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BEAR MEETS DRAGON - EXPERIENCES OF COOPERATION  
BETWEEN PORI REGION'S EDUCATIONAL AND RESEARCH  
AND DEVELOPMENT ORGANIZATIONS AND CHINA

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# KARHU TAPAA LOHIKÄÄRMEEN – KOKEMUKSIA PORIN SEUDUN KOULUTUS- SEKÄ TUTKIMUS- JA KEHITYSORGANISAATIOIDEN VÄLISESTÄ YHTEISTYÖSTÄ KIINALAISTEN KANSSA

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Opinnäytetyön aiheena oli kartoittaa Porin seudun koulutus- sekä tutkimus- ja kehitysorganisaatioiden ja kiinalaisten yhteistyökumppanien välistä yhteistyötä suomalaisen osapuolen näkökulmasta. Tutkimukseen osallistui yhteensä kymmenen edustajaa viidestä organisaatiosta, joista kolmella oli aktiivista yhteistyötä kiinalaisten kumppanien kanssa.

Tämä opinnäytetyö on osa suurempaa Bear Meets Dragon -projektia, jonka tarkoituksena on kerätä yritysten ja organisaatioiden tämän hetkiset toiminnot ja kokemukset kiinalaisten kanssa tehdystä yhteistyöstä yksiin kansiin. Tutkimukseen osallistui edustajia erilaisista yrityksistä ja organisaatioista koko Satakunnan alueelta. Projektiin kuuluu lisäksi kolme muuta opinnäytetyötä sekä yhteenveto, jonka on koonnut tutkimuksen vetäjä Anne Vihakara.

Opinnäytetyössä korostuvat kulttuuri ja kulttuurienvälinen viestintä, joiden pohjalta tarkastellaan Porin seudun ja kiinalaisten kumppanien yhteistyötä, kulttuurieroja ja haasteita. Puolistrukturoitujen haastattelujen tuloksia on esitelty ja analysoitu luvussa 5.

Monet haastatellut edustajat mainitsivat Satakuntaliiton ja Porin Seudun Kehittämiskeskus POSEK:in vuonna 2008 allekirjoittaman yhteistyösopimuksen kiinalaisen Changzhoun kaupungin kanssa ja he kokivat siitä olevan hyötyä tulevaisuudessa, kun he haluavat lisätä yhteistyötään esimerkiksi opiskelija- ja opettajaliikkuvuuden sekä yhteisprojektien osalta. Heidän mielestään tällainen sopimus avaa uusia ovia ja helpottaa rakentamaan luottamusta ja kestäviä yhteistyösuhteita.

Haastattelut osoittivat, että suurimmat haasteet organisaatioiden väliselle yhteistyölle ilmenevät kulttuurienvälisessä viestinnässä. Kielimuuri on yhä ajankohtainen, vaikka kielitaito lisääntyykin Kiinassa koko ajan ja toisaalta haastatellut henkilöt painottavat kiinankielen merkitystä suomalaisille. Myös kiinalaisille ominainen epäsuora ilmaisutapa nousi esille haastatteluissa ja esimerkiksi ei-sanan välttämisen vuoksi kiinalaisen osapuolen tulkitseminen koettiin hankalaksi. Huolimatta hankalaksi koetuista asioista, edustajat, joilla jo oli aktiivista yhteistyötä kiinalaisen kumppanin kanssa aikovat jatkaa yhteistyön kehittämistä ja he, joilla aktiivista toimintaa ei ollut, toivovat tulevaisuudessa hyötyvänsä kaupunkien ja seutujen välisestä yhteistyösopimuksesta.

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The purpose of this thesis was to survey the cooperation between educational and research and development organizations from Pori region and their Chinese partners from the Finnish point of view. Ten representatives from five organizations of which three had active operations with the Chinese, took part to the research.

This thesis is a part of a bigger Bear Meets Dragon –project of which purpose is to gather companies’ and other organizations’ current operations and experiences of cooperating with the Chinese together on one folder. Representatives from many different companies and organizations from the Satakunta region took part to the research. This project includes three other BBA student theses and a summary which has been combined by the project leader Anne Vihakara.

Cooperation between Pori region’s and the Chinese partners, cultural differences, and challenges are researched by cultural aspects and intercultural communication which are emphasized in this thesis. Results of the semi-structured interviews are defined and analyzed in Chapter 5.

Many interviewed representatives experienced that the cooperation agreement signed in 2008 by the Regional Council of Satakunta and Pori Regional Development Agency Ltd. (POSEK) benefit them in the future for example when they strive for increasing cooperation in the fields of both student and teacher mobility and joint projects. They assume that such an agreement gives them new ideas and eases to build up trust and long-lasting business relationships.

The interviews addressed that the biggest challenges for cooperation between the organizations appear in intercultural communication. Language barrier is still current issue even though language skills develop in China all the time and on the other hand representatives highlight the significance of Chinese language for Finnish people. Also indirectness, a characteristic feature for Chinese, was turned out in the interviews and for example avoiding of saying no was experienced a difficulty when trying to understand the Chinese side. Despite the matters that were experienced to be difficult, the representatives who already had active operations with Chinese partners are willing to continue developing their cooperation and those whose operations were scarce, are hoping to gain some profit from the cooperation agreement between the cities and regions.

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## 1 INTRODUCTION

Currently China is on the lips of everyone, especially when it comes to business. Economic growth has been enormous and fast for over thirty years and now China is the second biggest country in the world with the growth of ten per cent per a year. It is estimated that it will pass the United States as the world's biggest economy measured in GDP in the early 2020s. Standard of living can be quadrated with the average of the European Union member countries' level, such as Czech Republic. China has already 1.900 billion foreign investments and it is highly involved in the European Union for example by funding the Mediterranean countries in crisis, such as Greece and Portugal. However income differences between the cities and regions in China are large. The situation is totally different in Central China than the Pacific coastal cities, for example in Shanghai. Urbanization is also a big problem while almost half of the population is already living in the cities. Other remarkable problems are corruption, human rights, and environmental problems. (Aamulehti Asiat –liite 2011, 42-47)

Previous facts create a basis for the business environment where not only companies but also both educational and R&D organizations have to cope with. China is not a new business area for the Finnish organizations but its significance is emphasizing all the time. For example Nokia is already dependent on the noble metal and mineral reserves that China maintains in its possession.

International business studies about China normally focus on business operations such as foreign direct investment, management culture, and human resource issues. However, cooperation between multinational companies, such as Nokia, has received more attention than cooperation between regions among educational organizations, and research and development agencies, which facilitate companies' operations abroad. Satakunta region and Satakunta University of Applied Sciences have signed cooperation agreements with the city of Changzhou and Changzhou University in Jiangsu province in China. The agreement has also spread to cover the organizations in Satakunta area.

This research is based on both the former studies on the Asia cooperation and communication and doctoral dissertation on managerial communication by the author Anne Vihakara. My own perspective appears here as well because I was one of the first six students to spend my study exchange in Changzhou University (former Jiangsu Polytechnic University) in the city of Changzhou, so I will include also participate observation in this thesis.

However, educational cooperation between China and Finland is yet newer issue. This thesis gathers experiences on cooperation and cross-cultural communication between Chinese and Finnish institutions in a Finnish point of view from Pori region. It defines briefly the most important features of educational systems of both countries and introduces some educational cooperation modes in higher education. These are explained more carefully in chapter 3. Anyhow the main point in this research is in cultural differences between China and Finland, cross-cultural communication, and practical experiences, ideas, and examples on educational and research and development organizations measured in the regional level which all are defined in chapter 5. Fifth and sixth chapters both include the practical part of the thesis with the interview findings and conclusions.

The purpose of the study is to increase understanding of the possibilities and challenges of cooperating with the Chinese organizations and institutions among wider audience like educational and research and development organizations in Finland. In my research I will identify some of the educational and R&D organizations in Satakunta region. Their China operations will be introduced and the development of the cooperation will be recorded. Operations here could mean for example student and teacher exchange and possible modes of cooperation between R&D and educational organizations which will also shortly be identified in my research.

In order to achieve these purposes I am going to interview people who work on this field in Satakunta region and to investigate how they cope with cultural differences and different communication styles despite of their status in educational life. What are considered to be the main cultural differences and difficulties in cooperating with the Chinese counterparts? What are the key points and what should everyone do bet-

ter in order to succeed in their cooperation? Suggestions on Finnish side of the cooperation will be considered as well.

Special attention in the project is paid to communication across two different cultures. How are these issues handled for example in the Pori Regional Development Agency Ltd (POSEK), Winnova West Coast Education Ltd, University Consortium of Pori, the Regional Council of Satakunta and Satakunta University of Applied Sciences, will be identified. This thesis is a part of bigger research called Bear Meets Dragon, which aims to increase understanding of the possibilities and challenges of cooperating with the Chinese counterparts. A new element is to investigate the regional level of cooperation, not only individual organizations. Research includes three other student Bachelor's theses and summary made by the author of the project Anne Vihakara as well.

## 2 CULTURAL AND BUSINESS CULTURAL FEATURES IN CHINA AND FINLAND

Culture has been compared to an iceberg floating in the sea. There is actually very small part of it we actually can see which applies to culture as well. In addition to tangible, material, features such as language, food, clothing, and other concrete differences, there are intangible features such as attitudes, values, and beliefs which we can only understand by learning the culture. Everything we see, feel, hear, and taste is just a top of the iceberg and in order to discover the hidden part of it, we need to dive deeper. (Gore 2007, 38-39)

In addition to common cultural features between China and Finland, we have to take different business cultural features between these two into consideration as well. In order to succeed in cooperation, it is essential to know the culture as well as business culture so that there are fewer surprises. Even if an agreement and a contract were the same objective to both parties, the ways of reaching these goals are still different. Differences most commonly come out when arriving to another country. Cultural

clashes in customs, practices, values, and attitudes are common. However they are possible to avoid. Next there are some elements that are good to know beforehand.

## 2.1 Cultural elements

There are many different definitions about the elements of culture and as many different views about what is the most relevant for purpose of explaining culture. Here I will use a simple list of eight major elements which should be taken into account in every foreign firm that considers going international. These elements are explained below and the reason for choosing this approach is because the political environment has been added here as well. (Terpstra & Sarathy 1991, 97) Political environment is essential part of internationalization process of every firm because there are large scale of different laws and rules concerning business operations set by both home and host country's government which should be taken into account beforehand. I choose cultural elements by Terpstra and Sarathy in order to be able to compare my own findings the ones' in previous studies.

### 2.1.1 Material culture and technology

Material culture refers to the man-made tools and artifacts used in daily life in a society whereas technology defines how we make and use those things. The two are related to the way a society organizes its economic activities. *Technology gap* occurs when there are differences in abilities to create, use, or design things between different societies.

Material culture and technology affect the way a society works or how effectively it works. When there are the right equipment for example to manufacture a product, productivity and even standard of living arise. These two cultural elements also affect the way the society consumes and what to consume. (Terpstra & Sarathy 1991, 97-98) For long periods of time in history China has been the most technologically advanced nation in the world by having invented for example paper and gunpowder and additionally the major advancements in mathematics and astronomy. Despite these achievements, the Chinese failed preventing continuous technological devel-

opment and technological skills were repeatedly downplayed. They had no ideological, administrative, or economic infrastructure to support technological innovation and extend the new technology to economic or military activities. (Oded 2006, 61-62)

Managers should not forget the issue on how material culture affects company's operations, manufacturing and marketing, in foreign markets. There are many issues that should be taken into account. How a material culture at home works with host culture; are the economic requirements, raw material supply, transportation, and financing, for such a firm fulfilled? Material culture in a host country must be carefully evaluated. Too often western managers tend to forget that China is a "land of etiquette" which value norms, symbols, and virtuous life where the smallest neglect may cost a company losing business opportunities (Fang 1999, 283-4). Economic infrastructure, including transportation, power, and communications must be evaluated as well as how the production processes fit in the local economy. When it comes to marketing goods, material culture of the host economy must be carefully evaluated as well. There is no sense of marketing electric devices in the area without electricity or marketing in the Internet which is not available. (Terpstra & Sarathy 1991, 98-101)

### 2.1.2 Language

Language reflects the nature and values of a certain culture. For example, the English language has a rich vocabulary with many different ways of saying for different purposes and it reflects the nature of both English and American societies. The more important some activity is for a certain culture, the richer vocabulary it has.

If you want to learn one culture in a proper way, you should know the language. To be able to communicate in an appropriate manner with political leaders, employees, suppliers, and customers, a firm's representatives should adopt this important aspect of culture. When there are two or more spoken languages in one country, there are as many different cultures which sometimes may cause hostilities between these linguistic and cultural groups. Trying to prevent these incidents to happen, there is *lin-*

*gua francas*; common language used in communication between the groups. Typically *lingua franca* is a language spoken by the largest or most powerful group in a country, usually being a European one originating from the Colonial era, for example in Africa. (Terpstra & Sarathy 1991, 101-105)

There are two national languages in Finland, Finnish and Swedish. 91.2 per cent of the people speak Finnish and 5.5 per cent Swedish (Website of the CIA World Factbook, 2011). According to Constitution, Finnish and Swedish –linguistic inhabitants have a right to their own language and culture and the Government has to secure cultural and social necessities for them. The rights of Sami-people as native people and Romanian and other groups have a right to practice their own language and culture. (Constitution of Finland 731/1999, section 17.) There has hardly been any serious violation due to being bilingual country but surely it has raised many questions.

Different from Finland, China has only one national or official language called Standard Chinese or Mandarin, Putonghua, which is based on the Beijing dialect. It is used in governmental agencies and schools and belongs to Sino-Tibetan language family. Chinese have many other dialects as well. However people do not necessarily understand each other when they come from different dialect areas. Other major language groups are Yue (Cantonese), Wu (Shanghainese), Minbei (Fuzhou), Minnan (Hokkien-Taiwanese), Xiang, Gan, Hakka dialects, and in addition to these there are minority languages such as Chuang, Manchu, and Yugur. (Website of the Central Intelligence Agency World Factbook, 2011) Putonghua is a predominant dialect for over 70 per cent of the total population. Literacy rate is 93 per cent in China. (Website of the US Department of State, 2011)

Chinese is a tonal language which means that the same word pronounced with different tone gets totally different meaning and in the worst case may lead to bad misunderstandings. In Mandarin Chinese there are four different tones which are level, rising, falling-rising, and falling. Non-Chinese-speaking people are usually regarded as tone deaf which is often the greatest obstacle to speak Chinese correctly. Most Chinese words are made of one syllable which is represented by one Chinese character. Pinyin which is the Romanization of Chinese characters was adopted in 1979 in the

People's Republic of China. (Flower 2003, 153-157) Purpose of Pinyin was to easy learning Chinese and to bring the written format closer to the actual pronunciation. According to estimation, there are over 50 000 characters of which about 5000 to 8000 are in common use and 3000 of them in daily use. (Vihakara 2006, 90)

### 2.1.3 Education

Education can be understood in different ways in different places of the world. Formal training at school is only one part of this element of culture. In broader sense education refers to transmitting skills, ideas, and attitudes, as well as training in particular disciplines. Transmitting of the existing culture and traditions to the new generation as well as usage for cultural change are functions of broad education. (Terpstra & Sarathy 1991, 107-109) Aspects of education in Finland and China are defined more closely in the third chapter.

