Overcoming cross-cultural communication barriers–A Guide for Finnish managers to do business in China

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As the interest of doing business in China is increasing. Nowadays, many SME Finnish companies are involved in business contacts with China and send employees overseas to start up new sales offices. Globalization brings new opportunities, but also uncertainties. In order to minimize those potential risks, it is really important to acknowledge the local business culture.

In China, a direct "no" would cause the person feel rejected and lose face, so people will use a more indirect approach which means communication is transmitted not just in words but also relies heavily on non-verbal signals, such as facial expressions, tone of voice, eye contact and use of silence. For Finns, whose communication style is open and direct, may find it challenging to read these non-verbal messages. Differences in communication style can lead to conflict, misunderstanding and stress.

This thesis is aimed to bridge the gap between different business cultures and communication styles. It consists of two parts. The first part presents the theoretical framework of effective communication which includes genenal communication techniques, cross-cultural communication and Chinese business culture. The guidebook as the second part forms the actual product of this thesis. To offer both theoretical and practical insight, I gathered information for the guidebook through various channels: using relevant literature, the internet and conducting interviews with Chinese experts and employees from the case company.

The main objective of this project is to find out the possible pain points for Finnish managers to communicate with Chinese and also offer practical suggestions. The guidebook is well structured into three parts: basic information, step-to-step guidance and learning resources. For those Finnish managers, who are seeking new solutions to increase their managerial efficiency during interaction with Chinese clients, colleagues or other target groups, this guidebook can be served as an excellent cross cultural communication toolbox.

| **Keywords** |
| China, Finland, cross-cultural communication, direct/indirect approach, toolbox |

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1 Introduction

In May 2012, Finnair launched a new flight route service between Finland and China, now there are direct flight routes from Helsinki to four major cities in China: Beijing, Shanghai, Chong Qing and Hong Kong. The rapid flights show the contact with China has played an important role in Finnish economy strategy nowaday. Small and medium sized Finnish companies are now increasing their interest in exploring Chinese market. Globalization creates not only business opportunities but also potential risks. If the organization ignores the culture differences and fails to manger it, the consequences can become disastrous. The target of this thesis is to design new tools for improving collaboration across different cultures. This chapter will introduce the following information: background information, project objective, project scope, case company, theoretical framework and report structure.

1.1 Background information

Organizational communication is becoming more and more complex. Today's manager must communicate with people who don't speak the same language or share the same value. However, having a diverse workforce does not necessarily predict positive organizational outcomes. Rather, how much the managers have the sensitivity to adapt to an international market and how effectively they manage the diverse workforce determine whether organizations reach the potential rewards and minimize the management risks, such as lack of cohesion, miscommunication, take less initiative responsibility, increased conflict, poor decision-making processes, lack of coordination. (Caproni 2012, 266.)

Many foreign executives continue to experience deep frustration when they attempt to lead the local team because of miscommunication and cultural barries. Meanwhile, managers are also responsible for handling external communication with different target groups, for instance, local clients, business partners and government officers.

In a relationship-oriented culture, the best way to enter Chinese market without investing big amounts of time, money and resources is to build good personal network with local contacts. It is absolutely vital to get this right, because when dealing with China where business is done only when relationships are formed. It requires a systematic process of building trusted relationship with those internal and external target groups.

1.2 Project objectives

Doing business with people from another country is almost never as straightforward as we would like to be. Two biggest challenges will be:

1. to communicate better on a personal level with local business partners and other external target groups
2. to develop strong working relationship with the local team

There are a number of visible reasons for these challenges, such as language barriers, but some reasons are still not so obvious. The main objectives of this project are to find out the possible pain points for Finnish managers to communicate with Chinese and also offer practical solutions.

1.3 Project scope

The goal of this project is to help Finnish business men to increase their communication efficiency and performance when leading Chinese team, running business meeting and negotiating with Chinese.

The main focus is to answer the three following questions:

1. What are the main cultural differences between Finland and China?

2. What are the possible pain points for Finnish managers to communication with Chinese target groups?

3. While doing business in China, how to increase communication efficiency and make more sales?

Knowing clearly my target group and objectives, deciding the action plan for the project is quite easy. The main tasks are including: designing the theoretical framework which the following parts are based on, doing qualitative research, developing content and structure for the guide, presenting the key results to the case company, compiling the guide, evaluating the project.
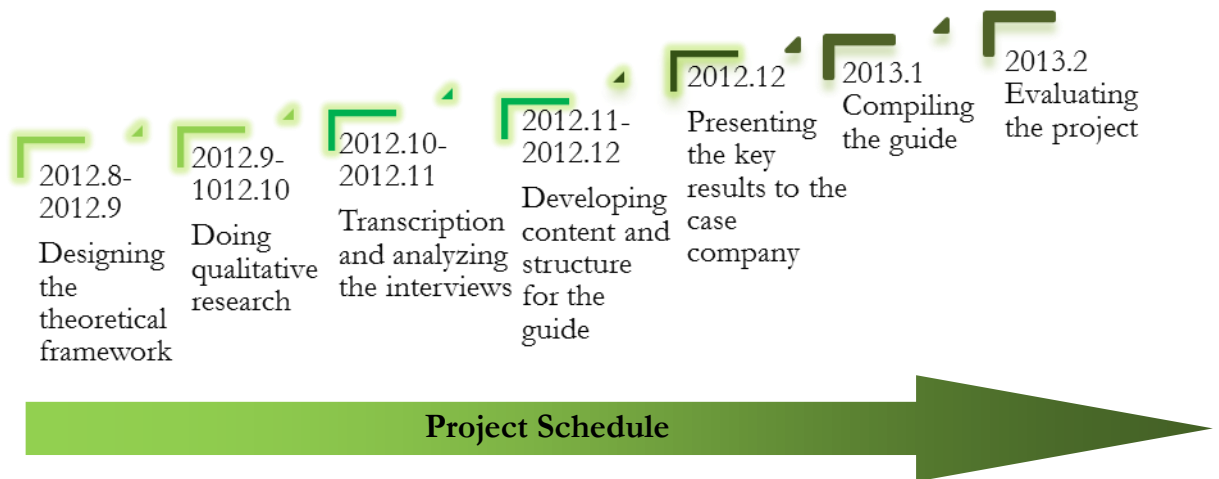
Figure 1: Project schedule

Existing cross-cultural communication books have the disadvantage that they cover fields too wide and too theoretical. I aim to keep the guide book simple and practical, so that it is understandable and applicable for all readers.

