

---

# **Cultural Competence Guide in Southern China for Foreign Companies**

**HAMK**  
UNIVERSITY OF APPLIED SCIENCES

Bachelor's thesis

Degree Programme in International Business

Valkeakoski, 19 November 2010



Olli-Pekka Paljakka



Degree programme in International Business  
Valkeakoski

Title Cultural Competence Guide in Southern China for Foreign  
Companies

Author Olli-Pekka Paljakka

Commissioned by HAMK University of Applied Sciences  
Valkeakoski, Finland

Supervised by Antti Isoviita

Approved on \_\_\_\_\_ . \_\_\_\_\_ .20\_\_\_\_\_

Approved by



Valkeakoski  
Degree Programme in International Business  
Global Markets

---

**Author** Olli-Pekka Paljakka **Year** 2010

**Commissioned by** HAMK University of Applied Sciences, Valkeakoski,  
Finland

**Subject of Bachelor's thesis** Cultural Competence Guide in Southern China

---

## ABSTRACT

This thesis was commissioned by HAMK University of Applied Sciences, and its purpose was to research employee satisfaction as compared to cultural competence for foreign workers. The main factors selected for comparison were stress and language skill. The theory research looked into the potential negative consequences of stress, including employee turnover, and the importance of language skill as a part of cultural competence.

The empirical research was a quantitative survey conducted on-line, answered by 47 respondents in Southern China. It was found out that approximately half of the foreign employees there find work either stressful or very stressful. It was also found out that cultural competence and especially language skill correlate with lower stress. This also reflected to employee satisfaction, in that those who felt less stressed and had more cultural competence felt more satisfied with their work and did not consider quitting work as often.

Three out of ten employees in Southern China did not know any Chinese, and most of those who possessed any language skill rated it as poor. From this perspective a cultural competence guide was written, based also on the author's work experience in the area. This cultural competence guide should also be useful for those HAMK students who leave for work placement or exchange studies in the area.

There was a strong indication that companies in the area could benefit from conducting similar research specifically for their own employees. While effort has been focused on developing quality products and services, there are certain lapses in employee training and management. Conducting research similar to what is presented in this thesis could help identify problem areas.

**Keywords** China, Cultural competence, Employee satisfaction

**Pages** 55 pp. + appendices 2 pp.



VALKEAKOSKI  
Degree Programme in International Business  
Global Markets

---

<b>Tekijä</b>	Olli-Pekka Paljakka	<b>Vuosi</b> 2010
<b>Toimeksiantaja</b>	Hämeen Ammattikorkeakoulu, Valkeakoski	
<b>Työn nimi</b>	Cultural Competence Guide in Southern China for Foreign Companies	

---

## TIIVISTELMÄ

Tämän työn toimeksiantaja on Hämeen ammattikorkeakoulu. Työn tarkoituksena oli tutkia työtyytyväisyyttä verrattuna kulttuuriosaamiseen Etelä-Kiinassa. Päätekijöiksi valittiin kielitaito sekä stressi. Teoriaosuudessa käsitellään stressin aiheuttamia mahdollisia kielteisiä vaikutuksia yritykseen, kuten henkilöstön liian suurta vaihtuvuutta, sekä kielitaidon merkitystä osana kulttuuriosaamista.

Työn empiirisen tutkimuksen osa koostui Internetissä täytettävästä kyselystä, johon 47 Etelä-Kiinassa työskentelevää henkilöä vastasi. Tutkimuksessa selvisi, että noin puolet vastaajista kokee työskentelyn stressaavaksi tai erittäin stressaavaksi Etelä-Kiinassa. Selvisi myös, että kulttuuriosaaminen ja etenkin kielitaito korreloivat matalamman stressin kanssa.

Kolme kymmenestä kyselyyn vastanneesta ei puhunut lainkaan kiinaa, ja useimmat kiinaa puhuvista osasivat sitä vain vähän. Näiden tulosten, ja teorian pohjalta tähän työhön kirjoitettiin lyhyt opas kulttuuriosaamisesta, joka voi olla hyödyksi Hämeen ammattikorkeakoulun vaihto-opiskelijoille ja työharjoittelijoille, jotka lähtevät Kiinaan.

Vaikuttaa vahvasti siltä, että alueen yritykset voisivat hyötyä toteuttamalla vastaavan tutkimuksen kuin tässä työssä esitellyn, keskittyen vain oman yrityksensä työntekijöihin. Alueella on keskitytty tuotannon kehittämiseen, laadun tarkkailuun ja tuotteisiin, mutta henkilöstön tyytyväisyydessä ja koulutuksessa on tiettyjä puutteita. Tämänkaltaisen tutkimus voisi auttaa löytämään nämä puutteet.

**Avainsanat** Kiina, kulttuuriosaaminen, työtyytyväisyys

**Sivut** 55 s. + liitteet 2 s.



---

## CONTENTS

1	INTRODUCTION.....	1
1.1	Background Information .....	1
1.2	HAMK University of Applied Sciences .....	5
1.3	Purpose and Objectives .....	6
1.4	Research Methods .....	8
2	CULTURAL COMPETENCE AND ORGANIZATIONAL PSYCHOLOGY.....	9
2.1	Definition of Culture .....	9
2.2	Cultural Competence.....	10
2.3	Specifics of Chinese Culture .....	15
2.4	Organizational Psychology .....	19
3	STRESS AND WORK SATISFACTION.....	24
3.1	Research Survey .....	24
3.2	Length of Time Spent in China and Family Relations vs. Stress.....	26
3.3	Stress vs. Work Satisfaction.....	28
3.4	Language Skill vs. Stress .....	32
3.5	Attitude Towards Cultural Assimilation .....	34
4	CONCISE CULTURAL COMPETENCE GUIDE.....	36
4.1	Utilizing Cultural Competence .....	36
4.2	The Effect of Language Skill .....	39
4.3	Speaking English in Southern China.....	42
4.4	Familiar Aspects in Southern China .....	43
4.5	Organizational Point of View.....	46
5	CONCLUSIONS .....	48
5.1	Economic Growth and Foreign Investment in China .....	48
5.2	Theoretical Background .....	48
5.3	Cultural Competence and Job Satisfaction Survey .....	50
5.4	Cultural Competence Guide .....	51
5.5	For Future Research .....	51
	SOURCES .....	53
	APPENDIX 1	
	Questionnaire Used	



---

# 1 INTRODUCTION

It is an often-repeated phrase that China is the world's fastest growing economy (Tse, 2010), used as a basis for why the topic is relevant especially as far as corporations and international business is concerned. During the writing of this thesis China grew to be the world's second largest economy, but there also exists a practical need for this type of research.

Many works study China as a marketplace, analyzing its economical growth and there is an increasing amount of market entry guides. However, there exists relatively little research about employee satisfaction regarding non-Chinese employees in China, and how cultural competence affects their experience.

Sinology, the study of China, has its origins in the Chinese studying their own culture, and can be traced back 200 years (Zurndorfer, 1995). There is also a wealth of literature how cultural aspects should be taken in to account in the Chinese market, based on this China research (Rankinen, 2008), but this thesis focuses on the foreign employees in China.

This thesis is employee satisfaction research, taking into account cultural competence and especially language skills; most foreigners entering China do not speak Chinese and not everyone learns the language while working there. Language however has a major impact on cultural understanding.

Stress and other factors, such as the social support network one leaves at home when moving to China are also examined in this thesis, from the background of organizational psychology.

## 1.1 Background Information

This chapter discusses the South China area, and gives historical context. The starting point chosen is the Chinese economic reform starting from 1978 after Mao Zedong's rule. The selection was done to limit the historical context to only most recent, most relevant events.

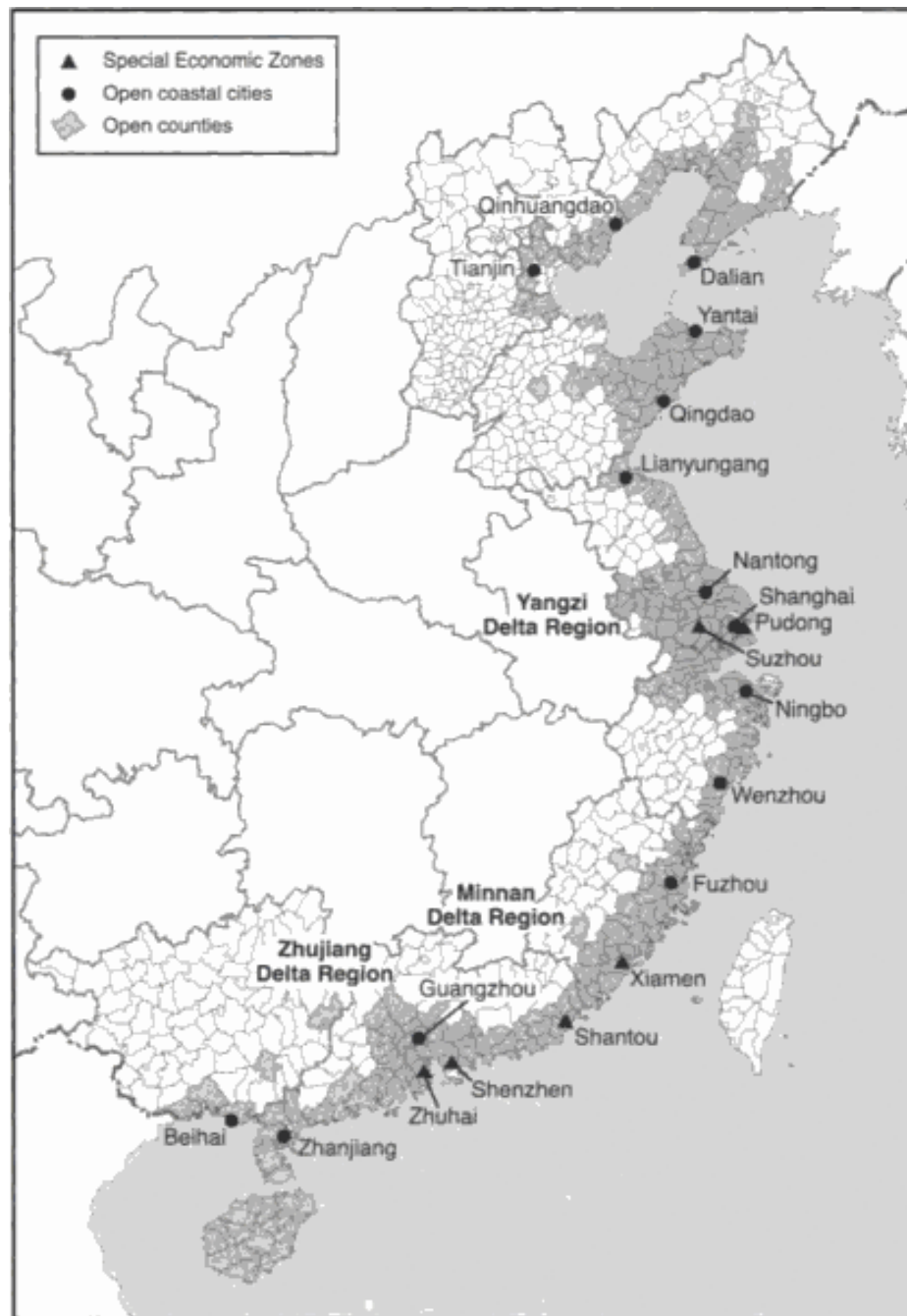


FIGURE 1 Coastal areas open to foreign investment in 1996. (Cartier, 2001)

The growth of Shenzhen, Guangzhou and many of the cities in the South China area can be attributed to China's opened trade policies, incentives and the World Trade Organization membership, as we will see in this chapter. Figure 2 illustrates the China coastal regions and those counties, which were opened to foreign investment by 1996.

---

## Economic Reform from 1978

In December 1978, the Chinese Congress Central Committee opened a series of market-oriented reform policies under Deng Xiaoping. An “open policy” and its establishment of four special economic zones in Guangdong and Fujian provinces were created to concentrate foreign investment and export-oriented manufacturing to the coastal regions. (Cartier, 2001)

The establishment and growth of these special economic zones led to a series of open cities and development zones, which continued to expand the reform geographically. In 1985, three open economic regions were formed: the Pearl River delta in Guangdong, the Minnan delta in Southern Fujian and the Yellow River delta region including Shanghai and Su’nan area of Jiangsu province. (Cartier, 2001)

These programs saw Guangdong and Fujian rapidly increasing in significance, becoming the first provinces under reform to receive foreign investment. Soon the fifth special economic zone was formed in Hainan, and in 1990 all coastal regions were declared open to foreign investment.

## Free Trade Zones

From 1990, South China has attracted a large amount of foreign investment. In 1990, China established 15 national-level free trade zones (FTZs.)

In the South these were Guangzhou, Haikou, Shenzhen Shatoujiao, Shenzhen Yantiangang, Zhangjiagang, Shenzhen Futian and Zhuhai. In the East and Northeast they were Dalian, Fuzhou, Ningbo, Qingdao, Shanghai Waigaoqiao, Tianjing Port, Xiamen Xiangyu and Shantou. (Kaulo, 2005)

The FTZs were established in cities near the shore, keeping in mind available transportation services. The locations were either close to Hong Kong and Macau or the sites of previous trade routes or harbours. (Kaulo, 2005)

Foreign investment was further lured by various incentives, such as limited time exemption from value-added tax, customs duties for products not imported to Mainland China, less strict foreign exchange rules and the absence of bond requirements for imports within the zone. (Kaulo, 2005)

The goal was not only to attract new investment but also to lure foreign investment away from existing structures, such as bonded warehouses, which the central government found difficult to oversee. (Walton, 2003 as referenced by Kaulo, 2005)



## China's World Trade Organization Accession

This chapter covers the issue of China's World Trade Organization (WTO) accession only briefly, but it serves to illustrate how China has grown in importance as a global trade partner and how the Chinese market itself has opened to foreign companies.

China was accepted as a member of the WTO in 2001, after 15 years of candidacy. This accession was a milestone in the restructuring of the Chinese economy. (Bhattasali et al, 2004)

China made progress in the 1990s in reducing the coverage of nontariff barriers, lowering tariffs and reducing trade distortions created by the exchange rate regime (Bhattasali et al, 2004). Even so, it is noteworthy China still has a large import export disparity, as the market is strongly export driven.

TABLE 1 *Import coverage of nontariff barriers as percentage (Bhattasali et al, 2004)*

Barrier	1996	2001
Licenses and quotas	18.5	12.8
Tendering	7.4	2.7
Licensing only	2.2	0.5
State trading	11.0	9.5
Designated trading	7.3	6.2
Any nontariff barriers	32.5	21.6
No nontariff barriers	67.5	78.4
Total	100	100

Bhattasali et al. (2004) remind us that different controls have vastly different significance, and that one way to examine the reduced control is to calculate the lessened coverage of key nontariff barriers, as seen in Table 1. There is a significant reduction from 1996 to 2001 in nontariff barriers towards less intrusive controls, such as tariffs towards designated trading.