### 2.1.4 Aesthetics

Aesthetics refers to ideas which are considered to be beautiful and to represent good taste in a culture. Music, art, drama, dancing, color, and form, for example, express aesthetics in different cultures. Certain colors have special meanings and they can vary from culture to culture. Colors can identify for example emotional reactions. In the West, black often signifies mourning whereas white is a sign of mourning in many eastern nations. Black and red are negative colors in several African countries but green is popular in many Muslim countries.

Aesthetics has not so remarkable influence in economy. However there lie some significant implications for international business activities. A company with international operations should be aware of the positive and negative aspects of its designs for example when it comes to designing their plant, product, or package. The color used in packages, products, and even in advertising must be also considered carefully. The right choice of colors and illustrations should be similar to consumers' impression of aesthetics in one's culture rather than the one of the marketers. Brand

names are one issue that should be taken into account as well. (Terpstra & Sarathy 1991, 105-107)

In China, numbers have a special significance. The odd numbers were traditionally seen as masculine and the even one's as feminine. Number four (4) is a very bad number related to death, they would never spend a night in a hotel room number four. Number eight (8), in turn, is a very good number. Some see it as it may be associated with business expansion or economic improvement. Numbers three (3), seven (7), and five (5) are lucky numbers as well where the latter one is probably the old belief in five elements, five grains, and five tastes as well as the old Imperial ranking of officials.

Colors affect the clothing in China. White and mixtures of blue and white and blue and yellow are colors of death and plain white for example as a dress, a suit, or shirt and trousers are a traditional signs of mourning. It is acceptable to wear white shirt or blouse but rather with a suit or skirt with a different color. Red is considered to be very happy color, so mixture of white and red is acceptable, for example white shirt with red tie. However it is recommended for foreign women not to wear a totally bright red dress, it might look excessive. A green hat is a thing that never should be given to anyone. In some parts of China it means a man married to an unfaithful woman.

Taoist world view of the importance of nature affects Chinese paintings. They are often featured by a scene with mountains and streams with usually a tiny figure of a human, possibly fishing. It highlights the insignificance of humans and maybe the Confucian idea of the importance of how people fit in. Animals have certain elements in paintings as well. For example, the dragon represents the Emperor and power, and the phoenix represents the Empress. (Bucknall 2002, 18-19)

#### 2.1.5 Religions and philosophies

In order to fully understand a culture, we have to take a look at different religions. Religions well define who we are and why we behave as we do. For example interna-

tional companies it is important not only to know how workers and consumers behave in their target country but also why they behave in a certain way. (Terpstra & Sarathy 1991, 110.)

In 2009, 79.9 per cent of Finnish people, were Lutheran and 17.7 per cent did not belong to church. During the year 2010, to some extent, resignation from church increased. (Website of the Statistics Finland 2011). China, instead, announced to be officially atheist in 2002. Other appearing religions are Taoist, Buddhist, Christian, and Muslim. (Website of the CIA World Factbook 2011)

Chinese culture has been affected by three philosophical traditions which are Confucianism, Taoism, and Buddhism. These three are more philosophical teachings than religions for Chinese people. Taoism deals with life in harmony with nature and Buddhism deals with people's immortal world. Differ from that Confucianism is not a traditional religion but a philosophy, which deals with human relationships. Because of the fact that the three teachings are more philosophies, makes it possible for the Chinese people to follow all three of them at the same time. That is one thing which westerners sometimes cannot understand. It is said that the Chinese people are less concerned with religion than other peoples. (Fang 1999, 26-27)

#### 2.1.6 Values and attitudes

Values and attitudes are a mixture of religious beliefs, folk traditions, social codes of behavior, and education. (Vihakara 2006, 97) They help define what a society considers to be right or important and what is desirable. One possibility is to look at values and attitudes from international marketing's point of view. This kind of subjects could for example be attitudes towards business in countries where marketing has not such a big role in people's lives which brings many problems that international managers have to face. Many developed western cultures are considered to be more materialistic and to give more respect to wealth and acquisition which often are perceived the signs of success whereas Buddhist or Hindu societies are not as willing to produce and consume. When it comes to a question about change and bringing new manufacturing methods and products into the markets, some accept it but some are

more traditional, honoring their ancestors and prefer old and already known ways of consuming. Would be better avoid mentioning what is new and different with the product compared to the old one, rather tell it is similar but better one. When it comes to risk taking usually it is related to entrepreneurial activities but also consumers take risks when they try a new product. These attitudes are significant when trying to understand the consumer behavior in international markets and all foreign companies will face problems with them while trying to change the attitudes. (Terpstra & Sarathy 1991, 118-119)

Finnish culture values equality as well in civil life as in business. Inside the organizations hierarchical systems tends to be flat and flexible. Anyone is able to participate in decision-making and is entitled to express one's opinion. (Vihakara 2006, 97) In business life and life in general, Finnish people value pure nature and seek symbiosis between modern technology and preserving nature by developing and supporting industries that reduce the strain on the environment. They value group consensus but the basic orientation to relations between people emphasize more individual. Individual achievements are often expressed as a very modest way, even if people wish to be respected but not the expense of group harmony. (Gore 2007, 42-43) Nordic people are said to be more oriented to deals than human relationships. Equality in the Nordic countries appears from soft values, minor bureaucracy, and focus on Christianity. Everyone should have the same rights and obey the same rules. Finland was the second country in the world to give women the rights to vote in 1906. Unlike Chinese, Finnish people are taught to believe in the Protestant concept of absolute truth, regardless of it might hurt one's feelings. Finnish people also pay a lot attention to working conditions, and their leisure time, whereas independence and self-development are supported. Finnish and Nordic cultures value being on time and strict schedules. In Finnish culture plans are made in advance and time is not being wasted. Small talk is not appreciated but going straight to the subject is preferred.

Instead, China is concentrating on more human relationships than the deals. Rights and rules are taken into consideration according to circumstances. Chinese perception of equality is in clash of two ideologies, the communistic Maoist ideology of equality, and the Confucian emphasis on hierarchy. The world is not in balance without hierarchical relationships. Maoism seeks to equality by building structures that

promote it whereas Confucian doctrine says that two persons can never be equal. One of the Confucian principles is virtuous behavior which says one should not treat the others the way one does not want to be treated oneself. It is like the Golden Christian Rule, only phrased in the negative way. This virtuous behavior overrules telling the truth because sometimes the truth may be embarrassing and hinder good relationships. Even if people hardly ever can be equal, Chinese are group-oriented and sense of community counts high. Chinese tend to make decisions based more on history. Also Chinese value punctuality and schedules but use more time on making friends and prefer small talk. (Vihakara 2006, 97-102)

### 2.1.7 Social organizations

According to Terpstra & Sarathy (1991), social organization refers to the way people relate to other people. Kinship plays the primary role in social organization. Somewhat this differs from society to society. Family is the key unit for example in America. Earlier it included the mother and father, and the unmarried children in the household. However the family unit often is larger, including other relatives like cousins and uncles as well. This is the case often in less developed nations. It is called *extended family*. It crates mutual protection, support, and kind of economic insurance for the family members and is still significant in many parts of the world.

Other social organizations are, for example, common territories, special interest groups, and castes. Common territory can consist of the neighborhood, the suburb, or the city. The tribe is often the largest and the most effective unit in many countries of Asia and Africa. Tribal groupings are often formed because of the disagreement with the central government, whereas special interest groups are usually being formed by people with the same religious, occupational, recreational, or political interests. Castes or class groupings, in turn, may be strict and detailed as in the Hindu caste system, or then they may be loose and flexible as in the western countries, for example in American social classes. Social organizations may also relate to age or gender, the latter one, however, hardly exists anymore because the role of women has highly improved for example in business life. (Terpstra & Sarathy 1991, 119-121)

Importance of the family originates from the teachings of Confucius, which are an important tool to better understand people's behavior in the People's Republic of China. In Confucius' ideal political system, the Emperor being at the top and a variety of officials being in the middle, families at the bottom played a central role in the society. If a member of the family commits a crime, a male head of the family or in extreme cases the whole family, could be punished. Each member has a clearly defined role within the family and is addressed as "Elder Daughter" or "Younger Brother" rather than by name. The Chinese respect for age and seniority derives from Confucian values. Within a Chinese family children have to respect elders, younger siblings obey older ones and usually females defer to males but not always. Often the older persons are seen as more experienced, wiser, and superior. A person without a family is generally ignored.

The family has long been a basic core of the state and the attention of the individual. Many personal decisions, for example relate to education and future career, are often done by the family. This derives from their experiences of communism, where people were forced to participate in communal discussions. The group is still seen as a source of strength and comfort, and so business decisions are often made on a consensus basis. (Bucknall 2002, 12-13)

#### 2.1.8 Political life

Political environment consists of all the national or international factors that affect an organization's operations in international marketing. Factor is political when it somehow relates to the government. It includes three dimensions which are the host country environment, the international environment, and the home country environment.

The host country environment affects the operations of the international firm through national interests, the issues citizens' value. These interests are for example enhancing national sovereignty and national welfare, and protecting their national security. International firms improve host country's welfare by employing people locally, on the other hand they may be considered a threat to national security, even if they were

not representing military issues, as well. Host countries try also control international firms in many ways, like placing entry restrictions, price controls, quotas and tariffs, and exchange controls, for example. However most of the international managers are primarily worried about the political risks inside the country. Second dimension, international political environment, refers to political relations between two or several countries. The international organization often becomes involved with the host country's international relations because both it is from another country and its operations relate to some other countries either on the supply or demand side or both. Relationships with the firm's home country are an important aspect of a country's international relations. Also belonging to some regional grouping such as the European Community, EC, or the Association of Southeast Asian Nations, ASEAN, will influence the firm's evaluation of the country. Third dimension is firm's home-country's political environment which for example may restrict the countries where a firm may enter. (Terpstra & Sarathy 1991, 130-135)

Back to 1960s China still carried on politics used under Mao Zedong rule when no mercy was known neither towards human being nor animals. During that period China experienced failure of crops and dozens of millions of people starved, economy was totally under the rule of Communist Party. Attempts to become a democratic state lead to the Tiananmen Square protests by students and still is not clear how many demonstrators died in 1989. Now in year 2011 China has become one of the leaders in world economy but is still under autocratic communistic rule. The People's Liberation Army consists of 2,8 million soldiers which is the world's biggest in size. In addition to that country has a nuclear weapon so it is able to challenge The US both economically and militarily. The most important exporting partners for China were the US, Hong Kong, and Japan for products such as electronics and clothing. Important importing partners instead were Japan, Hong Kong, and South Korea for cars, groceries, and different kinds of luxury products. China was Finland's fourth most important trading partner.

Year 2012 is remarkable for China's foreign relations especially with the US. China's political leadership changes and the follower for the current president of PRC, Hu Jintao, will be elected by the Communist Party in autumn 2012. New governance

will try to resolve problems such as corruption, income differences, and sustainable development, for example. (Aamulehti Asiat –liite, Suuri hyppy, sunnuntai 9.1.2011)

## 2.2 Cultural dimensions

There are at least as many researchers as there are researches on cultural dimensions and they all differ from each other somehow. I have decided to choose two popular and slightly different researches so that I would have more perspectives on how to look at different cultures and how to divide them into different dimensions. The two researches I have chosen here are Geert Hofstede's cultural survey and Fons Trompenaars's seven fundamental dimensions.

### 2.2.1 Cultural dimensions by Hofstede

Geert Hofstede, professor emeritus of Organizational Anthropology and International Management from Maastricht University, the Netherlands, was offered a chance to survey a research data about the values of employees of the multinational corporation called IBM. The data was gathered from the local subsidiaries of IBM from more than fifty countries around the world. From country to country, given answers were similar but the differences appeared when it was a question about nationalities. The problem areas that stood out during the survey were the questions of power distance, individualism versus collectivism, masculinity versus femininity, uncertainty avoidance, and highly criticized Confucian Dynamics which is labeled as long-term orientation versus short-term-orientation. (Hofstede & Hofstede 2005, 22-23) The survey of Hofstede here is a bit questionable because the Mainland China was not in the survey and only estimates of it are defined whereas Finland is left out from the fifth dimension and only estimates are used here as well.

#### *Power distance*

This dimension defines how equally or unequally power is distributed among members of organizations or institutions like families. It claims that the less powerful

members accept and even expect that power is set in an unequal manner and it is endorsed by the followers as much as the leaders. However power and inequality are pivotal and important issues everywhere but some societies are just more unequal than others. (Website of Geert Hofstede 2010)

According to Hofstede & Hofstede (2005, 44) Nordic cultures score low in power distance. In small power distance countries, like Finland, dependence of employees on their bosses is rather small inside an organization. Regular conversations between the boss and the employee are usual and disagreeing with the superior is allowed. Emotional distance between them is relatively small which makes it easier to the employee to approach the superior.

Whereas the Power Distance Index rank for Finland is 66 out of 74 countries or regions, China is ranked to be at places 12-14 which means that China is rather high power distance country. In high power distance countries dependence of employees on their bosses is significant. Subordinates either adapt the dependence or decline it entirely. In this case emotional distance is large which means that employees rarely approach their superior and disagreement is forbidden or at least avoided. (Hofstede & Hofstede 2005, 43-46)

#### *Individualism vs. collectivism*

Individualism appears in the cultures where people prefer working alone rather than in groups (Ams 2009, 107). In individualistic societies, people are expected to look after themselves and, in addition to that, their immediate family, which is, mother, father, and unmarried children. Ties between the individuals are loose. Different from that, in collectivistic societies people from birth are integrated into strong and cohesive groups, often extended families including uncles, aunts, and grandparents. So in this sense collectivism has no political meaning, it refers to the group, not the state. (Website of Geert Hofstede 2010)

In the IBM studies all countries or regions involved have been given an individualism score that was low for collectivist and high for individualist societies. This di-

mension of national cultures can be divided into the opposite poles, extreme collectivism and extreme individualism. Collectivism refers to the societies where people from birth are integrated into cohesive in-groups and to show unquestioning loyalty towards the group whereas individualism is related to the societies where everyone is expected to take care of oneself and one's closest family. According to the IBM study, the individualist pole indicated high importance for personal time besides working life, freedom to adopt one's own approach to the job, and having a challenging work to do. For the opposite pole, collectivist side gave importance to having training opportunities to improve one's skills or learn new ones, having good physical working conditions, and use of one's skills.

