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COMPARATIVE ANALYSIS

OF FINNO-SINIC MANAGEMENT:

IN-DEPTH STUDY OF THE DIMENSIONS OF

CROSS-CULTURAL FRICTION

AND SYNERGY IN MANAGEMENT OF

FINNISH FIRMS IN HONG KONG

ABSTRACT: This study focuses on how cross-cultural synergy and friction emerge in Finno-Sinic management communication, decision-making and organisation empowerment. The paper is based on a qualitative methodology and in-depth interviews with Finnish and Chinese subjects in Finnish companies in Hong Kong. According to the results, the Finnish communication was found out to be frank, open and informal, in contrast to the subtler, more reserved and more formal Sinic communication pattern. The Finnish decision-making was "improvising" and rapid, while the Sinic preference was for a slower and more formal approach. The Finnish ideal of organisation empowerment was based on low organisational hierarchy and downward delegation of authority, while the Sinic model relied on socio-political bargaining and higher power distance.

TIIVISTELMÄ: Tämä tutkimus tarkastelee suomalais-kiinalaisen johtamisen kitkaa ja synergiaa viestinnässä, päätöksenteossa ja vallanjaossa organisaatiossa. Se perustuu kvalitatiiviselle metodologialle ja sen aineistona on käytetty Hong Kongissa toimivissa suomalaisyrityksissä tehtyjä suomalaisen ja kiinalaisen henkilöstön syvähaastatteluja. Tutkimustuloksien mukaan suomalainen viestintä on suoraa, avointa ja epämuodollista verrattuna Hong Kongin kiinalaiseen epäsuorempaan, varautuneempaan ja muodollisempaan viestintätyyliin. Vastaavasti suomalainen päätöksentekotapa havaittiin "improvisoivaksi" ja nopeaksi, kun hongkongilaiset suosivat rauhallisempaa ja muodollisempaa päätöksentekomallia. Suomalainen ihanne organisaation vallanjaosta perustuu matalalle hierarkialle ja päätösvallan delegoimiselle organisaatiossa alaspäin Hong Kongin kiinalaisen toimintatavan pohjautuessa sosiopoliittiselle neuvottelulle ja suuremmalle vallanerolle.

Comparative Analysis of Finno-Sinic Management
In-Depth Study of the Dimensions of Cross-Cultural Friction and Synergy in Management of Finnish Firms in Hong Kong

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1.   Introduction

Most of the previous research on European firms' cross-cultural management in China context has been focusing on the Mainland China. However, as cultural issues in a society are always conditioned and modified by economic and political factors, it can be argued that these studies are not necessarily "purely" cross-cultural, but their results are to some extent biased by the economic and political structure differences between European economically advanced societies with multi-party political systems vis-á-vis China's huge centrally-planned economy, developing country characteristics and one-party political dominance. The Sinic cultural area has, however, also a society that is characterised by a highly developed economy and a multi-party political democracy: Hong Kong. Consequently, it is possible to argue that it is easier to analyse the European-Sinic cultural differences and management over these differences in European versus Hong Kong settings rather than by taking the Mainland China society as the cultural counterpart. The present study aims to fill the gap in literature by focusing on the Finno-Sinic cross-cultural management in Finnish companies in Hong Kong. The purpose of the study is to find out how cross-cultural synergy and friction emerge in management communication, decision-making and organisation empowerment.

2.   On the Role of Hong Kong

Hong Kong is different from the other Asian newly industrialising countries (NICs). Although all four started out as low-cost, labour-intensive manufacturing bases, Singapore, Taiwan and South Korea have all developed high-technology industries, whereas Hong Kong has become a services centre, in particular for companies doing business in China. The structure of the economy has therefore changed dramatically over the past decade: the manufacturing sector, which in 1984 accounted for 24.3% of GDP, contributed just 5.7% of GDP in 1999 (Hong Kong SAR Government Census and Statistics Department). Banking, trade, tourism and other services, which together generated 85.4% of output in 1999 with almost the same proportion of employment, have become far more important.

Even though the special economic zones (SEZz) in the Mainland China have been most successful in attracting foreign direct investment (FDI), and the recent decade has witnessed, e.g. Shanghai's development into a major financial and economic center, Hong Kong has still largely retained its position as a regional business hub. This can be explained by the ideal geographical location midway between Tokyo and Singapore, well-educated workforce, highly developed transport and communications infrastructure, as well as transparent and predictable legal and judicial system. Although most of the production has now moved to the Mainland side, Hong Kong still offers many advantages for foreign service and IT companies, and is a beneficial location for regional headquarters.

The trade statistics support the view of Hong Kong as a major gateway. In the year 2000, roughly 90 per cent out of Hong Kong's total re-exports[1] either originated from or were destined for the Chinese Mainland. The Mainland is by far the most important important trading partner with Hong Kong, followed by the United States and Japan. With a view to the present topic of cross-cultural management, another factor speaking in favour of Hong Kong concerning the establishment of foreign business operations is the area's advantage in the role of a "cross-cultural mediator". That is, Hong Kong trading houses and companies have both a great deal of experience in working with the Mainland China and familiarity of Western companies.

