

Culture and management style:  
A study of differences of Chinese and Swedish  
management style from Swedish perception

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**KTH Industrial Engineering  
and Management**

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### Abstract

The purpose of this study is to find out how the cultural dimensions effects on management style. In more detailed way this research would like to reveal the differences between the Chinese and Swedish management style based on the Swedish employee viewpoint. Hofstede work-related cultural dimensions and Denison model of organizational culture to high-tech multicultural company has been applied. It is concluded that obvious differences exist between Chinese and Swedish management style and culture has influence on management style. However, since the results are limited in the scope of study cannot be generalized but worth to investigate and validate in future research.

**Keywords:** Management style, Culture, Sweden, China

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# 1. Introduction

## 1.1. Background

### 1.1.1. Globalization of China

The enormous growth of Chinese firms in high-tech sectors taken advantage of labor-intensive and low-cost manufacturing propelled China to be global. This astonishing high speed in transformation originates in fundamental of classical growth, high-speed technology learning along with innovation. (Long & Laestadius, 2011)

In the early stages of ICT sector in China, some conditions are much the same as older industries. These industries are low or low medium tech (LMT), building on borrowed or badly understood technology, fell behind by innovation or new market conditions within few years. This drives forethoughtful Chinese ICT firms to show more interest on innovation to the extent that some firms even reached to the point of manufacturing of excellent innovative products for domestic sale as well as Europe, North America and Japan. (Long & Laestadius, 2011)

### 1.1.2. History of Chinese transformation

As Long and Laestadius (2011) noted “the real civilian of ICT industry in China arose after the modernization reforms of 1978-79.” This evolution in the ICT industry was initiated by ‘tide’, a consumer goods in electronics in the early of the 1980s and then in telecommunication in the 1990s.

Long and Laestadius (2011) in their recent research paper mentioned that Chinese ICT industry development was emerged via two channels. The first come up from the Soviet model that separated the labor between R&D units in military and manufacturing units in industry that provided difficulties for old-involved individual in ICT firms. Another channel was institution of new firms that inspired after the reformation on 1978-79. Many firms were attracted by foreign direct investment (FDI) or funded by private. Huawei, Haier, and Skyworth were appealed by OEM/ODM in the 1980s and 1990s were some of these new firms. Subsequently, many of these new firms have developed their own R&D laboratories abroad or, join a technology standards consortium.

Figure (1) demonstrates “the fast transformation of ICT industry in China based on the available Chinese Ministry of Information Industry (MII) statistics” (Long & Laestadius, 2011).

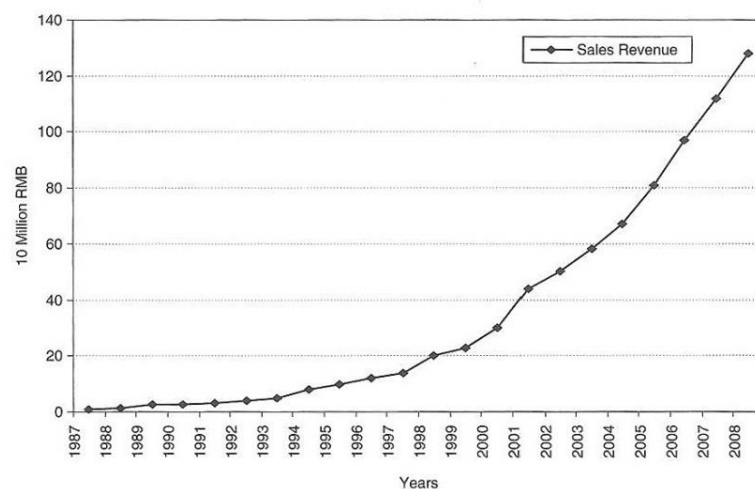


Figure 1-1: Total sales revenue of the 100 largest Chinese ICT firms, 1987-2008, Source: Long & Laestadius, Knowledge Transfer and Technology Diffusion, 2011, p.242

China joined the WTO in Dec 2001. Although it is one of the giant events in China's history, it raised many problems. One of the most remarkable of these is likely effect on its large-scale state-owned organizations. Chinese government with almost two decades of making plan for their reform program voluntarily relegates their autonomy in constructing the economic reform. This makes serious problems for Chinese leaders in making policies.

The terms of the WTO agreement insists that China should offer internal free trade area in whole country rather than support the state-owned enterprises by government. To aim this, China has only five years before the WTO rule entirely applied (Nolan, 2004).

Many analysts believe that being the member of the WTO will help the Chinese to fortify the large-scale industry. Nolan and Wang (1998) as cited in Nolan (2004) state that China's large enterprise has extensively improved the key points of their business organizations steadily during two decades.

## **1.2. History of the company**

### **1.2.1. Corporate information**

Huawei, established in 1988, is one of the world's leading telecommunication and networking company that headquartered in [Shenzhen, China](#). It started working on building telecommunication networks and provides its customers with telecommunication equipment and services. Huawei is the largest maker of phone equipment and second-largest maker of telecom equipment (Shen J. & Chen L., 2011).

### **1.2.2. Structure of Huawei**

Despite CEO Ren Zhengfei's connection with the Chinese Communist Party and Chinese military in the past, there is no direct relation between the company and both above. Zhengfei, one of the richest Chinese, held only 1.42 percent of shares in company and the rest, 98.56 per cent, is owned by company's employees. The union of the Shenzhen Huawei Investment and Holding Company according to the spokesman of the company in Saarinen J. report has the highest authority of Huawei and establishes the base of corporate governance of the company. This non-trade union is responsible for implementing the employees' shareholder scheme (Saarinen J., 2012).

To more clear it up, "Huawei Technologies Co Ltd itself is a wholly-owned subsidiary of Shenzhen Huawei Investment & Holding Co Ltd." (Saarinen J., 2012). As a matter of fact, Huawei properties are entirely owned by only employees with no third parties. Hence, employees possess both share of Huawei in addition to the share of the company that owns Huawei. Shares are allotted to employees based on their performance and their potential for further development on their job. They are only allocated to Chinese employees and should have been returned on leaving the company.

Huawei stockholders determine 33 union members to form a committee to make decisions. Following that, the committee delegates Huawei board's responsibility to nine candidates at general annual stockholder meeting (Saarinen J., 2012).

## **1.3. Purpose**

The purpose of this study is to examine how culture affects management style. This research attempts to find out differences between Chinese and Swedish management style based on Swedish employee viewpoint. Moreover, it discusses reasons of diversity in management style.

#### 1.4. Hypothesis Question

In this paper, the Hofstede work-related cultural dimensions theory and Denison model of organizational culture to high-tech multicultural company has been applied. In fact, the research questions defined as follow:

- What are the differences between Chinese and Swedish management style in high-tech organization from Swedish perception?
- Why do the differences arise?

#### 1.5. Delimitation

Delimitations of this research are set as follows,

- The scope of work is delimited to only one high-tech telecommunication companies and not applicable to all Chinese multi-cultural organizations.
- The finding may only applicable to the high-tech organizations.

#### 1.6. Limitation

- Since Huawei is one of high performance, leading global high technologies company, findings are not applicable to other Chinese companies.
- Since Huawei is private company, findings are not applicable to state-owned Chinese companies.
- There was a disagreement with survey method and prepared questionnaire
- There was difficulty to get good access to data in the company
- Due to policy of the company, interview restricted to four samples.
- There was limitation on selection of the interviewees. HR department chose the interviewees.
- Some concept in the Denison model is out of work scope of employees and not applicable to this case study; for instance, core value.

#### 1.7. Disposition

This research has six chapters. The first chapter introduces the background and the purpose of the research. It motivates why China and Huawei Company as a case are interesting to study. Moreover, Purpose of the study, research question, delimitation, and limitation would discuss. In chapter 2, *theoretical framework*, introduces to reader the Hofstede cultural model, Chinese and Swedish management model comprises of Swedish and Chinese management style respectively. Then at the end, Denison model of organizational culture and effectiveness is introduced. Chapter 3 discusses about the *methodology* of research, following by choice of method as well, as how to collect data for this study and, Quality and Reliability of case are discussed. Furthermore, conditions for choosing the appropriate organization are indicated. Chapter 4 discloses *empirical findings* which describes detailed information extracted from the interview. Chapter 5, *finding and analysis*, analyzes deeply the findings through models and theories. Chapter 6 reveals the final results and *conclusions*.

## 2. Theoretical framework

Hofstede (1980, p. 19) stated that value is “a broad tendency to prefer certain states of affairs over others”. Moreover, Smith and Schwartz (1997, p.79 cited in Lim, 2001) pointed out that values are one of the principles that have close relationship with any aspects of behavior.