The individualism index is based on the survey questions to set of fourteen work goals which would be important to them. In the study the higher the score the more individualist the country is. According to the individualism index, China scored 20, being at the place of 56-61 and Finland scored 63, being ranked to the place of 21 among 74 countries. This means that Finland is more individualist country than China. Many countries that score high in power distance index, score low in individualist index, as does China. (Hofstede & Hofstede 2005, 75-83) Collectivistic countries, such as China, collectivism includes filial piety, respect that is owed to parents and ancestors, chastity in women, and patriotism. They also pay less attention to friendships which are already predetermined by the group membership. However this is not the case with Chinese who value close friendships high in case of starting cooperation, for example. (Vihakara 2006, 102)

### *Masculinity vs. femininity*

Issue of masculinity versus femininity refers to the values that people have in a certain culture. Masculine societies are considered to be assertive and competitive whereas feminine ones are modest and caring cultures. (Website of Geert Hofstede 2010) Scandinavian countries are the most feminine countries according to their well-known social security system and concern to the environment whereas masculine countries such as China value more material success. (Ams 2009, 108)

Men are supposed to be assertive, competitive, and tough whereas women to be more concerned with taking care of the home and children, to be gentler. The IBM questionnaire revealed that work goals such as earnings, recognition for a good job, advancement to higher-level jobs, and challenges were valued in the masculine pole whereas feminine pole valued having good relationship with one's authority, cooperation with others, desirable living conditions for oneself and the family, and employment security, that one can work there as long as possible. In masculinity index, China scored 66, being ranked the place 11-13, whereas more feminine Finland scored 26 being ranked the place 68 out of 74. (Hofstede & Hofstede 2005, 116-121)

### *Uncertainty avoidance*

Hofstede's fourth dimension defines how a culture programs its members to react in unclear situations. Do they feel comfortable or uncomfortable with new, surprising, and unknown circumstances? Uncertainty avoiding cultures try to minimize these kinds of situations by strict laws and rules, safety and security measures, and when it comes to philosophical and religious level, by a belief in absolute truth. Quite the opposite, uncertainty accepting cultures try to minimize the amount of rules and they are more tolerant towards unexpected things. (Website of Geert Hofstede 2010)

Every human society has developed their own ways to deal with odd and unexpected situations and the feelings of this uncertainty are not just personal but may also be shared with other members of the same society. The ways to ease anxiety belong to the fields of technology, law, and religion. To the most developed societies technology helps to avoid uncertainties caused by nature whereas laws and rules try to prevent uncertainties in the behavior of other people. Religion makes people feel themselves secured against paranormal forces that are supposed to control one's future. Religion also helps people to accept uncertainties against which one cannot defend. (Hofstede & Hofstede 2005, 165)

In the IBM survey both Finland and China scored medium to low in uncertainty avoidance index. Finland scored 59 points, being in the places 48 to 49 whereas China scored 30 points, taking places 68 to 69 out of 74 countries in the same category.

However China was not included in the IBM research in this category so the score is only an estimate. (Hofstede & Hofstede 2005, 169) However, when we think about Finnish society some prefer taking risks more than others, so it is up to person oneself. We have also rather many laws and rules to define our behavior in Finland so we have relative low uncertainty avoidance.

#### *Long-term orientation vs. short-term orientation*

Unlike the first four dimensions which were collected among IBM employees in 53 countries, the fifth dimension *Confucian dynamics*, commonly known as *Long-term orientation* was gathered by Geert Hofstede and Michael Harris Bond among college students in 23 countries. This survey is called Chinese Value Survey, CVS which however is not comparable with the original IBM study. According to Hofstede the fifth dimension consists of two opposite poles; a positive *long-term orientation* and a negative *short-term orientation*. Long-term orientation refers to positive, dynamic, and future oriented culture connected with four “positive” Confucian values, which are perseverance, ordering relationships by status and observing it, thrift, and having a sense of shame. Short-term orientation on the other hand represents a negative, static, traditional, and past oriented culture linked with four “negative” Confucian values, that are personal steadiness and stability, protecting one’s face, respect for tradition, and reciprocation of greeting, favors, and gifts. In addition to the fact that Confucian dynamics is divided into two different poles which is against the Chinese Yin and Yang principle, also other flaws exist. It is claimed to have many overlaps within the 40 Chinese values which create a basis of the fifth dimension and concentrating on too much Confucianism while other Chinese philosophies, Taoism and Buddhism, have hardly received any attention. Fourth flaw is that the misleading English translations in the CVS survey occur which may have led to misinterpretations in some cross cultural surveys. Hofstede’s fifth dimension is also based on the opinions among students whose opinions and values necessarily are not similar to other people in their culture and finally the fifth dimension does not have the same sampling background as there are students versus IBM employees. (Fang 2003, 347-368)

In a Long-Term Orientation country China and elsewhere in East Asia, having a sense of shame is an important issue but in the Chinese Value Survey the students also seemed to highlight that allowing too much weight for the traditions hinders innovation. Chinese have succeeded to combine both past and future. That is why it has been easy for them to adopt western technological innovations. The fact might also be one explanation why the Dragons' have been successful in economic growth. (Hofstede & Hofstede 2005, 218)

### 2.2.2 The seven cultural dimensions by Trompenaars

After gathering data over ten years, management consultant Fons Trompenaars published his "Seven dimensions of culture" model to help explain how these dimensions actually affect managing in a business environment and to show how challenging it could be. Methods he used in this research relied on giving over 15,000 managers and other administrative staff from 30 companies with departments spanning 50 different countries a questionnaire with dilemmas. Each dilemma consisted of options that were based on basic attitudes and values. In order to get comparable samples a minimum of 100 people with similar backgrounds and occupations were taken each of the countries where companies operated. (Trompenaars 1993, 1)

#### *Universalism vs. particularism*

This refers to a degree of which one is preferred; laws and rules or personal relationships. In a universalistic culture, people share the belief that general rules, codes, values, and standards are more important than the needs and claims of friends and other relationships. In a particularistic culture, rules do exist but merely they categorize how people are related to one another. In this kind of culture, people see it in terms of human friendships and intimate relationships.

In the research, there is a case about a driver who hits a pedestrian in an area where the maximum speed should be only 20 miles per hour but the driver drives too fast and a friend of his sits next to him and witnesses the whole event. Does the friend tell the truth when asked about it in order to save his friend from serious consequences?

Universalistic people, such as Finns, usually tell the truth so they give more value to rules than relationships unlike Chinese people who are more particularistic.

In business life, universalistic people, such as Finnish, consider a contract the most important and often they totally ignore a significance of relationships which are, however, very essential to a particularistic, such as Chinese, culture. Doing business with a particularistic culture is very time-consuming and one has to be patient and often ready to make exceptions. (Trompenaars 1993; 34-35, 45)

#### *Individualism vs. collectivism*

Question here is that do we function as a group or as individuals. In an individualistic culture, individual comes before the community, which means that personal interests are set before anything else. A communitarian culture emphasizes the responsibility of individual to act in ways which serve society when individual needs, however, are automatically fulfilled.

In his research, Fons Trompenaars sets up a question about individual freedom and how an individual could improve the quality of life. First option is that individuals should have as much freedom as possible and the maximum opportunity to develop themselves and the other option states that individuals should take care of their fellow human beings even if it hinders individuals' own opportunities. 65 per cent of the Finnish and 64 per cent of the Chinese respondents preferred the first option so this does not introduce big differences between these two countries. However, it is pointed out, for example by Hofstede, that in business life Chinese tend to be more group-oriented and decision-making is dealt within a group and long-lasting relationships are important. (Trompenaars 1993; 47-48, 61)

#### *Specific vs. diffuse*

A specific culture relies on hard facts, standards, and contracts. People first analyze the elements individually and then put them together when the whole is a sum of its parts. In a specific culture, interactions between people are well-defined. In a diffuse-

ly oriented culture, individual elements are to be seen from the perspective of the total, all elements are related to one another. Relationships between elements are more important than individual elements.

In Trompenaars's research is a question on whether a worker would paint his boss's house when the boss asks him to do it. The worker discusses with his colleague about it and the colleague argues that he does not have to do it, the boss is a boss at a work placement but not in spare time but the worker says that he is his boss and he cannot just ignore it. Only 28 per cent of the Chinese respondents would refuse to help the boss whereas even 79 per cent of the Finnish would refuse helping. (Trompenaars 1993, 79-80) Chinese are more diffuse people and at some level they combine their business life and spare time.

#### *Affectivity vs. neutrality*

In an affective culture, people show their feelings and emotions publicly and do not find it necessary to hide them. In a neutral culture, people are taught not to show their feelings openly and therefore the situations where feelings are manifested, are rare.

This dimension is closely related to intercultural communication where verbal and non-verbal characteristics carry a meaning. Such verbal features as spoken words and tone of voice are essential. Chinese may be noisy and it might sound like they were arguing even if they are not. In business situations Chinese cannot say no so they use alternative expressions whereas Finns tend to be strict. Non-verbal communication such as eye contact, body language, facial gestures, and spacing are important issues which can reveal new information. The Chinese tend to use very little body language and big gestures should be avoided because they might feel it intimidating. Chinese use strict eye contact and tend to stand close whereas Finnish prefer their own space. Finnish and Chinese cultures are both more neutral-oriented cultures but the Finns are specific and Chinese are more diffuse people (Trompenaars 1993, 88).

*Inner directed vs. outer directed*

In these cultures people either believe the environment can be controlled or that the environment controls them. In inner-directed culture, people believe that they can control the environment with right expertise. They believe that humans can dominate the culture if they make an effort. In an outer-directed culture, people consider themselves as a part of nature, they become one and live in harmony with it.

43 per cent of the Chinese who participate to the Trompenaars's research believed that controlling the environment is worth trying whereas only 30 per cent of the Finnish participants think it is worth it and even 70 per cent of them believe that what happens to them is their own fault. Only 35 per cent of the Chinese think that different happenings result from their own actions. (Trompenaars 1993, 125-128) So we can draw a conclusion that the Chinese are more inner-directed than the Finnish.

*Achieved status vs. ascribed status*

In this kind of cultures, people have either proven themselves to receive status or then it is given to them from birth. In a culture with achieved status, people must keep on showing their expertise over and over again and status will be given consequently. Accordingly in a culture with ascribed status, people obtain their status from birth, age, gender, or wealth. Status is not based on person's achievements but it is accorded on the person's being.

In his research Fons Trompenaars gives two statements regarding to the fact that the culture is either achievement- or ascription-oriented. 26 per cent of Chinese respondents disagree with the fact that acting the way that suits one best even if nothing is achieved is the best way to do whereas 39 per cent of Finnish disagree with that. This means that Chinese culture is slightly more ascriptive which may derive from Buddhism and its values. In spite of that 65 per cent of Finnish and Chinese respondents disagree that respect would depend on family background. (Trompenaars 1993, 94-96)

### *Sequential time vs. synchronic time*

These cultures have their own response to time. That is, do we do things one at a time or several things at once? In sequential time culture, people do things one by one whereas in a synchronic time culture, people do several things at the same time, believing time is flexible and intangible. Sequential time perception deals with a series of passing events while synchronic perception interrelates past, present, and future so that future plans and memories of the past shape the present operations.

The two aspects of time orientation are the relative importance that people donate to the past, present, and future and how they structure their time. Past-oriented cultures give a high value to historical events and achievements that their ancestors have reached. Present-oriented cultures do not point such a great value to the past or future but individuals are directed by the daily functions of everyday life. Future-oriented cultures do not find the past as significant for future events. They concentrate on what is going to happen when planning is a major activity in this culture.

Chinese culture gives somewhat value to the past and it also affects the present time. On the other hand past and present are not linked to the future although future is considered to be even more important than those two. Chinese prefer long-lasting relationships which mean that they combine past, present, and future. Cultures which think synchronously about time, Chinese culture for example, are usually collectivist and more particularist. (Trompenaars 1993, 114-116)

### 2.3 Business culture and negotiations

Chinese business culture has been said to be influenced by three crucial forces. First one is the PRC Condition that refers to the basic social and political features of the People's Republic of China occurred since 1949 after the Cultural Revolution. Second one, Confucianism, refers to the norms and values of Confucian traditions, and the third one, Chinese Stratagems, refers to strategic component of Chinese culture, which is a source of strategic Chinese thinking. (Fang 1999, 66)

### 2.3.1 Preparations and guanxi

Many western negotiators without any experience about cooperating with Chinese are often prepared for actual negotiations and do not pay attention to former period of time. However that time is crucial in order to gain Chinese partner's trust and succeed in the official negotiations. Chinese do not know you so they do not have obligations to treat you well or do business with you so it is recommended to let the time go by and get them to know you better, as a human not just as a foreigner. This way you are not only able to get familiar with your business partner, their attitudes, motives, and needs but also to shape up your partner's impressions about you and your business. (Blackman 1997, 81-83)

A term *guanxi* means "personal contacts or connections" and it derives from the Chinese family system where members are obligated to help each other. There is hardly anything where *guanxi* would not affect and it is a necessity in business life. Not only by means of a good *guanxi* with high-level officials in China you can ease your position in the negotiations but also get valuable information about the price and product. (Fang 1999, 118-119) *Guanxi* can take you anywhere and give you unlimited range of opportunities but without good connections there is no way you could succeed in China, you are an outsider who is ignored. Creating good *guanxi* is reasonable to start already when arriving in China because bad first impression can hinder your business. Sometimes Chinese companies hire people just because of their good connections which perhaps are earned during a long working life from the bottom to the top. It is expensive and time-consuming but usually worth it. (Bucknall 2002, 16)

### 2.3.2 Meetings and banquets

Usually if you have done the preparations well, setting up a meeting in China should not be a problem. Only a simple phone call or a fax is not enough especially if you are unknown to Chinese organization, usually they want background information about your organization before the formal meeting. First of all they do not like surprises and secondly, they have time to search the right delegation to best serve the

needs of the western party. Sometimes if the decision of the meeting comes well in advance of the desired meeting date, Chinese organization will not set the exact time for it because anything may happen and the meeting might be cancelled. That is one reason why date of the meeting will sometimes be set at the last minute. (Seligman 1999, 87-90)

There are certain protocols for every aspect of the meeting. First, direct your eyes on the Chinese team leader and greet him with a gentle hand shake after which you are introduced other team members. It is recommended that you have studied the names of the Chinese team in advance. Then you pass over your business card with two hands, Chinese side up, and release one hand to receive their card. The business card should preferably be two-sided and bilingual. You should read the card carefully, sometimes even aloud, but be sure not to put it in your pocket. Knowing this part of their culture gains you face. (Bucknall 2002, 79-81) In addition to changing business cards, gift giving is an important aspect of the meetings. It is advisable to take a large quantity of presents with you to China, for example something small related to your company for all Chinese team members and something big related to your country for the group or the whole institution. Big and expensive presents are better to avoid giving to an individual person. Some gifts, such as cut flowers, clocks or watches are better to avoid because they are related to death. There are some colors which should be avoided as well; they are explained in 2.1.4 Aesthetics –section. Gifts are handed over with two hands as well but first Chinese might refuse to receive them because it is polite but they really do not mean it. (Bucknall 2002, 137-140) You as the team leader will be shown where to sit, usually on the right side of the principal host in the seat of honor facing the entry door interpreter sitting next to you on a chair. Generally these meetings start with small talk and actually the first meeting is not a business meeting at all. Chinese want to get to know you first and this takes time, so be patient and do not talk about business this time. Whether they are willing to discuss the business in the second meeting, it is up to them. (Bucknall 2002, 82-83)

“I make more business deals during the banquets than in the negotiation rooms” (Blackman 1997, 185). The quotation describes that we cannot highlight too much a significance of *banquets* in Chinese business life. Officials and businessmen spend even more money on them than the government spends on healthcare, education, re-

search and social expenses together. (Blackman 1997, 83) They consider food as heaven and *banquets* always are an essential part of business negotiations by giving Chinese a chance to strengthen *guanxi* and friendship with their business partner (Fang 1999, 244). There are two kinds of *banquets*: those which are more important for the negotiations such as formal starting or concluding *banquets*, and those which are less formal and can be compared to a normal business dinner. While China is a poor country and people receive low salaries, *banquets* usually belong to your host's salary package. Common procedure is that your host unit will organize the first *banquet* to welcome you and on the other hand obligate you mutually to do the same normally after a few days or so. This shows a good manner. Usually there are certain greeting- and seating rules where the main host greets the guests when they enter the room and often the leader of your team and the main host are seated facing the door. Program will most probably include chatting, eating, drinking giving speeches, and karaoke, in some cases. (Bucknall 2002, 156-162) *Banquets* are a good example of Chinese collectivistic behavior where the whole Chinese office personnel invite their business partners to a local restaurant whereas in the western countries usually a company manager invites his business partners to his house (Blackman 1997, 39).

