# INTERCULTURAL SKILLS NEEDED BY STAFFS IN A MULTINATIONAL TEAM

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## **ABSTRACT**

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#### **ABSTRACT**

The commissioner, MIKFAST LTD is an international trading company located in Oulu, Finland .The aim of this bachelor thesis is to help their employees especially Chinese and Finnish to learn the intercultural skills in a multicultural team, which also could be a reference for the students studying in a multinational environment. In addition, the culture differences between Finland and China and four stages of culture shock including how to undertake them when facing a new culture are also examined.

The theory part involves the concept of culture and intercultural communication. And some cultures views about stages of culture shock and culture categorizing would also be introduced. Meanwhile, teamwork involves building effective teams and working in a multicultural team also would be mentioned.

As a research method a qualitative face-to-face interview, researches are conducted to gather information about the Chinese employees working in Finnish companies. And the selection of interviewees are based on their working experience both in China and Finland, nationality and team work experience in a multinational team. The results show that it is compulsory to learn intercultural skills in a multinational team and it means that individuals should think in the way of their foreign partners. Meanwhile, the conclusion could be drawn that culture shock in Finland is serious. Individuals who are facing the culture shock in Finland should get familiar with the four stages of culture shocks and undertake them.

Keywords: Intercultural skills, China, Finland, culture shock, teamwork, intercultural communication,

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## 1 INTRODUCTION

#### 1.1 Background

Nowadays the trends of world trade are changing constantly. Since 2001, China has joined the World Trade Organization and played an important part as we all see. On the other hand, the trade market in China has been regarded as one of the most potential markets in the past ten years. A large amount of foreign companies opened a new prospect of Chinese trade market and they are eager to cooperate with Chinese companies. However, due to different culture between West and East, it is difficult for people from different culture background to communicate each other successfully. With the process of negotiation, they are often got stuck by misunderstanding from each other. Therefore, intercultural skills becomes a basic ability in international business functions, what's more, finding a common language and communicating successfully is a crucial criteria to build up long-term relationship with foreign partners and clients.

However, how to learn and use intercultural skills is a complicated issue. It is difficult for the employees in a multicultural team cooperating each other exactly due to different culture background. MIKFAST LTD is a trading company in OULU which aims to export and import goods and provide service mainly in China, and all over the world. Their employees consist of Finnish and Chinese etc. As the further process of cooperation between Finnish and Chinese, they are facing the same problem. Therefore, this is the reason why this thesis will be done in detail. The study would be useful for the international student especially Finnish or Chinese student who would study or work in a multicultural environment.

#### 1.2 Objectives

The aim of the thesis is to help the reader, especially employees in MIKFAST LTD, understand how to communicate with their Finnish or Chinese colleagues. In addition, this thesis also helps the employees in MIKFAST LTD learn how to negotiate with their target foreign company like

Chinese company and build long term relationship with their target foreign company which has different culture from MIKFAST LTD.

In the theory part of this thesis, the concept of culture and intercultural communication would be defined first. And some culture views about stages of culture shock or culture categorizing would be also introduced, some of which are from well-known researchers like Lewis Richard, Hofstede Geert etc. Teamwork involves the foundation and some tips about building effective teams and working in a multicultural team. Next, Chinese cultural orientation would be introduced specifically, since this thesis focuses greatly on the intercultural skills needed, especially when Chinese working in a Finnish company.

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## 2. COMMUNICATION AND CULTURE

In many respects the relationship between culture and communication is interdependent and complicated. First of all, communication creates cultures. When we communicate with others, our point of view is usually based on our experience in our native culture. Without communication, culture would lose the opportunity to travel across from one place to another. In a word, culture is an inseparable part of communication and could be defined as the residue of the communication.

#### 2.1 The concept of culture

Culture is usually defined as the shared knowledge and schemes, which is created by a set of people for perceiving, interpreting, expressing, and responding to the social realities around them. Generally, culture is a configuration of learned behaviors and results of behavior whose component elements are recognized and transmitted by the members of a particular society. It is well known that Hofstede defined culture as "the collective programming of the mind that distinguished the members of one category of people from another". (Lewis 2006, 17-18). Nowadays most social scientists expect culture as consisting primarily of the symbolic, ideational, and intangible aspects of human societies. The essence of a culture does not refer to its artifacts, tools, or other tangible cultural elements but how the members in the group interpret, use, and perceive themselves. Instead of material objects and other tangible aspects of human societies, It's actually the values, symbols, interpretations, and perspectives that distinguish one people from another; People sharing same culture usually interpret the meaning of symbols, artifacts, and behaviors in the same or similar ways.

(University of Minnesota, Date of retrieval 14.4. 2010)

## 2.2 The concept of intercultural communication

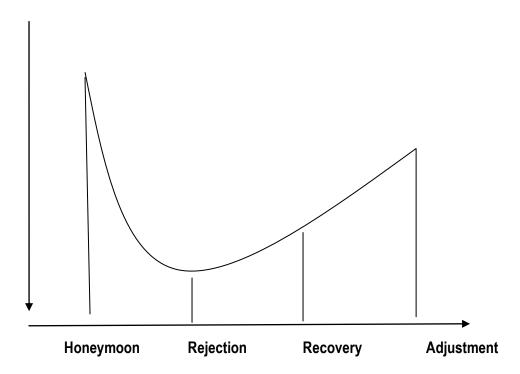
Intercultural communication is defined as the communication between people from different culture background and language environment. It means that with the process of dealing with foreigners, individuals should understand what issues should be noticed and how to

communicate graciously. When communicating with foreigners, cultural difference can be expected to have a deep influence. By understanding how foreigners observing their values and belief, individuals could understand what they say and can expect potential cross-cultural misunderstanding. (What is intercultural communication? Date of retrieval 20.4.2010)

#### 2.3 Culture shock

Nowadays working or studying abroad is becoming a common phenomenon, thus culture shock is emphatically a serious condition that should be noticed. And it is a fact that the term "culture shock" is also a weakness or a negative indication of future international success. The anthropologist Oberg (1960) stated that when a student relocates to a foreign country, he or she inevitably faces a host of emotions and reactions ranging from awe to rejection, isolation to assimilation. It means that when individuals arrive in new culture, he/she would face a lot of people whose language is totally different with his or her and street is filled with people but the lonely in individual's heart couldn't go away.(http://socyberty.com/sociology/culture-shock/)