As Zawawi (2008) believed, culture is being considered its recognition for several accounts. Tayeb (1994, p.429 cited in Zawawi, 2008) has mentioned culture’s strength has risen from three facts. “(1) the fact that cultural values and attitude vary in degree, sometimes from one society to another, (2) the fact that different cultural groups on similar condition, demonstrate different behavior since the underlying of their values and attitudes are various, and (3) the key role of culture in shaping work organizations and other social institutions.”

Consequently, culture with covering the vast concept has been studied in its different layers by researchers. To Hofstede (1983) culture “...is that part of our conditioning that we share with other members of our nation, region, or group but not with members of other nations, regions, or groups.” Rijamampianina (1996, P.124 cited in Zawawi, 2008) asserts, “Culture is created, acquired, and/or learned, developed and passed on by a group of people, consciously or unconsciously, to subsequent generations. It includes everything that a group thinks, says, does, and makes – its customs, ideas, mores, habits, traditions, language, and shared systems of attitudes and feelings– that help to create standards for people to co-exist.”

Furthermore, Hofstede (1994) points out that membership of a national culture are mostly constant and would not change over time. Additionally, Nicolaidis (1991, p.3) asserts, “Culture is an independent environmental factor specific to one country” and, includes shared values between people within a society with specific nationality (Anwar and Chaker, 2003, p.44). However, Hofstede (1991) emphasize of diversity behavior among individuals within a society. All people of one nation share some similar values but differentiate in behavior.

The significance of respecting cultural differences in international environment took into account firstly by Greet Hofstede cultural theory. He considered four cultural dimensions by comparing of national cultures and different values of people in 50 countries (Hofstede, 1983). These dimensions are *Individualism versus Collectivism*, *Power Distance*, *Uncertainty Avoidance*, and *Masculinity versus Femininity*. He added fifth and sixth dimension called *Long-term versus Short-term Orientation* and, *Indulgence versus Restraint* respectively afterwards (Hofstede, 2010; 2011).

### 2.1. Hofstede Theory

Hofstede conducted an extensive research on the difference of cultures in 76 countries (Hofstede, 2001). He developed a four-dimension model regarding cross-cultural work-related values; consists of Individualism-Collectivism, Power distance, Masculinity-Femininity and Uncertainty Avoidance (1983). An explanation of each dimensions are as follows.

#### 2.1.1. Individualism-Collectivism

The first dimension refers to connection between the individuals and considering on looseness or firmness of ties between individuals. Individualism (IDV) index demonstrates the extent that society insists on individual or collective relationships (Hofstede, 1980). Some people put effort on more freedom and caring only for close family member while, collectivist people integrated into strong in-group have more significantly concern into the group taught than personal interest (Hofstede, 2001).

According to Hofstede (2001) in organization, the level of individuality depends on the factors such as educational level, size, history, and culture of the organization. In individualistic work

environments, employees “are expected to work rationally according to their own interest, while in a collectivistic culture, “an employer never hires just an individual, but a person who belongs to an in-group” (Hofstede, 2001: 235).

One can argue that, collectivist society stress on establishing good and strong relationship, called *guanxi*, in order to create an integrated group. Thus, they emphasize on relationship-based business, particularly, first attempt to establish a relationship in order to do business (Svensson, 2010). To Hofstede (2001) Chinese values countries with high willing to *guanxi* and group thinking ranks as collectivist societies. Thus, China scores low, IDV equal to 20, in compare with Sweden index of 71 (Hofstede, 2001).

### 2.1.2. Power Distance

The second dimension refers to the way that society deals with inequality. Power Distance Index (PDI) expresses the extent of acceptable equality and inequality between people in a society. Hofstede (2001, p. 98) proposes the power distance as a dimensional national culture: “The extent to which the less powerful members of institutions and organizations within a country expect and accept the power is distributed unequally.” While High PDI indicates imbalance of power and financial conditions approved by a society, low PDI societies, instead, stress on minimizing the differences on power and wealth between individuals. In these societies citizen has same equality and opportunities (Hofstede, 2001).

The level of hierarchical of organizational structure reveals the extent of power distribution. Furthermore, an organization with high autocratic leadership and centralization of authority characterized society with high Power Distance in which the hierarchical structure is dominance (Hofstede, 1983).

China’s score of 80 demonstrates inequality of power and wealth in country. Cultural heritage along with history of political control affects the Power Distance enhancements of China. Furthermore, the Confucian values, stressed on social order based on unequal relationships probably extend Chinese hierarchical cultures. Along the same lines, Hofstede (2001) asserts countries with high Chinese values respect for the hierarchy.

Moreover, Hofstede (1983) found a strong relationship between Power Distance and Collectivist in his research. Unless, Collectivist country always demonstrates High Power Distance, Individualist country not necessarily has small Power Distance. China as a collectivist society has more tendency into autocratic leadership.

Sweden score of 31 affirms Low Power Distance with decentralized power and equal opportunities. Communication in workplace is direct and informal (Hofstede, 2001).

### 2.1.3. Masculinity

This dimension refers to extent of role divisions between genders. Hofstede (1980) found that the women’s social role has less variation between different cultures rather than men’s role. He asserts masculine cultures are those who insist on maximum distinction between the roles of men and women in the societies (Hofstede, 1980). Thus, country can be characterized as masculine or feminine culture due to predominant values in the society. High Masculinity ranking emphasizes on culture with high domination of male in the society with competitive, assertive, and ambitious traits. On the contrary, feminine cultures care more about quality of interpersonal relations and quality of working life. Managers in the masculine work environment are more decisive and assertive while in feminine cultures, managers are intuitive and insist on general agreement (Jandt, 2006).

China, with score of 66, is influenced by high masculinity, success-oriented, stressing on role division and, financial achievement. Sweden scores 5, has femininity culture. Therefore, there is a balance between leisure time and obligated time to work (Hofstede, 2001; 2010).

#### 2.1.4. Uncertainty Avoidance

Uncertainty Avoidance Index (UAI) deals with the extent of the uncertainty and ambiguity that a society can tolerate (Hofstede, 1980). Countries with high uncertainty avoidance ranking try to minimize unstructured conditions. These rule-oriented societies constitute laws and regulation in order to reduce the extent of ambiguity. These cultures are aggressive, emotional and security seeking (Jandt, 2006). However, countries with low UAI have more tolerance and promptly accept changes. Thus, they feel lower need to regulate every uncommon situation. This enables the society to take more risks. These cultures are more relaxed, unemotional, and less aggressive (Jandt, 2006).

In organization, societies with low UAI has more relaxed atmosphere with no need to extra rules and punctuality. Oppositely, in high UAI culture, hard works are essentials and precision and punctuality is requirement. Sweden and China with ranks of 29 and 30 respectively, have low score on UA. In Chinese culture, people are more sensitive about the truth but are flexible based on real case. In Swedish culture, people put more effort on the work only when is needed (Jandt, 2006).

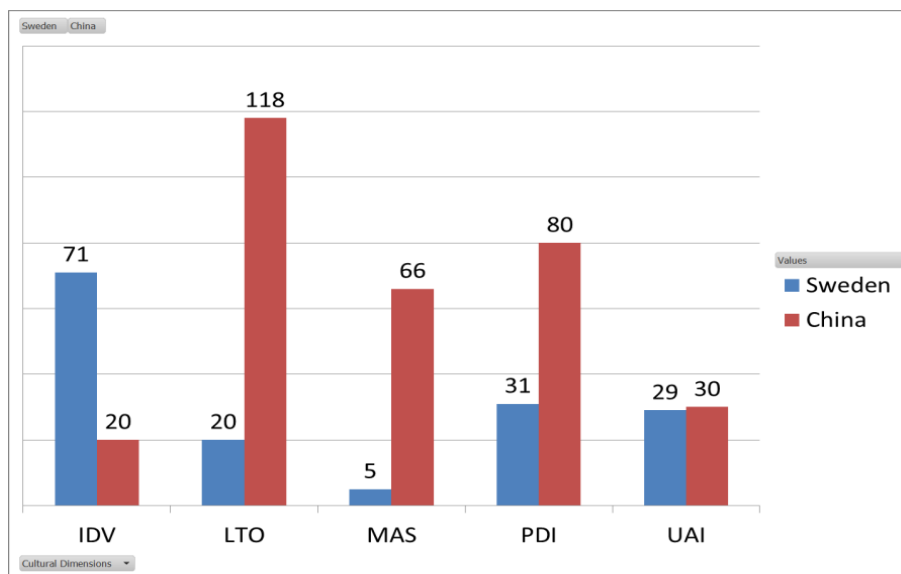


Figure 2-1: Hofstede cultural dimensions, Comparison of Sweden and China- Source: Cultures and Organizations: Software of the Mind, Hofstede, G., Hofstede G. J., Minkov M., 2010,

## 2.2. Chinese and Swedish management model

Hofstede (2007) mentions values are foundation of cultures. It effects on people's preference, definition of moral and immoral and, build people's *mental program* in a society. While relationships among individuals closely correlate with values, management is severely under cultural values' influence.

