



TAMPEREEN AMMATTIKORKEAKOULU
UNIVERSITY OF APPLIED SCIENCES
BUSINESS SCHOOL

FINAL THESIS REPORT

**Internal Communication Issues in a Multinational Company:
Logonet Group**

Linda Erkkilä

Degree Programme in International Business
April 2010
Supervisor: Janne Hopeela

TAMPERE 2010

Writer(s): Linda Erkkilä

Study Programme(s): International Business

Title of Thesis Internal Communication Issues in a Multinational Company: Logonet Group

Month and Year of Completion: April 2010

Supervisor: Janne Hopeela **Number of Pages:** 39 (95)

Abstract

Multinational companies face many problems while operating with employees who work in multiple countries. One much studied subject are the cultural differences among multinational team members. This Bachelor's Thesis was written as a case study approach to Logonet Group. Logonet Group's services include contract design and manufacturing, promotional merchandise collections, work wear design and manufacturing, and emblem and patch manufacturing.

The topic for this study arose while the researcher was interning in the US office. She noticed some internal communication issues that were affecting the company's performance. After speaking with people in the case company's head office, the researcher was able to focus on the subject of communication problems. The main purpose of this thesis was to assist the management of Logonet Group in understanding why communication problems in the company were occurring.

The researcher introduces theory that is primarily focused on communication problems that global virtual teams often face. An emphasis is placed on Cultural Dimensions by Geert Hofstede and a cultural study by the consulting firm Benna Oy.

The empirical data for this thesis was gathered through qualitative and quantitative research obtained via a survey which was conducted for all Logonet Group's office workers. Through the survey, the office workers assessed the current internal communication flow and problems, and they offered their opinions and suggestions for improving the communication process.

The results of the survey were analyzed based upon literature that is explored in the theoretical part of the thesis. After an analysis of the survey, the researcher offers suggestions which the case company can use for their purposes to the extent to which they deem necessary.

Only the theoretical portion of this thesis is included in the public version as this Bachelor's Thesis includes material which is covered under a confidentiality agreement.

Key words: Cross-cultural communication Internal communication problems
Multinational company Internal communication Global virtual team

Table of Contents:

1. Introduction.....	4
1.1. Background.....	4
1.2. The purpose of the work.....	5
1.3. Structure and methods used	6
1.4. Assumptions and limitations to the study	7
2. Company profile	9
2.1. Logonet Group.....	9
2.2. Communication, hiring and training.....	9
3. Defining Business Communication	11
3.1. Internal communication	12
3.2. Intercultural communication problems in a multinational organization	12
3.2.1. <i>High context-Low context</i>	13
3.2.2. <i>Direct-Indirect</i>	14
3.2.3. <i>The concept of time</i>	15
3.2.4. <i>Saving face</i>	17
4. Defining Culture.....	19
4.1. What is culture?.....	19
4.2. Organizational Culture.....	21
4.2.1. <i>Hofstede's cultural dimensions applied to Organizations</i>	22
4.2.2. <i>Benna research</i>	26
5. The Survey .....	.....
5.1. Research background.....	.....
5.2. Survey process and survey questions.....	.....
5.3. Analyzing the data .....	.....
5.3.1. <i>General</i>.....	.....
5.3.2. <i>Evaluating communication</i>.....	.....
5.3.3. <i>Problems in communication</i>.....	.....
5.3.4. <i>Communication methods</i> .....	.....
5.3.5. <i>Communication between offices</i> .....	.....
5.3.6. <i>Survey Comments</i> .....	.....
6. Suggestions for Logonet.....	.....
6.1. Social network application / Microblogging.....	.....
6.2. ERP/CRM .....	.....
6.3. Cultural training/understanding .....	.....
6.4. Intranet/Bulletin.....	.....
6.5. Internal Communication Policy manual for the Group.....	.....
7. Conclusion .....	.....
8. References.....	29
Appendices.....	33
Appendix 1. Accompanying emails .....	.....
Appendix 2. The survey	33
Appendix 3. All the open-ended answers from the survey .....	.....

1. Introduction

1.1. Background

Globalization has caused many companies to outsource abroad and this has thus created numerous multinational companies. With the aid of technology, people from different countries and cultures can now communicate on a daily basis. Although technology has eased the difficulty of communication, many people face communication barriers such as time differences, language barriers, geographical distance, and differences in perception among others. These problems can cause complications when a promise to a client or a specific deadline of a project needs to be met.

Multinational organizations not only face the logistical and time zone related challenges, but they must learn how to deal with different cultures wherein concepts of time, relationships, and contracts can vary immensely. Therefore, understanding the primary ways in which cultures differ around the world is essential in understanding the differences between domestic and global management. (Adler, 2002, 16)

Many companies do not have the resources to fly people back and forth around the globe to have meetings and thus, global virtual teams are created. Global virtual teams are teams and individuals who work together from different locations around the world and who may -or may never- meet face-to-face. Collaboration and teamwork are enabled with technology. (Solomon & Schell, 2009, 269) Working in global virtual teams brings huge complexities in working: people live in different countries, come from various cultures, have different notions on collaboration, and only use technology to communicate thus eliminating face-to-face meetings.

Therefore, companies seeking to internationalize their operations need to understand how to respond to local, national, or regional customs because of cultural differences. (Hitt, Ireland & Hoskisson, 2003, 245) Unfortunately, cultural differences can cause many problems if not understood correctly.

This Bachelor's Thesis mainly concentrates on the cultural differences in communication context experienced by persons in a multinational organization with the

assumption that the employees have never met with the co-workers with whom they are working.

1.2. The purpose of the work

This thesis is based on the communication problems which many multinational companies face when cultural, geographical and technological factors are distinct among employees who work in different countries and offices.

The thesis was conducted to assist the management of Logonet Group in understanding why communication problems occur and offer suggestions to ease communication within the company. The researcher selected this topic following a five-month internship in the American office. The researcher noticed frustration and problems caused by the poor quality of communication among offices, especially the offices in Asia. Issues such as ignoring emails, miscommunication and misunderstandings arose often during her five-month internship.