These emotions comprise the four stages of culture shock. The whole process could be seen on Figure 1(Marx 2001, 9)



## Figure 1 Phases of adaptation

#### Honeymoon

The first stage is the honeymoon phase, which always occurs in the beginning of the culture shock. When arriving in the new place, all individuals will enjoy the local food, the job, the country and social customs, etc. Everything in new culture is different with the original culture and the new thing the individual never met made the individual shock which would influence them full life. This period is full of observation and curiosity, lasting a few weeks. However, this stage always ends when they are facing new challenges like language, nostalgia, etc. (Marx 2001, 7)

## Rejection

In the second phase, the new life is viewed as the period of rejection. When the honeymoon phase passed, an individual starts to study, work or live in a new circumstance. He/she will have difficulty in strange language, local customs, new food and friend, which lead to anxiety. The main reason is that the individuals are not sure about themselves, their surroundings and their future. At that time, little individuals didn't want to into the new culture but most of the individuals prefer to go into the new culture. However, with the process of going to the new culture, individuals would meet a lot difficulty. Furthermore, due to the high expectations set during the Honeymoon Period appears much farther out of reach, the individual feels disillusioned. (Marx 2001, 7)

#### Recovery

The third phase named recovery will make the individuals realize the importance of his or her new surroundings, of the language and their culture. The individuals would begin to summarize the feeling and thinking of the honeymoon stage and rejection stage. They would try to understand other's culture, begin to study their language and eat the local food. However, only the thinking way of other cultures could be regarded as the most important factor in the recovery stage. Furthermore, the period of the rejection and recovery will last 6-8weeks. (Marx 2001, 8)

## Adjustment

In the fourth stage, individuals are able to work or study like their original culture. They are used to communicate with the local people in local language and also could cook local food. In additional, they can take on new ways of doing things and also can be more flexible. The individuals in adjustment stage present he/she has totally adapt the culture shock. Moreover, when coming back to own culture, the individuals who in adjustment stage for decade years wouldn't used to their own old culture. (Marx 2001, 8)

Working in a new culture can produce a variety of reactions (Marx 2001, 5)

- 1. Confusion about what to do
- 2. Anxiety
- 3. Frustration
- 4. Exhilaration
- 5. Inappropriate social behavior
- 6. Inability to get close to your business partner and clinch the deal
- 7. Feeling isolated
- 8. Becoming depressed

## 2.4 Categorizing Cultures

With the development of globalizing business, the ability to communicate with foreign partners or clients is acknowledged as essential and rewarding. Categorizing cultures could help us understand difference among culture. There are hundreds of countries or nation-states in the world, and due to strong regional variations, the number of cultures is regarded as greater because people in various cultures have different behavior, value and communication patterns. According to Lewis, culture could be divided into three groups: Linear-Active, Multi-Active and Reaction. (Lewis 2006, 27)

#### Linear-Active

Some cultures like Germans, Americans and British are linear-active cultures which respect highly organized planners and think linearly. They prefer to do one-thing at a time which will be systematically planned in advance once they are agreed on. Therefore it is essential for them to use time sufficiently without waste. Linear-active cultures also use a straight-forward which we may call direct communication style. People from linear-active culture tend to say exactly what they are thinking rather than suggestion or implication. For example, there is no need to read between the lines. Yes means yes. (Lewis 2006, 30)

#### Multi-Active

Multi-Active people (for example, Latin America, Italy, or Spain) prefer face-to-face interaction and they don't like keeping silence. Compared with the people from Linear-Active cultures, people from Multi-active cultures are not interested in doing things according to schedules. They act more passionately than people from a linear-active culture. They are likely to work on several things at the same time and are happy to be interrupted. If people from Multi-Active cultures and Linear-Active cultures work together, they won't stop arguing until one side adapts to the other. (Lewis 2006, 30)

## Reactive

Reactive cultures are always found in Japan, China, Korea, Taiwan, Singapore and Finland etc. Reactive cultures are shared in most East Asian countries except Finland. According to Lewis (2006), only Finnish in Europe are categorized as serious reactive people, but sometimes Swedes, Britons Turks also sink into "listening mode". Members of reactive cultures prefer listening to other's opinion to discussing or initiating action. When a speaker finishes speech, they would not reply immediately or even no reply. If they would join the discussion, they don't like to give any strong opinion or say anything negative directly. However, some neutralized ideas would be given to avoid upsetting the speaker. Therefore, people with reactive cultures could be regarded as the world's best listeners. (Yehieli,M&Grey,M A ,Date of retrieval 11.4.2010)

## 3. TEAMWORK

Dr Stephen P. Robbins (1994) defined "teamwork" as the process of working with a group of people, in order to achieve a common goal. Teamwork could mobilize all the resources and intelligence of team members and will get rid of all the discord and injustice automatically. Meanwhile, if the team is organized voluntarily, it will produce a powerful and enduring force

#### 3.1The foundation of teamwork

## **Establishing trust**

In order to build a cohesive and effective team, the first and most important step is to build confidence which is based on the human vulnerability. It means that the members in a cohesive team must learn how to admit their mistakes and weaknesses calmly. They should recognize the strengths of each other, even those who have more strength. In theory this is not very difficult. But when a manager faces a group of accomplished and talented staffs, it's an externally difficult challenge for him to take risk. The only way to stimulate member is that leadership should set an example. (The foundation of teamwork Date of retrieval 21.4.2010)

However, it's difficult for many leaders to show their flimsiness because they have developed the habit of showing strength and confidence in the face of difficulties. In many cases this is a noble act. But when team members need their leaders show the trust based on human vulnerability, these noble acts should be weakened. In fact, it requires leaders to have enough self-confidence to acknowledge their own weaknesses. Without confidence, a team can't result in candid and constructive conflict. (Gerard M Blair, Date of retrieval 28.04.2010)

