Intra-Cultural Differences in China

- doing business in a culturally diverse country

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"Culture is more often a source of conflict than of synergy. Cultural differences are a nuisance at best and often a disaster."

Geert Hofstede, Emeritus Professor, Maastricht University
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ABSTRACT

The discourse regarding cultural differences has mainly focused on dissimilarities between countries (inter-cultural variations). However, this thesis will suggest that intra-cultural variations also occur within national borders. Especially in developing countries, exposed and influenced by other cultures. The purpose with this thesis is therefore to reveal how culture is perceived on the eastern coast of China compared to the typical view of Chinese culture as a whole. The study has been made by conducting e-mail based surveys with the Swedish company Ericsson, Swedish Chamber of Commerce and the Swedish Trade Council. The result indicates a distinct difference in culture between east coast cities and inland China. Conclusively, intra-cultural variations appeared to be present in the studied country.
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1 INTRODUCTION

The introduction part presents the background of this thesis, which leads on to a problematization regarding the subject chosen. The problem discussion results in a purpose, as well as the research question for this thesis. Last, delimitations for the study will be presented.

1.1 Background and Problem Statement

"It’s not possible for companies this day to not be in China”

The statement from the CEO of Höganäs AB emphasises the importance of company presence in China in the global economy of today (Frisk, 2008). The recent twenty years in China shows an astonishing GDP growth rate and China is now the second biggest economy in the world after the United States (Hamlin, Yanping, 2010). With nearly 1,4 billion inhabitant, China is a market with immense potential for foreign direct investment (FDI). However, the penetration of the Chinese market is a challenge in various aspects. One of these aspects is the cultural distance between the ways of doing business in China compared to the ways of doing business in the western part of the world.

Research made on cultural differences has had its greatest impact regarding the area of foreign direct investment. The studies have mainly focused on how to explain foreign investment location, predict mode of entry into foreign markets and to measure affiliates success or failure (Shenkar, 2001, pp. 519-520). The measures have often been made by using the index compiled from the Dutch researcher Geert Hofstede’s (1980) cultural dimensions. This index and the dimensions proposed by Hofstede (1980) have lead to a broad acceptance of the importance of cultural studies in the business literature. For example have the congruence between management practices and national culture been validated as a core success factor for companies with business activities in cultural different countries (Newman and Nollen, 1996).

Despite the amount of studies made on cultural distance and its implications, there are still some unexplored areas. As Shenkar (2001) claims, studies made on cultural distance should in some cases be revised. The research often refers to a country as a homogeneous body where cultural uniformity is assumed to exist within the national unit. The cultures are in other words often defined by the national boundaries. It is also often assumed that the national culture is constant and doesn’t change over time. Furthermore, the research made on Chinese culture has until today mainly focused on China as a spatial and time stable country (e.g. Hofstede, 1980; Newman and Nollen, 1996; Nilsson and Thuné, 2006). China is however a big country,
even bigger than Europe and have lately been more accepting of other cultures due to the openness of their market. Therefore, our assumption is that culture might differ within the country of China. We believe that recent research on Chinese cultural barriers has not taken a fair and comprehensively holistic approach when labelling China as a whole. This thesis will argue that there is a lack in current research of the importance of the cultural variation that China holds within its borders. So-called intra-cultural variations (within the nation) we believe are also an important concern when doing foreign direct investments in a country as the inter-cultural variations (between nations). As stated by O’Grady and Lane (1996) companies often underestimate cultural differences when establishing a new unit in a mentally near market. To expand the company within a country like China with the notion that “China is China” can therefore be hazardous.

There is a sparse contribution in the business literature regarding intra-cultural variations and how they impact companies. A study have although been made by Au (2000) who based his study on secondary data from 42 countries. Other recent studies based on preliminary data has also been done on intra-cultural differences in Cyprus (Kirova and Elenkov, 2009) and Brazil (Lenartowicz & Roth, 2001). In the case of China, an interesting contribution to the research has been made by Jiang et al. (2009) who demonstrate how FDI impacts and changes the national culture. In a report made by the Swedish trade council, Swedish companies are moving from the developed east coast of China (1st tier cities) into 2nd and 3rd tier cities (inland China) such as Chengdu, Dalian and Tianjin (SEB & Swedish Trade Council China Survey, 2008). This study will focus on the company of Ericsson that holds a vast number of subsidiaries in different parts of China. Since expatriates at the Swedish company Ericsson often are situated in the eastern parts of China we have focused on how they perceive cultural aspects in the eastern part of China. These findings will serve as a benchmark for the exploration of how east coast culture is perceived compared to inland Chinese culture. A complementary study of cultural differences within China is therefore also conducted. By getting information on how the Swedish Trade Council and the Swedish Chamber of Commerce register cultural differences within China as a whole, we offer insight in how the eastern coast of China differ, in aspects of culture, from other areas of the great country of China.
1.2 Purpose

The purpose with this thesis is first of all to contribute to the relatively sparse research done on intra-cultural variation within countries. In particular the purpose is however to study how the Swedish company Ericsson experiences culture in different areas on the eastern coast of China. With this study as a benchmark, the aim is to further explore how the culture at the eastern coast of China differs from inland China. By illuminating this we hope to get an insight if cultural variations occur and how those variations are perceived.

1.3 Research Question

- To what extent does managers at Ericsson experience Chinese culture in their activities in the eastern coast of China?
- How does the perceived culture of east coast China differ from the culture of inland China?

1.4 Delimitations

The thesis will not try to measure cultural variation using a quantitative method. The aim is instead as stated above to show which cultural variations can be found between the east coast and the rest of China. The exclusion of index measurements is defended due to practical difficulties and the limitation of this study. In the field of business culture there is a variety of different theories. This paper will however focus on the cultural dimensions proposed by Hofstede (1980) due to its legitimacy in the field of business cultural studies. In addition, the theory will be challenged by critic from other authors to broaden the scope of the theory used. For further detailed limitations regarding choice of method, see section 3. Method.
2 THEORY

The theory chapter is threefold. First of all, a descriptive part of what national culture consists of will be examined and put in a Chinese context. The cultural dimensions proposed by Hofstede will secondly help to narrow this broad definition and provide a tool for the empirical study. Lastly, these dimensions will be challenged by the theory on intra-cultural variations and how it impacts the view on national cultural differences.