The purpose of the project was to survey the employees of the case company, Logonet Group, and hear their opinions on different methods of communication, communication problems, and which communication processes could be improved. Respondents were asked to evaluate the communication between different offices based on their experience, state how often and what kind of problems they have experienced, and evaluate the different communication methods used in the case company.

The main research questions of this study are:

1. How do the employees of Logonet Group perceive the company's internal communication flow at the moment?
2. What could be the reasons for problems in the internal communication channel?
3. How can the internal communication process be improved within Logonet Group?

The study did not aim to discover new cultural differences in communication nor reinforce previous studies made by different researchers and anthropologists. The study

sought to understand what caused problems which occurred, and see the employees' view in the matters. This was done by studying existing literature and experiences of persons who have worked in multinational cultures before. The researcher, in addition to working in the US office for five months, visited the Helsinki office where she interviewed four people. Furthermore, a survey was distributed to employees, where they could freely express their opinions about the internal communication in the case company. The study cannot explain all the aspects of multinational communication, but gives some guidance based on the employees' opinions and previous studies on communication within multinational companies.

1.3. Structure and methods used

This thesis is divided into four parts: background information about the study and the case company are provided to the reader, which is followed by theoretical information. Next, the empirical information gathered through the study is presented by explaining and analyzing the results of the survey conducted in the case company. The final part of the thesis is dedicated to conclusions and suggestions for the company.

The purpose of the theoretical part of this study is to familiarize the reader with some theories which are discussed in the research. In Chapter three, internal communication and cultural problems that multinational organizations may face are introduced. These problems may occur when differences between high-context and low context cultures collide, people are too direct (or indirect) in communication, or the concept of time differs in the parties' view too much.

Chapter four presents definitions of culture as the researcher mainly concentrates on hidden and core cultural differences, and leaves most of the visible factors for a fewer examination. These cultural factors are explained in Chapter 4.1. Chapter four also applies previous studies made by cultural anthropologist Geert Hofstede and the consulting firm Benna Oy in the countries in which the case company operates. The cultural dimensions by Mr. Hofstede and the different perceptions of certain cultures by Benna Oy offered substantial insight on this field of studies and offered a great framework for how to analyze the data gathered from the survey.

The analysis of the survey results is performed in Chapter five and conclusions and recommendations based on the findings of the research will be presented in Chapter six. All of the references are listed in the end of the research as well as the survey questions and the open answers attached in appendices.

Using the Google Docs product, the writer first conducted a companywide survey for all office employees in Logonet Group. The Project Manager in Finland sent the survey via email to all of the office employees in Logonet Group. The email included a short comment and description of the reason for the survey. The thesis writer ghostwrote the accompanying comments and they can be found in Appendix 1. During the survey, two reminder emails were sent to Finland and one to Asia. The Project Manager in Finland sent out the reminders to Finland and the Managing Director in Asia sent a reminder to the offices in his division. The researcher reminded the American office.

This thesis was written with a case study approach wherein the researcher used both quantitative and qualitative research methods in the study. In this case, the sample size was rather small because no factory workers were involved in the study. The questionnaire included both quantitative questions, such as standardized and statistical questions, as well as more detailed qualitative follow-up and interpretative questions. The results of the survey do not allow for any generalizations to be made about any other multinational company.

1.4. Assumptions and limitations to the study

The researcher acknowledges that there are numerous studies and theories based on cultural differences. However, this Bachelor's Thesis will only concentrate on a few of them due to limitations of time and subject. Hence, the emphasis will be placed upon theories which are applicable to virtual communication. The survey results are primarily analyzed using the theory of Dutch anthropologist Geert Hofstede and a research study on people's perception performed by Benna Oy. As stated previously, the conclusions of Hofstede and Benna Oy are explained in the theoretical part of this study in Chapter four. While analyzing the data, the researcher also uses other theories, experiences and

studies, which are summarized in the Bachelor's Thesis.

Some limitations to this study are inevitable. The fact that this study focuses only on one single multinational company may be seen as a limitation. As the subject topic also indicates, the study is only based on internal communications, leaving the external audience and members, such as stakeholders and business partners, out of the study. Business partners, such as suppliers from Asia, are a very important factor in the communication flow process, because their behavior and communication affects to Logonet's other offices. If a supplier fails to inform Logonet Group of a problem within a reasonable time period, the message coming from the Asian office may seem to be their fault, when in fact, they had no control over it. Another limitation also could be that the questionnaire did not reach the factory employees. This is because of an assumption that they do not have to communicate with other offices. Furthermore, this Bachelor's Thesis does not investigate how the messages proceed to the factories. The transmission of factory orders is an important element of communication because it can determine whether an order meets a particular deadline. The last limitation could be that this Bachelor's Thesis focuses mainly on the communication channels and problems, and leaves the examination of content of the communication to the minimum.

2. Company profile

2.1. Logonet Group

Logonet offers a full-service design, manufacturing and logistics solution for businesses. They provide four primary services: contract design and manufacturing, promotional merchandise collections, work wear design and manufacturing, and emblem and patch manufacturing. (Logonet website)

Logonet was founded in 1992 and today has customer service centers in Helsinki and Los Angeles as well as a proprietary apparel factory in Thailand. Production and quality control offices are located in China, Hong Kong, Bangladesh and Thailand. (Logonet website)

2.2. Communication, hiring and training

Some of the personnel who function in procurement, design and sales in Logonet Finland and in Logonet China use communication software called Vertex PDM (Product Data management). (ICT-ohjeistus_v1_2.pdf) Vertex PDM is a data management and distribution system for handling documents, projects, items, product structures and bill of materials and their changes and versions. Vertex PDM is implemented using java architecture and the user interface is Internet Explorer. (Vertex website). The estimated certificate for Vertex is 1000-2000 € per year (interview in Helsinki, Nov. 16th, 2009).