Another part of the progress made was in forming bilateral and multilateral agreements with many of the WTO members. 44 members, including 15 member states from the European Union, United States and others agreed to bilateral market-access negotiations with China. These were followed by the multilateral agreements, all part of the accession package. (Bhattasali et al, 2004)

The key principles of the WTO within which China's accession fits are (Bhattasali et al, 2004):

- Non-discrimination
- Market opening
- Transparency and predictability
- Undistorted trade
- Preferential treatment for developing countries

---

Kaulo (2005) notes that as a part of this commitment towards undistorted trade and non-discrimination, China might have to remove the preferential tax policies of its free trade zones and equalize taxation between Chinese and foreign investment enterprises. There was no timeframe or agenda for this process at the time of writing.

As WTO's other implications in China in the long term still remain to be seen, it is clear that the market reform and opened policies, with WTO membership, have been key in creating growth and increasing the amount of foreign investments, including in the South China.

## Recent Growth in South China

An indication of growth and continued importance of the South China region is the continuous population growth. A milestone was reached in 2005, when Guangdong was reported as the most populous province, having overtaken Henan. At that time there were some 110 million residents, including 31 million registered immigrants from within China. (People's Daily, 2005) In 2010 the total figure for 2009 was reported 113 million (Statistics Bureau of Guangdong Province, 2010).

This serves also as an indication of the industrial growth and urbanization of the area, as former farmers from rural China move to the cities to find better employment.

Some other recent indicators are available from the Statistics Bureau of Guangdong Province (2010), which reported the 2009 gross domestic product of the Guangdong province showed a 9.5% growth from the previous year in the final quarter of 2009.

## 1.2 HAMK University of Applied Sciences

HAMK University of Applied Sciences (HAMK) Valkeakoski unit conducts degree programmes in automation engineering, industrial management and international business (HAMK, 2010) commissioned this thesis.

Overall, HAMK of 7 locations in 2 Finnish provinces, where some 7,000 students can study in 25 Bachelor's degree programmes. Six of these programmes are delivered in English, with the addition of a Master's degree programme in English. (HAMK, 2010)

HAMK is maintained by the Häme Municipal Federation for Professional Higher Education, formed by six member municipalities. This federation determines the objectives concerning the key operations and finances of the Polytechnic, while the University maintains autonomy over its internal affairs. As a higher education institution, HAMK is authorized by the government. The authorization determines the educational mission, field of education and student numbers. (HAMK, 2010)

HAMK and its Valkeakoski unit commissioned this thesis partly due to its continued activities with Chinese partner universities and contacts with businesses in the area.

There are 8 partner universities in China, most notably including Beijing Technology and Business University, Shanghai University and South China University of Technology in Wushan (HAMK, 2010). In addition to foreign exchange studies, students have an opportunity to conduct their work placement in China.

The largest group of international degree students in Valkeakoski in 2009 and previous years were Chinese. This can be attributed at least partly to HAMK Valkeakoski holding entrance examinations in China for the international business degree programme. (HAMK, 2010)

### 1.3 Purpose and Objectives

#### Basis and Purpose of Research

It is my experience, and the experience of many of my non-Chinese colleagues and friends who worked in Southern China and beyond, that working in China can cause challenges unheard of at home, and can cause a strong feeling of stress, which reflects even in day-to-day life.

This thesis works to find out how much cultural competence non-Chinese workers in China possess, and how much effect it has in work. The purpose of this information is to create an entry or preparation guide for working in China.

It is hoped that this guide serves the organizations and managers already in China in finding development targets or even improving their training.

#### Research Question and Objectives

The main question of this thesis is how does cultural competence affect employee satisfaction of English speaking non-Chinese workers in Southern China.

The objectives under the research question are to:

- a) Analyze and discuss cultural competence and organizational psychology.
- b) Conduct and analyze an employee satisfaction survey researching stress and cultural competence through language skill.
- d) Construct a concise cultural competence guide for Southern China.

---

## Scope of Research

The research is limited to a selection of foreign investment enterprises operating in Southern China. This excludes the two special administrative regions, Hong Kong and Macau, where English is spoken more widely than other parts of Southern China, and where cultural competence may have a different focus. The research is not limited to companies of any single origin.

Southern China was chosen, as it is an important region for foreign trade and due to my personal experience working there. This also serves to make the research more viable, as the amount of respondents required for a reasonable sample from the whole of China is beyond the scope of this thesis.

This thesis does not focus on the culture of the respondents, but instead concentrates on the Chinese culture. Chapter two will go over how the Chinese language and culture are closely connected. This kind of examination for every nationality involved is neither practical nor strictly necessary for this thesis.

## Structure of Research

The empiric research part of this thesis is not constructed as a strict employee evaluation, but it is closely related to work psychology. It does not follow the employee evaluation process structure exactly. Honkanen (2005), describes this as a seven-step process similar to a scientific research project according to (Luoma, 2000) as we see in figure 2:

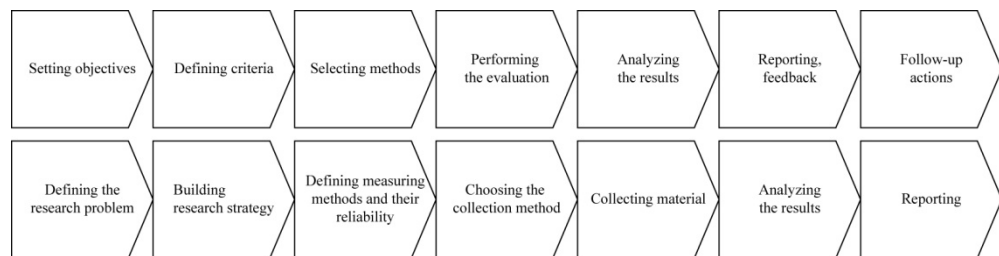


FIGURE 2 *Research project flow (Honkanen, 2005, Luoma, 2000)*

The research problem and objectives are covered in this chapter. Chapter two analyses the theoretical background, and chapter three details the data collection and results of the survey.

Note that throughout the thesis the practical research tool is referred to as a questionnaire or a survey. Some authors refer to such a series of questions as inventories, but the definition is arbitrary (Vashist, 2004).

---

## 1.4 Research Methods

Chapter two, regarding cultural competence and organizational psychology, is mostly based on literature research. It is the author's purpose to select only recent and relevant pieces of literature to which rely on. Academic writing has been used where available, and Arja Rankinen's work served as an inspiration in its depth of background research on Chinese culture its history.

The empirical research portion of this thesis is discussed in chapter three. A survey was selected as the main tool, and it was conducted online during June – July 2010. Chapter three further discusses the methodology of the survey and the design decisions.

Chapter four is based on the author's personal experience, but is mainly discussed from the points of view raised in studying the background material and the conducted survey.

---

## 2 CULTURAL COMPETENCE AND ORGANIZATIONAL PSYCHOLOGY

Defining culture and discussing cultural competence is necessary to provide background for the topics discussed in the guide in the fourth chapter. Organizational psychology is touched on in order to enable the practical research of this thesis.

This chapter explores Geert Hofstede's attempt in quantifying culture. His studies have a very practical approach, but a more comprehensive look is needed, thus cultural levels and the specifics of the Chinese culture are examined as well.

### 2.1 Definition of Culture

One method to define culture is to break it in to suitable levels and then examine each of those separately. Schein (1985) has done such a breakdown as seen in figure 3.

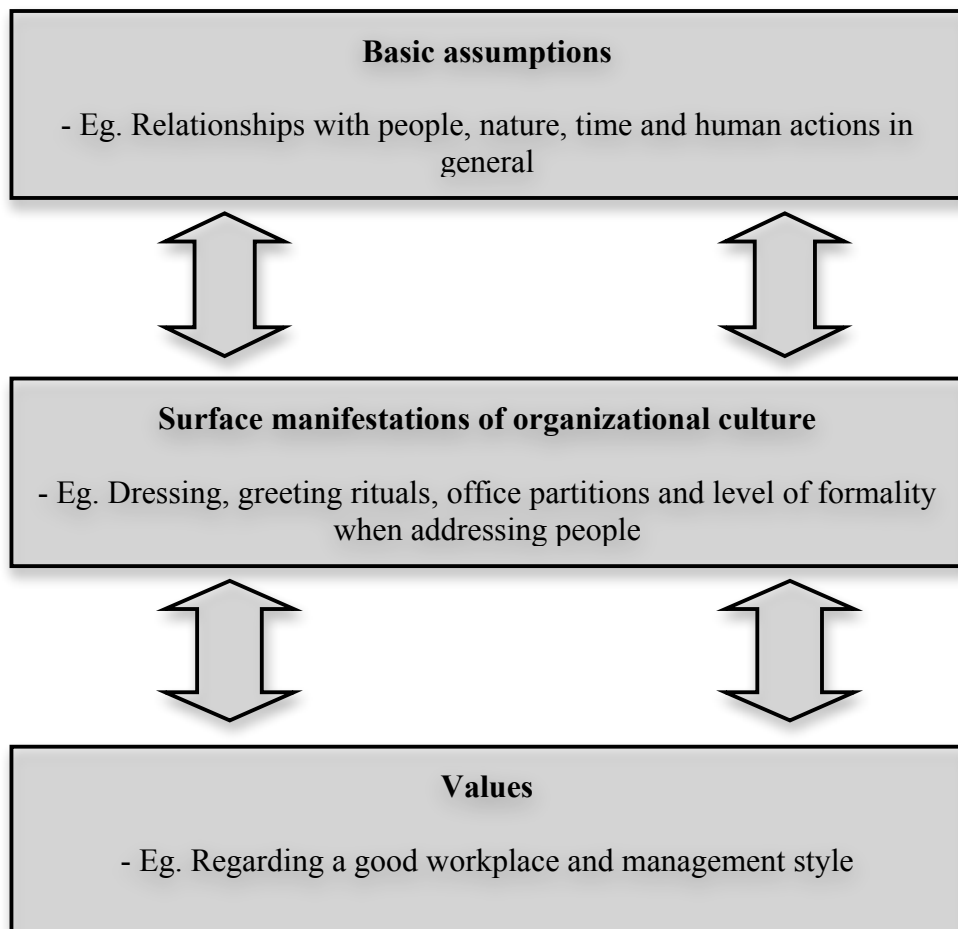


FIGURE 3 *Cultural levels (Schein, 1985)*

---

Schein (1985) originally addressed culture at the organizational level, but the same thinking can be extended to a national level. Surface manifestations differ not only in the workplace but also in everyday life. Values can also be considered in a broader context.

Basic assumptions are not bound to organizational culture in the first place. Values are the underlying factors. All of these factors are able to affect the level above and below them; cultural factors are in interaction and changing constantly. These three levels are differentiated by their visibility and accessibility to individuals (Schein, 1985).

The more basic the cultural differences, the longer it takes for a person to adapt to a different culture. The highest level is readily apparent, and for example, adapting to a different way of shaking hands is a slight adjustment. However, it takes significantly longer to integrate a different perspective on management. The basic assumptions are on such a level that making changes requires more than just exposure at the workplace. Participation in the other culture is required to truly understand these differences.

Organizational research focuses mainly on the second level on this model. Hofstede and others have shown how managers worldwide differ greatly in thinking what constitutes good management. (Harris et al, 2003) It is also the level which we can gain the most examining.

## 2.2 Cultural Competence

Cultural competence is a set of academic and interpersonal skills that allows an individual to increase their understanding and appreciation of cultural differences and similarities within, among and between groups. This requires a willingness to communicate and work with members of another culture. (Center for Substance Abuse Prevention, 1995)

Cultural competence has a practical application; where knowledge of history about one particular country might not prove immediately useful it can serve as a foundation for other skills. These other skills, such as ways of communicating are direct and practical. Together this combination of know-how forms a package of cultural competence.

A categorized description of cultural competence is from Sinkkonen (2009) who broke it to the following categories:

1. Language skills
  - a. Grammar
  - b. Vocabulary
  - c. Pronunciation and writing
2. Cultural knowledge
  - a. Language
  - b. History
  - c. Religion

- 
3. Knowledge of ways to communicate
    - a. Low vs. high context culture
    - b. Social skills
    - c. Body language
  4. Attitude
    - a. Genuine behaviour
    - b. Openness
    - c. Friendliness

Although the above model focuses on language skills, Sinkkonen (2009) says that it is not only enough to speak the local language or languages, but one has to have the right attitude and cultural knowledge. Language is linked to cultural competence just as it is to culture, but it is not the only aspect.

This list is not composed regarding China specifically, and some changes considerations should be made. First of all, writing the Chinese language is, due to the character system, a skill in and of itself. It is possible to build a spoken vocabulary without any writing or reading skill. Also, the Chinese characters do not explicitly convey pronunciation, which further supports the idea of promoting reading and writing as a separate language skill.

The concept of language as a part of cultural knowledge, 2a in the above list, defends its place. The Chinese characters have a history and meanings beside the literal. This is why language is a skill set and as a part of cultural knowledge can be considered two separate parts of cultural competence.

### 2.2.1 Culture Shock

One model for understanding coping with a new culture is cultural shock, presented by Pedersen (1995). It is the process of initial adjustment to an unfamiliar environment. As familiar cultural cues are removed, individuals experience psychological, behavioural, cognitive and physical impact.

The culture shock model is often referenced and is used commonly as a short illustration, typically as a U or a W shaped diagram. Regardless, Pedersen (1995) maintains that the process of adjusting to a culture differs from person to person and as such does not readily conform to a neat diagram.

Cultural shock has been refined from its original form presented as the U-curve hypothesis in 50's to a W-shape curve in the 60's. Culture shock has been broken in to a step model, and other other interpretations like the disease model and growth model exist. (Pedersen, 1995)

The Pedersen (1995) model used here consists of five stages. From the earliest these are the honeymoon stage, disintegration stage, reintegration, autonomy and finally interdependence. These five stages fit to the U-model where the initial optimism and adventure spirit declines and finally



recovers. However, personal experience does not fit neatly to such a description, and seldom one achieves the highest original level of cultural satisfaction and competence.