1.4   Case company

RUUKKI provides its customers with energy-efficient steel solutions for better living, working and moving. Globally RUUKKI have around 11,800 employees in 30 countries. The structure of RUUKKI business consists of three parts: RUUKKI construction, RUUKKI Engineering and RUUKKI Metal. (RUUKKI 2012.)

In China, RUUKKI Engineering had a factory in Shanghai Bao Shan area for about 10 years, there were around 350 local employees working in the factory. The majority of RUUKKI Engineering client basis was Western international companies.

Later on RUUKKI metal sets up a sales office in the same location as the RUUKKI Engineering. The metal business is aimed to provide special steel products, including high-strength, wear-resistant and special-coated products for demanding and energy-efficient applications. The steel service center gives supply on steel products and related prefabrication, logistics and storage services. (RUUKKI 2012.)

In 2011, the company restructured the business strategy in China, allocated all the resources and closed the RUUKKI Engineering factory in order to develop RUUKKI metal business units in China. Now RUUKKI metal has sales offices both in Shanghai and Beijing, and storage in Shanghai Bao Shan area.
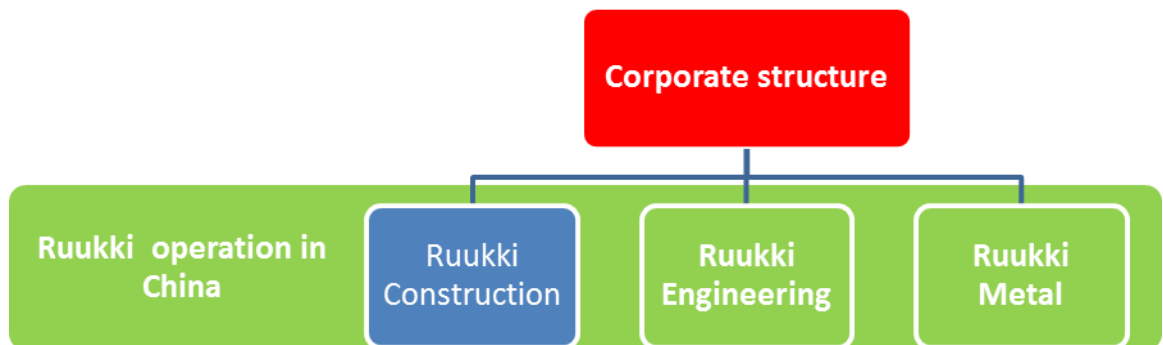

Figure 2: Ruukki operation in China

Majority of RUUKKI metal client basis is local Chinese companies, and all then local or Asian distributors. To increase the communication efficiency with different target groups and make more sales in China, this thesis will serve RUUKKI as an excellent toolbox for those Finnish managers to do business with Chinese.

1.5   Theoretical framework

The theory section will be divided into three parts: Communication in general, cross-cultural communication, Chinese business culture.

Communication in general covers basic techniques which help to enhance communication effectiveness in all aspects, such as:

1. Focusing on others: it means make an effort to understand how other people are thinking and find out what they want. And then you can show them how your offering can meet those wants. (Swallow & Khan-Panni 2004, 11.)
2. Delivering the message with one's own version: it means interpret complex message to a simple version by using one's own word. (Maxwell 2010, 3.)
3. Believing in self: hence the development of self-confidence, make better impression, gain support and respect from others. (Denning 2011.17-19).
4. Bringing positive energy: it means bringing energy strategically in order to communicate effectively. (Maxwell 2010, 72.)

Cross-cultural communication will introduce four key concepts which are:

1. Power distance represents inequality: it means that less powerful members of organizations and institutions accept and expect that power is distributed unequally. In high power distance culture, society's level of inequality is endorsed by the followers as much as by the leaders. (Shriberg/Shriberg, 2010, 41-42.)
2. Individualism VS. Collectivism: in individualistic societies, everyone is expected to look after him or her-self. Members of a collectivist society are more integrated from belonging groups, such as families which continue protecting them in exchange for unquestioning loyalty. (Shriberg/Shriberg, 2010, 41-42.)
3. High context VS. Low context culture: in high context culture, the words play a relatively small part in the communication. People pay more attention to body languages, such as facial expression, voice tone and the use of silence. In low-

context cultures most of meaning is "invested in the explicit code", that is, words. (Rosinski 2003, 154.)

4. Deductive VS Inductive: the style of thinking that derives from ideas and theories is called "deductive", and the style of thinking that derives from analysis of data is known as "inductive". (Rosinski 2003, 177-178.)

Guanxi, face and favor are three key concepts which apply in Chinese business culture and Chinese organizational life. Guanxi is a central idea in Chinese society, it describes the basic dynamic in personalized networks of influence. Closely related concepts inclued "favor" which reflects the depth of feeling within an interpersonal relationship, it is the moral obligation to maintain the relationship, and the idea of face means the social status, proprestige, or more realistically a combination of all three concepts. (Gold, Guthrie & Wank 2002.)