#### Benign conflict

The greatest difficulty to succeed in teamwork is the worry about conflicts. This can be divided into two kinds: first, some expect that by avoiding conflicts, the team won't lose control and some members won't be rejected directly. Second, it is believed by some other leaders that it is totally a waste of time in conflicts. So they just want to shorten the conference or even skip the discussion to execute the resolution which they firmly believe and be engaged to the so-called WORK as soon as possible. (The foundation of teamwork, Date of retrieval 21.4.2010)

## **Carry out with determination**

To enable a team to be more strongly united, the leader must be capable of making decision even though the information is incomplete and suggestions are not agreed. This is considered as one of the most vital capabilities since complete information and agreement is not easily obtained. People learn to make decision until benign conflicts happen which are constructive and sincere. In fact, these frank conflicts provide enough reference and selection for leaders to combine and pick up the most brilliant decision. Problems are likely to follow again and again if these conflicts are not properly treated. Those energetic teams which seem to be a mess usually turn out to be doing and carrying out the most difficult decision. (The foundation of teamwork, Date of retrieval 21.4.2010)

#### 3.2 Building effective teams

During business competition, the superiority of enterprise is mainly from the business strategy and human resources. However, as the market gets matured, human resource plays an important role in the success of enterprise. And the key to establish human resources lies in whether the enterprise could build a high performance team. The establishment of such a team work includes four aspects: Establish a common vision of the team, select the appropriate team members, establish the basic rules of running the team, enhance the effectiveness of individual team members. (Building effective team, Date of retrieval 1.5.2010)

#### **Establish common vision**

The first step of establishing a high-performance team is to establish a common vision of the team members. In a group, only the common vision could make the team members know their specific roles and tasks so as to make an effective group. In the other hand, uniting the employees working together could make a concerted effort like 1+1>2. It could achieve the goals easily. (Building effective team, Date of retrieval 1.5.2010)

In additional, the demand of individuals is changing. And the composition of team members will also change. Therefore, it's essential to adjust the team's vision.

### Select appropriate members

Any team is made up of individual members, but not all individuals could be the members of organization. Each team has a target, and the members who have different objectives would greatly reduce the efficiency of the team. Therefore In the early stages of the team-building, selection of team members would be in the first priority.

With the process of team development, team leader must select each candidate strictly, and select the potential talents from the candidate. For the selection, team should not only value the education background of the candidate but also consider learning ability and logical analysis capabilities. Meanwhile, individual character of the candidate is also regarded to the key indicators. Work skills and work experience could be improved, but a person's disposition is actually unable to change easily. Though some members have excellent work skills, they are lack of the sense of responsibility and team spirits, and then it's so hard to build a truly outstanding team (Building effective team Date of retrieval 1.5.2010)

Though the selection of team member is important, during the operation of the team, survival of the fittest is even the same. As the growth of team, some members turn out to be inappropriate driving forces for the development. In order to keep the team's performance, they have to be swapped out which results from their attitude or faith instead of ability. (Building effective team, Date of retrieval 1.5.2010)

#### Constitute basic rules

When member's work isn't clearly assigned within the team, members would tend to be less diligent. It should be noted that members who share different native cultures are quite different from each other in personalities and background. When the lack of the necessary cohesion and reasonable incentive mechanism happens to them, bad team performance comes into existence. Therefore, in order to resist "term inert", outstanding teams should establish clear division of labor rules. (Building effective team, Date of retrieval 1.5.2010)

#### **Enhance individual effectiveness**

After selecting appropriate employees and constituting team rules, the main task left is to enhance the performance of team members which consists of two approaches: inspire everyone adequately and improve them in ability and attitude. No matter how big the team is, the team should make all members realize their own self-value with the process of implementing team goals, otherwise it is difficult to imagine members could devote anything organizational. Meanwhile, in order to create a vibrant atmosphere, company must establish an incentive reward system: that is to offer economic interest bonus to outstanding employees; plan development prospect for potential employees; encourage everyone in line with company culture, etc. (Building effective team, Date of retrieval 1.5.2010)

However, motivation itself couldn't enhance the effectiveness of team members to the utmost. As time goes by, the capability of team members may be going backwards. On the other hand, the personal goal of team members is probably inconsistent with the goals of an organization. As a result, some members would be eliminated because they aren't be able to keep up with the development of the organization. But in fact, elimination is harmful to any teams. The best

alternative is to help the employees realize elimination will improve their individual capacity rather than worsen the bad side. In a word, an outstanding team should train its members in all relevant fields. (Building effective team Date of retrieval 1.5.2010)

## 3.3 Setting up a multicultural team

Nowadays more and more multicultural teams would be built due to globalization which could be defined as the people from different culture background, education cooperate with each other in order to achieve a common goal. In general, the reasons of setting up a multicultural team are regarded as following three. First, it is necessary when the target strategy of company is to be an international company. If the company involves global business, it's necessary for the company to set up a multicultural team. The second factor is about how companies define their target customers. If the company is customer-centered, they should have a detailed understanding of the needs of all overseas customers around the world, and the easiest way is to set up a multicultural team. Last but not least, if parts of the company's employees are from other countries, setting up a multicultural team is essential. (Wei L, Date of retrieval 1.5.2010)

However, the process of setting up a multicultural team will be followed by varied challenges. The differences in communication could be regarded as the most challenging one. In Western culture, the most typical communication is direct communication which means people say exactly what they mean. Listeners don't need to understand the language environment or unspoken words. But, the situation is not feasible for many other types of culture. For instance, In oriental cultures, speakers tend to imply their meanings in their express methods. That's why the westerners are easily confused of the indirect communication way. (Wei L, Date of retrieval 1.5.2010)

English is widely recognized as the international business language, but it mustn't be ignored that most non-native English speakers have difficulty in pronunciation, fluency, translation or

other language application aspects. These potential factors may cause misunderstanding and deep frustration of the speaker, or even unfair acknowledgment from other members.

The member with influent English is probably the best expert in the team. That's why an efficient team would take him in. But the team as a whole will pay more price if the team member is frustrated by the language problem.

