of *interdependent* relationships between manager and subordinate while *dependency* characterises high power distance organisations.

3.4.2.2 Collectivism vs. Individualism, IDV

In many cultures, the "I" prevails over the "we" or vice versa. *The concept of individualism focuses on the individual's interest while collectivism puts the interest of the group before the individual's.* The index has a scale from zero, as very collectivistic, to 100 as very individualistic. It is however technically possible to score over 100 in any dimension. Cultures scoring high on collectivism indicate high dependency between members of a certain group or organisation and also greater preference to relate oneself to the organisation such as *good physical working condition, further training or possibilities to fully use one's capabilities at work.* On the other hand, an individualistic culture sets *personal life and freedom to act* as more important in professional life

Hofstede argues that management in an individualistic society is management of individuals. Incentives are linked to performance which encourages talents to perform as prominent individuals. Management in a collectivist society is management of groups, whereas incentives are linked to the group as a unit of performance. The emotional integration of the members is situational, whereas the manager will likely assemble teams according to ethnic background.

3.4.2.3 Femininity vs. Masculinity, MAS

This index has received much criticism for its name only. It indicates personal attitude as modesty and assertiveness respectively, but refers to these qualities as if it is a matter of gender roles. The index *measures the extent of an individual's preferences in relation to an ideal job as being modest or assertive*. Masculinity is reflected by the important goals an ideal job implies, such as money, fame, advancement to higher positions and a challenging work. Femininity on the other hand is more concerned with relationship issues, such as good relationships with a direct superior and fellow workers, and employment security. The differences in goals of a job are expressed in the way an individual behave towards the work environment. Assertiveness is expressed by being forward and competitive while modesty is expressed by being humble and it is considered to be a drawback.

It is rather easy to confuse masculinity with individualism and femininity with collectivism, because masculinity focuses on the self interests such as money, fame and challenging work which is quite similar to individualism. However, there is a difference; while masculinity is more concerned about the "destination", individualism is more concerned about the "journey". Sweden, for instance, scores as a highly feminine country and is at the same time very individualistic. The people in Sweden are very concerned about themselves, to have certain freedom at work and to have decent amount of time dedicated to the family.

3.4.2.4 Uncertainty avoidance, UAI

James G March recognised that in American organisations there are differences in *the way uncertain situations are handled*. Hofstede also observed a clear correlation between the way to handle this anxiety and national culture. The index is defined as *the extent to which an individual of a culture feels threatened by ambiguous situations*. The construction of a culture leads to a rather unique perception of different matters, such as time or creativity. The concept of creativity is perceived in a very diversified way. In certain cultures, breaking the rules to be creative, to go beyond

boundaries is encouraged while in other cultures it is a severe sign of disrespect for authority and structured order, which does not only harm the society but also the people within it.

Cultures scoring high on this index are characterised by expressiveness. People tend to make a lot of hand gestures, raise their voices or even pound the table. It is generally acceptable to show emotions. Cultures scoring low on this index care for implicit or non emotional reactions.

It occurred to us that if an individual possesses greater freedom to act logically he/she would score low on this index. But there is no such correlation. China scores high on collectivism but scores equal to Sweden on this index, ~30/100. Furthermore, Chinese culture has extensive bureaucracy that is characterised by laws and regulations and clear job descriptions. This should mean a high score in uncertainty avoidance but that is not the case.

3.4.2.5 Short- term vs. Long-term Orientation, LTO

The fifth dimension was developed by Michael Bond through a Chinese Value Survey (CVS). It embraces the teachings of Confucius and reflects the orientation towards the future or the past and the present. *The dimension's positive pole is concerned with qualities such as persistence, thrift and ordering relationships by status. Short term orientation is on the other hand more concerned with present situational terms such as greetings and gifts, respect for tradition, protecting face and fulfilling obligations.*

The dimension is described by Bond as "Confucian work dynamism" because of its high correlation between countries scoring high on this dimension and countries with Chinese cultural manifestation, such as China, Vietnam, South Korea and Singapore.

3.4.3 Evaluation of dimensions

3.4.3.1 Reliability

The evaluation of the dimensions should be in chapter 2 which is the Methodology section. However, we decided to place it in this chapter to make it easier for readers to understand the dimensions and their implications.

Hofstede is an acknowledged researcher in the field of cultural management. However, his dimensions are not to be applied without consequent consideration. The reliability of the dimensions has been questioned by McSweeney. For instance he believed that the strategic approach used to conduct the survey was not suitable for measuring cultural differences (McSweeney, 2002). Cultural reference is not easily expressed and therefore it is difficult to explore it by using a survey. Focus should be turned to discover the underlying factors of certain behavioural matters and relate these to independent variables which indicate cultural aspects. Indeed, we agree with McSweeney and that is why we choose to do a qualitative research as well in order to verify the quantitative findings.

McSweeney also argued that the way in which the questionnaire, which was used to indicate the dimensions, was produced is questionable. The questionnaire was used to explore a culture's differences in relation to other cultures in order to acknowledge previous researches about worldwide common management problem. However, the questionnaire and the previous researches were products from a western perspective. It means that the questions used to determine the dimensions were made by western researchers through western sets of minds and values. What is perceived important to these researchers may not be important elsewhere. The solution to this cultural bias problem was the Chinese Value Survey (CVS) which included Chinese social scientists that developed a questionnaire used on students in twenty three countries. The findings were remarkably similar to the IBM survey after adding the fifth dimension, also called Confucian dynamism (Hofstede & Hofstede, 2005).

The questions in the questionnaire are, as we mentioned, discussable because they are not directly correlated to the dimensions. Most of us are "programmed" according to the "Churchill paradigm" (Marco, 2005) to see the visible link between cause and effect. The approach used by Hofstede is through the implicit and the subconscious. For instance, questions indicating individualism are:

How important are the following statements to you? Scale 1 - 5, 1 as very important and 5 as not important.

Q 1: Have sufficient time for personal and family life

Q 2: Have good physical working condition (lightning, space etc.)

Q 4: Have security of employment

Q 8: Have element of variety and adventure in the job

The formula to calculate IDV is:

$$IDV = -50(m\ 1) + 30(m\ 2) + 20(m\ 4) - 25(m\ 8) + 130$$

m 1 = mean score of question 1

Logically, individualism is indicated by the need for personal time, variety of job and the perceived less importance of security and good working condition. The questions are not directly linked to individualism but are just four questions with validated correlation to other research questions (and their findings) which have been proven to indicate individualism (Hofstede & Hofstede, 2005).

The questions are used to appreciate an individual's implicit opinion concerning the role of the employer. A collectivistic employer would have a parental role, care for working condition and security of employment while an individualistic would prefer freedom to act.

3.4.3.2 Generalisability

There is of course a matter of generalisability to consider. The IBM survey was conducted in cooperation with IBM employees at national subsidiaries.

They supposedly had quite similar background, a higher education and were recruited according to the IBM corporate culture which means their personalities probably match the corporation (McGraw, Hill, 2005). Still, the dimensions should not be applied without consideration. However, there have been replications used on other professions which verify the generalisability of the dimensions. Some of the major replications are Hoppe made on elites in 1990, Merrit on pilots, 1998 and de Mooij on consumers 2002. They all moderately confirm the dimensions (Hofstede, 2005).

3.4.3.3 Validity

Considering that there have not been any major replications of the IBM survey that include as many countries as the IBM survey from 1980, the validity of the current data is a great issue. There have been continuous replications of the IBM survey that confirm it. However, the environment, the professions and the individuals are changed. Therefore, it is appropriate to question the validity of data published in Hofstede´s books.

The aim of our research is not solely to compare China and Sweden and employees at a Chinese firm in Sweden, but it is also to be used as a complement to our qualitative study. Therefore, absolute assurance is not important to us. The validity of the dimensions is more important than the validity of Hofstede´s data.

3.5 Trompenaars

3.5.1 Introduction

Corporate culture is defined through a set of shared philosophies, ideologies values, norms and attitude which connect members within a group. It is determined not only by technologies and markets but also by the cultural references of its leaders and employees. It is how the subordinates interpret management from their cultural perspective and the leaders' expectations of employees' behaviour and performance. The interaction between these is in turn determined by the structure of the organisation and vice versa (Bakka, Fivelsdal, Lindkvist, 2001).

Depending on how the company is structured, whether it is hierarchical or flat and whether it is person or result oriented, the culture is thereafter formed. But an organisation is a living organism and it does not, without adaptation, stay static against environmental causes. Only by adaptation can it achieve optimal formation. There is a theory that implies that even though corporate culture can be transferred to subsidiaries, due to the unique set of values and characters, the transferred corporate culture is likely to be transformed according to the new environment and to become rather unique itself (Hampden-Turner, Trompenaars, 2000). It is likely that management in IBM India is different from IBM USA.

Trompenaars together with Hampden-Turner found four distinctive corporate cultures.

<div align="center">

Egalitarian

| *Fulfilment-oriented culture*
Incubator | *Project-oriented culture*
Guided missile |

Person — Task

| *Person-oriented culture*
Family | *Role-oriented culture*
Eiffel tower |

Hierarchical
</div>
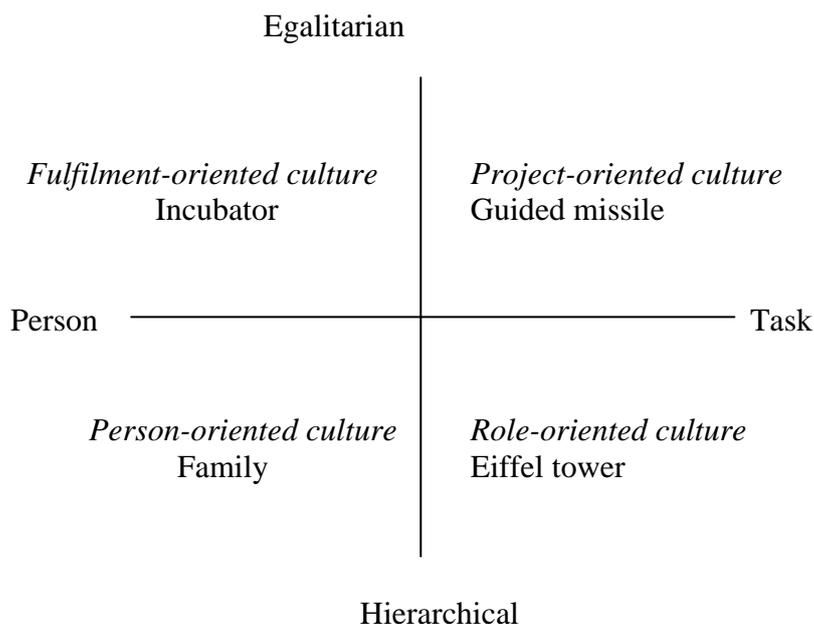
Figure 3.1 Trompenaars four corporate cultures

From here, the text is based on Trompenaars (1997) if nothing else is mentioned.

3.5.2 The Family culture

The family corporate culture, which China has, reflects the familial relationships between the members in an organisation. The ties that bind the members together are personal and hierarchical. Very similar to a family

where the father and mother are likely to have authority, at least to a certain age, no matter culture. Since the personal relationships are established there is a greater devotion towards long term achievements for the whole unity. One characteristic of this culture is the neglect of outsiders. Traditions, stories and jokes are a wall to the world outside and it makes those outside of the family ambiguous and uncertain to behave appropriately. China has long ago embraced this corporate culture.