1.6 Report structure

This thesis consists two parts. The first part presents the theoretical framework which emphasis on introducing different methods to decode different behaviors, communication styles and modes of thinking. Sun Tzu had said in the art of war: "Know the enemy, know yourself, and you can fight a hundred battles with no danger of defeat." (Michaelson & Michaelson 2010, 33.) Today's competitive economic environment is like a battle field, managers need developing a sense of self-awareness and gaining understanding of people who are from various cultural groups. The theory part will help to identify and increase self-awareness of one's own communication style and preferences in the workplace. The guidebook as the second part forms the actual product of this thesis. It is well structured into three parts: basic information, step-to-step guidance and learning resources. The main focus is to introduce the possible cross-cultural communication barriers and new tools to increase the managerial efficiency and performance when running meeting, leading teams and negotiating with Chinese.

2   Effective communication

Dale Carnegie has said: "Even in such technical lines as engineering, about 15% of one's financial success is due to one's technical knowledge and about 85% is due to skill in human engineering, to personality and the ability to lead people."(The sign trade 2007.) It indicated the importance of one's interpersonal communication skills. The first chapter will discuss communication in general which is aimed to introduce the basic communication techniques. To increase the awareness of different business culture, communication style and mode of thinking, the second chapter will emphasize on explaining cross-cultural communications. And the last chapter will further discuss Chinese business culture.

2.1   Communication in general

"Communication is a contact sport. We communicate to comfort and hurt, influence and resist, coordinate and create chaos, bring people together and pull them apart, make ourselves known and hide behind our words."(Caproni 2012, 112.)

A successful communicator can transform a clear message to the listener and have the message understood in the same way the speaker intend to. It is also the ability to identify with people and relate to them in a way that increases your influence with them (Maxwell 2010, 3.)

Somehow in real life, the message is not always understood in the same way we wish to. On the contrast, many times we find ourselves disconnected with the target group and fail to get desired results. In this chapter, the focus is to generate basic techniques which will increase the communication effectiveness. It consists of four parts: focus on others, deliver message with one's own version, believe in self and bring positive energy.

2.1.1 While communicate, focus on others

To become successful in communication, the most important change that should take place in mind is that: start focusing on the needs and expectations of the people you want to do business with. (Swallow & Khan-Panni 2004, 11.)

If we put all the entire focus only on ourselves and our message, we may fail to match the expectations of others. Thinking about the difference between a normal sales person and a trusted advisor, salesmen usually focus only on promoting their business idea and their product, while trusted advisors will make an effort to understand client's needs and have their best interests at heart, rather than emphasizing on reaching the sales goal. The greatest weakness in most business is the tendency to present the product or service from the company's point of view, not from the expectation of the potential clients. This attitude will certainly not work. The problem is that most people suffer ego expansion. It crushes everything in its path. It also becomes a tangible wall between the presenter and the audiences. (Caproni 2012, 115.)

One major change that needs to take place, if a company wants to succeed when competing for business internationally is to shift the focus away from itself, and on to the audiences. To deliver a winning and memorable presentation, it is recommended to understand first how the audiences think, find out what they want and show them how your offering can meet those expectations. By shifting the focus from inward to outward, the ability to connect with other is increasing. (Swallow & Khan-Panni 2004, 93).

However, we are easily distracted by our own internal noises and prejudices. Because most people have the tendency to make judgment easily, we judge people quickly based on the first impression or stereotypes of a person, and have the tendency to see what we want to see by forming an impression from a small amount of information and assuming that to be highly representative of the whole person or situation. Those internal noises and judgment will risk the failure in communication. (Maxwell 2010, 29.)

Be aware not to hold on to preconceptions about people or things and make efforts to quiet those internal noises, emotional reactions and criticism. (Beebe, Beebe & Redmond 2000**.**) While interaction with different target groups, it also requires right motivation, courage and empathy in order to connect with others on a personal basis, which means understanding that each person has a different view of the world, accepting that this perspective may be different from one's own, and respecting that difference. (Caproni 2012, 115.)

Listening tips:
- Asking open-ended questions.
- Avoiding negative phrases or feedbacks, such as "It will never work" or "I see, but…"
- Repeating and summarizing what you have heard.
- Listening with an open mind, don't make judgment.
- Keeping quiet your inner noises, and giving your full attention to others.

2.1.2 Deliver the message with one's own version

Pablo Picasso, Vincent Willem Van Gogh, Leonardo da Vinci… All those famous artists in history still communicate with us though their masterpieces. Even many centuries have passed, the masterpiece still has the power to influence and connect people. All those great artists are excellent communicators, because their message has be understood and received by others.

For artists, the learning process always starts from imitating. Later on some develop excellent painting techniques, but only few become the greatest artists in the world. What makes the difference? Picasso said: "good artists copy but great artists steal." (CNC 2012.) To merely copy is to take an existing interpretation. Copying the idea, it means doing just everything exactly like it was previously done. To steal an idea is to take something of value and make it yours. It means interpreting the idea in your own

way. Those great artists have delivered the message with their own version which combined with strong emotion and imagination. Their work could not be simply duplicated.

In business meetings, a traditional presentation is usually carried out with bullet points, fact and figures. But the truth is that people are poor at remembering facts, numbers, statistics or theories. Rather, people will remember how the presentation makes them feel, yet people are quite good at remembering interesting stories, because story can reach us at an emotional level, and emotions can influence our thinking and behavior more than logic can. Storytelling is a powerful tool for change management and leadership. (Denning 2011, 1−3.) One objective for communication is to persuade others accept your ideas. To encourage the decision for change, people derive from emotion rather than reason. (Swallow & Khan-Panni 2004, 149.)

Good communicators, who devote their time to create an interesting and memorable experience that everybody enjoys, will never lose the opportunity to connect with other. Like those great artists in history, good communicators know how to deliver the message with their own version.

"A really good story makes a campfire worth lighting, a cocktail party worth attending, and a reunion worth holding." (Caproni 2012, 132.) A good story is simple and clear. It touches something familiar in each of us; it connects and moves us at an emotional level. We can relate ourselves in the story and find useful information to direct our day-to-day work lives. (Denning 2011, 45.)