Moreover, cultural values vary from society to society but highly constant within a society during the time. Due to this fact, Hofstede (2007) believes "management, which is part of culture, differs among societies but within societies is stable over time".

### 2.2.1. Swedish management style

Jan Carlzon (1987) on his book, *Moments of Truth*, addressed management strategy that assist Scandinavian Airlines System became beneficial.

As Byrkjeflot (2003, p.33 cited in Cordeiro, 2009) stated,

Jan Carlzon, CEO of SAS from 1980 to 1993, later became the personification of “Scandinavian management”. The success of SAS was, to a large extent, attributed to the management practices of Jan Carlzon, who was also associated with the even more influential “Service Management” trend, a management fashion with distinctive Scandinavian and Nordic roots. Carlzon’s model was simultaneously customer-oriented and anti-hierarchical, a harbinger of things to come

Some characteristics and values from Carlzon (1987)’s viewpoint as cited in Cordeiro (2009) mentioned as below:

**On leadership (Carlzon, 1987, p.35) as cited in Cordeiro (2009)**

The ability to understand and direct change is crucial for effective leadership. ... By defining clear goals and strategies and then communicating them to his employees and training them to take responsibility for reaching those goals, a leader can create a secure working environment that fosters flexibility and innovation. Thus, the new leader is a listener, communicator, and educator...[an] inspiring person who can create the right atmosphere rather than make all the decisions himself.

**On lateral hierarchy or ‘flattening the pyramid’ (Carlzon, 1987, p.60) as cited in Cordeiro (2009)**

Any business organization seeking to establish a customer orientation and create a good impression during its “moments of truth” must flatten the pyramid – that is, eliminate the hierarchical tiers of responsibility in order to respond directly and quickly to customers’ needs.

**On the importance of communicating (Carlzon, 1987, p.88) as cited in Cordeiro (2009)**

...a leader communicating a strategy to thousands of decentralized decision-makers who must then apply that general strategy to specific situations must go further. Rather than merely issuing your message, you have to be certain that every employee has truly understood and absorbed it. This means you have to reverse the approach: you must consider the words that the receiver can best absorb and make them your own.

**On employee satisfaction (Carlzon, 1987, p.118ff) as cited in Cordeiro (2009)**

...the richest reward of all is being proud of your work. ...receiving well-defined responsibility and the trust and active interest of others is a much more personally satisfying reward. I believe that by understanding what the employees want from their jobs, what their aims are, and how they want to develop; leaders can heighten their employees’ sense of self-worth. And the power behind healthy self-esteem generates the confidence and creativity needed to tackle the new challenges that are constantly around the corner.

In general Carlzon’s key outlook on SAS’s strategy encompasses flattening the hierarchy, decentralization of decision making and, multilevel communication achievement within the organization (Cordeiro, 2009).

In other research, Tixier (1994) states that structure in Swedish organization are horizontal instead of hierarchical. Flat structure nurtures full involvement and participation of all employees in organization. Therefore, subordinates willing to share their knowledge and contribute in decision making process.

As Tixier (1994) points out innovations and new idea is highly encouraged by Swedish management. Sweden is one of the world’s preeminent countries in research. According to research, the total investment in R&D per capita in Sweden has the second score in the world after Israel. Additionally, Ministry of Education and Research of Sweden (2009) published in



papers that government policies emphasize on Swedish position in R&D ranking. Tixier (1994) has affirmed that organizations and firms have high tendency to invest in Research and Development section.

Another characteristic of Swedish managers is related to their attitude to the risk that is related to the qualities of interpersonal relationship (Tixier, 1994 cited in Guo and Li, 2009). Swedish managers attempt to avoid risk by deep assessment from the initiation.

The attitude of Swedish managers towards conflict follows the win-win negotiation model. As they don't like the conflict inside of the organizations they try to resolve the problem in mutual respect and dignity, when it arises (Tixier, 1994 cited in Guo and Li, 2009).

The last dimension is related to the level of pragmatism of Swedish managers. Pragmatism is associated to the rationality and empiricism. Tixier (1994) has affirmed that Swedish managers have tendency to pragmatism and rationalism. They imply simple and effective facts on their judgment without complex demonstrations (Tixier, 1994).

### 2.2.2. Chinese management style

The impact of Chinese cultural values on managerial practice as cited in Sheh (2001) is highly noticeable in researches have been studied by Bond and Hwang (1986), Lockett (1988), Redding (1980; 1982; 1990). Chinese cultural values are the significant factors in creating the distinguished Chinese managerial practice (Limlingan, 1986 and Redding, 1982 cited in Sheh, 2001).

The essence of Chinese culture rooted in Confucianism and Taoism beliefs, philosophies and histories. Confucianism is based on moral ethic along with practical teaching of interpersonal relationships, while Taoism deals with creativity of life and harmony with nature. (Fan, 2000)

According to Fang (1998), the Confucian beliefs concerned with "*moral cultivation, the importance of interpersonal relationships, family orientation, respect for age and hierarchy, avoidance of conflict and need for harmony, and the Chinese concept of face.*"

Chinese leadership followed the paternalistic style of leadership. Remarkable large power distance is one of the outcomes of paternalistic management style, is visible in all organizations especially in the state-owned companies. They are strongly bureaucratic and formalized and they try to advance the self-management and barely encourage employees' empowerment (TU and YUAN, 2010).

In broader context, Chinese management philosophies, which are rooted on people (Bond and Pang, 1991), signify the concept of establishing the connections regarding to secure favours in personal relations (Luo, 1997).

*Guanxi* that implies on interpersonal relationships is one of the core values in Chinese traditional culture that is rooted in each Chinese individual's social life and thus, Chinese society. In Chinese context, despite of all governmental rules and regulations, barely any of them are entirely applied since the personal interpretation has priority instead of legal interpretations. Thus, *guanxi* is so pragmatic in the bureaucratic Chinese management style (Luo, 1997).

*Guanxi* is established based on lots of exchange favors and continues in terms of unspoken commitment. Since Individuals who share the *guanxi* relationships are committed to the invisible reciprocity and specific behavior, breaking the commitment brought on losing face and their social reputation (Luo, 1997).

Chinese culture with centralized authority and highly hierarchical structures has severe impact on Chinese management style. Furthermore, informal coordination and high control are impartible of Chinese leadership (Martinson & Hempel, 1995 cited in TU and YUAN, 2010).

### 2.3. The model of organizational culture and effectiveness

Culture and effectiveness are solidly correlated. A number of authors have researched the relationship between culture and functioning (Wilkins and Ouchi 1983, Barney 1986, Barley et al. 1988, Saffold 1988, Ott 1989), but have hardly published specific paper about organizational culture and effectiveness. (Denison and Mishra, 1995)

Ostroff and Schmitt (1993) have demonstrated that the organization characteristics and culture effects on organization effectiveness. Moreover, Juenchter, Fisher and Alford (1998) have found out how the organization's culture comprehensively affects the effectiveness of the organization. (2) Denison (1990) has developed a model of organizational culture and effectiveness with focusing on four cultural traits of effective organizations. These cultural traits are described completely below, namely, involvement, consistency, adaptability and mission.



Figure 2-2: Denison Leadership Development Model

Source: <http://www.denisonconsulting.com/model-surveys/denison-model/lds-involvement>

#### 2.3.1. Involvement

It shows the level of participation of organizational member in a collaborative manner to pursuit of missions and organization's objectives (Guo and Li, 2009). To Wesemann (2001), involvement comprises of the values that organizations put on the capability of its employees. These values lead to the teamwork improvement along with the human development and empowerment. Effective organization empowers its employees, emphasis on team orientation, and develops the individual capabilities (Becker, 1964; Lawler, 1996; Likert, 1961 cited in Denison, Haaland and Goelzer, 2002).

Each trait is measured by three indices. Involvement indices consists of *empowerment*, *team orientation* and, *capability development*.

### 2.3.2. Consistency

It helps organization establish a central system that provide integration, coordination and internal system of governance at every level across the organization (Denison, n.d.). According to Davenport (1993) and Saffold (1988) effective organization are willing to strong culture with high consistency, powerful coordination and, great integration (Fey and Denison, 2003).

Three indices of consistency comprises of *core value, agreement, coordination and integration*.