3. Propositions

3.1. Previous Research on Finland and Hong Kong Management Cultures

The strongest background elements in the highly homogeneous Finnish culture are Christianity in Protestant-Lutheran form and modernisation with its embedded secularisation (Koivisto 1998). The Protestant-Lutheran core values are internalisation of norms and individualism, idea of fundamental equality among men, and ethical as opposed to aesthetic orientation (Koivisto 1998). Consequently, it is not surprising to note that according to several authors (Koivisto 1998, Worm 1997), the salient values of the Scandinavian and Finnish cultures are pragmatism, individualism, low power distance, esteem for low hierarchy and greater distribution of power, and high esteem for collaboration. While Sweden (and the other Scandinavian countries) are characterised by soft-key communication approach, the Finnish culture is more straightforward and more assertive (Laine-Sveiby 1991). Another notable cultural difference that deviated Finland from the other Nordic countries is the Finnish tendency toward lesser formalisation and higher "improvisation" (Cf. Koivisto 1998, Laine-Sveiby 1991, Worm 1997).

The management culture of Hong Kong, in turn, is deeply rooted in the Chinese civilisation and cultural values, yet the British rule of over one hundred years has also left its imprint in it. According to several authors, the Confucian values form the core of the traditional Chinese cultural ideology (Chen 1995, Hofstede & Bond 1988, Kao & Oh 1991, Worm 1997). In addition, Buddhism has made its cultural imprint in the Chinese values (Nakamura 1964, Worm 1997). It can further be expected that these values are also reflected in modern management culture of Hong Kong.

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[1] Re-exports refer to goods made in foreign countries, principally China, which officially enter Hong Kong's customs territory for shipment onward to other countries.

The Chinese Confucian ethos is based on a family-concept that served as the basis for the whole society based on vertical relationships and value for tradition. In traditional China, family was not only the most central societal institution, but in Confucian scholarship hierarchical model of father-son relationship and filial piety served as the ideal for the whole society. Thus, Confucianism emphasises hierarchy and high power distance in its claim that all proper relationships in society are based on vertical structures of authority and relationships that are further supported by reciprocity. The reciprocity, in turn, is manifested in emphasis of developing "face" by exchanging favours and loyalty (Redding & Ng 1982). The reciprocity also results in a salient relationship orientation and collectivism within one's in-group. The idea of power hierarchy is further manifested in high esteem for age and education.

The Confucian values are reflected in the management culture of Hong Kong in many different ways. Lee (1991) notes that Chinese organisations tend to use family as a metaphor to describe their character. In his discussion of Overseas Chinese management cultures (i.e. Chinese management cultures in Hong Kong, Taiwan and South-East Asia) Chen (1995) summarises that companies are often owned and run by families, characterised by simple structures, or even lack of formal structure and organisational unit specialisation, less clearly defined roles, and lack of objective rules. Also Worm (1997 p. 201) concludes that Mainland Chinese firms have a very low degree of formalisation. It can further be argued, that one cultural pattern behind this phenomenon is polychronic time-orientation (Hall 1983) that results the Chinese to prefer pursuing several activities simultaneously and intertwine the activities. Moreover, Chen (1995) argues that even though most of the Overseas Chinese businesses are small- or medium-sized, even the few large ones are run as if they were small: by concentrating power to few hands, putting an emphasis on persons and relationships and viewing the company as a community.

3.2. *Management Communication*

As business management is human activity that involves several individuals through their company's organisational setting, it is by definition carried out through communication. Moreover, communication styles and patterns vary strongly from one culture to another, and therefore management communication is a strongly culture-bound phenomenon. Hence, any comparative approach to management in different cultures or management across cultures shall start from the underlying cultural or intercultural communication patterns and styles.

In previous research on the impact of culture in communication patterns, three dimensions of communication are very often emphasised. The first of them is Hall's (1959, 1976) "classic" distinction between cultures of high and low context communication. Trompenaars (1993) adds a relevant comparison between specific and diffuse self-concepts and communication preferences in different cultures. Third, different cultures' preference to more formal or more informal communication is also mentioned often as a salient source of cross-cultural communication misunderstanding and misexpectation (see e.g. Gesteland 1999 pp. 43-53).

Hall puts forward a distinction between high and low context communication and cultures in his classic studies on communication in different cultures (Hall 1959, Hall 1976) and cross-cultural communication in business (Hall & Hall 1987). In high context cultures, much of the meaning in communication is conveyed "between the lines", it tends to be open-ended and its purpose is to maintain harmony in relationships, while in low context cultures verbal expressions are taken more for their face value, communication tends to be specific and straightforward and its purpose is to find out opinions and issues.