Storytelling tips:
- Be comfortable in your own style.
- Know your audience, talk and listen to them.
- Understand their motivation, fears, joys and dreams

- Know what the key beliefs or values that you want to express and how you want listeners to feel
- Create the space for the listeners to think and use their own imagination, don't tell what you want them to think

2.1.3 Believe in self

With a down economy, job seekers send out big amount of résumés, sometimes might be lucky to get one or two interviews. The first seven seconds when the potential employee see you are very important, whether you are confident and comfortable to be in that room. The communication goes beyond the words. It's not what you say but the way you say it, that counts. The appearance and non-verbal signals are important, which encompasses the personal conviction, vocal variety, gestures, movement, eye contact, confidence and the way connecting with other people. (Swallow & Khan-Panni 2004, 141.)

As stated by Maxwell (2010, 55.), "People can perceive a lot in the first seven seconds. They can decide that they do not want to hear anything a speaker has to say, or they can be struck by how much they are attracted to someone."

After all, the judgments people make about you will influence your abilities to achieve results at work and attain the career success. In business, those first seven seconds can decide if you will succeed in a job interview or win a sales opportunity. You can increase other's interest by connecting them visually and use impression management techniques to influence other people's judgments of us in order to achieve career goals. (Caproni 2012, 249.)

Successful communicators prepare in advance and become comfortable in different occasions, such as business presentation, negotiation and group meeting. During the preparation and learning process, it is normal to make mistakes. Steve Jobs is rightly hailed as the king of business presentations, but there was one occasion when he failed

badly and confessed later. He said that: "It was my worst and stupidest staging event ever." (Fitz Herbert 2012.) There are many reasons for Jobs' brilliant presentation skills, but learning from mistakes is undoubtedly one of them.

"Leading organizations from a multicultural perspective will require leaders to acknowledge and understand their role in the process and explore how their personal viewpoints and communication style will contribute to how they see the desired future of their organization. Acquiring personal mastery as a leadership skill is one way to achieve the proficiency needed to manage in a multicultural environment."(Shriberg & Shriberg 2010, 39.)

Developing self-awareness is an effective tool. Self-identity is one of the factors that influence how we think, talk, feel and act in everyday organizational life. By enhancing the self-esteem, it is possible to make deep changes in our fundamental belief systems and behavioral styles. People who know their goals are more likely to increase their influence with others. People who understand their own strengths and weaknesses are more likely to improve their communication skills by seeking out different solutions. Consequently, they are more likely develop a strong belief of themselves, make better impression and gain support, respect from others. (Denning 2011.17-19.)

Self-assessment tips:
- Take commitment, time and effort for thoughtful self-reflection
- Identify your own styles, and know your strengths and weaknesses
- Be aware of your habitual ways of think and acting. Be critical.
- Explore your central belief and values
- Ask feedback and learn how people at all levels of the hierarchy perceive you

2.1.4   Bring positive energy

Thinking of those people who are excellent at communication, how many of them are low-energy people? Effective communication always requires energy. However, high energy does not necessarily means having a high volume of voice or an extrovert personality. It means bringing energy strategically. (Maxwell 2010, 72.)

To follow the five powerful strategies, you can become a more confident and engaging communicator:

1. Taking initiative: a good communicator is the one who always goes first, and take initiative to start a conversation. Leaving comfortable zone takes energy, but it worth trying. While entering the Starbuck coffeehouse, the first thing people will notice is a happy and cheerful greeting from Starbuck employees. A smile is a simple and beautiful thing. It will brighten whole day without any hard working. Starbuck have recognized the value of initiative, it took the tradition coffee bean business and merged it with a charm and successful coffeehouse culture. Formal president of Starbuck coffee said that: "We're in the people business serving coffee, not the coffee business serving people." (Behar 2007.) Taking initiative will bring the success in business and also in communication.

2. Choose the right word: focus on converting thoughts into a motivating, inspiring and encouraging message to others. Words are equally powerful thing as electricity. When using it correctly, it will bring light at our home and make our life easier. But if using it in a wrong way, it will cause destructive damage. Great leaders are those who know how to use the power of word constructively. As stated by Maxwell (2010, 67.), "Negative words or criticism will cause troubles and destructive influence in the long term. The words we choose to speak can either build people up or tear them down."

3. Success in communication requires preparation: value other people by paying attention to details which contain the following information: who are they? What do they care about? Where are they from? What are their strength and weakness? What I can offer them? And also remember their names; the sweetest and most important sound in any language is a person's name.

4. Effective communication requires a high self-control which refers to one's ability to listen effectively, respond successfully to the changing environment and understand fully the needs of others. With a high self-control, we are able to decide strategically which parts of ourselves to express, when(and how) to express fully ourselves, when to hold on our personal point of view and consider the feelings of others so that we can connect with others and communicate in the way that everybody moves together. (Caproni 2012, 67) Good connectors don's always run the fastest, but they are able to take others with them. They exhibit patience. They set aside their own agendas to include others. (Maxwell 2010, 85.)

5. Find the common ground: the more you find in common with another person, the more you are able to connect with them effectively. Go through one's own list of good friends or colleagues, the one who you connect well are probably the one who share something in common with you, a common hobby, interest, experience, dream, value or belief.

2.2 Cross-cultural communication

"Diversity calls for managing people who aren't like you and who don't aspire to be like you. It's taking differences into account while developing a cohesive whole."(Caproni 2012, 262)

One communication style may not work in all culture. For those Western managers, who relocate to work in China for the first time, will find its challenging to lead and

manage the local team. People from different culture have different reasoning process to interpret information. Today managers need to work effectively in a diverse and global business environment. Managing cultural diversity within and across nations becomes a critical managerial skill. (Caproni 2012, 263-264.)