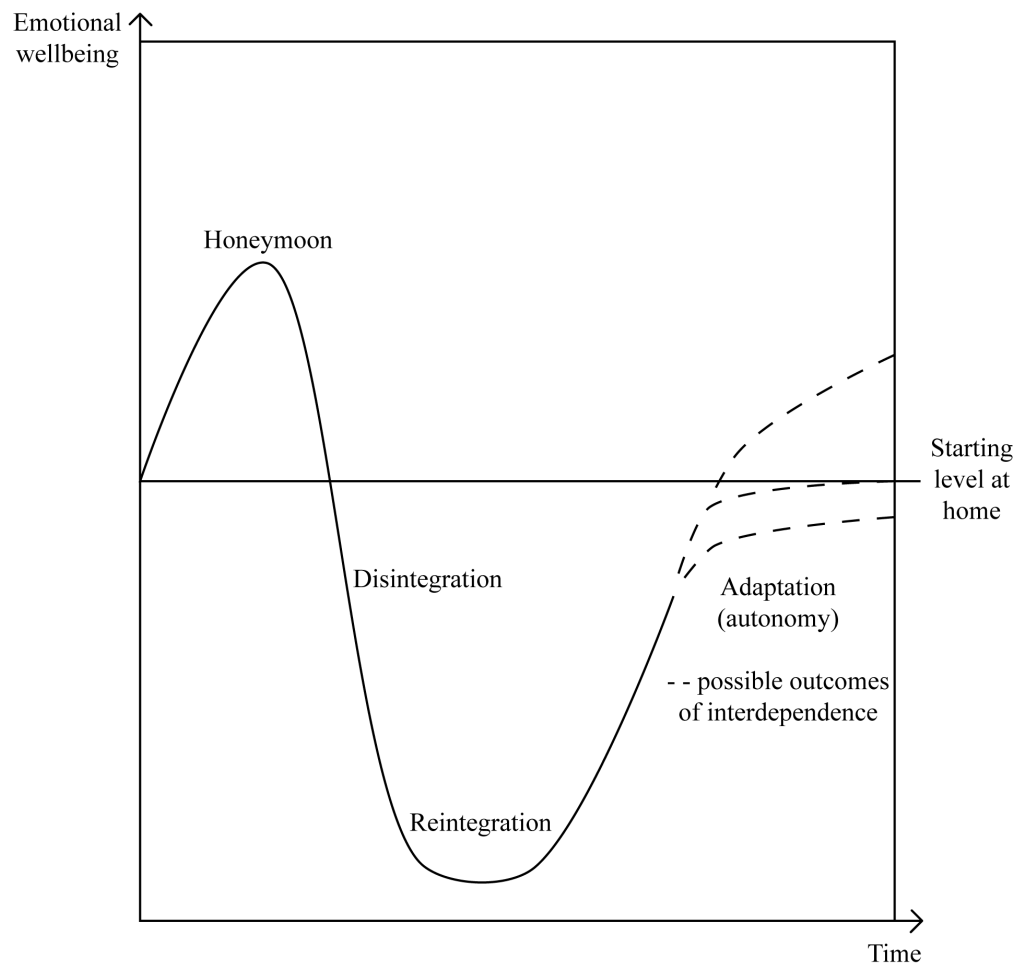


FIGURE 4 *Culture shock, adapted from (Pedersen, 1995)*

From this model we can conclude that employee satisfaction in a new culture varies greatly over time, and that recently arrived employees will feel in general more negative over a short period of time and more positive over a long period of time.

### Reverse Culture Shock

Culture shock is not limited to completely new cultures. As one stays within a foreign culture its cultural cues become familiar, support structures are built and returning to one's original culture might prove difficult. After a long stay one might experience reverse culture shock, where one's original culture is the cause of stress.

While friends and family in the original culture do provide a support network, they do not necessarily allow for specific support against reverse culture shock; they have an expectation that one already knows how to function in their original culture. This might be the most apparent when the honeymoon period of returning home is over, people are used to you being back although you might not be. (Storti, 2003)

---

## 2.2.2 Cultural Dimensions According to Hofstede

Hofstede (1991, 237) warns us to be aware of ‘the constraints of our mental programs versus those of others.’ Hofstede’s work is important in that it provides us with a robust theoretical framework for understanding cultural differences (Magala, 2005). Our ability to perform in a multicultural environment depends not only on understanding of the other cultures but also our own.

Hofstede (1991) categorizes cultures by assigning them values for Power Distance, Uncertainty Avoidance, Individualism and Masculinity. To these four Hofstede (2005) added a fifth dimension explicitly suited for the Chinese culture, Long Term Orientation. This partly answered to criticism of his original studies.

From Hofstede’s research we can see how Chinese culture is very well defined. It has strong characteristics, unique in some ways even in the region. This well defined culture with a long history can be a strong contrast to many expatriate workers, which may lead to longer adaptation periods.

### Power Distance

Power distance is a measure of interpersonal power or influence (usually between a boss and a subject in an organization) as perceived by the less powerful of the two (Hofstede, Culture's consequences, 2001). This power distance refers to the hierarchy present in a society.

China has a significantly high power distance index. According to Hofstede (2005) China’s index is 80, while the average for other Asian countries is 60. Finland is considered a low power distance country with an index of 33. United Kingdom (35), Norway and Sweden (31) are also low power distance countries. (As cited by Rankinen, 2008)

### Uncertainty Avoidance

Uncertainty avoidance refers to how well organizations or their members deal with unexpected situations and how they try to prevent such uncertainty. China has a relatively low index of 30, while for example Finland (59), Switzerland (56) and many other European countries are higher. This Hofstede explains by the history on which governments were based; the Chinese rule was based on large general principles while many European governments had a stricter, law-based system. (Hofstede 1991; 2005)

A low index marks how the culture considers uncertainty a part of daily life. It also marks how in conflict situations emotional outbursts or aggression are not acceptable. (Hofstede 1991; 2005)

---

## Individualism

Very individualistic societies tend to consist of loose relations, where individuals are expected to take care of themselves. At the other extreme individuals are parts of tightly knit groups. This difference can exist on a very base level, where even identity can be drawn from either you and your goals or from your status in your group. (Hofstede 1991; 2005)

The Chinese are very family oriented, and consider relatives closer than for example Finnish people. This is also reflected in Hofstede's studies. China ranks in at a low 20, Finland at 63. France and Switzerland, for reference, have an index of 64.

The face culture of China can be associated to Hofstede's (1991) individualism index. Tight, close relations assert requirements, not found in highly individualistic cultures, on an individual. Likewise, social and business networking require a great amount of effort in China, compared to many western countries. The Chinese networking, *guanxi*, is described later in this chapter.

## Masculinity

The masculinity versus femininity score refers to gender roles in Hofstede's (1991; 2005) work. Highly masculine cultures expect men to be assertive and focused on material success, while women are expected to be modest and concerned with the quality of life. Hofstede (1991; 2005) found both poor and rich masculine and feminine countries, independent of the connection with attitude.

This score refers not only to how highly feminine countries have overlapping gender roles, but also how masculine societies aim for high performance and how feminine societies tend towards welfare and conservation of resources.

China, Japan and United States are examples of masculine countries; Finland, Norway, Costa Rica and Sweden among others are feminine.

## Long-Term Orientation

Long-term orientation (or Confucian dynamism) is the major improvement to Hofstede's original research. The original study focused on Western values, from a Western point of view, and this refinement separated cultures based on their relationship to time. (Hofstede 2005)

China has the highest index score of 118; Finland (41) and Bangladesh (40) like all other countries are lower. This means the Chinese culture is thus persevering, thrifty and adaptive; it does not expect work to be finished immediately. (Hofstede 2005)

---

## 2.3 Specifics of Chinese Culture

This section is by necessity an overview of some relevant parts of the Chinese culture. Much of the data in this chapter is not limited to Southern China specifically, but is applicable enough to be included; many of these factors vary less between populations in a country but more between countries.

### 2.3.1 High- Versus Low-Context Cultures

Aside from Hofstede, another way to break down cultures in to measurable factors comes from Edward Hall (1976) who introduces an idea of high and low-context cultures.

Figure 5 presents a hierarchy by Hall, where the most strongly high-context cultures are at the top and the low-context cultures at the bottom. This serves to visualize the relative cultural distances.

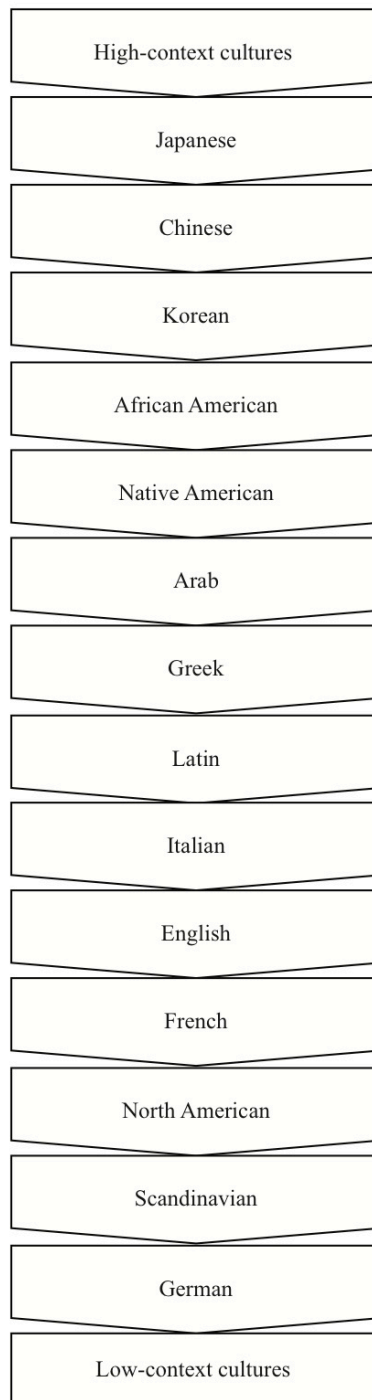


FIGURE 5 *High-context vs. low-context cultures (Hall, 1976)*

A high-context culture like China is one where for example many of the meanings of a meeting do not need to be expressed in words, where silence can convey a message and where the context of the message greatly affects the meaning. How something is said is important in addition to what is being said.

Conversely, low-context cultures according to Hall require more background information to go together with communication; low-context cultures are often heterogeneous and not everyone shares a common pool of experiences, which leads to less vague and indirect communication.

---

More often high-context cultures are more homogenous and closed, where one can assume there is a common pool of experiences and thus messages are conveyed in a certain way. Also, as the high-context cultures are more closed, most consider conflict to be very harmful. (Hall, 1976) China clearly fits this description.

High context cultures approach certain topics and themes indirectly, and can approach for example negotiations in a very different manner from low context cultures. (Gelfand & Brett, 2004)

The Chinese prefer to avoid directly refusing a request or plain answering “no” to a question. This is partly due to the high-context aspect and partly due to keeping face, more of which later.

Understanding this difference can play a large role in how easy it is to function in a culture, and can explain many superficially strange ways to behave.

### 2.3.2 Language

Language and culture are in constant interaction, but the relationship model is not simple. Language is not used only in passing on culture to others but also as a tool for social interaction. The basic contents of culture, language, cultural standards, routines and communicational rituals are all learnt in interactions with others. (Kaikkonen, 1994)

It is worth noticing that Chinese is not a single language but a group of languages mutually unintelligible. Within these languages there are various dialects, which are mutually intelligible depending on the region. (DeFrancis, 1984) Note however that the different languages and dialects all use the same set of characters for writing.

The Chinese language, especially in its written form, has always been a symbol of Chinese culture. Albeit different parts of China speak different languages, there exists a cultural continuity. The various parts of China have for most of their history been a part of the same political entity.

In 1982, the new PRC constitution specifically promoted Mandarin Chinese at a state level. Mandarin became mandatory in public schools, and has become the standard Chinese language including film, theatre radio and in public life in general. Mandarin is spoken throughout China, although some areas widely use other languages, notably Guangdong and Hong Kong where Cantonese is the most common language. (Kane, 2006)

Even in Southern China where Cantonese is widely spoken, Mandarin is the main language non-Chinese residents study. Mandarin is also by far the most common Chinese language studied abroad. It is useful, as the prevalence of Cantonese does not mandate the absence of Mandarin.

---

Other languages and dialects are even less studied. There are an estimated 214 spoken languages in China, among 55 officially recognized minorities and 8 languages spoken between the majority Han-populace (Mykkänen, 2006).

### 2.3.3 Face Culture, *lien*

The concept of face, *lien*, in Chinese culture has two meanings. First, it stands for the personal dignity of the individual, and second, it is linked to social status. It is an important concept in that most Chinese pay great attention to their social reputation. (Zinzius, 2004)

Face has to be kept, it can be gained and it can be lost. Loosing face is to be avoided in business relations, and is something foreigners should also be aware of. Paying attention to organizational or social hierarchy and avoiding disgracing anyone you also maintain your own face. Face can also be lost by not fulfilling expectations and promises or by breaking social norms. (Zinzius, 2004) Criticising someone in front of a third party will cause him to loose face as his reputation is damaged.

Zinzius (2004) notes that the concept of face applies to people within a certain group, family, company, party or similar. Within this group people treat each other fairly and courteously, but towards outsiders there are no such requirements.

Face can also be gained. By helping others in a difficult situation, praising them in front of a third party or doing them favours can give face.

This concept of face leads to a certain avoidance of confrontation in the Chinese culture. As most conflict situations can cause loss of face for all parties most such issues are dealt with delicately and without open argument. The Chinese also deal with certain questions with indirect answers. Instead of simply answering “no” the Chinese often avoid the question altogether or give an otherwise, from a foreign perspective, unexpected answer. This is partly conflict avoidance and partly not showing ignorance, which can also cause one to loose face.

### 2.3.4 Social Networking, *Guanxi*

*Guanxi* is a Chinese concept, translatable roughly as social networking, but it is more than that. It is a system of personal networks secured by favours. It governs long-term social relationships, and includes an implication of continuously exchanged favours. (Luo, 2007)

Social networking is not a concept unique to China, but what makes *guanxi* outstanding is the marked role in daily life (Luo, 2007). *Guanxi* takes more time and effort to manage than a simple social contact network. This kind of networking can be applied to personal and business contacts; these relationships can arise from many backgrounds.

---

Luo (2007) also argues that this networking can become a competitive tool for a company, and that inter-organizational networking can use personal relationships as a business tool. The organization can gain an advantage from the social networking of its managers.

The importance of these connections is illustrated by Teung and Yung (1996) (as referenced by Luo, 2007). They surveyed top executives in foreign-invested enterprises in China to rank 11 factors related to long-term success in the country.

The 11 most important factors:

- Choosing the right business location
- Choosing the right entry strategy
- Competitive prices
- Complementarity of goals in joint ventures
- Familiarity with Chinese negotiation style
- Flexibility in business operations
- *Guanxi* with Chinese business associates
- Long-term commitment to the China market
- Management control
- Product differentiation
- Quality

For a foreigner then, especially on a work commission, an important cultural work related aspect is missing. One might feel even more of an outsider as the social framework that others utilize is alien. Building this network takes even more time and effort for a foreigner, coupled with the difficulties of learning the local language.

## 2.4 Organizational Psychology

Improving the work environment leads to fewer accidents, reduced absenteeism, improved service quality, employee knowhow and profit. (Sosiaali- ja terveystieteiden ministeriö, 1998)

The best organizations successfully combine different values, networks and culture. Even if organizational research typically focuses on statistical data on age groups and employment duration, it should also consider willingness to co-operate, loyalty and solidarity. (Liukkonen, 2006)

The purpose of employee welfare research is to identify, evaluate and remove dangers and problematic issues in the workplace. As a result the goal is to improve the quality of work. By research it is possible to find good practises for organizations to follow. (Suonsivu, 2008)

### 2.4.1 Brief History of Employee Welfare Research

Employee welfare research has its origins in medical, physiological stress research in the 1920's. Originally this research focused on a single person,



---

and it was believed stress was caused as a physiological reaction to outside factors such as poisonous substances, noise or hard physical labour. Negative feelings preceded physical problems, which lead to sicknesses in this model. R. Karasek later improved this model in 1979, which included positive and negative pressures created by work. These pressures could lead to learning opportunities or have a negative effect, again causing illness. In this model a job was either an active, welfare increasing or passive, resource consuming. Later, this model was further improved by M-L. Manka in 2006. He added a third factor, social support, which has a key effect on employee welfare. (Suonsivu, 2008)

## 2.4.2 Stress

In this chapter we see stress through a more modern interpretation, consisting of several factors. We also examine briefly a previous study conducted in UK measuring worker stress.

