Jenni Uusiniitty

# CROSS-CULTURAL DIFFERENCES OF LEADERS-

# The Perception of the Chinese Working in Finland

Business Economics and Tourism
2012

VAASAN AMMATTIKORKEAKOULU

Kansainvälisen kaupan koulutusohjelma

# TIIVISTELMÄ

Tämän opinnäytetyön tarkoitus oli tutkia kulttuurin vaikutusta johtajuuteen. Eri kulttuureilla on erilainen näkemys johtajuudesta ja tässä tutkimuksessa pyritään selvittämään, miten johtajat Kiinassa ja Suomessa eroavat kansallisen kulttuurin seurauksena. Lisäksi tavoitteena oli selvittää, mitä suomalaiset johtajat voisivat parantaa tai tehdä toisin, jotta olisivat parempia johtajia kiinalaisille alaisilleen.

Teoriaosuus tarkastelee kulttuuria, johtamista ja johtamistyyliä. Erot kulttuurissa sekä johtajuudessa Suomen ja Kiinan välillä on määritelty Hofsteden kulttuuristen ulottuvuuksien ja GLOBE- tutkimuksen avulla. Lisäksi Suomen ja Kiinan kulttuuria sekä johtamista vertaillaan tutkimuksen empiirisessä osuudessa.

Empiirinen osuus toteutettiin laadullisena tutkimuksena, johon osallistui kuusi Suomessa työskentelevää tai työskennellyttä Kiinalaista, joilla on tai on ollut Suomalainen esimies. Tutkimuksen tarkoituksena oli selvittää, kuinka suomalaiset johtajat voisivat olla parempia johtajia kiinalaisille työntekijöille. Tiedonkeruu-menetelmänä käytettiin e-lomake kyselyä.

Tutkimuksen mukaan suurimmat erot, jotka pohjautuvat kansalliseen kulttuuriin Suomalaisten ja Kiinalaisten johtajien välillä ovat vallan käyttö, yksityisyys ja itsenäisyys. Tutkimuksen tulokset on tarkemmin käsitelty kappaleissa "Tutkimustulosten esittäminen" sekä "Tutkimustulosten analysointi".

VAASAN AMMATTIKORKEAKOULU

VAASA UNIVERSITY OF APPLIED SCIENCES

International Business Program

## ABSTRACT

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| Author | Jenni Uusiniitty |
| Title | Cross-Cultural Differences of Leaders- |
| | The Perception of Chinese Working in Finland |
| Year | 2012 |
| Language | English |
| Pages | 60+3 |
| Name of Supervisor | Rosmeriany Nahan-Suomela |

The aim of this bachelor's thesis was to study the impact of national culture on leadership. Different cultures perceive leadership differently and this study aimed to found out how business leaders in China and in Finland differ in their national culture. Also, the objective was to find out what Finnish leaders could improve or do differently in order to be more effective leaders to the Chinese employees in the organization.

The theoretical study examined culture, leadership and leadership style(s). Hofstede's cultural dimensions and GLOBE-study were presented in order to define the differences of culture and leadership in Finland and in China. In addition, Finnish and Chinese culture and leadership were compared in the theoretical framework.

The empirical framework was conducted as a qualitative study in which six Chinese employees who were either currently or previously employed in Finland with a Finnish superior participated. The purpose of the study was to find out how Finnish leaders could be more suitable leaders to their Chinese employees. An e-form questionnaire was used as a data collection method.

The study indicated that the biggest difference between Finnish and Chinese leadership is the use of power, privacy and independence, which derives from the national culture. More detailed results of the study are explained in the chapters "Presenting the results" and "Analysing the results".

Keywords     Cultural differences, Finnish and Chinese leaders, Chinese perception

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# 1   INTRODUCTION

When global business, acquisitions, mergers and joint ventures are increasing with companies from another cultural background, it is important to see the differences in the leadership of that culture. Culture has an important role when analysing various leaders' styles and views as well as behaviours in their organizations. Leaders have to be aware of the different cultures among the organization and be able to lead in a multicultural environment. This thesis discusses leadership, culture and their influence on leadership in different cultures is discussed and analysed in more detail.

This chapter is divided into four sections, which will give the reader a comprehensive overview of the thesis. In the first section the reader will be introduced to the subject by presenting the background of the study. This will then be followed by explaining the research problem and the purpose of the study. In the last section the progress of the study will be presented to help the reader to follow the work.

## 1.1   Background of the study

After World War II globalization has been increasing throughout the world. In the last ten years the world has become more and more global than in the past. Due to globalization, companies have faced multiple challenges in managing organizations with culturally diverse employees. Managing these organizations have created a need to understand how cultural differences affect leadership performance. Leaders in global companies have to be able to be competent in cross-cultural awareness and practices (Northouse 2007, 301).

Leaders are the people whose work involves management of specific duties and responsibilities. In the global economy, a leader will face new challenges. Leadership is dictated by its culture, management practises are affected differently when considering a wide range of cultures. The same leader may be convincing and credible in some culture and in another may seem absurd (Tienari & Meriläinen 2009, 144).

For companies operating in Finland, it is essential to enable the employees to commit themselves to the company even when the future of the company is uncertain. Currently employment is temporary in many companies and these businesses can not offer their employees security in the long term. This requires much from the leader to get the employee committed in to the company's strategic goals. Therefore, innovative leadership is needed in the global economy (Tienari & Meriläinen 2009, 141).

Companies are influenced by other cultures whether they want it or not, it is something that is hard to avoid. It is unlikely that companies have the ability to isolate themselves and do only domestic business. To be influenced by other cultures and international responsibilities might not even involve leaving the office (Thomas 2008,3).

It is important for multinational companies to improve their cultural learning and include it into their human resource development strategy. This enables companies to improve intercultural communication and client relations. Good knowledge about cultures may also improve loyalty and performance in the organizations. Leaders' cultural awareness and skills can be useful in affecting the mentality of the organization. Diversity of cultures in an organization may be a strength, but too much diversity in an organization may lead to separation. Business leaders must understand and recognize the different cultures in their organizations (Bjerke 2001, 249-250).

## 1.2    Research Problem

During my studies in Vaasa University of Applied Sciences I have met many Chinese students and with some of them I have become close friends with. Even after studying and living several years in Finland, many of the Chinese students still head back to their home country after the graduation. The reason why I want to examine leadership in these two countries is because I want to know why the Chinese students do not want to stay and work in Finland and how to make Finnish leadership more suitable for to the Chinese employees. I am eager to

know whether it has something to do with the different perceptions of leadership which again derives from different national cultures.

It might be hard for the Finns to perceive the negative and positive characteristics of Finnish leaders, because the behaviour of the leader seems "natural" for Finns, since it is something that derives from the surrounding culture. On the contrary, the Chinese perceive the Finnish leadership differently, because they are used to another kind of leadership. I want to find out if the Chinese employees do not get along with the Finnish leaders because they expect different things from the leader as a result of their national culture. In addition, I want to study how the Chinese employees perceive Finnish leaders in order to find out what Finnish leaders could improve or do differently to be more suitable leaders for the Chinese employees.

## 1.3 The aim of the Study

The aim of this study is to examine the impact of national culture on leadership. Different cultures perceive leadership differently and this study aims to find out how an business leaders in China and in Finland differ as a result of their national culture. I have chosen to compare the differences of national culture in Finland and China by utilizing Geert Hofstede's socio-cultural levels to gain a better understanding of these two cultures. Hofstede has studied the culture in different countries on a basis of five different socio-cultural levels. I am going to use these five levels to compare Finnish and Chinese cultures. These five levels are: power distance, individualism or collectivism, uncertainty avoidance, masculinity or femininity and long-term versus short-term orientation.

Additionally, I have chosen to use the GLOBE (Global Leadership and Organizational Behaviour Effectiveness)-study's six global leadership behaviours in this research to examine how different cultures view leadership. These six global leadership behaviours are: charismatic leadership and value-based leadership, team oriented leadership, participative leadership, human oriented leadership, autonomous leadership, and self-protective leadership.

I have chosen to use Hofstede's socio-cultural levels and the GLOBE-study, because those two studies are very comprehensive, highly valued and well-known studies. Also, one of the reasons why I have chosen to use these two studies is because I have studied them during my studies in Vaasa University of Applied Sciences and during my exchange year in San Diego State University.

In this research I will study how the Chinese people working in Finnish companies perceive their Finnish leader what they find positive and negative and if they have faced some difficulties. Because of the different cultural background and views. This research aims to find out what Finnish leaders could improve and do differently in order to be more suitable leaders to the Chinese employees. The study will focus on Chinese employees who were either currently or previously employed in Finland with a Finnish superior.

This research aims to find answers to these questions:

- How an business leaders in Finland and in China differ as a result of their national culture?
- How the Chinese employees perceive Finnish leadership?
- What Finnish leaders could improve or do differently in order to be more suitable leaders, from a Chinese employee's point of view?

## 1.4  Structure of the thesis

This thesis is divided into two sections: a theoretical framework and an empirical framework. The first section is the theoretical framework in which first the thesis is introduced in chapter one by looking into the background of the study, research problem, the aim of the study and the structure of the study. Additionally Hofstede's five cultural dimensions and the GLOBE(Global Leadership and Organizational Behaviour Effectiveness)-study are presented in chapter two. In chapter three the Finnish and Chinese culture and leadership are presented and compared based on the Hofstede's five cultural dimensions and on the GLOBE-study.

The second section constructs of the empirical framework. Firstly, both qualitative and quantitative research methods are presented in chapter four, followed by presenting the data collection method and the reliability and validity of the research. In chapter five the respondents, the questions and the results of the e-form questionnaire are presented. Next, the results of the questionnaire are analysed in-depth in chapter six. The last chapter includes the results and conclusions of this study.

Theoretical framework
• Introduction
• Theory

Empirical framework
• Research methodology
• Presenting the results
• Anylyzing the results
• Conclusions
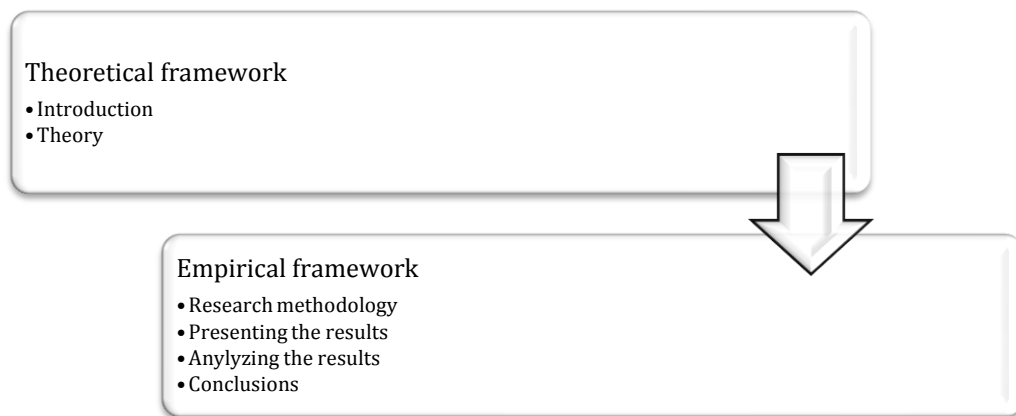
**Figure 1.** The structure of the thesis

# 2 THEORY

In this chapter the term culture and leadership will firstly be defined. Also, Hofstede's five cultural dimensions, and GLOBE- study's six global leadership behaviours will be presented.