2.1 What is culture?

Culture has for many years been a complex term to define. Scholars have argued over different definitions of what culture is. However, all usually include factors such as value, norms and society. Hofstede (1991) uses the definition; “the collective programming of the mind which distinguished the members of one human group from another [...] Culture, in this sense, includes systems of values; and values are among the building blocks of culture.” Another definition made by Hill (2009) includes Hofstede’s definition but views culture as “a system of values and norms that are shared among a group of people and that when taken together constitutes a design for living.” Newman and Nollen’s (1996) definition of nation culture also incorporates Hofstede’s thoughts together with Jaeger’s (1986) and explains national culture to be “defined as the values, beliefs and assumptions learned in early childhood that distinguish one group of people from another”, where national culture can work as a software of the mind and common theories are mutual between each other.

According to Hill (2009) values and norms of a culture are not fully emerged from the start and are evolutionary products of a number of factors; the social structure, language, religion, political and economical philosophy and education (see figure 1). The following will elaborate these factors and be put in a Chinese perspective.
2.1.1 Social Structure

There are many factors that form a society’s basic social organization, also referred to as the social structure. Hill (2009) claims that there are two important dimensions; the first being how the basic of the social organization is individual as opposed to the group and the second is how the society is stratified into classes and castes.

Individualism is visible in the Western societies, where emphasis on individual achievement is important as to how persons perceive themselves (Mill, 1865, pp. 6). Western societies have benefitted from individual performances such as entrepreneurship. New products and new ways of doing business has emerged from that and helped the economy in countries such as the United States (Smith, 1776, pp. 325). Individualism on managerial levels in these societies can be harmful though. Managers, who switch from company to company, might see this as an advantage to their personal career but the lack of loyalty and commitment to one company can exclude you from having knowledge, experience and network of contacts that you could’ve received when working at one company. On the other hand groups are a primary unit of organizations in other societies such as Japan, where social statuses determines which group you belong to, such as work teams and business organizations. Individuals form a deep emotional attachment to their groups where they identify themselves with the group they belong to. This creates pressure for mutual self-help and collective actions. Japanese companies have an advantage of this when it comes to doing business; they are capable to achieve close cooperation between individuals in the company and between companies. The primary role of the group can also be a barrier for creating new industries and innovation (Friedman, 1980; Spiegel, 1991).

Social stratification refers to the hierarchical systems in the society. It is often defined by family background, occupation and income and individuals are often born into these stratums. Depending on society, individuals can move out of their stratum which they were born into, which the term social mobility defines. Social mobility is possible in class systems, where the social position can be changed due to own luck and achievements (Hill, 2009).

China is one of the societies where class division has been important, especially during the Communist rule where household registrations restricted the Chinese people to their birthplace. This lead to the people being bound to their work and cut off on privileges such as health care and education due to their occupation and place in the society. Social mobility was very limited. In the early 1980’s this system deteriorated and peasants moved to the cities looking for jobs. Thus a new class system was reformed, based on urban occupations (Hill, 2009).
2.1.2 Language

Language is one of the factors that define culture (see figure 1). With the help of language we can express ourselves and communicate with others. Language helps structure the way people perceive the world. But due to the variety of languages being spoken in the world, people can perceive matters differently. Language is not only the spoken part, but also the unspoken.

One country that has many languages often has many cultures. Even thought English is the most wide spoken language in the world, learning the native language of the country when doing business with can give you competitive advantage (Dow and Karunaratna, 2006). Similarities in languages make it easier for firms to locate their next location during expansion, due to lower risks because of efficient communication (Dow and Karunaratna, 2006). Unspoken language refers to expressions, body language and personal space. Many of these are connected to culture. A failure to understand non-verbal communication can lead to communication failure and actions could be portrayed as offensive to the other counterpart (Hill, 2009). In the case of China, the language consist of seven to thirteen regional groups of Chinese where the most spoken is Mandarin followed by Wu and Cantonese. However, Chinese people often perceive the differences in languages merely as a dialect than separate languages (Crystal, 1987).

2.1.3 Religion

Religion has had a big influence on lifestyle, belief, values and principles. Hill (2009) refers to ethical systems as a structuring of behaviour. Ethical systems in the world are usually connected to Christianity and Islam. However, religion is not only the foundation of ethical systems. Confucianism, which is not characterized as a religion has influenced and shaped culture in Asia. The following will put emphasis on Confucianism and their business implications.

The teachings of Confucius are followed by over 200 million people, particularly in China, Korea and Japan (Hill, 1995). It teaches the importance of attaining personal salvation through right action. There is an ethical code built around Confucianism instructing how to build relationships with others and where loyalty and high moral to others is very important. There are three ethics from Confucianism that may have economic implications today; loyalty, reciprocal obligations and honesty when dealing with others. Loyalty is considered to be a sacred duty, especially towards one’s superior. In a business related issue the loyalty ties employees and the head of the organization, hence decreasing conflicts between management and labour. Although loyalty towards the superior is crucial, the concept of reciprocal obligations is even more important. The Chinese concept of guanxi, which is relationship
networks maintained by reciprocal obligations, is central to the Confucian ethic (Chen et al., 2004). The third concept is the importance of honesty. Confucian thinkers believe that dishonesty will only lead to short-term solutions. Therefore when companies can trust each other and not break contractual obligations, the cost will be lowered and long-term solutions will be created (Peng & Luo, 2000).

2.1.4 Political and Economic Philosophy

Economic and political philosophies can influence the culture of a country drastically. A country’s political system is the centre for how the economical and legal systems are constructed. Since many industries have a business-to-government or government-to-business communication, political systems can effect this communication if drastic changes occur in the politics. Another effect can be on business-to-business and business-to-consumer interactions, due to the government’s impact on contracts and monitoring anti-competitive behaviour. There is therefore a risk that foreign companies can misjudge government’s actions in different situations, thus effecting for example, foreign direct investments. (Dow and Karunaratna, 2006)

According to Hill, there are two dimensions that measure the political system; collectivism or individualism and democracy or totalitarianism. We will focus on the dimensions where China is positioned. China is often described to be a communist country, where socialism (which falls under collectivism) is achieved by violent revolution and dictatorship. Although China is still considered a communistic country, it has limited amounts of political freedom. In an economic matter, they have moved away from the communistic ideology and the government has given the Chinese more individual freedom in order to succeed. The country is however still ruled by a totalitarian dictatorship that restricts political freedom. So there is a grey area when it comes to the different philosophies that define a country (Hill, 2009).