Previous research further suggests that the Finnish culture is one of low context communication (Koivisto 1998, Trux 2000), while the Sinic culture is characterised by a relatively, yet not extremely, high context communication (Gesteland 1999). The Finnish communication patterns tend to be a combination of straightforward and plain expression of ideas and opinions combined with tolerance to silence and relatively sparse use of speaking (Koivisto 1998). In this discussion, it is interesting to note that according to Laine-Sveiby (1991), the Finnish communication pattern is even more straightforward and assertive and less decorated with "small talk" than that of Sweden and other Scandinavians. This is also evident in the findings of some previous studies claiming that the Finnish culture may be even "brutally honest" in its communication approach (Trux 2000).

The Chinese culture is characterised by emphasis on harmony and avoidance of confrontation. In Sinic culture "saving the face" of oneself and one's counterpart is one of the most valued social virtues (Gesteland 1999, Hwang 1987, Redding & Ng 1982), i.e. in the Mainland China as well as in the other Sinic societies (Hong Kong, Singapore, Taiwan). As Nakamura (1964) discusses, these values have their background in the ideal for inductive reasoning in Buddhism, which is further manifested in implicit and indirect high context communication (Hall 1976), esteem for emotion in social settings, and tendency to compromise in order to avoid open conflict (Koivisto 1998, cf. also Nakamura 1964). These features are also salient features of Chinese (Worm 1997) and Overseas Chinese (Chen 1995) management.

Consequently, it is easy to presume that the Finnish low context communication may result in cross-cultural clashes and misunderstanding with the cultural norms of more high context communication in Hong Kong, as the following proposition puts forward:

Proposition 1   The low context communication emphasis in Finnish culture results in friction in cross-cultural communication with the Sinic high context communication patterns in Finnish companies in Hong Kong.

One of the contexts in almost any communication setting consists of the individuals who take part in the interaction. According to Trompenaars (1993), a central person-related issue in any communication setting is to which degree the participating persons are expected to represent their role in the particular setting vis-à-vis how much they are expected to represent themselves as persons. According to him, in cultures that emphasise specific relationships, persons operate differently in their different roles and tend to segregate business from personal considerations, while in cultures that emphasise diffuse relationships business and issues are often personified. According to previous research, the Finnish culture is slanted

toward specific communication and relationships in its emphasis that "issues should disagree instead of individuals" (Koivisto 1998), while in Sinic culture isues and business are often taken very personally, as Redding (1990) discusses. The personalisation combined with Confucian family-orientation, in turn, may result in that one's family interests may impinge upon professional life, and create hidden agendas that sometimes contradict with company interests (Porter 1996). Consequently, it is easy to presume that the Finnish culture's emphasis on specific approach in professional life may result in conflicts with the Chinese more diffuse approach, as it is stated in the following proposition:

Proposition 2   The Finnish cultural emphasis on separating issues from individuals may result in cross-cultural clashes with the Sinic more diffuse and intertwined expectations in Finnish companies' management in Hong Kong.

The Finnish culture is a "branch" of Nordic-Scandinavian cultural heritage. As such, the Finnish communication has a slant of avoiding being decorated with formalities. Nevertheless, within the Nordic region, Finland is regarded as the most conservative business environment. (Gesteland 1999, Laine-Sveiby 1991) The Sinic culture, in turn, has a long historical tradition to emphasise *li* (ritual, procedure, civility, formality) as a prerequisite of proper societal and organisational life. Also contemporary studies on Chinese and overseas Chinese business etiquettes emphasise the need for formal dress code, modest verbal expression and use of titles (Gesteland 1999, Huang & Leonard & Chen 1997). Consequently, the following proposition can be put forward:

Proposition 3   The relatively informal communication approach in the Finnish culture may result in cross-cultural misunderstanding with the Sinic cultural expectations of more formal style in Finnish companies' management in Hong Kong.

3.3. *Decision-Making Process*

Business decision-making process, how decisions are made in companies, varies from culture to culture. In some cultures, like Japan, decision-making is based on reaching group consensus on an issue under consideration, while in some others decisions are made by individual managers (See e.g. Ballon 1990, Koivisto 1998). Moreover, in some cultures a greater emphasis is given to the procedure how decisions are made, while some others emphasise more the content, intent and outcome of the decision (Koivisto 1998). It is also relevent to keep in mind that in some cultures decisions are more focused and therefore they are made and revisited faster, while some others value more interdependent decisions and thus need a slower pace (Gesteland 1999 pp. 55-62).