## 2.1 Definition of culture

The word culture has many different meanings. It is hard to define and different people define it differently. For some it may mean music, art and literature. In this research we can understand culture as something that is learnt and something that is human made.

Culture is defined as the learned beliefs, values, rules, norms, symbols, and traditions that a group of people shares. The group that shares these qualities makes them unique (Northouse 2007, 302).

In companies where many nationalities exist also different levels of cultures can be found. All these different levels of culture interact closely with each other. Therefore, to be able to understand culture you need to understand its different levels. From culture, we can separate different levels such as: national, organizational and individual culture levels.

Both organizational and national culture has a great effect on people. Culture within a company can be different from the country's culture. People sharing the same national culture form a strong value system among the members. They share the same values, preferences and behaviour (Leadership Crossroads 2005).

National culture is also one of the factors forming organizational culture. Organizational culture is more easily learned than those values that form national culture. Organizational culture is formed through factors such as the personality of founder, feelings of insecurity, the expectations of the stakeholders and the type of technology in use (Itim International 2011).

Self-knowledge and interpersonal dynamics are the base for creating our individual culture. Understanding individual culture is important in order to be able to handle other levels of culture as well as to understand the other levels (TMC 2010).

In this study, I will focus on the influence of national culture on the Finnish and Chinese leadership.

## 2.2    Definition of leadership and leadership style(s)

There is a multitude of ways to define leadership but the following can be identified as the central components to leadership: process, influence, group and goal.

Leadership is a process that is a transactional event between the leader and his/her followers. In a process, the leader affects and is affected by followers. Leadership needs influence, without it leadership would not exist. Influence includes how the leader affects its followers. Groups are where the leadership occurs. A group can be a small group, a community group or a large group. A group is a number of individuals who share the common purpose. Leadership includes working towards some specific goal and directing a group of individuals towards accomplishing that goal (Northouse 2007, 3).

Culture has an influence on what kind of leadership and behaviours are accepted and effective in a certain society. Leadership across cultures corresponds with the dominant cultural values of the country. Therefore, differences in cultural settings must be taken into account when deciding who is most likely perceived as a leader and which leadership style is most likely to be effective (Thomas 2008, 164).

In a work group that consist of several cultures, leaders need to try to find a way of how to maximize the positive consequences of homogeneity and variety, as well as to find a way to minimize the negative consequences of homogeneity and variety (Thomas 2008, 188).

Leadership style means a way or a manner of providing instructions, executing projects and motivating people. All leaders tend to rely on some leadership style when working towards some specific goal. The four major leadership styles are the servant leadership style, the transformational leadership style, the charismatic leadership style and the transactional leadership style (The Okantey Group Inc 2011).

The servant leadership style aims to influence the followers instead of forcing the followers. Servant leaders encourage their employees to realize their personal dreams and pursuit. The leaders who adapt the servant leadership style are usually interested in assisting the followers to achieve their goals and dreams. A transformational leader aims to enhance his/her followers' performance by inspiring them in different methods. Transformational leaders have a clear vision for the future of the organizations. They are able to communicate their vision to the followers, and by motivating and encouraging their followers they get the followers to match their personal desires to the aim of the entire organization. Charismatic leaders are very confident and they own influential oratory skills and conversational abilities, which helps them to win the support of their followers in an organization. They are able to present their vision to the followers in a way that the followers claim ownership of their vision thereby providing insight for the leader's vision. Transactional leadership style is based on a "trade" between the leader and a follower. The leader provides compensation to the followers for achieving a certain goal. Transactional leaders are focused on accomplishing a set of tasks instead of fostering the wellbeing of their followers (The Okantey Group Inc 2011).

## 2.3    Hofstede's Cultural Dimensions

Geert Hofstede is a Dutch professor who has studied differences in national cultures. In his studies he identified five dimensions of national culture differences. The research was conducted in more than 70 countries across the globe, of which 50 countries were used in his analyses. The database for the research were gathered at IBM, between the years 1967 and 1973. These five

dimensions are something that all societies have to cope with, but on which every society's answers are very different. These five dimensions are: power distance, uncertainty avoidance, individualism versus collectivism, masculinity versus femininity and long-term versus short-term orientation, which was added to dimensions in 1991. Dimensions were empirically found and validated. By using these five dimensions Hofstede gave scores to countries using a scale of 0-100 per dimension (Hofstede 2000, 29).
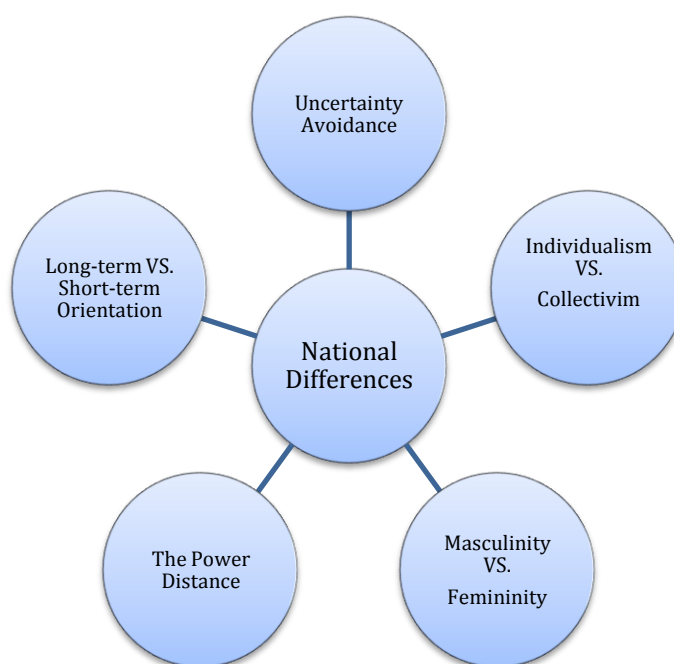
**Figure 2.** The Five Dimensions of National Culture Differences

### 2.2.1 The Power Distance

The first one of the five dimensions is a power distance (PDI). It considers how different societies handle equality and inequality among them. Inequality occurs in different fields and areas of life. It can be wealth and power of different status or a physical and mental characteristic. Power distance is shown in various institutions such as in schools and educational systems, in families, in the work place and the organization, in political systems and in religion and ideas. In organizations inequality usually occur between boss and subordinates (Hofstede 2000, 79-80).

People in a society scoring high in power distance index (PDI) accept hierarchical order in which everybody has a place, while people in a society scoring low in a power distance index try to equalize the distribution of power and also require justification if any inequality exists (Itim International 2011).

## 2.2.2 The Uncertainty Avoidance

The second dimension identified by Hofstede is uncertainty avoidance. Uncertainty avoidance indicates how different national cultures have adapted to the uncertainty about the future and how they cope with it. Uncertainty avoidance differs in areas of schools and educational systems, in the work and organizations and in political and legislation systems. It is related to the level of stress in a certain society when facing the future (Hofstede 2000, 145-146).

In countries with high uncertainty avoidance (UAI) people tend to have certain beliefs, behaviour and traditions they want to follow. They do not want to change these patterns easily. People in a society with low uncertainty avoidance are more relaxed and flexible when it comes to principles and traditions. They accept new things more easily and adapt with the new situation (Itim International 2011).

## 2.2.3 Individualism versus Collectivism

Hofstede's third dimension of the cultural differences is called individualism and collectivism (IDV). Individualism in different cultures can be seen as a source of well-being or as alienating. Individualism is related to integration of individuals into primary groups (Hofstede 2000, 209).

Society scoring high in IDV is individualistic culture. In individualistic cultures people have loosely-knit social framework. People expected to look after themselves and their immediate families. In opposite to individualistic culture is collective culture. Society that scores low on IDV index is called collectivism. Collectivism represents for a tightly-knit framework in a society. Individuals can expect their relatives or members of a certain group to look after them in exchange for loyalty. People in collectivistic culture tend to think of themselves as

"we", while people in individualistic culture tend to think themselves as "I" (Itim International 2011).

### 2.2.4 Masculinity vs. Femininity

The fourth one of the dimensions is masculinity and femininity (MAS). It is about the different roles of women and man and what are the emotional and social roles of them. It consists of implementation of the roles in different environments such as family, school and education, gender, sexual behaviour, politics and religion. Countries where masculinity is high differ in the values of men and women working in the same position in the organization more than in the countries where the masculinity is lower (Hofstede 2000, 279).

Society scoring high is a masculine culture. It represents a preference for achievement and heroism in society. People in a masculine society are competitive and prefer material reward for success. Scoring low in MAS index, means society is feminine. It represents a preference in a society for modesty, caring for others and quality of life. Feminine country is consensus-oriented (Itim International 2011).

### 2.2.5 Long-versus Short-Term Orientation

The fifth dimension is long-term versus short-term orientation, which is independent of the four other dimensions. The fifth dimension is related to people's efforts to focus on the future or in to the present (Hofstede 2000, 351).

Short-term oriented societies respect traditions and they are focused on accomplishing short-term goals and are not that focused saving for the future. Long-term oriented societies are able to adapt their traditions to the changing conditions and are persistent in achieving goals and having strong propensity to invest and save for the future (Itim Internationall 2011).

## 2.4 Study for Global Leadership and Organizational Behaviour Effectiveness

Study for Global Leadership and Organizational Behaviour Effectiveness (GLOBE) was conducted to research the relationship between culture and leadership. The research was initiated by Robert House in 1991. The purpose of the research was to increase the understanding of cross-cultural differences and the culture's impact on management. Research was conducted in more than 950 companies in 62 different cultures across the globe. Data for the research was collected through several methods including questionnaires, interviews, focus groups and by analysing the content of printed media. Based on the research the researchers have divided countries into ten different clusters. By dividing countries to clusters researchers were able to analyse similarities and differences between clusters. In every cluster there is defined specific culture peculiar style of management (Northouse 2007, 305-309).

Clusters were based on common language, geography, religion and to the history of the country. Countries were divided into ten different clusters: Anglo Latin Europe, Nordic Europe, Germanic Europe, Eastern Europe, Latin America, Middle East, Sub-Saharan Africa, Southern Asia and Confucian Asia (Northouse 2007, 308).