Based on the interview in the Helsinki office, Vertex currently does not work properly as a project management tool because emails often still need to be exchanged to ensure that people access Vertex to update the product/project status and the files are often shared via email to ensure that the information is received. Microsoft Outlook is the email solution used within the group. (Interview in Helsinki, Nov. 16th, 2009).

Logonet Finland has a specific information package for new employees, which has everything written from the company policy, mission, values and work safety to

detailed explanation of the procurement, quality control, design and sales processes. The Finland office also has a specific time-lined training program that includes the first days of training to the end of the four-month -probationary period (Perehdytsohjelma_v1_2.pdf). Logonet USA, Inc. and Logonet Asia only hire experienced professionals so their training and guidelines are not as specific. The training process happens under another experienced employee and the learning happens “while doing”. (Email conversations with the management of Logonet USA & Asia).

3. Defining Business Communication

Business is dependent on communication (Locker, 1998, 4). Communication is at the core of all organizational operations and international relations. It is an essential tool for getting things done and the basis for understanding, cooperation, and action.

Communication transfers information, meets people's needs, and gets things done, but unfortunately if not done properly, it can also distort messages, cause frustration, and render people and organizations ineffective. (Harris, Moran & Moran, 2004, 39)

Communications provide the organization's values, expectations, and directions; deliver information about corporate developments and allow feedback from all levels. Keeping the information flowing back and forth between employees and management and/or other offices is very important. The organizational culture should encourage two-way communication in order to have the information flow up and down. Therefore feedback is essential in order the communication system to function effectively. (Besterfield, Besterfield-Michna, Besterfield & Besterfield-Sacre, 2003, 47-48)

It is important to know and sort what kind of a message the organization wants to communicate. Communication has to be impelling and evaluated to ascertain that the message is understood so that the communication does not end up being just an information overload. All communication has to be clear throughout all the recipients in the organizations. The key is to keep focused messages simple, clear and repetitive. (Besterfield et al., 2003, 47-48)

Communication takes many different forms such as face-to-face or phone conversations, informal meetings, email messages, letters, memos, and reports. These methods are verbal communication. Nonverbal communication does not use words and is done by pictures, computer graphics or by company logos. Interpersonal nonverbal communication includes smiles, the hierarchies in a meeting situation, the size of an office and how long someone keeps a visitor waiting (Locker, 1998, 4).

Although all of these concepts of communication are highly important factor in negotiating and conducting business in a multicultural environment, the researcher will

only examine few of them and focus on internal communication. This is because most of the communication is done with the aid of technology in the case company, and therefore these visible signs are not included in the research.

3.1. Internal communication

Although internal communication is widely discussed under the headings of employee communication, organizational communication, and corporate or business communication, the main significance remains the same: the means to communicate with the employees. (Kitchen & Daly, 2002, 49) Internal communication is also referred to as the exchange of information and ideas within an organization. All organizations have to communicate with their members in some manner and it is essential for effective functioning. Employees need to inform management and co-workers of observations that they may not be able to see, such as the customer's reaction to a product display or a supplier's brief hesitation before agreeing to a delivery date. The supervisors and peers need that information in order to do their jobs and if the observer does not pass information along – no one will. (Thill & Boyée , 2002, 7)

According to Mr. John V. Thill and Mr. Courtland L. Bovée, perhaps the biggest problem in internal communication is management's assumption that because they are aware of some piece of information, everyone else is too. Usually staff members aren't aware of happenings in other parts of the company unless management makes a deliberate attempt to carefully convey information. Communicating freely can help the employees to understand the organization's mission and help managers to see and react quickly to possible problems. (Thill & Bovée, 2002, 7)

3.2. Intercultural communication problems in a multinational organization

Some factors that affect intercultural communication are more obvious than others. For instance, one of the biggest problems in communicating worldwide is the difference in time zones. If an employee living in the United States requests information from China,

he or she usually will not receive a response until the next day due to the time difference which can range from 12 to 15 hours. Another obvious cause for miscommunication is the language barrier. However, these facts cannot be changed or and the time zone cannot be misinterpreted. Therefore the researcher will concentrate on factors which are not as obvious and on information that may not be as apparent.

In multicultural organizations, messages must be tailored for different cultures and languages. Intercultural, or cross-cultural communication, is the process of sending and receiving messages between people who interpret verbal and nonverbal differently based on their cultural background. (Thill & Bovée, 2002, 48)

An employee working in a multinational organization must remember that in the end, the message that matters is not the one that the person sends, it is the one that the other person gets or creates in their mind. Therefore, communication does not necessarily mean understanding. (Harris, Moran & Moran, 2004, 41). Dr. Deborah Swallow states, “If one does not put idea, concept or knowledge into a form that somebody else can receive and understand it, it’s not going to work.” (Swallow, Lecture: Leading authority on intercultural communication)

In their study, Bloch and Whiteley concluded that it is important for a team leader in a multinational organization to show the team respect for their ideas, knowledge and cultural differences. Showing a genuine desire and ability to understand others and their culture is valuable and pretending that cultural differences do not exist created blind spots, resulting in a toxic culture. (Bloch & Whiteley, 2009, 135)

3.2.1. High context-Low context

According to Samovar and Porter, an anthropologist and a cross-cultural researcher Edward T. Hall categorizes cultures as being either high or low context based upon whether the person understands the message from the setting or from the words being exchanged. Hall’s study offers some insight into what people pay attention to and what they ignore. The study is done based on an assumption that culture designates how people receive information. (Samovar & Porter, 2001, 79)

In high-context cultures (HCC's) the message is interpreted heavily based upon the overall situation, and therefore the spoken messages can be ambiguous or vague. In high-context cultures, a greater value is placed upon nonverbal cues and information about a person's background whereas low-context cultures (LCC's), rely more on the explicit verbal content of messages. (Guirdham, 2005, 61)

Frustration in communication may occur when persons of high and low context cultures interact. For example, a person from a low-context culture may become frustrated and feel like she is wasting her time during a conversation wherein a person from a high-context culture is inquisitive and conveys 'unnecessary' information about the goal of the project. Members of LCC's expect only as much information as they need to execute a specific task, where HCC members want much more specific information about the entire project, their role in it, and the role everyone else is playing. (Solomon & Schell, 2009, 146)

Below in Figure 1 is a representation of the countries and their position in a scale of High- and Low context countries.