This chapter is designed to respond to this call and improve managers' multicultural competence. It is divided into four parts: individualism vs. collectivism, power distance, high context vs. low context, deductive vs. inductive. Keep in mind that the concepts here do not imply that either one culture is better or worse than the other. It's just different. And cultures are constantly changing all the time that you cannot predict anyone's behavior simply based on their culture. There are many influences that shape a person's worldview and behavior. The main value of a cultural review here is to expand our assumptions about what is normal human behavior, helps us accept and learn from other whose norms are different from our own, and enables us to be wiser and more effective world citizens.

2.2.1 Collectivism VS Individualism

As stated by Bond(1991, 17.), "In China, achievement goals are often presented as being for the benefit of a group, the family or the state, rather than the individual."

In Collectivism cultures, the fundamental values are belonging to groups, dependence on others, group cohesion and interpersonal harmony. People think in terms of "we", not in the term of "self". Consequently, the "private self" ("Who am I and what do I need and want?") tends to be less important than the "public self" ("What do other people think of me?") and the "collective self" ("I am a member of this community.") Each individual is motivated to be connected to others and a willingness to sacrifice their own needs, wants, and opportunities for the welfare of the groups to which they belong. And also comply with the example of authorities. In collective cultural system, it emphasizes on establishing order and dependence on authority figures (the boss) rather than equality. People are influenced and motived easily by group thinking. In

other word, what parent, teacher, boss and sometimes even neighbor think are more important than what "I" think. Connectedness to the group is central to one's identity and sense of self-worth. In collectivism culture, maturity in seen as the ability to voluntarily control one's personal emotions, needs, and goals to advance significant relationships and the community as a whole. (Hofstede & Hofstede 2005, 74-82.)

On the contrast, individualism culture promotes an independent self-concept encourage individuals to see themselves as separate from others and be unique, self-sufficient, self-promoting, free from social constraints, personal rights over mutual obligations, and the pursuit of personal happiness over personal sacrifice. The individualism culture emphasizes individual choice, independent thinking, personal control, and equality over hierarchy. (Caproni 2012, 45.)

2.2.2   Large power distance VS Low power distance

In collectivist society, such as in China, there is high power distance between different social roles. In large power distance culture, people with high position have more authority. The leader makes decision alone. Therefore he or she must have more skilled in the performance aspects of the job, because no subordinate will compromise the leader by correcting him or her. Leaders in large power distance culture give direct orders, and supervise the subordinator performance. People who are in a lower position will be dependent on more powerful people to make the decision and follow the order without questioning. They show their respect by keeping silent. Subordinators expect that their leader have enough knowledge to give correct answer of most work related issues, and he or she should give very precise instructions on how to do the task. (Bond, 1991, 78.)

In small power distance culture like Finland, there is the equality between people with different authorities. Superiors expect the subordinates can finish the task individually without any detail instruction. And spend more time consulting in large meetings. The superiors will make the decision based on the discussion with subordinators.

2.2.3 High Context VS Low context culture

"The direct verbal style refers to the use of verbal messages that embody and invoke speakers' true intentions in terms of their wants, needs and desires in the discourse process."(Bond1991, 51.)

To avoid misunderstanding, Finns believe it is preferable to say directly what they mean and mean what they say. However, this could sometimes be perceived as aggressiveness. Chinese have devised indirect forms of communication. The aim of such style is to protect and remain a harmonious relationship. So, the truth is discoverable only if people proceed circuitously. People have to pay specially attention to the non-verbal behaviors and observe what has not been said. In high context culture, such behaviors will be explained as an approach to protect a harmony relationship or the fear of losing face. And this could equally lead to possible misunderstandings and be misinterpreted as a lack of self-confidence. (Rosinski 2003, xviii.)

While communicating with Chinese, gestures, posture, and tone of voice reveal vast amount of information rather than words, and people in high-context cultures think communication as a way to form and develop relationships, they tend to invest time getting to know one another and prefer face to face meeting. In low-context cultures, such as Finland, the purpose of communication is to exchange information. To that end, words are the only elements that matter. (Rosinski 2003, 154-156.)

2.2.4 The modes of thinking: Deductive VS Inductive

The style of thinking that derives from ideas and theories is called "deductive". Once concepts or theories are firmly established, they are applied in particular cases. Finns tend to be more deductive in their thinking style. Such thinkers are likely to have more confidence in theories than in the raw data of empirical observation and prefer to generalize from one concept to another. The risk of deduction, when thinking loses sight of the real world, it is supposed to serve or at least describe, and theory becomes an end in itself. The style of thinking that derives from analysis of data is known as "in-

ductive." Inductive thinkers, tend to distrust theory and generalizations, they force you to stay close to the real experience, and also rely on intuition. Simplism is induction's danger, when thinking clings so close to the experience that it can only generate a narrow and simplistic model of reality. (Rosinski 2003, 177-179.)

2.3 Chinese business culture

This chapter will focus on explaining the Confucian value and how it affects Chinese business culture. Three key concepts will be introduced here: guanxi, face and favor.

2.3.1 Confucian Values

"Confucian thought places heavy emphasis on morality, context, and the nature of interpersonal relations." (Hwang 2012, viii.)

Humanism is the core thought in Confucianism. It focuses on five fundamental virtues of human being: humaneness, righteousness, etiquette, knowledge and integrity. They are also accompanied by other important elements like loyalty, filial piety, honesty, kindness and forgiveness, shame, bravery, respect, frugal, self-effacing. Importance of relationships and values of obedience are central to Confucianism. Particular duties arise from five different types: Ruler to Ruled, Father to Son, Husband to Wife, Elder to Younger, Friend to Friend. Take the role of Father to Son as a sample. The father is the one with high authority and has the absolute power toward the son, the son need change his attitude, motivation or behavior in order to conform to his father's will. The same rule will apply to employee and employer at work place. Social harmony is the great goal of Confucianism, therefore results in part from every individual knowing his or her place in the social order, and playing his or her part well. (Craig 1998, 536.)