Finland belongs to the Nordic European-cluster together with Denmark and Sweden. Nordic European cluster is described to have high priority in long-term success. Equality between women and men is great. Rules, orderliness and consistency are important. Nordic European people tend to identify with a broader society and less with family groups (Northouse 2007, 309-310).

China is part of the Confucian Asia cluster among Singapore, Hong Kong, Taiwan, South Korea and Japan. Countries in Confucian Asia cluster are result-driven and prefer working together as a group rather than working for individual goals. They are dedicated and loyal to their families (Northouse 2007, 308-310).

The GLOBE-study's cultural clusters are presented in Figure 3.
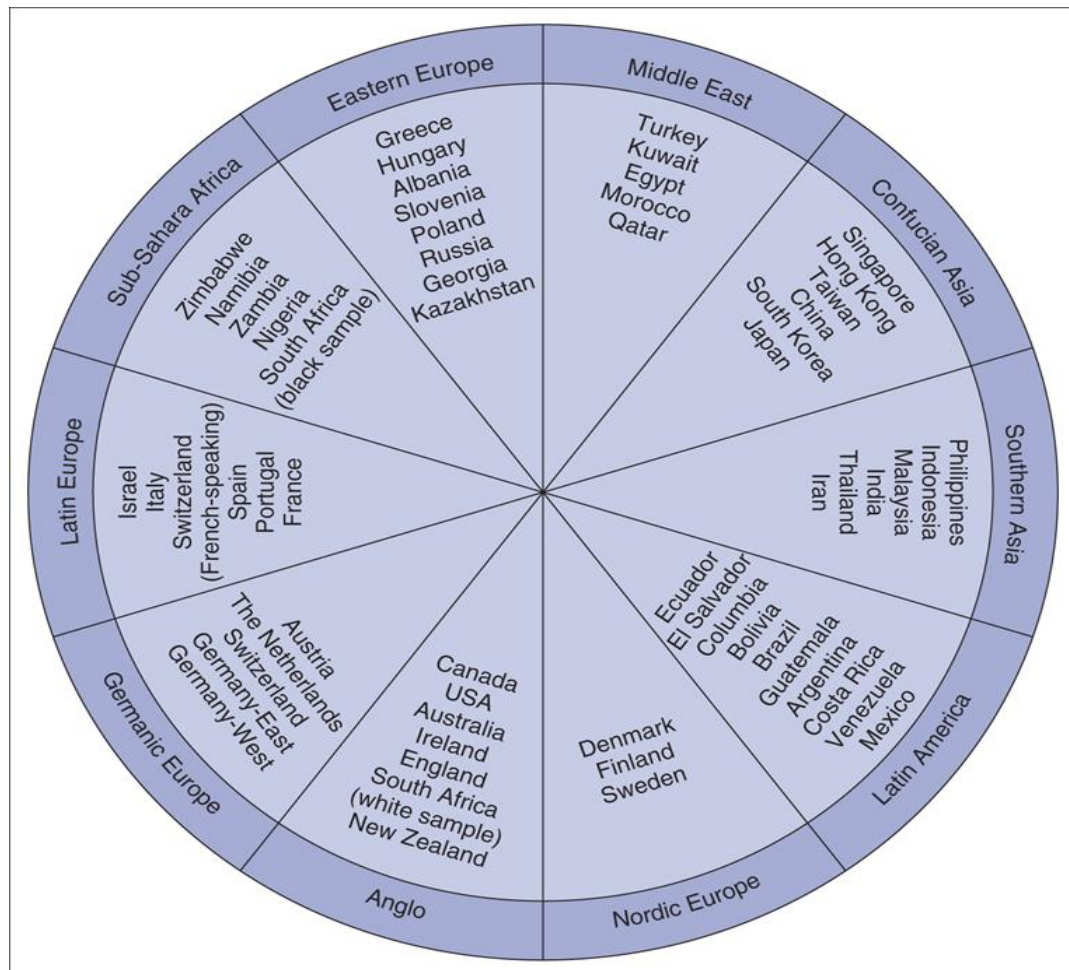
**Figure 3.** The GLOBE-study's Cultural Clusters (Northouse.2007. 308)

The main goal in GLOBE-research was to find out how people from different cultures viewed leadership. To describe different views of leadership, researchers identified six global leadership behaviours: charismatic and value-based leadership behaviour, team oriented leadership behaviour, participative leadership behaviour, human oriented leadership behaviour, autonomous leadership behaviour and self-protective leadership behaviour.

### 2.3.1 Charismatic and value-based leadership

Charismatic and value-based leadership describes to what extent the leader can motivate and inspire employees and to expect high performance from them. Charismatic and value-based leaders are often visionaries, inspirational, trustworthy and performance oriented persons (Northouse 2007, 314).

### 2.3.2 Team-oriented leadership

Team-oriented leaders are all about the team. They create a common purpose to the group and emphasize team building. The team-oriented leader needs to be collaborative, diplomatic and integrative by nature  (Northouse 2007, 314).

### 2.3.3 Participative leadership

Being a participative leader includes an ability to involve others in the decision making process and in the implementation of that process. Participative leadership includes being non-autocratic and giving others the possibility to influence the decisions (Northouse 2007, 314).

### 2.3.4 Human-oriented leadership

Human-oriented leadership can be described by being supportive and compassionate of the subordinates. Also modesty and sensitivity are characteristics of a human-oriented leader (Northouse 2007, 314).

### 2.3.5 Autonomous leadership

Autonomous leaders are independent and prefer to work individualistically rather than including others in. Autonomous leaders could be described as being unique and autonomous (Northouse 2007, 314).

**2.3.6 Self-protective leadership**

Self-protective leaders want to ensure the safety and security of the whole group, but at the same time self-protective leaders may still be self-centred, status conscious and face saving (Northouse 2007, 314).

These six global leadership behaviours were used to analyse how different clusters of culture viewed leadership. With the analysis from the GLOBE-research, the researchers were able to recognize a leadership profile for each cultural cluster. Each of the leadership profiles describe what is perceived important and what kind of a behaviour is wanted and accepted from their leader (Northouse 2007, 314).

**2.5   Summary of the Theory**

In a global business it is very important for companies to improve their cultural learning. Leaders should improve their cultural awareness and skills and be able to understand and recognize different cultures in an organization. Good knowledge about cultures may lead to increasing the employees' performance and loyalty towards the organization. Also, it should be acknowledged that leadership is valued differently depending on the country. Leadership usually corresponds to the dominant cultural values of the country.

As mentioned earlier, Geert Hofstede (2000) has identified five dimensions of cultural differences in his studies. These five dimensions are: Power distance, Uncertainty avoidance, Individualism versus Collectivism, Masculinity versus Femininity and Long-term versus Short-term orientation. These five dimensions are used in this study to compare the differences of national culture in Finland and in China.

The study for Global Leadership and Organizational Behaviour Effectiveness (GLOBE),was conducted by Robert House (1991). His intention was to increase the understanding of cross-cultural differences and culture's impact on management. Countries were divided into ten cultural clusters and each cluster

has specific style of management. In this study, the focus is on the differences of management in Nordic European cluster and Confucian Asia cluster.

The empirical framework is based on the theoretical framework of this study and especially on the findings of Hofstede (2000) and House (1991), which are mainly referred to when analysing the results of the study.

In the following chapter Finnish and Chinese national cultures and leadership styles will be first presented and then compared.

# 3 FINLAND AND CHINA IN COMPARISON

In this chapter Finnish and Chinese national cultures and leadership styles will be presented first separately and then in comparison. In the first section, Finnish and Chinese cultures are presented and compared based on Hofstede's five cultural dimensions. In the second section, Finnish and Chinese leadership styles are presented and compared based on GLOBE-study's six global leadership behaviours.

## 3.1 Finland according to Hofstede's cultural dimensions
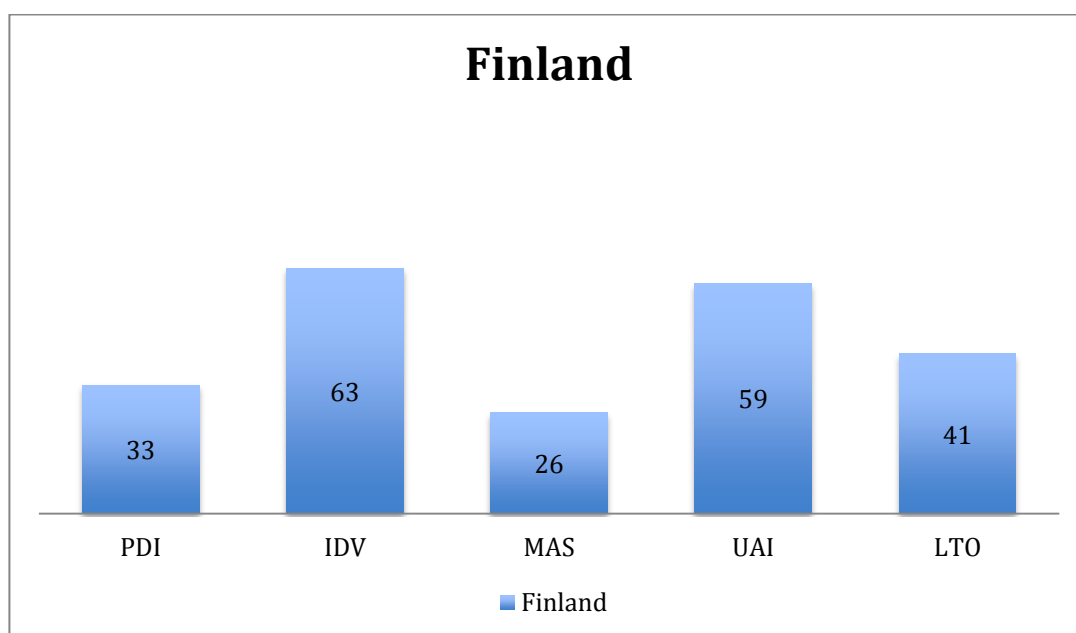


**Chart 1.** Finland according to Hofstede's cultural dimensions. (Hofstede 2000)

In Hofstede's socio-cultural levels, Finland received a low score in power distance (PDI 33) and therefore Finns are seen as independent, equal and in working life Finnish organizations are not hierarchical. Finnish leaders are viewed as coaches and motivators to their staff. In addition Finland is also a very individualistic country (IDV 63), which also affects the managerial style. Finland is also seen as a feminine country. In the masculinity versus femininity scale Finland received (MAS 26) quite a low score. It indicates that the motivating factor at the workplace is flexibility of the workplace and leisure time plays an

important role. Well-being of the employees is important, not so much the status in the workplace. An effective leader is seen as a person who encourages others and participates in the decision making process. When it comes to uncertainty avoidance, Finns got a fairly high score (UAI 59). In countries where the uncertainty avoidance score is high, people are longing for rules and are specific and precise, and they have a feeling that time is money. The last one of the Hofstede's socio cultural levels categorizes Finns to short-term orientation class (LTO 41). This indicates that traditions are important to Finns and they are also affected by the pressure to follow the norms of society (Itim International 2011). The scores for the different cultural dimensions are shown in Chart 2.