3.5.3 The Eiffel tower

The Eiffel tower is used as a metaphor for its steep bureaucratic characteristics, it is described as narrow, symmetrical stable and rigid. Companies with this culture have centralised power distribution, clear functional layers and each of them with clear descriptions of responsibilities. The relationships are very loose and formal. Emotions are believed to affect one's judgement which should always be objective and rational. Therefore, personal affection is separated from professional life.

The low frequency of interaction in this culture leads to disability to perform major creative activities. The rigid structure defies cross functional cooperation (Trompenaars, 2000).

3.5.4 The Guided missile

The guided missile's rationale resembles the Eiffel tower by being formal and task oriented, but in an egalitarian way. It is usually applied by teams and project groups because of the need of flexibility and the short time perspective to get the job done. The group's set up is not fixed and the distribution of power is often equally with an appointed leader. The leader is either appointed by the group or by the company board. The ties are loose and temporarily. Trompenaars argues that the Guided missile is actually superimposed upon the Eiffel tower organisation in order to give stability. You have one line, the Eiffel tower, reporting to your functional boss and another line, the Guided missile, reporting to your project leader. This is known as a matrix organisation.

3.5.5 The Incubator

The Incubator's rationale is based on the idea that organisations are secondary to fulfilment of individuals. People are to be free from routines in order to devote more effort into creative activities. According to Trompenaars Sweden has this culture and it is personal and egalitarian. The interaction within the organisation is of the most complex sort, cross functional and cross divisional, and it sets the roles of employees as consultants. They are to consult, confirm, develop and criticise creative processes of a product. The incubator is most suitable for performance in the hi-tech business, which requires human resources with very specific skills and intellectual. While the Guided missile puts the group in centre, the Incubator focuses on the individuals to perform freely.

3.6 Evaluation of Trompenaars´ theory

Culture is a side dish in Trompenaars words. It is a luxury you allow yourself if you can afford it. This is, of course, irony. If cultural aspects are not considered, there is likely no interactive cross cultural competency which gives the firm a competitive edge to handle global accounts.

However, Trompenaars warns for any attempt to bridge between corporate cultures. Indeed, it would not be appropriate to give your superior a tap on the back in an Eiffel towered firm. But if that might happen, a considerate superior would have understanding and the communication skills to express the dissatisfaction while maintaining a friendly atmosphere.

3.6.1 Reliability

Questions have been raised about the classification of cultures, whether four are enough to represent worldwide corporate cultures. It is not. Focus should rather be on the issues of, and between, the cultures instead. As mentioned earlier, each of the national subsidiaries are supposedly unique. Therefore, just direct application of the theory is not entirely reliable, according to us.

3.6.2 Generalisability

To generalise a country's culture, and categorise it is always difficult and rather controversial. Some people will always claim not belonging to certain characteristics established in a culture. The difference is, while a person's preference is dynamic, which means that he/she can have many contradictive qualities at the same time, a country's qualities remain static. This does not mean that it does not change, but it cannot possess contradictive qualities such as both being hierarchical and egalitarian.

3.6.3 Validity

Trompenaars theory is confirmed by Hofstede´s dimensions. They both touch the different management issues, which have been argued for in previous sections. They are both still much acknowledged, and therefore we would like to put trust in this theory.

3.7 Summary

In this chapter, we have discussed the theories which are to be applied throughout the report. However, theories are always only theories. When applied in reality a certain consideration devoted to the evaluation of the theories applied is necessary to explore the flaws of the theories as well as chosen approaches.

Hofstede´s dimensions are accused of being rather static and unrelated to cultural aspects. The questions in his VSM94 questionnaire are moderately correlated to the dimension, such as that personal time would indicate individualism, or that respect for tradition would indicate short-term orientation of a culture.

Also, Trompenaars theory is applied in our study. His four corporate cultures set the starting point of our study. According to Trompenaars, China has a Family culture and Sweden has a Incubator culture. Hence, they are vastly different in the ways relationships are handled within the organisations.

Chapter 4

Empirical Study

In this chapter we will present our findings. We will present the results of the interviews, and also the results of the survey by showing diagrams with the different dimensions. Furthermore, the reliability, validity and generalisability of both the interviews and survey will be discussed.

4.1 Introduction

We did our research at two companies in the hi-tech business. The names of the companies will throughout this dissertation remain confidential, as will the identities of the interviewees. Due to the limited number of Chinese companies in Sweden we are very moderate on the whole with information about these two companies. We will further on refer to them as Company X and Company Y.

Company X is a rather large company with approximately 100 employees, equally divided in Swedes and Chinese. The firm has both Chinese and Swedish managers and subordinates. The Swedish part of the organisation is mostly middle aged, while the Chinese are somewhat younger. However, they all have an academic degree and their assignments are similar.

Company Y is a small firm with 15 employees and as most small firms they have only one manager. The manager is Chinese, but the employees are a mix of both Chinese and Swedes even though the majority of the employees are of Swedish nationality. The average age in this organisation is lower than the average age in Company X and the majority does not have an academic degree. Furthermore, their assignments differ since the Chinese do not speak Swedish and they have difficulties with the English language. The Chinese do not have tasks which involve customer exposure.

4.2 The result of the interview

We have studied four different relationships between the cultures and levels, the relationship between the Chinese and Swedish subordinates, between Chinese and Swedish managers, between Chinese managers and Chinese subordinates and ultimately the relationship between the Chinese managers and Swedish employees. We chose not to study the relationship between the Swedish managers and the Swedish employees. We made that choice because the Swedish managers at Company X did not have the same authority as their Chinese co-workers. They were considered to be more as co-workers than managers by the Swedish employees since their situation is very similar. We will now present our findings.

4.2.1 The relationship between the Chinese and Swedish employees

Chinese Manager	**Swedish Employee**
Swedish Manager	**Chinese Employee**

4.2.1.1 Company Y

It was very obvious right from the start that the employees in the company have divided themselves into two groups, the Chinese and the Swedes. The main reason for that is the language issue, the Chinese do not speak Swedish and their English is bad. This makes it difficult for the two groups to communicate and even more difficult to bond. Also, their living situation is nothing alike because the Chinese have come to Sweden to work and since they do not have families to go home to they do not mind working overtime and weekends. Working more hours is an opportunity for them to earn more money, which they then send to China to help support the family. The language issue is also the reason they do not have a social life outside the

office. They have become friends with their Chinese co-workers because they speak the same language, they are in a similar situation and some of them even share apartments or live close to each other. However, the Swedes have families to go home to and friends to see after work. They are less happy with working overtime and they do not work on weekends because that is their time off. The Swedes are also often late for work and they like to go home immediately after working hours. This causes the Chinese to believe that the Swedes are lazy and irresponsible, and also that they do not work as hard as the Chinese employees. The Swedish employees see that the Chinese work hard, that they are always on time and that they are never absent from work. But they believe the reason for that is that they are afraid of the manager and afraid that they will lose their jobs otherwise. The manager seems to be stricter towards the Chinese, because he expects them to work harder and more hours than the Swedes. Furthermore, the Swedes enjoy having coffee occasionally and usually they all go out together for lunch. The Chinese never join them but instead they bring their own lunch and eat at the office. This intensifies the distance between them even more. Table 4.1 shows some comments from the Swedes and Chinese in Company Y.

Table 4.1 Comments from the Swedes and Chinese in Company Y

Said by the Swedes:	Said by the Chinese:
The language is the hardest part since the Chinese do not speak Swedish, and their English is bad.	Chinese work harder and longer.
The Chinese work more, they are never late, they never complain, Swedes complain more.	Swedes go home after working hours.
They always bring their own food and they never go out for lunch with us.	Time more important for Swedes and work and responsibility is more important for the Chinese.
The manager always wants the Chinese in the warehouse, they count by hand, and they do not rely on computers so there is never any waste.	Chinese help each other, they help each other and care, and Swedes just do their own work.
The manager is tougher on the Chinese.,	
The Chinese are never late, never ill, they are first to be at work and last to leave, and we are never doing anything together.	
The Chinese do more than they can handle or at least they try, we do what we are supposed to, not more and not less.	
The Chinese are afraid of the manager, if he yells they run off and do exactly as he has told them.	
The Swedes are calmer, and we think that the manager is just annoying.	

4.2.1.2 Company X

It is obvious that there are two groups within Company X as well. We have the Chinese on one side and the Swedes on the other, and the issues are similar. The language is the main issue because the Chinese do not speak Swedish and many of them do not speak English that well either. The Chinese employees at Company X are expatriates and their workplace has become their home. It is a place where they work, eat, socialize and sometimes even sleep. However, the Swedes have families and obligations that await them each day after work and they are not able to stay longer than necessary. This is causing problems because the Swedes believe that they work less hours and still accomplish same results. The Swedish employees feel that they are much more efficient and that they have a better ability to make use of a working day. The Chinese have another way of looking at it because they spend all their time at the office. Therefore, they do not feel that they have to finish their work within the regular working hours.

The Swedish employees have a habit of taking interest in the tasks and projects of their co-workers. They enjoy discussing work with each other and they do not mind taking responsibility for somebody else's problem by trying to help solving it. However, the Chinese rather take responsibility for their assignments alone. They show very little interest in somebody else's part of a project and they do not discuss their work with others. In short, the Chinese tend to be more competitive and discrete. The Swedish employees are not used to this and they wish for a friendlier working environment than the one today. When they discuss their work they often have coffee or lunch but the Chinese never join them. The Chinese employees do not feel comfortable with having a break when there is a possibility that the managers can see them.

During the interviews it occurred to us that the Swedish employees mostly spoke about their feelings and how they were doing, while the Chinese employees talked more from a professional point of view. The Chinese had more positive comments about the Swedes they work with. They are impressed by their work structure, flexibility and ability to simplify assignments. The Chinese also have huge respect for their Swedish co-workers´ expertise and knowledge. This could be because of the age difference and the even bigger difference in experience between the two groups. The Swedes in the company are mostly middle aged men and women with a long experience within the business. Some of them have been in the business fifteen to twenty years. However, the Chinese are mostly younger men and women that have recently graduated from the university. Table 4.2 shows some comments from the Swedes and Chinese in Company X.

Table 4.2 Comments from the Swedes and Chinese in Company X

Said by the Swedes:	Said by the Chinese:
There are language issues within the company. Swedes are more active, and involved if there is a discussion. A Chinese will not say if he does not understand. We take more responsibility and we are more prepared. The Chinese think it is wrong to have coffee in front of the manager. Swedes are friendlier and easy going. With the Chinese it is hard to know what they are thinking. You do not get the whole picture. The Chinese are more afraid, they have more respect and they never have coffee with us. The Chinese never want to do anything fun. The Chinese have no say what so ever. The Chinese are not used to somebody getting personal, but they can appreciate it. We are more focused at solving problems, and they are more focused at working long hours. The Chinese are not honest or straight forward.	With the Swedes you do not have to talk much, they can handle their work on their own. They are more simple and flexible, they like to be done within working hours. The Chinese discuss more, they are always changing something, and they like to complicate things. The Chinese want to do a good job, and like to improve. The Chinese do not leave the office during working hours, even if they do not have anything to do. The Chinese do less work. They want to speak in their own language. Swedes do not talk when they work. The Chinese talk more but then they work longer hours, so the result is the same.