The difference in dealing with authority and rank is also a big challenge to all multicultural teams when the team is usually set up with a "flat structure", in which people from different cultures can't adapt themselves well, as in many cultures the members are treated and managed according to their rank. When most team members share similar culture, it is normal for them to obey the senior. However, when most members believe that "everyone is equal" except someone who obeys the senior unconditionally, his/her reputation and status will be degraded, what is worse, sometimes he will suffer the laugh from other members. (Wei L Date of retrieval 1.5.2010)

The strategies of leading a successful multicultural team are listed as following:

## 1. Adjustment procedure

Instead of reorganizing the team or reallocating duties of the members, some teams enable themselves to meet challenges from different cultures by adjustment of working mode or members' working attitude. Adapting is feasible if everyone would like to accept and deal with cultural difference.

#### 2. Structure of Intervention

It refers to reorganize the team or reallocate duties of the members so as to relieve or remove conflicts in origin. This strategy is quite effective if the team is separated into typically "small

groups", or the members are arrogant and stubborn and feel scared cold to each other. The other kind of way is to set up multicultural groups or multi-rank groups, that is to have staff from different culture background or different management status cooperate in a working group. New information can be obtained from such organization. Risks of indulging those uncoordinated partners also exist. Therefore, the two kinds should be applied together: have some members coordinate and combine personal suggestions into one as a whole. (QingLai J Date of retrieval 2.5.2010)

#### 3. Management intervention method

If the leader of a team acts as if he is the judge -- decide arbitrarily, and never think of feeling or advice from others, no one in the team will truly understand the reason why the team gets trouble. While this strategy is implemented, problems will appeal.

#### 4. Exit method

It is noted that this strategy is not often used in real situation. It varies from short term team to permanent team. For short term teams, unsuitable members will usually leave the team after the project is finished. For teams which are organized permanently, this strategy is also the last choice. This may happen when both sides have tried their best and the member is still unhappy about the team. He or She will leave the team most probably by himself/herself, or by management request. (QingLai J,Date of retrieval 2.5.2010)

## 4 BUSINESS CULTURE IN CHINA

In the past 30 years, China has implemented the "reform and opening-up" policy to deal with international trade and investment. At one time, the most popular issue among Chinese economists is the entry into the World Trade Organization (WTO) in late 2001. It means a large amount of opportunities, risks, profit and threatens to the companies in China, from home and abroad. In a word, the benefit of entering into WTO is much greater than the harm for Chinese economy and it also could be regarded as a significant milestone in the development of Chinese economy. (Goodfellow 2008, 16)

Due to both the "reform and opening-up" policy and entry into WTO, more obvious business trend could be found in China that foreign companies are doing business in China and Chinese companies doing business aboard. Thus, this chapter aims to introduce the most critical way to do business in China, including negotiation style in China, the concept of GUANXI in China and cross-culture strategies in China. Last but not least, business culture between Chinese and Finnish also should be mentioned.

#### 4.1 Negotiating style in China

Negotiation can be defined as a dialogue designed to produce an agreement upon courses of action, nowadays it has become an essential part of business culture. According to Wang (Wang 2008, 59), Negotiations in China is a process of combining economic transactions, negotiating philosophy, protocol and practice. Wang claimed the differences of negotiation style between China and Western countries are that Chinese businesspeople focus on not only hierarchical rank but also face protection, while Westerners emphasis the whole process. During the whole negotiation process, Chinese prefer control the situation according to hierarchical rank. Some Western stated that negotiation with Chinese is so complicated that sometimes they couldn't understand. (Gesteland 2001, 155)

Almost all visitors in China would say that Chinese are very hospitable and generous to guests.

Chinese would prefer to deal business in their native place, since they tend to keep business

progress in control. By doing this, they can observe other people carefully and find out the

standard of like and dislike. Guests trust their sincerity and would like to make friends with them,

which makes the serious negotiation begin with an easy atmosphere.

Chinese stick to their principle to such an extent that they seem very stubborn. They become

firm and resolute when they find that one of principles in regular framework is challenged, or

the negotiation isn't going in line with long-term target, or suggestions don't work well with

current plan. At the same time, Chinese show their great flexibility in details. For example,

when everyone is trying to achieve the basic framework agreement, Chinese usually say that

all things will be arranged when it is time to do it. (Gesteland 2001, 156,157)

The initial stage: Roles

When negotiating with foreigners, Chinese organization likes to build a large negotiating team

which consists of administrators and technical members. And the negotiator and

decision-maker in Chinese organizations are depends on the hierarchical value. In order to

cooperate with the Chinese group effectively, it's essential to know how they organized and

identify the group member. However, the final decision-maker in Chinese organizations would

always keep silence in the table or even not appear in the table. According to Chinese

hierarchical values, senior managers couldn't be active in the process of negotiation except

emergency situation. Therefore, the first step of negotiation in China is to identify the final

decision-maker. There are four ways to identify: (Goodfellow 2008, 60)

Before the first meeting, negotiators could exchange the name list of members each other.

The name of the senior managers in Chinese organizations would be written at the top of

list.

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 At the beginning of meeting, interpreter in Chinese organizations would introduce the team members one by one. And normally the key negotiators in organizations would be introduced first.

 With the process of meeting, foreign negotiators could observe the seat position of the Chinese negotiators. Often, the senior manager would sit at the center of the table.

 After the whole meeting, exchanging business cards is another way of finding senior managers. Foreigner businesspeople could scrutinize the title and qualifications.