The psychic load of work, stressor, can cause stress in an employee. Stranks (2005,4) presents three categories of most commonly associated causes of stress.

Environmental stressors can be those such as arising from extremes of temperature and humidity, inadequate lighting and ventilation, noise and vibration and the presence of airborne contaminants, such as dusts, fumes and gases.

Occupational stressors, associated with too much or too little work, over- or under-promotion, conflicting job demands, incompetent superiors, working excessive hours and interactions between work and family commitments.

Social stressors, namely those stressors associated with family life, marital relationships, bereavement, that is, the everyday problems of coping with life.

Stress is also associated with how well one copes with change, including organizational change. (Luoma, 2000; Stranks, 2005). Moving to work in another country usually means a change of leadership or corporate culture to an employee. These factors can even overlap in the above categories; new co-employees of another culture can be an occupational and a social stressor.

Stress can manifest at a disruption of employee welfare, which can show up as physical signs and absenteeism. Fluctuation and drops in performance might also indicate too high a load on employees. These symptoms can thus affect the whole organization. (Luoma, 2000)

Coping with these changes in work and social support takes time. It is easiest to generate changes in knowledge, and then second easiest to affect attitudes. Behaviour on a personal level and especially on a group or an organizational level is difficult to change. The more difficult this change

---

the longer it takes. Permanent change might even take years. (Luoma, 2000)

As found out in the Scale of Occupational Stress study (Smith et al, 2000) 18,6% of full-time UK workers feel high levels of stress. This study was conducted in UK only, but the large sample (over 7000 respondents) gives us a reasonable expectation of reliability.

The same study shows that both genders perceive approximately the same amount of work stress, lowest at age 18-24, peaking at 45-54 years. Workers who reported high stress also reported their work demands a high level of skill or expertise, and in the other end, highly repetitive work was also associated with stress. (Smith et al, 2000)

Attitudes to work often indicated work stress too. A significantly high proportion of those who feel high stress felt they have to do a task themselves for it to be done well, and that people often think they sacrifice too much for their jobs.

Other factors that can cause stress included disturbances and interruptions of work, a constant pressure of a heavy workload and notably, undesirable change in the work situation.

Major factors related to working hours causing stress included unpredictable, long or unsociable work hours and overtime. In the low stress group people felt they can easily switch off after work and that the first thing they think of in the morning is not work. The low stress group also felt they could focus on private and family life before work.

The overall conclusion is that highly demanding work causes more stress, which can manifest as health problems such as high blood pressure, depression or health related behaviour like smoking, unhealthy eating habits or loss of sleep. (Smith et al, 2000)

## Social Support Structures

Social support structures in work have either a positive or a negative effect on how stressful work is. Good support from co-workers and employers are a resource, where as poor support is a source of dissatisfaction. (Suonsivu, 2008)

Family and relatives offer a similar support structure. Most people moving abroad are less in contact with their friends and relatives. Some do bring their families or partners with them, but even then their possible lack of cultural competence in the new environment may have a negative effect through this support network.

On the other hand, a unique network of other expatriates in China can help provide social support. In some cities in China foreigners tend to concentrate on certain areas and frequent certain hotels or restaurants in the area.

---

These contacts can help one in exchanging opinions or by even just having a conversation in a shared mother's tongue.

## Absenteeism

The value in improving employee satisfaction and reducing stress can create direct savings for a company. Absent employees on sick leave cause direct and indirect costs for a company. This includes paid salary during sick leave, estimated lost profits and indirectly how much time management and human resources have to spend time on training temporaries, paperwork and employee health services. (Sosiaali- ja terveystministeriö, 1998)

## Personnel Turnover

Although personnel might choose to leave a company for various reasons, according to Liukkonen (2006) the most common statistically trackable reasons are:

- For full-time employees:
- Part-time retirement
  - Leaving for a different employer
  - Early retirement
  - Retirement

- For fixed-term employees:
- Students ending their work placement period
  - Completed contract length
  - Completed placement
  - Moving to full-time employment

Liukkonen (2006) continues that although there is no comprehensive data across all fields, low employee turnover for full time employees (for example during a recession) can be considered 10-15%, around 20% during growth periods and can peak at 70-80%. Some companies, for example fast-food restaurants can control such an amount of changing personnel, but for most organizations high personnel turnover is a risk.

FORMULA 1 *Calculating personnel turnover (Sosiaali- ja terveystministeriö, 1998)*

$$\frac{\text{Count of personnel leaving} + \text{Count of new personnel}}{2 \times \text{Average personnel}} \times 100 \%$$

If employees feel working abroad increases stress or is more difficult, they may well see returning to their home country as a means to return to a

---

more pleasant working environment. Choosing not to extend the contract abroad or even prematurely returning home can cause increased personnel turnover.

### Possible Negative Consequences of Personnel Turnover

Personnel turnover is not always a negative thing, as moving from one employer to another is an important part of career progression for an employee. Too low a turnover can, however, mean an organization is not keeping up with changes in the surrounding environment. (Sosiaali- ja terveystieteiden ministeriö, 1998)

Too large or uncontrolled personnel turnover can chip away at the amount of competent personnel and can even affect the financial result of a company. Especially if management level personnel change rapidly other employees will need to cope with different styles of leadership often. (Liukkonen, 2006)

To deal with employee turnover, an organization must know when to recruit new personnel. As the effectiveness of the old employee starts to decline new recruitment should begin. If the productivity of the employee declines to an unacceptable level, or more commonly, the person leaves the company and no new employee has been found a gap in know-how appears. (Sosiaali- ja terveystieteiden ministeriö, 1998)

Usually, when an employee leaves at least some know-how is lost. It takes time for a new employee to master the task at nearly the same level as the old. Additionally, the recruitment process incurs costs just like there are administrative costs for the old employee leaving and the new one joining. (Sosiaali- ja terveystieteiden ministeriö, 1998)

Compared to these costs, know-how and productivity loss it is usually worth it to keep the old employee. Proper training and attention to work environment are key to help retain employees. (Sosiaali- ja terveystieteiden ministeriö, 1998)

In China recruitment can also be more difficult than many English speaking countries. The available applicants might be educated but fail to meet a language requirement for example. Especially if an organization would prefer non-Chinese employees, recruitment may have to happen from outside of China, at a greater expense.

---

### 3 STRESS AND WORK SATISFACTION

This chapter first discusses the research survey, then presents the results of the questionnaire from the point of view of the topics raised in chapter 2. We examine how many of the employees in China reported high stress and how this stress correlates with certain work factors and the lack of cultural competence.

A key figure is that 51.1% of the respondents found working in China either stressful or very stressful. Of the total, 21.3% found their work very stressful. This is higher than the UK study in chapter 2, which found less than 19% highly stressed respondents.

#### 3.1 Research Survey

This part covers the research survey, the selection of questionnaire as the research method and briefly looks at its strengths and weaknesses. The actual text of the questionnaire is available in Appendix 1.

The research survey was hosted online, and was designed to improve the response rate. The respondents were invited via an email to attend, with no attachments in the email, as corporate policies may prevent workers from opening emails with unsolicited attachments. The questionnaire was also available as a downloadable document in case one wished to fill it offline and then send in the response manually. No matter how the form was handled, the replies were treated the same.

No personal information or identification data was stored with the replies, which was also informed to the respondents. Respondents were not asked to leave their contact email address or company information in order to access the questionnaire form. No link was made between the email addresses that received the invite and the responses.

The questionnaire used was broken in to three categories of questions. Background, work satisfaction and cultural competence questions were separated for analyzing the answers, although this distinction was not emphasized in the questionnaire itself.

For the respondents the questionnaire was kept fairly simple and easy to use. The survey was in a single document, so that the respondent would not have to navigate back and forth between pages to check previous answers.

The online form followed the usual convention where if a question expected a single choice out of a set of possible options, the checkbox was round and multiple answers were ticked in to square boxes.

---

The questionnaire was also relatively brief, with a total of 23 questions, some including multiple choice. Question types were single choice or multiple choice, with the answers being either selected values or adjectives. The estimated time to fill the survey was 10 minutes or less, again to improve the response rate.

### Selection of questionnaire as the research method

A questionnaire was chosen as the main research tool for ease of use, possibility of quantitative analysis and the assumption that some behavioural aspects are best researched based on the subjects' self image. For example, long-term behaviour in different situations is easiest for the person him or herself to judge. (Honkanen, 2005).

Often this type of research includes interviews, and they are considered useable when more in-depth information is required. This thesis relies solely on the questionnaire, which does not allow for as great reliability, but steps were taken to keep the questionnaire itself reliable.

Vashist (2004) maintains that questionnaires and interviews are similar methods in that with both the subject answers to a series of questions. The questionnaire is a more appropriate of the two methods when one needs a larger sample and for example within a time constraint. The questionnaire might also reach more people than offering to visit or call the subjects.

According to Honkanen (2005), there are many different types of questionnaires, and they can differ according to the following:

First, whether they focus on:

- Factors of personality (personality questionnaires)
- Work behaviour (action analysis)

Second, they differ whether they focus more on:

- Describing personality or visible behaviour
- Understanding these indirectly through some theory

Third, based on how they questionnaires are developed

- Through a theory
- Based on practical empirical study
- From factor analysis with a psychometric basis

Questionnaires may be developed by combining more than one of these factors, for example by creating the content based on a theory or a practical study and then modifying it through factor analysis. (Honkanen, 2005)

The reliability of questionnaires has been researched has been found to be on an average level compared to other methods. Questionnaires have been recently popular due to meta-analyzes based on large samples. Based on this research questionnaires are considered reasonably accurate in measur-

---

ing important factors of behaviour and personality regarding work. (Honkanen, 2005)

The questionnaire should confirm to the following criteria, according to (Vashist, 2004):

1. The questionnaire method should be chosen when most appropriate
2. The general purpose and specific aims should be well defined
3. Appropriate questions should be constructed
4. Questions should be in appropriate groupings
5. The format should be appealing
6. The questionnaire should be checked for adequacy

Continuing, a major hazard in questionnaire construction is the belief that assembling together a number of questions to answer will somehow reveal valuable data. There is no such natural process flow, so the purpose of the work and its aims should be clear and to be kept in mind when constructing the questionnaire.

Another possible weakness of a questionnaire used in research is the possibility of the subject exaggerating or understating their qualities when answering. This might be a purposeful (for example wishing to show leadership qualities) or unintentional. Young people with limited experience might also have difficulty judging themselves as they have limited basis for comparison. The truthfulness of the answers can however be monitored and answers cross-compared. (Honkanen, 2005)

### Response Rate

The questionnaire invitation was sent to 221 recipients in various companies and organizations in the Guangdong and Fujian provinces. There were no specific limitations or requirements, save for being meant for English speaking non-Chinese respondents. The replies were collected over a three-week period in June – July 2010.

A total of 47 replies were received to the questionnaire. From the total 221 emailed invites this represents a response rate of 21.27%.

### 3.2 Length of Time Spent in China and Family Relations vs. Stress

As a part of the background information questions portion of the survey, respondents were asked about their duration of stay and work in China and whether they had their relatives with them or not. They were also asked if they were married and if they had children. These factors had an effect on stress as we see next.

## Duration of Stay and Work Compared to Stress

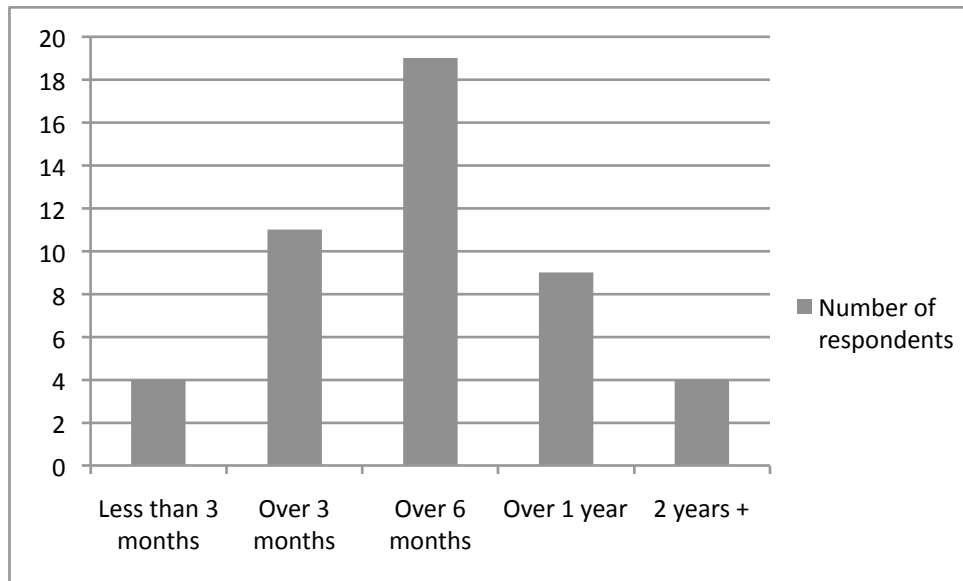


FIGURE 6 *Duration of stay of respondents*

We see in figure 6 that most of the respondents had stayed over 3 but less than 24 months in China. The majority, 19 respondents, had stayed 6 to 12 months.

These figures correlated with how long the respondents had worked in China closely. With the exception of those 2 and 5 respondents who had stayed in China for less than 3 months or over 2 years respectively, most had stayed for 3 to 12 months in China. The responses can be seen in figure 7.

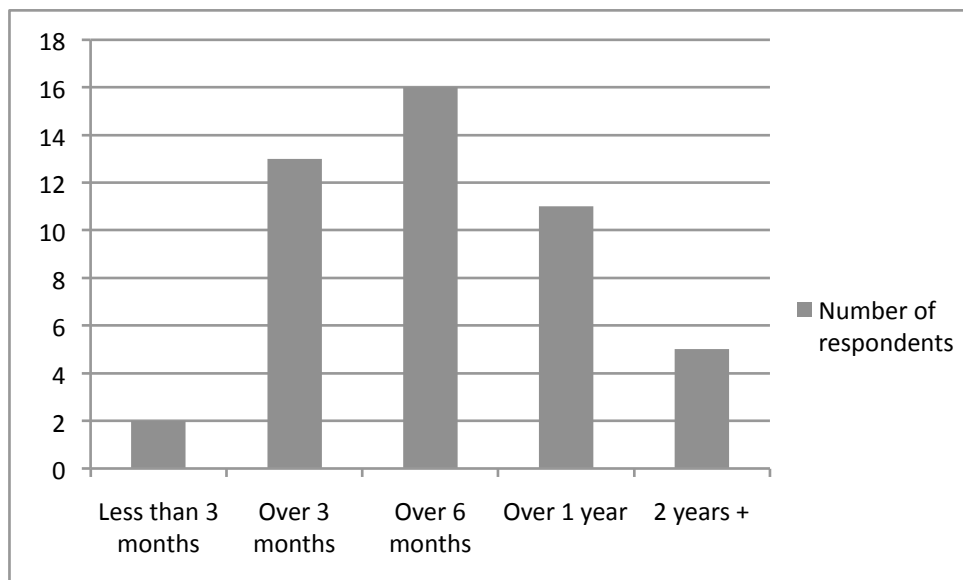


FIGURE 7 *Duration of work of respondents*

A vast majority of the respondents had lived in China only for the duration of their employment there, suggesting that the respondents moved to



---

China due to work. Only 4.25% of the respondents had lived in China for a year or more when not working there.