4.2.2 The relationship between the Chinese and Swedish managers

Chinese Manager	**Swedish Employee**
Swedish Manager	**Chinese Employee**

One interesting finding was that the Chinese managers are not aware of, or at least they do not seem to be aware of, the problems between them and their Swedish colleagues. Their opinion is that they co-operate rather well and if there are any issues they have more to do with the fact that different people have different personalities. They emphasised several times that there are no issues within the organisation caused by cultural differences.

The Swedish managers do not share that opinion but they believe that there are several cultural differences that affect the working conditions and that the Swedish managers are the ones that need to adjust. We learned that the Swedish managers have very little say in most matters and that the decisions are made by the Chinese managers at the office and the managers in China. It is not even unusual that the Swedish managers do not have permission to attend certain meetings. They are informed afterwards of what they need to know. This makes the Swedish managers feel frustrated and they are often confused about what their roles are within the company. However, this is something the Swedes have learned to accept over the years, and they have also learned to be more patient. More over, they have learned to be more careful, think twice before they say something and use a more diplomatic approach because the Chinese managers can be very uncommunicative and difficult to interpret.

The Swedish managers also point out that not all of the Chinese managers are alike. There are those who are more open-minded, diplomatic and co-operative than others. However, they too are still very dependent on the policies and orders from the headquarters in China so they can make very little difference.

The Chinese managers like the fact that their Swedish colleagues are so well organised, simple and clear in their communication. They also appreciate that all policies are in writing because in China they are more used to everything depending on the mood the manager is in. They are impressed that everybody attends meetings when it is scheduled and how efficient they are. In China, people are more used to complications, for instance the secretary often needs to remind everybody in person that there is a meeting scheduled.

The managers also have different attitudes towards their subordinates. The Swedish managers like to be friends with the employees and consider them to be co-workers. They are more open to their opinions and suggestions, while the Chinese create a distance between themselves and the employees.

The Chinese managers see their subordinates as man-power and they do not make a habit of becoming personal with them. They do not see the importance of encouragement and motivation and they are more focused on the result than the wellbeing of their subordinates. This is partly because the Chinese managers are sent as expatriates for a period of two to three years. So their concern is to achieve good results as much as possible during their expatriation period. Thus establishing long-term relationships with the locals is thus not a priority.

Since Company Y only has one manager it was not possible for us to study a similar relationship.

4.2.3 The relationship between Chinese managers and Chinese employees

Chinese Manager	**Swedish Employee**
Swedish Manager	**Chinese Employee**

4.2.3.1 Company X

It was difficult to study the relationship between the Chinese managers and Chinese subordinates because we only had the opportunity to interview one Chinese employee and one should consider that when reading this. The Chinese employee describes the Chinese managers as less flexible and open-minded than the Swedish managers, and that they are more dependent on the policies and routines. Their attitudes are less personal and even in a none-job related situation they like to demonstrate their power through the way they address their subordinates.

The Chinese employees are in no way involved in the decision making and they work by simply doing as they are told which does not leave any room for creativity. Nevertheless, the Chinese employees do not seem to be affected by this in a negative way and it was not even described in a negative way. When asked if and how they get credit for their achievements, the answer was that they do not need credit because they are just doing what they are paid for.

The Chinese managers appreciate that the Chinese employees do not question the orders and that they only do what they are told. Unlike the Swedish employees they do not have a need for knowing everything. But according to their Chinese managers the Chinese employees are less professional than the Swedish employees and they need more supervision to complete their tasks.

We were also curious about the way they express disagreement, if it is something that they feel that they can do, and what the reactions would be from the management. The Chinese employees said that they have no trouble expressing disagreement to the managers. However they do it with caution, they choose whom they turn to and they make sure they are alone in case there should be a discussion. A discussion is something they are trying to avoid at any cost. Furthermore, they are very careful with what they choose to say and mostly they avoid the most sensitive issues. The managers believe that it is because the Chinese subordinates are more afraid of the consequences so they are not direct or completely honest in their confrontation. According to the Chinese employee the Chinese managers have trouble handling criticism, especially in front of others. They do not like to be questioned and even a simple question can be interpreted as criticism. So usually the employees feel it is better not to say anything and keep a good relation.

4.2.3.2 Company Y
There is only one Chinese employee who speaks English at Company Y so it was not possible to talk to others and also we did not have the opportunity

to talk to the manager. Therefore, one must consider that when reading our findings. According to the Chinese employee the manager treats the Chinese and Swedes differently. He expects much more from the Chinese and wants them to work harder. The Chinese employees do as they are told without questioning because they are worried they will lose their jobs otherwise. The manager is aware of how important their jobs are to them and in a way he takes advantage of the situation. According to the Chinese employees there is a huge job competition in China and many Chinese people consider it to be a great opportunity to work in Sweden.

But the Chinese employees are dependent on the manager in more ways. Since they do not speak Swedish and they speak very little English he helps them in every possible situation both inside and outside the company. He helps them communicate with the Swedes and he handles their permits and other paperwork. He also finds them a place to stay when they arrive.

The language issue also causes other problems. The Chinese employees´ assignments are very limited and they have no contact with customers. They are employed to help around the office with the picking up, packing up and cleaning so that the Swedish employees can focus on the customers.

4.2.4   The relation between the Chinese managers and Swedish employees

Chinese Manager	Swedish Employee
Swedish Manager	Chinese Employee

4.2.4.1 Company X

One word that was repeated through all interviews we had with the Swedish employees was frustration, because that is what the Swedish employees are feeling. The Swedish employees have a negative attitude towards the Chinese management. Most of the Swedish employees have several years of experience in the business. They have great knowledge and they are good at what they do but they feel as simple workmen that are hired to do a job and nothing more. Their opinion is not as valued as it was at other work places. They are not involved in the decision making and there is no space for your own creativity. Most of the time they do not know what is going on in the company. They only receive the information necessary for their part of the job and if they have any suggestions the answer is often negative, with no further explanation. They are bothered by the "us and them" attitude, and by the fact that the management group always seems to be hiding something. However, the managers do not consider themselves to be hiding anything from their employees. Although, they do not see a reason why the Swedish employees should know everything, considering that some things have nothing to do with the work they are doing. The Swedish employees disagree because they believe that it is impossible to do a good job if the purpose of a task is unknown.

Furthermore, all technical data is in Chinese and even after several suggestions to hire a translator it has not come through. The Swedes have to rely on their Chinese co-workers to translate, or in the worst case guess what they are supposed to do. Also there is no database, so the employees have to go directly to the manager every time they have a question. That is not just time demanding and inefficient, but also frustrating because they do not always get the information they need.

The Chinese managers say that they have much respect for the knowledge and experience of their Swedish subordinates. They also say that they let them work on their own in order to take advantage of their know-how. The Swedish employees do not feel that it is true. They believe that the Chinese managers do not seem to appreciate their feelings and well-being because

they have only hired experience and know-how and they only want to see results. The Swedes need more acknowledgment and encouragement in forms of feedback, rewards, bonuses and occasionally somebody asking them how their weekend has been. There is an appraisal every three months where the employees are given an opportunity to tell the manager what they have accomplished and the managers give feedback. However, the employees feel it is not enough.

A recent event, when a manager summoned them for a meeting and acted out his rage over some people leaving an hour early from work, did not improve their situation. This incident was very humiliating for the Swedish employees in question but also upsetting for the other employees as well. The Swedish managers explained to the Chinese managers that the employees in question had left because of family matters and that they had completed their tasks. Still all employees received an email the following day which established a new regulation and the new regulation was that nobody is allowed to leave work before 16.30 PM. The employees feel that this is humiliating and abnormal especially since they are all adults and professionals. However, this was an unusual incident, but nevertheless it has made matters worse.

4.2.4.2 Company Y

At Company Y we did not have the opportunity to interview the manager, so one should bear in mind that we are not able to present his point of view.

At Company Y the employees admire that their manager is very cost-efficient and a good buyer. He works very hard, which means he is constantly stressed and has very little time for his employees. But they also describe him as a strict manager that only cares about the money. He prefers to be the one to make all decisions. However, the Swedish employees who have been there for a longer period of time have more responsibility today than they had when they first started and he also listens more to them. This is because he has involved himself in other businesses and he has not the time or energy anymore to supervise all alone. The employees find this to be

a relief because now he is not as much at the office. They feel it is stressful having him there because he is often in a bad mood and that affects everybody around him. According to the employees he often acts very unprofessionally. For instance he can often start to yell at the employees if something is bothering him, regardless if they are speaking to a customer at the time. He does not encourage and motivate his subordinates but he rather points out the negative aspects.

The employees feel that they have to be very careful when talking to the manager, especially if they are disagreeing with him. He can get very upset to the point that he threatens to fire the person disagreeing with him. However, the employees do not seem to react in the same way as they do at Company X. They do not feel frustrated but are rather annoyed by his behaviour and they choose not to care.

4.2.5 Reliability

We will not determine the level of reliability and validity of the interviews we did, instead we will state what circumstances could have affected the interviews.

Since the study is of a sensitive nature we were worried right from the start that the participants would not be honest with us, especially since in both companies we discovered that the employees had divided themselves into two groups which have different views and opinions. Before we started the interviews we assured the participants that their identity would not be revealed so they would feel more comfortable talking to us. Still it would be quite naive of us to believe that it was enough to assure them. There is also a risk that the Chinese employees were afraid of being completely honest with us, considering they are more dependent on the managers.

The Chinese managers told us that they respect the Swedish employees and that they mostly let them work on their own but this was not what the employees said. Could it be that the managers lied because they wanted to give us the wrong picture, or perhaps they were honest but not aware of that

their opinion was not apprehended by the Swedes? It is even possible that some of the answers we received from the Swedish employees at Company X were not reliable. The incident with the co-workers who left work early could have affected the way they answered. Would they be that resentful if we had done the interviews before that incident had occurred?

At Company X we chose the participants from different departments, levels and projects. Company Y on the other hand is a small firm and we managed to speak to the majority of the employees. However, we did not have the opportunity to talk to the manager in Company Y and in both companies we only managed to talk to one Chinese employee.

4.2.6 Validity

If we would do the study again in six months perhaps the outcome of the study would be different. For instance at Company X, the incident with the humiliation of the employees could by then be forgotten or at least the feelings would not be as strong, so the Swedes would maybe have answered differently.

At Company Y we did not have the opportunity to talk to the manager but if we had, the outcome would perhaps be different, or at least we would have a better understanding of why he acts as the employees described.

4.2.7 Generalisability

Since we did two case studies we believe our findings are not enough to be generalised. However, Chinese managers are so different from the Swedish managers the Swedish employees are used to, and also the culture and values are different. Therefore it is hard to imagine that the outcome would be different if we had had the opportunity to do the study in other organisations.

4.3 The result of the survey

Even though Hofstede´s survey has been criticised by other researchers we believe that it is an interesting study. It is a research comparing culturally determined values so it gives an interesting angle to our study.

