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**CULTURE IMPACT ON FINNISH EXPATRIATES' WORK PERFORMANCE  
AND LEADERSHIP IN CHINA**

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**ABSTRACT:**

Expatriates as a response to the call of economic and business globalization, their work performance closely related to local branch success and headquarter investment payoff. Expatriate assigned in China encounters specific difficulties due to the uniqueness of Chinese culture. This study explores the cultural impact on Finnish expatriates' work performance in China based on practical experience and close observation.

In this study, the existing culture theories are reviewed, and its connection to Chinese culture is exhibited. Organizational culture and leadership behavior in Chinese culture context which highly connected to expatriate work performance has been main concern in this research. Particularly, special Chinese cultural issues are explained in order to deepen the understanding on importance of Chinese cultural influence to social life and business culture. The expatriate respondents are interviewed for qualitative data collection.

Based on the data analysis, conclusion is made that understanding and possession of Chinese cultural knowledge does contribute positively to expatriates' work performance by impacting their leadership behavior and managerial skill directly and improving their intercultural social skill which advances their work performance indirectly.

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**KEYWORDS:** culture, China, Finland, expatriates



## 1. INTRODUCTION

Economic evolution and globalization in last few decades brought huge expansion on international business and cross border communications. It results in large numbers of international enterprises' filiales established in other countries, and attracts great interests in cross-cultural studies (Hall 1959; Hofstede 1982, 1997; Thomas 2008; Moore 2009). China as a world fastest developing country, hosts numerous multinational companies, including a large number of Finnish companies. To either strengthen the local management force, even take control of local operation and transmit technology and know-how (Torbiorn 1985; Brewster 1991; Suutari & Brewster 1998), or to explore and obtain new market, and or as a representative to cooperate with local partners expatriates from original countries are assigned to the subsidiaries' countries for a certain period of time (Brewster 1991). Thus as the carriers of their organizational culture, managerial skill and cutting-edge knowledge on varies fields as well as being financially heavy invested, expatriates' work performance during their assignment contribute critical influence to the company's finance and business success as well as personal career development.

### 1.1. Background

I am a Chinese who have been working in Finnish company for ten years in China as a Chinese employee and the other 3 years in China as Finnish expatriate. Due to my job characteristic, I have been working with Finnish expatriates in most of my working time. At the peak time, I was experiencing work with over 100 Finnish expatriates for almost one year together on site in a small town in southeast China. There were sadness and happiness, anger and peace, harmony and conflict during work with these expatriates. While I learnt Finnish custom, culture, management style, behaviors, values and

effective communication from them in daily life, they learnt from me about China and Chinese culture. Living in Finland with my family gave me the chance to experience deeper and more extensive Finnish culture. Combined with the subsequent expatriate experience and social network built with Finnish expatriates in China allow me to delve into this special group of company treasure, and provide me the chance to explore how culture has impacted onto their work performance which critical to both company business success and personal satisfaction.

## 1.2. Objective of the study

I have been encountered many troubles and difficulties with Finnish expatriates during 10 years work as their subordinate, and have observed closely other Finnish expatriates' sufferings from interaction and intra-action with other Chinese colleagues. At the same time, I experienced by myself the complexity of cross-cultural business context when I possessed a bicultural identity: the sensitive business identity of being Finnish headquarter personnel, and the obvious culture identity of being a Chinese. The bicultural identity and knowledge was beneficial to me by being a bidirectional communication channel between headquarter and China branch, additionally, impelled me being active and respected by both teams. Bicultural competence which I discuss in one chapter will substantiate how cultural knowledge strengthening biculturalisms competence and enhance their work performance.

Generally speaking, along with the globalization, managers found that they are facing more the situation that the workgroup members are culturally different and the businesses are less bounded by geographic boundaries. The chance of function face to face contact gets less. But expatriate is an exception; they are working with group members from the other cultures face to face every day. And from the nationality

identity, they are always the out-group member from their local work group. This creates difficulties for their work from first appearance already.

In most of the cases, these Finnish expatriates either hold a managerial position in local organization or a supervision position on local technical team. They represented headquarters' organizational culture, managerial style, leadership tendency and decision-making process which have been learnt and programmed in their original culture. These facts may work well with Finnish employees in Finland, but with the majority of group members from China, misapprehends, conflicts and collisions due to culture difference is naturally unavoidable.

*This study is aiming to unfold these misapprehends, conflicts and collisions which affect the success of expatriation from cultural aspects.* Expatriation success normally focused on three outcomes: turnover, adjustment and task performance (Thomas 2008: 221). Some researchers (Caligiuri 1997; Caligiuri & Day 2000) include task performance into job performance that consist both task performance and contextual performance. Contextual performance refers to the expatriate's performance on aspects that go beyond specific job duties but assist expatriate performing well in an expatriate assignment, such as establishing good relationship with host nationals and adapting to foreign branch's business customs (Kraimer & Wayne 2004: 211). The item 'work performance' in this study is equivalent in content as expatriate success defined by Thomas.

This study intends to provide few hints to those Finnish expatriates who generally excavate the problems from pure business view, provides potential individuals a glimpse of culture influence on expatriate preparation to China and to the previous expatriate in China a better understanding of their experienced during expatriate assignment. If possible, helps Finnish international company human resource create

training material framework about Chinese culture. Because dynamic and successful international management practice in China requires the expatriates hold not only management and technical instructions, but also a high level of cultural awareness, communication knowledge and motivation to operate effectively within that burgeoning marketplace (Chapel 2007: 181). Especially in most of the cases, culture is largely invisible, its influence is difficult to detect, and therefore, it is easy to be neglected. But cultural influence does exist in management context since expatriates are working under an interaction environment with a multicultural work team which their members are culturally different (Thomas 2008). For example, how the stereotype about Chinese from an expatriate manager can influence subordinate's work enthusiasm and commitment to company? How can a reward allocation for a good team work result in poor productivity afterwards? How to conquer and manage these problem challenges every expatriate. Explore of culture impact in individual's and group's behavior and ideology helps to discover the nascence of the problems, find the suggestions and solutions, thereby contribute significantly to personal and group performance.

### 1.3. Methodology

Due to the source availability and the character of this study, the data of this research are collected via interviews of the Finnish expatriates who are working or has been working in China.

An anthropological/ethnographic research technique has been applied in this study because part of this research based on author's over ten years experience closely with expatriates and 3 years being an expatriate. The personal background and interests motive the determination of the study theme. At the same time, the characteristic of culture, vague in concept but wide in content and context, assists the choice of interview

as data collection method.

Hofstede (1982) believes that cultural component in behavior is difficult to grasp for people who remain embedded in the same cultural environment. Czarniawska-Joerges (1993) states the similar point that the only way to describe a culture is from the standpoint of another culture. From the comparative research point of view, expatriate is a very rich source of information regarding differences across countries because of their first-handed experiences of cross-cultural interaction (Suutari 1996:36). Expatriates have been observing the organizational culture and behavior in both countries over a long period of time. They can appreciate the differences in managerial behavior and manager-employee relations and make the comparison with their own culture (Brewster, Lundmark & Holden 1993: 7).

Compare to quantitative method, such as questionnaires, interview as the qualitative method, and its strength benefits more to this study theme. Firstly, cultural impact on expatriate work performance are mostly exhibited by individual behaviors and its consequences, face to face interview can discover the essence of the cultural role through appearance of individual behavior. Secondly, the interview can properly deal with the context of social happenings, for instance, the understanding of an observation that the quantitative method is not able to catch. Thirdly, the qualitative method allows the second time data collecting if the questions need to be modified in order to match the theme better.

Most important advantage of interview is that, interview in a common language that both interviewer and interviewee well-managed leaves little chance of misunderstanding of the questions, hence avoid the problems related to translations of the questionnaires (Hofstede 1982; Sekaran 1983; Ronen 1986). Of course, the shortcoming of qualitative method does exist. For example, Babbie (1979: 227) thinks that the problem of

qualitative method would be that these seldom yield precise descriptive statements about a large population and the results are not generally applicable. This study tries to eliminate the weakness of this methodology by concentrating on few cultural issues, and bases the conclusion on extensive expatriate observation and finds the common believes from individual experience.

15 expatriates have responded to this study through interview. 12 of them have finished their expatriate assignment in China; the other 3 are still on duty and locate in China at the moment of interview. The respondents are working for 4 Finnish companies and 1 Danish company. 8 respondents come from one world leading Finnish company which famous in manufacturing power plant and marine engine, 3 respondents come from the Finnish company which is in the leading position of paper machinery, 2 respondents are working for a Finnish company which is well-known on power transmission, and 1 respondent is working for a Finnish company which produces industrial paint, and the last respondent is working for a Danish company which is one of the world biggest in wind energy business. All these companies have their market and local operation in China more than 10 years.

14 respondents have been at least fulfilled one year expatriate assignment in China, 13 of these 14 expatriates have been more than 2 years in China, 3 of these 13 expatriates have over 5 years working experience in China. Among these 14 expatriates, one expatriate has been located in Singapore but his colleagues and customers were mostly Chinese, in addition, as we will discuss later, Singapore was regarded as Confucian society because of its culture history and its majority of the citizens from China. There is only one respondent did not fulfill his expatriation period and return earlier to Finland.

10 of the respondents hold managerial position, 5 of them have been in the supervisor

position leading local work team. Two out of 15 respondents are over 45 years old, one is under 35, the rest are between 35 and 45. There is only 1 female respondent in this study. Since the biculturalism competence has been a topic in this study, 3 bicultural expatriates have been interviewed, 2 are original Finnish who have been study in China and can fluent Chinese and the other is original Chinese grew up in Finland.

21 interview questions are designed in 3 focuses: one for collecting background information, including international experience and Chinese cultural knowledge before expatriation. The second focus on organizational culture, which mostly related to human resources management practice in local branch. Last concerns leadership behavior and managerial style.

## **2. CULTURE THEORIES AND CULTURAL FEATURES IN CHINA**

### 2.1. Culture theories in academic study

#### 2.1.1. Hofstede's culture dimension

As an embedded root to the society and our life, culture has been studied extensively in various fields, emphasized on different elements and applied in various paradigms, especially after Hofstede (1982) released his cultural values framework. Hofstede ascertained 4 dimensions, power distance, collectivism versus individualism, femininity versus masculinity, and uncertainty avoidance in his book. Based on these dimensions, national culture is classified. Later on he defined the 5<sup>th</sup> dimension as long-term orientation versus short-term orientation, which also proved cultural influence to researchers' own particular cultural programmed mind (Hofstede 1997). The long-term orientation which identified in a survey with Chinese value orientated towards future, such as saving and persistence is related to Confucianism tradition, therefore, it was not seen as relevant in culture study in the European context, but it is unique and important for culture study in Asia, especially in China (Suutari 1996). Besides, many cultural value researches and findings which conducted after Hofstede's study are either based on these dimensions or extended from these dimensions. Hence Hofstede's culture dimension is the essential theory applied to this expatriate study.

Hofstede's framework has been dominated in organizational cultural study for decades. This cultural values framework has been persistently criticized for oversimplification which assuming culture as commensurate with nation or organization, and the diversity of multicultural societies and interaction between national culture and other cultures were not been considered (Mckenna 1998; Martin 2002; Moore 2009). Thomas (2008)

also pointed out that Hofstede's value framework mistakenly apply a country level score to individuals ecological fallacy. Besides, its quantitative survey methodology has been questioned, too. Regardless all these criticism, Hofstede's culture framework has been widely adapted to exam cultural influence in organization, leadership and decision-making etc. in public and business management. It has been popularly cited to decipher differences and difficulties in cross-cultural communications and organizational culture. The article "A quarter Century of Culture's Consequences: A Review of Empirical Research Incorporating Hofstede's Cultural Values Framework" by Kirkman (2006) and his colleagues gave a glimpse of cosmically adhibition of Hofstede's theories in international business studies.

To sum up, Hofstede's 5 dimension frameworks, especially individualism to collectivism and power distance is being common and most useful applicable theory in explaining culture diversity, social behavioral difference, and cultural influence on cross-culture business management. Such as individualist cultures reflect clear team objectives and membership whereas the collectivist culture intend to apply a broad scope of activity and clear member role.

According to Hofstede's research, the PRC mainland was not identified in the study, but the ethnic Chinese, such as Singapore, Hong Kong were identified and the result represented large gap in most of the dimensions with Finland; therefore, the cultural exhibition from these two countries may vary distinctively. Whereas, this study is not only present to Finnish expatriates how these dimensions manifested in Chinese business culture, but also trace on what kind of individual or organizational behavior unconsciously connected to the dimensions and how to maintain the good and refrain the bad. For example, what kind of organizational behavior in Finnish local branch in China may create and extend power distance that baffle trust building and block communication channel between expatriates and Chinese coworkers, and what could be

the solution to evade it.