### 2.3.3. Adaptability

The ability of organization to scan and respond to external environment is determined the adaptability of an organization. Adaptable organizations focus on customers, take risks and learn from previous experience, and have specified expertise in creating change (Nadler, 1998; Senge, 1990). Adaptability breaks down to three indices: *creating change, customer focus, and organizational learning*.

### 2.3.4. Mission

It encompasses clear goals and directions for the organizational members and determines how the members can contribute in organization's success. Successful organizations have predefined target and direction that specifies strategic objectives and make clear the state of the company in the future (Mintzberg, 1987, 1994; Ohmae, 1982; Hamel & Prahalad, 1994).

Mission breaks down to three indices: *vision, strategic direction and intent, goals and objectives*.

## 3. Method

### 3.1. Choice of method

Choose the research method to resolve the problem is one of the most significant tasks that one should go through on evaluating a problem. Three conditions must be considered on specifying the strategy: "(1) the type of research question posed, (2) the extent of control an investigator has over actual behavioral events, and (3) the degree of focus on contemporary as opposed to historical events". Several ways of research strategies in the social science are *experiments, surveys, history, archival analyses, and finally case studies* (Yin, 1994).

Qualitative research defined as "*any kind of research that produces findings not arrived at by means of statistical procedures or other means of quantification*" (Corbin and Strauss, 1990:17). Thus, qualitative method as it provides the "*deeper understanding rather than examining surface features*" (Johnson, 1995:4) is chosen. On the other hand, while the focus of research is analyzing a contemporary event, and there is a little control over events case study is more appropriate method (Yin, 1994). Therefore, case study with its focus on specific area, and due to limited time and resources is the most applicable.

This research is an exploratory research based on "*What*" question with the aim to investigate the Swedish viewpoint of Chinese management style and to get an insight about the impact of culture factors on management style. What does the Swedish perceive from Chinese management? And why the differences arise will be discussed in details.

Since the qualitative method provides the better understanding on Swedish perceive of Chinese management style, besides, objective of this research is not to generalize the findings rather to get familiar with the subject for the later investigation, the qualitative research method is applied (Krishnaswami & Satyaprasad, 2010; Hackley, 2003 p:13).

### 3.2. Data collection

From Yin (2009, p.33) viewpoint, three fundamental tactics for data collection in order to increase the validity and reliability of research consist of:

- Use multiple source of evidence
- Establish chain of evidence
- Develop case study data base

To this end, in order to get a deeper insight of what Swedish employees perceive of Chinese management style, various secondary data combined with available primary data; this combination is observable in *findings and analysis* chapter.

#### 3.2.1. Primary data

To provide more reliability for the paper, secondary data of this research was compared to the primary data that was conducted in semi-structured interviews. In this paper four interviews were conducted. The interviewees were employees of *Huawei Technologies Co. Ltd.*; they chose from different department (Sales & Marketing, Finance, HR and Project) to reflect the various opinions regarding different managers in order to provide comprehensive data.

The target respondent must have below conditions:

- Has been born in Sweden
- Has been working in Chinese company (Huawei) more than two years
- Has experience of working in Swedish companies more than two years

Respondents were in different age and gender and all of them have at least 6 years work experience in their field. They made significance contribution through the face to face interview to share their perspectives about differences on management styles of Chinese and Swedish people. The interviews were in-depth and open communication and lasted about 1 hour in average.

The interview questions can be found in Appendix 1.

### 3.2.2. Secondary data

Secondary data is used to analyze and interpret the primary data. It also helps to expand the knowledge and better understanding of findings within the subject. More importantly, it helps to come to conclusion regarding the phenomenon mentioned in primary sources. In this research, in order to facilitate the access for readers, published books and journal articles from authentic databases have been used. Most of the keywords for this paper were *Chinese culture, Chinese management style, Swedish Culture, Swedish management style, Hofstede, Denison model, etc.*

## 3.3. Research quality and Reliability

### 3.3.1. Research quality

As Yin (1994) points out, four tests have been used to judge the validity of any empirical social research such as case studies. The tests are; *to construct validity, internal validity and external validity and reliability. Construct validity* emphasize on “Identifying correct operation measures for the concepts being studied” (Yin, 1994: 33). To pass the first test for current research multiple sources of evidence such as documentation and interviews have been used. This helps to create the chain of evidence during the data collection phase. The second so-called test is *internal validity*, which is significantly used for explanatory research or causal studies, like current paper as an explanatory case study. This check refers to “establishing a causal relationship, whereby certain conditions are shown to lead to other conditions, as distinguished from spurious relationships” (Yin, 1994: 33-35). In this research, lots of attention has been paid to theoretical framework as groundwork as well as interviewee’s perspective and opinions to achieve the strong justification that links independent variables to the result. Interviews are recorded and referred; the size of the sample and findings are taken into account to draw out the most possible authentic evidence. Finally, the last test is *external validity* that refers to “establish the domain to which a study’s finding can be generalized” (Yin, 1994: 33-36). Due to size of the sample and investigation, in addition to the nature of the sample, which is a Chinese private company with distinct type of management style, generalize the findings is not suggested. Yet, some indications and approaches have found that can be remarkable for the Chinese managers, the Chinese employee that work with Swedish colleagues and even for Swedes to get the better understanding of Chinese culture.

### 3.3.2. Reliability

The last test for judging the quality of a research design is reliability that refers to “demonstration of the operations of a study- such as the data collection procedures can be repeated, with the same result” (Yin, 1994: 33). The aim of this test is to ensure that if an investigator followed exactly the same procedures with the same case study of earlier investigator, should meet the same conclusions (Yin, 1994: 36). To ensure this, different sources and thesis samples have been used for this paper to guarantee the reliable results. Moreover, interviews have been conducted face-to-face in order to minimize the errors and risk of misconceptions.

### 3.3.3. Choice of organization

The organization in this study must have below conditions:

- Chinese company
- High-tech organization
- Have Swedish employees in different department with Chinese manager

This paper builds on the Denison's organizational cultural model, and Hofstede cultural dimensions discuss about differences on Chinese and Swedish management styles.

## 4. Empirical findings

Four Swede employees of *Huawei Technologies Co. Ltd.* have chosen for interview. They belong to different department (Sales & Marketing, Finance, HR and Project) in order to reflect the various perspectives on Chinese and Swedish management styles. Due to their request, interviewees' identity is unknown.

### 4.1. Interviewee 1: "A"

#### **Involvement**

A, the first interviewee said, "In my department every decision has to be approved by manager. We exchange our ideas and have an open communication but at the end, she decides which solution is better. In Swedish companies, I had more freedom in making decisions. In my opinion besides the difference in cultures, the size of the company is matter. My previous working experiences were in the smaller companies that the decision making process have been shorter and I have more influence to make my own decisions and execute them".

In my department with less than 5 people, teamwork is great, A added. "If someone has heavy workload, other colleagues try to help that person. Besides, my manager is aware of workload of each person at each period. However, this is not true for the all department in Huawei."

A said the learning and training in the Huawei is different from the Swedish companies. There are quite extensive amount of learning documents available to read (Huawei academic website). Swedish companies, has different approach yet. "For them learning is a huge investment. They invest on conferences and workshops. They have a learning plan for each employee and determine what they want you to learn and what will be your focus. However, it is optional for you to learn more knowledge and use it in your work. In Huawei, you have to find out yourself what you need and then learn it", A said.

#### **Consistency**

A, mentioned that they have discussion regarding their problems with their managers. "I talk with my manager regarding any issues and she listens to my opinions. We have different perspective on each subject, as she is Chinese. We express our ideas and she listens to my ideas as well but at the end, she makes the final decision according to Huawei's rules and criteria. Chinese colleagues are not communicative; they do not question their managers and not express their ideas. They do what managers have ordered to do and no more."

According to one of Swedish managers, the reaction of Chinese and Swedish employee was completely noticeable when managers set the goals for each individual. Managers communicate with each employee in order to set the best plan for employee according to the goals. Chinese people asked about what they would have to do and accept whatever the manager said, immediately without asking any questions. Swedish employees express their willing and new thinking that perhaps would work. They negotiate with the manager and write the plan together.

In Huawei, information shares among the project-team and many departments have involved. Nevertheless, Swedish companies have different style in sharing the information. They have weekly meeting to consider the plan, find the pitfalls, consider what they have done up to now and what they have to do in next week. That is more efficient. In Huawei, information sharing openly spread within the project team but not in general management level. "In my opinion, Chinese have more information about work situation than local employees", A said.

### **Adaptability**

A, regarding the change in the company said, Huawei is a very proud company. They grow fast and have had a success story in the last 20 years. Thus, they are not flexible in changing their way of work. This sometimes makes trouble. Swedish companies instead are more open to change.