Figure 1: High & Low context Cultures (Adopted from Samovar & Porter, 2001, 80)

3.2.2. Direct-Indirect

The communication styles of very direct cultures tend to be frank, blunt and fairly open. By contrast, indirect communicators may condemn the openness because in their cultures, it could lead to a loss of face and the directness may be seen as a lack of intelligence. (Samovar & Porter, 2001, 228). The indirect communicators give top priority to maintaining harmony and promoting smooth interpersonal relations, and consequently avoid embarrassing or offending other people. (Gesteland, 2002, 33)

Saying ‘No’

Many high-context cultures, or relationship-focused cultures, have subtle ways of saying ‘no’ with body language or by using silence. Richard R. Gesteland, the founder of Global Management LLC, explains his experience of some Arabs lifting their eyebrows to politely refuse a request, some cultures click the tongue with a ‘tsk-tsk’ sound to say no, where Thais and Japanese smile and change the subject, and Eastern Asians end up quiet for an extended period of time (Gesteland, 2002, 35-36)

Delivering bad news

Relating bad news is hardly ever pleasant for the delivering party. However, there are variations of it depending on culture. According to Gesteland, some indirect, high-context Asian countries are extremely reluctant to report bad news. (Gesteland, 2002, 40) Some western people could find that offensive and disrespectful if a delivery is late because the Asian party fails to report problems in production. Yet, this is a common problem in doing business in Asia.

The role of a contract

Most Western business people (also considered as ‘deal focused’) rely mainly on written agreements to prevent misunderstandings and solve problems, whereas relationship-oriented cultures, such as Asians, depend primarily on relationships to prevent difficulties and amend problems. (Gesteland, 2002, 30-31) Therefore, it is not uncommon that the Asian partner pleads to the long relationship if something goes wrong and rather trusts the people who they have had the relationship for longer.

3.2.3. The concept of time

Travelers quickly notice and learn how people from different cultures and backgrounds look at time and scheduling differently. Arriving late to a meeting can be more likely to be expected in some parts of the world, when in others it would represent great disrespect to the other.

In rigid-time countries punctuality is critical, schedules are set and maintained, agendas are fixed, and business meetings rarely get interrupted. (Gesteland, 2003, 57) These rigid-time societies are also referred as ‘monochronic’ cultures, a classification created by Edward T. Hall, the anthropologist previously mentioned in Chapter 3.2.1. This approach sees time as linear, segmented, and manageable. Hall explains it: “People of the Western world, particularly Americans, tend to think of time as something fixed in nature, something around us and from which we cannot escape; an ever-present part of the environment, just like the air we breathe” (Hall, 1959, 19)

The opposite of these cultures are ‘polychronic’ cultures, also known as ‘fluid-time’ societies. In polychronic cultures, people place less emphasis on strict punctuality and are not obsessed with deadlines. Polychronic cultures also appreciate loose scheduling and business meetings where many additional meetings-within-meetings may be taking place simultaneously. (Gesteland, 2003, 57)

The culture clash around time orientation is common and frustrating and often restrains Western managers. A Finnish manager, who has been living and working in Asia for over 20 years expressed in an email exchange that being precise with the quality and delivery times of products is ‘an unknown concept’ in Asia. In comparison to Europe, the rhythm is clearly slower there; the workdays are longer and vacations shorter. (Email conversation with Juha Saarinen Nov. 6th, 2009) Richard Gesteland suggests that people from monochronic cultures dealing with polychronic cultures should place a large enough margin in their scheduling and then maintain a close relationship with the counterpart. (Gesteland, 2003, 137)

Below Table 1 represents the different countries' orientation to time:

Table 1: Monochronic & Polychronic cultures (Adopted from: Gesteland, 2003, 137)

<i>VERY MONOCHRONIC BUSINESS CULTURES</i>
Nordic and Germanic Europe North America Japan
<i>MONOCHRONIC</i>
Australia/New Zealand Russia and most of East-Central Europe Southern Europe Singapore, Hong Kong, Taiwan, China South Korea
<i>POLYCHRONIC BUSINESS CULTURES</i>
The Arab World Africa Latin America South and Southeast Asia

3.2.4. Saving face

Italians call it *honore*, Anglo-Saxons refer to it as self-respect, and Southeast Asians are called to preserve their 'face'. The point of it is not to tolerate offensive or rude behavior. According to Gesteland, people from relationship-oriented cultures such as from East and Southeast Asia, are often very sensitive to preserving 'face'. This may be also because they are group-focused. A person's self image and self-respect are highly dependent on how others view the person. (Gesteland, 2003, 37).

In many Asian countries presenting honor and respecting another person is done by avoiding conflict. In those countries, it is possible to act in a manner that may help one to save face or in a manner that may cause one to lose faith. For example, criticizing an employee in public or singling out one person from a group could cause that person to

lose face (Solomon & Schell, 2009, 147). On the other hand, a Westerner has to understand that an Asian may say one thing when they mean something else in order to “save face”. Knowing that may help a westerner understand what is really being expressed. (Samovar & Porter, 2001, 290)

4. Defining Culture

4.1. *What is culture?*

Culture is the visible and invisible values and beliefs that serve as a basis of people's behaviors and are unique to each society. It is shared by all or almost all members of the social group and is often tried to pass on to younger members of the society. (Adler, 2002, 16).