We did not mix the questionnaires filled in by the Swedes and Chinese, so we will in this chapter and in the next chapter present diagrams showing several comparisons. Although, it is important to explain that the questionnaires of the Swedish employees at Company X were placed in the same pile as the ones of the Chinese employees who are locally employed. By locally employed we mean that they are not expatriates.
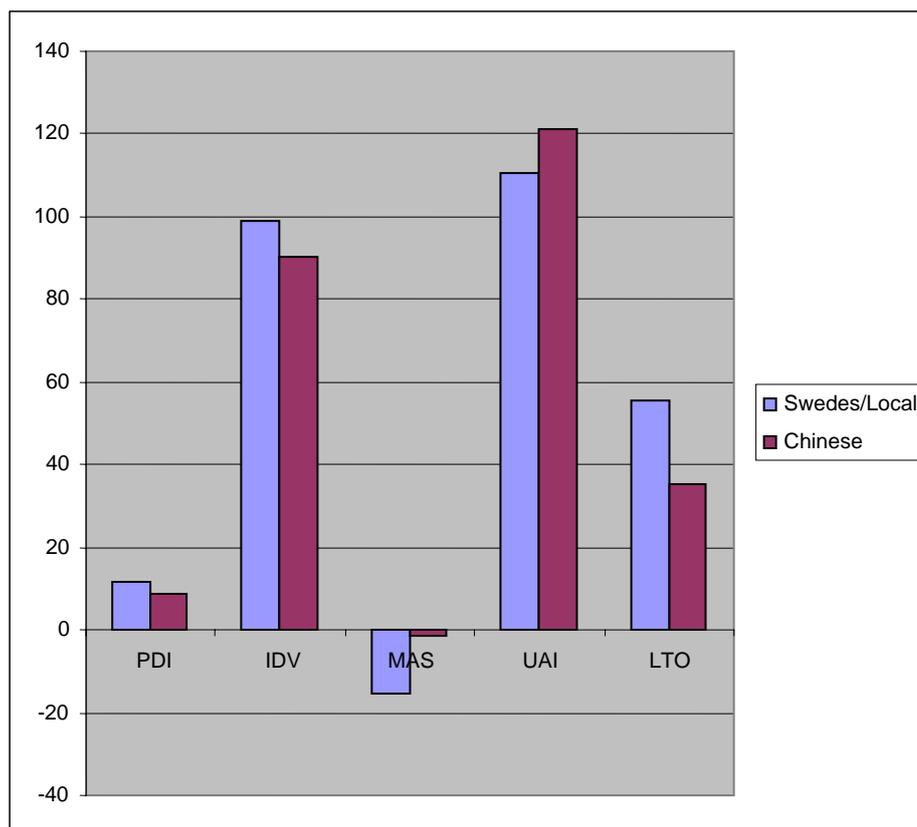
4.3.1 Company X

Figure 4.1 Cultural dimensions in Company X

4.3.1.1 Power distance, PDI

Figure 4.1, shows that there is a low power distance in Company X which was very surprising considering what the data we collected through the interviews indicated. The Chinese score lower than the Swedes and that means that the extent to which the less powerful members accept power to be distributed unequally is low.

4.3.1.2 Individualism, IDV

Both groups score very high in individualism which means that the ties between individuals are loose and that people only look after themselves and the immediate family. It was surprising to see that the Chinese score high since China is often described as a society of collectivists.

4.3.1.3 Masculinity, MAS

It was a high score in feminism at Company X. Feminism in this case means that both men and women are supposed to be modest, tender and concerned with the quality of life.

4.3.1.4 Uncertainty avoidance, UAI

Both the Chinese and the Swedes score high in uncertainty avoidance but the Chinese score somewhat higher. High uncertainty avoidance means that they are very threatened by uncertain, unknown, ambiguous and unstructured situations.

4.3.1.5 Long-term orientation, LTO

The Swedes seem to be more long-term oriented than the Chinese which means that they are more oriented towards future rewards, particularly in persistence and thrift.

4.3.2 Company Y
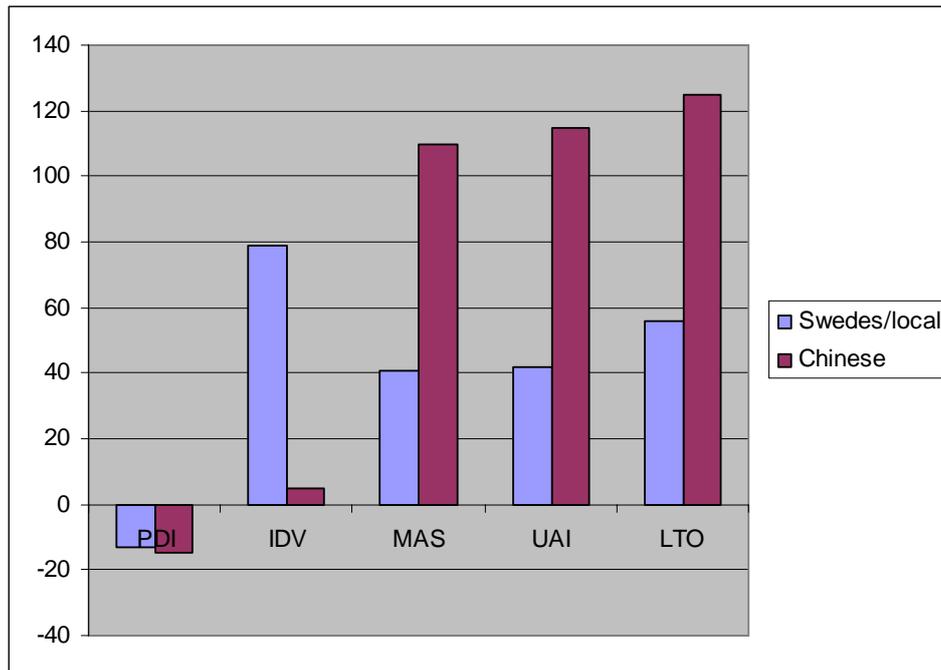
Figure 4.2 Cultural dimensions in Company Y

4.3.2.1 Power distance, PDI

Figure 4.2 above shows that there is a very low power distance in Company Y, amongst the Chinese and the Swedes. This means that the extent to which the less powerful members accept that power is distributed unequally is low.

4.3.2.2 Individualism, IDV

The Swedish group scores very high in individualism which means that the ties between individuals are loose and that the people only look after themselves and the immediate family. The Chinese, however, score low.

4.3.2.3 Masculinity, MAS

It seems to be a strong masculinity at Company Y especially among the Chinese. Masculinity in this case means that they are focused on money and challenging work.

4.3.2.4 Uncertainty avoidance, UAI

The Swedes score rather high in uncertainty avoidance but the Chinese score even higher. High uncertainty avoidance means that they are very threatened by uncertain, unknown, ambiguous and unstructured situations.

4.3.2.5 Long-term orientation, LTO

The Chinese seem to be more long-term oriented than the Swedes, which means that they are more oriented towards future rewards, particularly in persistence and thrift.

4.3.3 Comparing Company X with Company Y
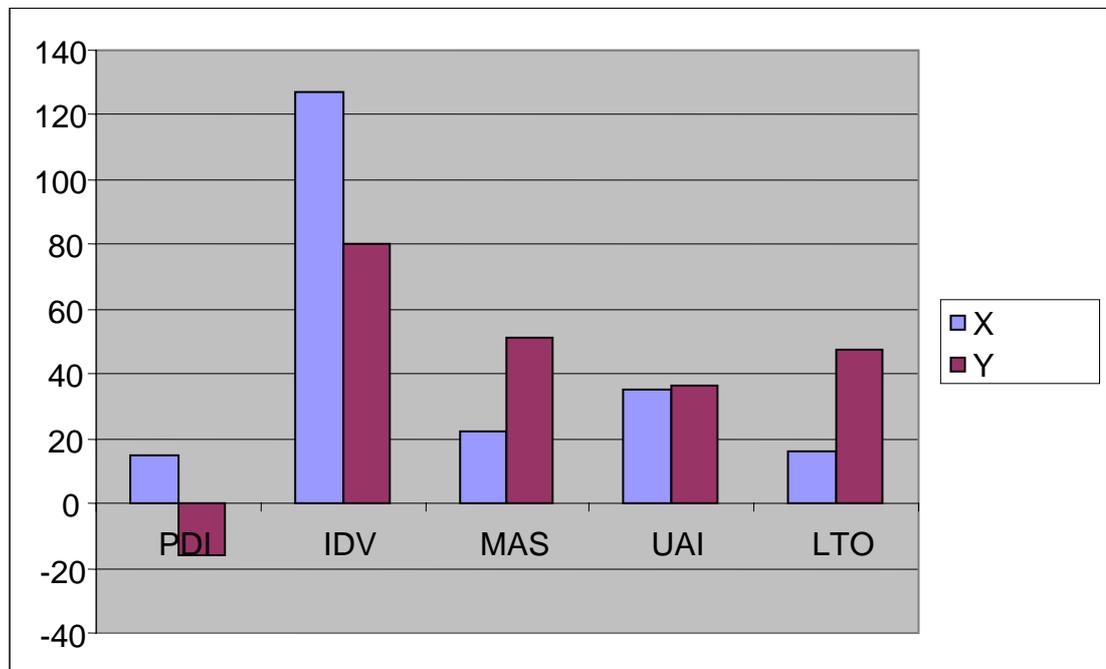
Figure 4.3 Comparing the cultural dimensions in Company X with Company Y

4.3.3.1 Power distance, PDI

Not that surprisingly the power distance seems to be lower at Company Y, which you can see in figure 4.3. It was expected since the majority in the organisation is of Swedish nationality.

4.3.3.2 Individualism, IDV

We were surprised that even though Company Y scores high it is still lower than Company X.

4.3.3.3 Masculinity, MAS

The outcome of masculinity is high at Company Y, this should mean that both men and women there are more assertive, tough and more focused on career success.

4.3.3.4 Uncertainty avoidance, UAI

There is almost no difference in uncertainty avoidance between the two organisations. Both groups are feeling threatened by uncertain and unknown situations to the same extent.

4.3.3.5 Long-term orientation, LTO

According to the survey there is a big difference in long-term orientation. The people at Company Y seem to be a lot more future oriented than the ones at Company X.

4.3.4 Comparing the Swedes to the Chinese
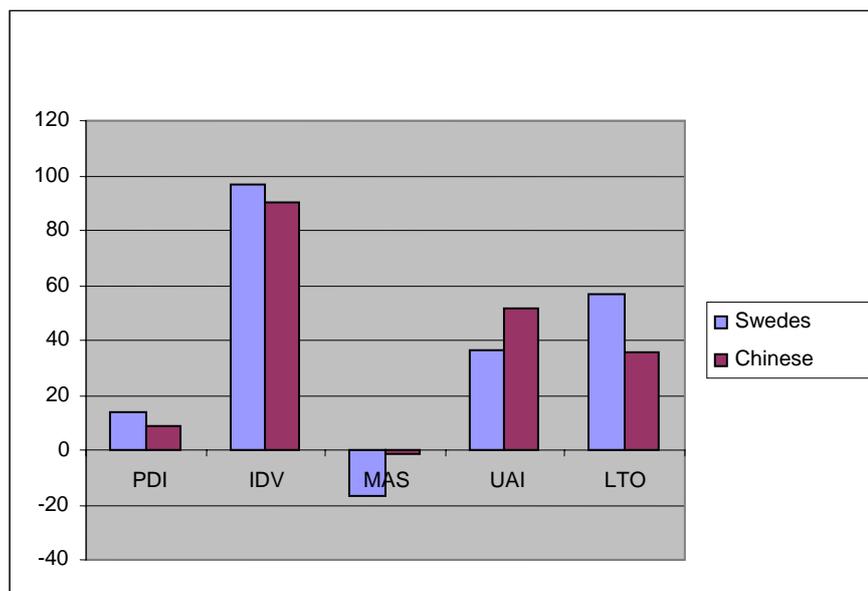
Figure 4.4 A comparison of the cultural dimensions of the Swedes with the Chinese

Figure 4.4 is the one we will focus on further on in the analysis of chapter 5. We have presented the outcomes of both Company X and Company Y in the survey. But it is more interesting for us to see if there is a difference between the Swedes and Chinese in both Company X and Y. So we compare the values of the Swedes to the values of the Chinese in both companies. Figure 4.4 shows that there are very small differences between the two groups. The only plain differences are that the Swedes score higher in long-term orientation and lower in uncertainty avoidance but otherwise both the Swedes and Chinese score rather similarly.