Living stress correlated with the times spent in China so, that out of those who had spent less than 6 months in China 33.33% responded feeling living felt “stressful” or “very stressful”, where as the corresponding figure for those who had stayed 6 to 12 months was 37.50%. Of those who had stayed in China for over a year, 31.25% felt stressed.

## Family Relations

Respondents reported being married or in a long-term relationship was 59.6%, while 40.4% reported being single. Out of the married respondents, 76.9% had children.

The respondents were asked whether their family members were with them in China. 61.5% of the respondent parents had taken their children with them in to China. Among married couples this figure was 80%. 64.3% of the respondents either married or in a relationship had their significant others with them. Respondents with brothers, sisters or other family members there with them was 6.4%

When compared to stress levels, children and spouses seemed to have a stronger effect than other family members. There were only three respondents with brothers, sisters or other family members in China, so that the sample size is too small for reliable conclusions to be drawn.

Those respondents who had their families with them generally reported lower stress than those who did not. This supports the conclusions that the social support network and familiar people help alleviate stress.

## 3.3 Stress vs. Work Satisfaction

In this part we discuss stress as opposed to certain work factors and how respondents described their duties and job satisfaction.

Respondents found living in China overall less stressing than working, 10.6% found their environment very stressful and 23.4% reported living as stressful. A majority of those who reported their work stressful or very stressful also reported living in general as stressful. Similarly, those who reported their work as non-stressful reported living less stressful.

### 3.3.1 Descriptions of Work

Respondents were asked to describe their work with how well the descriptions in figure 8 matched their opinion. The possible answers ranged from “not at all” to “extremely”. There were five answers available.

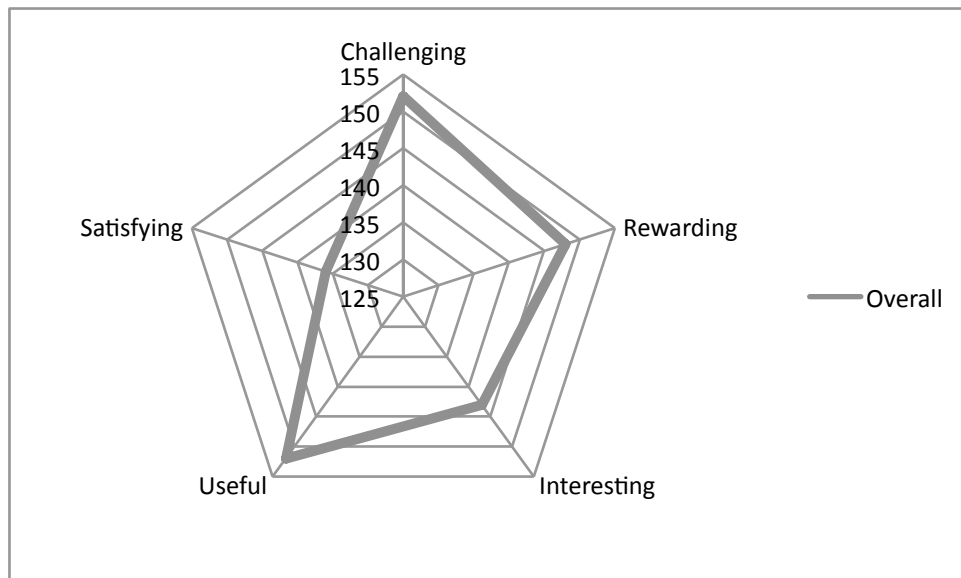


FIGURE 8 *Descriptions of the respondents' work*

For figure 8, the answers were given numerical values from 1 (least matching) to 5 (most matching.) When added up, we see on average the respondents would describe their work as challenging the most, satisfying the least.

Those 36.2% who described their work very or extremely challenging also reported higher stress than 88.2% of respondents. Also those who responded to having less challenging work had higher stress than those who found their work moderately challenging. Those who found their work extremely or not at all challenging most often reported it not at all satisfying.

Those who did not speak any Chinese more often found their work more challenging; 93.3% of the respondents who did not speak Chinese reported their work as very or extremely challenging.

A major note is that those who often selected positive adjectives such as satisfying and interesting did so consistently. This indicates an overall attitude, which governs work. The trend is that respondents either feel work satisfaction and lower stress, or dissatisfaction and high stress. It is difficult to pinpoint on single factor.

## Unpleasant Factors at Work

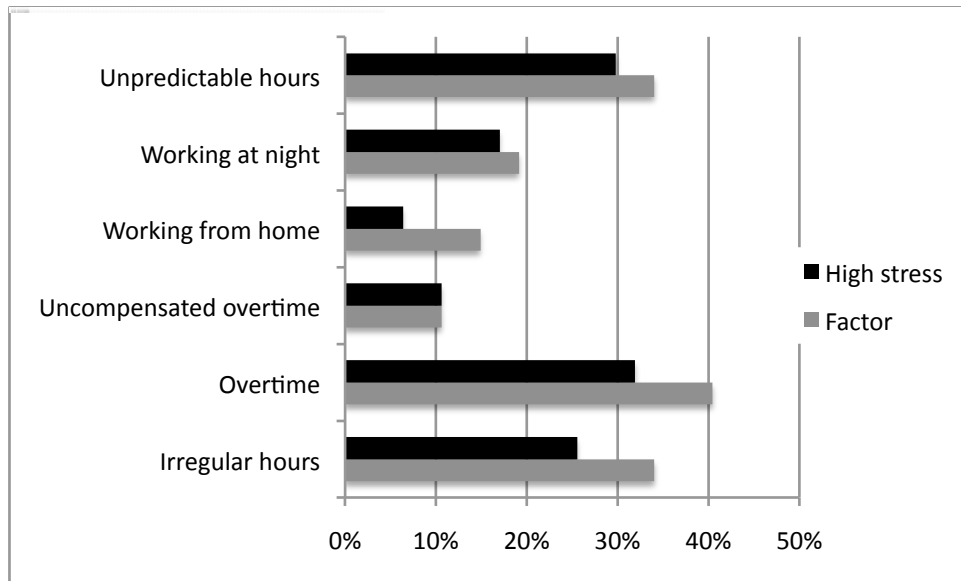


FIGURE 9 *Work factors opposed to high stress*

Figure 9 represents how many percent of respondents had encountered certain work conditions. Then these factors were compared to reported stress. We see that uncompensated overtime and working at night most closely correlate with high stress, while overtime and irregular hours correlate less strongly.

One possible explanation for the unpredictability and irregularity of work is the time zone difference between China, US and Europe (Midler, 2009). If for example the respondents are in a position where they have to report to US via phone, the overseas contact most likely occurs early before Chinese office hours or late in the evening.

These factors were surprisingly common in work in China and some correlations were extremely strong. Uncompensated overtime was paired with high stress in all cases, and irregular, unpredictable overtime work strongly affected employees negatively.

From this we must conclude that it is not only cultural competence that has a role in stress. Work factors have a significant effect and if employees cannot affect these factors even a correct attitude or cultural competence do not alone remove stress.

Respondents (46.8%) found their work in China more stressful than their work in their home countries. This number was higher among those who did not speak Chinese as well as those who had the least contact with friends and family.

## Termination of Work

A few respondents (8.5%) had considered quitting work early. These respondents were similar in that they had both no Chinese language skill and high stress.

Some respondents (21.3%) were not worried about losing their jobs at all, while 19.1% were worried or very worried. Those who replied they had considered quitting early were also often worried of losing their jobs.

The large amount of respondents who felt working in China is more stressful than their previous work outside of China and the thoughts of quitting early strongly suggest employees should pay attention to work conditions and training.

### 3.3.2 Descriptions of Satisfaction

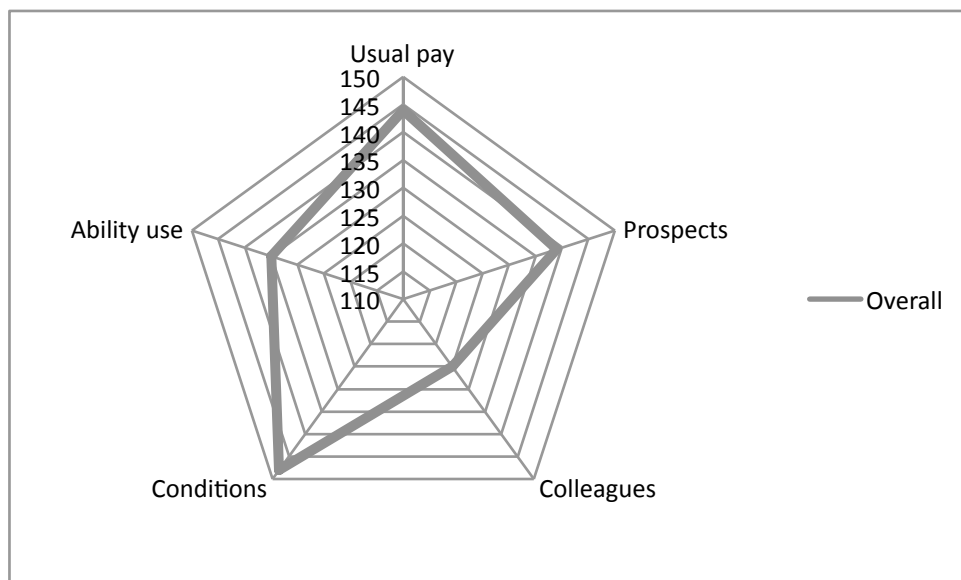


FIGURE 10 *Satisfaction with work factors*

The respondents were asked to rank five factors of their work according to how satisfied they find them. These answers can be found in figure 10; each possible answer on the four-choice scale from “very dissatisfied” to “very satisfied” was given a numerical value and totalled. Very dissatisfied represented a score of one, and very satisfied represented a score of four. The sum of these scores is represented in the above figure.

Respondents found their colleagues were the most dissatisfying aspect of their work. 12.8% replied they were very dissatisfied with their colleagues and 31.9% reported they were at least somewhat dissatisfied.

In addition, when asked, these respondents also spoke poor or no Chinese. This may represent attitudes within organizations. If for example there is a large separation between Chinese and foreign employees the gap may cause dissatisfaction.

Overall, respondents were the most satisfied with their work conditions; 87.2% of the respondents were either satisfied or very satisfied with their work conditions. This may be explained by the fact that this kind of survey tends to focus on employees who mostly are able to work from an office, and most work in difficult conditions is left for lower level employees.

### 3.4 Language Skill vs. Stress

Language skill appears to be the key component of cultural competence, but other factors of cultural assimilation play a role as well.

#### Language Skills

Language skill is another key question and was broken down to three sub-questions. Respondents were asked to rate their skill in spoken, written and read Chinese.

The respondents were asked to rate how well they write, read and spoke Chinese. Many respondents (31.9%) neither spoke, read nor wrote any Chinese. Spoken Chinese was more common than reading and writing; 66% of the respondents could write or read while 51.1% could not write Chinese.

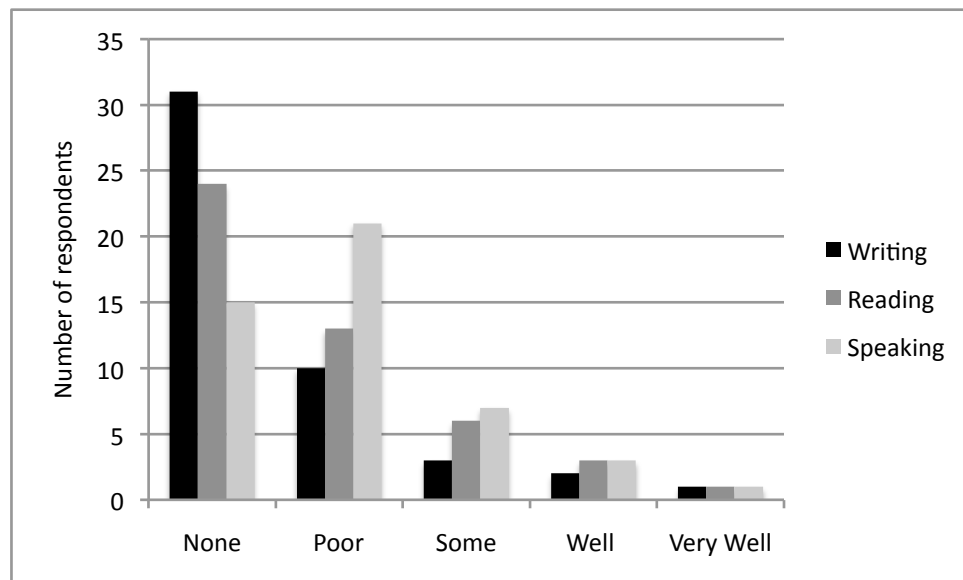


FIGURE 11 *Language skill among respondents*

As we see in figure 11, most respondents who possessed at least some language skill would rate it as poor. Those 21% who spoke poor Chinese did not necessarily read or write. However, the better the respondents spoke Chinese the more often they also read and wrote Chinese.

This supports the conclusion that basic language skill can be obtained more easily in spoken Chinese only, but for very good spoken skill one must also study writing and reading.

Being able to speak but not read or write Chinese can be a conscious choice. Due to the difficulties of studying Chinese characters and the time required, some may choose to concentrate solely on spoken Chinese.

### Sufficient Training

23.4% of respondents felt they had not received sufficient training before entering China. Albeit the respondents were allowed to freely interpret “sufficient training”, this figure indicates nearly a quarter of foreign workers in China feel unprepared or face challenges they face difficulties handling.

Of the respondents who reported having not received sufficient training, only 10.1% had been offered Chinese language training by their organization. Of the total, 29.8% of respondents had been offered Chinese language training by their organizations.