Understanding and being sensitive to the differences of cultures and people from various countries is important for success in the international marketplace. Geert Hofstede, a Dutch cultural anthropologist who studied the effect of cultural differences on business behavior, called culture the 'software of the mind'. It is so natural that if one never has to think about it, and one only becomes aware of the differences when encountering other cultures. Schell and Solomon explain that businesses cannot be separated from people and their cultural backgrounds. Understanding the culture creates credibility and goodwill, inspires the workforce, and helps to manage the employees better. (Schell & Solomon, 2009, 46;49-50)

Culture has three different layers: visible, hidden and invisible. These are illustrated in Figures 2, 3, and 4 later in this chapter. The visible culture often presents the invisible and hidden values, such as greeting and eye contact. For example, bowing in Asian countries represents the hierarchical beliefs when looking someone in the eye in the United States stands for equality and same level of respect. (Schell & Solomon, 2009, 47)

The visible or explicit layer of the culture is mainly determined by the observable reality of the language, food, architecture, fashion, the way people dress, art, agriculture and behavioral customs. (Schell & Solomon, 2009, 47) This is illustrated in the Figure 2.

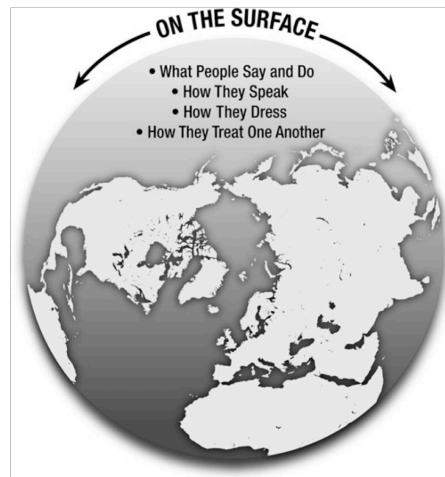


Figure 2: The visible layer of culture (Schell & Solomon, 2009, 48)

Fons Trompenaars also studied the layers of culture and explains that the hidden, middle layer, reflects deeper layers of culture; the values, norms, beliefs and philosophy that define culture, like attitudes toward time, communication, and religion. Norms are the mutual sense of what is right and wrong, and are represented in laws and social control, where values determine the definition of good and bad, and the ideals shared by the group. (Trompenaars, 1994, 24) Values can be held both consciously and unconsciously. Personal values tend to affect corporate strategy and managerial values affect all forms of organizational behavior, such as selection and reward systems, superior/subordinate relationships and group behavior, communication, leadership, and conflict management styles. (Adler, 2002, 18). Below in Figure 3, a representation of the hidden layer of culture by Schell and Solomon.

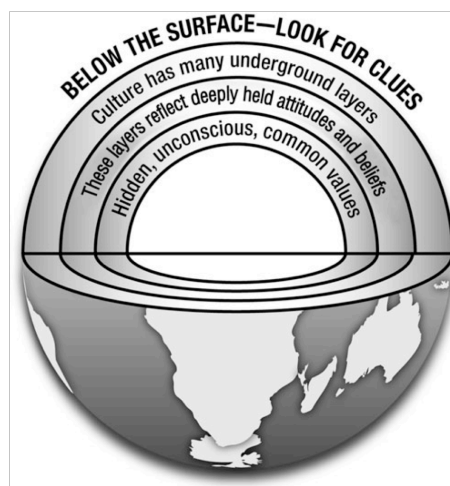


Figure 3: The hidden layer of culture (Schell & Solomon, 2009, 49)

The invisible layer is the core culture. It is the innermost beliefs about universal, nonnegotiable truths: things that people take for granted. It is so deeply integrated that it is hard to recognize. Core culture is based on nurture: the influences are absorbed since childhood. The religious ideas and ideals, the nation's history and mythology, its heroes, its landscape, and stories absorbed, told and retold from generation to generation and these are represented in Figure 4 below. (Schell & Solomon, 2009, 48)

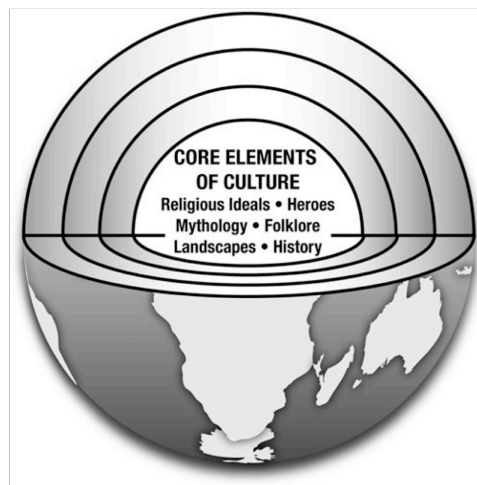


Figure 4: Core elements of culture (Schell & Solomon, 2009, 50)

4.2. Organizational Culture

The members of an organization are powerfully impacted by the organization's culture. The members and their adaptation influence the organization's image of itself, which is then communicated to its public. The people associated with the organization can either accept or reject its culture –they can conform and/or modify it, or become frustrated and/or leave the organization. (Harris, Moran & Moran, 2004, 124)

4.2.1. Hofstede's cultural dimensions applied to Organizations

As mentioned in Chapter 4.1, Geert Hofstede conducted a study within 40 countries that was later expanded to more than 60 countries, wherein managers and employees working for a U.S. multinational corporation IBM were surveyed twice. Studying employees of the same organization provided almost perfectly matched samples because they all had the same organizational culture and environment but the difference was their nationalities. Hofstede noticed very significant changes that did not change over time in the behavior and attitudes of employees and managers from each country. (Mor Barak, 2005, 169) He explained these changes with cultural differences later explained in this chapter and issued indexes to all the studied countries.

Power distance

Power distance is referred as the degree of inequality in power between a less powerful individual and a more powerful one, in which both of them belong to the same social system in an organization or an institution. (Hofstede, 2001, 83). Hofstede explains that the managers in high power distance countries are less participative, rely on formal rules, are perceived as being well-meaning autocrats, and subordinates mostly expect and accept to be told what to do by them. In low power distance countries the managers rely on personal experience and on subordinates, are ideally resourceful democrats, and subordinates prefer to be consulted before a decision is made that affects their work. (Hofstede, 2001, 103).

Uncertainty avoidance

Hofstede defines uncertainty avoidance as a degree to which members of a specific society feel uncomfortable with uncertainty about the future. This quality resides in all human beings and is usually managed with technology, religion, and laws. The stronger a culture's tendency to avoid uncertainty, the greater is the need for rules, explains Hofstede. Organizations avoid uncertainty by using decision rules emphasizing short-run reaction to short run feedback, rather than anticipation of long-run uncertain events. Problems are solved by dealing with them urgently, rather than developing long-run strategies. (Hofstede, 2001, 145; 147).