A, also added that in Huawei the manager is a customer interface. Company changes the responsible manager if the company does not reach to the desired point. In Swedish companies is completely different approach. They do not have tradition of changing the people. "Chinese are more easily doing this, especially in Huawei", A said. Swedish companies rather than firing the people try to help that person and change the focus and negotiation. Swedish people first listen to the customer, and then they analyze, benchmark, and in the end present the plan to the customer. On the contrary, Chinese people go to the customer without any plan. They ask what they need and then try to fix the issues. There is no analyzing stage in the Chinese way of dealing with customers.

"I believe Huawei is more open in compare with governmental or stated-owned companies. I have an understanding manager that let us implementing the tasks in our way and she believes it is better to do something and make mistakes rather than do nothing", A said. However, huge respects between Chinese employees towards managers do not let them to do anything that would their managers at high risk. Contrarily, Swedish work environment, are completely different. Managers do not show quick reaction regarding mistakes. There is a mutual understanding but in case of repeating the same mistake then employee should explain. Here, are more open to blaming the employees.

### **Mission**

Regarding Strategy and direction, A mentioned, "I am not aware of the strategy of the company. In Swedish companies, they have 6-month plan, one-year plan and even in my previous company they have 3-year plan. Thus, the goals have defined and they know what they are going to do. For instance, In Swedish companies meetings fix three weeks ahead. In Huawei, it is common that you go to the person and ask for a minute... Chinese do not have fundamental plan. The plan changes quickly whenever something new happen and therefore the long-term plan will change many times. Swedish companies will much more stick to the plan".

"You can track your work based on the goals; however, since Huawei is drastically high performance company, the goals are not reasonable. They believe to be able to reach closely to goals one must define the higher goals", A added.

## **4.2. Interviewee 2: "B"**

### **Involvement**

B, the second employee of Huawei said "It is quite big related to the relation with your manager whether your ideas are accepted or not. Decision-making process is different in my position since most of requests received from different regions, the manager does not control on my work. However, it completely relates to the relation with your manager whether your ideas are accepted." B added.

He said in Swedish companies employees have annual talk with their managers and they communicate about the goal for each person and for the group and the company. Thus, it is easier to understand what manager expects from you. Although the decision-making process takes longer time in Swedish companies, everyone aware the goals and knows exactly what to do. It is more efficient that you know what the idea is behind the decision, he said. "In Huawei,



the management style is more like American management style. In Chinese culture, managers make decisions and expect the implementation, which made confusion for Swedish employees..." he added.

B believes that teamwork is encouraged on the higher level but in deeper layer, there is lot of competition between different departments. "In Swedish companies the role and responsibilities of each department and individual are clearly defined and therefore different kinds of conflicts, which are overlapping, seem inefficient but here they encourage you to compete. In Swedish companies teamwork consider very important. They have some kind of team buildings, activities, get everyone together, everyone share the same goals."

He mentioned that in Huawei, they had focus on learning new things with new method before but due to financial problem, they had to cut it down. He as a previous Ericsson employee added my experience at Ericsson was during the IT crash on the company and there was high margin on telecom business. Thus, there was no focus on cost and budget was easily dedicated to training and learning course. However, smaller companies always are very careful with spending budget in training and learning and try to recruit experienced and competence employee.

### **Consistency**

B pointed out as a non-Chinese, there is a little bit hard to communicate with Chinese people. Furthermore, as his manager is in another country, he believed it is important to have a contact with headboard in China in order to influence in some decisions. "Since I have not even met these people, it is not easy to contact with them and communicate with them to reach the agreement on some issues." Additionally, he mentioned there are many non-Chinese people that work in headquarter, so "...there is a possibility to realize what is going on there".

B regarding the coordination and getting the required information from other departments said, "In this company and other companies that grow globally fast, there is a structure way of how to get the information. Since everything is organized and people are more trust on informal internal network, if you do not have such informal networks, it is hard to get the information. It is possible to get the information from people that know them before or meet them at least once but if they are outside of your personal network, it is very hard. I need to meet the Chinese colleagues before getting any information. However, it is easier to get information from Swedes and other European colleagues even if you do not meet them yet." He also pointed out the language barrier as one of the reason of this problem.

### **Adaptability**

B regarding the change in Huawei said, "I think sometimes they welcome to new ideas. Such as video conference system that is very helpful; however, the social Medias like Facebook and Twitter are not popular here. Since the Chinese people have their own version of these kinds of Medias. Thus, we are not adopting new ways."

B mentioned that in Huawei customer focus is one of the core values of the company. "Taking risk is not encouraged in the company. In Swedish companies it depends on the level of the trust, you can take a risk."

### **Mission**

According to the interviewee, Huawei like Swedish companies has long-term strategy. "Chinese companies define the goals higher than Swedish companies. In Swedish companies, goals are much more realistic and close to fact."

### 4.3. Interviewee 3: "C"

#### **Involvement**

C, the third interviewee as a manager in Huawei said, "Decisions are made by managers. It could be a combination but it depends on what kind of manager he or she is. He or she is an experienced manager that interested to listening to people; or from the type of managers that only want to have things done. Thus, it is completely depends on what kind of manager and what kind of team and decision it is. I, myself, prefer to listen to people, collect information and then decisions have been made via the perspective of several experienced people. That is the reason I would usually hire people better than I am." He added, in my view, manager's job is not to be the best but collecting the best people, like football coach, who is not the best player but needs to find the best player. However, my management style is different here since Huawei is very young company. The average age of people here is 28 and managers do not have that much experience."

C pointed out that teamwork is also depends on the personality of the employee. He added that "...sometimes very young and inexperienced people do not cooperate. Since they do not realize that people around them has so much knowledge they do not ask questions and maybe they do not even know whom they should ask. In Swedish companies, we have so much discussion. Swedish managers make sure that all the knowledge gets out from employees and when you want to make an important decision you ask about the team's view regarding the subject."

"New information is coming from the team and the team is very important since the individual knowledge is important", he added.

C, in response to encouraging of employee to develop their knowledge said, "we do not have that much training and coaching here in Huawei. My previous experiences were in big Swedish companies where they were encouraging employees to develop their knowledge with different trainings. Here is not the same way..."

#### **Consistency**

C said that reach to the general agreement is difficult in Huawei. He mentioned that some people afraid of making decisions and expressing their ideas. C added later, "Swedish people are more used to discuss and express their own opinions but maybe Chinese are not coming from the society that is common to express their opinions. When I tried to have brainstorming and ask about their opinion and ideas, Chinese employee do not have so much idea; however, Swedish people think out of the box and have many ideas. I believe good ideas come out of the brainstorming."

C explained that getting the information is not easy in the company due to communication errors. He pointed out "Unless common language of the company is English, some of the colleagues have poor knowledge on it." He also commented: in addition to language, "normally Chinese people are not willing to share the information with you." C regarding the comparison with Swedish company said, "In Swedish companies the information is a key. People who have lots of information can make good decisions and do something beneficial for the company and customers. The relationship affects getting information. Information usually spread through informal meetings and communication like Swedish break, called 'Fikka', that is normally does not have any agenda to talk; here in Huawei there is no break to make people more closer and therefore no informal information transfer through. People get the information through meetings and formal events that does not happen regularly."

### **Adaptability**

C regarding the change in the Huawei said, “We do not adopt new ways to do the work. We are working with 50 very large customers. Those companies works based on a few customers they have. Thus, it is not possible to add anything new. However, in the new environment, when we want to sell to the government or other companies the chance of changing the way and accept the new ways is partially possible”. C also mentioned that Swedish management style is very friendly and open. They encourage the employee to communicate and share their ideas and views.

Moreover, C regarding customer focus pointed out “...we have so much focus in our telecoms customers. It is part of our daily job to talk to them and receive the feedback but on the other hand, in other parts of our business we should talk with so many different companies and government, which is not easy to handle.” C elaborated, “Everything is new in this part of business and we do not have control of it but we are able to easily control 50 very large customers in one box”.

“Swedish management is very customer-focused, while it totally depends on customers whether you are looking for new customers or interested to maintain the current customer and develop the relationship.”

In addition, C regarding taking the risk in the company said, “Taking risk is not encouraged by the company. People are restricted to make mistakes unless they inform the managers before. Sometimes, the company blames the manager and asks them to control every person in the group. Then as a manger you are afraid of people do something wrong; and you have to control carefully. Swedish companies instead believe that you must experience new things, make some mistakes, and then share with group in order to learn from it. You are free to make a mistake and learn from it but not to make it twice.”