### 2.1.2. Hall's anthropological culture study

The other outstanding culture approach based on anthropological observations is from anthropologist Edward Hall (Hall 1959). He indicated in his book that culture can be divided into high-context and low-context. The individual of high-context culture tied to indirect communication and contextual information, on the contrary, individual of low-context culture depends more on direct communication and explicit words to transmit meanings and express goals. Hall suggested that people are immersed in a certain social context, and culture can be acquired in the different way people communicate to express their ideas.

This high-context and low-context culture theories have been employed prevalently by negotiators, consultants and diplomats in their business negotiations, books and training materials for cross-cultural management and communication (e.g., Cohen 1991; Harris and Moran 1991; Lewis 2006). Many of them illustrated in their studies on Chinese negotiation style and behaviors that Chinese use to apply quite many 'twists and turns' to reach the matters they want to discuss or apply other tactics, such as use silence to control the communication interaction, or delay the process (Rasmussen 1954: 124; Blackman 2007). Hall's theory favored by practitioners in international management and marketing is because culture in his theory is examined as an adaptive system which links people and their behavioral patterns to their ecological background, especially culture can be seized in communication and its context where the communication presented (Adair, Buchan & Chen 2009). This is another view angle compare to Hofstede's cultural values framework which was determined 2 decades later. Some researchers believed that this theory is more related with Hofstede's collectivism and individualism (Gudykunst & Ting-Toomey 1988.)

China as a high context culture, people intend to use implicit and indirect style in communication. Less word used and the receiver need to fill in the gaps with his knowledge of the speakers or the setting or other situational clues. Social situation need to be considered as indicator of degree of truthfulness because in collectivism culture as China, maintain harmony and avoid embarrassment often list on the top importance. Some expatriates complained that many times, Chinese colleagues express agreement on the meeting, but afterwards do something else. Because, even Chinese culture is higher on Hofstede's power distance dimension than Finland, it does not imply that subordinates follow orders in a straightforward way, harmony is more important than sticking to one's words. Similarly, the other Finnish workshop supervisor frustrated to local subordinates because they say 'yes' to his instructions all the time, but many times not follow it. Thus, the knowledge of Chinese culture which the Finnish expatriates obtain will provide them great help in understanding the context and responding appropriately to different situation.

### 2.1.3. Other relevant culture studies

There are still many cultural studies from different approach. For instance, Schein (1985) describes culture as iceberg format. There are three levels in his culture format: visible, consciously and unconsciously. Visible part of the iceberg is the cultural artifacts which presented in daily interaction with environment, such as language, manners, dress etc. Middle level is the conscious part which is under the surface but directly applies to observe the artifacts level, such as values and norms. Deep under the water is the part which is the source of values and behaviors that unconsciously agreed and accepted by cultural group. They are feelings, thoughts, beliefs which easy to be overlooked because of its unconsciousness.

After Hofstede's grand survey on culture dimensions, many other broad scope of

surveys have been conducted. Chinese Culture Connection (1987) survey defined the Confucian work dynamism which later on called long- versus short-term orientation by Hofstede. Schwartz and his colleagues (Schwartz & Bilsky 1990; Schwartz 1992, 1994; Sagiv & Schwartz 1995) conducted serial surveys which are based on previous theories, and researches on content and structure of human values where they identified three universal human requirements: the nature of the relationship between the individual and the group, the preservation of the society itself and the relationship of people to the natural world. Fons Trompenaars (1993) conducted his survey in 10 years and identified seven dimensions among which five are derived from the prior work of North American sociologists and anthropologists (Parson & Shils 1951; Kluckhohn & Strodtbeck 1961), while the other two dimensions is seen as extensions and refinements of Hofstede's individualism-collectivism and power distance. The GLOBE Study (House, Hanges, Javidan, Dorfman & Gupta 2004) is the most recent study on cultural differences in value orientations, and it constructed nine dimensions of cultural variation. Among the nine dimensions, first four of these dimensions are seen as the direct extension of Hofstede's work. In addition the last dimension from the GLOBE study links to Hofstede's masculinity (Peterson 2004).

Many other relevant aspects of culture have also been investigated by scholars and researchers, such as cognitive approach of culture (Holyoak 1984; Rouse & Morris 1986; Liu & Dale 2009), time, space, language and religion, even climate. For example, business dinner in Northern part of China is in favor of stronger liquor than in the Southern part of China because of the climate difference.

## 2.2. Cultural features in China

Long history in China developed many unique cultural customs and traditions which

cultivated national culture and individual behaviors, and these culture and behaviors cannot be easily comprehended by cultural outsiders. Understanding of such issues to Finnish expatriates is as important as acquiring technical and managerial skill. In certain circumstances, it is more useful and effective than possessing technical expertise and management skill. Several important issues in Chinese culture are presented in the follow discussion, their impact on business and management are illustrated in detail.

### 2.2.1. Confucianism

Confucius was the famous Chinese historical ideologist and philosopher who created his ethical and philosophical system 2500 years ago. His ideology has great influence in consistency and formation of Chinese culture because, his ideology has predominated not only in many dynasties' central government management but also penetrated in every aspect of human activities, including but not limited to moral, social, philosophical and religious. Even the modern researchers, neo-politicians and other ideologists have dialectically criticized Confucianism, China and other countries who have been strongly influenced by Confucianism such as Korean, Japan, and other Chinese majorities, for instance, Singapore and Hong Kong which still maintain values that stems from cultural roots of Confucianism, are referred as Confucian societies (Tung & Yeung 2007).

Confucianism is a set of rules for successful living that emphasizes a long-term versus a short-term lifestyle. Its teaching includes obligations of relationships, family collectivities, virtuous behavior towards others and moderate living so forth (Chapel 2007). It has been found that the Confucian long-term approach has direct link to economic growth. This finding applied to other Confucian societies too, due to their large part of shared cultural traits derived from Confucian traditions (Kahn 1979). The inferred correlation between long-term Confucian values and economic growth over the past decades was attested by Hofstede's (1991) Long-Term Orientation Index. Hofstede

(1991) showed a positive correlation between a country's Long-term Orientation levels and predicted average Gross Domestic Product Growth. In addition, relationships as a central phenomenon to Confucian societies, Chapel (2007) made his assertion base on his survey result in 1997, that business effectiveness in China is largely determined by establishing long-term trust relationships. Therefore, how to build and maintain a long-term trust relationship with Chinese business partner to reach a business success, and with local colleagues to enhance an effective team performance, can be taken as a well-founded scale to expatriates' work performance.

### 2.2.2. Guanxi

Relationship in Chinese is Guanxi. Guanxi also interpreted as network. It is the link of people with highly developed relationships through mutual dependencies; it is an intimate friendship (Wenzhong & Grove 1991: 177). Worm (2007) explained Guanxi as a dyadic personal relation or system of dyadic personal relations formed in the interface between friends and strangers. That means the distinction of an in-group member to an out-group stranger. The extended Guanxi in commercial context is the connections or networks with business associates based on mutual interests together with a heavy emphasis on obligations and instrumentalism (Worm 2007). While the Chinese managers blame the European manager's management style and arrogant attitude, that they believe the western way automatically the best without consideration of the situation in China, which arise the problems in cooperation, the European managers think that corruption and Guanxi in China limited Chinese manager's ability to cooperation and operation (Zhu, Speece & Stella 2007).

Because of the strong emphasis on families in Confucian value, Chinese Guanxi network are small and mostly family-based. Yang (1994) described Chinese society as comprising a set of concentric circles. Core circle are the immediate families of an individual, next are his extended families, at the periphery are the non-family members

who render special services to the individual. The people in the inner concentric circles are the in-group member those they knew each other and have trust-based relations. The interpersonal trust towards the person out of the circles is typically low. They were distinguished as out-group strangers and usually viewed with suspicion until they were known better.

Guanxi is so important in consistence of Chinese culture, King (1991) has identified Guanxi, face and renqing (human feelings and reciprocity) as the three key building blocks of Chinese culture which pervade all aspects of societal functioning, including political and commerce. A research conducted by Chu and Ju (1993) found that the younger generation tended to place more emphasis on Guanxi than the older people. The other extended study among business firms resulted that Guanxi was the only item which was consistently chosen as a key factor to success (Tung & Yeung 2007: 200). Moreover, in Tung's (1982, 1989) research between American and Chinese Firms, he found that Guanxi and long-term business success parallels. The knowledge of cultural differences on American partner will not always guarantee their business success, but ignoring Chinese culture, including role of Guanxi, can almost certainly lead to the failure of any venture in China, especially in the initial stages of entering the China market (Tung & Yeung 2007: 201), which is also illustrated by one of the case study in the following chapter.

The outstanding emphasis of Guanxi in Chinese daily life and business is obvious. Its fundamental position in social activities further supported by Chu and Ju's (1993) study that three quarters of the respondents preferred to use Guanxi connections over normal bureaucratic channels to advance personal interests or solve problems. Therefore, how to penetrate into the Guanxi network and maintain its own network becomes part of the tasks of being successfully in China.

To build and maintain Guanxi, its dynamics need to be understood first. Yang (1989) described Guanxi building as the transformation process whereby a basis of familiarity is constructed between two discrete individuals to enable the subsequent development of relationships. Group identification and altercasting were suggested as two ways of transformation process.

Group identification is divided in two types: ascribed and achieved. Kinship and locality are identified as two common form of ascribed relationship. Kinship refers to one's immediate and extended families while locality refers to one's ancestral village or province. Achieved Guanxi is based on common or shared experience, such as classmates, workmates. Altercasting refers to the establishment of Guanxi between two individuals who have no ascribed commonality (Tung & Yeung 2007). It is also the way expatriate have to apply due to their Finnish identity. The strategy to maintain Guanxi relationship suggested by Tung and Yeung (2007) are tendering favors, nurturing long-term mutual benefits, nourish personal relationships and cultivate trust. There is also a quick and effective way is to use an intermediary who is mutual friends of both parties. Biculturalism or an ethical Chinese can be the intermediaries serving as consultant or advisors to vouch both parties sincerity.

Tendering favor is thinking the quickest way to building relationships but difficult to control the outcomes or consequences, because its future aims to short-term and immediate gains, such as gift-giving, questionable payments, overseas trips or supporting the children of Chinese officials for higher leaning abroad. The difficulty on tendering favor lies on distinguishing the boundary of corruption with business custom and friendship. In addition tendering favor can be easily duplicated by others.

Nurturing long-term mutual benefits is preferable in Chinese business culture as 'win-win' outcome. It is an interdependence relationship between two parties that both

parties contribute to the cost and both parties gain from the contribution. While the foreign investors invest their material, capital and knowledge in the location to pursue business success, those officers who are able to attract the foreign investment get a better chance of a political career promotion because of its contribution to employment and development of infrastructure in their area.

Sincerity and frankness is believed essential to nourishing a personal relationship which cannot be easily imitated by others than tendering favors and nurturing long-term mutual benefits. But it is regarded less feasible because of the strong emphasis on utilitarian gains in present-day China.

Cultivating trust appears to be crucial to building and maintaining Guanxi relationship. As showed in Tung and Yeung's (2007) study that over 80 % companies agree on this. In the business context, it requires a genuine attempt by the expatriates to understand Chinese culture as well as spend time to involve in interpersonal activities in and out of work. Share the hobby together in the weekend, actively participant activities organized by Chinese colleagues, for example, group dinner or hanging out, or play online game together as one expatriate did, respect Chinese custom and follow it, attending the Chinese colleague's wedding to enhance him or her face if you are invited or you heard about it, or pay a visit to colleagues who is in hospital to show your care, for instance. All these small and detailed behavior helps to earn trust from the people around you. Once trust was earned from one Chinese, the door of friendship to hundred is opened.

### 2.2.3. Face

Face in the metaphorical sense is a universal phenomenon existing in varying format in all cultures. In terms of communication, the importance of face describes the degree of indirectness in communication among people (Worm 2007). In high context culture of China, face plays an outstanding role in communication and interactions. Chinese

culture of paying attention to personalized relationship (Guanxi) and maintain harmony, addresses face up to an extraordinary importance. On the contrary, in Finnish culture, people communicate more openly and directly, hence face plays less important role in interaction and communication.

In collectivistic societies as China, face work is a present of the self as an appropriate member of the social in-group while in individualistic Finland, face focuses on maintaining self-identity with little concern of others (Worm 2007). In China, face involves very much in interpersonal interactions and it is particularly important in these circumstances:

- a. The same people meet often.
- b. Members achieve identity through group activities rather than through individual activities
- c. Criticism of superiors may threaten the social order in authoritarian societies.

(Worm 2007 quoted in Bond & Lee 1981).