The Sinic societies, including Hong Kong, rank high in collectivism (and low in indovidualism) in Hofstede's (1980) extensive survey, while the score of Finland is at the opposite. Consequently, it is easy to presume that the local employees at Finnish companies' Hong Kong offices would prefer a more group-based approach to decision-making than the Finnish company and the Finnish expatriate managers do. This presumption is also supported by Porter (1996 p. 101) who argues in his study on Chinese

decision-making that the wish to preserve harmonious relationships and avoid conflict with one's colleagues and subordinates is so salient in Chinese companies that it may incline decision-makers towards an unsatisfactory or incomplete decisions, or even no decision at all, even in a situation where one is clearly needed. According to previous literature, the Finnish decision-making, in turn, is very much based on rapid decisions made by individual managers vested with appropriate mandate (see e.g. Koivisto 1998, Laine-Sveiby 1991). Consequently, the following proposition is given:

Proposition 4   High individualism in Finnish culture with its consequent individual-based decision-making may result in cross-cultural friction with the Finnish companies' Hong Kong employees' Sinic cultural expectations of more group-based approach.

Decision-making can be divided to its content, what is to be decided, and form, the process through which the decision is to be made. Particularly such cultures that are characterised by a strong tendency toward avoidance of extrinsic shame as opposed to intrinsic guilt, Japan for instance, tend to place a higher emphasis on "proper way", while "guilt cultures" give more weight to the intentions and outcomes of actions. As Koivisto (1998) discusses in his extensive study on Finno-Japanese cross-cultural management, cultures of aesthetic orientation, or "shame cultures", tend to emphasise the process of business decision-making, while cultures of ethical orientation, or "guilt cultures", place more value on the content of the decisions and allow more flexibility to improvisation as to how decisions are to be made. According to Koivisto (1998), the Finnish culture has a very salient ethical orientation. The Chinese decision-making, on the contrary, is based on inflexible bureaucratic processes (Huang & Leonard & Chen 1997). Moreover, it can be borne in mind that in its core value of ritualism, the Confucian ideology has a clear process emphasis: it is not just important to do the right things but the right way is strongly emphasised as a method of protecting group harmony. In conclusion, the following proposition is put forward:

Proposition 5   The Finnish companies and expatriates may make decisions in such "improvising" manner that may result in embarrassment among the companies' Hong Kong employees' Sinic cultural expectations of more process-oriented approach.

Finally, decision-making processes take place over and in time. According to Laine-Sveiby (1991), the Finnish managers tend to be very swift in their decision-making. Several authors (See e.g. Chen 1995, Huang & Leonard & Chen 1997, Worm 1997) note that business decision-making in Mainland China tends to be slow and cumbersome, the Chinese and foreigners alike. Nevertheless, Chen further points out that in overseas Chinese businesses family-based management approach and concentration of decision-making power to few hands at the top organisational levels results in flexibility and swiftness in decision-making. Therefore, no proposition is put forward on speed of decision-making. Nevertheless, the Authors acknowledge it as a relevant issue for the present study, and therefore it is studied in the empirical analysis of the present paper.

3.4. *Organisation Empowerment*

Organisation empowerment refers to how power and decision-making authority is distributed in an organisation. According to a vast multitude of previous research, organisation empowerment is a strongly culturally influenced phenomenon (see e.g. Hofstede 1980, Schneider & Barsoux 1997, Trompenaars 1993). Some central questions of organisation empowerment include the following: how power is vested to the levels of organisational hierarchy, how different individuals are singled out for power in the organisation, and how "clear" are the roles of the different centres of power in the organisation. These questions can be further put into two groups: how the organisation empowerment is structured in terms of hierarchy and organisational form, and who are empowered.

According to Hofstede (1980), the degree of power distance in different societies can be viewed as centralisation or distribution of power. He claims that in societies with low power distance, companies tend to delegate power downward in organisations, while companies in societies with high power distance prefer to concentrate power to few individuals at the top echelons of the organisations. According to Hofstede's survey, Finland ranks relatively low in power distance, while the Sinic societies (Hong Kong, Singapore and Taiwan) ranked relatively, yet not extremely, high.

According to previous literature, in Chinese firms, leadership and decision-making are based on authoritarian approach, high power distance, steep hierarchy and concentration of power to top elite (Chen 1995, Worm 1997, Redding and Casey 1976). The high power distance in management also tends to result in a great emphasis on status and status symbols (Worm 1997 pp. 116-117). Management control is achieved through control and limited sharing of information (Chen 1995), development of "face" (Oh 1982) through exchange of favours for loyalty (Hwang 1987), combined with leader's physical presence and walking around (Lee 1991). The Finnish cultural value is equalitarianism and thus they are characterised by a much lower power distance and much higher distribution of power (cf. Koivisto 1998) to middle and lower levels of the organisation. Furthermore, in Nordic organisations status symbols are, if existing, far subtler and far less openly displayed (Worm 1997). This, in turn, has resulted in that power is vested to those who have demonstrated performance. Consequently, the following proposition can be put forward:

Proposition 6   The dilemma between the Finnish organisations' tendency to power decentralisation and the Sinic cultural patterns of authoritarian management style results in contradicting cultural expectations of organisation empowerment in Finnish companies in Hong Kong.