## The middle stage: Patience and compromise

With the process of negotiating with Chinese organizations, it is necessary for Western businesspeople to practice patient. Wang (Wang 2008, 67) stated that when negotiating with Chinese organization, the process of negotiation would always be extended. The reason is that the structure of Chinese organization is so complex that the technological negotiators had to collect information and report the real decision-maker within their organization. Meanwhile, Western businesspeople prefer decrease time-consuming activities and sign the contract as soon as possible. However, foreigner businesspeople should be careful their impatient. The Chinese organizations always exploit their impatient to make benefits. In a word, the period of negotiating with Chinese organization would longer than foreigner businesspeople might expect. (Goodfellow 2008, 66)

Difference with other Asians like Japanese and Koreans, Chinese organizations like to bargain during negotiation. They define offering concession as the most important part of entire process and look forward to compromise at any time in the process of negotiation. Meanwhile, Western businesspeople didn't regard offering concession as a win-win result. The reason is that the negotiable point of Western businesspeople is always so low that they don't have enough bargaining space. Therefore, the most efficiency way is to set enough space above the bottom line at the beginning of the negotiating. (Goodfellow 2008, 66)

## The final stage: Win-win ending

According to Chinese negotiation culture, the final stage doesn't exist at all, even after signing the contract. Chinese prefer to signing the contracts that both sides can make benefit. They believe no one side in negotiation would be 'the big loser' and both side would be satisfied with the result of the negotiation. If both sides could have access to win-win ending, long-term relationship could be built easily. (Goodfellow 2008, 72)

## 4.2 Using Networks (GUANXI) in China

Nowadays science and technology have been regarded as the most important factor for success around the world. However, according to Wang (Wang 2008, 142), in China using network is still more important than using science and technology. In order to doing successful business, the businesspeople must learn how to use GUANXI network.

In China, GUANXI could be defined as a relationship involving a reciprocal obligation to request assistance (Wang 2006, 142). According to Wang, not only would Chinese businesspeople take advantage of GUANXI to maintaining upstanding relationships with business partners, but also Western businesspeople would emphasis relationship-building. The difference is that Chinese focus on the importance and depth of relationship too much. In Western country, business relationship always leads to personal relationship. On the contrary, Chinese business relationship is always from personal relationship. In addition, western business relationship involves commercial exchange and Chinese GUANXI network focus on social exchanges. Chinese businesspeople only cooperate with those who know and trust. Although it's hard to say the businesspeople in China who have no GUANXI network must be fail, they would take more risks than the businesspeople having GUANXI network. (Wang 2008, 142)

As the market system in China is defective, the new regulations and laws are not always be observed by everyone. There are so many uncertainty factors that could force Chinese

businesspeople worry about their business. However, GUANXI network could play an important role in decreasing the uncertainty. Furthermore, foreigner businesspeople could gain huge benefits from good GUANXI. They will find that the routine business operation is going smooth, or they obtain great access to information about government policies, more positive administrative approvals, more effective implementation of marketing strategy, and lower cost in business transactions. (Wang 2008, 142)

#### Advantages of GUANXI

- Applying GUANXI reduces the cost of choosing partners
- Good GUANXI motivates the update flow of government policies
- Good GUANXI removes ambiguity about potential customers and new markets
- Using GUANXI guarantees a trade channel
- GUANXI makes up for dysfunctional gap between management and staff
- Good GUANXI works well in the better settlement of legal disputes and disagreement
- Utilizing GUANXI helps in reducing bureaucratic red tape in the process of business approvals

## 4.3 Cross-culture strategies in China

Due to different culture, consumers think differently of shopping, and they shop in a different way by various behavior. The successful seller must have a clear picture of difference between native country and target country, in which way the products are better designed accordingly so as to adopt the target market and meet consumers' needs.

1. Acknowledge multicultural business skills and ability

With further globalization and more multicultural business, it's especially important to acknowledge relevant knowledge and ability. It means not only that people should understand the diversity of culture, but also that people should convert the multicultural sense to the marketing strategy and increase the sensibility. The top fast-consuming company PEG, is an excellent example for us in this area by encouraging their overseas staff to learn local language and culture; and keeping in close touch with consumers to know their needs. To know their consumers better, PEG set up a complete market research system to follow up consumers and keep a close contact. In China, they set up a huge data base in Research and Development department. Suggestions from consumers are analyzed and provided to manufacturing department to make the products go in line with Chinese culture and local market. (XianFeng. Wu, Date of retrieval 15.5 2010)

Look for common ground of different cultures in international marketing and find out products' cultural meaning

As mentioned above, different cultures have something in common in spite of the differences. Furthermore, the globalization even strengthens the process of mutual communication and infiltration, which provides such a good opportunity and entrance for international marketing. The sale of imported wines in China is a good example. Obviously these multinational manufacturers of imported wines know well about Chinese culture that power is always the sign of one's social status in China. As the economy grows fast, a group of low-social-status people become very rich in a short period. The imported wine is exactly useful tool which provides such a environment to show off. (XianFeng. Wu, Date of retrieval 15.5 2010)

In the 18 century, the meaning of cognac is far more than drinking itself in high-class party in France. It is considered as the symbol of the life in upper class. The situation applies in China, too. Those smart companies of imported wines precede wine promotion and get a great success after they are fully aware of it. Besides media advertisement and luxury parties, Martell and Hennessey are also the organizer and sponsor of the global show of many elegant artistic activities like classical concert. Thus the cultural concept is getting more and more well known that imported wines and upper class culture are naturally linked. (XianFeng.Wu, Date of retrieval 15.5 2010)

#### 3 Doing business in Rome as Rome do

The most important thing to achieve success in international marketing is to blend in local culture and remove cultural conflicts to fit local consumers' needs in different cultural background. It is not as easy as it seems, because the launch of new products and institutions are not sure to bring commercial profits in fact. PEG is an expert in doing this. For example, they remove the cultural difference by naming each new product according to Chinese culture.

## 4. Introduce native culture to enhance the competitive strength in international marketing

The famous economist Michael E.Porter mentioned differentiation as one of the three techniques in his famous works "Competitive Strategy Techniques for Analyzing Industries and Competitors". Differentiation is believed to help increase customers' loyalty and avoid competition among competitors, and even get extra profits. So it is necessary to introduce native culture and form a characteristic culture which is quite unique among international market. When customers' personal admiration exceeds their needs in shopping, a brand comes into existence. The relationship between buyer and seller

include not only care, faith, but cultural atmosphere mutual support as well. (XianFeng. Wu, Date of retrieval 15.5 2010)

#### 4.4 Business culture between Finnish and Chinese

The trends of economic integration have accelerated the trade corporation among countries, while China has become an integral part of global economy. However, with the process of business communication between the West and the East, like Chinese and Finnish, human relation barriers and cultural conflicts always occurred in both sides. Hence, the business cultural difference should be well noticed. Following are the normal ones:

### **Privacy**

The concept of privacy in China is widely accepted because it is usually believed in China that the individual belongs to the collective. Thus, they would like to know about others' up and down, and suppose that others are willing to be friendly. They believe only by sharing personal life could they show how much they care each other and take the other as a true friend. On the contrary, Finnish attach great importance to personal privacy and pay attention to personal space; they have strong individual sense and don't want to mention their own affairs, even the most intimate friend. For example, for the first meeting the Chinese people will often ask about other's age, marital status, children, occupation or income. Chinese people consider it as a courtesy, but for Finnish, these questions violate their privacy. Therefore, Chinese and Finnish don't have a common ground in aspect of privacy.