All three circumstances applicable to Finnish expatriate who work in local branch in China. Therefore, questions about face may appear unconsciously in their daily work. Face is not only a symbol but also a collective ongoing process. When somebody 'gives you a face' that equal to add value to your personal credit, and this credit can be drawn out many times. A Finnish respondent commented on Chinese face:

*'It is amazing how Chinese express the face. They can give you face, borrow you face, sell a face to each other, buy a face from others, you can make others lose face, you can hurt other's face, and you can enhance other face, save others face. I even make joke with my Chinese colleague that since everyone have so many faces, if there is the situation that one of us must lose face, let me go, I don't mind lose my face'.*

He also told that many times he was asked to meet the customer instead of local supervisor because he is Finnish and he can direct say 'no' to customer's extreme excessive requirements than contracted without considering face problem, the Chinese supervisor cannot refuse the customer because that will make customer lose face. He explained that many times he took over the responsibility of a mistake on a job he assigned just for saving subordinate's face when no severe damage happened. He said:

*'I think my guys like me and trust me because I gave them support whenever they need. And I am the only Finnish in this company who plays online game with my Chinese work group in the evening, and they knew I have a Chinese wife.'*

Since social status and prestige are major sources of face in China, enhancing and saving face are as important as causing people to lose face (Worm 2007). A simple internal job transferring may cause the person lose face and resign the job. One Chinese manager who has the right to use minivan with Finnish expatriates for transportation is moved to other job position. The company policy prescribed that the new job position does not belong to middle level manager, therefore, she cannot use minivan, and instead she has to take company shuttle bus with other employees. The day the rearrangement made, she took taxi home and never back to the company. In this story changing from minivan shared with foreigner to a company shuttle bus is an abasement of social status and prestige which causes lose face, even though the new position remain her the same title.

Most of the expatriates have experienced causing a Chinese to lose face consciously or unconsciously, such as point out a mistake or fault in a meeting, or criticize someone in public, especially in front of subordinates. A few respondents has reported enhancing Chinese face by giving positive feedback on their work performance, suggest the talent one for job promotion, participate Chinese colleague's wedding party, invite Chinese

colleagues to home or follow the Chinese custom to distribute 'red egg' together with Finnish custom of distribute cigar to Chinese colleagues celebrate for a new baby. Enhancing or saving a Chinese face or of one another is not only a strong motivator in China, but also a quick and effective way to build up relationship (Guanxi) with Chinese.

#### 2.2.4. Hierarchy and honesty

Hierarchical structure is a common phenomenon in Chinese society due to its long history of feudalist and religious tradition. Class, ranks and age are rigid and influential in China (Yao 1988). Less powerful members accept the standard of unequally distributed power. All these influence can be found in Chinese business culture, including language. When a western negotiator tries to identify who is the decision-maker among the Chinese sitting in the meeting room, the real decision-maker is the superior of this group of negotiator who may never show up. Once a Finnish company negotiated with local government for workshop rent agreement, the Chinese party brought their ready formatted contract for signing and declared that they always sign the same format with their customers. When they go line by line to check the agreement, the changes on the clause that Finnish party requests are always hold for the Chinese superior's approval, even the negotiator herself was the project manager with high rank.

Due to the primary importance of a person's title and reputation in China, it is rude and disrespectful if an ordinary employee or a lower rank manager calls a senior manager's name, or family name. The proper way should be family name followed by title or only title. This effect enforced by power distance. It is an obvious difference between Finland and China. In business negotiation, as addressed by Kirkbride and his colleagues (1991) that a western negotiator's insufficient status may indicate a lack of seriousness on the part of the foreign business and cause a loss of face.

Honesty is the other perceptual difference between Western and Chinese culture. In Chinese culture that superficial harmony is more important than stick in one's words, hence one can agreed on issues then did something else. The truth and honesty only remain in a trust-based relationship. It is a norm solely concerns the in-group or people with whom one has a personalized relationship. In Christian religions of the west that deception is considered immoral, but in China, deception is considered a neutral term and acceptable if it embraces 'the greater good, which is the well-being of the family or the network (Tung 1994: 60), in most cases.

For instance, same company who was negotiating the workshop agreement. At the last day of negotiation, the Chinese party requests the Finnish company to increase their registered capital to the number of planned total investment in name that, the workshop condition is for heavy duty, therefore requests higher invest density. The difference of total investment and registered capital are: 1) Registered capital has to be injected in the registered location within two years. 2) The registered capital has to be entire foreign investment, but the margin between total investment and registered capital can be bank loan. More registered capital will boost the governors' work achievement so that enhance their career success. They claimed that the workshop will rent to others if the Finnish company did not increase the registered capital. At the same time; they express continuously their sincerity of attracting this Finnish company to settle in their workshop. There is no other choice than agree on their condition, because the board meeting has made their decision on the location and there is no other suitable workshop available in that location. Even though the investment plan have been discussed with the Chinese party on the primary market investigation and later on before the rent negotiation, the Finnish company have to accept the fact to move project forward. Most of the respondents in the interview expressed their negative feeling to this kind of dishonesty. Quote from one expatriate:

*" I hate they lie, or we cannot say they are lying, they just simply do not tell you*

*the truth, or they tell you half truth, half lie that you difficult to judge'.*

#### 2.2.5. Discussion

The importance of Chinese cultural issues, including Guanxi, face and others has been presented in this discussion. The outstanding importance of understanding such cultural issues and the cultural rules in order to construct understandable and successful cross cultural communication challenges every expatriate. Kealey (1990) asserts that only 20 percent of those assigned overseas perform in a highly effective manner. Lack of business communication training (Hailey 1996) and ineffective expatriate personnel selection was often the reason of aborted or ineffective international assignments (Chapel 2007). Except the company reason, in order to achieve a better performance, expatriates should be active to influence, and be aware of the importance of cultural impact on own work performance.

Cultural awareness helps the expatriate to be competent in understanding cultural issues and be sensitive to other cultural system. For instance, develop the skill to coordinate verbal and nonverbal messages. Communication skills should not only concentrate on interprets and compose verbal message, but also distinguish and utilize important nonverbal components. Such as, seating pattern and body posture of people in a meeting reflects relationships of power and dominance in some culture. In addition to management expertise and product know-how, positive motivation and willingness to be acculturated is a long-term attribution, and crucial to personal success.

Strong hierarchical structure in Chinese society and workplace requires an expatriate to be able to accept authority in a more complete sense than he or she is accustomed to, and strong top-down supervision is preferable because of the group interdependence character which nurtured in collectivist organization and high power distance management style. A general manager of a Sino-Joint Venture told that he walked

around twice a day in the workshop whenever he is in the company because this kind of micro- management style fit well in that culture.

Since personalized relationship concerns trust, honesty and loyalty to each other, foster such kind of trust-based Guanxi is essential for doing business and work together with Chinese in China. The ways how to build trust with Chinese has been discussed earlier, but some aspects needs special attention from expatriates.

First, even Guanxi network building requires expatriate's off work time and involvement, and its heavy emphasis on instrumentalism and mutual obligations to each other which did not tally with Finnish culture, it is still worth of trying, because establish the trust based relationship with one Chinese means knocked open the door to others. Active and humble attitude to Chinese colleagues will bring great benefit, arrogant and superiority attitude to Chinese only set up barrier for smooth communication and result in misunderstanding. Direct criticize about China or a Chinese will cause loss of face and develop repulsion. The attempt of learning and understanding of Chinese culture, or Chinese language can promote trust building.

Second, Guanxi network building and maintenance involves lots of business and personal activities as well as social techniques, mistake may easily engendered by careless consideration and misjudgment. For example, tendering favor to a government officer or a business partner may run into the track of bribery. As reported that bribery has become a widespread phenomenon in China, and it is estimated that paying off officials adds about 5 per cent to operating costs in China (Kraar 1995). Corruption has been a core task that Chinese central government fights against recent years. Comparatively, Finland is among the top list of least corruption country; accordingly, Finnish companies have their code of conduct for organizational and individual guidelines. Strictly follow the company rule and code of conduct will avoid

misjudgment. At the same time, be aware of own duty on fighting against corruption in own work scope. This issue is illustrated in the third case analysis in this study.

Thirdly, Guanxi is important in business activities, but Guanxi cannot guarantee a long-term business success. Once the business operation established other conditions such as management skill and technical competence becomes more important to sustain continued success. Technical competence refers to the supply of appropriate products of high quality, the adoption of suitable business strategies and the possession of in-depth knowledge of the market (Tung & Yeung 2007). Year of operation and size of the company will moderate the relationship between Guanxi and business success, the bigger company grows and the longer experience in China decreases the importance of Guanxi and brings other factors in significance.

Last, Guanxi as a personal or company business social resources need to be preserved and inherited, it concerns continuous business development. The expatriates' assignment specialty of fixed and short duration and too short overlap time for handover work when substitute limited the chance of Guanxi transferring. Short term assignment is also an obstacle to establish effective Guanxi, and withdraw their interests of building Guanxi. Normally the overlap time for two expatriates for the same position limited in few days, some of them even never met each other on local branch, the previous one does not have time to introduce the new comer into the network, which result in the ready built Guanxi break up, the new comer have to start over from beginning again.

### 2.3. Summary

Culture, as the subjective perception of the human-made part of the environment (Triandis 1972), is closely correlated with our social activities and surroundings,

therefore, results in arduous efforts on culture studies. Hofstede's culture dimension is believed common and most useful theory for cultural studies. Hall's high-low context theory's validity and practicality has been proved for half century. Together with other cultural studies, they furnish scholars and business people foundation and tools for academic researches and practical solutions.

Cultural features in China are complicated and unique. Confucianism is the common roots of all Chinese cultural features. Guanxi influences great in social activities; hierarchy is an acceptable norm in social and organizational structures and it leads to privilege and power difference. Honesty does not contain the same meaning as western culture, but it exists in social life between friends and relatives. Face is extremely important in Chinese culture in all kinds of circumstances and it need close intention to consider how to enhance the face and how to avoid abuse others' face. Successfully handling Chinese specific cultural issues contributes magnificent to expatriate success.

### **3. ORGANIZATIONAL CULTURE AND LEADERSHIP BEHAVIOR**

#### 3.1. Organizational culture and its influence to expatriate work performance

##### 3.1.1. National culture VS Organizational culture

Since culture is a shared mental programs that guide people's reaction and respond to their social context. National culture is a national level shared mental programs which impacts the way the individuals who attribute himself or herself as an in-group member of this culture and to think and act in its group (Harmbrick, Davision, Snell, & Snow 1998), especially on values, cognition, demeanor (outward behavior), and language (Liu & Dale 2009). For example, since Chinese believe that harmony brings wealthy, maintain harmony become the first priority in business management.

Similar to culture definition, researchers have been argued for the definition of organization culture from sociology, anthropology, social psychology, management and organizational studies etc. Shein (1985) defined organizational culture as 'a pattern of basic assumptions-invented, discovered or developed by a given group as it learns to cope with its problems of external adaptation and internal integration-that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think and feel in relation to those problems'. Hence, organizational culture is an extension of social culture, but specific to the organization's particular context (Shani & Basuray 1987; Suutari 1996).

National culture and organizational culture are not distinguished in many circumstances because values and assumptions on a national level manifest themselves within organizations in many different ways (Li 2007). In Hofstede's national culture theory, the national culture is the collective programming of the mind which distinguishes the

members of one group or category of people from another, while organization culture is defined in a similar way except the collective programming of the minds of original members are the values of the founder and significant leaders. (Hofstede, Bram, Ohauv, & Sanders 1990: 14–18).

Basically, assumptions, values, norms, missions, beliefs, customs, strategies and subculture are the perceptions and topics which often involved in organizational culture, accordingly, these organizational cultural criteria create a pattern of organizational behavior which distinct them from other organization.

Finnish expatriates are not only the chosen personnel from headquarter who familiar with company policy and operational procedure, but also possess distinctive characteristics and features of their company organizational culture, which programmed under Finnish national culture, and different in many ways with Chinese national culture. Finnish are individualism and Chinese are collectivism according to Hofstede's cultural study, the difference in this dimension was regarded the most useful and powerful dimensions of cultural variation in explaining a diverse array of social behaviors such as openness in communication and loyalty to company (Triandis 1995). Therefore, the clash of culture will happen when they try to implement Finnish company organizational culture and management style in daily practice among majority of Chinese employee. Even the expatriate who has the post experience in other countries may not assist to avoid such clash. Because the cultural, operational, structural and social challenges of operating in the Chinese business environment are sufficiently unique to negate much of the experience gained in another overseas posting (Robert 2007: 102).