This can further be elaborated by noting that concentration of power to few individuals at top levels of an organisation results in steep and hierarchical organisations (Hofstede 1980), while lesser power distance allows more flexibility to less centralised and less "clear-cut" organisational structures, such as matrix organisations. In this context, it is not surprising to note that according to previous research Finnish companies often prefer matrix and other less-hierarchical organisation structures (see e.g. Koivisto 1998, Marschan 1996), while Chinese organisations tend to prefer centralised line organisations (Chen 1995,

Huang & Leonard & Chen 1997, Kao & Oh 1991). Consequently, it is possible to put forward the following proposition:

Proposition 7	The Finnish companies' organisationally distributed and dispersed decision-making structure that manifests itself in matrix organisations and the Sinic cultural expectation of a "clear-cut" structure of authority results in contradicting cultural expectations of organisation empowerment in Finnish companies in Hong Kong.

The propositions 6 and 7 deal with the issue of how the organisation empowerment is structured in terms of hierarchy and organisational form. In addition, it is important to analyse how individuals are singled out for promotion and empowerment. According to Trompenaars (1993), some cultures place emphasis on achievement and others on ascription when individuals are evaluated and promoted in organisations. In this respect, the Sinic culture is strongly influenced by the philosophy of Confucianism that emphasises social stability, seniority, and learning and education (Kao & Oh 1991, Morishima 1982, Worm 1997 pp. 34-40), and therefore it is slanted toward ascription as a basis of promotion and empowerment (Trompenaars 1993). At the same time, the Finnish society is characterised by "Weberian" protestant ethics of individual achievement and pursuit of happiness. These cultural factors strongly suggest that Finnish companies are more tending to promote and empower younger individuals with less formal education than would be expected or accepted by their Hong Kong employees. On the other hand, it shall be kept in mind that Hong Kong has a highly internationalised business life and thus Hong Kongers are experienced in working with foreign companies and their achievement emphasis. This suggests for the following proposition:

Proposition 8	The dilemma between the Finnish cultural value for an individual's achievements and "track record" and the Sinic cultural emphasis on ascription of seniority and education may result in contradicting cultural expectations of individuals' promotion and empowerment in Finnish companies in Hong Kong.

In addition to ascription (seniority and education), traditional Sinic culture places also an emphasis on Confucian family values and male predominance over female (Kao & Oh 1991, Morishima 1982), which would suggest that Sinic employees would expext men to be more easily and more highly promoted and empowered than women. Moreover, masculine/feminine cultural norms are expected to exert a high degree of influence on women's access to top management in their country (Hofstede 1995). Nevertheless, it is surprising to note that in Hofstede's (1980) survey the Sinic societies do not rank high but relatively low in masculinity. It shall be added, however, that in the same survey Finland ranks even lower in masculinity. Therefore, a formal proposition of gender dimension in organisation empowerment has not been put forward, yet an open eye is kept on it when the empirical data is analysed.

4.   Methodology

The study is an empirical endeavour that focuses on a contemporary real-life phenomenon, finno-Sinic management, that is deeply anchored in its context, the Finnish and Sinic cultures. Because cultural issues in international management are often complex by nature and their manifestations are often highly interrelated with their organisation and business contexts, the present study is based on qualitative methodology and in-depth interviews. The identified parallels with previous research on synergy and friction in cross-cultural management in other culture settings have made it possible to enrich the study by comparative discussions, yet they do not provide an opportunity to a simple repetition due to varying culture contexts. Consequently, the present study was conducted by gathering qualitative data through in-depth interviews. Since the purpose of the study is to create understanding of the phenomenon in its real-life company contexts, case study was chosen as the methodological approach applied. (Eisenhardt 1989, Yin 1989)

Evidence from multiple cases is generally considered more compelling, and the overall study is therefore regarded as being more robust in comparison to single-case study approach (Yin 1989). Furthermore, as the multiple case research approach allows examination of similarities and differences across cases, it facilitates the researcher in finding deviating cases and evidence to enrich the data and strengthen the conclusions of the research (Miles & Huberman 1994, Yin 1989). The case-companies (their main business areas are given in parenthesis) that provided interviews to this study are, in the alphabetical order, the following:

- Elcoteq Corporation (electronics contract manufacturing),
- Huhtamäki Plc (paper cups and packagings) and
- Kone Corporation (elevators and escalators).

Nevertheless, in order to protect the confidentiality of answers required by the companies in order to allow interviews, in this report the companies real names have been replaced with pseudonyms 'Company A', 'Company B' and 'Company C' (in random order).

The research data comprises 15 interviews with 4 Finnish and 11 Chinese subjects in 3 Finnish companies in Hong Kong. The interviews were conducted in Finnish and Chinese in March 2000. All of the interviewees are such top- and middle managers who deal with members of the other cultural group on a daily basis in management decision-making.

The two Authors conducted the research interviews jointly. The interviews were conducted in Finnish, English and Chinese depending on the interviewee. All interviews were recorded on tape and subsequently transcribed, as that provided an accurate rendition of the interviews (Yin 1989).