People in low UAI (Uncertainty avoidance index) countries tend to have a short average duration of employment, prefer small organizations, are relationship oriented, and are skeptical of technical solutions. Although they welcome innovations, they might not take the innovations seriously. The managers in low UAI countries are optimistic about employees' ambition and are involved in strategy. In contrast, people in the high UAI countries are loyal to the employer and have long average durations of employment, prefer large organizations, and have a strong appeal for technical solutions. People resist innovations but if accepted, apply them consistently. The managers in high UAI countries are often involved in operations. (Hofstede, 2001, 169-170).

Individualism-collectivism

The third dimension describes the relationship between the individual and the collectivity that exist in a given society. Hofstede describes that this relationship is demonstrated in the way people live together. It has many implications for values and behavior, and strongly affects the nature of the relationship between a person and the organization in which he or she belongs. The level of individualism or collectivism in society will affect the organization's members' motivation/desire for following the organizational requirements. In more collectivistic societies however, the emotional dependence of members on their organization is great and the organizations are expected to have a broad responsibility for their members. In cases where organizations fail to uphold these responsibilities, disharmony between people's values and social order may occur. (Hofstede, 2001, 211-212).

In individualistic cultures, people are hired because of their own interests and experiences, but expected to organize their work to coincide with their own interests and the employer's interest. The employees are committed to the organization, perform best as individuals, and relationships to their colleagues do not depend on group identity. Employees believe in individual decisions, and desire direct appraisal for their performance from their managers. In the collectivist culture, on the other hand, an employee is never hired as an individual, but as a person who belongs to an in-group who will act according to the interests of this in-group. The subordinates are cooperative for in-group members but hostile for out-group members, have a low

commitment to the organization, believe in collective decisions, and believe that direct appraisal is a threat to harmony. (Hofstede, 2001, 235-241).

Masculinity-femininity

Hofstede describes masculinity-femininity dimension by how different societies cope in different ways in work goals. Masculine societies tend to attach more importance to career and money, and the attitude is to live in order to work whereas feminine nations value relationships, helping others, the physical environment, and people only work in order to live. In masculine countries, the meaning of work for workers is security, pay, and interesting work where the emphasis is on equity, mutual competition, and performance. The managers are expected to be decisive, firm, just, aggressive, and hold ambitious career aspirations. However, in feminine countries the meaning of work for workers is relationships and working conditions; the emphasis is on equality, solidarity, and quality of work life. Managers use intuition and feelings, seek consensus, and hold modest career aspirations. (Hofstede, 2001, 279; 318)

Long term-short term orientation

The last dimension was added to Hofstede's research with the help of Michael Bond through the study of the long-term and short-term orientations in 23 countries. High long-term orientation can be defined as the fostering of virtues which are oriented towards future rewards, especially perseverance and thrift. In contrast, short-term orientation is the fostering of virtues related to the past and present; especially respect for tradition, protecting one's 'face' and meeting social obligations. In short-term oriented societies, short-term results are the bottom line, the family and business spheres are separated and economic and social life is ordered by abilities. In long-term oriented societies, the building of relationships and market position are important, and the source of efficiency comes from vertical cooperation, horizontal cooperation, control, and adaptiveness. (Hofstede, 2001, 351; 359; 366)

Hofstede's Dimensions applied to the countries Logonet offices are located

In this section, Hofstede's cultural dimensions previously explained in this chapter, are applied to the countries where Logonet offices are and illustrated in Table 2.

Table 2. Hofstede's indexes in the case company's office countries (ITIM's website; Geert Hofstede's personal website)

Country	PDI	UAI	IDV	MAS	LTO
Bangladesh	80	55	20	55	47
China	80	30	20	66	118/87
Finland	33	59	63	26	41
Hong Kong	68	29	25	57	96
Thailand	64	64	20	34	56
USA	40	46	91	65	29

China, Thailand, Bangladesh and Hong Kong have significantly higher Power Distance Index (PDI) rankings than offices in Finland and in USA. As mentioned previously, this means that there is a greater divide in power with people who work in the same organization. This can be explained by the high level of inequality of power and wealth within the societies. The power distance is not necessarily forced upon the population, but rather accepted by the society as a part of their cultural heritage. (ITIM website)

Thailand, Finland and Bangladesh have a relatively higher Uncertainty Avoidance (UAI) characteristic in comparison to China, Hong Kong and USA. As described earlier, Hofstede explains that high UAI countries and organizations emphasize short-run actions and decisions and that the higher the uncertainty level, the stronger need for rules. Lower UAI countries have a greater level of tolerance for a variety of ideas, thoughts, and beliefs whereas in high UAI countries the society may avert risks and not easily accept change. (ITIM website)

The Asian countries clearly have a lower individualism index (IDV), whereas USA has an extremely high individualistic culture. As previously explained, this dimension describes the individual and the collectivity that exist in the society. In this case for example, the Americans are often hired because of their own individual skills rather than Asian employees for their ability to work in a group. Loyalty in a collectivist culture is prevalent and has power over most societal rules and regulations. Strong relationships are appraised and people are supposed to take responsibility for fellow

members of their group, where people within individualistic cultures tend to only be responsible for themselves. (ITIM website)

A high masculinity (MAS) index indicates that males dominate a significant portion of the society and power structure. It can be seen in Table 2 above that USA, Hong Kong, China and Bangladesh have rather high masculinity index. Furthermore, Finland and Thailand have lower MAS indexes, which indicate that people are less competitive and their societies are less assertive. (ITIM website) As mentioned earlier in this chapter, masculine countries people's attitude is to live in order to work, whereas people in feminine countries work in order to live.