Finnish expatriates might not be able to understand and accept the company policy proposal from Chinese human resources manager concerning welfare to the employees

from matchmaking of marriage to the allocation of baby birth, for instance. The causation of the standpoint difference is based on the basic cultural orientation. Chinese collectivist organization nurture group interdependence. And collectivist persons give primary attention to the needs of their group and are willing to sacrifice opportunities for personal gain (Chapel 2007). Such as volunteer overtime work without payment is very commonly accepted among office workers, sometimes the weekend. In return the organization has a great responsibility for his individual members; their organizational culture is employee-focused and parochial. On the contrary, the Finnish organizational culture is individualist culture, employees see themselves primarily as engineer, manager etc, and secondarily as group member. The individualistic persons pay more attention to their needs, taking advantage of opportunities for personal enrichment (Triandis, Brislin & Hui 1988). Their organizational culture was oriented towards results and performance. One Finnish local branch give 200 CNY to employee's baby birth and wedding as company gift, this was even not close to any clause in Code of Conduct in Finnish organizational policy.

When Finnish companies set up their business branches in China by either format, solely owned or joint venture, inescapable, the majority of employees in company structure are Chinese. Chinese national culture is the priority that conducts Chinese employees' thought and behaviors in organizational activities, inter-action and intra-action with Finnish expatriates. Since culture remains in individual's knowledge system, and this knowledge system is formed from childhood and reinforced in entire life it will be draw out when individual makes decision or responds to social context. (Triandis 1995). Moreover, studies find out that people always use the knowledge which is easy to access from their system, such as their own culture and previous experience. Therefore, entirely implementation of company organizational culture and management style which carried by few Finnish expatriates in the majority of Chinese employees could be impossible. As a result, Finnish expatriates, the representative and executive of

Finnish organizational culture, need to demonstrate these cultural element through their behaviors to Chinese employee. The following case illustrates how national culture impact organizational culture, and how organizational culture shape individual behavior and affect individual performance.

### **Case 1:**

One Sino-Finnish joint venture was established in 1980s in inland China. The company structure was oversized and overstaffed, but difficult to be reduced as Finnish partner requested due to its intricate social relationship. The social relationships among employees are so reticular that best way to avoid mistake or embarrassment is that do not comment anyone or anything at work, especially negatively.

There were always 4 or 5 Finnish expatriates working together with Chinese partner. They normally obtained the general manager, design department manager and production department manager position and other technical support function. Except the design manager, the Chinese had their manager for each function in same position; in addition, the Chinese partner also obtained deputy general manager, finance department manager, sales department manager, and human resources manager position. All these managers with expatriate together constituted management group of the joint venture.

Joint venture provided Finnish expatriates villa which built specially for foreigner with clock-round security guards, who are listed in security department of the company. Company also provided each of them private transportation. Their lunch at work was separated with Chinese employees. There is a small dining room operated by a professional chef function as a host for Finnish expatriates' lunch at work and business lunch for customer and visitors. The other over thousand Chinese employees has their

lunch in the big dining hall next door.

The worst thing is that all the Chinese senior managers cannot speak English, neither most of the middle level managers. This was the common obstacle for most of the joint venture at that time. With the good and professional interpreters left the company one after the other resulted by traditional human resources management and lack of backup of strong Guanxi network for future development, the Finnish expatriates were isolated from daily business by sitting in the meeting conducted in Chinese, reading the obscure translation of documents which translated by unprofessional translator. The joint venture have trained ten technical and business talents in Finland for one year, but most of them left the company in two years because of lack of fair career development.

Finnish organizational culture did not influence much on its organization and functions. Chinese style overrides the Finnish, in other words, they formulated own sub-organizational culture. The Finnish expatriates seem to be assimilated by Chinese in organization and operation, they did not or were not able to demonstrate what they were expected to present, such as equity, justice and openness. In first ten years of operation, Chinese organizational culture has heavily besieged the company organization and management, none of the Finnish expatriates have broken through the culture pod, demonstrated their best work performance, and the joint venture did not bring any financial payoff to Finnish partner.

### **Case Analysis**

In this case, Finnish expatriates were treated as exceptive group in the company because of their occupation and social identity. The driving force of this arrangement from Chinese partner is the power distance and accepted hierarchy in Chinese culture. Their senior title and position is symbol of statues and authority which endowed them with

privilege, and put them on the top of hierarchal pyramid, that extended their distance to local employees. The language barrier enforced the blockage of their communication channel with their subordinates, hence limited their information source.

Outdated human resources management was the other obstacle for organizational development. Such as obvious kindred relationship connection to career development opportunities, unfair treatment to outsiders, especially the young and talent who does not have 'Guanxi' backup. The obstacles combined with language barriers led the Finnish way of management unworkable. Finnish organizational culture did not have a chance to show up except time to time appearance of few foreign faces and the company shuttle buses for employees distinguish them from the other local companies.

The joint-venture created their unique subculture which mostly copes with Chinese tradition and Chinese management style. Chinese dominates not only the majority of the number, but also the most important business and management arena. Due to the necessity of power and performance balance between Chinese partner and Finnish partner, as well as the difference and conflict on cooperation expectation: Chinese partner wants as much as possible technology and investment, the Finnish partner wants commercial success while parting as little as possible with essential commercial business information and essential technology, decision-making process was extremely long and difficult compare to nowadays solely owned company. (Selmer 2007.)

There could be many ways to break loose the morass in ten years if the Finnish expatriates understand Chinese cultural issues and nail the problems. The Guanxi network in the joint venture is huge and deep. Most of the senior and middle level manager's family members are working in same company. Many of them held important position. The power distance characteristic of Chinese culture is not only dominated business arena, but also prevalent within Chinese family relationships. The

family is hierarchical and extended, and several generations often live together in a paternalistic arrangement (Chapel 2007). Hence all family members work in that company is very common. For instance, one 4 person family in this company: husband held senior manager position, wife worked in quality control department, son was a manager in finance department, and daughter-in-law was the interpreter for Finnish expatriate. Jobbery is unavoidable under this kind of heavy Guanxi network since Guanxi is such a special relationship between individuals in China, in which each can make strong and often nearly unlimited demands on the other (Pye 1982). Social networking does exist in Finland, such as old-boy network, but it is less personalized and less common than Chinese network. Therefore Guanxi becomes a hindrance for expatriates in human resource selection and thereby limits their participation in operating their business in China (Worm 2007). This has been a stumbling block for most of the foreign companies in China.

A constructive attitude from expatriates to break through the network is to build own networks so that escape from being isolated from information and resources. Instead of delegating the human resources management power solely to Chinese manager, utilize expatriates' senior positional power and authorities to introduce advanced western human resources management practice, such as performance evaluation and appraise in order to motivate and attain good and potential employees. Talk to the person around you who is going to resign the job helps to identify the problem in human resource management policies and practice, involve into and improve it. Make friends with employees, especially who can communicate directly in English, for instance, the employees who have received training in Finland. Promote excellent employees by western judgment standard to create a peer group of role models so that demonstrating possible career paths for other colleagues, therefore to increase employee commitment and loyalty, minimize turnover and indirect investment loss. Engage a human resources specialist with international experience to refresh the parochial kinship management

structure can be an essential action to write a new canto for this company.

### 3.1.2. Organizational behavior VS Individual behavior

Organizational behaviors are guided by a set of organizational cultural criteria. Individuals, especially the managers, leaders, negotiators and communicators in international and intercultural context are the representative of their culture, and they are the main player to release and receive the culture influence. More likely, individual's unique personal experience and values as well as specific situation need to be counted into the process of behaviors and outcomes of interpersonal interactions. A simple daily happening can well illustrate it. If an expatriate can sit together with local employees and enjoy same work lunch, that is an attitude of accepting their food culture, even it might not fit for expatriate taste, but at least he has tried to accept. This tiny daily behavior will gain positive feelings from locals and shorted the power distance, it is a beginning of trust building. In previous joint venture example that Chinese partner utilize the culture tradition of power distance which accepted by Chinese employees to create privilege to Finnish expatriates purposely so as to limit their real power from influence in business.

In a high power distance country as China, the issue of power is extremely important. Power in the individual form includes reward, coercive, legitimate, referent, expert, articulate and self- belief (French & Bentrant 1959: 150–167). Credibility is often questioned and higher authority intervention is needed. Power exists external in the hierarchy and internally within the organization. Even the national values within China operate on the premise of a long term perspective, many people or organizations are insistent on short term benefits and satisfaction. In the absence of a solid legal framework, relationship (Guanxi) is over the importance of law in many circumstances, trust within the network become essential to interaction. In addition, in

the absence of explicit guidelines from institutional law which lack of transparency in China, directives and policies are subject to the interpretation of those who occupy positions of authority or power (Tung & Yeung 2007). The following case explains several business culture phenomenon and power importance which related to above viewpoints.

## **Case 2**

This happened in a wholly Finish-owned company located near east coast. After the inner decoration was done in the new office building and workshop, everyone was ready to move into the new building from temporary office, but firefighting acceptance obstructed the final steps.

The general procedure is that: first, the company submits the application with firefighting design drawings which have been approved by firefighting bureau before construction starts. Then the firefighting bureau will inspect on site, at last issue the acceptance if everything follow the drawings and comply with the law. But the firefighting bureau used all kinds of excuses to refuse the submission at the beginning, and then later on refuse to send their officer for inspection. Moreover, the feedback to the submission was always expressed in a negatively fierce attitude. Finally the discussions were locked in stalemate for over months. At the end, the subcontractor found the reason. The reason was that Finnish expatriates did not accept one company as firefighting equipment supplier during the workshop construction, and that supplier is one firefighting officer's relative. Basic reason was that the Finnish expatriate did not give the officer 'face', make him 'lose face' in front of relatives. Maybe there were also some other reason exasperate him too. This issue was solved finally after the Finnish general manager discussed their difficulties with mayor in one dinner.

## Case Analysis

The above case does not only illustrate the importance of power, but also the Chinese business negotiation style. When the expatriate choose the other supplier than the one firefighting bureau suggested, the bad feeling already created from the firefighting bureau officer to the Finnish company. Actually, in western eyes, the expatriate did not do anything wrong, he chose the supplier in accordance with the principle of best consideration for company business and equal business opportunity to suppliers. Yet this choice made the firefighting officer 'lose face', combined with other possible involvement of multi-benefits arrangement, resulted in all the consequences later on.

The officer expressed his anger and dissatisfaction to the Finnish company by applying dictatorial and even attacking manner via his subordinate who handles the issue. And the reason for the subordinate to represent the officer's wish to behave improperly and set up obstacles was simply because the officer might influence his future career progress. The firefighting officer's behavioral symptoms are exactly same as Blackman (2007) have described in his case study. Meanwhile the firefighting officer utilized his power and authority to set impediment.

In addition, the final step what the general manager took to solve the problem exhibited an efficient way to solve this kind of problem where power involved in negotiations as Blackman (2007: 237) suggested. Put one's point of view to the political or economic power brokers, those who are not facing you in the negotiation, let them to influence the other party. The mayor possesses the power and duty to coordinate this kind of dispute. He also played a mediator role to avoid possible embarrassment to both parties because they don't need meet on the negotiation table again.

In spite of above illustrations on power distance and its importance, this example also

manifested the high context culture behaviors. The firefighting bureau never say 'no' directly on the submission, instead, they requests more documents, samples, meet with designers, suspect the firefighting equipment qualification etc. when the excuses end up, they just say they are too busy to arrange an inspection on site. Every Chinese involved in this issue clear that was an excuse, and there must be something behind, until the subcontractor explored it.

Actually, there are other options for settling this situation. One option is to prepare in advance to avoid the consequences. If the subcontractor knew this supplier's relationship (Guanxi) with the firefighting officer and their products are qualified for the project with a competitive price compare to other brand, then purchase from them. Later on the company even does not need work on the certificate, the supplier will handle it. At the same time, the expatriates could be introduced by the supplier to build friendly work relationship with the firefighting bureau, and then the yearly inspection of the firefighting issue afterwards will be much easier. This is a win-win solution.

The other option is to delegate the duty to subcontractor. Generally without final acceptance from client (Finnish company), the subcontractor is not able to get their final portion of contracted payment until the client received final acceptance from relevant bureaus. Therefore, the subcontractor's interests are tied up with Finnish company on this issue. Subcontractor could search a middle person from his network (Guanxi), such as employee whose friend work in firefighting bureau, or subcontractor's friend, or even friend relatives who knows the firefighting officer, to 'borrow others' face' and network to build a friendly and trusted new relationship with the firefighting bureau so as to solve the problem by 'giving face' to each other. It is still not late or impossible for Finnish expatriates to build Guanxi with firefighting bureau officer through a third party, for instance, the mayor. Finnish might feel troublesome to catch 'face' problem, but it is an important cultural issues exists everywhere in Chinese business life. Finnish

expatriates need to learn to understand it so that be able to cope with all kinds of situation.