4.3.5 Comparing our results to Hofstede´s results
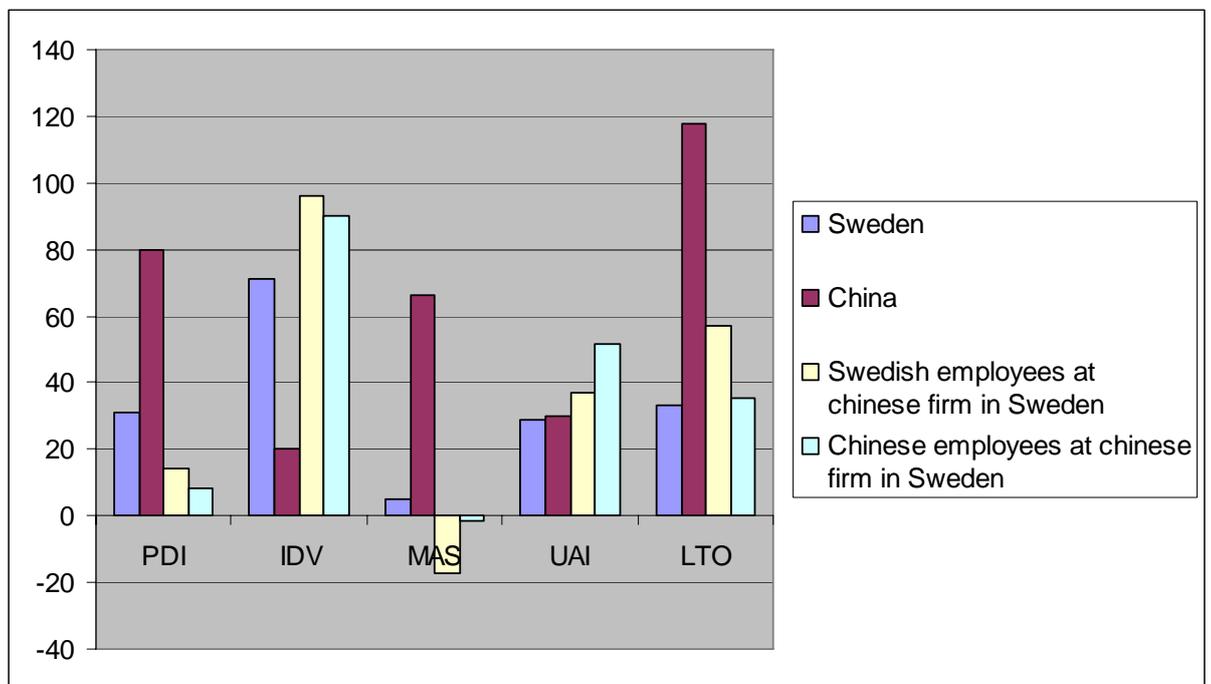
Figure 4.5 A comparison of Hofstede´s results with our results

According to Hofstede´s data the values of the Chinese should be the opposite of the values of the Swedes, except for the uncertainty avoidance dimension where they both score similar. From Hofstede´s data the Chinese score high where the Swedes score low and vice versa. But when comparing Hofstede´s results with our results in figure 4.5, one can see that the results differ rather much. According to our results the Swedes and Chinese seem to be very similar and the value scores do not differ all that much. There is a

clear pattern of the Chinese employees' values following the Swedes'
values. The interesting question is how we explain these differences and
similarities. That is what we will try to do in the next chapter where we
analyse the result.

Also when comparing our results to Hofstede´s results, figure 4.5 shows that
even though the scores differ there is still a similarity in three of the
dimensions. The Chinese scored higher and the Swedes lower in masculinity
and uncertainty avoidance in both surveys. And in individualism the Swedes
score higher and the Chinese lower in both surveys. However, what is more
interesting is that the outcome, in power distance and long-term orientation,
of our results was just the opposite of Hofstede´s. In Hofstede´s survey the
Swedes score lower and in ours the Chinese score lower in both dimensions.
In the next chapter we will try to analyze this deviance.

4.4 Response rate

4.4.1 Company X

4.4.1.1 The Chinese

- Total number of responses: 26
- Total number in sample: 50
- Ineligible: 11

The total response rate is the total number of responses (26) divided with the
total number in sample (50) minus the ineligible (11). In our research the
total response rate among the Chinese at Company X is *74, 4%.*

4.4.1.2 The Swedes

- Total number of responses: 37
- Total number in sample: 50
- Ineligible: 3

The total response rate is the total number of responses (37) divided with the
total number in sample (50) minus the ineligible (3). In our research the total
response rate among the Swedes at Company X is *78, 7%.*

4.4.2 Company Y

4.4.2.1 The Chinese

- Total number of responses: 1
- Total number in sample: 5
- Ineligible: 0

The total response rate is the total number of responses (1) divided with the total number in sample (5) minus the ineligible (0). In our research the total response rate among the Chinese at Company Y is *20%.*

4.4.2.2 The Swedes

- Total number of responses: 8
- Total number in sample: 10
- Ineligible: 0

The total response rate is the total number of responses (8) divided with the total number in sample (10) minus the ineligible (0). In our research the total response rate among the Swedes at Company Y is *80%.*

4.4.3 Company X and Company Y, jointly

4.4.3.1 The Chinese

- Total number of responses: 27
- Total number in sample: 55
- Ineligible: 11

The total response rate is the total number of responses (27) divided with the total number in sample (55) minus the ineligible (11). In our research the total response rate among the Chinese is *61, 4%.*

4.4.3.2 The Swedes

- Total number of responses: 45
- Total number in sample: 60
- Ineligible: 3

The total response rate is the total number of responses (45) divided with the total number in sample (60) minus the ineligible (3). In our research the total response rate among the Swedes is *79%.*

4.4.4 Reliability

The survey was completely anonymous and for the participants to feel even more at ease we asked them to put the questionnaire in a room so they did not have to hand them over to us in person. Therefore, we feel the reliability of the survey is high. Further, since the questions are more about their values in general the answers are not threatening in any way to their company.

4.4.5 Validity

The Chinese are expatriates in Sweden and their lives have changed significantly since most of them are here without their family and they are probably homesick. Perhaps that has affected their answers and we would receive a different outcome if their families were here with them. But we do have other worries too. Many of the Chinese do not speak English that well and they could have misinterpreted the questions or even the meaning of the scale. For instance, 1 stood for "of utmost importance" and 5 stood for "of very little or no importance" and it would be easy to assume that it was the other way around if you did not read the instructions carefully. This could even have happened to those who did not have problems with English. Furthermore, even if we did hand out the questionnaire to everybody within the organisation there were some of those who refused to participate in the study. Therefore, it does not cover the whole organisation.

4.4.6 Generalisability

Since we only did the survey in two organisations it is impossible to say that the values apply to all similar organisations. Thus, this survey can only be used to explain the cultural dimensions in these two organisations and to compare them with the outcome of Hofstede´s study.

Chapter 5
Analysis of case study

In this chapter we will discuss the collected data and apply the different theories in order to explore and explain the issues in Company X and Y.

"No man is an island, entire of itself; every man is a peace of a continent"

John Donne, the poet

5.1 Introduction

Based on the knowledge from the previous chapter we will give an analysis of the findings from our case study, both the questionnaire and interviews. Then we weave these together with the theories to find management issues that are specific in our research companies.

5.2 Analysis of the survey

As we mentioned in the previous chapter our main interest, concerning the survey, is the joint values of the Chinese and the joint values of the Swedes. We will focus on these values in the analysis in order to make the replication of Hofstede´s study as similar as possible to increase the reliability of the study. In chapter 4 we presented the survey results of the Chinese and Swedes and we also compared it to Hofstede´s results (see figure 4.4 and 4.5). We will now analyse the results dimension by dimension.
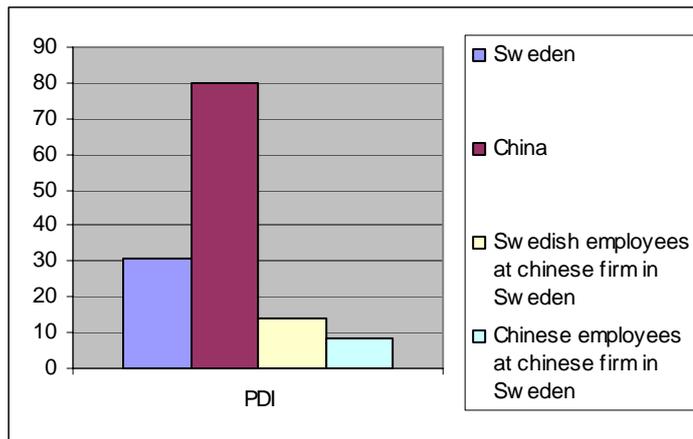
5.3 Power distance index

Figure 5.1 Power distance index

Figure 5.1 illustrates the results, of the power distance index, in our study and in Hofstede´s. It is a known fact that Chinese people take a great power distance in their professional life. The strict hierarchical culture has its root in Confucianism which was established long ago of the necessity of clear social status. When peoples´ ranks held towards others are made clear, their social status will be visible and therefore also their duties towards these and the entire society (Kang, 2003).

If applied in today's perspective Confucius would say that individuals who are subordinates should obey their superior and perform according to their coordination. The Chinese management is to take distance from its subordinates to define its social status. This is not in order to be vicious but to maintain its superiority towards the subordinates. According to Chinese culture, one cannot maintain two kinds of relationships with a person. One is either superior or friend. And even between friends one is either younger or older which sets the status by age. Age is very important in Chinese culture and is a sign of experience and knowledge (Fang, 2005).

In contrast to China Sweden is very egalitarian and everyone is supposedly equal. The relational distance in business life is not as great as in Chinese culture. This difference is reflected in Hofstede´s dimension of power distance. However, when a Chinese firm establishes itself in Sweden and

employs both Swedish and Chinese personnel, the interaction causes changes in recognition of the relations. Figure 5.1 illustrates this change in perceptions of hierarchy and roles of superiors. The Chinese employees in Sweden seem to apprehend their superiors differently than Chinese people in China would. This is reflected by the fact that they scored a much lower power distance index, which indicates a much friendlier atmosphere between the two levels. Also, Swedish employees score a little lower in this index. We believe there are relevant determinants reasoning for the changes of perceptions and these determinants are explained below.