**3.2 China according to Hofstede's cultural dimensions**
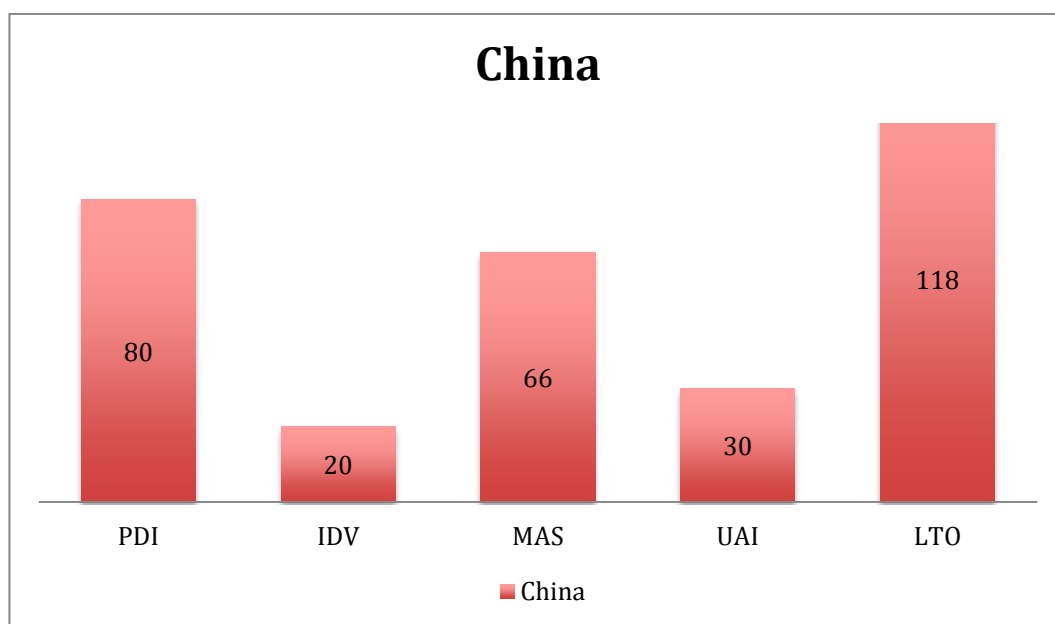


**Chart 2.** China according to Hofstede's cultural dimensions. (Hofstede 2000)

China has a high ranking in the power distance level (PDI 80). The Chinese people believe that inequality between people is acceptable. Organizations are highly hierarchical and individuals are influenced by formal authority. Members of organizations accept the inequality in the organizations. China is a highly collectivistic culture and, therefore, received a score of (IDV 20). Acts are carried out on behalf of the group, not only because of the necessity of an individual.

Family and closer in-groups are privileged when it comes to hiring and promotions. In China personal relationships will surpass of the company and work tasks. Also, employee commitment is low in the Chinese organizations. Chinese score high in masculinity (MAS66) and are success-oriented and driven. They are ready to sacrifice their personal life, family and leisure time in order to succeed in work. Low score in uncertainty avoidance (UAI 30) means that the Chinese people are comfortable with ambiguity. They are adaptable and entrepreneurial and not afraid of the future. Organizations tend to be small to medium sized and usually family owned. The Chinese people are categorized as long-term orientated (LTO 118). Long-term orientation indicates that society is future-oriented and persistence and perseverance are normal. Traditions are something that can be adapted to work with new conditions (Itim Internationall 2011). All the scores for the different dimensions are shown in Chart 3.

### 3.3 Finnish and Chinese culture in comparison

When comparing Finland and China, according to Hofstede's socio cultural levels, it can clearly be seen how different these two national cultures are as Chart 3 indicates.



**Chart 3.** Finland and China in comparison according to Hofstede's cultural dimensions. (Hofstede 2000)

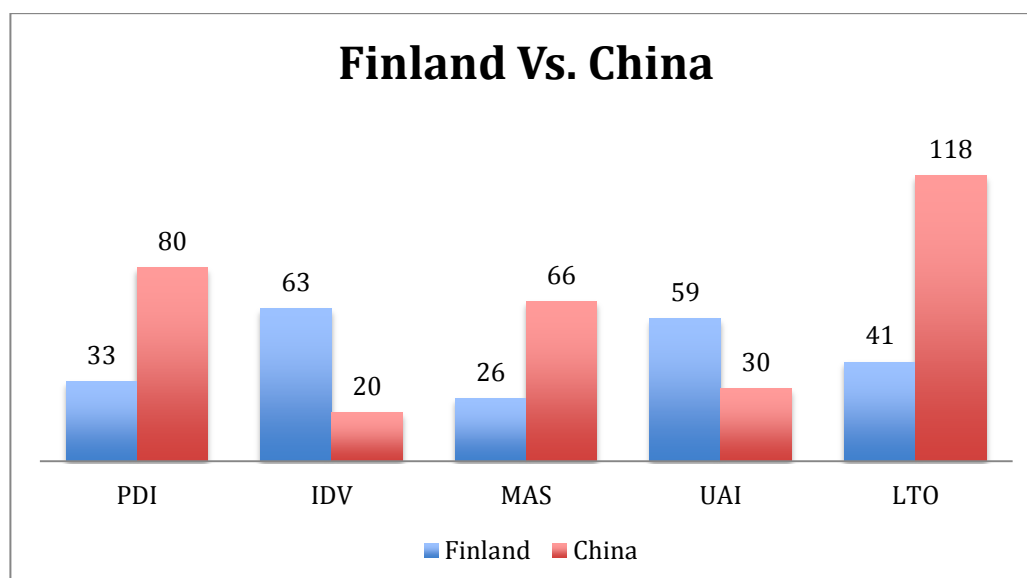According to Hofstede's socio cultural levels the biggest difference between these two countries is the power distance level. In Finland the power distance level is quite low (PDI 33), whereas China scores high in power distance (PDI 80). This means that the equality is important for Finns and hierarchy is mostly for convenience reason. Titles are not used when addressing managers and interaction is informal in Finland. As for the Chinese people titles are important and inequality among employees is acceptable. Interaction between Chinese leaders and the employee level is formal, and leaders use their power and authority.

China is also more masculine (MAS 66) country than Finland (MAS 26) according to Hoftede's socio cultural levels. The Chinese people are ready to make sacrifices in order to get where they want to in business life. Leisure time is not that important to the Chinese in comparison to the Finns. The Finns are then again considered having a feminine society and they focus more on the well-being rather than sacrifice everything for their careers. Individualism is higher in Finland (IDV 63) than in China (IDV 20), which affects to the commitment to the organization. In Finland where individualism is high, people are expected to take care of themselves and the employee/employer relation is based on a mutual benefit, whereas Chinese people are very committed to the other employees in the organization, but not necessarily to the organization itself. One reason why the Chinese people might be more committed to the people than to the organization, is the fact that Chinese people prefer to hire their close family and relatives and most businesses in China are family-owned companies. Finns prefer not to do business with close family, friends and relatives what seems to be common in China.

Uncertainty avoidance is higher in Finland where the score is fairly high (UAI 59), whereas in China uncertainty avoidance level is lower (UAI 40). The Chinese are more comfortable with ambiguity and the unknown future than Finns seem to be. Finns like to know what the future holds for them and they like punctuality and traditions, whereas Chinese are more flexible and ready to adapt to new traditions. Comparing Finland and China in the long-term and short-term orientation level, we can categorize Finns as having a short-term oriented society

(LTO 41) and China as a long-term oriented society (LTO 118). China as a long-term oriented country is ready to invest in the long-term investments and is more persistent. Finns prefer to reach their goal in a short period of time and they are impatient when it comes to long-term investments (Itim Internationall 2011).

## 3.4 Finnish business leader

Usually when referring to Scandinavian culture it consist only of Denmark, Norway and Sweden. Language is often used as a mirror of culture and when viewing from the language perspective Finland does not belong to the Scandinavian culture. However, being so close to the Scandinavian countries in traditions and history, and also having 7 per cent of the Finnish people with Swedish as their mother tongue, Finland can be categorized to be part of Scandinavia (Northouse 2007, 197).

In the GLOBE study, Finland falls into the Nordic European cluster, together with Denmark and Sweden. Desired leadership behaviours in Nordic European cluster are shown in Figure 4.)



**Figure 4.** Culture Clusters and Desired Leadership Behaviours: Nordic Europe (Northouse 2007, 318).

According to the GLOBE study, Finnish leaders are typically visionaries, independent, diplomatic and tending to include others. Finns prefer inspiring leaders who take employees to be part of decision making. Titles and protecting one's own leadership status is not that essential and important to the Finns as in many other cultures (Northouse 2007, 317).

Scandinavian culture is strongly export oriented. As its own market is quite limited, Scandinavians have to rely on export to maintain the high living standard they have. Other typified interpretation of Scandinavian business leaders is that they are democratic and egalitarian. They are well ordered, honest and they value privacy. They tend to draw a line between work and private life and do not share the facts of their private life with work colleagues. Use of delegating and participative style in management is common, but they are not autocratic. Scandinavians take more time in the decision-making process and at the same time they tend to be very punctual and careful. Scandinavian business leaders are interested in learning, creativity, growth and innovations. They do not want to show off and rather live in relative moderation (Bjerke 2001, 216-217).

The typified cultural Scandinavian business leader is characterized as a broad-minded negotiator who wants to be the person active in solution making but wants to make other people feel that the solution is theirs (Bjerke 2001, 258).

One most common belief of Finnish leaders is that they are practical, flexible, go straight in to business discussions and get work done effectively. It is said that Finnish leaders get along better with machines, than men. The answer for this stereotype can be found from the engineer based dominance in Finnish industrial companies. Also the history, geography and the geopolitical position of Finland have contributed to the fact that the Finnish leaders have always valued the knowledge of the worker. Many think that the leader is the most knowledgeable person in the company (Tienari & Meriläinen 2009, 144).

A well-known Dutch researcher Manfred Kets de Vries has stated that from of all of the national management styles the most she appreciates Finnish leadership.