### **Mission**

Both Swedish and Chinese companies have long-term strategies, which differ in implementation. More often, Chinese manager have a strategy on paper that probably can be changed or destroyed during the time due to too much control. On the other hand, in Swedish companies the manager tries to hire people who would have same experience in similar strategy and consequently, does not have to control everything. The manager usually find out about the extent of progress in weekly meeting.

The target is not realist most of the time according to the interviewee. “...It is not realist and sometimes it is too high. It could be pressure on people to meet the target but it relates to what is possible to do.”

Chinese manager do not share their visions, C added.

## **4.4. Interviewee 4: “D”**

### **Involvement**

D, the forth interviewee said, “In my department decisions are made by manager. If I want to compare, my input to the system is lower than other organizations, which I have worked for. However, I have a fair bit of influence in our field of work so, I have some input to the system. In overall, I think the personality of the manager is important. My manager lives in several countries. Therefore, he does not have a so much Chinese type and he is a good listener. However, at the end he made a decision himself.”

Regarding the teamwork in Huawei, D, pointed out that the level of the teamwork is lower than other companies and organizations that he has been there before. It is partially because the organization is not totally organized, he added. “...It is not clear who is decision maker and here

you often have a Chinese manager and there is Chinese management hierarchy which I am not really involved in.” He said, “Swedish companies are terribly and extremely organized and it is crystal clear what your role and responsibility is. If the company is driving a project, you have a phone list and you know who is responsible for what. In addition, you know the approximate time for doing each task. This clearly helps a lot during the project.”

Besides, D added that training is not at the same level and, same amount of investment in the Swedish companies. Even the structure is completely different in Swedish companies. “In Swedish companies, there is a continuous and structured plan. They indicate what you learn and why you need to learn that and the proposed time for achieving them.”

### **Consistency**

D regarding the general agreement in the company said, “In my department there is a reasonable communication about the problems but it is not applicable to all Huawei. As a local employee you do not have so much insight to decision-making process because eventually all decisions are made by Chinese management. Huawei is hierarchical company and many decisions are made in headquarters. Also lots of Chinese people have difficulty to tell their ideas.” D mentioned, Swedish companies are more democratic and sometimes they are so keen in reaching consensus.

D pointed out that coordination is difficult due to the size of the company and the extent it grows fast. He mentioned, “Last year Huawei employed 27000 people and therefore enormous amount of people absorbed to the system. ... It is very difficult to have clear sets on the organization when it is in the stage of fast development. People are changing all the time and sometimes it happens very quickly. Therefore, sometimes it is hard to find who is responsible for something as they are new people involved.” He also noted, “Some of the Chinese that come here does not used to Western taught; their English does not good and may not be extravert. This situation makes the communication hard; however, I think we must make an effort on our behalf to understand their culture and realize where they come from. Sometimes, they are not cooperative but we need to make an effort as well. ”

### **Adaptability**

D regarding the creating change in the company said, “You have to convince the right people in headquarter or higher level of organization in order to add new approaches to the system. However, Huawei is very good at tailor-made solutions for different customers. Swedish companies in my opinion are so adapting to new ways of work and being able to work in different parts of the worlds with different cultures. It is probably because of the management style and openness to change or flexibility.” D also added, “There are companies in Sweden which are not basically Swedish but are very successful. It means we can adapt to new ways of management, multinational companies, and willing to be more global.”

Moreover, D pointed out that both Swedish and Chinese companies emphasize on good attitude on customer service and focus on dealing with the customers. However, they have different styles in dealing with customers. In general, in Swedish companies communication with the customer is quite clear. They only agree on the parts they can meet and are able to say no on the other parts. Contrarily, Chinese communication with the customer is unclear. One reason may refer to the fact that the final decision maker in Chinese company is not clear. D added, “In Huawei, local client representative usually does not exactly sure what would be acceptable to agree with customers, as at the end of day someone else in china makes the final decision”.

D mentioned “if I take a risk I will check with my manager first. Otherwise, he would not cover my back. Swedish companies instead, are more consensus-driven, but if there are lots of people agreeing on taking a risk then means all are in the same boat.”

**Mission**

D believed that Swedish firms are completely successful on maintaining long-term goals. He said, “By looking at largest companies in the world, the proportionate number would be Swedish, and this is remarkable despite the population and size of the country. These Swedish large global companies rely heavily on the various management-consulting firms.”

Moreover, D pointed out that Swedish companies are more consensus-driven, more prone to share the goals with the team, more teamwork and less willing to hierarchy than Chinese companies.

Some Chinese managers are very open-minded. “...those Chinese managers who have lived and worked for longer period in western countries are better at communication in ways that we understand”, D said.

## 5. Finding and Analysis

### 5.1. Involvement

#### 5.1.1. What are the differences between Chinese and Swedish management style?

Involvement refers to the sense of ownership and responsibilities of the individuals in the organization. Furthermore, it indicates the level of the collaboration and commitment to the organization of individuals and has three dimensions: **empowerment, team orientation, and capability development**. Empowerment refers to fortify the capability of individuals to make decisions, have input to the system and finally make them to desired action. Concerning to the result of the interview, one can conclude that employees in the Swedish companies have more freedom to make a decision. Although decision-making process takes longer time, individuals have better understanding about the goals of the company, and the scope of their responsibilities. Swedish managers prefer to grant more power to the employees. They listen to the ideas and opinions of employees, collect the information, and then make decisions by consulting with several experienced people's view. Chinese managers have a different style. There is no communication stage on the decision-making process. They have dictatorial behavior and thus, managers make decisions and expect to perform by subordinates.

However, in Huawei as a multi-cultural company in some department, things are a bit different. Employees of one department said, "We exchange our ideas and have an open communication but at last my manager decides which solution is better". Moreover, the other interviewee said, "I have a bit of influence in our field of work so sometimes, he listens to my idea...however; at the end he made a decision himself".

Furthermore, **team orientation** insisted on promoting the creative ideas and supporting each other in achieving company goals. As reported by interviewees, Chinese company has the hierarchical management and the level of teamwork in Chinese company and obviously in Huawei is lower than Swedish companies' level. On the contrary, in Swedish companies the role and responsibility of each person is clear and people work on a different role as a one group. As one of the interviewee pointed out, "...It is partially because the organization is not totally organized, it is not clear who is decision maker and here you often have a Chinese manager and there is Chinese management hierarchy..." Other interviewee mentioned, "Chinese tend to work as a team in most cases and maybe encouraged it on the higher level, but when you go deeper down there are some competitions instead of cooperation between different departments." In addition, "...they are not so cooperative all the time." Swedish companies instead are extremely organized and teamwork has been valued highly significant. There are team building and other activities that gather individual together. They make employees contribute on the decision making process. As one interviewee as a Swedish manager in his previous experience mentioned: "New information is coming from the team and the team is very important since the individual knowledge is important".

**Capability development** is obtained by training and coaching the employee. According to the interview result, Huawei does not have sufficient training and coaching program rather than Swedish companies. One of the interviewee mentioned: "You have to find out what you need to learn and then learn it via online documents." Besides: "In Swedish companies there is a continuous and structured plan. They indicate what you learn and why you need to learn and the proposed time for achieving them."

### 5.1.2. Why do the differences arise?

Referring to leadership style, Swedish management is more democratic and decentralized. Swedish managers grant authority to employees to impact on the work and participate in decision-making process, while Chinese has more paternalistic style, which is rooted in Chinese tradition and Confucianism. The difference refers to high power distance and masculinity in China. While China scores as a high index of '80' in power distance, Sweden score is '31', which is quite lower in comparison. China with dominance hierarchical system confirms high power distance in the society and accordingly in the organization and work environment. In fact, Chinese autocratic leadership style characterized society with high power distance that indicates inequalities. Likewise, in work environment, too much variation in power index makes subordinates follow the managers strictly. Sweden with PDI of '31' implies on the same level of opportunities and wealth for individuals.

The other significant matter is masculinity. Chinese managers are more assertive and willing to dominance over subordinates. In the contrary, Sweden as feminine culture with index of '5' has more family-centered individual with opposition to express the power. Leaders and managers asserts more friendly work environment, less stress on employees and are much more consensus-driven. Thus, employees on Swedish organizations due to democratic leadership style have more contribution to the decision-making process.

In general, Huawei as a high-tech Chinese enterprise has centralized authority and severe hierarchical structure, which is result of the paternalistic leadership style. Even though Swedish employees tend to express their opinions and make effect on some decisions, Chinese work atmosphere are completely different. However, attempt of some Chinese managers towards change and provide an open environment for their employees should not be neglected.

The level of hierarchical of organizational structure reveals the extent of power distribution. Furthermore, an organization with high autocratic leadership and centralization of authority characterized society with high Power Distance in which the hierarchical structure is dominance (Hofstede, 1983).