2.1.5 Education

Formal education not only teaches you about the social and political nature of a society, but also about value and norms, both directly and indirectly. Culture norms are also taught in school, such as; respect for elders, honestly, being on time etc. This can relate to an international business concept, where the root of employers work ethics inherits from their education. Education can also explain the economic success one country has. One can gain a national competitive advantage from this. Education can also help you in future developments such as knowing where to expand or locate next and eye out new competitors. (Hill, 2009) But the difference in level of education when it comes to market knowledge can increase risk and
uncertainty for a manager if they cannot communicate properly with market. (Dow and Karunaratna, 2006)

China has the largest population in the world, and with its rapidly growing global economy they are in need of highly skilled workforce. But it is still a developing country with a lack of educational resources. It has however made an increasing progress in the last 50 years. In 2004, 95% of the school-age population (250 million) enrolled in primary school, but they still have a long way to go. Only 30% entered senior secondary or post-compulsory years and the variation of access still differs across region, groups and population (Guo & Lamb, 2010).

2.2 Hofstede’s Cross-Cultural Dimensions

As mentioned above the national culture consists of a complex set of aspects. In business theory some researches have attempted to provide a composite picture by examining its subparts. Hofstede has, in particular, contributed with a large study regarding why people from various cultures behave as they do. His initial data was gathered from two questionnaire surveys with over 116 000 respondents from local subsidiaries in 70 different countries. The individuals in these studies all worked in the local subsidiaries of the company IBM.

This narrow approach, focusing on one company, has resulted in criticism (among others) that asks whether the study has resulted in measurement of corporate culture instead of national culture (McSweeney, 2002). Hofstede (1991, pp. 251-252) has countered this criticism by explaining that he is well aware of that a specialized company as IBM can’t serve as a sample for discovering something about the culture of a country at large. However, samples from multinational corporations form attractive sources for comparisons because they are so similar in aspects other than nationality. For example, level of education, kind of work and company business culture. The only thing that can account for consistent differences between national groups within such a homogenous multinational corporation is therefore almost just nationality. Hofstede’s research (1980) on IBM subsidiaries can therefore show national culture differences with an unusual clarity. We agree with Hofstede that the study gets a functional and representative result, which

![Figure 2 Sweden in comparison with China according to Hofstede’s cultural dimensions (Hofstede, 2010).](image)
in a good way show national cultural differences that can also be comparable (see also Kirkman et al., 2006). By contrast it should already now be stressed that we believe the theory despite this can be challenged in an intra-cultural perspective. This will be elaborated in the next chapter. The proceeding part will focus on the four cultural dimensions that Hofstede (1980) came up with in his study and demonstrated in a Swedish-Chinese context. A fifth dimension (Long-term vs. Short-term Orientation) proposed by Hofstede and Bond (1988) will also be added to the following part.

2.2.1 Power Distance

Power distance is the extent to which less powerful members of institutions and organizations accept that power is distributed unequally. Countries where people blindly obey the orders of their superiors have a high power distance culture. Organizations of high power cultures are therefore very centralized and tall bodied where an employee doesn’t act without permission from their supervisors. Status and respect of superiority is essential in such cultures with no emotional interaction. Jaeger (1986) argues for example that employees in high power cultures are not comfortable interacting face to face with others representing different levels of the organization. By contrast, organizations in low-power-distance countries are often more decentralized and flat bodied. The interactions between the supervisor and the employee can be labelled as a reciprocal one where involvement in decisions is valued. Supervisory personnel are less common in such cultures compared to the ones in high-power cultures. (Hofstede, 1980; Luthans & Doh, 2008).

The power distance index (PDI) compiled by Hofstede (2010) shows that China ranks high in power distance compared to Sweden with a fairly low rank (see figure 2).

2.2.3 Individualism – Collectivism

Individualism is the tendency of people to look after themselves and their immediate family. In contrast, collectivism is the tendency of people to belong to groups or collectives and to look after each other in exchange for loyalty (Hofstede, 1980). People in countries with high collectivism are supposed to act in the group’s best interest while people in individualistic countries derive status from individual accomplishment. This means that organizations in high individualistic cultures are manifested with autonomy, greater initiative and individual responsibility for results. Organizations within highly collectivistic cultures on the contrary tend to have less individual initiative and team-based responsibility for results (Newman & Nollen, 1996; Luthans & Doh, 2008). Collectivism is often characterized with the fear of conflicts, fear of loosing face, and the maintenance of relationships. Individualism on the other hand means
that the individual is honest and take care of problems at hand and shows no fear of conflicts (Trompenaars, 1993).

The individualism dimension (IDV) compiled by Hofstede (2010) is ranked low in China due to its collectivistic culture (refer to Confucianism in section 2.1.3) compared to Sweden where the culture is ranked as very individualistic (see figure 2).

2.2.4 Masculinity – Femininity
Masculine cultures are defined by Hofstede as cultures in which the dominant values in society are success, money and assets. Feminine cultures are on the contrary defined as countries in which the dominant values in society are caring for the other and the quality of life (Hofstede, 1980). Countries with a high masculinity index place great importance on earnings and advancement. The individuals are encouraged to be independent decision makers and achievement is defined in terms of wealth and recognition. The feminine cultures place importance in cooperation, friendly environment and employment security. Individuals are encouraged to be group decision makers and achievement is defined by layman contacts and the living environment (Luthans & Doh, 2008). In high indexed feminine cultures the gender roles are also less divided and more blurred compared to cultures with a low masculine index (Hofstede, 2003).

The masculinity (MAS) compiled by Hofstede (2010) is ranked at a medium in China while Sweden is ranked extremely low making it the number one femininity country in the world (see figure 2).

2.2.2 Uncertainty Avoidance
Uncertainty avoidance is the extent to which people feel threatened by uncertain, unknown or ambiguous situations. Formulated in another way it indicates to what extent a culture programs its members to feel either uncomfortable or comfortable in unstructured situations. In organizations the uncertainty avoidance is manifested by the clarity of plans, policies, procedures and systems (Hofstede, 1980; Neman & Nollen 1996). Individuals in low-uncertainty-avoidance societies are more tolerant of opinions different from what they are used to; they try to have as few rules as possible, and on the philosophical and religious level they are relativist and allow many currents to flow side by side (Hofstede, 1991). Trompenaars (1993) emphasises this dimension quite well by saying that individuals or organizations in uncertainty avoidance cultures are trying to shape the environment to compile with them. In contrast, individuals or organizations in cultures with low uncertainty avoidance are trying to form themselves to compile with the environment.
The uncertainty avoidance index (UAI) composed by Hofstede (2010) shows that both Sweden and China rank quite equally low (see figure 2).