5. Results

5.1. Management Communication

The empirical data of the present study clearly supports the idea that the Finnish frank and straightforward low context communication style is in contrast with the Sinic open ended high context pattern.

> If I pose a question [to a Hong Kong employee] of how our customer may react to a proposal, he starts to presume many things on behalf of the customer, because he is unable to admit that he does not know right away the customer's opinion – even though my intent is to make my employee to go to the customer and ask…. For a Chinese [in Hong Kong] it is very difficult to say 'no' or 'I don't know'.
>
> A Finnish Expatriate in Company C

This was particularly evident as to performance appraisal or criticism, in which the Hong Kong interviewees felt the Finnish communication approach very different from their own. One of them even let the Authors to understand that the Finns are childish as they are unable to control the expression of their emotions when uttering criticism:

> Finns … they do not put their feelings inside. They can spit out rather easily to their staff, even with something like "I think you are wrong" or "I think you have problem for yourself". … This may hurt the staff.
>
> A Chinese Manager in Company C

> The Finns, they are strict: if you make a mistake you get the message right away, if your boss does not like it. … Chinese, I think, they use a gentler way. They do not criticise directly the person.
>
> A Chinese Manager at Company C

Another interviewee elaborated the same perspective by claiming that a softer approach is easier and more sustainable as it saves the face:

> It is much easier to give so-called constructive criticism (than direct negative evaluation), to show areas of improvement than directly pinpoint weaknesses., because the [Hong Kong] Chinese are very focused on the issue of face.
>
> A Chinese Manager at Company B

Furthermore, the data supports the idea that the Chinese often personalise the business and that they identify their relationship with the company to their superordinate. An interviewee noted that the Hong Kong Chinese employees' loyalty is not to the company but to the leader as person. Thus, the relationship between the leader and the subordinate becomes important. The interviewees of the case-company noted:

> [As leaders] Chinese are … relationship-oriented, and they expect their employees to be loyal. But still – the both parties have their expectations on the relationship … They [Chinese] Focus very much on relationship.
>
> A Finnish Expatriate at Company A

Furthermore, as an interviewee who had long experience in different foreign firms argued, personalisation combined with feeling of being offended may even result in less rational behaviour, like retaliation:

> [In China and Hong Kong] people take things very personally, and they will very easily be in defensive mode. … Sometimes they can do something very tricky. It could be political, but … they don't do it openly.
>
> A Chinese Manager at Company A

The Finnish approach is far more issues-oriented and much more focused. Personification is viewed as negative and even immature (Worm 1997). Consequently, it was not surprising that the Hong Kongers regarded the Finnish communication approach as too impersonal and disregarding proper relationship. As an interviewee explained her experience:

> The Finns' style is too straightforward. We [the Chinese] would first like to build a relationship, and only then do we accept direct feedback, be it appraisal or criticism.
>
> A Chinese Manager at Company A

Thus, it is not surprising that, the cultural difference between Finland and Hong Kong that caused most embarrassment among the Hong Kong Chinese interviewees, was the Finnish assertive communication style combined with issue-oriented a-personification. In the words of three interviewees at Company A:

> The Finns, I think, they would leave no mercy, they are rigid. … It is very difficult to swallow.
>
> A Chinese Manager at Company A

> The Finns are too inflexible. We are more adaptive. Therefore we are more efficient
>
> A Chinese Manager at Company A

> … they [Finns] are too result oriented, they neglect the feelings, the human beings. They do not give adequate support or care.
>
> A Chinese Manager at Company A

One of the Hong Kong interviewees even recommended that the Finnish expatriates should

> Be patient with people, try to understand, ask … one has to be friendly to the local Hong Kong employees in such way that one will have them to help in the future.
>
> A Chinese Manager at Company B

In sum, it is easy to draw the conclusion that Propositions 1, 2 and 3 are supported by the empirical data of this study.

5.2.   Decision-Making

According to the data of this study, the Hong Kong managers tended to emphasise more the need to maintain harmonious relationships within the company as a central issue to be taken into consideration in decision-making.

> The Chinese are very concerned about the relationship … harmonious relationship, so they are compromising.
>
> A Chinese Manager at Company A

Nevertheless, the Hong Kong interviewees still expected that the very decision-making is still vested to individual managers rather than collective bodies or groups.

> I care about my employees. The way of my management is different from his [the Finnish expatriate President] demanding way. I know our people, I know their weaknesses, I know their strengths – I know their character and personality. I know their family background. … It is very important to know [the individual subordinates], because then you know what is the motivational factor to them. … I let them know that I give them support, but I do still have my demands [to them].
>
> A Chinese Manager in Company A

In comparison, the Finnish decision-making was found out being far less relationship-oriented and much more goal-focused. As Hall (1983) discusses, this is typical to linearly oriented cultures, including the Scandinavians. It can further be discussed that in their clearly defined organisational roles and functions combined with a-personified approach, the Finnish companies reflect the Finnish cultures Protestant elements in the sense of Max Weberian professional bureaucracy (Koivisto 1998).