## 5.2. Consistency

### 5.2.1. What are the differences between Chinese and Swedish management style?

Consistency refers to the central source of integration and control which provides organizations with a system of governance and produce efficiency and effectiveness. It has three dimensions: **core value, agreement, coordination and integration**. Agreement refers to reach to the consensus by considering multiple perspectives and dealing with conflicts. Chinese employees as reported by interview result, have difficulty to tell their ideas. Although, Chinese management in general used to autarchy in case of any disagreement in the organization, in Huawei, communication between subordinates and managers is partially visible in some department. Interviewees pointed out that Swedish people used to express their ideas but in Huawei there is a hierarchical Chinese management which consequently all the decisions are made by headquarters. Thus, local employees do not have so much insight to decision-making process. They believe that Swedish companies are more democratic and interested to reach to the consensus.

In addition, individuals from different units share their knowledge and perspectives in order to achieve **coordination and integration** in the organization. The extent of sharing the knowledge and perspectives completely relates to the '*guanxi*' among the Chinese people. They normally are not prone to share their knowledge with other unless a relation has been created formerly between them. As one of the interviewee mentioned "since people are more trust on informal

networks..., if you don't have personal informal networks then it is really hard to get the information. It is possible to get the information from people that know them before or meet them at least once but if it's outside your personal network then it is very hard." Moreover, fast growing and, size of the organization impacts on the coordination in Huawei. As the other interviewee pointed out "it is very difficult to have clear sets on the organization when it is in the stage of fast development. People are changing all the time and sometimes it happens very quickly. Sometimes it is hard to find who is responsible for something as they are new people involved frequently." In addition, communication error due to English language weakness in Chinese people is the other reason of weak coordination within the company. On the other hand, Swedish companies instead are open to share the information and knowledge within the employees. An interviewee mentioned that in Huawei, it is easier to get the information from Swedes and other European even if you do not meet them yet. In addition, they mentioned in Swedish companies, there is a common break time -Fikka- that people take a break and gap with no agenda. It spreads the information and make strong the informal network which helps in coordination, instead, there is no break in Huawei such as Swedish companies.

### 5.2.2. Why do the differences arise?

Conflict in Chinese company resolves by autarchy, while high femininity value in Swedish culture and accordingly organizations incline to solve the problems by communication. Masculinity versus femininity that defines the role division among sexes in a society implies on more caring and self-sacrificing value in feminine-influenced society and self-assured and ambitious value in masculine culture. China with high masculine value of 66 is one of the highest masculine cultures in the world.

This cultural difference leads to different conflict resolution. To Hofstede (2001) people in masculine value society has more competitive attitude and are more willing to win; however in feminine culture individuals and managers emphasize on intuition and open attitude, and cooperation in management. That categorizes Sweden as one of the most severe feminine countries with index of '5'.

What is visible in Huawei is the accurate reason for this argument. Chinese managers in Huawei are strict and tend to be affirmed by employees. While expressing ideas in Chinese culture is considered as disrespected behavior according to Confucianism, Chinese subordinates do not like to involve in discussions and business matters and incline to perform only in the scope of work, provided by the superior.

Furthermore, for Chinese managers compromise mean losing some of the desire to win which is in opposite with assertiveness and decisiveness of masculinity. Swedish employees that are accustomed to express their ideas and solve the problem by respect and dignity are not satisfied with this behavior. It is obvious that they try to accept and adjust their expectations with Chinese culture. On the other hand, Chinese middle managers who live and work for a few years in western countries are more open and flexible. It takes into account that a mutual understanding exist between Chinese manager and Swedish employees in some department.

Coordination due to cultural difference is entirely varied. In Sweden as a low power distance country, people believe that all individuals must be able to access to all resources and everyone should share the knowledge and information. While, in countries like China in addition to extremely high power distance that inhibit people to share the information, 'guanxi' is noticeable. Guanxi encloses the network of relationships that defines cooperation and extent of integration between individuals of that network. This attitude also implies China as a collectivist country. According to Hofstede (2001), China and all countries with high Chinese values have categorised as high collectivist cultures. Sweden as an individualist country has



index of 71, indicates there is a loose connection between the individuals. Furthermore, high index of individualist in Sweden demonstrates that people has more clarification between work and life and freely integrated. People prefer having more fun and more leisure time than getting more money. Thus, feminine culture manifest itself through the fact that individuals do not feel to compete with each other, and consequently in Sweden, coordination and sharing the information take place in every level of organizations like intra-department and inter-departments. In addition, people do not need to have special network to coordinate and support each other.

On the contrary, collectivist society like China with index of 21, have high tendency to incorporate into cohesive in-groups. Chinese people are members of different groups, depends on the people who surround them on the work and personal life. In workplace, each employee belongs to one department that considers as independent group; however, masculine Chinese culture that implies on achieving more money rather than more leisure time, create competition atmosphere. Consequently, different department compete for different resources and access to more information requires establishing *guanxi* between two departments that will be formed in case of mutual benefit. Similarly, in Huawei in order to reach more opportunities and promotion, strong competition exists within organizations and cooperation entirely depends on the level of *guanxi*.

### 5.3. Adaptability

#### 5.3.1. What are the differences between Chinese and Swedish management style?

Adaptability refers to the ability of the organization to perceive and respond to the environment and customers. It comprises of ***creating change, customer focus, and organizational learning***. Creating change refers to welcome to the new ideas and new ways of doing business. It is essential for high performing organization in order to compete with rivals. Huawei as a fast growing high-tech organization does not adopt new ways in the main structure of the work but they are flexible in the lower level of doing business and dealing with their customers. The interviewees mentioned “Huawei is a very proud company. They grow fast and have proved history that their way quite works...thus; they are not flexible in changing their way of work...” Furthermore, another interviewee as a manager in Huawei pointed out that “Huawei is working with 50 large customers... These companies are based on few customers that they have and do not add anything new. Thus, Huawei do not adopt any new ways as well. However; they are very flexible in tailor-made solution in dealing with customers. Besides, sometimes for new customers like government and new company the chance of changing the way and accept new ideas are partially accepted. Interviewees all agree that Swedish companies are welcome to new ideas and change especially innovative ideas are completely persuaded.

**Customer focus** is mainly related to the behavior of the organization regarding the customers. Company should identify the need of customers and looking for new ways to fulfill customer expectations. Chinese management style is completely open in dealing with the customer. While communication with customer is not clear, and Chinese people willing to accept any request from customer side without analyzing stage. On the other hand, Swedish style is quite clear. First, they analyze the request completely and finally provide the customer with the solution and their capabilities. In addition, regarding to hierarchy in Chinese culture, employees do not have enough authorization to make decisions in dealing with customers. As one of the interviewee said, “...the final decision maker in Chinese company is not clear”. D added, in

Huawei, “local client representative usually does not exactly sure what would be acceptable to agree with customers, as at the end of day someone else in china makes the final decision”.

**Organizational learning** refers to knowledge that is obtained through taking risks. Besides, it explains what the efficient behavior in case of failure in taking a thoughtful risk. Interviewees all agree that Swedish management style persuade employees to take thoughtful risk. Clearly, the only matter that Swedish manager is concerned about is the result of the task. The chosen way to do the task is optional as far as it would not end up with deadly loss or damage. Therefore, In Swedish work environment employees are more feel free to take risk, as one of the interviewee pointed out that employee “... must experience new things, make some mistakes, and then share with group in order to learn from it. You are free to make a mistake and learn from it but not make it twice.” Moreover, in Chinese culture employee due to high amount of respect for managers would not take a risk in order to avoid any trouble for the manager.

### 5.3.2. Why do the differences arise?

Swedish firms incline to continuously adopt new technologies in compare with Chinese organization. Although china is on developing stage, yet most of Chinese companies have traditional management style. Thus, in consideration to masculinity and assertiveness of managers, there is no chance for employees for suggestions and innovative ideas. Besides, paternalistic management makes central authority along with respect and wealth. Therefore, every new method may threaten management situation and prohibited by managers. Furthermore, According to Hofstede research (2007) regarding Asian management, *creating something new has highest degree on five relatively least important perceived goals*, which demonstrates Asian managers have no willing to change. Although there is no open atmosphere within a department or lower level of organization to adopt new methods, in higher level of, Huawei as a high tech firm follow the structures or researches of big companies like Ericsson, IBM, Cisco, and Amazon in management and technology. Contrarily, Sweden with decentralized and democratic management style appreciates new ideas and methods. Managers encourage employees to expose their ideas that lead to improved method and even innovative ideas. One can argue, “Swedes are some of the fastest people at adapting to new trend and ideas” (Randecker and Lagerberg, 2010)

Organizational learning is considerably significant in both countries; however, they have different approach on learning. Learning opportunities is not accessible due to economic condition in all over the China. Moreover, type of learning is entirely different in China and Sweden. In China, access to latest technologies does not easily take place. Furthermore, managers with masculine approach and paternalistic leadership style choose the learning materials for the employees. While in Sweden, employees determine their preferable learning package. The other point depends on Uncertainty Avoidance index. UA that deals with the extent of ambiguity in a society has similar score in both countries. However, Chinese people in account to weaker financial condition and more population have more concern to conquer uncertainty about future.