2.2.5 **Long-Term vs. Short-Term Orientation**

The last dimension is an important one regarding the Chinese context. The dimension was added because of a new dimension discovered in the Chinese culture by Hofstede and Bond (1988). It was at first called the Confucian dynamism, although Hofstede (1991) later called it long-term vs. short-term orientation. The dimension refers to the cultures time orientation. The long-term orientated societies are characterized by patience, perseverance and a feeling of a duty towards a larger good. Long-time commitment to the employer and solving problems for the long-term rather than making quick fixes are also salience in such cultures. Short-term oriented societies in contrast are more interested in the present and the employment is more characterized as a reciprocal interchange (Hofstede 1991; Newman & Nollen, 1996).

Long-time orientation compiled by Hofstede (2010) is scored extremely high in China compared to Sweden with a fairly low index making them a short-term oriented culture (see figure 2).

2.3 **Intra-Cultural Variations**

Hofstede’s research on inter-cultural differences can be challenged in a variety of ways regarding both the methodology of the study and the assumptions about culture (e.g. Shenkar, 2001; McSweeney, 2002). One critic that can be pointed out is that the Hofstede’s study (1980) has taken a too national holistic approach. This way of discriminating cultures and put them into some sort of a typical member of a nation (“typical German” vs. “typical Japanese”) entails that variations also exist within a culture (Fiske & Taylor 1991). The importance of intra-cultural variation has been recognized for a long time in cross-cultural research (e.g. Hofstede, 1991; Au, 2000, Shenkar, 2001; McSweeney, 2002). The authors of this thesis agree that this method, linking cultural dimensions to a specific country, might not be adequate, especially not in the case of China. Instead the inter-cultural differences should be challenged by the notion of an intra-cultural diversity within the national borders. Hofstede (1991, pp. 15 and 19) discussed that history and demographic factors such as regional customs, colonial inheritance and ethnicity can affect the presence of intra-cultural variations. Accordingly, as Au (2000) concludes it, societies that are multi-racial, large in size, multi-religion, and rigid in class are likely to display a diversity when measuring intra-cultural variations.

Even other explanations for cultural diversity than demography can be mentioned. Hofstede (1991) proposes, for example, that uncertainty avoidance and to which extent the
society prefers rules and regulations affect the outcome of how differentiated the culture is. Hence, due to rigid restrictions, cultures with high uncertainty avoidance are more likely to display a lower degree of intra-cultural variations compared to cultures with low uncertainty avoidance. Recent research has also found evidence that high power distance cultures tend to have larger variations and that individualistic countries seem to have smaller variations in culture. The small variations in individualistic cultures can be explained by that everyone have to have an opinion, press freedom and that ideologies of individual freedom prevail that of equality (Au, 2000).

As understood there can be a lot of different aspect intervening one culture making it diverse. The following part will however focuses on the aspect we argue are the most important for China and also mostly discussed in literature regarding intra-cultural variations.

2.3.1 The Assumption of Spatial Homogeneity and Stability

As stated above the inter-cultural studies assume uniformity within the national unit. There is also an illusion that the cultural distance between countries is supposed to be constant (Shenkar, 2001). This assumption of spatial homogeneity, we believe, is closely linked with the notion of cultural stability in the case of intra-cultural variations within China. As mentioned earlier, China is a large country and should therefore, as concluded by Au (2000), be open for a cultural variation. England (cited in Au, 2000, pp. 219) has additionally argued that Japan lacks individual variation within the culture because the country has been isolated for a long period of time with a relatively dense population. This can by first sight be claimed as being similar to the history of China. However, this might not be the situation due to China’s rapid economic expansion. Although there is no doubt that cultures usually evolve slowly and that the changes may not be significant in a short period of time, this might not be the case for developing countries. The belief of slowly evolving cultures (or even assumed to be constant) cannot be valid in a world where economic globalization has occurred at an unprecedented pace during the past half-century. For example, Hong Kong has experienced a high amount of exposure to foreign cultures and is now regarded as significantly different from mainland China in some cultural aspects (Olsson 2009, Hofstede 2010). Mainland China has also experienced cultural changes due to foreign direct investment in the past three decades. This view is supported by Farh et al. (1997, pp. 424) who believe that Chinese society is going through “revolutionary changes in institutional patterns as well as in people’s values and attitudes”. The new generation of China, as contended by Ralston et al. (1999) possesses both eastern and western values. The impact on Chinese cultural change by foreign direct investment has also been statistically
proved by Jiang et al. (2009). In their research it is found that foreign direct investment affects the receiving culture in the direction towards the cultural values of the source country of foreign direct investment. For example, US investments making China more “westernized”. The economic development in addition with the vastness of China has also been proven to foster varied business styles in different provinces of China. For example, people from the region of the north like to work for others compared to people from the south regions that prefer to work for themselves (Fang, 1999).

Although there is evidence for intra-cultural variations, these differences are often neglected or only regarded as a nuance in the majority of studies (Au 2000). However, this is also true for companies who often expect that physically close markets also offer the most familiar operating environment. This anticipation has been studied by O’Grady and Lane (1996) in a study of foreign direct investment between such similar countries as Canada and US. It was proven that the cultural difference between the two countries had a significant negative impact on the successful functioning of Canadian units located in the US. The researchers propose that the psychic distance is just a paradox and that operations in psychically close countries are not necessarily easy to manage. We believe that the same paradox can be applied for the Chinese market in an intra-cultural context. The foreign direct investment in China past the last decades has been concentrated to the eastern coast of China. In addition, the possibility of cultural differences in China makes it interesting to study if there are potential variations according to Hofstede’s dimensions between locations in China. As O’Grady and Lane (1996) point out, the assumptions of similarity can prevent executives from learning about critical differences. These differences and the knowledge about them can, as stated above, have a huge impact on company success. The method for illuminating these differences is presented in the next chapter.

![Figure 3 Illustrating the fusion when one culture interact and influence the host culture. Note that the national culture within the triangle displays intra-cultural variations (Eriksson & Jahan, 2010).](image)
3 METHODOLOGY

This chapter will present the methodology chosen to describe and explore intra-cultural variations in China. The choice of method followed by the choice of company and consultants for the study will be formulated. The design of the email-based questionnaire will further be described. Finally, the operationalization of the theory above as well as the credibility of this research will be presented.