Kets de Vries says she likes Finnish leadership for the hardwork, honesty and modesty. Kets de Vries says that those features are well suited for the global business. Marja Eriksson (2006) has expressed her view on the matter in stating that Finnish leadership virtues, such as assertiveness, can seem distressing to employees in uncertain conditions (Tienari & Meriläinen 2009, 144-145).

## 3.5 Chinese business leader

The Chinese have the world's oldest civilization among cultures that is still present today. Many of the old values still remained. The Chinese civilization has been able to survive when others have vanished. The past three decades the Chinese civilization has been able to grow fast and it continues growing all the time. The Chinese culture has some dominant values necessary for economic growth. The fast growing workforce ready to put in a lot of effort and work hours, improvement of the quality in education and training, and the large amounts invested into economy together with high saving rates are the elements to make the fast economic growth possible (Bjerke 2001, 129-128).

To understand the Chinese context of business leadership, it is important to understand the principles by which the Chinese live and to understand that Asian culture has no clear division between religion, philosophy and business. Management style is autocratic and centralized. The Chinese are also good in negotiating and networking. They operate in networks and consider them as extended families but they are reluctant to trust outsiders or trust their businesses to outsiders. They like to keep information to themselves, and therefore, business is usually done among the family and relatives. Even though the Chinese are superstitious, they are willing to take risks in business life. The Chinese tend to be good in finance and cash management and they mainly measure their business success in sales figures. One very important to the Chinese people is not to "lose" face i.e. they attach great importance to honour and reputation (Bjerke 2001, 129-167).

In the GLOBE study China was categorized in to Confucian Asia cluster. Desired leadership behaviours in region of Confucian Asia cluster are shown in Figure 5.
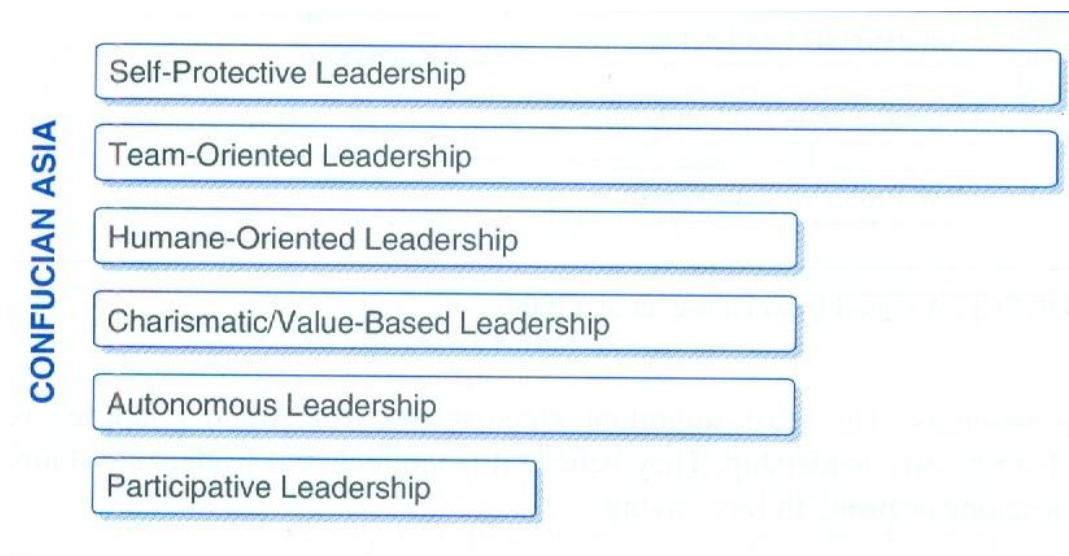


**Figure 5.** Culture Clusters and Desired Leadership Behaviours: Confucian Asia (Northouse 2007, 317).

Chinese leaders were characterized as team and people-oriented but protective of their own leadership. Chinese leaders do not usually include others in the decision making process. They like to make decisions independently, but still consider others opinions and aim for the greater good of the whole team or organization (Northouse 2007, 316-317).

Chinese cultural business leader is typified as a well-connected paternalist who wants to be needed and to be a person that everybody asks for advice (Bjerke 2001, 257).

## 3.6    The Finnish and Chinese business leader in comparison

Finnish and Chinese value different leadership behaviours and characteristics in their leaders. The differences are formed by how the leader spends his/her working time, the attitude towards leadership and of the country's national culture. However, there were differences, also similarities could be found.

Finnish leaders are participative leaders who tend not to stand out and want employees to be part of the decision-making process and the implementation. In that way the Finnish leaders are modest and democratic leaders. The Finnish leaders are also very charismatic and value-based leaders. They want to motivate and inspire their subordinates to reach high performance. Chinese leaders are also charismatic leaders, but not as much as Finnish leaders are.

Chinese leaders are very self-protective leaders and pay more attention to gaining "face". Leaders in China are not very autonomous or participative leaders. Having autocracy in the decision-making process is important. They do not like to include others in to the decision-making process and are protective of their leadership, but at the same time they want to ensure the safety and security of the whole group. Chinese leaders are used to doing business with family and relatives. In China doing business with family, close friends and relatives is very common. Opposite to their Chinese counterparts, Finnish leaders avoid doing business with close friends and are more used to exporting, because of the considerable smaller market in Finland.

In spite of the visible differences, also similarities in Finnish and Chinese leaders can be found. Both, the Chinese and the Finnish leaders are team-oriented. They create a common purpose for the group and emphasize team building. Additionally, both are human-oriented leaders who are supportive and compassionate leaders. The Chinese leaders are a little bit more human-oriented and team-oriented leader than leaders in Finland on average.

In the next chapter the research method and the data collection method used in this study will be presented. Additionally validity and reliability of the study will be viewed.

# 4   RESEARCH METHODS

This chapter is divided into four sections. Firstly, both quantitative and qualitative research methods will be introduced and compared with each other, followed by presenting the data collecting method. In addition, both reliability and validity of the research are reviewed.

## 4.1   Quantitative research method

The aim of quantitative research is to find generalizations between, for example, a specific phenomena. Broadly speaking, quantitative research is known to be more objective whereas qualitative research is often more subjective. The gathered data is objective and the research subject is often accurately defined and the collected material should be possible to measure numerically. To characterize the quantitative research method numerical measuring instruments and methods are used.

The aim of the quantitative research method is not to get a deeper understanding as it is in the qualitative research. The results and the conclusions are based on a statistical analysis. In order to make a conclusion the data should be reliable, valid, and exact and it should matches to the purpose. This kind of data can be found from secondary statistics or it can be self-gathered. The results of the quantitative research are usually in numerical format. Results are then often presented, for example, in percentages, in tables, graphs or other forms of statistics. To gather material for the quantitative research; surveys, interviews, observation and experimental case studies can be used (Tuomivaara, T 2005).

The most common method of quantitative data collection is probably structured questionnaires. In the questionnaire the questions are placed in a prearranged order and the process is direct. To make it easier for the respondent, the questions have usually alternative answers that the respondent can easily mark up. The advantage of a structured questionnaire is that it is easy to manage and the data is reliable. Also, the analysis and interpretation of the data is fairly easy, as well as entering the data into electronic format is quite effortless, unless it is not already

originally entered in an electronic form. The disadvantage is that deeper understanding of the subject may not be received through structured questionnaires. Also, what tends to be a problem is that sensitive or personal questions that people are unwilling to answer can easily be avoided such as questions about one's religion or income. In some cases there might also be questions in which the respondent does not find a suitable answer, and in that case the validity of the research will suffer (Tuomivaara, T 2005).

## 4.2 Qualitative research method

Qualitative research is mostly used in social and behavioural sciences and it is suitable for studying organizations, groups and individuals. When analysing qualitative data the problem may be the fewer number of observations. Also, when the information of the case is more in-depth it may be difficult to filter the irrelevant data before analysis. The other problem concerns data collection and analysis which are often concluded at the same time. This may lead to an increased number of new questions. In business studies two viewpoints relating to the analysis can be introduced. One suggestion is that all kind of data should be possible to measure or classify meaning that also the qualitative data should be refined so that it allows categorization, quantification and positivistic orientation. However, many researches prefer the phenomenological attitude, meaning that there is no need to do any categorizing or quantification because the case is meaningful in its own right and it is in that sense unique (Ghauri et al. 1995, 95-96).

The difference between qualitative and quantitative research is in the ways of researching, reporting and analysing. Qualitative results are not reported numerically as they are in a quantitative research. The data is reported more with words and expressions. Qualitative research is based on more sources and the aim is not to test models and other hypotheses statistically. Doing qualitative research, it is relevant to find meanings and answer the questions how and why and also to find motivation. The classification of the results and evaluating has to be done according to the research study and the case. Concerning qualitative methods

generally three different ways to collect data are: interviews, observing and document analysis (Dawson C. 2002, 14-16).

Whether to use qualitative or quantitative research is its own question. Of course, it depends on what is the research about which method would be more suitable. However, it is not that only a qualitative or a quantitative research method should be used. Qualitative methods are in general most useful for inductive and exploratory research because they can lead to hypothesis building and explanations, which are mentioned as the aim of the qualitative research (Ghauri et al. 1995, 85-94).

When comparing quantitative and qualitative research methods, the qualitative one can be more flexible. For example, in quantitative research the changes to survey are very complex to implement later on and that is why the research plan should be done very carefully already in advance. Also, the changes done in the middle of the research would distort the results and decrease the reliability.

In this research, I chose to use the qualitative research method in order to gain a deeper understanding of the respondents. The problem of using the qualitative research method is that there may be a smaller quantity of observations. Additionally, the information of the questionnaire may be so in-depth that it might be hard to filter the irrelevant data before starting the analysis.

In this study qualitative research was carried out as an e-form questionnaire. This means that first the researcher creates a questionnaire and places it online. Secondly, the researcher recruits the respondents. The respondents fill in their answers and then post those online. The advantages of the e-form questionnaire is that it can reach respondents around the world and allows you to gather larger sample size than it could be possible by using traditional methods. On the other hand, the disadvantage of an e-form questionnaire is that there can be technical problems such as freezes and crashes. Additionally, the questions of the questionnaire might be misunderstood (ITS 2008).

## 4.3   Data collection method

To collect the data primary and secondary data is used. Primary data is the data that is collected to solve a specific research goal or problem. Primary data is collected in a survey method which serves the research problem the best. Secondary data is data that was originally collected for another purpose. When new primary data is created it can be stored with the already existing store of social knowledge, then it can be reused as a secondary data by other researchers for another research question (Elsevier Inc 2005).

In this study both primary and secondary data was used. As secondary data I used books, articles and lecture materials. Primary data came from the respondents of this study.