### Length of Language Study

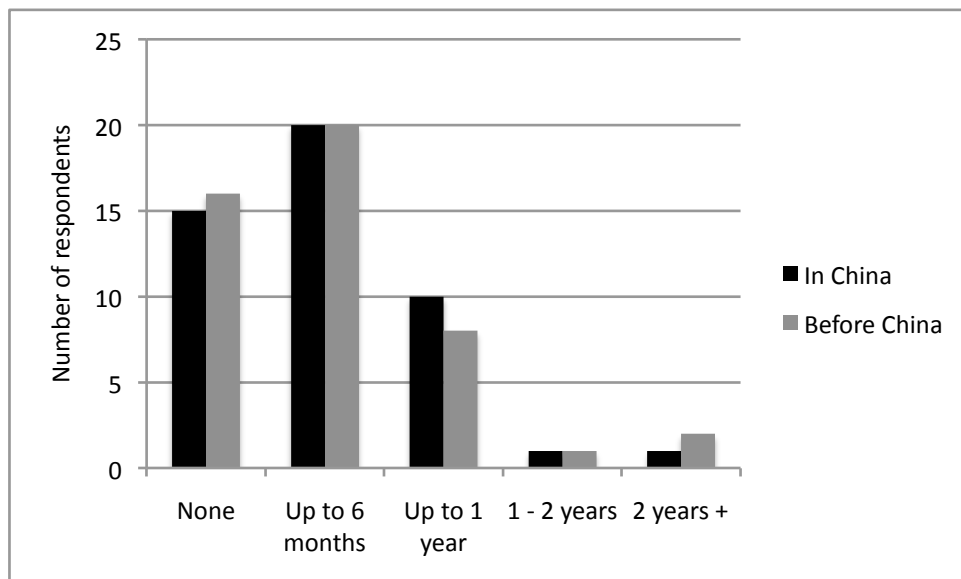


FIGURE 12 Majority of the non-Chinese in China have studied for less than 6 months

The percentage of respondents who had not studied Chinese at all was 31.9. All of the respondents who read and wrote at least some Chinese had studied Chinese for 6 months or more. Those who had not studied formally but reported speaking Chinese spoke at best poor or only some Chinese.

A few respondents (6.4%) had studied Chinese for more than 2 years, and they reported speaking and writing well or very well.

---

Just under a half of respondents (44.7%) were studying Chinese at the time of the questionnaire. This included respondents who had not studied before entering China but were studying currently.

### 3.5 Attitude Towards Cultural Assimilation

Studying Chinese and forming contacts are indicators of a positive attitude towards cultural assimilation. Eating out can also be an indicator, in case if a respondent refuses to eat Chinese foods, they may have a negative attitude towards other factors as well.

#### Chinese Friends Outside of Work

About a third of respondents (30.4%) reported they had no Chinese friends outside of work. Those with some friends totalled 54.3%, while 15.2% reported many friends. Typically the amount of contacts in China increased over time, and in general those who had lived in China longer had more friends outside of work.

Language skill also correlated with this, as 85.7% of those who had no Chinese friends spoke no Chinese. Conversely, all of those respondents who spoke Chinese well or very well reported having some or many friends outside of work.

Those respondents who were studying Chinese generally had more contacts in China than those who did not, and reported lower levels of stress, not only in personal life in China but at work as well.

#### Eating Habits

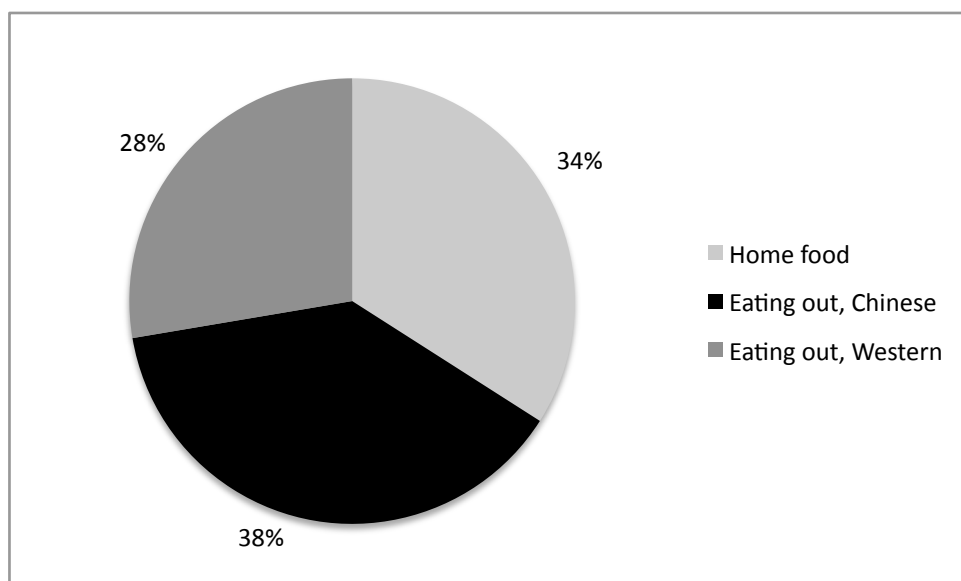


FIGURE 13 *Where eating most commonly occurred*

Figure 13 shows respondents ate mainly home made food 34% of the time. Eating out at Chinese restaurants was the most popular option at 38%, while some 28% of respondents mainly ate at Western style restaurants, including foreign fast-food chains.

Those respondents who ate at home or Chinese food reported average stress at leisure and at work. Those who most often ate Western food 46.1% reported living in China either stressful or very stressful. This may indicate an attitude against cultural assimilation, but there are other alternatives. Respondents often reported hectic work schedules, which may limit their eating options.

### Staying in Contact With Friends And Family

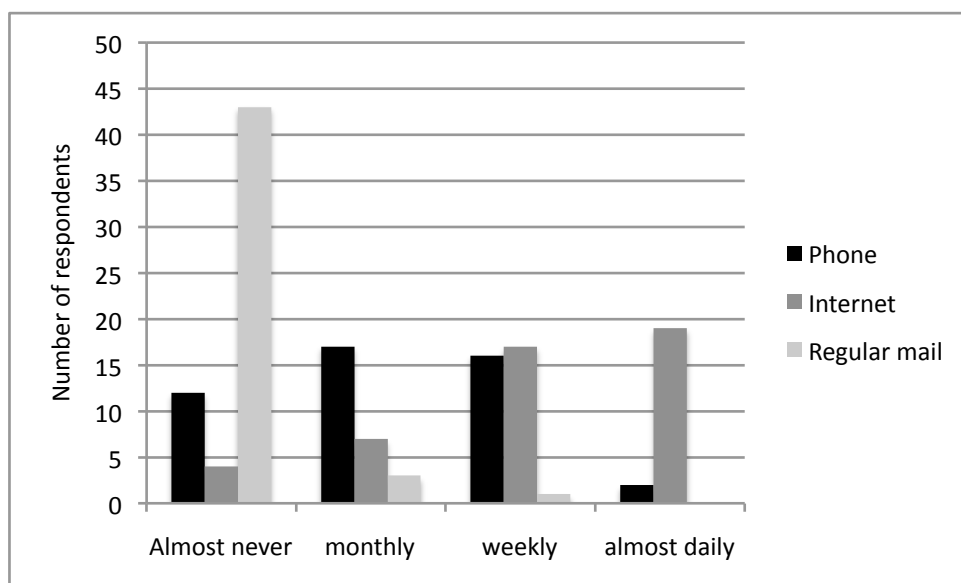


FIGURE 14 *How respondents stayed in contact with their families*

95.7% respondents kept at least some contact with their friends and family outside of China and 78.7% kept in touch at least monthly. The most used method was the Internet, which was the more popular the more often people stayed in contact. Respondents very seldom used regular mail; those respondents that used the phone or regular mail commonly also used the Internet.

Those respondents, who daily or weekly utilized their personal contacts, reported lower stress levels for living in China as well as in work; 5.6% of those respondents reported being very stressed.

The contrary was not true however. Those respondents who contacted their friends and family almost did not clearly report the highest stress. This may be due to the fact that they had sufficient social relations within China or had their families with them.



---

## 4 CONCISE CULTURAL COMPETENCE GUIDE

The advice in this chapter is based on the cultural competence information in chapter 2, the results presented in chapter 3 as well as my personal experience during my stay in Guangzhou.

This advice is in general meant for someone preparing to enter China for business. Those travelling on leisure may want to focus on Chinese history or customs to a much greater extent, but those are not the focus of this thesis.

### 4.1 Utilizing Cultural Competence

Acquiring knowledge on China from abroad can be challenging, even more so when it comes to numerical data. Especially statistical and market data is unreliable. Even the Chinese statistics bureau admitted that in 2001 some 61,000 violations of statistics law occurred (Mykkänen, 2006). Some literary sources can offer completely opposite information, and material quickly becomes outdated in some fields.

This does not mean all literature can be misleading, but one should consult several sources and aim to use the most recent publications. In addition, overall conclusions covering the whole nation should be avoided, as different provinces and areas can differ greatly from one other.

The following discusses some areas in which previous knowledge can be useful.

#### 4.1.1 Historical Knowledge

Chinese history is well covered in literature, and can offer some insight for travelling to China, but should not be the major focus for most when travelling on business.

An often-repeated phrase in literature on China is “4000 years of Chinese history.” Some works even provide a rundown of the events from circa 2000 BC to the formation of the PRC. This happens even in business literature, but there is little practical application to it.

Understanding the 20<sup>th</sup> century Chinese history can still help one avoid certain controversial issues, and better understand why some topics are difficult to discuss.

The most difficult areas are the rule of the Chinese Communist Party after the civil war, certain political topics such as Taiwan, democracy overall and the once child policy. The Chinese will not usually be in discussion di-

---

rect the conversation towards these topics; they are rather avoided or discussed in very general terms.

### Communist rule after 1949

The early steps of the rule of the Chinese Communist Party and Mao Zedong are a controversial topic. Partly because from 1949 to around 1980's China suffered from several droughts, misguided governmental programs and conflicts. China was involved in military action the Korean War, the Vietnam War, the occupation of Tibet and has had a tense relationship with Taiwan. (Mykkänen, 2006) In addition, Chinese history writing sometimes offers a different rather cleaned interpretation of events, including covering up some altogether. (Chang & Halliday, 2006)

### The one child policy

The one child policy is well known, but its long-term effects are still difficult to foresee. This is partly because good statistical data is unavailable or difficult to come by, and partly because the policy is enforced differently in different areas of China. (Mykkänen, 2006)

Families in rural areas may be allowed more than one child, and in many areas at least a second if the first one is a girl. Those living in major cities are usually allowed only one child, with the possible exception of both mother and father being the only child in their families. Also, families previously were allowed to purchase a licence for the second child or pay a fine. (Mykkänen, 2006)

The Chinese consider male children more important as they are the ones to continue the family name, which further complicates the situation. Illegally, some families selectively abort female fetuses now, that ultrasound equipment is commonly available in hospitals. It is estimated on average some 118 male children were born to every 100 female, while some provinces reported ratios up to 130:100. This difference was smaller in cities and higher in rural areas. (Mykkänen, 2006)

The government has worked to make it difficult to utilize loopholes in the policy, including increasing the fine or preventing unlicensed children from getting residence documents, *hukou*, making school enrolment and dealing with bureaucracy in general difficult. The policy is most strictly enforced on government workers.

### 4.1.2 Business Culture

Understanding how the Chinese conduct business, which kind of strategies are generally used and how negotiations are conducted can be of great help. Some fields are more difficult to cover than others, but in recent years more useful literature on setting up an enterprise and import operations has appeared.

---

Paul Midler (2009) warns us of easy relationships in China. Although a deal or a relationship might seem great it could be too good to be true. In a business relationship Chinese businesses might seem very easy to work with; they go to great lengths to assure the start of the relationship is as frictionless as possible. This however, is not always a lasting state of affairs.

As the relationship progresses, the Chinese are apt at negotiating using pressure techniques and utilizing unilateral changes in order to improve their profit on a the deal. Even if it would seem the Chinese in business or negotiations aim for short-term benefits over long-term goals, it does not mean they have an inclination for non-strategic thinking. Their overall goals and strategy can be reached by moves, which might seem abrupt or even arbitrary to the other party, especially when coupled with different negotiation styles. Overall, the Chinese businesses are savvy when it comes to negotiating. (Midler, 2009)

Tse (2010) lists the key factors of the Chinese business culture in a concise manner:

- Fast decision making in response to dynamic market
- Large use of rules of thumb such as “80/20”
- Widespread use of imitation, sometimes as a starting point for innovation
- Top-down hierarchies, with an emphasis on direction
- Leader is often “supreme leader”
- “Rule by man,” with decisions often taken arbitrarily
- Values based on traditional hierarchical relationships; individual rights secondary to those of the organization.

### Practical Orientation

It can be argued that the Chinese are very practically oriented in business matters. Midler (2009) reminds us of this in his experience on gifts in business context (see below), but the others like Tse (2010) support a similar point of view; in his list Tse notes the large use of rules of thumb and a fast decision making capability. This is partly due to the environment, which is very competitive and partly because the Chinese approach business on a practical level.

For this reason ”mystifying” the Chinese culture is of little value. Often, when examining topics like *guanxi* and Chinese history, subject matter on China delves deep and loses the practical perspective on what matters most for most business relations. On a similar note, the effect of language skill discussed in this chapter is emphasized because it offers a concrete benefit to workers and organizations in China.

#### 4.1.3 Bringing Gifts and Correct Attitude

Gift giving is a part of cultural knowledge and in many cases can benefit communication and forming a relationship, be it personal or business.

---

Giving appropriate gifts in China at the correct situation can be beneficial, but especially in business relations Chinese partners appreciate concrete matters like orders and numbers more than gifted items. Indeed, a foreigner might feel they should not make the slightest mistake in fear of loosing a contract, but this is not correct. An offering cannot make a bad deal look good (Midler, 2009), and important business matters overcome slight lapses in cultural competence.

One can view giving gifts as a courtesy. Gifts may be used for other purposes like asking for a favour from someone or repaying a kindness. (Quanyu et al, 1994) Social relationships often require reciprocal favours or gifts, and there exists an attitude that a gift given is not wasted as one is bound to receive a gift of similar value later.

### Correct Attitude

The correct attitude can reduce stress and help make better decisions in business in China. While language skill helps in this, it is also important to understand some of the differences in one's own and the Chinese culture.

In China, attempting to create a network of personal contacts outside of work can help alleviate some of the problems associated with culture shock. Being open to experiences and a certain open mindedness may enable one to stay in China longer.

Especially with such a large and varied population, with outdated or outright wrong information, stereotypical outlooks towards the Chinese and the Chinese culture should be avoided. It is difficult to ignore a strong negative point of view, especially if it comes from an experienced worker or even a superior in China, but generalizations and outright hostile views should be avoided.

One should be especially prepared for hard work. As we saw from the results of the questionnaire, many employees in China face stressful work conditions and feel unprepared for challenges. Dealing with co-workers in China requires patience and understanding. Accepting this beforehand can help.

### 4.2 The Effect of Language Skill

Language skill is the single most important factor of cultural competence when it comes to utility in work and leisure in China. Language skill can be to an extent attained outside of China, but language schools are available in China as well.

In everyday situations language skill can make life easier. Even in large South China cities like Guangzhou for example taxi drivers usually speak only Chinese, sometimes only Cantonese. Speaking enough Chinese to get

---

a taxi independently makes moving about easier. Otherwise one may ask a friend or a hotel receptionist write down the address in Chinese for the taxi driver, but this is still more of a crutch than knowing at least some Chinese.

In work even modest language skill is a benefit, as one's communication is more flexible if one need not constantly rely on an interpreter. But even if language skill is important in China, it does not mean one cannot live or work in China without speaking Chinese.

Especially in work Chinese organizations often have access to an interpreter. Many larger organizations now have some workers who can speak English and whose language skills can be utilized when necessary, even if translation is not their main task. Otherwise, full-time interpreters of various qualifications and skill can be hired for as little as 300 USD per month (Midler, 2009).