3.1 Choice of Method

Since research on intra-cultural variation is sparse the method of this thesis will have an inductive approach even though it also will be semi-deductive (Saunders et al, 2009, pp.123-127). With this method we will try to merge Hofstede’s dimension into an intra-cultural context. The strategy for the research will therefore be both descriptive and exploratory where intra-cultural variations are both tried to be explored and revealed in this paper (Saunders et. al. 2009 pp. 140). The descriptive parts of the thesis are made to explain some academic theories that are important for this study. The exploratory in order to explore, and explain similarities and differences between how managers in Ericsson perceive culture in the eastern part of China compared to culture in inland China. The observed culture of the east coast by Ericsson will thereafter be compared with perceived cultural differences within China. This is done by conducting a complementary study on perceived cultural differences within China by the Swedish Trade Council and the Swedish Chamber of Commerce in China (the consultants). This is due to our purpose to further investigate (explore) and contribute with research on intra-cultural variation.

In order to get a descriptive and exploratory thesis, we explored managers’ perception of intra-cultural variations through a qualitative study in form of self-administered e-mail based questionnaire to Ericsson employees in China. The respondents are all of Swedish nationality. In that way the result will not been disturbed by differences in how intra cultural variations are perceived between different nationalities/cultures. As said previously, a complementary study has also been made by sending an additional questionnaire to Swedish consultants. By doing this we hope to compare the result received by Ericsson about east coast culture together with the results from the consultants in order to note the differences with inland China. This will not only reveal variations but also validate the results given by the company of Ericsson. The method will with the approach stated above be triangular (Saunders, 2009, pp.
The first part will consist of the theory presented in the former chapter. The second will be the questionnaire to Ericsson and the third part the questionnaire to Swedish consultants in order to explore the possibility of cultural variations. With this methodology we hope to get a fully functioning description and exploration of intra-cultural variations in China with focus on how east coast culture differs from the culture of inland China.

3.2. Choice of Company & Consultants

The Swedish Trade Council lists all Swedish companies that have subsidiaries located in China (Swedish Trade Council webpage). According to the list, Ericsson Co. Ltd is one of the companies with various subsidiaries in China. The choice of Ericsson will also gain the advantage of being Swedish. This will make the method more accurate where the observations on culture by the employees will not differ according to differences in nationality. McSweeney (2002) has previously criticized Hofstede’s theories for being too homogenous when just dealing with one company and that results may not be legitimate for a nation as a whole. We believe however that we would gain a clearer vision of culture when dealing just with one company, since the structure and culture is the same throughout the whole company. The choice of just one company will also benefit from the need to not draw conclusions about the effects on the business culture in different kind of companies. The choice of Ericsson, with subsidiaries throughout China, expatriates from Sweden and a homogenous business culture we believe will form a good platform to investigate intra-cultural variations in China.

The result given from Ericsson will act as a platform in that sense that it will be compared with an exploration on cultural differences within China as a whole. The exploration was conducted by questioning consultants at the Swedish Chamber of Commerce in China and the Swedish Trade Council. These organizations were sampled because we think that they are the most knowledgeable about cultural differences in China without being part of a company. It also benefits them being Swedish organizations, which will further add a perceived Swedish perspective.

3.2.1 Choice of Interview Persons in the Company

As stated above we have only chosen Swedish employees of Ericsson to base our questionnaires on. This is, as said earlier to not get different results because of indifferences in the respondents’ nationality. We have had great help with getting in contact with influential people within Ericsson that work with the Chinese market. The search conducted had a “snowball-effect” where one existing contact lead to development of new contacts. (Saunders, 2009, pp. 176). The thesis wants to study what cultural differences managers of Ericsson perceive on the eastern
coast of China. Therefore we believe that information is needed from managers that have been, or are working in China and who therefore carry a broad knowledge of the Chinese culture. The sample-size had to be put to a minimum because of the interview design chosen as well as lack of Swedish managers established on the Chinese market. A purposive sampling therefore had to be made where the best suited were chosen for the interview (Saunders, 2009, pp. 237). Of twelve (12) sent out questionnaires, five (5) of them resulted in suitable answers. A suitable answer contained a range from approximately 320 to 1500 words. Ethical issues concerning privacy has been concerned and all of our participants have been able to be allowed full anonymity if chosen (Saunders, 2009, chapter 6). The participants have additionally been given the choice to read the thesis before publishing.

3.2.2 Choice of Interviewed Consultants

The Swedish chamber of Commerce and the Swedish trade Council hold a vast number of consultants working with business related issues in China. The organizations have however answered the questionnaire by getting itself represented by one person. The answers contained a vast amount of words making it qualitative. This approach may not reveal the general view of how culture differs within China. However, we think this is a good way of getting insight from another perspective that holds a lot of knowledge about Chinese culture in a broader sense in complement to the views expressed by the Ericsson managers.

3.3. The Questionnaires

In order to receive the best outcome of information, we decided to send the Ericsson employees and the consultants an e-mail based questionnaire. This is due to the fact that most of the interview persons we have chosen are located in China, and therefore it would be hard to conduct personal or telephone based interviews. A pre-survey contact by e-mail was sent to the employers to ensure that they were willing to answer our questions. Later on the questionnaire was sent to the accepting participants (Saunders, 2009, pp. 389).

3.3.1 The Email-based Questionnaire - Ericsson

The chosen form of questionnaire was structured into sub categories according to Hofstede’s dimensions to make it easier to connect the empirical findings to the theoretical background later on. The questions asked where open questions that distinguished how the cultural aspects were perceived in each of the employees’ company units. This method we thought was best suited for the exploration of east coast culture as detailed as possible (Saunders, 2009, pp. 375). There were two or three questions asked per dimension (for example of questions see appendix
I), with a space for the employees to answer as descriptively and freely as wished. Giving examples was also encouraged to make the participant more willing to produce comprehensive answers. Since we wanted to receive a maximum of every participant’s answer we left space to answer the questions. This can, as Saunders (2009, pp. 375) states, lead to that the questions become off-putting or blurred. This problem has been concerned and avoided as much as possible by introducing each of the questions per dimension in a clear and concise way (Saunders, 2009, pp. 389). The questionnaire was formed in Swedish and the results were later translated when presented in this report. In sum we wanted to keep the questions few and exact, due to time limitations of the respondents, but still constructed in a way where we would receive as rich as possible answers. This design we believe will reveal the most in an exploratory way to further describe the notion of east coast culture in China.