### 2.3.3 Negotiating phase and tactics

Business negotiations can apply for example to establishing a joint venture, imports, and exports, or arranging education or management exchange between the two counterparts. Usually there is a certain pattern how negotiations are carried out in China. First there is a general opening phase, secondly is deeper negotiation about the technical issues, the third phase is discussion about the terms of agreement and technical details, the fourth phase is signing the contract, and finally the post negotiations.

*Opening phase* is usually the phase where Chinese part introduce the issues they are not going to negotiate such as delivering time and by doing this they strive for affect to expectations of their opposite side regardless of their needs. In this phase Chinese insist of signing the *letter of intent* which defines the terms of the contract where aims are set as high as possible and which can be bargained later on. Foreign negotiators must go through it carefully and ensure there are all important issues regard-

ing to their objectives. After placing the letter of intent, parties start discussing about the *technical issues*. This phase can take many days, months, or years. Time is not money in China in the same way as it is in the western countries. It seems to have no matter how long the negotiations take which usually tests foreigners' patience but it works in China. Also hierarchy plays a great role in Chinese business life. First of all every factor involved in the negotiations and decision-making must agree, only then the decisions are made. Attitudes of public authority and state officials strongly affect the decision-making as they assign it to the higher level. Unlike many western leaders, a very few Chinese leader is ready to pass the hierarchy in decision-making. If they have a problem, they will not tell it in a fear of losing their face. The more important the negotiations are, the more carefully they investigate every detail. Continuous questions and requests for qualifications are usual features of the negotiations in China. If you do not know something, the best you can do is to promise to find it out and tell them later. It shows them you are reliable and committed to the deal. Usually both parties need to do concessions and only after the technical discussions and price setting, *negotiations about the terms of agreement* will take place. In this phase Chinese usually do not accept international terms of agreement per se so the procedures have to be discussed as well. Chinese might also ask that the arbitration would occur in Beijing where their headquarters are situated but this might reduce westerners' position.

General procedure among Chinese businessmen is that they might have changed the agreed terms already before signing the final contract without even mentioning it. If there are issues that have not been discussed earlier, you have to start again and this phase can take hours. In order to avoid unexpected surprises, go through the contract carefully before signing. Usually in the western countries the closed deal is the final deal and they pay attention to *post negotiation phase* even less than starting phase. However Chinese may want to arrange further negotiations and set up new requests. (Blackman 1997, 96-116)

### *Meaning of an interpreter*

It is always a risk when business partners do not speak the same language. Most common language in international business life is English and also many Chinese business people know some but it is unlikely that negotiations are held in English. Managers who speak foreign languages frequently still prefer to use an interpreter in order to save face and buy time (Seligman 1999, 100). Then the best option is to take your own interpreter if possible because then you are able to inform him/her about the difficult vocabulary and terms in advance and ensure he/she understands you when you avoid many misunderstandings. He or she may also know your aims even if you said it unclear interprets what the Chinese discuss with each other and may also read more between the lines for your advantage. However be sure to speak clearly enough, use different words but avoid using slang or sarcasm, and repeat your sayings often because Chinese prefer that and your interpreter is better able to follow you. (Bucknall 2002, 93-95)

### *A concept of face and the meaning of no*

A concept of face means a lot in Chinese culture. While China is a collectivist country by insulting or criticizing someone belonging into a certain group, the whole group will feel insulted so you must not to cause anyone a loss of face. In the negotiations it is impolite to interrupt someone or to address the interpreter rather than the Chinese leader and greet someone else first than the leader. Preferred way to handle such a situation is to employ for example your liaison officer to pass apologizes. It is not only easy to insult someone but also to gain someone face. Complementing someone or someone's achievements in public, using titles, and giving gifts are ways to give face to someone. (Bucknall 2002, 29-30)

You hardly ever hear some Chinese to say no to you because it automatically means a loss of face. So you will rather often hear *possibly* or *maybe* or they might say that they must think about that. Usually silence and they are looking somewhere else means no. In the western countries nodding is interpreted as "yes" but in China it ac-

tually means “I’m listening to you, please continue” but not necessarily “yes” at all. (Bucknall 2002, 130-132)

## 2.4 Intercultural communication

Intercultural communication focuses on improving communication between people from different nationalities. It takes into consideration both verbal and non-verbal communication. Most commonly non-verbal communication is considered as body language but it covers our orientation to time and how we distance ourselves when communicating with the others.

### 2.4.1 Verbal communication

Language is a verbal expression of culture. When we talk about *verbal communication*, we usually mean spoken language but the differences occur when we think how we use it. There are differences in communication styles between cultures. There are some dimensions through which our verbal communication styles differ from each other, like the degree of formality and informality when talking to another person. In business life Chinese prefer using titles such as Director, if he or she has one, instead of Mr. or Madame because it gives them face and emphasizes they are senior people (Fang 1999, 35). Instead Finnish people tend to be more informal. Second dimension is a matter of how definitely or indefinitely we express ourselves in spoken language. For example Finnish people tend to be straight and express whether they agree or not unlike Chinese who, instead, avoid in every possible way to say no. Instead they rather use words such as maybe (*huoxu*) or difficult (*taikunnan*) instead of no (Fang 1999, 146). Then there is also the issue on how direct or indirect we are in certain situations and how brief or detailed we tend to be when someone has asked something. Like Finnish people may just answer “I’m fine” when asked a question “How are you?” Also how high or low volume we use when talking to someone is one thing which is culture-bounded and may cause misinterpretations.

Differences in verbal communication styles cause also miscommunication. This again derives from cultural backgrounds and what we consider as a correct way to

behave. We can be rude and hurt one's feelings when we say something directly or untrustworthy and suspicious if we say something indirectly. It is culture-bound. It has to be taken into account how foreign languages and geographical location have an effect on one's speech. Using humor is one unsecure thing to do as well and jokes do not easily cross cultural boundaries. (Gore 2007, 95-97) For example Chinese consider it rude especially when it comes to political issues such as Taiwan or human rights. Other unsafe topics are for example criticism concerning to Chinese food, poor facilities, sex, recent or current Chinese leaders, even criticism towards your own government is better to avoid. (Bucknall 2002, 44; 52)

#### 2.4.2 Non-verbal behavior

*Non-verbal communication* includes gestures, facial expressions, and body language. Actually the easiest way of explaining non-verbal communication is to say it is our concrete behavior without words. Non-verbal communication is actually our primary style to communicate; verbal communication comes later in life. Non-verbal communication is essential also for the reason that when we see another person, we form our first impression in less than ten seconds according to appearance or voice, for example, and that impression lasts long. Sometimes we tend to trust more non-verbal than verbal communication, because facial expressions and body language can tell us more than thousand words. The question of intentionality in non-verbal communication is crucial. If we think non-verbal communication between people from different cultures and backgrounds some concrete expressions may have no meaning in certain cultures at all. The rule of cultural linguistic relativity defines that the more similar the languages are, the more similarities in non-verbal communication there are between the two cultures. (Gore 2007, 81-84)

We use our body in various ways for communication but cultural differences appear when we consider what normal or natural behavior is. Usually we register the ideal patterns of our behavior only when they are broken in some way. What is right or wrong in one's culture is usually learned in the childhood. Gore (2007, 85), tells us an example of eating which is universal human behavior. When I was a child, I think this applies to many other Finnish kids too, I learned that slurping loudly my soup or

similar is wrong but for example in East Asia, in China noisy slurping is polite and tells that the soup is absolutely delicious, silence is considered to be even rude. In addition to noises, making gestures with our hands is an essential part of non-verbal communication. We use our hands for example to highlight and strengthen our verbal message, so when we are speaking. These speech-dependent gestures are called illustrators and apart from that there is speech-independent gestures called emblems. They are symbols, as an example I could mention here so called hand ring, which means “everything is OK” in many cultures but in Belgium or France that has a meaning of worthless. So gestures are usually culture-bound. (Gore 2007, 85-87) Chinese people use their hands very little when they are speaking, so very big gestures should be avoided and one should never put a hand in one’s own mouth. If you should point to a certain direction, you should not do it with your index finger or a jerk of your head while they may feel offended. Also the way you stand or sit is meaningful. Try to sit upright and never put your hands on your hips when standing, you may look arrogant because you are usually taller. (Bucknall 2002, 48-50)

Apart from body language, time and spacing one from another when talking with someone are included in non-verbal behavior too. Time can be viewed as a concrete thing that is saved, wasted, and even managed. Especially in business life time plays an essential role, some cultures see time more important than the others. There are two concepts how we can categorize time; monochronic and polychronic orientations to time. Monochronic –word comes from the Greek and means “single time”. In this perception of time, time has a clear beginning and end, things are done one at a time, and schedules are important. It compares time to money. Polychronic –word means “several times” and it values personal relationships more than money. Polychronic people use to do several things at once and concentrate on present time more than the future. Finnish people tend to be more monochronic and prefer strict schedules whereas Chinese value time-consuming and close relationships which make them more polychronically oriented people. (Gore 2007, 71-73) When it comes to distancing themselves when they talk to someone, Chinese may stand closer than you are used to but it is not polite to step forward because your Chinese partner may follow. (Bucknall 2002, 50)

### 3 EDUCATION AND MODES OF EDUCATIONAL COOPERATION

#### 3.1 Education in Finland

Finnish education and science policy emphasizes quality, efficiency, equity, and internationalism. It creates strong basis for the Finnish welfare society assuring the nation's cultural, social, and economic welfare including continuous sustainable development. The system of the policy follows the line with the EU Lisbon strategy.

In Finland everyone has a right to free basic education. Every Finn has basic right to education and culture which is recorded in the Constitution. Public authorities are obliged to ensure every resident to get education also after the compulsory schooling and to develop themselves regardless of their financial situation. Education is primarily co-financed by the Government and local authorities. The Government and The Ministry of Education and Culture, as part of it, target government grants for basic, upper secondary, vocational, polytechnic, university, and liberal adult education.

##### 3.1.1 General education in Finland

Every child permanently living in Finland is entitled and obliged to complete the comprehensive school syllabus which nearly 99.7 per cent pupils do. The nine-year basic schooling, including six-year primary school and three-year lower middle school, is free for everyone and is started at the age of seven. Before that it is possible for children to participate in voluntary pre-primary school a year before which nearly every six-year-old does.

Rest of the world has paid attention to Finnish education system because of its success in PISA since 2000. Programme for International Student Assessment, PISA, is arranged in every three years and it surveys 15 year-old teenagers' knowhow to manage future development, society, and working life. Students are tested in literacy, mathematics, and natural sciences. Last research was carried out in 2009 when Finland ranked the best in Europe and 3<sup>rd</sup> place among all 65 participating countries. (Opetus- ja kulttuuriministeriön www –sivut 2011)

### 3.1.2 Polytechnic and university education in Finland

The Finnish higher education system includes two complementary sectors which are polytechnics and universities. Polytechnics' aim is to train professionals in response to labor market needs and controls research and development which supports specifically regional development. Schools are multi-field institutions working close to local businesses developing new or improved products or services and methods for the needs of their regions. System is fairly new because the first polytechnics started to operate in 1991-1992 on a trial basis and not until 2000, all polytechnics were permanent. At the moment there are 25 polytechnics administered by the Ministry of Education and Culture. Polytechnics offer education for polytechnic and polytechnic master's degrees, adult and open polytechnic education, and vocational teacher training. Studies are provided i.a. in the fields of culture, society, business, techniques, and environment. Students apply to polytechnic studies through a national application system and study time is three and a half to four years. To be able to study Master's degree one should have a Bachelor's degree and at least three years' work experience. Studying in Master's degree takes about one and a half years.

Universities practice scientific research and education in close cooperation with society and strengthen the impact of research results on society. Universities offer Bachelor's and Master's degrees and additionally licentiate and doctoral degrees. The whole higher education system is being developed towards internationally capable to respond national and regional needs. In addition to polytechnics and university education there is also adult education which is mainly voluntary education or staff education. Most of the teaching occurs at the workplace. It is offered in about 800 colleges or higher education institutions and over 1.7 million citizens attend the courses annually in Finland. (Opetus- ja kulttuuriministeriön www –sivut 2011)

### 3.2 Education system in the People's Republic of China

According to the Education Law of the People's Republic of China, effective as of September 1, 1995; the state will maintain and strictly obey the teachings and ideas of Marxism-Leninism, Mao Zedong Thought, and the theories of constructing social-

ism with Chinese characteristics. It states that the state shall conduct education among education receivers in patriotism, collectivism, and socialism as well as in ideals, discipline, legality, national defense, and ethnic unity. It also says that citizens shall enjoy equal opportunity of education regardless of their ethnic community, race, sex, occupation, property, or religious belief and, that education activities shall be in the benefit of interest of the state and the society. (Education Law of the PRC 1995, sections 1-9)

Chinese educational administration is a four-step system which includes central government, regional government, municipal government, and institutional administration. Ministry of Education of PRC has the highest administrative power of education system in the People's Republic of China. Ministry is responsible, for example, of education legislation, funding, syllabus, quality control, and entrance exams and certificates of higher education. Regional government, in turn, is responsible for fulfillment of the education legislation and controlling all the educational institutions in the region, funds the municipal government, and it has a power to act as a regional legislator. Municipal government executes the legislation given by the Ministry of Education and regional government. In addition to that it also controls and funds schools in its own municipality.