### 3.1.3. Human resources practice as organizational behavior

Human resources management has been a hot topic for years in western world. However, it becomes a trend in China only few years. Moreover, the western human resources management work scope and function are differently from the traditional Chinese human resources management. In China, traditionally it called labor and resources management.

Before China's reform and opening-up policy, most of the companies in China exercise 'equal pay for equal work'. Salary structure design relies on education background, job type, position, and duration of work. Mostly, only education background and continuous work experience in same company are considered into promotion qualification. Personal work performance has not been a concern for salary rise or promotion criterion. In some extreme case, human resources even don't involve in any salary and compensation plan, hence, organizational commitment does not, at that time, have much to do with human resources management.

External condition such as work place atmosphere influences both the productivity and employee satisfaction with the group in the organization. The organizational factor such as company strategy and human resource practice also influence impact of diversity in workgroups (Jehn & Bezrukova 2004). Moreover, because a group member must be an organizational member first, so the selection of organizational member is critical to the workers' skills, attitudes, values and beliefs. Generally speaking, group members' skills and abilities are positively related to group performance (Taggar 2002; Thomas 2008). The characteristics of individuals in groups influence the overall climate of the group,

that is related to the group's prosocial behavior or group outcomes (George 1990, Bunce & West 1995).

*Appropriate compensation plan and salary structure motivate workforce effectively in China.* Compensation philosophy is a set of beliefs that underpins the reward strategies of an organization, and is a foundation for the whole compensational system (Armstrong & Murlis 1994). A well-established compensation system that is designed appropriately for the local labor environment is considered to facilitate sound human resource practices (Gerhart & Milkovich 1992). From the literature of researches suggested that the goals of a compensation system are to attract, motive and retain employees and to maintain an effective operation with organizational and environmental constraints (Gerhart & Milkovich 1992; Lawler & Jenkins 1992; Armstrong & Murlis 1994; Hills, Bergmann & Scarpello 1994.)

It is believed that the prime motives of rewarding employee in China were to motive and retain desirable and productive individuals, and how to maintain high quality employee and increase their organizational commitment is a major issue encountered by employers in China today. Steer (1977) has commented that the antecedents of organizational commitment are the personal characteristics of members, role-related characteristics and work experience. Cash-form type of reward mechanism, such as salary, merit pay, yearly bonus, cash allowance, overtime allowance etc. are the top concern from employee side, and it has substantial impact on motivating performance. Since traditional Chinese culture values a person's success in life based on his or her ability of being financially self-sufficient and self-reliant the level of life achievement or success is reflected or measured by the salary and the accumulated volume of wealth a person possessed, such as car, apartment and living standard (Redding 1990; Chiu & Kosinski 1995). And evidence from respective studies concluded that the most Chinese employees prefer a pay increase based on a performance basis (Francesco & Taylor

1989; Chow 1992).

Performance appraisal has been introduced into Chinese enterprise around two decades, especially in joint venture and wholly owned foreign enterprises. Performance appraisal consists following functions: communication, administration and development.

As communication function, performance appraisal is regarded as a dialogue between representative of organization and employee to improve understanding of prearranged goals and objectives, specifically, issues at work and the workers role in the organization (Schuler, Dowling, Smart & Huber 1992). It is expected to lead to a more open and interactive workplace (Chow 1994). The fact is that culture impact very much on this approach. Chinese high power distance culture drawback employees willingness of expressing their view openly to their superiors, also the keep harmony relationship culture significance and traditional concept of 'face' discourage an open dialogue. Most of the cases exhibit a holdback of negative information to counterparty, that is mentioned by most of the respondents in this study as not telling the truth or not create open communication. Under the high power distance culture, the less powerful member accept the standard of unequally distributed power and believe that their superiors are correct in their leadership decisions just based upon the superior's position of power(Chapel 2007). Quoted from one Finnish expatriate's respond to my interview concerning most frustrated situation at work,

*'I would like to know what is happening, but no one come to talk to me. I would like to know where the problem is. Have I given wrong order or instruction? Or are there misunderstanding in my assignment, or are there any other difficulties'*

The administrative feature of performance appraisal is a process to document the workforce strength and weakness to facilitate the establishment of appropriate reward systems and relative value of past performance and future promotability in western

theory (Silverman 1989; Schuler et al. 1992). However in China, the link of performance to compensation, including salary and bonus, is considered highly important and appears to be the key feature of administration aspect of performance appraisal. The ground of this different linked to how to value a success in China as we discussed before.

The development aspect of performance appraisal provides a framework to assess and evaluate past performance as well as providing a benchmark for future performance and development of the employees (Butler, Ferri & Napier 1991; Cardy & Dobbins 1994). This agreed in China that should be the most important aspect of performance appraisal, and more and more young people start to accept it and take it into count in selecting an employer. But implementation from human resources management still needs time.

There are still problems remaining in this system which most of the foreign organization executed in their local branches. That is inadequate training of performance appraisal in a company may create superficial and prejudiced judgment, leading to conflict between managers and the person who receive reward (Silverman 1989). Lack of communication resulted by either the reluctance of appraisers to pass negative evaluation to appraisee or merely negligence, leaves appraisee unaware of problem areas. Lack of clear evaluation criteria to distinguish performance difference potentially leads to demotivation, distress or continuing poor performance (Armstrong 1988; Thomas & Bretz 1994). Especially in Chinese culture, face is so important to individuals, and people is not use to take criticize or negative feedback directly. The manager does neither willing to break the harmony or relationship with appraisees by telling negative feedback. This reduces the effectiveness of the performance appraisal.

To increase the effectiveness of performance appraisal in local branch, Fung (1995) suggested that a western-style which encourages individual economic performance

should be incorporated with Chinese values of satisfying performance, such as harmonious cooperating in a workgroup and fulfill individual obligations towards the work unit and colleagues. A combination of western management practice which modified to meet Chinese perspective and incorporate with Chinese methods could be a best solution. For instance, Ping, Bao and Wu (Zhao 1995) suggested a new method for performance appraise in their study. The new method requires a development of human resources management within the enterprise, a behavior control and motivation system which strongly linked between performance and reward. Job position is clearly defined by job description and specification; therefore, job holder has a clear understanding on work requirements and performance evaluation criteria. Employees are evaluated in term of their achievement, work attitude and potential ability for promotion. The result of performance appraises then directly linked to individual rewards and compensation. In addition to the administrative purpose of performance appraise, this new method consists both evaluation and development purpose of performance appraise, and it is linked closely to one's job position instead of a general classification such as workers and office employee (Zhu & Dowling 2007).

Based on these findings, when the Finnish expatriate face the suggested human resources policy and management system for new establishment, taking into account the above issues is helpful in designing a successful compensation format. The recommended compensation system should put take-home cash as the highest proportion of the package to attract, motivate and retain employees, and put more emphasis on monetary reward. Spend less on long-term benefit such as pension and life insurance and short-term benefit, such as education is easily accepted by locals. (Luk & Chiu 2007.) A cooperate industrial zone between China and Singapore government, located in Suzhou, Jiangsu province has worked out a set of similar social insurance system which comply with the above suggestions. It has been proved effective and successful. In addition to monetary reward, a system of fast tracking of some Chinese managers through the lower and middle ranks of local branches will produce the role

models to other colleagues to wake their awareness of the career possibilities this is also congruous to the development aspect of performance appraisal and has been agreed by most of the respondents in this study. (Robert 2007.)

*The other point is that the human resources management policy reflects company values and organizational culture.* As discussed, compensation and salary system is an important part of human resources management which ensures motivation and fair pay to employees. The other vital part of human resources management is to constitute a set of policies and regulations to guide and guarantee daily company operation. The human resources policy differs from company to company, and it mostly reflects company values and organizational culture. Many of the human resource management problem lies in the lack of in-country experience of expatriates who either assumed that accepted standards of organizational behavior and policy applied universally in every sub-branch, or, have been scared by some hearsay about Chinese management tradition so that designate the human resource policy constitution and decision-making to Chinese subordinate, normally a local human resources specialist.

Compare to economic, legal and political element which the expatriate manager must function, culture is more important element to expatriates' environment. Because economic, legal and political characteristics of a country are a manifestation of a nation's culture. Culture formed from its fundamental way in which a society learns to interact with its environment. Culture also affects the way the organizations operate and the attributions their members make for policies and behavior (Thomas 2008). And human resources specialist in a foreign company is working among the expatriates and local employees. Therefore, selection of human resources specialist is critical for the constitution of a sounded human resources management practice. An extended international experience, such as biculturalism, or oversea graduates could be a better solution. If a human resources specialist has neither experience working in a western

company, nor received any training on western human resources management, the policy he or she submits to Finnish expatriates for signature may contain heavily Chinese element and reveals Chinese culture influence.

One such example was given by one respondent who leads a commissioning group in a joint venture. Commissioning work generally operates on customer site, and it involves lots of travelling and overtime hours. The human resources specialist proposed a set of traveling policy especially for the commissioning group. In the proposed policy, commissioning members are divided into three classifications: manager, engineer and worker. Treatment on travelling and compensation are different accordingly. Such as manager and engineer are allowed to use taxi to travel between site and hotel, but the workers are not. The quota for use taxi between managers and engineers are different too. Besides, the quota limitation on hotel expenses divides into three classifications, the sequence follows their positions, managers are higher, engineers are in middle and workers are the least. That means, even the engineer and workers go for a same project, one will go to work by taxi, and the other can only use public transportation. And they have to stay in separate hotels which might far away to each other due to the hotel expenses quota limitation.

At the end, the expatriate correct the clauses concerning class difference and unfair treatment, and returned to human resources specialist. Equality and openness as very important values in Finland, they are exhibited in Finnish national value, organizational value and individual value. Government set up the travelling allowance standard according to certain criteria for employee and publishes yearly, for instance. Company does not need to establish their own such kind of policy. Since Finnish national culture on Hofstede's framework is weak uncertainty avoidance. The weak uncertainty avoidance normally leans towards an open communication climate. On the contrary, China is a strong uncertainty avoidance society; it resulted in leaning towards a closed

communication system. Every company needs to establish their own sets of policies to guide and discipline their employee behaviors as well as organizational operation. In addition, the bureaucratic system such as class, category tends to reinforce it.

All in all, Expatriates as a representative of foreign company, and the propagator of their organizational culture, their individual behaviors are the embodiment of organizational behaviors at a certain extent. Culture diversity is a unique feature of international company, to ensure an effective operation and successful business, its organizational culture must support culture diversity, which means treat people of all cultures with respect, and has an integration and learning perspective (Ely & Thomas 2001). To accomplish this target, human resources management is highlighted in organizational function in China.

Suggested group-level performance appraises and rewards should be based on the preference to reward allocation across culture in a cultural diversity group, same principle applies to salary design. Take home cash in China is a valid motivation for Chinese employee due to its culture traditions. Even hierarchical concept existed and accepted in China for long time, equality as basic value of Finnish culture is welcomed to be introduced into new establishment. Export of standardized human resources practices from multinational companies or copy of traditional Chinese human resources practices to a local branch may run into difficulties, but a multinational or a local Chinese educated in western human resource management who was entrusted the responsibility to manage the human resource function may avoid the problem

### 3.2. Leadership behavior and managerial style

It has been a common understanding that concept of leadership is ambiguous and its

approaches are extensive (Suutari 1996). Stogdill (1974: 7–15) has classified 72 different leadership definitions into 11 groups on the basis of limited agreed meanings of these concepts. Among the vast amount of leadership concepts, Suutari's (1996: 10–12) leadership definition fits well to the purpose of this study. He defined the leadership 'as the behavior of an individual in a managerial position toward members of an organized group, when directing the activities of the group toward goal achievement'. This study concentrates on explaining cultural role on expatriate's leadership behavior as well as their managerial skills, and its great consequences to expatriate performance.

### 3.2.1. Leadership behavior and its correlation with culture dimension

Leadership study what began in 1930's to 1940's focused on the unique traits, such as physical characteristics, personality and ability of the leaders which did not possessed by other people (Yukl 1981, Bryman 1992). This approach was stopped because of lack of connection between leadership traits and leader performance. After that, the leadership study focused on leadership styles and its effectiveness. Since there were little findings of this approach to organizational effectiveness, it went to a dead end. Contingency approach was the next phase on leadership study. This approach linked particular leader behaviors to particular organizational settings, and identified a great number of situational factors. From the late 1980's, the leadership researches focused on transformation leadership, which was regarded as the new leadership approach. (Yukl 1989a, Suutari 1996.)