#### Time

Finnish thinks highly of time management. They cherish the time, so time is often made full use of by arrangements and plans, and most of Finnish also develop the good habit of making appointments in advance. In Finland, if people want to visit someone, he or she should inform in advance and explain the purpose of visit, time and place. While Chinese have great flexibility

in the use of time, generally not as strict as Finnish's plan, Sometimes meeting with other people may just a temporary decision, or even just half an hour ahead. And when they go for an appointment, being early or late for a few minutes is not a rare situation, which will probably make Finnish feel inappropriate in this situation, but Chinese people have taken for granted and could adjust flexibly by themselves.

#### **Decision-making**

The way of decision-making between Chinese and Finnish is different, either. In Chinese company, people expect it as a long process which needs much patience, especially doing business with national-owned companies. There are several specific decision-makers in Chinese group and sometimes they would decide the business by vote. Decision takes time and negotiation in the meeting could be regarded as one of the most vital items during the work. On the other hand, decision-making in Finland is a methodical process. Decision also takes time but the situation is quite different from Chinese group. The decision-maker in Finnish company could only be marketing director who should decide by himself/herself. It doesn't mean the process of vote take much time but prudential Finnish will spend too much time and energy in the process of thinking and comparison by doing a lot of research. Once they decide to cooperate with their partners, it indicates that they trust them and would like to have a long-term relationship with partner.

## 5 RESEARCH METHODS

In this thesis the empirical part is conducted to gather information about the Chinese employees working in Finnish companies, including how they adapt to different culture and how they communicate with people from different culture in Finnish company. The reason of choosing Chinese and Finnish as a specific case to study is that the author is Chinese who has studied in Finland for a long time and he is quite familiar with both Chinese culture and Finnish culture. The questionnaire consists of qualitative questions which are based on theory part, mainly focuses on four stages of culture shock.

The questionnaire was supported by the marketing director of MIKFAST LTD and marketing director of BIASTMAN LTD in the form of interview. The selection of interviewees was based on the nationality, working experience both in Finland and China, and teamwork experience in a multicultural team.

#### 5.1 Interview

The purpose of interview is to get the feedback of the questionnaire and combine the theory with practice. Through face to face interview, the answer of the questionnaire could be dealt with easily. Since the research method is qualitative, the interviewees are the Chinese who have working experience in Finland for a long time. The first interviewee is Liang Jie, marketing director of MIKFAST LTD and the second interviewee is Li Qing, marketing director of BLASTMAN OY. The first interview held in 24.7.2010 at the home of Marketing Direction of MIKFAST LTD which last two hours. The second interview, Li Qing, was interviewed by E-mail in June 20-25 .2010.

## 5.2 Research questions

In order to combine the empirical research with theory research successfully, the research questions should be mainly designed based on the common issues occurred in the multicultural team and culture shock the interviewees once had.

With the process of interview, the author asked the basic information of the interviewees, including their exact working duration in China and Finland. The research involve following questions:

- How long have you been working in China and Finland?
- Have you ever worked in a multicultural team?
- Do you prefer work individual or team?
- What kinds of conflicts have you seen when communicating with foreign partners? How did you undertake it?
- What type of intercultural skill do you think is the most efficient?
- Could you explain the first culture shock when you arrive in Finland?
- How could you undertake the difficulty when culture shock occurred?

#### **5.3 Data Collection Procedures**

The questionnaire-based interview has been completed mainly in the form of face to face situation. In the process of interview, open-ended questions hold a dominant trend, which also lead to the final result.

In the beginning of designing the research, the author think both of the quantitative research and qualitative research are important for collecting the data. The initial plan was to choose qualitative research as research method and compare the data from eligible candidates. However, the fact is that quantitative research isn't suitable for this research because the qualified candidates in Oulu are limited and it means that the data is hard to collect. In the other hand, qualitative research could also collect a lot useful information and play an important part in the whole process of research. Therefore, the author chose qualitative research as the research method finally.

Before collecting the data, the author designed the questionnaire according to the theoretical part because prepare the questionnaire could be regarded as one of the most important step in collecting the data and only the high quality questionnaire could gather high quality information. Meanwhile the questionnaire was also special designed to the Chinese interviewees who have lived in Finland for a long time. In the process of face to face interview, the Chinese interviewee was demanded to answer the questions based on her own experience and give some examples to deepen understanding. Due to her rich experience, the interviewee gave the response immediately and talked a lot about her own life and study experience within the questionnaire. The best interview place should be the interviewee's office in her company, however due to good private relationship between author and interviewee, the face to face interview was arranged in the home of interviewee in a casual atmosphere and it lasts about several hours. In the whole process of interview, the author and interviewee communicated with each other in Chinese because both of their mother tongues is Chinese, so the misunderstanding wasn't existed. While the author used pen to record some key words and it would make him remember the content of interview when writing the thesis. E-mail was also used to collect the answers from the other interviewee but the quality and quantity of the answers from E-mail are less than the answers from face to face interview.

After collecting all the answers from interviewees, the empirical part of the thesis half has been completed, the result and conclusion part could be drawn according to the interview.

## 6 RESULT AND CONCLUSIONS

The questionnaire is supported by the Chinese interviewees who have adequate working experience in Finland. Also, both of the interviewees have relevant working experience in multicultural companies and culture shock when arriving in Finland. Through interview, the author could get a clear picture of some common issues occurred in a multicultural team and the situation of the culture shock in Finland.