Different kinds of survey methods are telephone interviews, personal interviews and mail interviews. Depending on the research subject, the researcher will select the best method for the research. What also affects the choice of the research methods is the available budget, timetable, respondent characteristics and the information required. For example, if one's budget is small, e-mail is the cheapest way to collect data and personal interview is the most expensive method. However, what needs to be kept in mind is that no method excludes another. An efficient way to do research is to use different kind of research methods side by side to complement each other (Bajpai N. 2011, 158).

This study was carried out as an e-form questionnaire. I chose to use the snowball sampling method shown in Figure 6, to collect the respondents. This type of method means that the researcher seeks first a few respondents who are qualified to answer to the questionnaire. After the respondents have answered to the questionnaire, they are asked to suggest some other persons that could be interviewed (Hirsjärvi S. & Hurme H. 2001, 59-60).
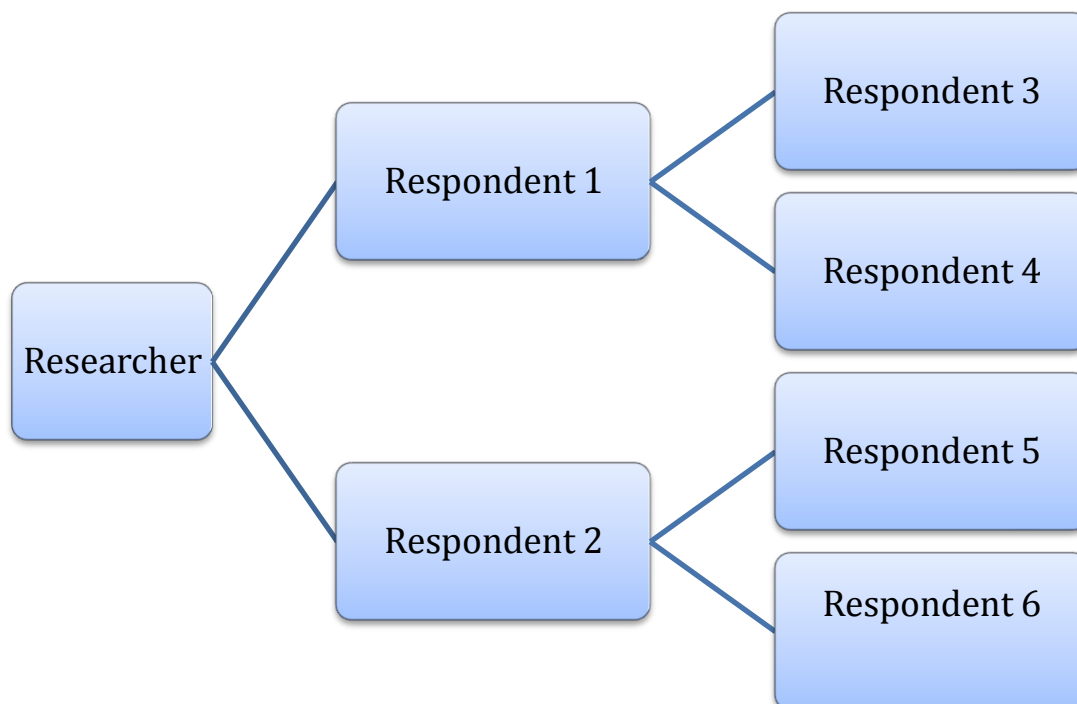
**Figure 5.** The Snowball Sampling Method

The e-form questionnaire was first sent to two respondents that I knew were qualified to answer to the questionnaire. Additionally, these two respondents suggested other persons that would be qualified to answer the questionnaire. Through these two first respondents the rest four respondents were found.

## 4.4 Reliability and validity

Qualitative research concentrates often only on one case study whereas the quantitative research uses many samples. However, concerning qualitative research, the lower number of samples can also be a negative factor, because it makes the generalization of the study more difficult. Another factor, which should be taken in to account is that there is a danger of qualitative research not to be objective. The researcher may have his/her own influence on the research, for example, in interviews or then the researcher may have prejudices. In comparison to qualitative research the results of a quantitative survey can be compared and analysed better. It should be remembered that the response rate should be high

enough in order to give reliable results. To get enough responses back from survey can sometimes take some hard work (Golafshani, N 2003).

Validity describes whether the research measures its aim. Validity is reached when the target group and the questions are right ones. In order to increase the validity, the target group should be considered well and it should be made sure that it represents the population. The target group in quantitative research is chosen more often randomly which is not done in the case of qualitative research. When analysing the results of qualitative research credibility, dependability and transferability are considered instead of using the concepts of reliability and validity. Credibility means that the research would be versatile enough and give an exact picture of the phenomena. The results should represent the research itself and not the preconception of the researcher. Dependability means that the results can be compared to the research results done earlier. Transferability is used to describe whether if the results can be transferred to another research. In qualitative research is spoken more emphasis is given to theoretical generalization instead of statistical. What is valuable is to gain a deeper understanding of the matter than concentrating on the size of the research (Golfshani, N 2003).

To ensure the stability and reliability of the study, all the respondents had the same questions to answer and no deadline was given to any of the respondents to answer to the questionnaire. The respondents did not receive the questionnaire at the same time because of the snowball method used in the study, which can affect to the stability and reliability of the study.

The questionnaire was built based on the theoretical framework and on the research problems in order to get answers to the research problems. Since I collected the data by using an e-form questionnaire, the questionnaire was anonymous to all of the respondents. Even the respondents whom I knew before hand were able to answer anonymously, since the respondents posted their answers online without stating any names.

Additionally, the respondents did not have any specific deadline for answering to the questionnaire and therefore they had time to think about their answers more deeply. Also, because there was no specific deadline for the respondents to answer to the questionnaire the respondents did not have to feel pressured, which could have happened if the questionnaire would have been implemented through an in-depth interview. I consider this study to be valid because the questionnaire answers to the research problems.

The research questions and the results of the study will be presented in the following chapter.

# 5 PRESENTING THE RESULTS OF THE STUDY

In this chapter the background of the study, the responses and the questions of the questionnaire will be presented. The results of the questionnaire are presented in chapter 5.4.

## 5.1 Background

My aim was to send the questionnaire to five to ten Chinese who work or had worked in Finland for Finnish companies and have or had Finnish leaders. The e-form questionnaire was sent to several respondents of whom six answered. The number of the respondents is quite small but because I have chosen to use the qualitative research method in this study the number of respondents is adequate.

The respondents did not have any specific deadline to answer to the questionnaire, but I received the responses within a short period of time. In the following chapter I will present the responses more specifically. Chapter 5.3 contains the questionnaire and how it is divided in three categories based on the research problems.

## 5.2 Respondents

All the respondents were currently living in Finland. None of them had previous experience of Finnish leadership before they have started to work here. Nevertheless, they shared similar perceptions of the Finnish culture and leadership. In chapter 5.4 the backgrounds of the respondents are presented more specifically.

## 5.3 Questions

The research questions were divided into three categories; basic information, cultural differences and differences in leadership. All in all, there were 23 research questions including the basic information of the respondents. The first

six questions were related to the background and basic information of the respondents. The following five questions were related to the perception of their own culture and Finnish culture in general, and to the differences of these two cultures. The next ten questions dealt with the differences in leadership in the Finnish and Chinese cultures, which is the main topic of this study. The last two questions concerned what could be improved in the Finnish leadership and which leadership style the Chinese employees prefer, their own culture or Finnish style of leadership.

## 5.4 Results

In this chapter I will present each of the research questions and go through all the responses.

*" Age and Gender"*

The age of the respondents varied from 25 to 31 years. There were two respondents between 25-26, one between 27-28 and three between 29-31. Four of the respondents were female and two were male.

*"Company working/worked for & Duration"*

The respondents were working for Wärtsilä, UPM-kymmene, The Switch and for Sähkö Paasi. Three of the respondents worked for Wärtsilä, one for UPM, one for The Switch and one for Sähkö Paasi. Two of the three working for Wärtsilä were females and one male. The respondents working for UPM and for the Switch were females and the one respondent working for Sähkö Paasi was a male.

The duration of work relationships varied from six months to five years two were between six months to one year. Another two respondents had worked between 2 to 3 years and two between 4 to 5 years.

*"How many years lived in Finland"*

The years respondents had lived in Finland varied from 4 to 11 years. Five of the respondents had lived in Finland 4 to 7 years and one for over 11 years.

*"Original reason for moving to Finland"*

The original reason for the respondents to move to Finland was to study and to work. Four of the respondents moved here to study and only one respondent moved to Finland because of a work opportunity.

*"How would you describe Finnish culture in general?"*

There were many personal characteristics that respondents considered good in the Finnish culture. One of the characteristics that almost all of the respondents mentioned was trust. According to the respondents people in Finland trust each other and are trustworthy as well. One of the respondents noted that being able to trust and to be trusted makes both private and work life more easy and relaxing. Equality, calmness and loyalty were considered good in the Finnish culture. Also, it was mentioned that Finns are honest and kind people.

The respondents shared a similar vision of the negative viewpoints of the Finnish culture. They all considered Finns as very conservative people and hard to approach. The second most mentioned characteristic was being too shy. One respondent said that Finnish people are too shy and do not talk much in the beginning of knowing each other. It gives a image of a cold feeling and unfriendly manners. Also, lack of curiosity towards the other culture and impoliteness were considered negative in the Finnish culture. One respondent stated that Finns are less eager to delegate responsibility, which is contradictory to the Chinese culture.

*"How would you describe your own culture in general?"*

When the respondents were asked about the positive characteristics of their own culture, they mentioned qualities such as politeness, friendliness and flexibility. One quality that almost all of the respondents agreed with was curiosity towards the unfamiliar and hard working. Also two of the respondents considered working together closely as a group and sharing all kind of information to be positive characteristics in the Chinese culture.

The respondents had various viewpoints of the negative characteristics in Chinese culture. Lack of trust between each other, gossiping, reciprocity and lack of distance between people were mentioned to be negative qualities in Chinese culture. One respondent stated that Chinese people can be influenced by others' opinions easily, which makes them less creative and innovative towards their own ideas. Also, one respondent thought being too flexible as a negative attribute in Chinese culture.

*"What are the most significant differences when comparing Finnish culture to your own culture?"*

This question received similar viewpoints from the respondents, but there were two issues more visible than the others. The most significant difference between these two cultures was independence. Respondents considered that Finns are more independent, since they usually have flexible hours at work and like to work individually, whereas Chinese like to work as a group.

The second most significant difference was privacy. Finns do not interfere work and private life. Also making friends and the living attitude was mentioned. One respondent pointed out that the living attitude is the most significant difference in comparison to China. Other respondents considered making friends in Finland different compared to China, because it is difficult to start the conversation and bring close relationship with Finns.

*"Did you have any previous experience of Finnish culture before moving to Finland and is your perception of Finnish culture changed since?"*

No one of the respondents had any previous experience of Finnish culture before moving to Finland and therefore the perception of the respondents has not changed. One respondent said that she did not know anything about Finnish culture before moving to Finland, the only way to adapt to Finnish culture was to work stable and smoothly, in order to study the culture and avoid culture shock.