5.3.1 Management adaptation

Chinese management, just like every other management is likely to adapt, subconsciously to the current cultural environment they are active in. Swedish employees require egalitarian management and they are likely to gain it to a certain extent and the Chinese employees are likely to "go along."

5.3.2 Cultural distance

Language is always a major source of cultural distance when explaining why people from different cultures cannot build, or have difficulties building an understanding about each other. In this case many of the Chinese have severe difficulties in the English language and subsequently with communicating with their Swedish fellow workers. The cultural distance unites and somewhat equalises the Chinese people within the firms no matter level.

5.3.3 Expatriate programme failure

We believe the mother companies have failed to integrate the Chinese managers, as well as the employees, into every-day life. They do not have their families with them and are therefore rather lonely. It is simply natural to relate to others in a same situation.

5.3.4 Size of firm

It is likely that smaller firms, wherever they are located, tend to have a Family and Incubator culture (Trompenaars et al, 1997). The size of a firm has a major influence in determining the relationships within it. For instance, a firm with a management of ten employees is likely to be more person-oriented than a management of thousands of employees. Our research objects are of smaller type which consequently directs them towards relationship orientation. However, we find no such correlation between Swedish employees scoring lower than usual, with a Swedish management. Perhaps it is just a coincidence reflecting the low amount of questionnaires handed out, or it could be a consequence originating from the low level of interaction between the two cultures. From the interviews we have a feeling that the managements are more concerned with coordination by objectives rather than coordination by incentives.

5.4 Collectivism vs. Individualism
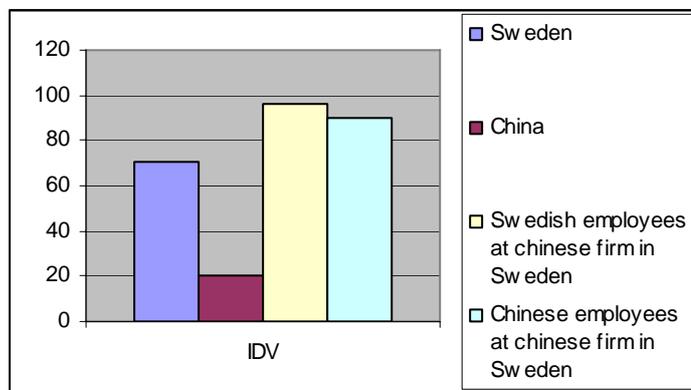
Figure 5.2 Individualism

Individualism is the only index which has positive correlation to national GDP (Gross Domestic Product). A higher GDP enhances a higher score in individualism (Hofstede & Hofstede, 2005). This partly explains why, in Hofstede´s study, Sweden scores so high in this index and why China does not (see figure 5.2). However, this variable does not explain why Chinese employees at our research companies score so high in this index. It is natural to consider personal time and variation at work when living standard rises

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with the GDP and when the current working condition is acceptable. But there are other variables that could explain the increase in individualism in our study and these variables we will discuss below.

5.4.1 Loyalty

There seems to be a lack of engagement from the managements' side to integrate the employees into different processes, such as the decision making process. Further, the Chinese managers are reluctant to share information with their employees and that is denying the employees a holistic view. The lack of trust is repaid by disloyalty towards the firms which could be a reason for why both the Chinese and Swedes score high in this index (Hofstede & Hofstede 2005). However, the qualitative study defies this variable and shows that the Chinese do not need a holistic view nor to be active in the decision making process.

5.4.2 Independency

We believe that the Chinese employees have to some extent adopted a Swedish-like view on independency. As mentioned in chapter 3, an individualistic person prefers to have personal time and freedom to act. This reflects his/her perception of management. We believe this variable also explains why Swedes score high on this index. It is a consequence of the lukewarm relationships towards the Chinese managements.

5.4.3 Work variation

A Chinese does not normally consider work variation to be important, but when the circumstances are changed and the every day life after work is monotone it is understandable that one might focus on work. For the Chinese expatriates work is a bigger part of life at this moment and therefore they want to pt more effort into it.

5.5 Femininity vs. Masculinity
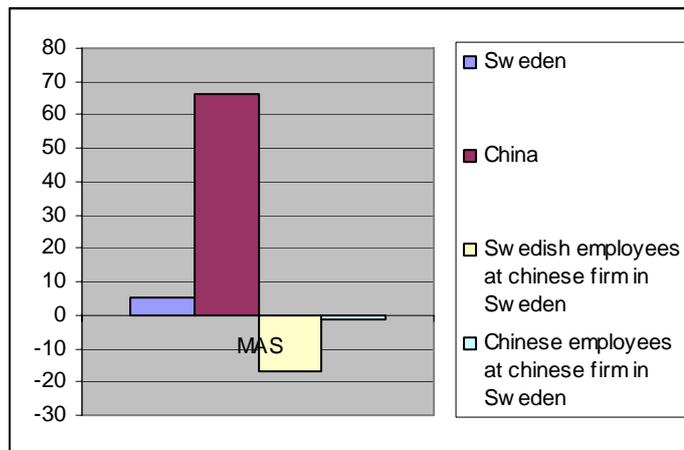
Figure 5.3 Masculinity

In individualistic Sweden people appreciate cooperation and team-work, while in family-oriented and collectivistic China people value competition. Cooperation has for a long time been unknown for Chinese people (Fang, 2005, Luo, 2000).

Nature is a major source when defining cultural preferences. In Sweden, where the climate is cold and harsh, people tend to cooperate in order to conquer nature (Hofstede & Hofstede, 2005). This quality is reflected in the daily professional life when helping a fellow co-worker or asking for help.

Chinese people on the other hand are less helpful to people outside her/his own collective. This is not to say that Chinese people do not value helping others but they are more cautious about the consequences. This quality could, according to us, be rooted in the demographic distribution of China. 90% of the Chinese population live densely on 1/3 of the eastern part of mainland China (Fang, 2005). Density of a city gathers many kinds of people and can create many social problems, therefore, it is understandable that Chinese people are brought up to be precautious towards outsiders.

Looking at our collected data (see figure 5.3), it occurred to us that, besides the Swedes, the Chinese have also made some radical change in their views

concerning job, people and environment at workplace. Their view is more feminine now and that reflects their need for interaction, not only between themselves but also cross-culturally. The determinants for these changes are *integration, environment and language and we will discuss these below.*

5.5.1 Integration

Chinese employees are more concerned now than before, when they were in China, about the relationships at their workplace. They have also, if relying on the collected data, adopted a Swedish-like naive trust for people. Still, a major drawback is their lack of knowledge in the English language which hinders them from communicating with the Swedes. The decreased index value only represents their changed view on cooperation and trust.

5.5.2 Environment

How we perceive a job is directly related to our goals in life. Chinese people in China score high in masculinity which indicates that they wish to advance in higher level jobs and that shows in their more assertive attitude. Competitiveness is a key to success and they are therefore reluctant to share information with others. For the Chinese employees in Company X and Y, the overseas operation is temporary but also an experience that could led to advancement. The cooperative environment in Sweden and the distance has to some extent influenced them to have a more Incubator-like culture.

According to Hofstede (2005) culture is to be associated with environmental issues such as demographic variables, for instance the density of population means cautiousness. Therefore, low density, in this case, would stimulate the need to build relationships and communication and to put more effort into relationships at workplace.

The Family culture takes familial ties between the members of a company, for granted. But our qualitative study-results show that there are less discussions about work between the Chinese than between the Swedes. One reason for this behaviour could be competitiveness. Another reason, which probably is more valid, is the concept of *mianxi*. Mianxi means "face", and

losing face is unacceptable for Chinese people and should be avoided if possible. Therefore, asking for help is showing a sign of inadequate knowledge (Tang & Ward, 2003).

5.5.3 Language

Language in this case does not involve conversation, but the lack of understanding which makes people more humble towards those around them. If an individual does not understand something he/she is likely to be more modest. We also believe that this variable has influenced the Swedes´ decrease in the index.

5.6 Uncertainty avoidance
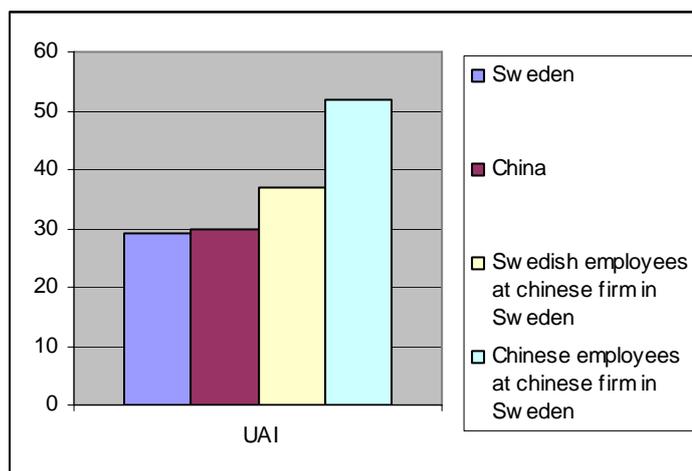
Figure 5.4 Uncertainty avoidance

If we study figure 5.4 we can easily see that according to Hofstede´s data there is no difference in uncertainty avoidance between Sweden and China. However, the same figure shows that there is a difference according to our research. The Swedish employees score slightly higher but the Chinese employees score much higher in our study than in Hofstede´s.

Uncertainty avoidance is the extent to which an individual of a culture feels threatened by uncertain situations. Indeed, explanations for the higher scores in this case are again the change of environment but also the fact that the

Chinese employees feel more dependent on each other. We will explain these below.

5.6.1 Environment

Since the environment has changed the employees feel as if they are among strangers. It is natural that they feel insecure and this is due to the fact that they know less about the new organisational culture and the new policies. They also know less about how to behave appropriate in the new environment. The Chinese are as unfamiliar with the Swedish culture as the Swedes are with the Chinese culture. However, the Swedes are more settled in the office because they have been working, both in the office and with each other, for a longer period of time. The expatriates are sent to Sweden temporarily and they are not only strangers to the Swedes but also to the Chinese they work with. The lack of knowledge increases the risk of making mistakes and consequently confrontations become inevitable. For a Chinese this is disastrous because this it something he wishes to avoid at any cost because of fear from "losing face" and therefore he does not ask for help or guidance. This uncertainty and avoidance of confrontation causes stress, tension at work and also a less relaxed atmosphere among the co-workers.

5.6.2 Mutual interdependence

We have discussed that the Chinese tend to be more competitive for several mentioned reasons. However, a higher level of uncertainty avoidance is an indication of the opposite. People in cultures with higher uncertainty avoidance index perceive competition between employees as more harmful than good. According to Hofstede´s data, both Sweden and China score low but in our research especially the Chinese score high in this dimension. They seem to have re-evaluated the importance of competition and depend more on each other.

Because they feel more insecure in their new environment it has made them less competitive and more interdependent now than before, when they were in China. They assume that if they act competitive they might face a similar attitude from their co-workers and that would cause even more uncertain.

Also, the Chinese employees seem to depend more on the managers by expecting them to know everything, lead them in the right direction and tell them what to do. The Chinese managers expressed that the Chinese employees need more supervision and guidance than the Swedish employees. In a way the Chinese employees seem ease the pressure and burden of uncertainty by passing it on to their managers and making it their responsibility to know. One reason for this could be that the Chinese employees are young people who have recently finished studying and they did not work before their expatriation, therefore, they are more insecure.