Confucianism value emphasizes on clear social structure, rules and conformity. It will also reflect the different behaviors between members in organization, such as:

- The respect for hierarchy

- Acceptance of order and obedience
- Emphasized on group interests rather than individual own interests
- Importance of commitment and morality
- Build mutual trust interpersonal relationship between employer and subordinator.

2.3.2 Guanxi

Guanxi is identified as a product of Confucianism. It refers to the importance of interpersonal relationship or connection which is built on mutual trust, benefit and commitment. It reflects and influences people behaviors in different social groups: family, strangers and associates which is a broad category of person's direct and indirect connection. The family is the only constant support in this changing, indifferent world because of the absence of government sponsored social welfare. Family members share responsibility and resources without expecting any repayment from the recipient. A sense of filial piety and parental responsibility are important in this relationship. Those strangers, who are taxi drivers, waiters, and passengers and so on, people may act indifferent and cold, because those strangers are outside one's established groups. In such situation, people will not make effect to build a relationship because of the absence of authority and possibility to receive any personal advantages. Relationship with associates comes from school, work place, recreational activities, and so forth. These social encounters are regarded as exchanges of resources. People interact with those associates, exchanging our time, friendship, information, affection and so on. In return, they will get help from various associates within the social group they belong and enable them to achieve the personal goals. A sense of face and favor are important in this associate relationship. (Bond 1991, 58-59.)

A successful interpersonal network is the fundamental basis for developing business success in China. You may need to spend 5 years getting to know the right people and establishing relationship before you can actually do any business in China. (Swallow & Khan-Panni 2004, 64.)

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To enter and compete in Chinese market, Western companies will have to face many different problems, such as financial, legal and cultural differences. But the most challenging part is to establish good interpersonal network with different target groups in a short term period. It requires a systematic process of building connection and maintaining relationships based on mutual obligations.

2.3.3   Face

Face refers to the extent to which a people will always try to create harmony. It is a concept that dominates social and business contact throughout the East. In China social relations are conducted in such a way that everybody's face is maintained. Paying respect to someone is called "giving face". Losing face is to lose dignity for Chinese. Above all, one should never cause someone to lose face. Not only is it discourteous, it can make an enemy for life. (Swallow & Khan-Panni 2004, 61-62.)

To avoid conflicts and making others feel uncomfortable, people may tell white lies or bending reality. In a high-context culture, such protection of relationship is often construed to be better than a slavish adherence to what is. In low-context cultures where the pursuit of truth superseded the maintenance of relationships, false utterance is a serious matter indeed. These different forms of social thinking are the basis sources of irritation in cross-cultural interactions. (Bond 1991, 60.)

2.3.4   Favor, anticipated repay and reciprocity

In Chinese culture, favor means a resource for social exchange inside one's own interpersonal network. He or she should offer substantial assistance to the acquaintances once the help is needed. The favor may contain not only material such as money, good or services but mostly include some abstract component of affection. Here is one sample: while establish a company in China, there is a lot legal paper work. The process is long and time consuming. But if the owner knows some acquaintances who work in

the government institution, the process will be easier and quicker, and much more efficient compared to the normal procedure. In this case, it is said that owner receive the favor from the acquaintances. And the basic rule of the favor, the receiver always need return and pay back the favor which they own the donor. Because sometimes the favor is too abstract to calculate and it feels like the receiver may never able to pay off the favor debts, people always keep in contact with acquaintances within their social network, exchanging gifts, greetings, or visiting from time to time. In Chinese culture, many people intend to impress and influence others by cutting a figure of power person with their personal network. This, they believe, will place them in a more favorable position for any future allocation of some others' resources. (Hwang, 1987, 953-954.)

3   Comparison of Chinese and Finnish business culture

In general, harmonious interpersonal network (Guanxi), Chinese face and favor are the most significant features of Chinese business culture. For those Western companies which wish to enter the Chinese market, rather than starting to develop one's own business network, the easier, faster and cost efficient way is to get into the networks through other acquaintances that are already in this community. In Chinese power game, guanxi, face and favor are the fundamental rules. This chapter is aimed to further discuss the implementation of those rules in the Chinese organizational life and find out the similarities and differences between Chinese and Finnish business culture. The target is also to answer the following questions: what are the differences in leadership styles between China and Finland? What is the negotiation process in China? And what are competence differences between Finnish employees and Chinese employees?

3.1.1   Interpersonal relations at work

In Finnish organization, the management style is task-oriented. On the contrast, in China, it is more relationship-oriented, which means employer and employee spend more time together during and after the official working hours, join different activities in order to build relationship. The importance of the loyalty between employer and employee is the fundamental in Chinese Organizational life. In China, it is common that people share their private life information with their colleagues. (Bond 1991, 83.)

In China, the relationship between supervisor and subordinator, however, represent the mutual obligations of protection in exchange of loyalty. The employee fills key positions with those close associates who are loyal to him. The tasks are often not assigned based on performance and skills, but on work relationship between the employee and the employer. The employer will not dismiss the employee because of poor performance. It's like father will not dismiss his son. But in individualist societies, the relationship between employer and employee is simply conceived as a business transaction.

It is acceptable to terminating the work relationship if the employee fails to perform well work duties. (Hofstede & Hofstede 2005, 100.)

3.1.2 Decision maker and followership

In collectivist society, a leader has broad and unquestioned authority. To be capable to lead the team, he or she must have more experience, knowledge, skills, resources and connections. It is the Chinese saying that government by gentlemen. An ideal leader is the one, who is more skilled in the performance aspects of the job and is perceived as kind person without taking advantage of others. The effective model for leadership in China is thus the wise and loving father. (Bond 1991, 78.)

Leader in China, spend time alone to make decision. And once the decision is made, he or she will also carry the responsibility to supervisor the subordinators, and discuss individually with subordinate's personal difficulties toward the task or association with another person. The management in China spends less time consulting in big meetings, reasoning with peers, persuading subordinates. The systems of control are informal (Bond 1991, 79.)