#### 4.2.1 Studying Chinese

The explanation of the Chinese writing system in this chapter is by necessity brief, and serves only to illustrate the main difficulties in studying the language. It is also explained why many foreigners choose to study only spoken Chinese and eschew the written altogether.

Chinese characters are monosyllabic, most often each corresponding to a meaning. Most words consist of several characters, making them polysyllabic. Each character consists of a varying amount of strokes, usually between five and fifteen, each drawn in a specific order when written by hand.

To differentiate between different characters in spoken Chinese, each syllable can be pronounced with a different tonal weight. There are four tones for Mandarin and six for Cantonese (Guo, 1995). In addition to these tones Chinese speakers differentiate between characters by context, within words or within sentences.

Because of availability and wide applicability, one should study Mandarin as opposed to Cantonese. Even though Cantonese is widely spoken in Southern China, Mandarin remains a very useful language.

The major hurdles for studying Chinese are the amount of separate characters for writing and differentiating between tones when speaking. When studying written Chinese the student relies heavily on rote memorization and will need to learn approximately 2000 characters to be considered literate. For spoken Chinese one should, if possible, learn the fundamentals with a native speaker. The tonal system is difficult for a non-native speaker to teach.

An additional hurdle is the system of traditional Chinese characters, used mainly in Taiwan and Hong Kong, but which can sometimes be seen in Mainland China as well. The simplified characters, commonly used today,

---

were originally introduced in 1977. It is worth noting that the majority of those foreigners who can read and write Chinese use the simplified characters.

It is recommended one studies only the simplified system first, and then delves in to the traditional characters if time and interest allows.

Most Chinese study materials include a far more in-depth description of the written system than is necessary here. For example indexing Chinese characters through radicals (Guo, 1995) is an important topic for serious students but does not fit within the scope of this guide.

### Gaining Language Skill Abroad

By necessity most schools only offer introductory Chinese lessons or courses. Similarly, most books on the Chinese language are aimed at beginners. One should not expect to be able to easily study advanced Chinese outside of South-East Asia.

One should, when possible, utilize a teacher for studying. Although Chinese books often come with a CD teaching pronunciation, these materials are not always high quality. In any case, Chinese is not an easy to learn self taught language.

Many of these studies also include basic information on China and Chinese culture, which can help one build the correct attitude towards their stay. One should, however, focus on creating a good foundation for further learning. Mandarin is not a language with heavy grammar, but it requires good fundamentals and quite a lot of memorization (Guo, 1995).

### Gaining Language Skill in China

If possible, one should accept any language training offered by their organization. By doing so, one more likely receives quality teaching, most likely in a manner beneficial to work in addition to everyday life. This can also offset the costs of studying Mandarin in China.

Private tutoring in China has the benefit of flexibility. Many teachers and schools are, usually for an added fee, willing to modify the schedule and lecture contents for each student. Private tutors are also available, often from the same companies organizing group lessons, which offers one greater flexibility.

#### 4.2.2 Recommendations for Studying

Based on the challenges in studying Chinese and the benefit to life and work quality, it is recommended one try to study Chinese already before entering China, especially if one can study under a native speaker.

---

It is also strongly recommended that once in China one continues to or picks up studying the language. These studies should be if possible customized so that the professional vocabulary is focused on one's own field and so that one gains confidence in spoken Chinese.

For those planning to stay in China for a long term, it is recommended that the studies include reading and writing, as the basis gained from comprehensive studying is beneficial for learning the language more comprehensively.

Studying Chinese before and during the stay in China has a strong likelihood of positively affecting one's attitude, quality of life and satisfaction at work.

If one brings their family members with them, they should also partake in the Chinese studies. Based on the effect of the social support network in China, this has a likelihood of reducing stress for not only themselves but their spouses as well.

#### 4.3 Speaking English in Southern China

Speaking English has increased during the last decade in China, but in many situations an English speaker is hard to come by. In general, people under the age of 30 speak English better than elders, but this is heavily dependent on background. Situations where an enterprise expects to have foreign customers are different; Hotels and restaurants catering to foreigners can usually serve customers in English.

Elderly people in general do not speak English at all. This means that they usually do not know the alphabet or the *Pinyin* system. Students and people of working age might fare better, but often their language skills are out of practice. Those Chinese who know a little English may write better than they speak.

Hong Kong, although not within the scope of this thesis, offers a different experience. English is widely spoken, and public transport, street signs and shops are entirely navigable with English only. Many locals in Hong Kong speak English better than their mainland counterparts, and there is a much larger foreign populace in Hong Kong than for example in Guangzhou.

#### Public Transport

The effect of even basic language skill can be illustrated through use of public transport in Southern China. Buses in Guangzhou have their route printed on the side, with similar information available at stops, all in Chinese characters, not translated to English or in *Pinyin*. Most who have at least a basic understanding of how Chinese characters are constructed can quickly learn to recognize the name of the city and area where they live in.

---

Even lacking this, simple conversational Chinese is enough to ask the driver where the bus is going.

Those, who have had no language training or have no interest in speaking Chinese will need to limit their options, and will generally use taxis or require a company car sent for them. It would be nigh unheard of for a company refuse their employees selecting the bus as their commuting method, but not providing minimum language training has the same effect in China.

#### 4.4 Familiar Aspects in Southern China

During the time it takes one to adapt to a different culture, one runs in to various things, which seem similar but are somewhat different. Familiar aspects can also be missing completely or poorly available. This chapter discusses such common items and services in Southern China.

Southern China is still a recently developed area. It is not backwards or rural, especially in the areas foreigners most likely stay, such as the large cities Guangzhou and Shenzhen, but not all familiar products or services are available.

Some usual items such as fresh bread, certain fruits and vegetables are impossible or difficult to find. Especially products like English literature need to be ordered from abroad, as even Guangzhou has no English language bookstore.

Foreign luxury brands including car manufacturers like BMW and Mercedes Benz can be seen. (Midler, 2009)

The more inexpensive foreign brands are not widely available but are found in select shops in large cities, such as the Friendship Store in Guangzhou. Chinese supermarkets offer local brands instead of relatively expensive foreign imports. In general, imported products are difficult to find and are expensive. A bottle of imported wine in China may cost double to that in Finland, which also limits the selection.

English language books and magazines are lacking even in large cities. English newspapers are limited to South China Morning Post and China Daily, as magazine kiosks do not carry English material not published in China. Periodicals and magazines are available in Chinese if at all. For example National Geographic and Reader's Digest are available only in Chinese.

Clothing in general is inexpensive and easy to find. Some large sizes may be difficult to come by, but shoe shops usually carry sizes up to European size 43, and clothes shops up to XL. Size markings on clothes differ from European markings, as the Chinese clothes are usually one size smaller than similarly marked items in Europe.



---

#### 4.4.1 Internet Use

It should be noted that not all Internet sites are available in China. Officially, mostly pornographic and politically disturbing web sites are banned, but in reality the list of inaccessible services varies from region to region and from time to time.

Popular web sites which non-Chinese residents may wish to access yet are sometimes inaccessible include popular sites such as Facebook, Youtube and Google.com among others. This is not as large an issue for Chinese Internet users who can utilize the Chinese language alternatives available, for example *BaiDu* instead of Google.

Broadband connections for apartment complexes and villas in cities, and wireless hotspots are readily available. Hotspots can be found in coffee shops, hotels and airports. Some of these are free, some are free with a purchase or require an advance payment. Internet café's are also popular in cities, but usage times may be limited and the environment usually suits online gaming better than working.

Mobile Internet connectivity is also available. Wireless adapters for portable computers are relatively inexpensive, and mobile data packages utilizing the EDGE network are sold by teleoperators, including China Mobile. At the time of writing, no public 3G data service was available.

#### 4.4.2 Eating

Out of the foreign companies present in Southern China, perhaps the most visible are the foreign fast food chains. McDonalds, KFC and Pizza Hut have a large presence in urban areas. While the locals consider these restaurants expensive compared to Chinese fast food they are still popular.

It is recommended that one does not limit him or herself to only foreign foods in China. This is detrimental to an open attitude towards the local culture, but in reality, it is good to be familiar with the local food, as one is often required to dine with business contacts.

As for eating itself, the dinner table atmosphere in China is generally relaxed. One is not required to enjoy every specific dish, and while many Chinese are interested in what foreigners like or do not like to eat; one does not have to respond by pretending to like everything.

There are very few things considered impolite when eating, save for leaving chopsticks sticking up from a bowl of rice, which is meant for honouring dead family members. All in all one need not dread eating out or eating in company in China.

---

#### 4.4.3 Counterfeit Goods and Currency

Counterfeit or bootleg goods are widely available. Outside of the most expensive supermarkets, many retailers carry bootleg items, such as DVD's, shoes and almost any consumer good that can be locally manufactured. Copied products are often much cheaper than original, and are preferred by many locals as well as some tourists.

Bootleg consumer products are prevalent to such an extent that in some cases legitimate products are more difficult to find. DVD movies and video games are a prime example, as many shops carry more bootlegs than legitimate products or sell both side by side.

Talking about and purchasing bootlegs is widely accepted, and in general a retailer will not be offended if a customer asks if a product is a copy, or indeed, for a copy. Some scams exist, as some try to peddle bootleg items such as clothing or accessories as original items for a slightly reduced mark-up.

In general, there are at least two quality levels of bootleg goods. The cheapest of which barely work, and only resemble the original in a general sense or function. The more expensive bootlegs are usually either virtually identical or exactly the same as the original. Midler (2009) even relates how Chinese factories run a production longer than ordered so that they can sell the extra for the local market, cheaper than the foreign customer could.

Counterfeiting money is also prevalent, and one should take care not to accept fake currency. Bank of China has released a guide on identifying counterfeit bills, the main part of which was translated to English by China Daily as seen in figure 15.

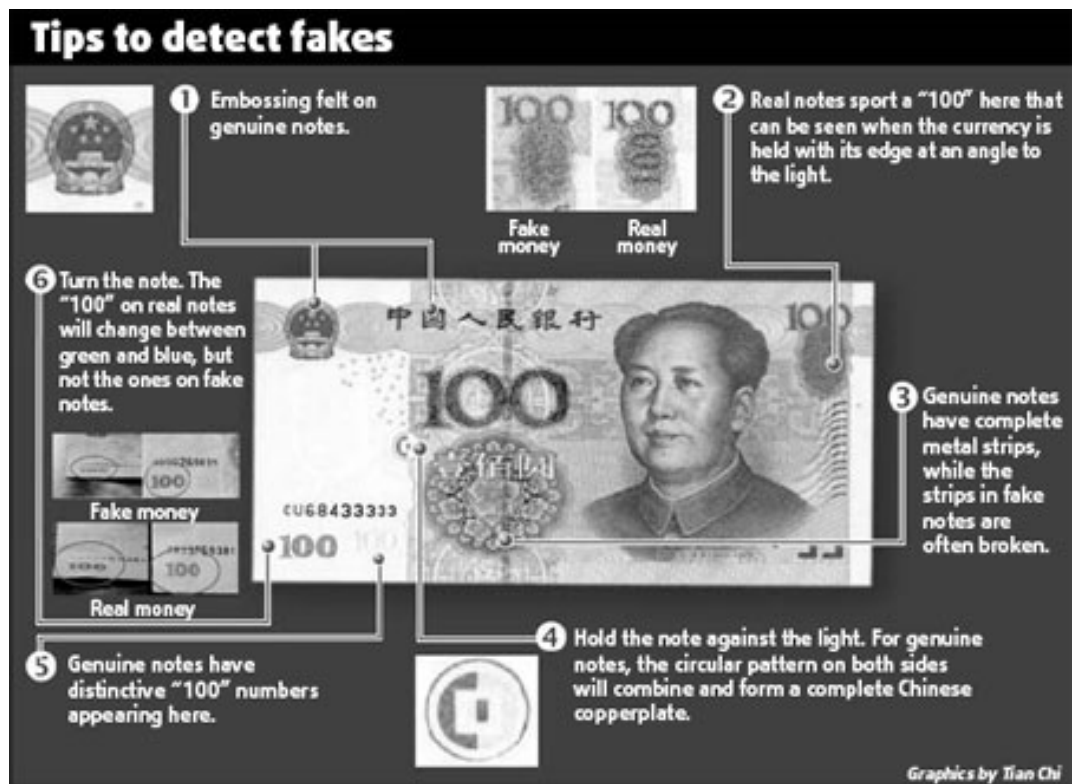


FIGURE 15 Identifying counterfeit currency (Tan et al, 2009)

#### 4.5 Organizational Point of View

In a broader context it becomes apparent that promoting the correct attitude and language training are the key tools related to cultural competence.

If an organization can keep excess costs related to stress through absenteeism and personnel turnover low by improving their employees' language skills, they should also see an added benefit in increased efficiency and lower reliance on interpreter costs.

It is recommended organizations provide at least some language training to all workers going to China, focusing more extensively on those who plan to spend more than 6 months in China.

Avoiding segregating the workforce to the Chinese and "foreign" employees is a matter of management attitude. This is a threat especially in small organizations where the upper management is non-Chinese. If the Chinese workforce is perceived as inferior the division can lower satisfaction towards co-workers across the workforce.

Training about the corporate culture in China already in the country of origin can help correcting attitudes, weakening negative stereotypical images and help adjusting to a new cultural environment.

---

## Fair Compensation Policies

Compensation for overtime work should be handled satisfactorily in most companies, but certain considerations should be made for employment in China. Contacting overseas colleagues after office hours, especially from home, be it via email or by phone should be considered work. Workers should have a method of tracking and requesting compensation for work done in the evenings and in the early morning. Even if the workers are not paid by the hour, a mutually satisfactory system should be instituted in order to avoid a feeling of unfair treatment.

Overtime work often occurs in exporting from China, as many Chinese suppliers work in three shifts or work overtime when nearing the completion of an order. The non-Chinese then need to work with their schedule, followed or preceded by their own. This kind of overtime work is difficult to foresee and is often more stressful than regular, scheduled overtime work. Special consideration could be introduced, in addition to the usual overtime compensation, as a way to counteract stress.

---

## 5 CONCLUSIONS

### Economic Growth and Foreign Investment in China

This study is limited to Southern China, one of the more important geographical areas in China for a study. We can see this by examining the growth of China as a whole and the region in detail.

The amount of foreign investment and foreign enterprises in China has steadily grown, especially in the South China area. As we saw China concentrated trade and incentives to the coastal areas, which benefitted Guangdong. As an example, the city of Shenzhen was a collection of fishing villages some 25 years ago (Lukez, 2007) and has since grown to an urban centre home to millions.

This economic growth can be traced from the initial open-door policies from 1978 onwards, reaching a milestone in 2001 as China was accepted as a WTO member.

China offers preferential tax treatment to foreign investment enterprises, and fully foreign owned enterprise is an increasingly common form of investment. The amount of foreign companies has also increased due to increased confidence in the market and removed restrictions. (Kaulo, 2005)

China was reported as the world's second largest economy by some measures in July 2010 having passed Japan. (McDonald, 2010) This growth was also seen in South China, as the gross domestic product in Guangdong grew 9.5% in a year, while the province became the most populous in the country.

### Theoretical Background

The focus in the recent years has been on importing from China, joint ventures and more recently establishing fully foreign owned enterprises. The literature in the field discusses improving operations and processes. This is explained by the export driven market.