5.7 Long-term orientation vs. Short-term orientation
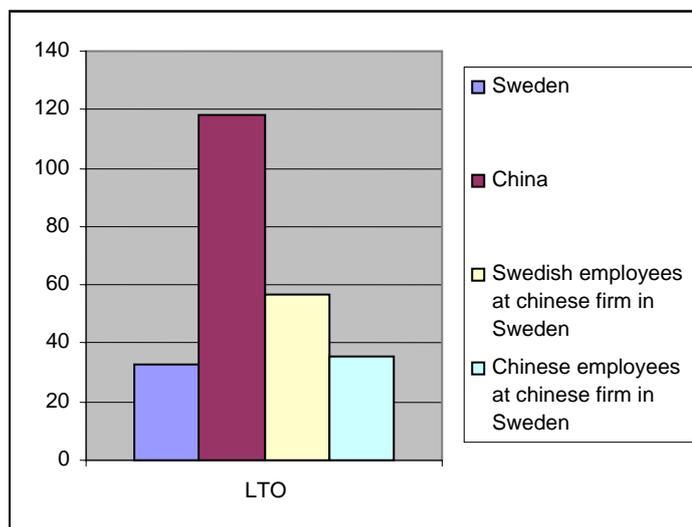
Figure 5.5 Long term orientation

People that are long-term oriented are more concerned with economy, persistence and ordering relationships by status. People that are short-term oriented value greetings, gifts and respect for tradition more. They are also more concerned with protecting face and fulfilling obligations. One might think that the Chinese in China score low in this dimension because of their perception of the "face" concept and that they are short-term oriented. But it was actually the opposite because they scored extremely high and the Swedes were those who scored low in Hofstede´s study. However, our quantitative findings show the opposite results because the Chinese Company X and Y seem to be short-term oriented and the Swedes seem to

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be long-term oriented (see figure 5.5). We will discuss some variables below.

5.7.1 Economy and status

Both the Swedes and the Chinese are working with people from a different culture and going through issues which are quite unusual for them under ordinary circumstances. The Chinese are also very far from home and it has caused them to re-evaluate some things. The Chinese employees are, as we mentioned, younger and straight from the university and many of them are not married. Saving money is less important to them because they have no wives and children to support. Even though they might send money to their parents or relatives, it is not the same as the pressure and obligation of having an own family. Instead, they are more concerned with traditions and fulfilling obligations.

Long-term oriented people usually put more importance in ordering their relationships by status but our research findings show that this perception has changed. The Chinese managers and employees seem to have developed a different kind of relationship in Sweden than they would if they were in China. The managers are not as out of reach as they usually are in their home country and the relationships have become closer.

However, the Swedish employees seem to consider economy to be more important than before and they do not value traditions as much. This could be explained by the fact that the Swedes disapprove of the Chinese management style, but in order to be able to do their job they choose to focus on the money they get in return.

5.7.2 Self awareness

The most significant difference is between the Chinese in China (Hofstede´s study) and the Chinese employees in our study. They have gone from being extremely long-term oriented to becoming short-term oriented. So why do they all of the sudden value traditions so much more? It occurred to us that there is a higher degree of self awareness. For instance, Swedish people

being in Sweden do not have to concern themselves with expressing what is so Swedish about them. However, when they leave Sweden and go abroad they suddenly become more aware of whom they are. The same principal applies to the Chinese expatriates who are now more self-aware because of the new environment. Because they are far away from their friends and relatives they are not able to see them as often as they are used to. Therefore, traditions and holidays have a different meaning and all the things that were considered less important and short-termed are now important because they are not taken for granted anymore. That is usually done by people under normal circumstances.

Also, "losing face" has become more important for the Chinese and they are more concerned with it now than before. This is also a consequence of being away from home because they are not just representing themselves as individuals but as a nation. Therefore, they are more careful with the way they behave. They avoid asking for assistance and they have trouble showing that they are not able to solve a certain problem.

5.8 Difference between our results and Hofstede´s results

We have analysed the outcome of our survey and compared it to Hofstede´s results and we showed that there is a difference between the two. However, when studying figure 4.5, in chapter 4, one can see that even though the scores differ there is still a pattern in three of the dimensions. In both surveys the Chinese scored higher and the Swedes scored lower in *masculinity* and *uncertainty avoidance*. In *individualism* the Swedes scored higher and the Chinese scored lower in both surveys. *However, what is more interesting is that the outcome in power distance and long-term orientation was just the opposite*. In Hofstede´s survey the Swedes scored lower and in our survey the Chinese scored lower in both dimensions.

5.8.1 The change in the power distance index

According to Hofstede´s study the Chinese have a higher power distance index than the Swedes. However, according to our study not only have the scores decreased in both groups, but the Chinese have a lower power

distance index than the Swedes. This is entirely contradictory from Hofstede´s results but we believe there are explanations for these changes.

The Chinese management is likely to have adapted the current cultural environment they are active in. The Chinese managers are just like their Chinese subordinates away from home and that causes all of them to re-evaluate things. Many of the Chinese have severe difficulties with speaking English and subsequently in communicating with their Swedish fellow workers. This cultural distance unites and somewhat equalises the Chinese people within the firms no matter status or level. They seem to relate on a different level now, than they would have if they were in China, because it is simply natural to relate to others in a similar situation to yours. This also explains why the Swedes have more distance to their supervisors than their Chinese co-workers.

5.8.2 The change in Long-term orientation

According to Hofstede´s study the Chinese are more long-term oriented than the Swedes. But according to our study the Swedes seem to be more long-term oriented so this is also contradictory from Hofstede´s results. The Chinese are more concerned with the traditions than the Swedes are. All the things that were considered less important and short-term are now important, because they do not take them for granted anymore. Also "losing face" has also become more important for the Chinese.

The Swedes have become more long-term oriented, for instance, they find economy more important and they do not value traditions as much as they did before. This is a consequence of the displeasure with the Chinese management style so they choose to focus on the money they receive in return for their efforts.

Something else worth mentioning is the fact that the Chinese are in Sweden for a limited period of time but the Swedes are not. This could also be a reason for the Chinese, knowing that they will not stay permanently, to be more short-term orientated.

5.9 The analysis of the interviews

5.9.1 Perceptual issues

Trompenaars´ theory about corporate cultures leads us to two major management issues at our research objects. There seems to be two perceptual issues, the perception of hierarchy and the perception of job meaning.

Figure 5.6, below, illustrates the horizontal and vertical axis that divide Trompenaars four corporate cultures. Sweden with an Incubator culture is egalitarian while China with a Family culture is hierarchical. Further, in egalitarian cultures there is a sense of self fulfilment through job while in hierarchical cultures the duties of the job are to be fulfilled.

Egalitarian

Fulfilment-oriented culture
Incubator

Project-oriented culture
Guided missile

Person ─────────────────── Task

Person-oriented culture
Family

Role-oriented culture
Eiffel tower

Hierarchical
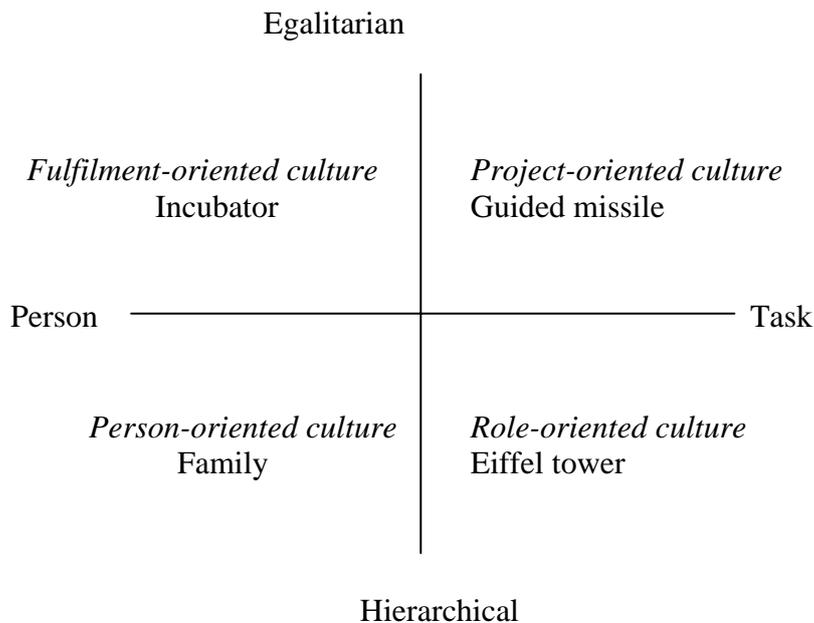
Figure 5.6 Trompenaars four corporate cultures

5.9.1.1 Perception of hierarchy

The perception of hierarchy establishes the relationships within the firms. Not only does it establish the power distance between the levels but also between the cultures on management level. The fact that Swedish managers at Company X are not invited to important meetings and the fact that all the manuals are in Chinese tells us how the Chinese board apprehend Swedish managers. They are not considered to be one of them.

Chinese businesses are established through personal relationships. Chinese people put trust in the personal relationships while "western", or Lutheran, business style puts the transactions in focus. The relationships may be established after agreements are reached and people put more trust in the system. Trust is turned towards the other firm and not the representative himself (Fang, 2005). Figure 5.7, below, illustrates the two business philosophies.

P – time (Chinese)   M - time (Swedish)
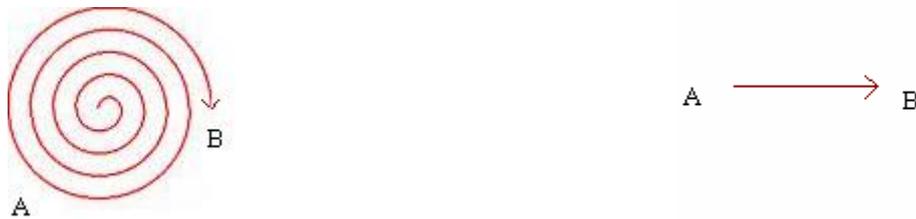

Figure 5.7   Two business philosophies

In relational terms, external business with another company is just like internal business with employees. Therefore, we relate these negotiation philosophies with employment philosophies. Confucianism teaches about trust towards the family while putting less trust in other individuals outside the family. Since Chinese corporate culture is person-oriented more time is required to build up trust and Swedes are on the other hand used to the trusty M–time perspective (Fang, 2005). The reason why Swedish managers are not invited to important meetings is that they are not trusted enough with sensitive information and decision power.

This is a serious problem in the firm. Throughout the firm there is a distinction between "us" and "them", both between the two cultures and between the levels. Even though we have said that the relationships between the Chinese employees and Chinese superiors are good there is a clear power distance between the levels. The low interaction between the cultures causes the firm to be rigid and totalitarian. For instance, the decision of not allowing anyone to leave before 16:30 would probably not have been made if the Swedish managers had been included in the decision making.

5.9.1.2 Perception of meaning of job

We believe that for many people jobs are just to make money to support life's other activities, while for other people jobs are just like other essences of life, to fulfil their lives. The perception of meaning of jobs could be established as:

- *Self-fulfilment and job*

The idea is that job is solely to support other activities in life and therefore job content is not important. Although, this does not in anyway imply that people with this belief do not appreciate doing a good job and achieving good results. On the contrary, if life's other meaningful activities are supported by the job then achievements are extremely important. Here the job and life is separated. This idea characterises the Family culture (Trompenaars, 1997), of which the members fulfil their duties.