Compulsory general education consists of nine-year comprehensive school which is divided into primary school and lower middle school which are preceded by the chargeable preprimary school where 28 per cent of the age group participated, starting from the age of three. After the comprehensive school it is possible to accomplish triennial upper middle school where about 46 per cent of the students continue after that. During the last years many private schools have been established beside the public schools. (Opetushallitus 2008, 7)

### 3.2.1 Comprehensive school

Primary schools are for children from five to six years old. Most of them go to primary school for six years, in the rural areas it is usually five. Students' learning is controlled with semester and annual exams according to which they get their diplo-

mas after every semester. At the end of primary school, local education authorities organize the final exams and passing those gives students right to continue further. Final exams are held in mathematics, Chinese language, and possibly in foreign language as well. Primary schools are tuition-free for urban residents being financed by the municipal governments. About 73 per cent of the students continue to the lower middle schools. (Opetushallitus 2008, 7-8)

In China lower middle school is triennial but lasts four years if primary school has lasted only five years. Usually students go to local school but some of them choose a private school. Most of the lower middle schools offer general education but small amount of them has specialized to give vocational education as well. Students pass at the end of every semester and academic year exams from every subject. Every student who passes the exam gets Certificate of Graduation Diploma and is able to strive for the secondary education. About 46 per cent of the students continue their studies to next level. (Opetushallitus 2008, 8-9)

### 3.2.2 Secondary education

Secondary education in China means both upper middle schools and vocational secondary schools. Upper middle school lasts for three years and students are chosen through entrance exams and the previous success at the lower middle school. At the end of the upper middle school students will pass the final examination organized by regional education authorities. Many students consider gao-kao, National University Entrance Examination as an aim of their studies. They need a certain grade from the final examination to be able to participate in the examination.

Vocational secondary schools can be divided into three categories which are specialized secondary schools, vocational secondary schools, and skilled workers schools. Vocational education reforms started from the 2000s and are still unfinished. Studying in specialized secondary schools lasts three or four years. They offer specialized technical and vocational training for example in the fields of manufacturing, agriculture, healthcare, business, law, and arts. Specialized secondary schools operate together with companies and education is very pragmatic. Education lasts three years.

Their purpose is mainly to educate people for example bookkeeping and information technology. Most of the graduates work for the companies after graduation. Skilled workers schools last from two to three years and their purpose is to educate skilled work force for the needs of the local companies. Schools are under the control of the Ministry of Education. Many of these schools are owned by the companies or the government. (Opetushallitus 2008, 9-11)

### 3.2.3 Higher education and adult education

Higher education system has been revised remarkably since the early 1990s. Still there is a huge competition but the amount of study places has increased which allows more and more students to get in. In the early 1980s only about 2 to 3 per cent of the age group of 18 to 22 took part to the higher education when in 2002 the per cent was 14. The aim is to increase the amount to 20 per cent by the year 2010. The Ministry of Education is still the major actor in higher education, it is responsible for the university entrance exam, qualifications, and study places. Earlier higher education institutes got their funding from the government, nowadays system is more flexible and institutes are allowed to collect tuition fees, as many of them do. In 2004 there were 2236 higher education institutes, 1731 universities or vocational universities offering candidate's, master's, and doctoral degrees and are open for international students as well. (Opetushallitus 2008, 11-16)

In 1949 China started to educate adults with no basic education. Since 1955 they have been offering higher education also for workers and government officials. During the Cultural Revolution from 1966 through to 1976 adult education institutes were closed but in 1986 they started to establish Worker's Universities and to get in applicants have to pass the National Adult College Entrance Examination. Institutes that offer adult education are radio- and television universities, spare-time universities, staff- and worker universities or colleges, and self-study universities. In addition to them they offer also institutes of education for unqualified teachers. (Opetushallitus 2008, 17-19)

### 3.3 Modes of cooperation in higher education

The need for improving the efficiency of higher education has increased over the past few decades. Most remarkable reason for that has been entering from small elite universities to massive higher education systems and the amount of students has increased. Consequences were vast and higher education institutions differentiated and diversified both internally and compared to each other. Small and ineffective units increased and their operating possibilities were limited. Voluntary alliances and networks and cooperation modes between different institutions became more common because public resources were under remarkable pressure when education expenses increased. According to international experiences, by tighten up the cooperation public authority aspires to increase the effectiveness and power of higher education, limiting the number of too similar institutions, increase savings, and to develop higher education to better meet the needs of society and regions. So the central reasons for bringing higher institutions together could be said to be economic, strategic, educational, academic, and social-political where the economic reasons have come up more often than other factors. From the organization's point of view tightening up cooperation with the other institutions means improving on effectiveness, and innovations and being prepared for economic risks and uncertainties. Higher education institutes also strive for better competitive advantages.

In Finland strengthening the cooperation between institutes has already been realized, for example when Haaga Institute of Applied Sciences and Helsinki University of Applied Sciences merged as one, Haaga-Helia University of Applied Sciences. In addition to that there are consortium projects between universities and universities of applied sciences under development in different cities and universities in Kuopio and Joensuu have started federation project, for example. At the moment higher education experiences structural reforms in Finland and effective cooperation between the institutes and consolidations are nothing new world wide. Cooperation between higher education institutes has been a trend in developed western countries for the last 40 years and its significance has only pronounced in the 21<sup>st</sup> century. (Tirronen 2006, 9-12)

### 3.3.1 Consortiums

Traditionally consortium has described economic cooperation in business and banking but nowadays it concerns also other societal, such as educational cooperation. Simply it means alliance between different actors. Consortium's Latin equivalent *consors* means involvement and partnership.

The United States was the first state to adapt the concept in 1925. In 1960s and 1970s consortiums were very popular especially in the United States but elsewhere, also in Finland consortium was only discussed as one of the opportunities to cooperate. By means of consortiums were aspired to meet the problems derived from expansion and increase in student amount in private institutions. Consortium offered a possibility to uphold one's independence, to modernize, and to take challenges. They strive for operating in changing and challenging environment and prepare for risks and uncertainties. In practice consortium means sharing resources, facilities, personnel, study programs, purchases, and services and operates as win-win –principle.

Questions that might appear in a consortium phase are for example how deep is the cooperation and what are the limits for it, in what study fields cooperation is needed, and what resources are shared or combined. Consortium is an independent unit, apart from participative institutions. Consortium also has separate administration that consists of persons chosen from all participative institutes. Participative institutions are usually small because they usually advantage the most. However expenses are often bigger than advantages and costs are distributed unequally and multidisciplinary consortiums are more inefficient than specialized ones. The more active consortium is the more investments it requires from its participants. Maintaining a consortium is an economic, cultural, functional and administrative challenge. (Tirronen 2006, 13-25)

### 3.3.2 Federations

Federation derives from Latin word *foedus* which means both contract and alliance. Basically federation signifies union formed by regions or states and it has also the longest history of all cooperation modes. Federation refers to two or more separate

and independent higher education institutions which retain their autonomy but are banded by one mutual organization, university, for example. The best known federations are London, Cambridge, and Oxford Universities in Great Britain.

As a cooperation mode federation is fairly close to merger although they retain their autonomy and legal position whereas in a merger they all are transferred to a new entity. There are three different federation models. The first one is autonomic model where participative institutions hold the power, in the second one power is shared equally, and in the third one central administration, university, holds the authority. Basically there is one university that determines the standards, formalities, and gives instructions. Organization's role is typically strategic whereas higher education institutions hold operational side. Additionally they control their finance, liabilities, education, research, and student election. However, their autonomy is relative because the public authority controls the cash flows. Decision-making can be divided in different ways in different federations but the relationship between university and participative institutions should be equal. (Tirronen 2006, 26-36)

### 3.3.3 Mergers

Merger refers to union formed by two or more higher education institutions which is typically organized either around one participating institution when university A is combined to university B; as one of the departments which is called synergistic fusion, or to a whole new organization when universities A and B are united in a university C. In case of merger, usually all of the former operations, structures, regimes, rules, and norms are removed and formed again for a new organization. Aims of a merger can be divided into four categories such as rationalization, better distribution of resources, reaching the biggest advantages, and innovations. By means of these aims they strive for increasing the efficiency and productivity, reforming management systems, developing operations, diversifying education, reaching the best benefits, and competitive advantages.

Options of cooperation for higher education institutions are usually different modes such as consortium, federation, strategic alliances, voluntary or contract cooperation,

abolition of degree programs, departments and institutions, or outsourcing of operations. Merger is an irreversible which often causes insecurity among personnel and Finland, Norway, Australia, and South Africa are examples where institutions are forced to merge and controlled by public authority. Mergers generalized first in the United States in 1940s and in developed western countries in 1960s. In different studies on higher education, merger has defined to have only one government, management system, and common administrative organs, and faculties. (Tirronen 2006, 37-49)

#### 3.3.4 Other modes of cooperation

Nokkala, Tirronen, and Hölttä (2007, 16-17) refer to the report by Organization for Economic Cooperation and Development (OECD) that there are three other higher education cooperation modes in addition to consortium, federation, and merger. According to the OECD Thematic Review of Tertiary Education on Finland (2009, 98-100) the other modes are Competition Model, Regulation Model, and Voluntary Cooperation Model. In the Competition Model universities seek to ensure as strong market share as possible by establishing for example cooperative cartels and this model is not considered to be appropriate to Finland. The Regulation Model, instead, is strongly at present in Finnish higher education system while this model refers to the division into universities and universities of applied sciences. In this model the institutions are carefully determined i.a. which degrees they are allowed to offer and what kind of researches they are allowed to conduct. The third, Voluntary Cooperation Model universities cooperate in different fields such as education, research, internal services or marketing in order to achieve more effective use of resources. Cooperation in this model can be informal, based on contracts, or network cooperation and the participants will not lose their autonomy. (Nokkala, Tirronen & Hölttä 2007, 16-17)

## 4 RESEARCH PROCESS AND METHODS

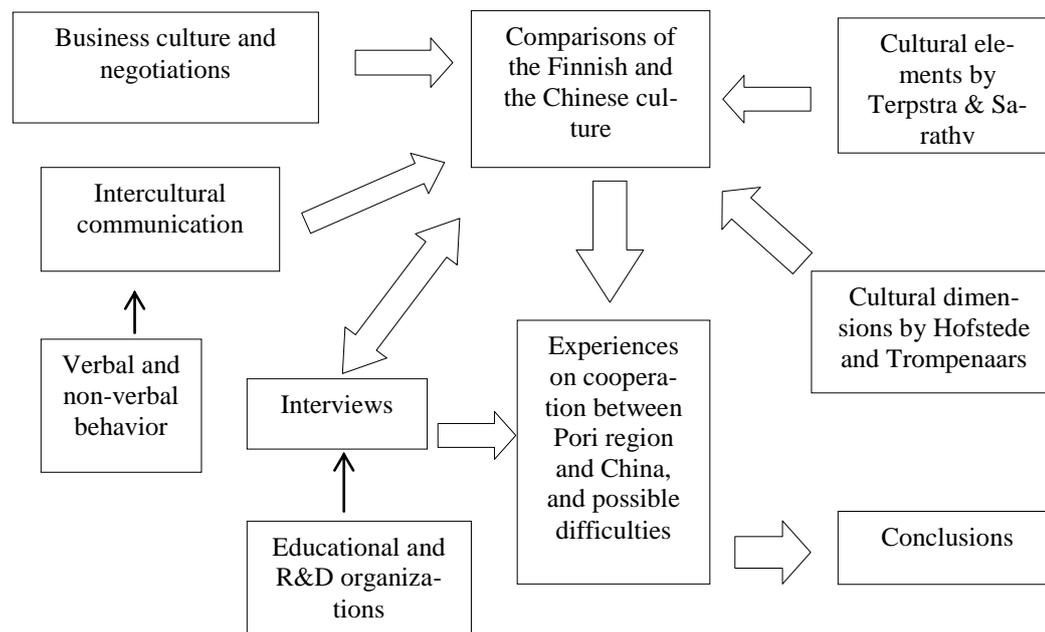
### 4.1 Problem setting

The purpose of this thesis is to increase understanding of the possibilities and challenges of cooperating with the Chinese organizations and institutions from a Finnish point of view which is represented by five actors in the fields of education and R&D in Pori region. Main research questions are:

1. What are considered to be the main cultural differences and problems in cooperation with the Chinese counterparts?
2. What should be done in order to succeed in the cooperation?
3. How do they cope with the cultural differences and different communication styles?

Interview questions are aspired to form so that the most important elements of the cooperation, its development, challenges, cultural differences, and means of communication could be illuminated from the text. I find the semi-structured questions the best serve my research objectives because then I am somehow able to lead the discussion to the direction I strive for, and on the other hand I find the questions so deep that the interviewees have to think their answers in detail. Order of the questions has also changed during the interviews depending on the flow of discussions and some questions were left out or added in. Questions varied a little because it would have been difficult to ask exactly the same questions from lecturers or the persons who work for R&D organizations whose work is not even close to each other. However the culture does not change and the questions were the same. Interviews were conducted in Finnish but the most relevant parts were later translated into English. Question layouts, both in Finnish and in English, are found in the appendix.

## 4.2 Conceptual Frame of Reference



The purpose of the conceptual frame of reference is to give an idea of the structure of the research to a reader and it is also helpful for the researcher to stay focused when it is written in advance. It tells how the different sections are related to each other. In order to draw conclusions of the current state of cooperation between both the Finnish educational, and research and development organizations in Pori region and the Chinese, interviews and comparison of Finnish and Chinese cultures will be made. Comparison of the Finnish and the Chinese cultures consists of cultural elements by Vern Terpstra and Ravi Sarathy, cultural dimensions by two researchers Geert Hofstede and Fons Trompenaars. The two other parts of the comparison are business culture and intercultural communication, the latter one is viewed by verbal and non-verbal behavior. Finally the practical part is formed by interviews related to cooperation and cultural aspects.

## 4.3 Research strategies and approaches

Choosing the right research strategies and approaches are the most essential part in order to succeed in the research. The strategy is appropriate when it is able to answer the research question(s) and meet the objectives of the research. Questions and objec-

tives as well as existing knowledge, the amount of time, resources, literary as well as electronic material available, and one's own knowledge and experiences define the final choice of the strategy. (Saunders, Lewis & Thornhill 2006, 135)

#### 4.3.1 Qualitative method

It is reasonable to explain few basic concepts for qualitative research. Theory is a collection of explanatory terms and is relevant when it is practical and helps in the research process. By means of hypotheses it is possible to test the validity of the arguments. Methodology is common approach to survey the subject and is applicable when it serves research in practice whereas method is a special research technique and practical when it is able to combine all three concepts mentioned above. (Metsämuuronen 2008, 9)

I chose qualitative method to be the most appropriate strategy for my research purposes. The features of qualitative research are suggested to be for example data collection method, perspective of the examinees, discretionary sampling, data-driven analysis, non-hypothetical, research genre and presentation of the results, researcher's role, and narrativity (Eskola & Suoranta 2001, 15-24). Because the purpose of the study is to survey the possible difficulties in communication and cooperation as well as to find possible ways to develop the cooperation, I find non-standardized interviews to serve the best my objectives. It is essential to gather the interviewees' personal experiences about cooperation with Chinese counterparts together, so the best way to do that is to use discretionary sampling to find the right persons with the proper knowledge. Interviewer's or researcher's role in open interview is not only to listen but also to follow the body language of the interviewee which often tells a lot more in addition to words.