3.3.2 The Email-based Questionnaire - Consultants

As mentioned previously an additional questionnaire was further sent to the consultants at the Swedish Chamber of Commerce in China and to the Swedish Trade Council. By conducting an additional study we liked to reveal intra-cultural differences within China as well as getting validation of the result given by the first one. The design of the questionnaire was made in a similar way where two or three questions per dimension were asked (for example of questions see appendix 2). Though the questions asked in the first study were to be related to the company practices the questions were now asked in a more general way, focusing more on perceived cultural differences within China. With the comparisons between the two studies an intra-cultural variation pattern was revealed.

3.4. Operationalization

Since the aim of our research is to do a qualitative study the theory in use can be difficult to operationalize since it is often done in quantitative studies (Saunders, 2009, pp. 125). However, the dimensions proposed by Hofstede are often described in terms of how they are manifested in the society. With this description the dimensions by Hofstede offer a good foundation for the questions that have been formulated to reveal the intra-cultural differences (Hofstede, 1991; Hill, 2009; Hofstede, 2010). Because the study explores intra-cultural variations in a business context, the description of the dimensions, as well as the questions, have focused on how organizations and the employees are to be seen in different geographical settings.
The dimensions were based on factors that are closely related to the theory in use (see table 1) and are in addition easily related to managers. With these factors the aim was first of all to reveal how each of the dimensions where seen by the participants of Ericsson. The factors were further used to reveal how the consultant’s perceived differences within China, based on the dimensions used. For details regarding the questions asked to uncover these factors, see Appendix 1 and 2.

### 3.5. Credibility Issues

Since our research is closely linked with the answers we got from the questionnaire some remarks have to be made about the credibility of the research done. The questionnaire and the findings therefore have to be examined according to its reliability and validity (Saunders, 2009, pp. 156). First, a potential limitation is that the participants’ answers might be biased; that they have answered in a way they think are the most appropriate of answering the question from a company point of view. The participants have had the option to be anonymous; something that will reduce the risk for such biased errors (Saunders, 2009, pp. 156). Secondly, it could be argued that an identical study result cannot reveal the same results since the interviews reflect a personal view from the respondents. This can of course be true in a detailed point of view. However, the dimensions in use by Hofstede make it possible to relate personal observations to a given dimension making it more reliable. This structured way of dividing the questionnaire also reduces the risk of observational error from our side because what is answered can be labelled into a certain dimension (Saunders, 2009, pp. 157). Third, it could also be stressed that the way of not communicating face to face with the participants benefits the reliance of the

<table>
<thead>
<tr>
<th>Power distance</th>
<th>Individualism/Collectivism</th>
<th>Uncertainty avoidance</th>
<th>Masculinity/Femininity</th>
<th>Long-term vs. short-term orientation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Structural organization of company unit</td>
<td>1. Initiative taking</td>
<td>1. Control of activities</td>
<td>1. Gender roles</td>
<td>1. Turnover rate</td>
</tr>
<tr>
<td>2. Proportion of supervisory personnel</td>
<td>2. Importance of</td>
<td>2. Implementations of ideas</td>
<td>2. Importance of social hierarchy</td>
<td>2. Education and training</td>
</tr>
<tr>
<td>3. Obedience of supervisory orders</td>
<td>3. Collective promotions</td>
<td>-</td>
<td>-</td>
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</tr>
</tbody>
</table>

Table 1 Displaying the factors in use to reveal how the cultural dimensions are perceived by the participants of this study.
study since we can’t influence the respondents in our way of asking the questions. Instead the participants were all presented with the questions in the same way.

Concerning the validity of our study we hope to have assured that the findings we present are what they appear to be (Saunders, 2009, pp. 157). Since the research is made on just one company, issues regarding the generalizability can be noted. Although we are conducting such a narrow approach the result presented in the next chapter might also be applicable for other organizations in the same setting. Of course there might be differences concerning different kind of businesses that can affect the generalizability of the result given. However, the differences between organizations will not be that big that it intervenes with the dimensions used. By saying that we are yet not claiming that the conclusion drawn from this thesis can be generalized (Saunders, 2009, pp. 158). Since the study is made on such an inelastic and time stable variable as culture we have not concerned threats to validity as for example that the culture might change during our research. However, we have also concerned that the findings are made from a Swedish point of view. This approach might yield a somewhat too country specific perceiving of intra-cultural variation, but we think that is the most appropriate way of doing it. By not getting different nationalities views on the perceived variations we can formulate clearer conclusions without interpretations from different national angles. A last thing regarding the overall credibility of the study can be mentioned. Since China is such a large country the conducted study shouldn’t be regarded as a fully description of intra-cultural variations in China. Instead the study should be seen more as a spot check or a cross section on intra-cultural variation. This thesis will therefore only provide a first exploration and more systematic work is needed to understand intra-cultural variation in China in more completeness.
4 EMPIRICAL DATA

The empirical chapter will present the results of the interviews made, described in the method section. Since the dimensions proposed by Hofstede have been used, the empirical finding will also be divided according to these dimensions. The next chapter will analyse how the results were interpreted.

4.1 Empirical Findings of Intra-Cultural Variations

The empirical findings are based on the questionnaires described in the method section and presented in appendix 1 and 2. The essence of every answer from Ericsson employees will first be presented in every subcategory followed by the answers given by the consultants. The participants that have chosen to be anonymous will be labelled as “anonymous” whilst the non-anonymous will be labelled by last name and place of origin in China (for geographical setting of the units in China, see appendix 3). The consultants will be labelled according to their origin of organization. Even though they are labelled with the name of their organization the answer shouldn’t be regarded as a general view from the organization in use. The persons presented in the empirical findings are:

• Henrik, Forsberg, President of Shanghai Ericsson Electronics Co. (Shanghai)
• Thomas Pettersson, Manager Regional Supply Chain (Shanghai)
• Anonymous, Manager (Nanjing)
• Anonymous 2, Manager (Nanjing)
• Peter Ackerfors, Managers of Power solutions (Beijing)
• Martin Henningsson, Consult of import- and export (Swedish Chamber of Commerce, from now on labelled “SCC”)
• Liu, Tianhao, Associate (Swedish Trade Council, from now on labelled “STC”)

4.1.1 Power Distance

Forsberg (Shanghai), experiences that the organization in Shanghai is relatively flat and decentralized. Improvements of work on the site are managed both top down and down to top. The top management team consist of representatives from various units in the organization where implementations are made with involvement from personnel from all of the different levels of the organization. Improvement of work is also conducted in the operational level where suggestions for improvement can be discussed without any involvement of managers. Either
way, communication is promoted throughout the whole organization where employees are encouraged to influence the future of the organization. The organization uses a limited number of supervisory personnel and every employee have to know their degree of freedom and to which extent decisions can be made without the involvement of a supervisor. Forsberg further states that many of the employees in the Shanghai unit come from companies with a strong and classic leadership where they just have done what they have been told to do. Forsberg points out that this is a challenge for the Ericsson unit in Shanghai, but that it can be overcome and that a more visionary leadership will work as good in China as in Sweden.