*"Do working habits in Finland differ when compared to your own country?"*

All of the respondents considered working habits to be significantly different when compared to their own country. Almost all of the respondents mentioned the relationships among colleagues and between the superior to be more natural in Finland. One of the respondents stated that there are clear lines between colleagues and friends in Finland, whereas in China colleagues can easily be friends. The other respondent said that the distance between the leader and the employee is very insignificant in Finland, but in China the distance between the leader and the employee is very significant.

Working hours, working style and after work activities were mentioned by two of the respondents as well. According to them the working hours in Finland are generally eight hours per day, while the Chinese work longer hours every day. Also working hours were considered freer and more flexible in Finland than in China. Working style was considered to be slow but firm, whereas the Chinese work fast and hard but not so restricted. Still, it was mentioned by one of the respondents that in China it is a manner to do some after work activities for example, go to a dinner after work with colleagues, which is not that common in Finland.

One of the respondents expressed that Finns think 'work' after 'I', which goes vice versa to the Chinese culture where people tend to think 'I' after 'work'.

*"What is your perception of a good leader?"*

This question received various viewpoints about what are considered good leader qualities. One quality that three of the respondents mentioned was being trustworthy. Also being open-minded was a quality of a good leader according to the respondents. Two of the respondents mentioned that a good leader should be able to encourage employees to finish their tasks and to make decisions independently. Qualities such as fairness, respect, responsible and caring were mentioned by one of the respondents. Another respondent indicated that leader should be able to dare to make changes and pursue new things and embrace

change. Also, one of the respondents noted that leader should be open and have a good charisma.

It came up in one of the responses that the leader should be a person who is mature and calm, and is able to listen to feedback from the employees.

*"How would you describe leaders in your country?"*

One respondent described Chinese leaders to be really good at networking and getting along with all types of people. She also mentioned that a Chinese leader needs to have a good strategic vision in order to survive in the fast blooming and changing economy. Two of the respondents considered Chinese leaders to be responsible. A different viewpoint was mentioned by one of the respondents, he considered the communist style to be effective in China.

All of the respondents mentioned that hierarchy levels are something that they find negative in the Chinese leadership style. One respondent expressed herself by saying that in China employees are humble towards the leader and take the blame, even thought the leader would have made the mistake. She also stated that it is still a strong philosophy in China for the leader to be always right and always having the final decision. Another respondent considered Chinese leaders to think about the company's benefits rather than employee's happiness. Also, one of the respondents described Chinese leaders to be bureaucratic, dictating and to use power excessively. In addition, one respondent said that most of the stereotypes made of the Chinese leaders are true.

*" How would you describe a Finnish superior?"*

Many of the respondents felt that Finnish superiors treat each employee equally. It was also mentioned that employees do not feel any hierarchy within the company, but simultaneously the hierarchy exists and the leader is highly respected. Three of the respondent mentioned the Finnish leaders as being friendly and helpful. One of the respondents said that the Finnish leaders are very openminded and willing to hear all of the opinions within the company.

On the other hand, one of the respondents stated that Finns are weak in leadership. One of the respondent mentioned that Finnish leader do not consider enough the cultural differences among the international workers. According to other respondent, Finnish leaders are not good at giving speeches and are too straightforward.

*"Did you have any previous experience of Finnish superiors before moving to Finland and what kind of expectations did you have towards the Finnish superiors?"*

None of the respondents had any previous experience of Finnish superior before starting to work for a Finnish company. Most of the respondents expected good guidance to the company culture, laws, expectations and job scope. One respondent said that she expected Finnish superior to be very welcoming, trustworthy and easy to communicate with.

One of the respondent stated that since she did not have any experience of the Finnish leader, she did not really have any expectations either. Instead she started at work and at the same time she was carefully observing the leader, in order to get a clear picture of the behaviour and leading style of the Finnish leader.

*"Did your expectations towards the Finnish superior correspond to the reality? How did the Finnish superior differ from your expectations?"*

In this question the answers differed from each other. Five of the respondents thought that their expectations towards the Finnish leader corresponded to the reality. On the contrary one of the respondents thought that Finnish leader was the totally opposite to his expectations.

*" Is there any gesture or expression in the Finnish culture or in the Finnish leadership that you find offensive?"*

Also the answers differed in this question. Three of the respondents did not find any gesture or expression that they would find offensive in Finnish culture.

In turn three of the respondents find some gestures and expressions to be offensive to them. One of the respondents finds sneezing nose while dining to be offensive. Secondly, one of the respondents mentioned that in the Finnish culture, talking too directly makes her sometimes feel uncomfortable. Talking directly is not always valid in a Finnish company culture, which makes it confusing when to talk directly and indirectly. Finally, one of the respondents felt that some superiors are monitoring employees all the time and tracking down what the employees are doing.

*"Is there any gesture in your own culture or in leadership that you find offensive?"*

This question received different viewpoints. Two of the respondents felt that there were no gesture or expression in their own culture that they would find offensive. One of the respondents found it offensive in the Chinese culture to force employee to do a job regardless of his/her will. Another respondent considered pointing by finger to be very rude. Also, it was mentioned by one of the respondents to be offensive when a leader blames employee for their own mistakes.

One respondent did not have any opinion on this, since she has not been working in China for the past seven years.

*"How is leadership style in Finland different by comparison to your own country?"*

Hierarchy is something that almost all of the respondents mentioned. One of the respondents said that in the Chinese culture employees have to please their leaders if they want to get promoted in the future, while in Finland it is the other way around. Finnish employees do not care that much of the relationship with the leader, instead Finnish leaders try to make a good impression on the employees.

Two of the respondents reported that Chinese leaders give more orders and explain things better than the Finnish leaders. One respondent considered the

Finnish leaders to be more practical and maintain a lower profile than the Chinese leaders. Other respondent noted the Chinese leaders to be unapproachable, almost unreachable to communicate with, which is the opposite of the Finnish leader who is easy to approach.

*"What would you like to improve in Finnish leadership in order to make it more suitable to the Chinese culture?"*

Almost every respondent mentioned that they would like a leader to pay more attention to the employee relationship between the Chinese and Finnish employees. This included more activity to be arranged among the team and group activities, which would help the Chinese employees to create a relationship with the Finnish employees and that way shorten the distance between teams. Also one of the respondents suggested that the leader could encourage the Finnish employees to interact more with foreign employees.

Two respondents mentioned that the leader should talk and take care more of the Chinese employees in order to improve the Finnish leadership. One of the respondents pointed out that it would be more suitable to the Chinese culture if the leader could gave orders more directly.

*"Which one do you prefer more; Finnish or Chinese leadership?"*

Five of the respondents preferred the Finnish leadership style over the Chinese leadership. One respondent answered to prefer leadership that is between Finnish and Chinese leadership.

Many reasons were mentioned why the respondents preferred Finnish leadership over Chinese leadership. One reason that was mentioned by many of the respondents was the equality between the employees and the leader. According to the respondents Finnish leadership is more open and based on trust than Chinese leadership. It was also said that the relationship is more "natural" with the Finnish leader. They also shared a similar vision of Finnish leadership being freer and more flexible. One respondent considered having more courage to express one's

own opinion without any harm towards own career. Also, it can be pointed out that privacy is highly valued among the Chinese employees. The respondents felt that the conversations are between the leader and the subordinates and will stay behind closed door, which makes it easier to talk freely and express their own opinions.

In the next chapter the results of the study will be compared to the theory and analysed.

# 6   ANALYZING THE RESULTS OF THE STUDY

In this chapter the theory and the results of the questionnaire will be compared and analysed. In the questionnaire I tried to find answers to the research problems: how business leaders in Finland and in China differ as a result of their national culture, how Chinese employees perceive Finnish leadership and what Finnish leaders could improve in order to be more effective leaders for their Chinese employees.

## 6.1   How business leader in Finland and China differ as a result of their national culture

The answers received from the questionnaire about the differences of Finnish and Chinese leadership which derive from the different national cultures were congruent with the theory of Hofstede's socio-cultural levels.

Among the respondents hierarchy was considered to be one of the biggest differences between Finnish and Chinese leaders. As the study of Hoftede's five socio-cultural levels already shows, the respondents agreed with China having a high power distance whereas in Finland power distance is relatively low. In China where power distance is high, everybody has their own place in the hierarchical order. In organizations inequality is usually formed between the leader and the employees. In Finland where the power distance is low, the distribution of power is equalized and the leader is seen as a coach or a motivator to the employees. According to one of the respondents it is still a strong philosophy in China that the leader is always right. Chinese employees are humble in front of the leader and are ready to take the blame for the mistakes that they have not even made in order to please the leader. Also, it was mentioned that the use of power of the Chinese leaders is excessive.

According to the study of Hofstede (2000) individualism is relatively high in Finland and relatively low in China. This means that in Finland the employee/ employer relationship is based on a mutual benefit, whereas in China employees

are very committed to other employees in the organization, but not necessarily to the organization itself. The respondents mentioned Finns as being more independent and usually having flexible working hours and working individually. Also privacy was mentioned by the respondents. The respondents mentioned that it is harder to make friends at work in Finland than in China. Finns do not like to mix work and private life, which is different compared to the Chinese culture where people tend to work as a group and consider colleagues to be part of their closer in-group.

The respondents considered Finns as having a specific pattern in the working hours, working style and after work activities, which they do not like to break easily. Also, it was mentioned that Finns like to work slowly but firmly, whereas the Chinese work fast and hard but not so restrictedly. According to Hofstede (2000) the Chinese are more comfortable with ambiguity and the unknown future than what Finns are. Finns like punctuality and traditions. They also like to know what to expect from the future. The Chinese are more flexible in adapting to new things and traditions.

According to Hofstede (2000) China is a masculine country and Finland is a feminine country. Leisure time is not that important to the Chinese people than what it is for the Finnish people. Finns focus more on well-being than on sacrificing everything for their career, whereas the Chinese are ready to make the sacrifices needed in order to make progress in their career. The respondents agreed that the Chinese employees are ready to make more sacrifices to be able to advance in their careers. They have to please their leaders if they want to get promoted in the future. One respondent summarized this by saying "The Finns think 'work' after 'I', while Chinese think 'I' after 'work'.

According to the Hofstede's socio-cultural levels, the national cultures of Finland and China are almost at the opposite ends of the scale. Finns and the Chinese differ considerably on the socio-cultural levels where other scored high on a specific socio-cultural level, the other scored low and vice versa.

## 6.2    Chinese perception of Finnish leadership

According to the GLOBE (Global Leadership and Organizational Behaviour Effectiveness)-study's cultural clusters, Finland belongs to the North European cluster and China belongs to the Confucian Asia cluster.