#### 6.1 Culture shock in Finland

As a result of this research, there are some culture shocks when some culture differences happen to individuals working in a multicultural team or company. It is obvious that when individual is faced with new culture, honeymoon stage would appear first which wouldn't last a long time. The interviewee has the experience of being interested in everything she met in new culture and she believed the honeymoon stage is sweet enough to conquer everything elses. Later the most difficult stage-rejection appears which usually lasts six to eight weeks. The interviewee has difficulty in learning new language, weather, food and almost everything in daily life. She found the thinking way of Finnish is different from hers. Finnish don't always talk about her activity and she feels upset and homesick. In additional, Finnish are straight because their culture belongs to direct communication. They believe yes means "yes", but to Eastern people, sometimes yes just means "I heard it". That is the reason why Eastern people couldn't be used to Finnish's direct communication very soon. After this stage, situation becomes better and better. Recovery stage makes the interviewee realize the importance of new language and food etc. The interviewee began to learn getting along with the local people and local culture. In the end, adjustment stage enables the interviewee to live in the new culture and balance the difference.

#### 6.2 Intercultural skills needed in Finland

On the other hand, when culture shock passed, working in a multicultural company also could be regarded as a difficulty for a foreigner due to the lack of intercultural skills. Like the interviewee mentioned, some Eastern people like to keep business contacts even in holiday or after working hours and the best way to deal is that : when they speak via phone, they try to speak as much as they could, not leaving much space for others. Compared with Eastern people, Western people like to do business within working hours, they tend to use Email to communicate instead of calling in case it is not too urgent, and they also know it is important to listen, most of them are good listeners. The other interviewee also mentioned the importance of intercultural skills. When individual is cooperating with foreign partners, misunderstanding occurred easily. With the further process of project, when interviewee meets unexpected difficulty, the interviewee wants to gain support but she is so shy that she wouldn't ask for help directly. So she just asked her partners several questions about the difficulty, and she believed she could solve it by herself and it isn't necessary to bother others. However, for the Finnish the best way is to share the difficulty in the group directly and ask the partner for help and team would solve it together. Finnish believe working alone in a team is a stupid behavior and if one has difficulty, he or she should ask for help directly because the way of thinking in Finland is direct. In addition, when meeting with the Finnish partners, Finnish always arrived in advance and they are used to being a few minutes earlier than appointed time. However, the interviewee didn't have the strict habit when she started her work in the company, which sometimes caused her partners waiting. Therefore, intercultural skills are compulsory to learn. It means individuals should, try to understand, think and analyze why and what cause people behave like that. Sometimes it includes language skills, knows how to express well on the things that try to explain.

Conclusion could be drawn that both of the interviewees could aware of the culture difference and culture shock in Finland. It is obvious that there are several reasons making the misunderstanding and conflict in a multicultural team. However, following reasons are both interviewees mentioned.

In Western culture, the most typical communication way is to talk directly and express as one thinks in mind. The speaker means to express exactly what he/she says. As the westerners usually think in a straight line, their thinking way determines their direct method of expression and solution to problems. There is no need for the listener to know more other than their speech, because they will never speak in an indirect way. It confuses them a lot if one reminds or speaks in an indirect way regarding some ideas or suggestions. The straightness of Westerners also makes them criticize other people in a direct and even harsh way, which sometimes embarrasses Chinese colleagues. As a matter of fact, their criticism refers to only the event, not the individual at all. Thinking it over and sincere discussion with them will be a preferable way of communication and improvement. However, in Chinese culture, the speakers tend to imply his/her meaning by impolite and roundabout expression methods. Though the talk seems to be clear, it is perhaps a refusal when one says "yes". That's why misunderstanding would happen to the communication between the Westerners and the Easterners. The relationship gets worse especially when a multicultural team project is in negative situation. For instance, Western people prefer to communicate with each other by E-MAIL, it means they know listening is important and they need more time than Easters people to thinking and making a decision.

Therefore, intercultural skill is needed when working in a multicultural team. Generally speaking, intercultural skills in a multicultural team means language skills, try to explain and learn to understand other cultures is compulsory when working in a multicultural team which instead of judging and misleading others by own culture. Meanwhile, time and patient could be also regarded as two most important factors in cross-culture situation, time means individuals should spend a lot time on learning local language and patient means individuals should learn how the others thinking, dealing and feeling. Individuals should stand on the view of other's

culture and books or material wouldn't help individuals besides time and patients. As a common language in international business, English sounds different because of the pronunciation, fluency and translation problems by each native or non-native English speaker, which will have a subjective impact on the recognition of his/her ability or identity. So it's also necessary for the individuals to learning English well or Finnish.

## 7. DISCUSSION

Nowadays intercultural skill has become one of the most important ability when working in a multicultural company. The multicultural company needs these skills which result in more business opportunities and well relationship not only between foreign employees and domestic employees but also between clients and suppliers because culture difference and culture shock really exist in the multicultural company. On the other hand, the study research was challenging because the information between Chinese and Finnish is hard to collect. Later, the author chose qualitative research as the research method and drawn a successful conclusion through interview.

The study of qualitative research could be regarded as suitable in this case study. First, the author designed the questionnaire in advance which could arouse the interviewees' interest and the interviewees by themselves have a lot to say. Secondly, both of the interviewees have studying or working experience in Finland and China. They have a lot personal experience about culture shock and culture difference which is important for this research. They also could give feedback about what kind of intercultural skills needed in a multicultural company because as they mentioned, the intercultural skills they given is what they are using almost every day in company. Finally, since the author and two interviewees are Chinese, they could communicate success and have interactive well. And answers to the questionnaire were given clearly and quickly.

In the beginning of learning, the author aims to combine the empirical part with the theory part. It could be found that the theory part includes some definitions, some information, some situations occurred in China and Finland. About empirical part, the author focus on the four stages of culture shock and the intercultural skills, the interviewees' highly level of internationalization help the research a lot and the questionnaires is also based on the most important part in theory part including four stages of culture shock and intercultural skills needed. After combing the empirical part and theory part well. Conclusion could be drawn

easily that intercultural skills are compulsory for the individuals working in multicultural company which including learn to understand other cultures, instead of judging and misleading others by own culture and keeping patient and using time on communicate with your foreign partners.