The value for the last characteristic, long-time orientation, was different in different sources for China. No matter of the accurate result, China (as well as Hong Kong) clearly has a very high Long-term orientation that indicates that persons have an attitude where they perceive that long-term goals and obstacles can be overcome with time. (ITIM website). Other Asian countries have this index higher too in comparison to Finland and USA. This means that Finland and especially USA are concentrated on fulfilling social obligations and short-term results.

4.2.2. Benna research

Benna Oy, a business management consultancy firm conducted a research study that interviewed 1,200 team members working in cross border teams between the ages of 26 and 37, with 61 percent being male and 65 percent having an engineering background. (Nothnagel, Benna Oy, Presentation, Feb 18th, 2010; Benna Oy website) The respondents were from Finland, China, Sweden and the USA and the research was conducted to test perceptions rather than identifying reality. The results of the Swedish workers are left out because they do not apply in the case company. However, the perceptions of Finns, Americans and Chinese people are described in this chapter. (Nothnagel, Benna Oy, Presentation, Feb 18th, 2010)

Research results: perceptions

The research showed that Americans are perceived as quite easy to communicate with, aggressive communicators, and rather stubborn people. They are also thought to be rather inflexible communicators and relatively good at communicating professional matters effectively.

The Chinese, on the other hand, appear to be hard to communicate with, rather unreliable co-workers, somewhat inflexible communicators, not good at communicating professional matters effectively and are not very effective group members.

Last, the Finns seem to be quite easy to communicate with, moderately stubborn, very good at applying professional knowledge. Furthermore, they are not as efficient to communicate professional matters effectively, and tend to work as individuals.

(Nothnagel, Benna Oy, Presentation, Feb 18th, 2010)

Explaining perceptions

In the second part of the study, the respondents were asked to explain their perceptions.

The reasons for the perceptions are the following:

- The respondents felt that Americans seem to only discuss matters in order to convince the listeners, that they are insincere listeners who often dominate the discussion and do not allow space for others to contribute.
- People felt that the Chinese are quick to commit but often end up changing the terms of commitment, have weak language skills, and are not as likely to communicate difficulties early in projects.
- Finns are considered to assume too much knowledge with the listener and be reluctant to communicate what they think is obvious. They are also thought to be uninterested in knowledge of others because they rarely ask questions, and are

not reliable because understanding created and the actions that follow are too different.

(Nothnagel, Benna Oy, Presentation, Feb 18th, 2010)

Perception Trends for Chinese and Finnish Leadership team

The study also compared the trends for Chinese and Finnish Leadership teams. The study showed that Chinese and Finns are considered to be on the opposite sides of the spectrum in the speed of decision-making, ease of communication, reliability as a co-worker, stubbornness, flexibility as a co-worker and the tendency to work as individuals. However, the nationalities were similar in not being aggressive communicators, being able to apply professional knowledge, not communicating professional matters effectively and not being effective team members.

(Nothnagel, Benna Oy, Presentation, Feb 18th, 2010)

8. References

Adler, Nancy J. 2002. *International Dimensions of Organizational Behavior* 4th Ed., McGill University: SouthWestern.

Besterfield, Dale H., Besterfield-Michna, Carol, Besterfield, Gen H. & Besterfield-Sacre, Mary. 2003. *Total Quality Management*. 3rd ed. Upper Saddle River, New Jersey: Pearson Education, Inc., Prentice Hall

Bloch, Susan & Whiteley, Philip. 2009. *How to manage in a flat world: 10 strategies to get connected to your team wherever they are*. Upper Saddle River, New Jersey: FT Press.

Gesteland, Richard R. 2003. *Cross-Cultural Business Behavior; Marketing Negotiating, Sourcing and Managing Across Cultures*, Copenhagen: Copenhagen Business School Press.

Guirdham, Maureen, 2005. *Communicating across Cultures at Work*, 2nd Ed. New York: Palgrave MacMillan.

Hall, Edward, T. 1959. *The Silent Language*. New York: Fawcett

Harris, Philip R., Moran, Robert T. & Moran, Sarah V. 2004. *Managing cultural differences: Global leadership strategies for the 21st century*. 6th ed. Burlington, MA: Elsevier Butterworth-Heinemann.

Hitt M.A, Ireland R.D, & Hoskisson R.E, 2003. *Strategic Management – Competitiveness and Globalization*, USA: Thomson Learning Publisher.

Hofstede, Geert, 2001. *Culture's Consequences: Comparing Values, Behaviors, Institutions, and Organizations Across Nations*. 2nd ed. California, USA: Sage Publications, Inc.

Locker, Kitty O, 1998. *Business and Administrative Communication*. 4th ed. New York: McGraw Hill.

Luo, Yadong 2007. *Guanxi and business 2nd e*. Tuck Link, Singapore: World Scientific Publishing Co. Pte. Ltd. 5Toh.

Mor Barak, Michàlle E. 2005. *Managing Diversity: Toward a Globally Inclusive Workplace*. Thousand Oaks, California: Sage Publications, Inc.

Thill, John V. & Bovée, Courtland L. 2002. *Excellence in Business Communication*, New Jersey: Prentice Hall.

Trompenaars, Fons, 1994. *Riding the waves of culture: understanding diversity in global business*. Burr Ridge, IL: Irwin Professional Pub.

Samovar, Larry A. & Porter, Richard E. 2001. *Communication Between Cultures*, 4th ed. Belmont, CA: Wadsworth/Thompson Learning.

Solomon, Charlene M. & Schell, Michael S 2009. *Managing across cultures –The Seven Keys to Doing Business with a Global Mindset*. New York: McGraw Hill.

Electronic Resources:

Benna Oy website. <http://www.benna.fi/>. Retrieved March 15th, 2010.

Itim International website of Geert Hofstede™ Cultural Dimensions (ITIM): <http://www.geert-hofstede.com/>, Retrieved January 15th, 2010.

Geert Hofstede's homepage. Dimension Data Matrix. <http://www.geerthofstede.nl/research--vsm/dimension-data-matrix.aspx> Retrieved March 18, 2010.

Google Doc's website: <http://docs.google.com/>. Retrieved January 20th, 2010.