As the (Hong Kong) Chinese decision-making often attempts to take relationships and social balance into account, it often leads into process-orientation. In order to avoid causing disturbance in the nexus, it is important not just do the right things, but to do them in the right way. The difference between the Finnish goal- and Chinese process-orientation was directly pointed out by several interviewees:

> I do care about the process, how to reach the goal or get the results. This is different between them [the Finns] and us [Hong Kongers]. They only want to see the outcome, but they do not care about the process.
>
> A Chinese Manager at Company A

> What constitutes the most difficult point of the cross-cultural interfacing is that we (Finns) are very task oriented … for some [Hong Kongers] the process might be of higher relevance.
>
> A Finnish Expatriate in Company C

> [Compared to the head office in Finland] leadership in our Hong Kong unit is more process oriented. People (here) are given more hands-on guidance.
>
> A Chinese Manager at Company B

This emphasis was also noted by a Finnish interviewee:

> The [Hong Kong] Chinese expect that their superior gives action instructions, how [tasks are to be done] – not so much targets, what [should be the outcome].
>
> A Finnish Expatriate at Company A

It shall further be noted that the interviewee found this feature embarrassing – which seems to reflect the pragmatic and goal-focused values of the Finnish culture.

It is further interesting to note here that some Finnish and Hong Kong interviewees pointed out that the Finnish approach to decision-making resulted in them being much faster in making decisions than the Hong Kongers. Nevertheless, none of them uttered any statements as to the speed of decision-making as a source of cross-cultural friction or difficulty between them.

To sum up, it can be concluded that the proposition 5 was supported, as the Hong Kongers expected a more process-oriented decision-making than the Finnish companies practised. At the same time, the proposition 4 was not supported, because the Hong Kongers expected that decision-making should be after all vested to individual managers.

5.3. *Organisation Empowerment*

The Finnish interviewees emphasised their preference to distribute power and responsibility downward to their local employees, yet they admitted that this was an area of difficulty in Hong Kong. In the words of one of them:

> The Finnish way to take initiative and responsibility over formal [organisational] silos, it is not common here [in Hong Kong]. … It is very difficult here to find a manager who is willing to take "I take care of this" -responsibility. … Very soon they state "this is my limit" [of responsibility] … Own lots are protected strongly.
>
> <div align="right">A Finnish Expatriate in Company C</div>

Nevertheless, it is interesting to note that several of the Hong Kong interviewees appreciated the Finnish approach of delegation of authority. As one of them expressed:

> The first positive thing [in Finns] is that they give you free hands, they delegate. … Typical Chinese are not so delegating.
>
> <div align="right">A Chinese Manager at Company A</div>

> A Hong Kong manager is more instructive … on how one shall do things, but Finns … they are more open [on targets], they delegate more authority, they give the power to do things.
>
> <div align="right">A Chinese Manager at Company C</div>

The Hong Kong interviewees also expressed their appreciation on the accessibility of the Finnish managers, even those of very senior organisational rank and even bypassing the organisational hierarchy. As one of them uttered:

> Everybody likes the Finns' accessibility. If there is a difficulty … we still have a channel to solve the problem.
>
> <div align="right">A Chinese Manager at Company B</div>

This preference was actually more salient among the more junior Hong Kong Chinese interviewees, who found the Finno-Sinic interaction less difficult to adapt and less embarrassing than those of older generations. One may explain this by referring to the fact that younger individuals are more flexible to adapt. Another explanation might be that the equalitarian approach allowed the juniors to have more independency, whereas the seniors did expect more regard for their experience, while they were embarrassed of being subordinated to relatively young manager and directors. Nevertheless, it shall also be asked, whether this reflects the development of global cultural convergency, that the societies and cultures around the world, including those of Hong Kong and Finland, are converging, particularly as to the younger and more internationally oriented generation – or whether the traditional values are regaining

their importance due to peoples' quest for identity and clash of civilisations (Kelley & Reeser 1973, Huntington 1996).

The research data does not reveal very much information on the achievement-ascription (Trompenaars 1993) differences in Finnish and Chinese expectations. Nevertheless, in one of the case companies a remarkable and, indeed very revealing, incident took place, which allows certain conclusions to be made. In that company a person without university degree was promoted to Director of Operations. Moreover, he was almost unable to speak English. That person had originally joined the company as a blue-collar factory foreman. Before he had joined the Finnish company he had run his own company that had finally ended up in bankruptcy. Therefore, it is easy to argue that several things in his background made him a very unlikely candidate for directorship. Nevertheless, he had put forward an improvement initiative that had resulted in a notable streamlining of the manufacturing process and he had had the courage to present it to the Finnish expatriate President of the Hong Kong unit. It is interesting to note further that even two years after his appointment, his Hong Kong colleagues did not see his directorship without any embarrassment. Based on this incident, one is able to draw the conclusion that the Sinic culture places more emphasis on formal education than the Finnish and is thus more ascription-oriented.