- *Self-fulfilment through job*

If an individual realises her/his life through the job, then the job content is of outmost importance. By doing what he/she likes to do and achieving a good result the individual realises herself/himself. Therefore, life and job is inseparable. The characteristic represents the Incubator culture (Trompenaars, 1997).

When job content is important an individual is likely to be interested in other matters than her/his own. From our qualitative study we observed that the Swedes need a more holistic view than the Chinese employees, which is the reason why they always ask questions. There is an obvious vibe of frustration from the Swedes caused by not knowing what is in progress and it is repaid by disloyalty towards the firm and silent dissatisfaction.

5.9.2 Language

Language difficulties are severe issues at our research objects. Cross cultural cooperation can not be built unless cross cultural interaction exists and language is the key to interaction. These issues drive the relationships, at these firms, to be task oriented when the configuration of the firms actually require a more person oriented culture. By configuration we mean the size

and the nature of the business. It is the root to the many problems at the firms. The almost none-existing cross cultural interaction prevents understanding of cultural references, personal background and preferences, perceptions of jobs and perception of hierarchy. It is the flaw in the expatriate programme which does not include language courses or cultural education. Mutual understanding has not been established to conquer xenophobia and there are unspoken questions raised by both sides which could easily be answered if interaction would occur.

Questions from the Swedes:
- Why do the Chinese not have coffee breaks?
- Why are they sleeping during working hours?
- Why do they spend more time at work but they do not accomplish more?
- Why are they rather "diplomatic" than honest?

Questions from the Chinese:
- Why do they leave work immediately after working hours?
- They ask a lot of questions, why?

One can see above that the Swedes have more questions than the Chinese. This is because of the embedded nature of Confucianism of expressing implicitly to preserve peace (Kang, 2003).

5.9.3 Different reactions in Company X and Y

We observed different reactions from the Swedes in the two companies and it puzzled us. Why are the Swedes in Company X frustrated and unhappy with the current situation, while in Company Y they do not seem to be bothered? The managements in these two companies are very similar and so are the issues within the organisations. So it occurred to us the answer could be in their inequalities.

The average age among the Swedes is higher at Company X so it could be because of the fact that they are older that their ability to handle inequality is worse. Being middle aged adults they find it humiliating to be treated badly and since they do not know how to resolve these issues, which are caused by cultural differences and managers´ conduct, they find it frustrating.

The Swedes in Company X have an academic degree and also a lot of knowledge and experience. It is possible that they make heavy demands on themselves and have great expectations of their own professional achievements. That would explain their dissatisfaction with the fact that their opinion is not valued. At Company Y they do not have an academic degree and their tasks are not as demanding. If this reflects their own personal expectations of themselves this might be the reason why they do not become absorbed in their work and consequently they do not become absorbed by the issues at work.

This proves that even if people are of same nationality and culture it is not enough to foresee their reactions. There are other factors to consider as well, for instance age, education, status, experience, expectation and commitment.

5.10 Contradictions between the survey and the interviews

We noticed a big contradiction between the survey and the interviews. When talking to the interviewees it was obvious in both cases that there is a big *power distance* within the companies, however, the survey results indicate the contrary. Also the Chinese score in *individualism* was surprising. Considering their current lifestyle in Sweden a high level of collectivism was expected but instead the Chinese scored almost as high as the Swedes. A low *masculinity,* which is a high femininity, is an indication of the persons being concerned with good relationships. Having in mind what was said during the interviews, about the non existent solidarity, we expected the Chinese to score high in this dimension and the Swedes to score low but surprisingly both groups scored extremely low.

There could be several explanations to these contradictions, for instance, in chapter 3 we show that even though Hofstede´s theories are well-known and well-supported they are also criticised (McSweeney, 2002). The questions in the questionnaire do not imply the different dimensions directly. Since it is difficult to measure cultural values, Hofstede chose to ask questions which he considered would indirectly reveal a persons value. For instance, if a person answers that tradition is important he is then considered to be short-term orientated. The question is if this is a correct way to interpret the answers and if it is possible to make such assumptions.

Further, Prof Hofstede´s survey questionnaire VSM94 evaluates cultural aspects of a group. The questions are personal and the participants are supposed to answer the way that they feel is accurate according to their own preferences. This is the reason why the results from the interviews to some extent are different from the survey results. For instance, if there is a high power distance within the companies, due to the management's conduct, it does not imply that the employees within the organisation prefer a high power distance. So when reading this report it is important that one keeps in mind that in the interviews we focused on the current relationship between the cultures and levels while the survey evaluates the participant's cultural values.

5.11 Summary

Environment is a great determinant when building a corporate culture in terms of economy, nature and certainly people. The relationships within a firm often determine the atmosphere which evolves in the corporate culture. The management impact on the relationships is obvious at our research objects where power distance is a great influence.

Observing the quantitative findings it seems to us that the Chinese have embraced a Swedish-like mentality, which is reflected by the changes in the dimensions. However, the qualitative findings illustrate another picture of the research objects, the organisations appear to be dominated by the

Chinese culture, due to the Chinese managements' impacts on the relationships.

 We have located two different perceptual issues causing many of the current frictions, the perception of hierarchy and perception of job meaning. Different ideologies are certainly major sources of conflict if the differences cannot be bridged by communication and this is a great issue at these firms.

Chapter 6
Conclusions

Here summary of the dissertation is presented and also some suggestions, criticism and ideas for further research.

"Culture is more often a source of conflict than synergy. Culture differences are nuisance at best and often a disaster"

Dr. Geert Hofstede

6.1 Summary of dissertation

China's impact on global economy is now more obvious than ever. Chinese firms are rapidly expanding overseas while employing talents from different cultures. Therefore, cultural clashes and management issues are inevitable. In this context the relationships within the firms are major determinants for successful co-operation. Our objective with the report was to observe the relationships between the cultures and levels and see if the firms have a Chinese or a Swedish dominated culture. The purpose of our report is to find and shed light on some management issues or rather perceptual differences between the two cultures, because we believe that this is an unexplored area.

Our study was conducted with questionnaires handed out to the members at the firms and interviews with more specifically chosen individuals. The findings were then analysed with the help of Hofstede´s cultural dimension theory. Further, another influence in our report is Trompenaars' theory of corporate cultures, which establishes country specific characteristics in management.

What we found at our research objects is remarkably contradictive. The quantitative findings show that the Chinese are embracing a rather Swedish-like mentality. It seems that their perception of hierarchy, relationships, and meaning of job has changed. However, the qualitative findings show the opposite. There are still big differences between the cultures and levels, especially between the Swedish employees and the Chinese management. A

distance occurs because of differences in perceptions of hierarchy and perceptions of job meaning and that explains the frustration the Swedish employees feel. For instance, the Swedes would like to be more involved in the whole process but the Chinese management is reluctant to share that much information because of lack of trust and fear of corruption.

The conclusions we draw from our study are that there are big cultural differences which cause the relationships between the cultures and levels to be rigid and static. Our research question was: *Do Chinese companies in Sweden have a Chinese dominated or a Swedish dominated corporate culture?* Our answer to that question is that the Chinese companies in Sweden have a Chinese dominated culture. It is due to the Chinese managements´ conduct and it is obvious that they co ordinate relationships through their power. They have not made any significant efforts in order to adapt.

Still, culture and nationality is not all there is because even the members that shared culture show different reactions. In chapter 4 we presented that the Swedes in Company X and Company Y showed different reactions and we discuss this finding in chapter 5. It proves that it is not enough to foresee a person's reaction by simply knowing his/her culture and nationality. There are other factors to consider as well, for instance age, education, status, experience, expectation and commitment. Considering these issues, we present some suggestions below to help build better cooperation, or at least shed light on the issues by proving their existence to the Chinese management.

6.2 Suggestions for research objects

The cultural clashes are results of the failure with the expatriate programme. The Chinese expatriates seem to lack an ability to empathise with other cultural references and behaviours (McGraw, Hill, 2005). According to Hill the three main reasons for expatriate failure in Japanese firms are: inability to cope with larger overseas responsibilities, difficulties with new environments and personal or emotional problems. We have reasons to draw

similarities between Chinese and Japanese firms because both cultures are indoctrinated with Confucianism (Tang & Ward, 2003).

The changed environment causes uncertainty and anxiety, not only for the Chinese employees and managers but also for their Swedish fellow workers. They all could benefit from an education programme, it could help build understanding between the cultures. We will not describe in details how this education programme should be configured, because that is not our aim with this report. However, Hill and McGraw (2005) argue that the programme could be set up to focus on three aspects.

- *Cultural training* in order to foster an appreciation for the other culture. Behavioural matters are minored if we understand and empathise with others.

- *Language training in order* to build communication. Through communication we can build an interactive environment. It fosters personal relationships and enhances the cooperation.

- *Practical training* aims at helping the expatriates to ease themselves into day-to-day life, for instance through a network or community. This training is in this case more suitable for the Chinese.

We realise that our suggestions are not revolutionary. It is known that human resource theories exist and help build competitive cross cultural competence. However, they do not seem to be applied in the extent we expected. We do not know if this is because they are not aware of the theories or because they choose to ignore them. The firms are not making use of their diversified workforce in order to enhance learning in the organisations. People with similar thoughts do not learn from each other as much as those with different ways of thinking. If we broaden our horizons we are likely to see and learn matters beyond our expectations.

6.3 Criticism of dissertation

When analysing the findings our main concern was Hofstede´s formula to calculate the dimensions and its validity. We have learned to calculate the dimensions and appreciate their importance. However, we have not put effort into explaining the constants in the formulas and therefore the validity of Hofstede survey questionnaire could be questioned. Yet, we put trust in Hofstede´s knowledge in mathematics.

It is reasonable to argue that we could have done our research another way, for instance by studying by observing the objects and then decide whether they have a Chinese or a Swedish dominated cultures. That way we could observe the explicit factors, such as decision making system and structural matters, but not relational matters. Still we chose to establish the relationships in order to determine the dominated culture.

Furthermore, Trompenaars´ theory of cultural aspects has almost the same reasoning as Hofstede´s. It is therefore discussable why we did not choose to apply one of these theories. But there is a drawback with using solely one theory in terms of objectivity. According to Hofstede, a researcher is still an individual from a certain background and has certain preferences and therefore his/her objectivity is always questionable.

6.4 Further research

It is our opinion that this is a subject worth further research. Not only that it would give cross cultural competitiveness for the current and the future Chinese firms in Sweden, but it would also be useful to firms with Chinese culture manifestation when establishing in Sweden.

- Chinese management of "western" staff is an unexplored field and we would like to read about cooperation on board level in the future. How the decision making systems would be and how the firms would be structured. However, we believe that it would be difficult to observe these matters today, considering the number and sizes of Chinese firms currently active in Sweden.

- More realistic proposals would be in the field of team work or project group where members from both cultures could participate. The dynamism of each culture would then be explored and explained.

- Our subject deserves further studies with greater extension by covering more and larger firms. There is perhaps possible to create a cooperation model specific for Chinese firms in Sweden.

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