The Chinese culture and adapting to its unique features is a subject of much literature, but this often lacks a practical approach.

There is an opportunity to study how organizations in China could benefit from analyzing their own employee satisfaction, for example through stress. The tools for improving employee satisfaction and thus profitability can be found in cultural competence.

---

## Cultural Competence

The key factors of cultural competence from a practical point of view are language skill and the correct attitude. Language skill can be gained abroad or in China, while the attitude towards the culture can be improved by management and understanding.

Studying Chinese poses a challenge in that the spoken language is fairly simple, but writing and reading require huge effort and are based on wholly alien concepts to Europeans and Americans.

There are many typical features of the Chinese culture worth noting, such as the face culture and the way Chinese handle social networking. The Chinese work with reciprocal social relations, many of which are not solely personal or business related by nature. Face can be gained or lost, and while a full knowledge of all of this is not strictly necessary for conducting business in China, they are still important concepts for understanding cultural competence.

From Hofstede's and Hall's research we see China is a strongly defined culture. It places at either the high or low extreme in most indexes, which may indicate it takes longer for foreigners to integrate in to the culture.

Leaving the social support network of home and the culture shock of a new environment are additional challenges faced when moving to China. These can be mitigated by cultural competence and especially language skill.

## Organizational Psychology, Stress

We know that organizational psychology is subject to a large amount of literature and research. From this field, employee stress was chosen as the metric for this study.

Employee stress arises from several factors, categorized in to environmental, social and occupational stressors. Working in China poses challenges in each of these categories.

Environmentally, most subjects of the study presented in this thesis assumedly work in comparatively pleasant conditions. Pollution, noise, traffic and the urban hustle are still considerations for many. As an example, air pollution remains a major concern in Guangzhou city, which remains hazy for a large portion of the year.

Social factors are important for recuperating outside of work. One of the major issues for non-Chinese workers is how they are able to keep in contact with their friends and family outside of work. Not everyone has friends in China outside of work, much less their family with him or her.

---

Occupational stressors include factors like overtime work, pressure to perform, the responsibility carried by one's position and the relations between Chinese and non-Chinese employees within the organization.

All of these categories are important, as stress caused by environmental factors can still affect an employee at work, and occupational stress certainly can affect one outside of work.

Taken to an extreme, stress can cause absenteeism and increased employee turnover. Employee stress can have a direct financial consequence for a company.

### Cultural Competence and Job Satisfaction Survey

The survey conducted found more than half of the respondents were stressed or very stressed at work, with 21.3% of respondents finding their work very stressful.

Those that felt stressed, more often reported they had considered returning to their home country earlier than those who did not feel significantly stressed. They also suffered from lower job satisfaction.

The lowest job satisfaction score was reported for how "satisfying" the respondents found their work. The lower the stress the more satisfying work felt and vice versa.

Unpredictable hours, overtime work and irregular hours also corresponded with high stress, suggesting that cultural competence was not the only factor affecting stress.

Nearly half of the respondents (46.5%) felt their work was more stressful in China than their home country, even if they held the same or a similar position in China.

### Language skill

Language skill was the most important metric by which cultural competence was measured in the study. Of the respondents, 31.9% neither read, wrote nor spoke any Chinese at all, and only 8.5% spoke Chinese well or better.

Only 29.8% of respondents had been offered language training by their organization, but 44.7% of respondents were currently studying at least some Chinese. This suggests a point of improvement, as employees seek language training outside of work, although companies could benefit from tailoring the teaching to the specific field or subject matter.

Overall, reading and writing Chinese is more difficult than the spoken language, and this was represented in the responses. Some respondents had elected to study only spoken Chinese, eschewing reading and writing. In

---

this study none of the respondents who had chosen this approach reported excellent language skill.

### Cultural Competence Guide

Language skill and a correct attitude are among the most important things one can focus on before entering China. Language training outside of China has improved and is a viable strategy, as even basic language skill helps greatly.

Speaking English in Southern China, even in cities, is limited. In many cases one cannot conduct business or take care of personal matters without speaking at least some Chinese or having help.

Interpreters are available, inexpensively from a corporate viewpoint, but it is important to reduce one's reliance on English while in China. Public transport, finding one's way and many other everyday tasks are greatly eased by basic Chinese language skill. Studying Chinese is also recommended for family members and friends travelling with someone moving to China.

Familiar products and services may be difficult to find. Foodstuffs and restaurants are largely catered to the Chinese populace and take some getting used to.

Counterfeit products are a hazard from an organizational point of view, but many tourists and even business travellers enjoy purchasing high quality copies of famous brands. Counterfeit currency is more of a threat in small transactions and can be avoided if one knows how. The Chinese have to deal with counterfeits too, as they are very prevalent.

Organizations should try to avoid segregating their workforce to Chinese and non-Chinese workers. This is a threat especially to small companies, where the management is non-Chinese. A work atmosphere where the Chinese workers are viewed as lesser employees can cause unneeded friction, not to mention difficulties for the company operating in China, when none of the management is Chinese.

### For Future Research

For this thesis, care was taken to select recent, reliable sources especially on those matters especially concerning China. Some of the 1990's literature has severely outdated information or dubious use of sources. Online sources were kept to a minimum, except when information was not otherwise available.

It is regrettable that not more Chinese language sources were used, but acquiring and translating Chinese literature is time and resource consuming. English and Finnish language material was widely available, and overall



---

much of the information in this thesis could be verified from several sources.

If the amount of background material is a strength for this thesis, one weakness is the reliance on a single survey. If time would have allowed, a two part survey or a survey backed up by interviews could have been ways to better the result.

In the future, it would be interesting to conduct a more narrowly focused study within a larger time frame. There is a definite opportunity for organizations to use this kind of method. One possibility would be to conduct the first questionnaire soon after entering China followed up by a later questionnaire some with the same respondents. This way an organization would gain information on the usefulness of its own training and personnel satisfaction. This could be used in improving the training and coaching process in order to increase employee satisfaction and reduce stress.

---

## SOURCES

- Bhattachali, D., Li, S., & Martin, W. (2004). *China and the WTO: accession, policy reform, and poverty reduction strategies*. (D. Bhattachali, S. Li, & W. Martin, Eds.) Washington, DC: The World Bank and the Oxford University press.
- Cartier, C. (2001). *Globalizing South China*. Oxford: Blackwell Publishers Ltd.
- Center for Substance Abuse Prevention. (1995). *Cultural competence for evaluators*. Rockville: U.S. department of health and human services .
- Chang, J., & Halliday, J. (2006). *Mao* (3rd edition, 2008 ed.). Keuruu: Kustannusosakeyhtiö Otava.
- DeFrancis, J. (1984). *The Chinese language: fact and fantasy*. USA: University of Hawaii.
- Gelfand, M. J., & Brett, J. M. (2004). *The handbook of negotiation and culture*. Stanford: Stanford University Press.
- Guo, H. (1995). *Matka kiinan kieleen ja kulttuuriin*. Helsinki: Yliopistopaino - Helsinki University Press.
- Hall, E. T. (1976). *Beyond Culture*. New York: Doubleday.
- Harris, H., Brewster, C., & Sparrow, P. (2003). *International human resource management*. London: Chartered Institute of Personnel and Development.
- Hofstede, G. (2005). *Cultures and Organizations. Software of the Mind*. New York: McGraw-Hill.
- Hofstede, G. (1991). Cultures and Organizations: Software of the Mind. In G. Hofstede, *Cultures and Organizations: Software of the Mind* (p. 237). Maidenhead: McGraw-Hill.
- Hofstede, G. (2001). *Culture's consequences*. Thousand Oaks, California, USA: Sage Publications, Inc.
- Honkanen, H. (2005). *Henkilöarviointi työelämässä*. Helsinki, Finland: Edita Prima Oy.
- Kaikkonen, P. (1994). *Kulttuuri ja vieraan kielen oppiminen*. Juva, Finland: WSOY.
- Kane, D. (2006). *The Chinese language: Its history and current usage*. Singapore: Tuttle Publishing.
- Kaulo, J. (2005). *Establishment of a Foreign-investment Enterprise in the People's Republic of China*. Helsinki: Multikustannus Oy.
- Liukkonen, P. (2006). *Työhyvinvoinnin mittarit*. Helsinki: Talentum.

- Lukez, P. (2007). *Suburban Transformations*. New York: Princeton Architectural Press.
- Luo, Y. (2007). *Guanxi and business*. London: World Scientific Publishing Co. Pte. Ltd.
- Luoma, J. (2000). *Johdatus työpsykologiaan*. Helsinki, Finland: Otatiето.
- Magala, S. (2005). *Cross-cultural competence*. Oxon: Routledge.
- McDonald, J. (2010, July 16). *China setting milestone as economy passes Japan's*. Retrieved August 25, 2010 from Yahoo! News:  
[http://news.yahoo.com/s/ap/20100731/ap\\_on\\_bi\\_ge/as\\_china\\_surgin\\_g Ahead](http://news.yahoo.com/s/ap/20100731/ap_on_bi_ge/as_china_surgin_g Ahead)
- Midler, P. (2009). *Poorly Made in China*. Hoboken: John Wiley & Sons, Inc.
- Mykkänen, P. (2006). *Isonenä kurkistaa kiinaan*. Helsinki: Kustannusosakeyhtiö Nemo.
- Norman, J. (1988). *Chinese*. Cambridge, United Kingdom: University of Cambridge.
- Pedersen, P. (1995). *The five stages of cultural shock*. Westport: Greenwood publishing group, Inc.
- People's Daily. (2005, January 30). *People's Daily Online*. Retrieved August 22, 2010 from Guangdong becomes most populous province:  
[http://english.people.com.cn/200501/30/eng20050130\\_172366.html](http://english.people.com.cn/200501/30/eng20050130_172366.html)
- Quanyu, H., Andrulis, R. S., & Tong, C. (1994). *A guide to successful business relations with the Chinese*. Binghamton: The Haworth Press Inc.
- Rankinen, A. (2008). *Kulttuurinen osaaminen Etelä- ja Itä-Kiinassa toimittaessa*. Jyväskylä, Finland: University of Jyväskylä.
- Schein, E. H. (1985). *Organizational culture and leadership*. San Fransisco: Jossey-Bass Publishers.
- Sinkkonen, R. (2009). *Onnistu ukomaankomennuksissa*. Juva, Finland: WSOYpro.
- Smith, A., Johal, S., Wadsworth, E., Davey Smith, G., & Peters, T. (2000). *The scale of occupational stress*. Health and Safety Executive, Department of Experemiental Psychology and the Department of Social Medicine. Norwich: HSE Books.
- Sosiaali- ja terveysministeriö. (1998). *Työolot ja taloudellinen ajattelu*. Tampere: Hermes.
- Statistics Bureau of Guangdong Province. (2010). *Statistics Bureau of Guangdong Province*. Retrieved August 22, 2010 from 广东省季度生产总值:  
[http://210.76.64.38/tjsj/gmjhs/jdgnsczz/t20100125\\_72869.htm](http://210.76.64.38/tjsj/gmjhs/jdgnsczz/t20100125_72869.htm)
- Storti, C. (2003). *Art of Coming Home*. Yarmouth: Intercultural Press.
- Stranks, J. (2005). *Stress at Work*. Oxford: Elsevier Butterworth-Heinemann.

---

Suonsivu, K. (2008). *Katsaus henkilöstön työhyvinvointiin ja sen johtamiseen*. Tampere, Finland: Hyvinvointipalvelut, Laitoshoido.

Tan, Y., Wang, H., & Liang, Q. (2009, January 14). *Currency probe result out 'soon'*. Retrieved August 18, 2010 from China Daily:  
[http://www.chinadaily.com.cn/bizchina/2009-01/14/content\\_7394658.htm](http://www.chinadaily.com.cn/bizchina/2009-01/14/content_7394658.htm)

Tse, E. (2010). *The China Strategy*. New York: Basic Books.

Vashist, S. (2004). *Theory of Educational Evaluation*. New Delhi: Anmol Publications Pvt. Ltd.

Walton, J. (2003, 06 30). *Zoning In*. Retrieved 08 22, 2010 from The China Business Review: <http://www.chinabusinessreview.com/public/0309/walton.html>

Yeung, I., & Tung, R. (1996). Achieving Business Success in Confucian Societies: The Importance of Guanxi. *Organizational Dynamics* (61), pp. 54-65.

Zinzius, B. (2004). *Doing Business in the New China*. Westwood: Greenwood Publishing Group, Inc.

Zurndorfer, H. T. (1995). *China bibliography: a research guide to reference works about China past and present*. Leiden: E.J. Brill.

## QUESTIONNAIRE USED

**Cultural Competence and Job Satisfaction Study****1) How long have you worked in China?**

- 0 -3 months  3 - 6 months  6 - 12 months  1 - 3 years  Over 3 years

**2) How long have you lived in China, in total?**

- 0 -3 months  3 - 6 months  6 - 12 months  1 - 3 years  Over 3 years

**3) Are you working**

- Full-time  Part-time  Other or not working

**4) Are you working in a**

- Small organization  Medium size organization  Large organization

**5) Are you in a relationship?**

- Married  Single  In a long term relationship

**6) Do you have children?**

- Yes  No

**7) Are any of your family members with you in China?**

- Significant other  
 Children  
 Brothers or sisters  
 Other relatives

**8) How stressful do you find working in China?**

- Not stressful  Not very stressful  Stressful  Very stressful

**9) How stressful do you find living in China?**

- Not stressful  Not very stressful  Stressful  Very stressful

**10) Please describe your work by the following:**

	Not at all	Little	Somewhat	Very	Extremely
Challenging	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Rewarding	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Interesting	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Useful	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Satisfying	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**11) Does your work entail any of these?**

- Irregular hours  
 Overtime work  
 Uncompensated overtime  
 Working from home after work hours  
 Working at night  
 Unpredictable working hours

**12) Does your work in China feel more stressful than your previous work in your home country?**

- Yes  No

**13) Have you considered quitting work or leaving China prematurely?** Yes  No**14) Are you worried you might lose your job?** Not at all  Somewhat worried  Worried  Very worried**15) How satisfied are you with your work?**

	Very dissatisfied	Dissatisfied	Satisfied	Very satisfied
Your usual pay	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Future prospects	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Your colleagues	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Work conditions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The way your abilities are used	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**16) Do you feel you have received adequate training before entering China?** Yes  No**17) How well do you speak Chinese**

	Not at all	Poorly	Some	Well	Very well
Writing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reading	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Spoken	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**18) Has your organization offered you Chinese language training?** Yes  No**19) Do you have Chinese friends outside of work?** None  Some  Many**20) How long have you studied Chinese?**

	None	Less than 6 months	6 - 12 months	1 - 2 years	more than 2 years
While in China	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Before entering China	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**21) Are you studying Chinese at the moment?** Yes  No**22) When you eat, is it most often**

- Home made  
 Eating out, Chinese food  
 Eating out, non-Chinese

**23) Do you stay in contact with friends and family outside of China, using the following?**

	Almost never	About once a month	Many times a month	Several times a week
By phone	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Using Internet	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Via mail	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>