As the GLOBE-study already shows, the respondents agreed with a Finn being a participative leader. The respondents felt that Finnish leaders are easy to approach, very openminded and willing to hear different opinions and ideas within the company. According to the GLOBE-study Finnish leaders are participative leaders who involve others in the decision-making process as well as the implementation process.

The respondents mentioned that a Finnish leader is seen more as a coach, and as a person who inspires employees to complete given tasks. Also, the GLOBE-study confirms that Finnish leaders are charismatic leaders who are typically visionaries, independent, diplomatic and tend to include other into the decision making process. Finns like leaders who inspire them and who are not that protective of their own leadership (Northouse 2007, 317).

However, the respondents felt that Finnish leaders are hard to approach in private life, as they tend to separate their private life and working life.  The Chinese leaders are more accustomed to doing business with extended families and friends and are reluctant to trust outsiders.  The Finnish leaders, conversely, avoid doing business with friends and family and are used to exporting and doing business with people that are not close to them (Bjerke 2001, 131-167).

Also, respondents considered Finns as trustworthy, honest and kind people. Scandinavians are considerate in the decision-making process. They are very punctual, careful, well ordered and honest. They tend to draw a line between work and private life and do not share the facts of their private life with work colleagues (Bjerke 2001, 216-217).

The changes that could be done in Finnish leadership in order to make it more suitable for the Chinese employees will be discussed more in-depth in the following chapter.

## 6.3    What Finnish leaders could improve or do differently in order to be more suitable leaders from a Chinese employee's point of view

According to the respondents it is hard to know when to use direct or indirect language at the work environment. Additionally, they felt uncomfortable when Finnish leaders speak too directly to them. For Finnish leaders titles and protecting own leadership status is not that essential than it is for Chinese leaders. Finnish leaders tend to take employees to be part of the decision-making process and want to keep employees more equal with them. The Chinese leaders are more protective of their own leadership and the distance between employee and employer is bigger than in Finnish leadership. That is why the language used in Finnish companies is not that direct. In Finland employees usually speak to their leaders indirectly. This might be very confusing for Chinese employees, because in China they have used to talk indirectly to their leaders. Also, Finnish leaders probably talk more directly to their employees, because they consider themselves and employees equal (Northouse 2007, 317).

The respondents also felt that the Finnish leaders are not as good to explain and to give directions as the Chinese leaders are. The Chinese business leader do not usually include others to the decision making process. They like to make decisions independently and want to be a person who everybody asks for advice. In China the leader is the person who gives the orders and does the decisions. While in Finnish leadership the use of delegating and participative style in management is common and the leaders consider themselves more as equal to their employees. In Chinese culture it is more obvious who is the leader and gives the orders.  In Finnish culture the leader is more like one of the employees. The Chinese employees are used to have a leader who gives the orders and makes the decisions without asking from them. It might feel like they do not get enough clear directions from Finnish leaders, because Finnish leaders do not give that

direct orders since they want to include the employees to the decision-making process (Northouse 2007, 316-317).

In the last chapter the conclusions of the study will be presented. Additionally, suggestions for future research will be given.

# 7   CONCLUSION

The aim of this study is to examine the impact of national culture in Finnish and Chinese leadership and how business leaders in those two countries differ. Finns and Chinese value different leadership behaviours and characteristics in their leaders. The biggest differences are found in the company's general culture, the use of time and in attitudes.

The findings of this study highlight that the hierarchy within the company is the biggest difference between the Finnish and the Chinese leader. The use of power in Finland and in China is almost the opposite of each other. Finland is a low power distance country opposite to China, which is a high power distance country where the distance between leader and the subordinate is big. According to the findings of this study the relationship between a leader and a subordinate is more "natural" in Finland.

Also, privacy and independence are perceived very differently in these two cultures. The Finns are more independent and like to work independently, whereas the Chinese like to work as a group and include others. Additionally, privacy rose to be one of the biggest differences between the Finnish and the Chinese national cultures. The attitude towards privacy is very different in these two cultures. The Finns separate their private life and working live, which is not common for the Chinese. This is something that may be hard for both cultures to understand because both cultures expect different behaviour as a result of their national culture. Finns may consider it rude if their work colleagues are asked personal questions, while the Chinese like to get to know the person and be friends with that person and by doing so do not mean any harm. On the other hand, the Chinese may consider it rude when their Finnish colleagues retreat and do not want to tell much about their private life and do not want to be close friends.

These cultural differences are something that have been learned already at young age and it is something that is hard to change in our behaviour and in how we perceive things. Increasing cross-cultural knowledge among the employees and their leader would enhance interaction and understanding between the employees and leaders from different cultural backgrounds.

In the study I also wanted to find out how the Chinese employees perceive Finnish leadership. According to the findings the Chinese employees perceived the Finnish leader as being equal and treating each employee equally. My findings indicate that the Chinese feel that the Finnish leaders are easier to approach and communicate with than the Chinese leaders. The Chinese employees studied do not feel any hierarchy within the company, but simultaneously the hierarchy exists and the leader is highly respected. According to the findings of this study the Chinese employees prefer more the Finnish leadership style than the Chinese leadership style. The Chinese employees perceive Finnish leadership more suitable to them, because of the equality between the employees and the leader and because they felt Finnish leader to be more open, trustworthy and flexible. My findings indicate that Chinese employees feel that they have more courage to express their opinions to a Finnish leader than to a Chinese leader without causing any harm to their own career. In addition, they can trust that every conversation is confident and only between the leader and the employee and will stay that way.

On the other hand, the Chinese employees expect to get clearer instructions and orders from their leader. This study indicates that the Chinese employees feel that Finnish leaders are not giving detailed enough information. A Finnish leader should be able to give more detailed instructions and direct orders for their Chinese employees.

Also, one of the aims of this study was to find out what Finnish business leader could improve or do differently to be more suitable leaders from the Chinese employees point of view. The findings of the study indicated that Finnish leader should put more effort on to making the relationship between Finnish and foreign employees more close. The leader should encourage Finnish employees to interact

more with the foreign employees. This could be arranged by organizing group activities which would help to shorten the distance between the Finnish and the Chinese employees.

Also, according to my findings speaking too directly to the Chinese can make them feel uncomfortable. Additionally, it is confusing for the Chinese when to use direct and indirect language at the work place. To improve this the Finnish leaders could pay more attention to the manner in which they speak to their Chinese employees. Using more indirect language with the Chinese employees would prevent misunderstandings between the Chinese employee and the Finnish leader. As in every company manner are a little bit different, the Finnish leader could also give guidance to the Chinese subordinate when she or he is starting at the company whether to speak indirectly or directly at work place.

As Finnish culture is a highly individualistic culture it is harder for foreigners to form close relationships with the Finns, since the Finns tend to have a loosely-knit social framework. The Finns also like their privacy and usually keep their worklife and privatelife separate. The Chinese are again a highly collectivist culture and they consider family and closer in-groups as a priviledge comprising work colleagues too. Since both cultures have totally different perceptions of the relationship between colleagues, it is complicated for a leader to make the relationship between Finnish and Chinese employees closer.

One suggestion to make the worker relationship closer between the Finnish and the Chinese is to have "a team-day" every once in a while, which is relatively common in many companies. In the Chinese culture people are used to spending time with their colleagues during their "freetime", for example, by having dinner or a drink after work. This is something that is not that familiar to the Finnish people and, therefore, it would be good if the leader could organize something to get the employees of different cultural backgrounds to spend time together and to get to know each other. Spending time together without including work in it will hopefully help employees to get to know each other better.

One idea that the Finnish leader could use to make the relationship between the Finnish and Chinese employees more close is to encourage employees to communicate more face to face, if possible. Instead of using email, chat and phone to communicate with each other, the employees should visit each other's "workstations" and interact more face-to-face. Thereby the employees would get to know each other better and they could "match" the names and faces behind the emails. This would improve the employee relationship among the different teams. This would be very practical especially in big organizations where teams that work closely together might sit on different floors or in different locations.

Also one idea in a global company is to encourage changing the "company language" entirely to English, instead of speaking Finnish in the work environment. This way nobody would feel like an outsider when the language used at work would be English, also during the breaks. As the Finnish employees would have to use more English, they would become more relaxed and fluent in speaking it and that would lower the threshold to communicate more with their foreign colleagues. When the work colleagues would have more close relationship with each other, it would enhance work motivation and make the atmosphere of the work environment better.

On the other hand it might be that all of the employees are not fluent in English, especially this might be the case with older people. Also, it is impossible to prohibit the employees from using their own national language at the work environment.

## 7.1    Suggestions for future research

One interesting research subject for the future could be to investigate more in-depth how Finnish leaders can be better leaders for the Chinese employees as well as how to enhance the entire well-being of the Chinese employees at the work environment.

Additionally, another future research subject could investigate how Finnish leaders perceive Chinese employees, as well as how Chinese leaders perceive

Finnish employees. Also, it would be very compelling to know whether leaders in Finland and in China prefer subordinates of their own national culture rather than subordinates from another national culture.

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# APPENDICES

APPENDIX 1

INTERVIEW GUIDE

BASIC INFORMANTION

>Age
>
>Gender
>
>Company working/worked for
>
>Duration of work relationship
>
>How many years have you lived in Finland
>
>Original reason for moving to Finland
>
>(marriage, work, other ?)

CULTURAL DIFFERENCES

1.How would you subscribe Finnish culture in general?
>-What you find good?
>- What you find bad?

2. How would you subscribe your own culture in general?
>- What you find good?
>- What you find bad?

3. What are the most significant differences when comparing Finnish culture to your own culture?

4. Did you have any previous experience of Finnish culture before moving to Finland and is your perception of Finnish culture changed since?

DIFFERENCES IN LEADERSHIP

5. Do the working habits in Finland differ when compared to your own country? How?

6. What is your perception of a good leader?

    -Qualities?

7. How would you describe leaders in your own country?

    -What you find positive?

    - What you find negative?

8. How would you subscribe Finnish leader?

    - What do you find positive?

    - What do you find negative?

9. Did you have any previous experience of a Finnish leader before moving to Finland?

10. What kind of expectations did you have towards the Finnish leader before starting to work?

11. Did your expectations towards the Finnish leader correspond to the reality? If not, how does the Finnish leader differ from your expectations?

12. Is there any gesture or expression in the Finnish culture or in the Finnish leadership that you find offensive?

13. Is there any gesture or expression in your own culture or in the leadership style that you find offensive?

14. How is leadership in Finland different, compared to your own country?

15. What would you like to improve in Finnish leadership in order to make it more suitable to the Chinese culture?

16. Which one do you prefer more; Finnish or Chinese leadership? Why?