The leadership concept and theories are subjective efforts to interpret ambiguous events in a meaningful way, not precise descriptions of real events and natural laws (Dachler 1988). Leadership research found that identifying of motivation that leads the individuals to reach their goal is the most difficult aspects of intercultural managers' task. Motivation is regarded as the main drive force for individual behavior during

fulfills their tasks. The leadership of a manager has been studied numerously and the concepts mainly developed in western cultures (Thomas 2008). Due to these facts, instead of emphasis on searching leadership believes, this study tries to apply the existing academic results to explain the correlations between cultures, leadership behaviors and corresponding managerial style which could applied to Finnish expatriates' daily work in China.

The aspects of leadership are believed to have connection with the cultural dimensions (Suutari 1996: 50). For instance, power distance has effect on scope of decision participation and autonomy-delegation, degree of uncertainty avoidance is connected to role clarification and conflict management. Mintzberg's (1973) classify the manager's role into interpersonal, informational and decisional, and the key components for a manager's role are leadership, decision making, communication and negotiation. Therefore, interpersonal interactions in a cross-cultural context, such as expatriate leadership behavior and managerial skill, are the core of management as a common understanding by researchers (Thomas 2008).

Due to the extent of this study, only few of the leadership behaviors which tightly connects to cultural dimensions and brings unique difference in leadership expectations, such as decision-making and role choice, is exhibited in the following discussion.

### 3.2.2. Leadership behaviors transformation in China

Expatriate managers feel urged to transfer their management practices to China, although a great number of cross-cultural management and expatriate researches suggests that they should adjust their practices to fit the local environment (Brewster 1993). It has been identified that transferring of foreign management practice have contributed to problems that impeded the running of business in China. Many local

managers and employees are frustrated to the demands placed by expatriate managers who did not consider the local context and customs in China especially when the expatriate refuse to listen and learn from locals. (Bjorkman 1994.)

Cultural difference affects managers' role choice even with the similar demand and constrain due to their difference emphasis (Graen 1976; Stewart 1982). A manager or leader from Finland may find out his role emphasis in China vary than leading in Finland. Same may happen to the managerial style and skill. One expatriate general manager who walks twice a day inside the workshop to figure out hidden problems during his assignment in China seldom did the same after he returned to Finland. He understood that in collectivism China micro-management is necessary while in individualism Finland macro-management is more effective and less offended. The ability and willingness of switching or reworking on leadership behavior and managerial style of Finnish expatriate is significant to expatriate success.

It is responded by several respondents in this study that reconsideration and evaluation of leadership behaviors and managerial styles, which generally accepted in Finland, is important to an effective work performance in China, particularly at the earlier stage of expatriate assignment. For instance, the Chinese subordinates always need clear instruction for a task because the strong power distance in Chinese culture does not assign much autonomy to subordinates. One expatriate expressed that he was very annoyed at the beginning that Chinese subordinate kept asking what shall they do next even they knew already what they should do. The other expatriate concluded that the Chinese subordinate is very good in following the orders but lack of motivity of creation and initiation, especially when responsibility involved. Another expatriate complained that if you don't keep watching or supervising what they do, you will probably not get what you expect.

The rootstock of these kinds of work methods and behaviors from Chinese colleagues and subordinates is the strong uncertainty avoidance. Weak uncertainty avoidance culture like Finland would lean towards an open communication climate; and strong uncertainty avoidance would lean towards a closed communication system. In a Chinese organization, process orientation tends to avoid risk taking, the bureaucratic system tends to reinforce this (Li 2007). Finding of the cultural impact on these work methods and behaviors helps to understand the stem of the problems so that proper solutions can be introduced. As summarized from the expatriate interview that supportive attitude and encouragement can effectively ease down the anxiety of uncertainty and pull closer the power distance.

*Decision-making is one of the core segments of leadership behavior.* Generally speaking, decision-making is a choice among alternatives, but many times, the other possible alternatives might be unaware because of the automatic choice that come from expatriates' cultural scripts for that situation. The knowledge have been used in prior event that an individual encountered before meet a decision situation will become higher accessible, thus this knowledge will influence the decision making (Wyer & Srull 1989). International expatriate need to make decision on their daily business in an extreme complex international environment, thus the consequences and alternatives need to be carefully evaluated, a simple decision in accordance to Finnish thinking may be against by Chinese employees.

The decision participation pattern also varies from culture to culture. Cultural background helps in determination of regulatory strategy when making decision. Westerners, such as Finnish, tends to be promotion-focused, individuals are regarded as unique and emphasis on achievement and autonomy when pursuit a goal; while the Asian like China tends to be prevention-focused, maintain harmony with others in the social setting is the primary goal, and emphasis on fulfilling social roles and maintain

connections with others (Heine & Lehman 1999). As studied, Chinese are more confident to the correctness of their decision because of their tendency of collectivists to categorize decisions in terms of perfect certainty while the individualist consider more negative outcomes of their decision (Wright & Philips 1980; Yales, Zhu, Ronis, Wang, Shinostsuka & Toda 1989). Moreover, the hierarchy system in organization has great influence to decision participation in China. The customer or supplier negotiators in a business meeting might not be the decision makers because of their low position in organization. It has been described by several interview respondents that nothing is decided after whole day meeting, or what agreed in the previous meeting was repudiated second day just because their boss did not agree. Some extreme cases, one decision withhold every process because it need to be approved level up step by step, that means several, even dozen of stamps and signatures involved in the decision-making process, especially when approval from public administrative bureaus needed.

The difficulty of decision-making by culturally programmed people under cross-culture context also lies on the cultural rationality boundaries. The cultural rationality boundaries are not only related in decision structures within organizations, but also make the difference on criteria evaluation. Collectivist Chinese manager may put the team harmony on the top position of a conflict solving evaluation; while individualist Finnish expatriate might take the effectiveness of the solution as top concern. Cultural variation on past or present orientation, individual motivation (individualist and collectivist), and decision process pace (long time orientation to short time orientation) affects decision-making. In addition, personal judgment and ability restrict the rationality of a decision because of their cultural norms, cognition and incomplete information about the situation. (Thomas 2008.) There are exceptions, for example, the bicultural expatriate may less stressed in a decision-making, because they may shift the decision-making strategy from one to the other in accordance with the cultural presentational features and decision situations.

*Decision-making plays important role in Human Resources Management.* Due to the importance of Human Resources Management in the organizational culture, decision-making in Human Resources Management under Chinese cultural context appears difference compare to Finland.

Selection and reward allocation decisions are two common aspects which contribute to problem and misunderstanding between expatriates and local managers. Selection and reward allocation decisions mostly apply to select new employees and the allocation of rewards. Selection technique in East Asian is more rely on family connections and network (Guanxi). Chinese companies rarely use interview for selection purpose because of long history of central distribution system in every social aspects (Huo & Von Glinow 1995). More important criteria are the institution a person graduate or home province (Redding, Norman & Schlander 1994). In more egalitarian Scandinavian countries, the interpersonal skill is requested for collaboration, and it is highlighted in selection, but in high power distance countries like China, age was more important. Most of the advertisement of job vacancy has requirement of age, and many of them also has requirements of gender. These are the evidence of cultural difference importance in both selection decision process and criteria.

### **Case 3**

One case has been reported during the interview sufficiently illustrate the problem in employee selection decision and its consequence. A senior sale manager was hired by local general manager without any interview, neither the consultation by expatriate. The judgment and selection decision was made solely by the local general manager, and his criteria were that this sale manager has experience in a sale position and has been working together with him in the other company.

What happened later on proved that this was not an appropriate selection. The senior sale manager did not success in bringing business to company in more than one year; instead, he brought big amount of business entertainment bill monthly without clear and reasonable explanation as requested in finance policy. Moreover, he was found by expatriate that his used fake invoices to play company money into own pocket. Even worse, he distributed cash as gift to his contacts in customer side before Chinese Spring Festival. This is obvious petty bribery which is forbidden in Finnish company and it against the code of conduct that every employee should follow. The money was retrieved from the local general manager by the expatriate in charge of finance lately when the sale tried to balance this amount of cash with non-relevant invoices which approved by the local general manager.

### **Case analysis**

In this case, several culture factors involved, and different cultural value, especially moral and immoral, between China and Finland affect the judgment and decision-making of both local manager and headquarter.

Firstly, the Chinese social network (Guanxi) involved in the selection decision, later on also involved in the maintaining of work relationship of the senior sales manager. Because of the old colleague relationship, the general manager picked him and the sale manager therefore becomes his own person. Taking care of own person and the personal relationship is a shared value in China as we discussed before. That led to the misjudgment from general manager of regardless of company policy to protect the sale manager's wrong behaviors.

Secondly the Chinese face problem stopped the local general manager to take action to

correct the misbehavior and wrong doings even he felt troubled at the end by himself. Both of them will lose face if he officially blames the sales manager or fires him, because that will hint the others that he has made a wrong selection, and any kind of correction action will break their relationship.

Thirdly the hierarchy system and decision-making pattern in local organization contribute to the result. The local general manager is the only person on the top of the hierarchy pyramid in local organization. He can make decision on any issue concerning local daily operation, including human resources management, and no collective opinion needed. This kind of absolute power equates to absolute control-free, or supervision-free. There was an expatriate in charge of finance; but the low level in local management pyramid did not give her the authority to question the general manager's decision, except fulfill own responsibility of checking sales manager's finance claim and report problem to general manager, and to Finland according to expatriate job description.

At the last, the highly autonomy in individualist Finnish organizational culture weaken its control to local branch. All these misbehaviors and wrong doings have been reported to Finland by expatriate during his stay, but headquarter did not give any frontal interruption; even they realize the mistake of the selection and disagree to the general manager. 'It is a benefit to our company even he has not finished his contract period', commented by one senior officer in headquarter when the sales manager resigned by himself finally.

The overlooked gap in two cultures not only restricted cooperation between local branch and headquarter, but also limited the function of expatriate. Assign full autonomy to local general manager and leave expatriate away from final decision participant in organization created unlimited power and authority to one person who is entirely

programmed in Chinese culture. Similar solution can be applied to this case as the second case study in prior discussion, higher authority need to interrupt in when the wrong-doings and misbehaviors out of control in local branch. Headquarter as the owner of this solely owned local branch, it is in the higher hierarchy of the whole organization, therefore, headquarter is able to make the decision and give the order to local general manager. It will not offend power of the local general manager if the headquarter decide to fire the sales manager on basis of his violence to company policy, bribing and misusing his right to play money into own pocket.

There is also value judgment difference on moral and immoral in this case. The uniqueness of Chinese culture remains much difference with Western culture. Some values regarded as vital important in western ethics do not address such high emphasis in Chinese culture. People's attitude to corruption in mainland China is much milder than other Confucian societies, that corruption, such as petty bribery and misuse of entrusted power and authority is not considered as a vital ethical problem in mainland China (Amstrong & Lee 1995). Due to this difference, the local general manager did not regard the sales manager's behavior as violence to company value; instead, he himself approved the bribing method as a business strategy.

Similar case reported in other two Finnish companies where expatriate hold the key position in local organization. One was the local employee take company money by fake invoices, the other was the local employee misuse his position to take bribery from suppliers. Both of the company retrieved the money and dismissed the employee.

From the above case study, it is clear that the decision-making format the expatriate participant and the level of decision-making hierarchy where expatriate positioned in local branch affect magnificent to expatriate function and performance.

The importance of reward allocation decision in human resources management lies on the Chinese value on monetary as we discussed in previous chapter. Reward allocation decision is mostly deal with the fairness by individualists and collectivists in relation to in-group members and out-group members. Recently it has confirmed that power distance or hierarchy maybe the best predictor of differences across cultures in reward allocation (Fischer & Smith 2003). For example, in Finland, yearly salary increase is defined by even percentage to everyone, China commonly by different amount of money to different individual.

Chinese with high power distance prefer equality among in-group members to maintain harmony, but when the allocation rewards goes to out-groups, then, Chinese prefer more equity norm. Since the collectivist accepts the unequal power distribution in authorities, they also agree more reward allocation based on seniority as fair. Such as, the bonus in local company mostly separated in different level or amount according to class and positions, generally, the higher position get higher portion. Besides, the other factor, such as societal- level, cultural and economic factors as well as organizational norm, also influence the rewards allocation in organization.

### 3.3. Biculturalism expatriate

As the culture in the multinational companies is not any more an isolated or fragmented perspective, such as national culture or workplace culture, but as a platform of diversification which show fragmented and integrated characteristics (Moore 2009). Collaboration, communication and trust-building as well as flows of knowledge and processes draw importance to success. The individuals who are able to mediate between and within cultures become an important role to the international organizations. Bicultural expatriates, as a result of immigration and globalization, posses two or more

distinct cultural profiles, and present mixed cultural identities, in which contains individual's own obvious knowledge of their own culture and unique skill which not shared by monocultural individuals (Brannen & Thomas 2010).