Qualitative data is available and can be created in many ways. This is why it sometimes is hard to find the most relevant resources that best serve researcher's aims. There are written forms such as organization reports, documents, emails, and newspapers as well as non-written forms like audio- or video-recordings. (Saunders et al.

2006, 474) Audio-recordings, on-line sources such as websites, e-publications, and documents, and books are used in this thesis.

#### 4.3.2 Literature review

There are many ways to find information on a certain topic but is it reliable and valid is the hardest thing to be considered by the researcher. Satakunta University of Applied Sciences offers a large scale of good databases in the Internet where I could find much useful information for my research. Deciding the right keywords has been maybe the hardest part. For this research I have used primarily Ebrary, Dawson Era, and PressDisplay to read for example Satakunnan Kansa –newspaper for the reason that I do not live in Satakunta but this is the good channel to update your knowledge. In addition to databases I have reviewed the organization web –pages and also some other researches published in the Internet. Books have also had a crucial role in my research. On the other hand it has been surprisingly difficult to find information about for example Chinese business life from regular libraries other than the school's one. Additionally it is somehow troublesome and relative slow it got easier and easier at the end.

#### 4.3.3 Narrative approach

A narrative means story-telling. In the most demanding sense, narrative has to have the features of a story which means at least logical timelines. Narrative, for example a description of a certain event or series of different events is maintained by a story-line with a beginning, middle, and end. According to a looser definition, as narratives can be understood all narrations of which analyzing need to be interpreted. Narrative material is not reasonable to express for example as a list. Narrativity can be benefited in interviews as well when we talk about narrative interviews. (Saaranen-Kauppinen & Puusniekka 2006)

Narrative approach considers that narration belongs to humanity and this approach is appropriate to studies where interests are directed to individuals' own narratives and stories, what are their personal attitudes towards different cultural elements. In narra-

tives people tend to criticize, defend oneself, and argue themselves as well as others. They bring personal experiences, values, attitudes, demands, goals, wishes, and social needs together. (Saaranen-Kauppinen & Puusniekka 2006) Narrative approach well serves my research objectives because by the means of narrative interviews the interviewees are able to tell more on their own words when I just give them the instructional questions. In this way I am able to get information that I even would not think of but is relevant for my research.

#### 4.3.4 Interviews and observation

Ten representatives working for five different educational and research and development organizations in Pori region were interviewed from March to December 2010. Interviews surveyed primarily cultural differences related to educational and R&D cooperation and intercultural communication between Finnish and Chinese. These organizations were chosen because they are at the moment the most active actors in in Pori region related to education and research and development. Two of the organizations have fewer contacts to China but for the last three China is actively involved in their operations.

The use of interviews can help the researcher to gather valid and reliable data that are relevant to the research questions and objectives. There are different kinds of interview techniques for different purposes. Structured, semi-structured, and non-structured or open interviews are the most popular ones and they can last from few minutes to several days. I find semi-structured, face-to-face -interviews, which is often considered to be qualitative research interview, the best option for the purpose of my thesis. In semi-structured or theme interview, the researcher will have a list of themes and recommended questions to be covered, even if they may vary from interview to interview. Semi-structured interview can be used in situations where the questions concern intimate or sensitive issues, such as values, ideals, or arguments. I consider semi-structured interviews to be practical because when you have the themes you can easily follow the structure of the discussion and on the other hand when information is deep, interviewees are able to think carefully what they say and they can get some kind of picture of their operations and what could be improved.

On the other hand semi-structured and non-structured interviews are not far from each other. Non-structured interviews are also called as open, in-depth, or informal interviews. They are close to discussions where the interviewer not necessarily steer it at all but everything depends on the interviewee. In both semi-structured and non-structured interviews the amount of respondents is rather small, expenses are quite big, workload and familiarization are massive, and information received is deep. (Metsämuuronen 2008, 37-41).

By means of observation, the researcher observes more or less objectively the target and makes notes. Observation is not only collecting visual material but also other senses; smell, taste, hearing, and touch can be used. Then the researcher is able to get versatile information such as what are their attitudes, beliefs, thoughts, and feelings. Observation can be divided into four parts which are the complete observer, the observer as participant, the participant as observer, and the complete participant. Observation without participate means that researcher does not identify oneself in a target community which is used for example when researching illegal operations, whereas participate observation is used in situations which need to be interfered with. (Metsämuuronen 2008, 42-43) Participate observation is used in this thesis as my own experiences about the exchange period in China come up in some parts of the study results.

#### 4.4 Reliability and validity

When research process goes on and on, the researcher has constantly to be able to follow that it serves the goals and objectives of the study. Considering ethical issues and reliability are essential part of the study. To ensure the reliability of the research, there are many different research methods. Reliability of the research means the repeatability of the study results and its ability to give non-casual conclusions. The first concept is reliability that can be stated for example if two different researchers get into the same conclusion or when the same examinee is examined in different occasions and still the same result is reached, the research is reliable. The second measurement is validity which means ability of the research method to measure just that

what is meant to. The examiner and the examinee can understand the questions in a different way. (Hirsjärvi, Remes & Sajavaara 2004, 216-217)

Reliability of a qualitative research can be improved by explaining carefully different phases during the research, for example by describing the circumstances and places where the material was gathered. Likewise the time used for the interview and possible distractions could be explained. Making classifications and interpretations are essential in a qualitative research so the reasons and arguments must be explained. Direct citations are good aid for these purposes. (Hirsjärvi, Remes & Sajavaara 2004, 216-218) In order to achieve the best possible reliability and validity for the thesis I aim not only to give reasons for how I have drawn a conclusion like that by giving direct citations but also to remain as objective as possible. In my opinion the amount of interviewees, which in this case was ten, has supported my research as well because many of the experiences of culture and cooperation were the same. I also refer to former studies and books to give some proofs to the given arguments. As stated above that the examinee may understand the question differently seems to create a challenge for the researcher. However, by using face-to-face -, semi-structured interviews, I have strived for avoiding this challenge by having a certain question layout by the means of which somehow to lead the discussion. However, the interviewer should not lead the discussion too much because then the reliability of the research will suffer and according to this fact I think I should have been more objective in some subjects so they have been useless and left out from the research.

## 5 ACTIVE REGION OF PORI – FINDINGS ON COOPERATION

### 5.1 Educational and R&D organizations – Operations, motives, and experiences

In Pori region, cooperation between both educational and R&D organizations and the Chinese exists but the situation of it has hardly been surveyed at all. In order to develop cooperation between businesses in Satakunta area and China we have to survey the current state of the cooperation among these organizations. It may help bringing organizations together and perhaps find out solutions for possible difficulties that

have come up during the cooperation. This way we are able to develop it in the national level as well.

Five actors in the fields of education and R&D cooperation in Pori region are identified. Cooperation between Finnish and Chinese educational organizations appears primarily as student and teacher mobility and joint projects. R&D organization concentrates on business consulting, developing cooperation between businesses and economic life, and internationalization services in Pori region whereas the city of Pori acts as a sister city for the city of Changzhou in Jiangsu province in China.

#### 5.1.1 Satakunta University of Applied Sciences

Satakunta University of Applied Sciences is a multidisciplinary and internationally oriented polytechnic school situated in the four biggest cities in Satakunta area; in Pori, Huittinen, Rauma, and Kankaanpää. Having three fields of study; Business and Culture, Social Services and Healthcare, and Technology and Maritime Management, it is situated in nine campuses. Satakunta University of Applied Sciences is the eight biggest polytechnic in Finland, having about 6,500 students and over 500 staff members. In 2010 there were 22 Bachelor's Degree studies of which four provided in English, and six studies leading to Master's Degree. Continuing Education Centre provides professional specialization studies, open studies, and other shorter courses. (Website of the Satakunta University of Applied Sciences 2011)

Satakunta University of Applied Sciences forms university consortium called Satakorkea together with three other higher education institutions which are University Consortium of Pori with departments from five universities, Teacher Training School in Rauma, and Diaconia University of Applied Sciences. Their common strategy is carried out through teams which themes are open and continuing education, internationalization, languages, developing libraries, entrepreneurship, careers and recruiting, and e-learning. (Website of the Satakorkea 2011)

Satakunta University of Applied Sciences has extensive international networks and partner universities for example in China. Every degree student has a right to apply

abroad as an exchange student or intern. Annually there are about 150 foreign degree and exchange students and interns at Satakunta University of Applied Sciences. International operations include also both teacher – and specialist mobility, developing contents and internationalizing syllabuses in cooperation with foreign partners, and arranging different R&D projects. (Website of the Satakunta University of Applied Sciences 2011)

Five persons from Satakunta University of Applied Sciences from the Faculty of Business and Culture Pori were interviewed for the research. Cooperation between SAMK and Changzhou University is still emphasized by student and teacher mobility but some other projects such as creating work placements and developing R&D, are still under way. SAMK has a bilateral agreement with the Changzhou University and the cooperation between these two organizations has only strengthened in 2008 when the sister's city agreement between Pori region and the city of Changzhou was signed. The first group of students from SAMK from International Business degree program, including me, conducted their exchange period in Changzhou University in August 2008 and since that, other programs such as technology and culture, have accompanied them. In addition to Changzhou University SAMK has cooperated with the Central Ostrobothnia and Lahti Universities of Applied Sciences by acquiring exchange opportunities from Shanghai and Sichuan through them. SAMK cooperates also with some smaller student agencies that provide Chinese students opportunities to go to study abroad and conduct entrance examinations as well. So there are not only Chinese exchange students but also degree students from China.

At the beginning, progression of the cooperation was considered to be slow and influences of hierarchical system quite high but on the other hand interviewees were surprised how fast things can proceed when personal relationships are in order, all you need is patience. They experience that the cooperation with the city of Changzhou and Changzhou University create many new opportunities to both education and business operations and also research and development projects especially in the fields of energy, water, and environment. They consider China to be important area of operations for Satakunta University of Applied Sciences and Satakunta area's economic life. They feel they have to be active and create students' opportunities to concentrate on China in different faculties not only business but also technology and

social services and health care. Cooperation in the field of social services and health care is scarce by now but negotiations are under way. In the field of energy there are important solar energy projects proceeding and Finland plays an essential role there. The Finnish got the know-how and China has resources and while remarkable production of solar panels takes place in China. This is a win-win situation. Few interviewees highlight the significance of the new Environmental Engineering –program, which was restarted in autumn 2010 after the program was closed in 2003 when the last students entered. The old Environment Engineering was in operation for ten years and at that time SAMK educated many Chinese alumni who took their knowhow back to China. What is also pointed out is that SAMK did not have alumni register which would have been useful for now when starting the program again. The program is totally taught in English and its focus is on different issues than earlier however, now they wish to attract more Chinese degree students even if different procedures, bureaucracy, and poor language skills limit the possibilities to deepen the cooperation. It just takes time. Parallel of different degree programs is considered to be quite good and for example in the field of technology, there are similar programs in Changzhou University but the biggest difficulty is experienced to be that teaching is in Chinese and only few teachers speaks English. One of the interviewees stated the following:

If we are sending a student to China to conduct a study module, it will be compensated in their personal curriculum here. But the Chinese system is the dilemma, so the structure of the degree program and subjects taught are very carefully determined. If a Chinese student carries out an exchange period here, they usually cannot have any compensation in their own university but that is categorized as an extra. They have certain demands in certain modules and they have to be carried out even if you were abroad.

It takes time to get the cooperation to work because it is big and bureaucratic system. A few interviewees remind that guidance on different degree programs must be enhanced and specified in order to avoid misunderstandings. Time to time there has been situations when the student does not know what subject has she come to study for. More open and realistic guidance should be arranged and it should be lowered to the field level so that there would be closer contacts and cooperation between Finnish and Chinese education staff not only among management and public authority level.

### 5.1.2 Winnova West Coast Education Ltd.

Colleges of Pori and Rauma, Pori Adult Education Centre, and Innova Adult Education Centre merged into West Coast Education Ltd, Winnova, as from 01.01.2010. Merger as a bigger educational institution ensures more effective use of resources and better quality of education. Winnova is a secondary education institution operating in Rauma, Pori, Laitila, Ulvila, and Uusikaupunki. Their turnover is over 60 million Euros, approximately 6,000 students and 800 staff members. Institution offers youngsters for vocational secondary education in eight fields of study and in addition to them there are also dual qualification and apprenticeship available. For adult education Winnova offers voluntary professional education, staff education, labour experiment, and apprenticeship. Businesses can benefit from education, consulting, recruiting, catering, and other development projects that Winnova offers for their staff. Internationality in Winnova consists of projects, mobility of both students and personnel, and additionally language and culture education primarily in Europe. They provide also education for immigrants. (Website of the Winnova West Coast Education Ltd. 2011)

The interviewee acts as a lecturer and coordinates international relations at Winnova. Primarily their international cooperation is oriented to Europe and their networks to China are scarce. Likely it is because of the organizational and management change caused by the merger that took place in 2010. However in 2008 they participated in the seminar called *Ovet auki Aasiaan*, where China was on display too, with Further Education Salpaus from Lahti. The event was funded by the Finnish National Board of Education. However this network concentrated on India and China was left out. Because of the regional sister's city agreement with the city of Changzhou signed by the Regional Council of Satakunta and the Pori Regional Development Agency Ltd POSEK, the area would have been ideal. Winnova has had some contacts through Satakunta University of Applied Sciences and the Regional Council of Satakunta, they have met different delegations and invited them to a visit but cooperation has been minor so far. POSEK and Prizztech in Pori have been gateways to China as well and together with the Chinese liaison hired by POSEK they have had discussions on how Winnova could benefit from the agreement as well. They have had

meetings where Chinese have apparently been interested in things but since they have returned to China, nothing has happened afterwards.

The interviewee experiences that as a result from the organizational changes and because of the internal systems in the organization being incoherent might have slowed down development in cooperation. Management staff might also be keen on other things, which is very problematic because in order to proceed with the Chinese partners, they need everyone's interests along the highest level in the organization. It was pointed out as well that in order to cooperate with Chinese you have to know the culture and one of its elements, language. Winnova does not have Chinese language courses on its own so they have to rely on SAMK which has a Chinese culture and language course package and POSEK who offers Chinese culture and language training primarily for the organizations. At this point they do not have Chinese students studying in Winnova but enthusiasm among the Finnish students and teachers occurs. Next step would be joining in some Chinese network which will speed up internationalization to China and also tighten up cooperation with other organizations in Satakunta.