In a cultural system that gives wide-ranging power to those in authority, there must be a reciprocal emphasis on compliance and loyalty in those subject to that authority. Even the subordinator has conflict and question about the employer's decision. He or she will remain silently. Instant, exact and complete obedience is the ideal. In this cultural aspect, subordinates are less likely to volunteer opinions, take individual initiative, or depart from standard operating procedures without a superior's approval. (Bond 1991, 82-83.)

3.1.3 Negotiation

In Finland, the negotiation usually takes place in small group, but in China, it is always with big group. Without knowing how the negotiation would take and who is the real decision maker, the negotiation process in China takes long time and causes stress.

While negotiation with Chinese, keep in mind: consider sending subordinates to assess the situation before bringing in one's key decision makers; adopt a longer time frame, emphasize areas of agreement rather than differences, especially at the beginning; plan for frequent breaks, to allow these 'back-stage' discussions to occur; realize in advance that true authority for decision making may lie outside the negotiation chamber, so that deals struck now may be subject to change later; consider the use of third parties within the other team's social network to exert leverage during difficult stages in the negotiations. (Bond 1991, 87.)

3.1.4 Conflict management

The basic rule in China to avoid conflict is: honor the hierarchy first, your vision of truth second. In order to avoid conflict and save face, people might withhold information. Face to face conflict is always avoided. If it is unavoidable, people have to use mild ambiguous language in the hope that the other person gets the message without getting offended or losing face. If possible, the conflict can be solved through a third party, and most importantly all those conversations should be in private. (Bond 1991, 83.)

3.1.5 Intellectual competence

Finnish education emphasizes on developing creativity, practical application and cooperation ability. Students will engage into group discussion or work independently on their own project. Also expressing individual opinion is highly recommended, because people believe that expressing out one's own opinion is associated with thinking and learning. (Caproni 2012, 42-43.) Education in China emphasizes on academic ability.

Students devote big amount of time and effort to memorize the theories which are taught in class. The competition for academic success in China is intense. There is large amount of students but limited resources of study opportunities. In order to success in the competition and get the study opportunity in high rank university, students are educated to compete against one another rather than work cooperatively. And these factors will continuously affect the working behavior in organizational life. As the result of different education systems, Chinese often do well in subjects like mathematics which require early mastery of memorized materials and other academic ability, but less well in creativity assignment. (Bond, 1991, 27.)

In Chinese culture, people believe that one may think and learn better while staying silent. But in Finnish culture, people believe that one learn better while talking and expressing own understanding. This difference in perceptions is important because a person who believes that talking is related to thinking may misinterpret silence as a lack of interest or motivation rather than a problem-solving strategy that can enhance a person's performance. And someone who believes that one can solve problems better when one is concentrating silently may think that people who talk while they are solving problems may be immature, distracting and unfocused. (Caproni 2012, 43.)

For Finnish managers who lead the local Chinese team, it is important to recognize the differences in learning style and intellectual competence. Chinese teams have unique competences which should not be ignored. As mentioned earlier, in collectivism culture, connectedness to the group is central to one's identity and sense of self-worth, and maturity in seen as the ability to voluntarily control one's personal emotions, needs, and goals to advance significant relationships and the community as a whole. Consequently, people from collectivist cultures are likely to develop a wide range of skills that enable them to fit in with others. These skills include the willingness to pay attention to others, the perceptual acuity to notice subtle patterns and changes in behaviors and social contexts, and the insight to interpret and respond to these subtle curs in socially appropriate ways. The local team is capable to give the insight on how to build good

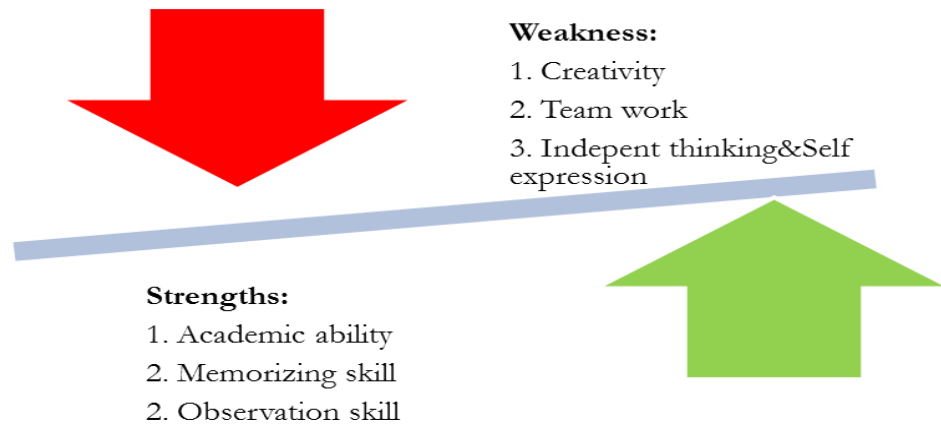relationship between the organization and local government, customers and employees. (Caproni 2012, 43.)

Weakness:
1. Creativity
2. Team work
3. Indepent thinking&Self expression

Strengths:
1. Academic ability
2. Memorizing skill
2. Observation skill

Figure 3. The strengths and Weakness of Chinese education

4 Designing the guidebook material

In order to form both theoretical and practical insight of the topic and to support the reliability, I gathered information for the guidebook through various channels: using relevant literature, Internet resources and interviews. All these valuable information help me design and formulate the guide book.

The content of this guidebook is divided into three parts. The first part aims to introduce the theoretical framework and four main management obstacles. The second part focuses on offering step-to-step guidance which is divided into two different themes: encouraging effective communication and winning sales. In the last part, different leaning resources and tools were introduced for self-assessment.

The format is combined with text and photos. All pages have a main heading to clarify each discussion topic. Because some topics are new to most of the readers, the text body is kept short and simple. Photos were added in order to make it more visually attractive.