Pettersson (Shanghai) describes the organization in Shanghai as a hierarchical unit. He exemplifies this by saying that the answer you might get from people are such as “Yes, let me confirm your suggestion with my leader (=manager)”, and that the managers take decisions in big as well as small issues. Pettersson hasn’t seen any open critic of what a superior has ordered, a Chinese co-worker follows the instructions made. Suggestion on an alternative solution can eventually be submitted. Ackerfors (Beijing) also adds that subordinates don’t question supervisor’s orders and that Chinese people put more importance in the hierarchical setting.

An anonymous respondent (Nanjing) doesn’t perceive any differences in how the organization is structured compared to Sweden. Nor are any differences experienced regarding the amount of supervisory personnel. However, the anonymous source experience that team-members in the organization follow what been said by the supervisor without questioning. This is particular true for new employees, but they are promoted to take own initiative and also do so when getting more used to their team and supervisor. Anonymous 2 (Nanjing) states that western companies seem to be more flat in organization than the Chinese. That is also coupled with the notion of a more “commander/deliver” style in Chinese companies in terms of obedience of supervisors.

Henningsson (SCC) perceives that the organizations in Shanghai are more flat in hierarchy than on other places inward in China. Liu (STC) point out that companies in China are more hierarchical compared to what we are used to in Sweden. Personally, he thinks that companies in 1st tier cities of China (Beijing, Shanghai, Shenzhen, Guanzzhou) can be less hierarchical than in other parts of China. These cities, he says, are a little more international and flat in organization, influenced by western thoughts on organization. He continues by saying that “own thinking” and a high degree of micromanagement are common in China. However, he thinks that western thoughts also have influenced this factor as stated previously. Critic of a
superior is rare in China. However, employees in China often criticize in an indirect way by changing employer. Something that happens more frequent in China compared to Sweden.

4.1.2 Individualism – Collectivism

Concerning the amount of individualism, Forsberg (Shanghai) doesn’t perceive that Chinese employees have a hard time taking initiative even though the Ericsson unit in Shanghai consist of a variety of co-workers from urban areas, as well as countryside, with a working majority of cultural minorities. He does however argue that the same pattern may not be present outside the company of Ericsson since their company culture shapes the employees. Forsberg further insist that age is an important factor regarding promotions. This is exemplified by own experience were authorities questioned how a 34 year old could be president of a company. The age as a factor is however not that important in the company of Ericsson where competence and potential are more essential. Forsberg also thinks that collective promotions are common in China. In the Ericsson unit in Shanghai, individual promotions are also common.

Pettersson (Shanghai) stresses the fact that Chinese people are absolutely not taking any initiative compared to employees in Sweden. The culture is instead reflected by not taking any unnecessary risks without the decision of a manager. The anonymous (Nanjing) experience a high degree of initiative taking amongst Chinese employees. This is however often limited to their own field of work, but some of them are thinking in a more westernized way seeing behind the scope of their working environment. Collective promotions for teams are common, but also individual, such as an annual “best employee” certificate are rewarded. Anonymous 2 (Nanjing) stress that Chinese companies in general perceive age as important when promoting employees compared to the company Ericsson. Ackerfors (Beijing) put forward an additional interesting point. He perceives that Chinese people are “solo players” and focus on their own success rather than the group and are something that have been challenged by Ericsson in form of group rewards.

Henningsson (SCC) doesn’t perceive any differences within China regarding individualism. He does contend that the degree of initiative is coupled with the organizational structure that he perceives as more fostering initiative in the eastern cities of China. Liu (STC) argues that areas, which are influenced by west, also have a higher amount of Chinese taking initiative. The age is also concerned to be an important factor when promoting. In China the elderly are still respected in a much higher sense than in Sweden. Liu also answer that collective promotions are more frequent in China in the hierarchical lower levels, but that promotions on managerial level are not conducted in the same way.
4.1.3 Masculinity – Femininity

According to Forsberg (Shanghai) there is a clear division of gender roles. In his unit, SEC, there is a 55% men and 45% women ratio, between both workers and at the managerial level. The positions women have on the managerial level in SEC are Industrial Engineering, Logistics, Sourcing, HR and President Assistant. As far as concerning advancement, earnings and recognition in a company, Forsberg (Shanghai) claims that in general, it is very important in China. Employees switch jobs if they are offered more money, but that is not the qualification most employees search for when choosing job sites. At SEC they compensate their average wage with their company culture, possibility for further development and their outlook on the employees as an important investment for the company, in order to motivate and engage the employees. Ackerfors (Beijing) put forward another view where he, from experience, have perceived that gender roles are more equal in the city of Shanghai compared to his experiences in Beijing.

Petterson (Shanghai) points out that women can mostly be found doing the administrative work and agrees with Forsberg that advancement, earnings and recognition are very essential. Employees have to prove themselves for their families and the competitive society. Our anonymous (Nanjing) source also agrees and says that even though it is crucial, many are restricted because of team loyalty. In order to get ahead in the company you must first consult with your manager and not apply for new positions on your own. There is a view that you should not betray your manager who has put effort in helping the individual. This restricts rotation and spreading of competence. Anonymous 2 (Nanjing) also adds that he perceive that especially young Chinese people put importance in advancement and career.

Liu (STC) claims that salary and success is important all around China, mostly in big cities like Beijing and Shanghai. Women are more dominant in these cities, not only at work but also at home. Henningson (SCC) also sees that cities are more liberal, modern and equal and that career attitudes are more aggressive.

4.1.4 Uncertainty Avoidance

Concerning the amount of individualism, Forsberg (Shanghai) thinks that you can see a difference between Shanghai compared to less developed cities in China. In Shanghai, with strong influences from west, people are more open to change and are more used to adapt to new ways of work. In less developed cities he thinks a more traditional view on organization is conducted. He also claims that it depends from business to business and is certain that many Chinese companies today have departed from the traditional leadership into a visionary viewing
company who involves their employees to a higher degree. When new ideas are implemented in Forsberg’s (Shanghai) unit, it might take longer than other organizations that are structured more hierarchically, but the outcome includes a solution that is sustainable in the long run. Their unit encourages two-way communication and employees to speak up and question the ideas. Forsberg says that it is then vital to implement their feedback into the new idea and not just neglect it, or else the encouragement towards the employees will not be effective.