### 5.1.3 University Consortium of Pori

University Consortium of Pori (UC Pori) operates in a multi-science environment with four universities and acts as a centre for about 4,300 students and 200 staff members. The University Consortium is a centre that provides an umbrella organization for the universities operating in the same area in Pori. The mother universities which are Aalto University, Universities of Tampere and Turku, and Tampere University of Technology are responsible for operations and coordination of activities. The University Consortium which has operated since 2004 offers education in art, economics, culture, technology, and social sciences. It aims at increasing the level of education, improving know-how, and supporting the region's development and internationalization. Focus of the education is on undergraduate, postgraduate degree programs, adult education, and interdisciplinary studies which mean that the student can include suitable courses from another university unit as a part of their degree. UC

Pori offers versatile education-, research-, and consultant services for businesses and associations as well. (University Consortium of Pori web-pages 2011)

University Consortium of Pori has received its university contacts in China through the Pori Regional Development Agency Ltd., the city of Pori, and SAMK. On the 1<sup>st</sup> of April in 2010 Tampere University of Technology started to run a project called *Education Goes Global* in cooperation with Satakorkea University Consortium and the purpose is to continue it to the end of the year 2012. Purpose of the project is to develop cooperation with other universities in Satakunta region. Cooperation in international level has remained scarce and the biggest reason for that is that there are not enough human and project resources. International operations in University Consortium of Pori are concentrated on international research projects, Doctorates, and lecturer- and scientist mobility whereas universities of applied sciences concentrate on student- and teacher mobility so the two would have much to learn from each other. From the Chinese side especially in the city of Changzhou there have been interests towards security management- and crisis management training and Shanghai Jazz organization has been interested in further education for their needs and that has raised enthusiasm elsewhere in Shanghai as well. (Website of the Tampere University of Technology 2011)

The person I have interviewed considers their strength to be multidisciplinary education and know-how and it has aroused interest in China and it is a whole new thing for them. However, Chinese counterparts are interested in degrees but UC Pori has not yet such programs to offer them. They do not have Anglophone degrees and Chinese would prefer ready study-entities, not just further education –packages where you can receive only a diploma but not a degree. The interviewee would like to have more explicit international functions and intense cooperation between regional actors.

#### 5.1.4 The Pori Regional Development Agency Ltd.

The Pori Regional Development Agency (Porin Seudun Kehittämiskeskus Oy POSEK in Finnish) has operated in Pori as such from 2005 and it is owned by all

nine municipalities in Pori region, their entrepreneur associations, and Satakunta Chamber of Commerce. Their turnover in 2009 was nearly 3, 9 million Euros. POSEK's mission is to plan, coordinate, and carry out business development regionally to ensure the best possible business environment. Their services for businesses include development and consulting, education-, information-, and networking occasions, and internationalizing services just to name few. (Website of the Pori Regional Development Agency Ltd. 2011) POSEK acts as a beginner for the business conversations between different actors which means that they take the initiative in business development and offer for example their internationalization services for the local businesses. Through them the companies have also a possibility to get assistance for importing and exporting. Agency acts also as an interlocutor of information which means they arrange different events where they go through international market information and possibilities on funding.

Two employees from the Pori Regional Development Agency Ltd were interviewed and they both agree POSEK has strong network in Shanghai and in the city of Changzhou with which they signed a cooperation agreement in 2008. POSEK participates also in different projects such as for example the Finnish Environmental Cluster For China (FECC) which implements cooperation contracts between Finland and China in the fields of environment and energy. In addition to that they also established their own office and because of growing demand they hired a full-time Chinese liaison that allows strong networks and brings flexibility to their operations. By the means of the agreement, many doors are open for Finnish business delegations from Satakunta to visit many places as Chinese usually require this kind of agreements and good relationships. Finnish businesses have already reached effectiveness for their operations and access to the Chinese markets has become easier. Not only the Finnish part has gained some advantage but also the Chinese have been able to attract new customers and get new know-how for their needs. Changzhou has also received conspicuousness by the aid of cooperation, for example SAMK and Changzhou University have increased student and teacher mobility. The interviewees experience that hierarchy affects everything and if you want to proceed with your operations there have to be higher and higher official with you in every meeting in order to show Chinese how serious you are. As one of the interviewed persons puts it:

Oh well usually the Region Mayor of Satakunta is with me because I have to have someone big. However I am only that hands-on agent and I have to have that authoritative person with me. And our deputy mayor has also been with me so I drag very prestigious guests with me, which is a merit itself.

#### 5.1.5 The Regional Council of Satakunta

The Regional Council of Satakunta's main tasks are regional lobbying, to cooperate with different regional actors, such as the inhabitants and municipalities of the regions, organizations, members of the parliament, regional authorities, and media in order to get them function in the same direction that benefit everyone. In order to reach that aim they arrange meetings, and visits, negotiate, take initiatives, and make motions. It also advances mental and material wealth, secures the high standard of living for its inhabitants, and supervises the interest of the region which means it influences decision-making in Finland and the EU. (Website of the Regional Council of Satakunta 2011)

For the research the Region Mayor of Satakunta was interviewed. He does not want to be profiled as a China expert but his presence has been valuable when it comes to negotiating and signing a contract. He also points out how hierarchical culture Chinese culture is and this is how he puts it:

It is not a joke; it is true when I say that in China lord is still a lord --. I am just a representative tool while we have gone through these concrete cooperation negotiations which POSEK has handled the most.

He tells that he has visited China about once in a year for three years and Chinese delegations have made return calls where his high position has been given value again. The interviewee is satisfied with transportations and other arrangements and states that the Chinese are very hospital. He has hosted more informal representative cooperative occasions such as lunches, and dinners than been in official meetings. However, he adds that at the beginning of the cooperation with the city of Changzhou his role was essential because the original idea of cooperation was about to go to wrong direction when there was a need for eminent person to say how the things are to be done. After all, it worked. He states that China is very title- and position – oriented culture. He says that funny element in business visits and meetings is that there the Finnish visitors have to be put in some rank order and sometimes it is sur-

prisingly difficult. He has been in sister cities' gatherings and has been the only Region Mayor at present when he has automatically been above everybody else and given speeches on behalf of all region mayors. He has been ranked very high but he has not become too proud but considers it as a sign that cooperation with Satakunta region is an important thing for them and praises have come even from Finnish consul in Shanghai. One thing that is pointed out in the interview is that Finnish people usually try to take cultural differences into consideration in a foreign country but the Chinese usually think that the things should be done in their way. So they usually aspire to do with the Chinese delegations because Finland is a small country and modesty is virtue. This might be one secret for their success.

## 5.2 Summary on cultural experiences

This chapter will be related to my theory part of the research and here I will summarize the cultural and operational experiences of the interviewees during their cooperation with their Chinese counterparts. As the basis for this chapter has been cultural elements by Terpstra and Sarathy, and cultural dimensions by Hofstede and Trompenaars, whose theories I have defined earlier in chapter 2. I will also present here the experiences related to business meetings and negotiations, and intercultural communication issues related to verbal and non-verbal communication.

### 5.2.1 Issues related to cultural elements

*Material culture* and *technology* is a current topic for education and R&D organizations working with Chinese. For example Satakunta University of Applied Sciences sees that Chinese got a lot to do in the fields of water-, energy-, and environment and strives for establishing joint projects with them in order to develop these fields. SAMK offers education in English for example in a new degree program Environmental Engineering and aspires that way to increasing operations of which both sides may benefit. Also Pori Regional Development Agency Ltd (POSEK) gives consultancy for the organizations aiming at Chinese markets and finds the best areas which have demand for their services or products and also helps them to create relationships

with them. They also know that there is a growing middle class who consumes more than before so there will be markets in the future.

Some of the interviewees state that many western countries are far ahead of us while they start studying Chinese in the early childhood and they will be highly valued and skilled business people in the future. So interviewees seem to consider *language matter* to be a bit of a problem with Chinese because many of the managements in universities and organizations do not speak English. One of the interviewees who has visited and given lectures in China considers using both a lot of figures and graphs and as simple English as possible so the best results will be achieved. Chinese often seem to send lower level assistants, who can speak English, to the negotiations where we come to a question about *hierarchy* which is also experienced to be high. That is considered to slow down and confuse for example the cooperation among education organizations because usually the decisions were made in the highest level when teachers do not necessarily know what are they sending their students to study for and that may cause misunderstandings. Latter issue on hierarchy is related to *values* and *attitudes*. Unlike in China, in Finland communication between organization management and lower level actors like lecturers tend to be more open. When it comes to a question about *education*, common answer is that there are too few courses in English in Changzhou University but they are very eager to create English study packages for the SAMK students and they also do intense cooperation with local enterprises which may create students internship placements. However cooperation between different degree programs is not as dense as it is in Finland. Teaching in China is very formal and traditional so there students just sit on the class listening when the teacher gives a lesson and then tests them and the interviewee states that it just would not work in Finland while the students do not consider it reasonable. Traditional and too theoretical studying is also one of the reasons why Chinese students apply abroad to study.

The next element, *aesthetics* in the operations between educational and R&D organizations do not have such a significance because they do not manufacture products or so. However some colors and numbers should be taken into consideration related to their meanings. *Religions* and *philosophies* are not experienced to cause any problems because Chinese do not follow a certain *religion*. Their *philosophies* follow

everywhere in their daily life and they are mainly concerned harmony with the nature, immortal world, and human relationships. In addition to *hierarchy* which was discussed earlier, *values* and *attitudes* do not differ so much and for example Chinese degree and exchange students are adaptable and hardworking. Equality between genders is stated to be high and there are women in very high positions. However still in some occasions women may receive less attention than men, as one of the interviewees has experienced. Anyhow, good relationships are nowadays more important than the gender. *Social organization* in the cooperation can be seen for example in the behavior of Chinese students who tend to group with other Chinese students. However, one of the lecturers highlights that they strive for putting students in separate groups and emphasize that they are treated as individuals despite the group which is not the case in China it is sometimes hard for the Chinese students to adapt. Finnish educational and R&D organizations have to cope with Chinese *political environment* while it is present everywhere and every operation they do. The needs of their Chinese partners need to be estimated when planning joint ventures and the ideal situation would be when both parties profited from them.

### 5.2.2 Experiences related to Hofstede's and Trompenaars's dimensions

According to Geert Hofstede's first dimension *power distance* in China is experienced to be high and especially educational staff would like to have more open communication with their Chinese colleagues while nowadays the most important decisions are made in the management while communication and cooperation in the lecturer level is scarce. Interviewees also state that in order to show Chinese how serious they are in terms of cooperation; having someone high in rank in the meetings, is essential. The second dimension is *individualism vs. collectivism*. Finland is considered to be individualistic culture whereas China is collectivist one and in the interviews appear that the family matter is important to them and the Chinese prefer working in groups. The third dimension, *masculinity vs. femininity*, is related to individualism vs. collectivism in a way that the more collectivist culture is the more masculine values it has. In the interviews this dimension has not receive such an attention but some of the interviewees tell that Chinese are very capable to stand for their own and their country's interests. In educational sense the contend for study

places is fierce. The fourth dimension is *uncertainty avoidance* which is even lower in China than in Finland where we have many rules to guide our daily life but when it comes to business life the Finns believe in absolute truth which is not necessarily the case with the Chinese. This kind of cases the interviewees have faced for example with contracts that are binding in Finland but the Chinese can make notions afterwards. Also using an interpreter can be counted as an option to avoid uncertainties because of the language barrier that all the interviewees experience as retard. The fifth dimension, *long-term vs. short-term orientation* is left out here because there were no parallel to the CVS or IBM surveys between Finnish and Chinese cultures.

Study of the Fons Trompenaars seven dimensions is somehow comparable with the one of Hofstede's but there are some differences as well. *Universalism vs. particularism* is the first dimension to be taken into consideration. In universalistic culture such as Finnish culture common rules, codes, values, and standards are more essential than the needs of friends and personal relationships as they are more important in particularistic cultures as China just like the interviewees have noticed as well. One of the interviewees say that in Finland you can just make a phone call for a company and ask or suggest something unlike in China where the things are not handled that way. The second dimension by Trompenaars is *individualism vs. collectivism* which is highly comparable to one of Hofstede's. The third dimension, *specific vs. diffuse*, defines how people combine their business life and spare time and do they combine them. In the interviews this dimension has hardly received attention at all but my own experiences are that Chinese are more diffuse people because when I was conducting my exchange period in China, I noticed that while we spent our spare time shopping, Chinese students were in the classrooms reading for example English or so. The fourth dimension is *affectivity vs. neutrality* which defines how people express their feelings in public and this is closely related to intercultural communication, verbal or non-verbal. Interviewees have said that sometimes it is hard to understand the Chinese while they have their inexpressive "poker faces" on where we can draw a conclusion that they are more neutral people whereas the Finns tend to be more open and the Chinese can see when they do not like something. They tend to be stricter but Chinese people cannot even say *no* but they use alternative expressions. Silence from the Chinese side is also experienced to mean either "everything is ok" or it is not.

In the fifth dimension, *inner-directed vs. outer-directed*, people believe either that environment can be controlled with the right expertise or environment controls them. The interviewees have not given so much attention to this but they have said that Chinese are eager to cooperate and learn new technologies in such fields as energy-, water-, and environment and willing to educate more experts for these fields. The sixth dimension, *achieved status vs. ascribed status*, is interesting aspect because one of the interviewees has told me that she was asked “Do you have relatives in politics while you have gained such a position?” The question shows how close relationships and good *guanxi* can affect one’s career in China. Everything is easier when you know right persons but in order to success in Finland, one has to show his or her development and abilities occasionally. However competition on study and work places is hard and by showing your abilities, for example in English, you gain high position especially in business life. Few of the interviewees have stated that often business managers cannot speak English so they send students or secretaries to the meeting to find out what do Finnish want or what do they have to offer. The last dimension, *sequential time vs. synchronic time*, determines how great value do cultures give to the past, present, and future. Issue that again stand out here, are long-lasting relationships that Chinese value so they somehow combine all these three points.

### 5.2.3 Experiences of business life and negotiations

Important actor in starting the active cooperation between Satakunta region and the city of Changzhou has been the official cooperation agreement signed by the Regional Council of Satakunta in autumn 2008. The agreement is implemented by the Pori Regional Development Agency Ltd POSEK which offers the companies and organizations in Satakunta region connections and networks from the city of Changzhou and nearby. The preparations for the agreement have been the visits by the Regional Council of Satakunta and POSEK from two to three times a year to China for years now and the Chinese delegations have visited reciprocally in Satakunta and its organizations. The agreement has been also a good way for educational organizations such as Satakunta University of Applied Sciences SAMK to increase the cooperation in the fields of student and teacher mobility, joint projects, and work placements in

Changzhou region. SAMK has already earlier established bilateral agreement for example with Changzhou University but this agreement is now a part of the regional agreement that consists of education, science, R&D, and businesses on a larger scale. The secondary education institution Winnova West Coast Education Ltd and the University consortium of Pori have fewer contacts to China but the interviewees have said that they have been in contact to some Chinese partners through POSEK and SAMK. However cooperating with the Chinese partners is not always easy because usually the persons cooperate, not the organizations. If they have not established good *guanxi* in advance, cooperation will develop very slowly. Without a good *guanxi* nothing would be achieved and in order to establish strong and deep relationships and trust, patience and many business visits are required. Interviewees from SAMK, POSEK, and the Regional Council of Satakunta state that they have very strong relationships to the city of Changzhou and some of its universities and enterprises and to be even friends at some level.