Bicultural expatriates as a special group among expatriates, cultural identity, bicultural competence and conflict management are their main strengths compare to monocultural expatriates. Other aspects are also adduced in other content of this study.

### 3.3.1. Cultural identity

While CEO of Stora Enso China, Mr. Song, a Chinese hold Finnish citizenship, presents himself with fluent Finnish in the Finnish national TV YLE news, Mr. Lin Baixi (Finnish name Mikko Rautio), Finnair China Chief Representative, over 30 years living and working experience in China, speaks a very charm of Beijing dialect in China Central Television and other famous Chinese media interview show to promote Finland. If people only listen to their interview, they can hardly believe Mr. Mikko Rautio is a Finnish origin and Mr. Song is a Chinese origin. Actually, they are biculturalisms. Even nationality has symbolic value to citizens to derive part of its self identity, biculturalism is not always indicated by surface characteristics, such as physical appearance or nationality, because the cultural identity is formed in a subconscious manner which shaped in the process of personal growth, and the cultural specific knowledge is highly self-relevant and highly accessible to memory. It is essential to self-definition of a bicultural individual.

Bicultural individuals can be identified with two or more cultures because of their possession of two or more sets of cultural schemas. A cultural schema is a socially constructed cognitive system that represents one's knowledge about the values, attitudes, beliefs and behavioral assumptions of a culture as well as the relations among these

attributes (Fiske & Taylor 1984). Compared with Finnish-origin expatriates who might have knowledge of Chinese culture, Chinese-Finnish or Finnish-Chinese expatriates have the simultaneous awareness of being a member of Chinese culture or Finnish culture, that means they are able to identify himself/herself as an in-group member of Chinese culture or an in-group of Finnish culture according to the situation. Meanwhile, they can exhibit behaviors which are accessible from either Finnish or Chinese cultural knowledge traditions which agreed and accepted by other in-group members to create comfortable feeling to work with. Sometimes they can switch between these two cultural schemas in response to cultural cues (Hong, Mooris, Chiu & Benet-Martinea 2000). This kind of shifting of reference frame from one culture to another is resulted from contextual cues, and it may help them develop increasing integrated cultural schemas and recognize the self-reference of cultural information (Brannen & Thomas 2010). For example, in a local internal meeting, the Chinese-Finnish expatriate may demonstrate frame switching according to the needs of the situation. Even the meeting language is English, the Chinese-Finnish expatriate can always utilize his language skill to avoid misunderstanding, and his cultural knowledge of differences in Finnish and Chinese communication style will help him to adopt appropriate communication style and attitude to approach Chinese colleagues and Finnish colleagues so that no offensive outcome from improper communication style, such as Finnish honesty and direct blame to make Chinese colleagues lose face. In this instance, language as a cultural identity elicited cultural frame switching in order to guide the interpretations of meeting content between two cultures to achieve effective communication and favorable outcome.

### 3.3.2. Bicultural competence

Bicultural competence can be manifested on several facets. Recent research has found that the bicultural individuals possess more cognitively complex cultural representations

and better ability on cross-cultural behavior settings adoption than monocultural individuals (Benet-Martinez & Haritos 2005; Benet-Martinez, Lee & Leu 2006; Padilla 2006; Friedman & Liu 2009). The other found that many bicultural individuals have higher levels of cultural metacognition than monoculturals (Brannen, Garcia & Thomas 2009). Metacognition refers to the ability to monitor and regulate one's knowledge processes, cognitive and affective states in relation to an objective, and the ability to abstract knowledge from a specific experience to broader principle for future cross-cultural interactions (Thomas et al., 2008).

Since the bicultural expatriate worked in multinational team, their competences here are addressed on biculturals' performance-focused contribution to team effectiveness in multicultural business contexts. Friedman and Liu (2009) suggested two main elements of bicultural competence to team effectiveness: adoptability and boundary spanning.

Adoptability emphasizes that bicultural individuals are able to use their dual cultural schemas to behave appropriately in cross-cultural interaction in response to business contexts and cultural cues. Cultural frame switching is the core of this competence construct that we have discussed in pervious paragraph. This adoptability allows the bicultural individuals to respond cognitively using appropriate interaction strategies and communication skill which abstract from cultural specific knowledge that specify when, why and to what degree on cultural value should prevail over another (Tetlock, Peterson & Lerner 1996: 28). Such as a Chinese-Finnish expatriate will choose and apply to maintain harmony as the essential to his communication strategy to Chinese customer, as a result, more euphemism and more time will be used to establish comfortable and good relationship. On the contrary, he might change to totally different communication style when he faces a western customer, direct and explicit communication and less time consuming. Cultural specific knowledge is composed of both explicit knowledge and tacit knowledge. The Finnish-origin expatriate may obtain some explicit Chinese culture

through education or training, but they are not able to understand cultural techniques and processes that inhabited in tacit knowledge and learned through socialization and interaction within Chinese culture group.

In Spanning boundaries, achieving team effectiveness needs shared understanding, integration and mutual trust as essential conditions (Hong 2010). Multinational team typically perform knowledge-intensive work, the extensive work experience in diverse cultural contexts and high cross-communication skills which bicultural expatriates provide assist them to acquire more knowledge from external sources to improve team's knowledge transfer, thus to enhance team performance (Haas 2006). In addition, the shared meaning system that a bicultural individual facilitated may accelerate the integration process among culturally different members, even at the early stage of team work. Because the bicultural individuals recognize members' difference in communication and interpersonal style which may baffle team's ability to share knowledge and information, and they are able to exhibit appropriate verbally or non-verbally behaviors to interact with culturally different members, thus they are more likely to fit in the team and win the respect, trust and friendship of colleagues. With trust and friendship, bicultural individuals can bridge the team's communication gaps caused by language and style difference to support free expression of ideas to accomplish the task. By building the positive relationships with team members, they span the boundaries created by cultural difference, promote team's shared meaning system and integration process, and lead to effective team performance (Hong 2010). Additionally, bicultural individuals understand each party's thought when conflict occurs and could less accelerate conflict between two parties and play a role as a third party in a dispute to mediate conflict.

### 3.3.3. Conflict management

Along with growing complexities of work relationship and multi-nationalized organizational forms, conflict management has developed into a major organizational behavior (Kozan 1997). The most famous conflict management model is the dual-concern model: the driving force of conflict management strategy choice: concern for the self and concern for others (Pruitt & Rubin 1986).

There are five conflict management styles developed from Thomas (1976) assertiveness and cooperativeness dual-concern model dimensions. The five styles are competing (high concern for the self and low concern for others), collaborating (high concern of both self and others), compromising (moderate concern of both self and others), accommodating (low concern of self and high concern of others) and avoiding (low concern of both self and others). Among these styles, collaborating seeks the alternatives that allow both parties to completely satisfy their concern to achieve a win-win outcome; therefore, collaborating is undoubtedly desirable for managing conflict. However, collaborating not only requires time and effort from both parties, but also requires good inter personal skills, open communication, trust and mutual support (Seymour 1993). As we discussed in bicultural competence, Chinese-Finnish expatriates possess all of required qualifications, thus, they are most likely to be the perfect individual in a team who could result in positive outcomes to conflict management.

Conflict is a culturally defined event; consequently, conflict management in different cultures is expected to be different. As collectivistic China address their concern to group harmony which often takes over task accomplishment and personal desires, while individualistic society concern autonomy, competitive and individual achievement which even on the expenses of social relationships (Triandis 1995). These two various culture backgrounds define different conflict management styles which lead to different

behaviors in the process of conflict resolution and different outcomes. Satisfaction is one affective outcome which linked to functional behaviors along with the economic outcomes (Churchill, Walker & Ford 1990). These two outcomes determined by conflict management style and the negotiation process. Since the conflict management style affects negotiation process, hence it has an indirect effect on outcomes.

Recent research found out that compromising style is the first preference conflict management style for Chinese, followed by avoiding in second preference (Ma 2007). And competing is the most preference for westerners. As a result, with their enriched knowledge of cultural nascence and preference to conflict management style of both Chinese and Finnish cultures, and their ability of cultural frame shifting in communication on the base of trust and respect gained from both parties, the Chinese-Finnish expatriates are the person who may generate a favorable win-win collaborating conflict management outcome by combining Chinese compromising conflict management style with Western competing conflict management style.

#### 3.4. Summary

The definition of national culture and organizational culture has been reviewed at the beginning of this chapter from different aspects and their interactional relationship. Examining the trend of organizational culture development, both culture and the expatriates have to be open-minded and fairly motivated to learn new concepts, new elements and new programs. Moreover, they should always prepare to acclimatize themselves to change and challenge, to be able to understand different situations and improve the organizational management.

Leadership behaviors are closely connected to certain cultural dimensions, thus the leadership behavior expectation and managerial style differ from country to country.

The reevaluation and rectifying of the leadership behaviors and managerial style which applied in Finland and possessed by Finnish expatriates is necessary before they are transformed to China.

Decision-making as part of expatriate's daily task, its process and pattern are strongly affected by cultural traditions in China, which easily be ignored by expatriates. Selection decisions and reward allocation decisions as crucial task of human resources management in China are most relies on the cultural dimensions of individualism and collectivism or power distance. The unique Chinese cultural issues such as Guanxi and face affects strongly in local organization too. Therefore, select qualified expatriate to hold important position in local organization not only control and guide the local employees to comply company policy and establish right company value and organizational culture in local branch, but also amplify the expatriate's value to extension of their work performance.

Equipped with outstanding ability and skills of understanding and exercising two cultures, Finnish bicultural expatriates, as other biculturals, demonstrate strong competence at their work via shifting cultural identity to fit in different groups in organization, present high competence of adoptability in learning and coping with new cultures and cultural contexts as well as being a trusted and respected boundary spanner internally and externally in a work team and among the teams to improve team effectiveness. At the same time, they play a role of conflicts mediator in cross-cultural interaction. All of these profit from their specialized bicultural background increases their work efficiency and job satisfaction, thus encourage them to engage further more in these kind of job activities to achieve better work performance.

#### 4. CONCLUSION AND DISCUSSION

This study summarized the following four conclusions:

##### 1. *Conclusion*

*Acquiring of Chinese cultural knowledge by learning in previous work and expatriate assignment contributes positively to expatriate work performance in China*

Only 3 respondents did not have work experience or international study experience in other countries before their assignment to China, but one of them are working with Chinese customers and projects. The other 12 respondents have rich international work experiences. Even though other study remained opinion that the work experience in other country did not contribute to work performance in China due to the uniqueness of Chinese culture as quoted in theoretical discussion, the respondents of this study who possess international work experiences agrees that the work experience in other countries does help their work performance in China on the way that, the previous work experience in other country opened their eyes to expect cultural difference, and prepared them mentally for possible changes in their work structure and routine as well as the changes in their social life. Because as LePine (2003) stated in his study that the individual from different cultures hold different norms and beliefs that how things should be done and how group should function from their previous work experience and the ability to adjust their role in group structure into the changed context of their task will influence their performance.

Most of the respondents also agrees that obtain of Chinese culture knowledge helps their work on the aspect of social interact skill and family settlement. Most of the respondents received short term Chinese culture training before expatriation. Two of

respondents have been choose study topic related to China for their graduation work. The other two has been study Chinese language in China, one respondent has been study Chinese language in Finland for own interests. It has also been highlighted by two respondents who have received cross-cultural training during their assignment in China that on site cross-cultural training has the strong effect as brain storm and should be organized for Finnish expatriates in China. Several respondents suggest that the cultural knowledge training should not only be organized in Finland before expatriation, but also during the first several month of expatriation in China. This illustrated Czarniawska-Joerges (1993) statement that the only way to describe a culture is from the standpoint of another culture.

According to Hofstede's (1991) opinion that culture is shared, learned, systematic and organized. It is suggested by most of the interview respondents that the learning process should be adopted from the beginning of expatriate assignment. Learning is defined according to the concept of experiential learning (Cyert & March 1963). Experiential learning alludes that managers often take for grand about management practice and often transfer the practice which have worked in one setting to new setting. Not until the transferred practices are proved unsuccessful. Experiential learning are influence by the previous experience of expatriates, exposure and personal skill etc. (Lindholm 2007). Learning can be achieved through transfer, transformation or harvest (Tiemessen, Lane, Crossan & Inkpen 1996). Transfer is the movement of existing technology, knowledge or managerial practice from Europe to China. Transformation requires an adaptation of technology and managerial practices to the local context, especially the cultural and organizational difference to create new practices in China branch. Harvest is retrieving practice that has been created in other units or organization and implement in local company.