It is further interesting to note that in all of the case companies there were both male and female high ranking local managers, of whom most had both male and female subordinates. Moreover, none of the interviewees paid any attention to the gender issue. It is further interesting to note here that neither the Finnish nor the Hong Kong interviewees pointed out any reference to the Finnish companies' matrix organisations as a source of cross-cultural tension – even though all of the case companies were based on matrix structures.

In sum, it can be concluded that the proposition 6 was not supported, as several of the Hong Kong interviewees actually preferred the Finnish delegation of authority, even though the Finnish interviewees had found out delegation of responsibility being more difficult in Hong Kong than in Finnish cultural setting. At the same time, the proposition 8 on achievement vs. ascription was supported, while proposition 7 on the Finnish matrix organisations was left unanswered.

6.   Conclusions

The results of the research show that there are both differences and similarities that result in cross-cultural synergy and friction in Finno-Sinic management. The Finnish communication pattern was found out to be open, frank, informal and sparse in verbal expressions, while the Sinic communication patterns were more reserved, somewhat more indirect and subtle, and considerably more formal. There was a clear synergy in sparseness of expression, the Finnish frankness was at the same time both appreciated and perceived as frictious by the Chinese, and the formality-informality differences generated a clear issue of friction.

Table 1   Summary of the Results

	Finnish Companies and their Finnish Expatriates' Style	Hong Kong Employees' Expectations
Communication		
General style • Proposition 1 Supported	Brutally frank and straightforward, low context	More open-ended style preferred, particularly if negative criticism is involved, high context
Formality • Proposition 2 Supported	Less formal communication approach than in Hong Kong	More formal and reserved communication style, yet depending on closeness of relationship
Specificity • Proposition 3 Supported	Specific focus on business emphasised	More integrated approach between business issues and persons involved preferred
Decision-Making		
Individual vs. the Group • Proposition 4 Not Supported	Decision-making based on individuals with proper mandate to make decisions	Generally individual-based decision-making used, yet more consideration to employees' opinions expected
How vs. What • Proposition 5 Supported	Content and intentions emphasised over process and form, ethical culture	More emphasis on proper process expected
Speed • No Proposition Posed on Speed	Very rapid in making decisions	A slower pace used to allow a wider range of discussions prior deciding
Organisation Empowerment		
Power Centralisation • Proposition 6 Not Supported	Power, authority and responsibility decentralised and delegated downward in the organisation	Decentralised empowerment generally accepted and even preferred
Structure • Proposition 7 Unanswered	The research data does not reveal enough evidence to put forward forceful conclusions	
Promotion • Proposition 8 Supported (on achievement vs. ascription as to formal education) • No Proposition Posed on Gender	Individuals promoted and empowered based on their achievements and demonstrated results, without major emphasis on seniority, formal education or gender.	Competitive promotion generally accepted, yet embarrassment is sometimes invoked when very young persons or individuals without formal education are promoted to high positions. Female managers commonly accepted.

The Finnish decision-making was found as "improvising" and fast, while the Sinic decision-making preference was slower and more formal, which all caused often cross-cultural misunderstanding, even if the parties generally agreed about the decision itself. The Finnish approach to organisation empowerment was based on low hierarchy and delegation of authority downward in the organisation, while the Sinic pattern of organisational empowerment was based on higher hierarchy and more concentration of power to the top-levels of the organisation, and social interaction and political persuasion.

A summary of the results has been put forward in Table 1 below. Additionally, Table 2 presents some of the advice given by both Finnish and Chinese interviewees for new expatriates and companies entering Hong Kong.

Table 2   Advice Given by the Interviewees to Develop Cross-Cultural Management in the Finno-Sinic Setting

By the Finnish Expatriates	**By the Hong Kong Interviewees**
• Don't try to be too local, that only appears comical. • Patience in a virtue. • Be humble and show appreciation of the local culture. • Be fair and equal. • Getting feedback can be difficult. Try to create an open atmosphere and learn to read between the lines.	• Trust the local people and listen to their advice. • Be more patient. • Give feedback, so that locals know what the Finnish expatriate wants to achieve. • Try and build a good relationship with the local co-workers and subordinates.

Finally, with China joining the WTO, Hong Kong has increasingly lost its bridging position between China and the rest of the world. History, nonetheless, has shown that all big cities have to re-invent themselves every once in a while. The present cross-cultural study did not focus on the role of Hong Kong itself, but the research findings support the continued role of Hong Kong as a "cultural bridge" in conducting business operations in Guangdong as well as in other parts of China. The studied Finnish companies all had regional activities to a varying degree. Furthermore, bilingual (Mandarin and Cantonese speaking) Hong Kong employees were often appointed for coordinating business activities in Taiwan and the Mainland China.

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