Netsuite website. <http://www.netsuite.com/portal/home.shtml>. Retrieved March 23rd, 2010.

Vertex website, *Vertex PDM - Product Data management*, <http://global2.vertex.fi/web/guest/pdm>, retrieved March 17, 2010.’

Yammer website: <http://www.yammer.com> Retrieved March 23rd, 2010.

Zoho website: <http://www.zoho.com>. Retrieved March 23rd, 2010.

Other resources:

Email conversation with Carita Itäinen. Jan 14th, 2010.

Email conversations with Juha Saarinen Nov. 6th, 2009 & March 19th, 2010.

Hernesmaa, Irene, June 2009, Part of Logonet’s introduction package for new employees, *ICT-ohjeistus_v1_2.pdf*.

Hernesmaa, Irene, November 2009, Part of Logonet’s introduction package for new employees, *Perehdytysohjelma_v1_2.pdf*,

Kitchen, Philip J. & Daly, Finbarr, 2002. *Internal communication during change management Internal communication during change management*. Corporate Communications: An International Journal ,Volume: 7 , Issue: 1 , Pages: 46 - 53

Shachaf, Pnina, 2008: Cultural diversity and information and communication technology impacts on global virtual teams: An exploratory study
Information & Management, Volume 45, Issue 2, March 2008, Pages 131-142

Ben Nothnagel, Diversity consultant, Benna Oy. “*Recruiting top talent to create a globally competitive workforce*”. Valoa for future Seminar. February 18th 2010.

Swallow, Deborah Dr. Lecture: Leading authority on intercultural communication.
Tampere University of Applied Sciences, Tampere: November 16th, 2009.

Appendices

Appendix 2. The survey

Logonet Survey

This survey is completely anonymous and used only for research purposes.

The purpose for the survey is to study communication problems in a multinational company. Please answer the questions and make comments and/or suggestions on Logonet group's internal communication at the end of the survey.

The survey will close on January 18, 2010.

* Required

General:

Gender: *

- Male
 Female

Nationality: *

Office: *

Main office you work in

How many years have you worked for Logonet? *

- 0-1
 2-5
 6-10
 11-18

Which position do you work in? *

You can choose more than one, if applicable

- Buying
 Sales
 Production
 Administration
 Marketing
 IT
 Human Resources
 Accounting & Finance

- Design
 Shipping
 Other:

Written English skills: *

- High
 Moderate
 Basic

Spoken English skills: *

- High
 Moderate
 Basic

Defining General Communication:

Your opinion about communication in general

In general, how important do you think these features are in effective communication between offices and co-workers? *

If you have "Another feature", please rate it and write what it is below. If you do not have "Another feature", click "Not important".

	Not important	Somewhat important	Important	Very important
Quick responses	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Feedback on job performance from co-workers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Feedback on job performance from superiors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Another feature	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please define "Another feature":

Defining Buying Process:

Your opinion about communication within buying process in general.

In the buying process, how important do you think these features are in effective communication between offices and co-workers? *

If you have "Another feature", please rate it and write what it is below. If you do not have "Another feature", click "Not important".

	Not important	Somewhat important	Important	Very important
Clear specifications/requirements	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Clear deadline is defined	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Production updates	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Another feature	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please define "Another feature":

In your position, how important is communication between offices? *

- Not important
- Somewhat important
- Important
- Very important

Problems in General Communication at Logonet

How often have you experienced problems in these situations between Logonet offices and co-workers? *

If you have "Another problem", please rate it and write what it is below. If you do not have "Another problem", click "Never".

	Never	Sometimes (1-2 times a month)	Often (once a week)	Very Often (more than once a week)
Slow responses	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
No feedback on job performance from co-workers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
No feedback on job performance from superiors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Lack of communication between offices	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Another problem	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please define "Another problem":

Problems in Buying Process at Logonet

How often have you experienced problems in these situations between Logonet offices and co-workers? *

If you have "Another problem", please rate it and write what it is below. If you do not have "Another problem", click "Never".

	Never	Sometimes (1-2 times a month)	Often (once a week)	Very often (more than once a week)	No experience (I don't need this information in my work)
No clear specifications/requirements	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Clear Deadline is not defined	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
No production updates	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Another problem	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please define "Another problem":

What is good about Logonet group's internal communication? *

What do you think are the biggest internal communication problems in Logonet Group? *

How do you think these problems can be solved? *

--

Communication methods

How do you communicate at work? *

	Yes	No
Sms text message	<input type="radio"/>	<input type="radio"/>
Mail	<input type="radio"/>	<input type="radio"/>
Email	<input type="radio"/>	<input type="radio"/>
Vertex	<input type="radio"/>	<input type="radio"/>
Phone calls	<input type="radio"/>	<input type="radio"/>
Fax	<input type="radio"/>	<input type="radio"/>
Skype	<input type="radio"/>	<input type="radio"/>
Daily conversation	<input type="radio"/>	<input type="radio"/>

How good are these methods? *

	Poor	Weak	Good	Excellent	No experience
Sms text message	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Mail	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Email	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Vertex	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Phone Calls	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Fax	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Skype	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Daily conversation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Finland and China use a program called Vertex. It is used to communicate about orders and share files. Have you seen or used a program like this? *

- Yes
 No

Would it be useful to have something like this in each office? *

- Yes
 No

Do you think that the company needs an internal news bulletin, e.g. Intranet? *

- Yes
 No

If Yes, What do you want it to do?

Communication between specific offices:

Evaluate the communication between your office and: *

(Also evaluate the communication within your own office)

	Improvement needed	Could be improved	Good	Very good	No experience
Logonet Bangladesh	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Logonet China, Fujian	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Logonet China, Shangai	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Logonet China, Shenzhen	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Logonet Finland	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Logonet Hong Kong	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Logonet Thailand	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Logonet USA	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please add any comments and/or suggestions about communication between the offices above:

General office communication:

Do you think the communication process between co-workers could be improved within your office? *

- Yes
 No

Please make Comments and/or suggestions on Logonet group's internal communication: *

Thank you!

Submit