However, in the process of doing this thesis, the author didn't do the empirical part perfect. Due to little Chinese working in Finnish company in Oulu, the author had to choose the qualitative research as the research method. Though the interviewees have long term working experiences, the information is still limited. Therefore, if the author could have chance to do the research again, the author would have interview with some international students in school because international student is not hard to find and sometimes they also enough experience in multicultural team. And after doing the interview, combine the answers from student interviewees with the answers from employee interviewees could be better.

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QUESTIONNARIES APPENDIX 1

## Gender

- 1. Male
- 2. Female

## Age

- 1. 20-29
- 2. 30-39
- 3.40-49
- 4.50-59
- 5.60+

## Nationality

- 1. Chinese
- 2. Finnish

How long have you worked in China and Finland?

Have you even worked in a multicultural team?

Do you prefer work individual or team?

What kinds of conflicts have you met when communicating with the foreign partners? How could you undertake it?

What type of intercultural skill is the most efficiency?

Could you explain the first culture shock when you arrive in Finland?

How could you undertake the difficulty when culture shock occurred?

## Thank you for your answers!

**ANSWERS TO QUESTION4** 

APPENDIX 2/1

"What kinds of conflicts did you meet when communicating with the foreign partners like Finnish? How could you undertake it?"

"In business, some foreign associates who are from the Far East may have habit to contact business contacts even in holiday or after working hours; and when they speak on the phone, they are very intense, try to speak as much as they could, not leaving much space for theirs to speak up, it is a little more pushy compared with the Western people. The Western business associates may be rather conservative, they tend to use Email to communicate instead of calling in case it is not too urgent, and they also know it is important to listen, most of them are good listeners.

To the Eastern business associates, try to understand what they do is to keep things on high-efficiency, try to explain to them that usually the Western company do not response business emails in holiday and after working hours. And to the Western business associates, encourage them to call when needed; respect their spare time, not to interrupt in holiday or rush up too much for their decisions.

Try to be reasonable with good manners to both the Eastern and the Western associates.

Sometimes Western people like to use body language to show their "Nice to meet you" and friendly .However, same body language has different meaning between Western people and Eastern people. Direct eye contract means honesty in Western culture while it's a sign of disrespectful in Eastern culture. To Eastern business people, it's very necessary to understand what Western people's body language "real" meaning and don't need to anger with their body language.

Compare with Eastern people, Western people have low power distance. Boss and employees work close together and employees could say the boss name and express their doubts or ideas directly. Western people think employees are equal with the bosses, However, in Eastern culture, employees always say Mr. X or Mrs. X behind their bosses. They are always so afraid that that couldn't show their disagreement or doubts with their boss. When boss want to have some suggestion or idea from the employees, they would always be disappointed. To Eastern business people, they expect to be told what to do from their boss and creative is difficult for them.

"When working with the partners from different culture, the misunderstanding occurred easily in beginning. For instance, with the process of teamwork, if Western people met a difficult, although they want to get the support from their foreign partners, they would try their best to solve it alone and wouldn't give up until deal with it. Maybe they would mention the difficulty with their foreign partners but not ask for help directly. However, Finnish suppose this is team problem, they should ask for help as long as they met it and say it directly.

"To Western business people, it always takes a lot time to making a decision. Even the clients could offer good price, they still need a lot time to doing research because they aim not only the final contract but also the long-term relationship in the future. However, if they decided to have cooperation with you, it means that they are looking forward to having long-term relationship with you. To Eastern business people, in the beginning of having business with Western business people, they would be hurried to know the final decision from their Western business client and at that time, the best way is to keep patients and try to understand what their foreign clients wanted.

In business meeting, when bargaining with Western people, Eastern business people can't be used to their negotiation style and sometimes making agreement is difficult for them. The reason is that the negotiable point of Western business people is always so low that they don't

have enough bargaining space. However, Eastern business people like bargaining very much. They think bargaining is part of business and also part of setting up good relationship with their clients. Bargaining is regarded as one of the most important step and the business success mainly depends on the bargaining skill.

In business, Western people prefer to do something at one time and they think time is limited; wasting time is regarded as the unwise behavior. They always do business according to the schedule and not always change their plan. However, to Eastern people, changing plan is very normal. They think changes run faster than plans. Plans are always running behind changes and changes often leave plans behind. Therefore, when working with Western business people, Eastern business people should do business according their culture

"What type of intercultural skill is the most efficiency?"

"Language skills, knows how to express well on the things that try to explain. Intercultural skills, learn to understand other cultures, instead of judging and misleading others by own culture."

"As an international business people, it's necessary for him or her to know the other's culture. It includes religious, customs, political which could affect the final decisions."

"The most efficiency intercultural skill should be your own ability which could adapt the other's culture as soon as possible and take advantage of the cultural expertise in your teams.

"Could you explain the first culture shock when you arrive in Finland?"

"Finns are not very talkative and not very formal. Sometimes they don't introduce themselves because they are shy. In conversation, they seem to be too quiet with very little interaction with other people; this could be rude in some cultures. Finns are also rather straight, when you invited them for coffee and cake, and asked how the cake tasted like, they might say "Hmm, I don't like this sort of cake..." In some cultures, the host might be offended"

The culture shock is language and weather. Although individuals could communicate with partners in English, they couldn't into Finnish's real life and individuals feel alone. On the other hand, the weather in Finland is totally different with the weather in China. Winter is so cold and long that I have to stay at home at weekends which make people upset.

Sometimes Finnish are not very active. I still could remember the situation of my first presentation in my company. When showing my presentation in the meeting, I would wait for the question from people and want to have interaction with them. However, no response is coming. At that time, the first I'm thinking is that weather I do it not good enough. Later, I know Finnish don't like to express themselves.

"How could you undertake the difficulty when culture shock occurred?"

Try to think that person has been always living in his or her own culture, he or she may not aware the culture differences. In other words, try to understand that culture. Try to think and analyze why and what cause people behave like that.

With the help of friends and language school, attending Finnish course and try to communicate with Finnish in Finnish not English make individual speak Finnish very well. Meanwhile, due to well spoken Finnish, individuals could make a lot foreign friends and get into Finnish's life. In a word, time is the most important. Culture shock wouldn't last too much time."