According to the opinions collected from interview discussion, all three learning

methods are involved in expatriate work, in addition, the interview illustrated that the learning process is dual-direction in nowadays China. That means when the expatriate learn from their Chinese colleagues and subordinates expected leadership behavior and management style under Chinese culture context, the Chinese are also learning and they are eager to learn from the expatriates the technology, leadership behavior and management style as well as cultural issues, especially when young Chinese are the majority of a work team.

## 2. Conclusion

*Proper leadership behavior and management style which accord with Chinese culture with positive attitude contribute to effective teamwork that in return enhance expatriate work performance in China.*

It seems that high level of managerial support lead to most effective work group. To expect an excellent accomplishment of a challenging task to a work group means adequate support of necessary material and information from management to achieve the task are essential. This has been a common understanding from respondents. The supportive leadership behaviors mostly agreed is autonomy-delegation, information sharing and extended decision participation in this study.

Autonomy delegation is very limited in Chinese management culture, but extensively accepted in western culture. Delegating the autonomy to subordinate or colleagues and be supportive whenever help needed means entrust the power and responsibility to them. It is a signal of trust, or at least an intention of cultivate trust, which is a way of building relationship (Guanxi). Information sharing, openness and fairness inside and among groups are believed as good methods to establish trust between expatriate leaders and subordinate, even how to break the closed communication and catch the truth from

white lies have challenged most of the respondents. The respondents also believe that being model of honesty and credibility, together with other two aspects above contribute great in building trustful relationship with locals, which improve interacting atmosphere and work relationships that expatriate needed for achieving a better performance.

Decision making in Chinese organizational culture has been characterized as bureaucratic and time consuming. The cultural origin of this problem is strict hierarchy in organization and feature of avoiding uncertainty, unwillingness of taking risk. Adopt the measurement which conquer its cultural origin may work out this problem. Experience from one respondent is that separate a big decision to several smaller decisions can shorten the time and get the decision done easier. By this way, in one hand, lower the requested decision-making level from higher hierarchy to lower hierarchy, on the other hand, smaller decision reduce uncertainty.

### 3. Conclusion

*Organizational culture influences human resources management and group members' work attitude which indirectly affect the effectiveness of expatriate management performance in China.*

The organizational context influence the expatriate performance by the means of influence their work method which accepted by group members, the resources the expatriate need for effectiveness, and the level of management support.

The influence on the work method is resulted from power distance and hierarchy tradition in the local organization. The typical top down format together with the power distance limits the work initiative from subordinate, because the unequal power distribution creates different level of responsibility and unwillingness of risk-taking. In

addition, this format forms closed information circle which block the information flow in the whole organization. Moreover, the improper human resources practice stops employees' work enthusiasms, such as monetary punishment to mistakes made in work.

Several respondents from three companies mentioned that this does exist in local human resources practice. They admitted that this kind of practice is not beneficial to work efficiency and initiative, especially for workshop workers. Because the truth is, the less they do, the fewer mistakes they make, the fewer punishments they receive. And that is one of the reasons why the locals don't tell the truth when something went wrong. All of these contribute to the stereotype of Finnish expatriates to Chinese employee of being dishonest and lazy. The respondents also express that after the local subordinates understanding expatriate's management idea and principle, generally they start to tell truth and discuss more openly with them, and work more initiatively. But this trust building takes a while and need many times encouragement. In some critical case, the expatriates have to negotiate with human resources department to protect the workers.

Next influence from organizational culture to expatriate performance rest with the resources the expatriate needed for to be effective. Personnel selection plays important role here. Because of Chinese Guanxi and face issues, human resources sometimes choose unqualified candidates for selection. In extreme situation, the local manager has to offer a job for a person to maintain relationship with some important connection, for instance, local government officer, or key person work in big customer. In western public ethical value, this is misuse of power for private gain, and classified as petty corruption. But in China, it is a hidden business and social rule accepted everywhere. Several respondents even knew the typical Chinese motto about Guanxi 'it does not matter what you can do, it does matter who you know'. It has been the case that local manager accepted the person with strong Guanxi, but the expatriate refused him afterwards.

The reward system can also affect the work effectiveness of a group that expatriate leads. Equity theory explains that individuals always expect their inputs and outcomes are equal, when inequity on inputs and outcomes appears, the individuals will find a way to balance it (Adams 1965). Most common way is to reduce inputs, which in reality are work less effectively. And the reward allocation is related in this theory too. Chinese accepts inequality in reward because of culture value of power distance and maintain social harmony. But how to control value of inequality to avoid of negative competition is an art of management because income, include salary, bonus and other reward is not treated as confidential information in Chinese tradition.

Good personal relationship and multi-trust environment are also important to work efficiency and expatriate performance. In China, the loyalty to a manager is stronger than commitment to employer. The role of a manager first is friend, brother or parent, and then comes to a manager. They work for a person first; secondly, they work for company. Hence, build up good personal relationship with colleagues and subordinates is easier than educate them to give their commitment to company. They are cooperative, and supportive to help you achieve a good performance because they don't want to let you down or make you lose face in front of your superior. One respondent told that several subordinate said to him that once he finished his expatriate assignment and returns to Finland, they will leave that company, and they did so.

Management support influence to expatriate performance consists of human resources policy and organizational structure. As discussed before that traditional human resources management in China emphasis differently on its function. Instead of giving guidance on company values and norms, designing competitive salary structure, providing necessary service for employees to creating comfortable environment and atmosphere in work place, the traditional concept of human resources management in

China, concentrates more on strictly control of the employees behavior and the correction measure of misbehavior. Due to the social value emphasis of monetary, uncompetitive compensation structure cannot retain employee thus result in high employee turnover. High employee turnover brings more indirect business loss which normally overlooked by local human resources management. All the respondents of this study believe that competitive salary to local employee is the most important work motivation that can maintain employee turnover in a lower level. This matches to the result of other studies. Some respondents reported that first year in their company workers turnover was more than 50 percent because of uncompetitive salary; the company becomes training center for neighborhood factories. And one expatriate supervisor describes himself as busying as a bricklayer in Bagdad to train new comers and fix problems all day long. It took one year for the expatriate managers clarify what was wrong because of closed communication style in China and lack of cultural knowledge.

Even income is the top motivation for employees; all the respondents agree that on the basis of competitive income, the development opportunity and work content are the most favorable consideration above other nonfinancial aspects. As suggested by other studies that developing function of human resource management also highlighted in China latterly. This aspect becomes very important to the employees who have several years experience and has passed the lower-order needs of make living or try to maintain in work competition. Most of the respondents think that giving them challenge job as well as enough autonomy and responsibility can keep their interests and spirits, and an appropriate position in organization hierarchy add its value too. Better development opportunity or higher position has been an important reason in job changing.

The other influence from organization to expatriate performance has been discussed in case 3, that post the expatriate on the wrong level of organizational structure, hence

limited expatriate power to involve in decision-making.

#### 4. Conclusion

*Bicultural expatriates are in possession of cultural knowledge from both countries that reinforces them with special competences and therefore strengthen their work performance in China.*

The respondents in this study acknowledge the importance of culture difference and also indicate that their knowledge about Chinese social culture and business culture increased extensively during their assignment. Along with the increasing of culture knowledge, working and living in China become easier than at the beginning. Some even exhibited their changes in behavior back to Finland. For example, one respondent describes that he unconsciously use the same personal distance he learned in China after moved back to Finland which annoys his Finnish colleague. This how people use personal space in intercultural interaction which defined by Hall (1966) as proxemics is one aspect of nonverbal communication. As an embedded part of culture, other aspects of nonverbal communication are important as well in intercultural communication, for instance, accent can indicate the subculture identity of the speaker, people in collective culture which have more interdependent self-concepts expression of emotion in public is suppressed in order to maintain harmony. That is why Chinese appears inscrutable in the negotiation table to westerners. East Asian interprets high level of eye contact as confrontation and tries to avoid of it while the westerners regards it as friendliness.

The degree of ability to drive a second language is reflected to the competence of other ability, such as skills and knowledge of cultural norms (Hui & Cheng 1987). Fluency in a foreign language can be seen as more closely aligned with the foreign language group thus it brings implications for the attitudes and behavior of the second language user (Bond 1985). Bicultural expatriates from Finland mostly can well manage three

languages, Chinese, English and Finnish. Using Chinese in daily work brings favor and good impression to locals, hence facilitate social relation building.

All this explicit and veiled Chinese cultural knowledge take Finnish monoculture expatriates time and strength to learn during expatriation, in some situation learn through vital mistakes. But bicultural expatriates have well equipped with this already in their early age. As illustrated by the special chapter in this study, bicultural expatriate competence worth of special consideration in expatriate selection.

#### 4.1 Recommendation and limitation

Globalization forces the business organizations to expend their operation around the world which create the challenging career stage for expatriate. China as one of the host country with long and unique cultural traditions exhibited extraordinary difficulties and variation in testing expatriate qualification. Organizational culture, including organizational structure and human resources management, are partly transformed from Finnish culture but mostly need to be modified to cope with Chinese cultural context request leadership behavior and managerial style changes from expatriate. Base on this study result, in addition to the technical and managerial expertise, an expatriate's intercultural skills and ability as well as willingness of learning China-specific cultural knowledge in order to join new surroundings and social life should be one of the consideration in expatriate selection. And special attention should be paid by the expatriates themselves in their early stage of expatriation. Cross-culture training should not be only prepared in Finland before expatriation, it should also be organized during the expatriation in order to explain them their confusions and difficulties created by cultural difference.

Social economic development in China at this moment differ from two decades ago, the government and Chinese people are welcome not only the capital what foreign company invested in, but also the advanced idea and management knowledge which introduced by expatriate. This does not mean a total copy of western management theory; it should be a careful selective introduction. Culture shapes the context of managerial work, which in turn influences managerial roles (Thomas 2008). Therefore, aware of changes in management context in China compare to Finland lead to awareness from expatriate the changes of role performance expectation, work methods, compensation systems and level of employee involvement in company management.

Localization is the target for every international company in their local branches in order to reduce whole company's operational costs. But localization of management group and localization of organizational culture as well as management style is two difference concepts which lead to different consequences. Localization of management group means withdraw most of the expatriates at a certain stage from local branch, that may result in a total localization of organizational culture and management style, which left hidden risks in local branch operation. For example, in Chinese law, tending favor with big value will be judged as bribing and bribery, but in Chinese social value, most of the Chinese do not consider it as an ethical problem. There are plenty of cases of bad consequences of blind localization which therefore affects organizational culture and management style in recent years. For instance, Siemens scandal of offering bribery to expand market in China, Google China branch use fake invoice, make fake bookkeeping and tax evasion; Carrefour and Wal-Mart cheat their customers in price. All these should not be seen in these kinds of world leading companies, no matter which country they located. Thus, the balance of cost reduction – withdraw expatriate, and the risk to a healthy development of local branch need to be evaluated with carefulness from the top management.

Considering the benefits to both local branches and headquarter the human resources management of expatriates should extend their field of vision and adjust the practice which contributes to continuous business development and expatriate individual development. An expatriation job review and evaluation after re-expatriation might be a good channel to achieve better understanding of problems in local operation and to collect meaningful information and knowledge for next expatriation preparation.

The differences of this study compare to other expatriate study are: firstly the investigations subjects are expatriate themselves, the information collected mostly via face to face interview and site observation. Among 15 respondents, 3 of them interviewed through phone conversation due to their duty in China. Secondly, the respondents share same national culture-Finnish culture and the similar organizational culture background since they are working in similar industry. Thirdly, all the expatriates have been spent enough long time in China which allows them to experience and observe the cultural difference, therefore, the obstacles and difficulties they respond to this study have comparability, and the cultural and ethical influencing phenomenon demonstrates similarity. At last, the solutions and suggestions are abstracted from experience and experiments, thus the study result can be introduced and applied to other companies that operate in an analogy business.

Limitation of this study lies on several aspects: first, subcultures and unbalanced economic development in different region in China have not been taking into account in this study. All the respondents were living in Shanghai area and Beijing which is the most developed and modernized region in China. As value consensus is related to socioeconomic development and democratization of societies the values hold by individuals work in an international company in an internationalized city like Shanghai and an individual work in an inland urban town may exhibit distinctive diversity (Schwartz & Sagie 2000). Secondly, the subjects are limited in same industry which

resulted in similarity in organizational culture. Thirdly, English is chosen as interview language which may lead to misunderstanding because it is neither the author nor the respondents' mother tongue. Fourthly, there is only one female respondent in this study. Lastly, public sector has not been touched in this study.

There is such space for further study. A research in public sectors may provide different view than this study, especially on how the collapse on public ethics impact expatriate performance. Since expatriate is the bridging person between headquarter and local branch, a study on the influence from both headquarter and local employee to expatriate performance may consummate this study as a comparative study. At the last, a study concentrates on how gender difference affects to expatriate work performance may bring us a new picture of female working life.

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