#### *Meetings and banquets*

The interviewees admit that *business meetings* can sometimes be very odd. There have been the Chinese delegations where no one has spoken English but they have been assumed to be on so called “preliminary or reward journeys” and nothing is achieved or negotiated. There has also been the kind of meetings when some issue cannot be discussed because the person responsible for that issue is not at present. Still hosting these kinds of delegations is considered to be important in order to create good and long-lasting relationships. Reciprocally when the Chinese partners arrange meetings in their premises they make huge efforts to façade, frames, decoration and so on whereas the meetings in Finland are very plain without any extra props. Finnish tend to concentrate more on the hard facts in their meetings but the Chinese may arrange few days long seminars where nothing essential is negotiated which would hardly ever be the case in Finland. The interviewees have faced also the fact that everything is done in a larger scale in China. At the beginning when Satakunta region and the city of Changzhou were arranging the first cooperation seminars they realized that Chinese would like to have a delegation of 250 business representatives whereas the Finnish partner has thought to send 10.

As we already know, *gift giving* and *changing business cards* are vital practices in Chinese business life. Business cards are always good to keep with you wherever you go and one of the interviewees tells that they use a lot of time to planning the gifts. The interviewee states that maybe the biggest success he has achieved, when he gave a big Satakunta coat of arms then he felt he hit it right and Chinese partner was flattered but there has been failures as well. He tells that once he hosted a Chinese delegation in Finland, he gave them ties which Chinese are able to buy with one Euro from their country. He also tells with a laugh that when he visits China, he is very important person but when he returns to Finland, he is like anyone else; his position and title are not given such a value as in China.

*Banquets* are an essential aspect of the Chinese business life. One issue that appeared already in the theory part on *banquets*, turns out in one interview as well. The interviewee says that nowadays they have such a strong *guanxi* that they deal with important discussions in the *banquets* or somewhere else than official meetings. On the other hand one interviewee experienced *banquets* to be somehow unclear situations. She felt that sometimes Chinese are very formal and other time informal with their speech and sometimes it has been hard to decide with whom to speak in which way. Reciprocally when the Chinese are to be hosted in Finland, the Finnish partners take the guests to a restaurant and tend to take cultural differences, such as seating arrangements and table plaques, into consideration so that there will not be any misunderstandings and no one would be hurt. Then they also aspire to pay attention to eating and drinking manners, and food itself. However these events should not get too formal and one of the interviewees says that he strives for being just himself and to break the ice where he thinks he has succeeded. However, sensitive issues such as politics and human rights should be avoided as well as sarcasm.

### *Negotiations*

The interviewees have had many kinds of negotiations during the cooperation with their Chinese partners. One odd situation has been that a person has been working for the Chinese company and negotiations with this Finnish organization were far devel-

oped already. Visit to the factory had already been made, the photos had been taken, and everything was supposed to be ready. One day this Chinese person answered an email on behalf of some other company. The Finnish partner was surprised and they did not have any other option than to cancel the deal with that person and to negotiate a new deal with the first company with a new person and build up new relationship with him or her. Two of the interviewees say that this kind of situation is possible when the contracts are dealt on behalf of a company but only with one person, so when the person leaves the company, he or she can take the customer with him or her. Contracts do not necessarily have the same value in China than in Finland but personal relationships are given much greater value. This Finnish organization has also had that kind of negotiations where the Chinese partner had not been seriously in but they had sent a person who was not responsible for that issue and the next time when these same negotiations occur, there are totally different persons present. If personal relationships are all right, then there should not be any difficulties and negotiations may develop faster. One of the interviewees has noted that the attitudes of some westerners are that the Chinese would be somehow simpler and they could be somehow manipulated but at the same time he states that this is not the case at all. The Chinese negotiators are experienced strategists who stand for their opinions and interests. One of the interview questions were that what kind of negotiator Chinese is, most interviewees answered precise. Chinese negotiation tactics are said to be repetitive which probably is because of the language barrier and they have to ensure they have understood right and they go through and correct the possible contract many times which should be done by the westerners as well in order to avoid confusions later on. When POSEK negotiated about establishing their own office in China, the negotiations were hard. The interviewee had to give up in some matters however, not financially so she figured out some extra issues that would benefit the Chinese side as well. She had to compromise but the Chinese had to give up some things too. They are people who persist and sometimes may avoid some requirements.

#### *Interpreters and concept of face*

Other subjects that have turned out from the interviews are the issues related to using an interpreter and concept of face. All the interviewees have used an interpreter in

their negotiations but even though they experience to be understood still, they feel some politenesses and nuances to stay hidden. This is also because when the Finnish person says something in English he or she first thinks it in Finnish and then translates it and the Chinese interpreter does the same in Chinese so the meaning may change which hinders your interaction and may cause misinterpretations. Sometimes, the students are the only ones who speak English so they act as interpreters. In business negotiations Chinese usually use their own interpreter and that might cause misunderstandings as well. The difficulty here is that there is no person who would interpret discussions from Finnish to Chinese but it is always English – Chinese - interpreter because there is no person who would speak both Finnish and Chinese well enough. Even though many managers in the biggest firms in China speak English, they usually use an interpreter. When the Finnish partner negotiates in China their POSEK's Chinese liaison acts as an interpreter. A good interpreter is stated to be able to explain that how are things handled in host country and how it is handled in their home country. The concept of face is not experienced to be such a difficulty anymore especially if they are well prepared beforehand. Most of the interviewees are so experienced internationally that they do not even think about the concept but they know what they are allowed to do or not. It is mentioned that the face matter could be even more difficult for Finns to handle. Usually the concept of face and fear of losing it turns out the situations where they cannot say no. This is explained more carefully in next chapter.

#### 5.2.4 Experiences of intercultural communication

In this section I will explain verbal and non-verbal behavior through the experiences of the interviewees. The aspects of verbal behavior that come up in the interviews are the concepts of *formality* and *indefinite*. Formality is related to for example the way Chinese were experienced to behave in the meetings; value towards titles and the way they occasionally talked to each other were noted. One of the interviewees was confused whether to talk formal or informal way and to who, when the other was frustrated talking about the weather or the previous meeting. The Finnish people experience often small talk to be a bit frustrating whereas the Swedish businessmen are said to be exceedingly skillful in it. Definite refers to the way Chinese tend to ex-

press themselves in spoken language. The ways of saying no are various. Few of the interviewees state that Chinese will not say it strictly if they do not understand something. They could just say “yes yes” even if the answer really would be no whereas the Finnish people admit that they do not understand and ask the Chinese side to explain it again. This is also a way to avoid Chinese from losing their face when the Finnish side asks them to repeat and somehow directs the fault to their side. One of the interviewees has negotiated for example about the defect list on behalf of one company.

I have gone through that kind of negotiations on behalf of a company where we have for example the defect list about one product that they have ordered and so on. First of all it already is hard to go through them because then there is some kind of flaw in their product. It is already hard for them and additionally Chinese prefer not to say *no* and then he or she is always like yes yes but nothing ever happens. And then there comes these kinds of long processes when trying to get the flaws fixed.

They have had some other difficulties with the same company, such as do the company actually know what the Finnish partner wants and is the firm even able to respond to their demands. They just say “yes yes” even if they do not have the product and only after a long e-mail correspondence turns out that they do not manufacture this certain product but offer a price to another package. They just do not want to admit it in a fear of losing their face. One interviewee knows some companies from Satakunta that have received useless products that must have been complained. On the other hand in these kinds of situations also the buyer easily loses one’s face by accepting the defective product when the Chinese side may respect them even less.

Experiences related to non-verbal behavior have not received so much attention in the interviews but the issues there have occurred are *facial expressions*, *silence*, and *orientation to time*. The fact that Chinese hardly show their feelings by *facial expressions* was ensured in the interviews. On the other hand Skype is considered to be a convenient way to stay in touch with the Chinese partner while then the Finnish partner may read at least something from the facial expressions. He states that in strict and face-to-face communication misunderstandings have been somehow easier to avoid while e-mails are expressionless and sometimes it is hard to figure out whether it is sarcasm or not. One of the interviewees said that they have “poker faces” on and that behind the smile might be a hidden message. *Silence* was considered to mean

both yes or no whereas *orientation to time* referred to preferring time-consuming and long-lasting relationships.

## 6 CONCLUSIONS

The outcome of this research authenticates that by the aid of the regional agreement between Satakunta region and the city of Changzhou in 2008, the business and educational cooperation have become easier. With the deep and trustworthy personal relationships that the Regional Council of Satakunta and Pori Regional Development Agency POSEK have created with the Changzhou city management by visiting China and by hosting the Chinese delegation reciprocally in Finland, they have opened many doors for Finnish companies to direct to Chinese markets. The agreement includes many different fields, for example education and R&D, just to name few and it has just strengthened the former created relationships and agreements. The situation of Pori region's educational and R&D organizations' cooperation with Chinese partners was emphasized in this thesis even if there are other Chinese partners for example in Shanghai as well but they did not get such an attention. Three organizations from five that were interviewed had active cooperation in the fields of student and teacher mobility, R&D projects and business consulting with Chinese actors. Most of the interviewees consider it important that the cooperation with Chinese will continue and in order to achieve this, the different businesses and organizations should be brought together and form a coherent network in the future.

Purpose of this study was to survey the current scale of cooperation between Satakunta region's and Chinese educational and R&D organizations as well as their experiences of culture and intercultural communication from the Finnish point of view. Cultural differences were defined through both cultural elements, and cultural dimensions by Geert Hofstede and Fons Trompenaars. In the theory part the elements and dimensions are explained completely through and later in the practical part they are explained through experiences by the organizations representatives. Intercultural communication and Chinese business life with its different aspects are also explained

first in the theory part and then carried out later in practice. Finnish and Chinese education systems as well as possible cooperation modes have been taken into account and explained as well but in the practice section the cooperation modes have not received such an attention because they are relative hard to define.

In my opinion the theory part supports the outcome relatively well. On the other hand I actually cannot say that the results concerning to cooperation between Satakunta region's educational and R&D organizations and the Chinese are comparable with the previous studies because surveys on them, are scarce. Instead the findings on both the cultural features and differences, and intercultural communication issues are comparable to the previous findings by Anne Vihakara, for example. Generally speaking the language matter seems to be one of the mutual concern and retardant actor for the development of the cooperation with Chinese partners and that seems to be closely related to concept of face and avoiding of saying no. If Chinese partner feels ashamed when they do not understand, they do not admit it because of fear of losing their face. When they also avoid saying no and use paraphrases they cause confusion among the Finnish partner. Interviewees would like to have stricter communication but once again if the relationships are friendly, strong and agreement exists Chinese can be surprisingly open.

The fact that China is said to be the motor of the world economy is not pointless. According to experiences of most of the interviewees the Chinese are more than willing to learn new methods for example related to energy-, water-, and environment – issues when both the manufacturing companies and educational organizations benefit from that. New technology, education, and new experts are the issues that Finnish have to offer and Chinese got resources. It is now or never worth it to invest your time and money for the cooperation with the Chinese. You just need to be patient, humble, and ready to travel and reciprocally welcome Chinese to Finland.

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HAASTATELTAVAN NIMI KIITOS, ETTÄ PÄÄSITTE HAASTATTELUUN!

1. Kuinka kauan olette työskennelleet kyseisessä yrityksessä ja missä tehtävissä?
2. Kuinka monta yhteistyökumppania teillä Kiinassa tällä hetkellä on? Nimet? Milloin ja miten yhteistyöt alkoivat?
3. Mikä on yhteistyön tarkoitus? (projekti, opiskelija-/opettajavaihtoa?) (Mikä on projektin tarkoitus?)
4. Mitä hyötyä koette yhteistyöstä olevan puolin ja toisin ja mitä olette jo saavuttaneet?
5. Onko koulutusohjelmaanne helppo sovittaa yhteen vastaavan kiinalaisen kanssa? Miksi? Oletteko havainneet jotakin kehitettävää?

**KULTTUURIA:**

6. Millaiset asiat ja tilanteet on koettu vaikeina yhteistyön edetessä?
7. Onko näistä asioista helppo keskustella kiinalaisten kanssa suoraan? Miten vaikeuksista pyritään pääsemään yli tai välttämään niitä? (Koulutuksella?)
8. Miten yhteistyö on edennyt kiinalaisten ja suomalaisten organisaatioiden kanssa ajan kuluessa? Jos ei ole edennyt, mikä siihen saattaisi olla syynä?
9. Miten kiinalainen ja suomalainen osapuoli pyrkivät ottamaan kulttuurien väliset erot huomioon?
10. Millaisena koette kielellisen kommunikaation kiinalaisen kumppanin kanssa? (Kielimuuri?) Miten pyritte välttämään väärinymmärrykset?
11. Oletteko kohdanneet vaikeita tilanteita, jolloin toista osapuolta on ollut vaikea tulkita / ymmärtää mitä he tarkoittavat/ haluavat? Esimerkki?
12. Vaikuttavatko organisaation sisäiset valtaetäisyydet (power distance) yhteistyöhön? Entä arvot ja asenteet? Miten?
13. ”Kasvojen menetys” on olennainen osa kiinalaista kulttuuria. Miten koette sen ja miten pyritte välttämään?
14. Millainen neuvottelija kiinalainen mielestänne on? Miten hän eroaa suomalaisesta?
15. Entä oletteko kohdanneet muunlaisia kulttuurieroja kuin jo mainitut? Miten olette havainneet kulttuurierojen vaikutuksen yhteistyöhön?

16. Tuleeko teille mieleen mitään väärinymmärryksiä/ sattumuksia/tarinoita yhteistyönne varrelta?
17. Miten pyritte varmistamaan, että yhteistyö kiinalaisten ja suomalaisten kumppanien välillä etenee tulevaisuudessa?

#### INTERVIEW QUESTIONS IN ENGLISH

1. How long have you worked for this organization and what is your position?
2. How many Chinese partners you have at the moment? Organization names? When and how cooperation started?
3. Purpose of the cooperation? Teacher-/student mobility? What is the purpose of the project?
4. How do both sides benefit from the cooperation? What have you already reached?
5. Is it easy to adjust your degree program to an equivalent in China? Why? Have you perceived something to develop?

#### CULTURE:

6. What kind of issues and situations have you experienced to be difficult?
7. Is it easy to discuss about these difficult issues with Chinese directly? How have you strive for get over them or even avoid?
8. How has the cooperation evolved during that time? If it is not, what could be the reason?
9. How do Finnish and Chinese sides strive for to take intercultural differences into consideration?
10. How do you feel verbal communication with Chinese counterpart (language barrier)? How do you aspire to avoid misunderstandings?
11. Have you faced difficult situations when you have had difficulties in interpreting the other side? Understand what they mean/want? Could you give an example?
12. Do organization's internal power distances affect to the cooperation? How about values and attitudes? How?
13. Losing one's face is an essential part of Chinese culture? How do you experience it and strive for to avoid?
14. What kind of negotiator Chinese businessman is? How does he/she differ from Finnish one?

15. Have you faced other kinds of cultural differences as those mentioned earlier?  
How have you experienced their effect to the cooperation?
16. Occurs there any other misunderstandings/occasions/stories during the cooperation?
17. How do you aspire to ensure that the cooperation between Finnish and Chinese partners will develop in the future?