Furthermore, according to 1.3 billion populations of China (reported by the World Bank) labor costs are extremely low and consequently they have less incline to learning part. By comparison, Sweden with high labor cost tends to have highly educated employees and be more innovative.

## 5.4. Mission

### 5.4.1. What are the differences between Chinese and Swedish management style?

Mission refers to informing the managers and employees why they are doing the job they do, and how the employees' contributions lead to the success of organization. The mission comprises of **strategic direction & intent, goals & objectives** and **vision**. Strategic directions discuss about multi-year strategies. Chinese and Swedish organizations both have long-term strategy. However, Chinese plans are not steady as Swedish. As one of the interviewee mentioned, "Chinese do not have fundamental plan. The plan changes quickly whenever something new happen and therefore the long-term plan will change many times... Swedish companies will much more stick to the plan". Moreover, Chinese attempt to control too much on the plan, instead, Swedish prefer hiring competent people with sufficient experience and grant them enough authorization and then would expect the result. **Goals and objectives** refer to short-term goals that help employees to understand how their work contributes to the long-term strategy of organization. Regarding the result of interview, Chinese management inclines to set higher goals. **Vision** is the ultimate goals that organization attempt to achieve. It does not usually share with employee in Chinese companies.

### 5.4.2. Why do the differences arise?

High power and masculine attribute in Chinese culture authorize Chinese managers to set the firms strategy individually. Besides, strong discipline of paternalistic leadership style with centralized authority supports individual action. In this condition, employees do not have opportunity to cooperate and share their ideas. Consequently, strategies are particularly unrealistic. Lack of consideration to the market demands and accurate analysis are the most probable reasons. Long-term orientation is one of the Hofstede cultural dimensions implies on "the extent to which the society has pragmatic and future-oriented perspective rather than a conventional, historic, or short-term point of view" (Hall, et al. (1989)). Chinese people with LTO index of 118 seek for long-term cooperation and commitment and put more effort on networking. However, Swedish employees in Huawei believe that strategy of company modify frequently in account to unrealistic estimation, imperfect analysis, and too much control. On the other hand, Swedish firms with high femininity attitude like to share their views with employees and take advantage of their point of view. Ideas come out through brainstorming process before it set as objectives. Although it is assumed Swedish people with LTO index of 33 are keen on short-term orientation, they are completely aware of market demand and go through efficient analysis stage.

## 6. Conclusions

Different perspectives of Swedish employees of management style who work in Chinese company are presented. To achieve this, four Swedish employees in Huawei Company are interviewed. It should be considered that the research has been limited in character. Only one firm has been analyzed and the interviews are limited in the numbers as well as in the selection of interviewees. Therefore, the results from this paper by necessity have been limited to its scope and cannot be generalized. We may instead look upon them as conjecture. However, preliminary results worth to investigate and validate in future research.

Two significant results conclude: obvious differences exist between Chinese and Swedish management style; besides culture do influence on management style.

### 6.1. Involvement

#### 6.1.1. Result 1: Differences exist between Chinese and Swedish management style.

Swedish organizations empower employees to make decisions and participate on teamwork. Each employee responsible for a role and encouraged by managers to be involved in a decision making process that brings the commitment of each individual into the organization and, exposes them new responsibilities. While hierarchical system in Chinese management would like to make decisions in every stage for subordinates. Employees only perform the orders. Moreover, in Swedish companies training system is more effective and pragmatic than Chinese companies.

#### 6.1.2. Result 2: Culture do influence on management style.

Centralized authority and paternalistic style are rooted in high power distance and high masculinity in Chinese society. The power distance leads to inequalities, and entails autocratic leadership; while Sweden high femininity and low power distance make organizations to follow more decentralized and democratic leadership style.

### 6.2. Consistency

#### 6.2.1. Result 1: Differences exist between Chinese and Swedish management style.

Swedes people are consensus-driven, share the information and perspectives with others. Coordination in Swedish organization performs easier in Swedish organization rather than Chinese companies. Chinese usually share the knowledge with others based on the level of guanxi, in the same line coordination will be easier if the guanxi exists. Chinese managers use autarchy to solve the conflict.

#### 6.2.2. Result 2: Culture do influence on management style.

The difference in conflict resolution relates to the diversity in masculinity index. Swedes 'people as they form a feminine society try to solve the conflict by communication and avoid hurting others' feeling. Swedish society with high individuality prefers to have more free time. One can argue that swedes work in order to live; on the contrary, for Chinese people as a high collectivist and high power distance society, money is more remarkable than leisure time. This attitude makes competitive atmosphere at work within the departments of the organization. People only share the knowledge in accordance to the extent of guanxi that they have with the related department. In the same line, in Huawei strong competition exists within organizations in order to access to different resources. While, In Swedish organization coordination and

cooperation takes place in every level between employees without feeling to compete with each other.

### **6.3. Adaptability**

#### **6.3.1. Result 1: Differences exist between Chinese and Swedish management style.**

Swedish companies are more flexible to adopt new ways of doing business. Chinese high-tech companies like Huawei is noticeably fast growing, they are very conservative to adopt new methods, though. Both Chinese and Swedish companies are completely customer-focused oriented; however, Chinese are very good at tailor-made solution for the customer. Organizational learning are more effective in Swedish work environment; while Chinese organization have not tendency to take risk.

#### **6.3.2. Result 2: Culture do influence on management style.**

Chinese managers as it shows in Huawei, due to paternalist management, dominant central authority in the organization and, high masculinity have no tendency to change. The reason is clear; the authority bring them respect and fortune as well as leading the organization. On the contrary, Swedish management style is more democratic and decentralized. Swedish managers due to high femininity and low power distance value, appreciate new and innovative ideas. Employees expose to new methods and learning new technologies. Moreover, it could be concluded that flat organizational structure and less power distance provide better and relaxing environment for employees.

### **6.4. Mission**

#### **6.4.1. Result 1: Differences exist between Chinese and Swedish management style.**

Swedish and Chinese companies both have long-term planning; however, Swedish strategies are more realistic rather than Chinese. Managers in Huawei do not usually share the vision of the company with subordinates. Chinese managers incline to set the higher goals.

#### **6.4.2. Result 2: Culture do influence on management style.**

High masculinity and power in Chinese culture authorize Chinese managers to plan the strategies individually for the organization. Thus, employees do not have opportunity to express their ideas and cooperate in the planning due to high power distance. While, Swedish managers due to high femininity like to take advantage of employee's idea besides share their ideas and strategies of the organization with them. Thus, strategies are more realistic and have more consideration to the market research.

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# Appendix 1

What is your position in the company?

- 1- What is the process of decision-making in your company? Is decisions making by managers or, consulting with related employees? Is there any difference with Swedish companies?
- 2- Does your company encourage people to do the work via teamwork? Is cooperation across different parts of your company actively encouraged? What do you think about Swedish companies?
- 3- Does your company encourage employees to learn and develop their knowledge and competencies? Is there any investment on skills improvement of employees? What do you think about Swedish companies?
- 4- Are there any consistent and clear set of values that governs the way your company do the business? What are they? Is there any difference with Swedish companies?
- 5- Is it easy to reach to consensus (general agreement) on your company, even on difficult issues? (When disagreement occurs, what is your reaction? Would you like to express your opinion or prefer keeping silence?) What do you perceive about your Chinese colleagues?
- 6- Is it easy to coordinate projects across different parts of the company? Is it similar to Swedish companies?
- 7- Does your company continually adopt new and improved ways to do work? Take for example. What is your experience about Swedish companies?
- 8- How does your company deal with customer's recommendations and comments? What do you think about Swedish companies?
- 9- Is new ideas and taking a risk encouraged by your company? Does the company open to continually learn new ways? Does learning be an important objective in your daily job?
- 10- Does your company have a clear long-term strategy? What do you think about Swedish companies?
- 11- Do leaders set the company's goals realistic? What is your opinion about Swedish company? Do you track your work progress according to stated goals?
- 12- Do managers in your company share their visions with their employees? What do you think about Swedish companies?