4.1 Defining target group and main objectives

The guidebook was created for those Finnish managers who are seeking for new solutions and who wish to achieve high performance when running meeting, leading teams and negotiating with Chinese. The main research objectives are to find out the possible pain points for Finnish managers in communicating with Chinese and also the solutions.

4.2 Results of interviews divided into different themes

All information is collected though semi-structured interviews which are divided into two parts. The first part aims to find out the main objective: What are the management obstacles for Finnish managers when doing business with Chinese? Total amount of

interviewees is 7 people. All interviewees are working in the case company and involving in business contact with Chinese. After collected those data, second interview questions were created in order to find practical solutions for improving communication efficiency with Chinese. In this part, I interviewed two Chinese experts who had already lived and worked in China for long time.

Main management obstacles:

For Western managers, the biggest challenge is to build the trust with Chinese team, so that they have courage to bring forward the problem, talk openly about their opinions. In China, maintaining harmony is the first priority. People will keep quiet if the opinion may negatively affect relationship. But for Finnish managers whose communication style are very straight forward, may find it's challenging to build an open culture and encourage open dialog with Chinese team.

Second obstacle is to distinguish the real information and fake one. In high-context culture, word is not everything. For Finnish managers, it is very challenging to understand the real message behind non-verbal signals.

Thirdly, during the business negotiation with Chinese, it is difficult to meet the real decision maker. In Finland, the negotiation is usually among small group. But in China, there is always big group of people. And in each meeting, different people will show up. It is impossible to win sales if fail to deliver the presentation to real decision person.

Fourthly, in Finland, people are very rule-oriented. Everything is followed by rules on how it should be done. In China, it is more in a grey area. It is very much more questions which depend on how different people interpret the rule. There is a lot of room to influence and negotiate what is right approach to interpret certain rules. Somehow, this difference challenges the Finnish logic.

Solutions

There are two hidden reasons that cause indirect communication style. One is the fear of losing face and another is the fear of making mistake. For Finnish managers, the starting point is to understand the difference and respect it. Meanwhile, the best way to communicate with Chinese is to use indirect approaches, such as asking indirect question, reading body language and using a third person as a go-between.

4.3   Reliability of the results

As the interview was conducted on a relatively big amount of 9 interviewees, the results could be considered quite reliable. I found a lot of similarities from the respondents which mean that many Finnish managers have experienced similar challenges when doing business with Chinese. The results gave ideas and a big picture of what kind of management obstacles most Finnish managers are facing and what kind of solutions they have found.

5 Conclusions

 "For a Finn, the truth is truth. In China there is no absolute truth." (Lewis 1999. Page 8)

Diverse teams, when well-managed, tend to make better decisions than relatively homogeneous groups, particularly when dealing with non-routine, complex problems in which the diversity of team members provides resources that are relevant to the team's task. (Caproni 2012, 264.) For example, the Western may know better technique related problems but the Chinese team may know better how to market and sale the product or service to local customers. However, it is difficult to get the valid/solid information from Chinese, because of cultural aspects, Chinese tends to keep quiet and respect the authorities without questioning or sharing feedbacks. For Western managers, it is important to adapt to the indirect communication approach.

5.1 Future research

One large source of friction for Finnish leaders in China is to build effective communication with their headquarters. Very often the Finnish managers in China cannot get all the resources and support from Finland, and that becomes the biggest problem for the growth of the company in new markets.

5.2 Project assessment

Overall, the project has reached the main goals and the content has answered the needs of the target readers. The guidebook now serves the case company as an excellent toolbox for business men in China.

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Attachments

Attachment 1. Interview question part 1

Background questions

1. What are your primary work duties in daily business operation with China?

Communication with China

2. What are the main target groups you communicate with? Co-workers, business partners or…

3. In which type of communication, do you find difficulties with Chinese? For example, E-mail, phone call, group meeting or business presentation… Please give samples.

4. In which business contexts, do you find difficulties? For example, Negotiation, team management or conflict management. Please give samples.

Culture in general

5. What is your first impression about Chinese culture and people?

6. In your opinion, what are the main different behaviors and value between Chinese and Finnish culture?

Communication in general

7. In your opinion, what is the most effective way to connect with another person and build network?

8. How do you increase your influence with another person at work?

Feedback

9. Do you have stories to share which are related with the above topics?

10. Feedbacks?

Attachment 2. Interview question part 2

Background 1:

In the low power-distance culture, like Finland, superiors and subordinates consider each other as equal. People are usually talking straight forward feedback. But in China, employees are afraid of disagreeing with their bosses. People often have a lot of hesitation to bring forward the problem, especially people who in lower level of organization.

How do you encourage Chinese to share different opinions and bring forward the problems on table?

Background 2:

For a Finn, the truth is truth. But in China there is no absolute truth. There is saying in Chinese, called "playing Tai Chi". It describes a situation while two people talk to each other, they try to push or shirk its responsibility and task to the other person. And it also described the two parties do not reveal their bottom line, the other guess their meaning.

How do you get the valid/solid information from Chinese and distinguish the confusing information?

Background 3:

The rules in China are not defined as black and white. Compared to Finland, things are always followed by the rules on how it should be done. In China, it is more in a grey area. It depends very much more on how different people and department interpret the rules. There is a lot of room to influence and negotiate what is the right or correct interpretation of certain rules.

What is the right approach to do business negotiation with Chinese? How do you find the real decision maker and what is their expectation?

Background 4:

In Finland, the product name usually doesn't have any meaning. But in China, everything should have a meaning. And there are many things which have a second meaning or it is given a meaning which is a little bit different from Western culture. For example, the number 4 is a bad number in China, you will not see 4th floor in the elevator. But number 8 is recognized as the lucky number. It also applies to different colors.

What else do you find interesting in Chinese consumer behaviors?