Since Pettersson’s (Shanghai) unit is an operative one with a low education level amongst the employees, there are detailed work instructions that run the operation. Creativity lies amongst the management in his unit. When it comes to implementing new ideas, it is relatively easy due to the fact that this unit differs from the traditional Chinese way of doing things. People are more responsive to new ideas, but can be restricted due to costs. Anonymous (Nanjing) states that he doesn’t have much feedback when it comes to rules, but can see that paperwork (forms and signatures) is crucial in administrative processes. Anonymous 2 (Nanjing) adds that implementation of new ideas are fairly easy in his unit. That is also confirmed by Ackerfors (Beijing) who stresses that new ideas and processes are very easy to implement but that it might be so due to unwillingness to question superiors.

Henningsson (SCC) states that control of activities varies from city to city; Shanghai is flexible while Guangdong is pragmatic and Beijing being bureaucratic. There is also a variation between Chinese companies, whether they are private or state owned according to Liu (STC). There are less written rules and more manager direction in private companies while state owned companies have clear directions. Therefore implementing new ideas in a private company can be challenging since employees’ aren’t used to thinking creatively and contribute with ideas.

4.1.5 Long-term vs. Short-term Orientation

Companies in China have an employee turnover rate at approximately 10-15% per year, according to Forsberg (Shanghai). His unit at Ericsson has managed well to keep a steady rate at approximately 2-3% per year. Since SEC’s establishment in Shanghai in 1996, the employees’ length of service reaches about 6 years, which indicates employees willing to stay at the company. SEC’s operators are especially unique due to the fact that their employees work between 3-10 years, which is rare in China. The employees at SEC are not only educated with the necessary competence, but also works with long term strategic competence development in order for the employees to meet future technologies, educate future managers and other essential positions.
Employee turnover is relatively small in Pettersson’s (Shanghai) unit. It is important to note that his unit is located outside of central Shanghai and most employees’ are recruited from places nearby. Some people were dismissed because they were not able to meet the knowledge demands that was required, that was due to wrong recruitment. In the anonymous’ (Nanjing) unit, 100% of the office workers are university educated and he claims that the formal education in the unit is higher in China than in a comparable unit in Sweden (both units doing the same job). Anonymous 2 (Nanjing) put forward that turnover rate in Nanjing is smaller at Ericsson compared to the unit in Beijing. Ackerfors (Beijing) on the other hand puts forward that the unit in Beijing have relatively low turnover rate compared to China in general.

Liu (STC) states that employee turnover are very high in factory and low paid/low educated jobs, which are usually located outside big cities, while Henningsson (SCC) answer, according to his experience, that big cities also have a high rate of employee turnover.
5 ANALYSIS AND DISCUSSION

This chapter will analyse and discuss the result presented in the previous chapter. The analysis section will focus on how the findings should be understood and interpreted. A discussion of the findings is then presented to evaluate how the findings correlate with the theory in use. The impact on the theory in use is discussed in the following chapter.

5.1 Interpretation of the Empirical Findings

The result of the research presented above reveals interesting things regarding how Ericsson experience culture on the eastern coast of China. Additionally the consultants also add a contribution to how these findings should be put in a more holistic approach to Chinese culture. Starting off with the first dimension, the answers uncovers that power distance might not be that immense in 1st tier cities of China. The majority of respondents answer that factors like hierarchical organizational structure, high amount of supervisory personnel and blindly obedience of orders are less frequent in the eastern areas of China. However, this is not the overall result since some of the respondents leave room for saying that the power distance still is an obstacle for the companies. This emphasizes that a high degree of power distance still is present in those cities even though it might be less significant compared to other parts of China. The findings concerning the degree of individualism/collectivism are to some extent demonstrating the same pattern as the previous dimension. It seems that individualism are more established in the eastern cities of China compared to other parts of China where a high degree of collectivistic culture is present. It should however also be stressed that the company culture of Ericsson are shaping the individuals to take more initiative which could affect the outcome of the result. Some of the respondents instead state that initiative taking is not that present amongst Chinese people, even in the eastern part. Therefore, as with the previous dimension, the degree of individualism/collectivism in the eastern parts of China should be regarded as gradient and not distinctly individualistic. Regarding the degree of masculinity/femininity the result indicates that gender roles are more blurred in the more developed areas of China. The result also indicates that it also might be differences regarding gender roles between the developed cities. However, the importance of achievement is also more present in those areas, which has taken on an aggressive form influenced by the west. A clash between modern and traditional thinking can be said to be illustrated by this. The findings regarding the degree of uncertainty avoidance doesn’t reveal that much information, but some remarks can be made. An interesting finding is
that differences concerning the amount of written rules and flexibility of organizations can even be seen between the cities on the eastern coast. This emphasises that cultural variation are present between cities, even though they both geographically and degree of development are much the same. The **short-term/long term orientation** shows some interesting findings regarding the turnover rate in companies. The overall impression is that the turnover rate is high in China and that it might be a difference between countryside and urban areas. That is interesting due to that China is described in theory as the most long-term orientated country in the world (*see figure 2*). This is also shown at Ericsson where the turnover rate is low, which is described as unique in China. This, and other of the interesting aspects of the empirical findings will be further discussed next.

**5.2 The Empirical Findings – Discussion**

The empirical findings indicate that some significant patterns regarding intra-cultural variations can be described. Especially regarding the difference between the eastern cities of China compared with the theory on Chinese culture and the differences noted by the findings from the consultants. The most substantial finding is that the eastern areas of China, mainly the 1st tier cities, seems to have been influenced by foreign companies, such as Ericsson, compared to the overall findings on Chinese culture. Because most of the FDI is concentrated to the eastern cities in China this influence might be true. The findings also validate the statistical study made by Jiang et al. (2009) that FDI change culture. However, our study illustrates this in a more qualitative way where even inter-cultural dimensions can be used to display intra-cultural variations. It also possesses that a gradual change occur (*illustrated in figure 3*) in those areas because the cultural change is somewhat coupled with the corporate culture of the western companies. When western companies settle in areas we argue that you might get a spill over effect that change the culture. How this change appear is however not the aim of this thesis.

Another related explanation of intra-cultural variations occurs because of change in living patterns of the inhabitants. As stated in the theory, social structure (*section 2.1.1*) is one of the factors influencing how culture is shaped. Urbanization has shaped the culture in China during the last 20 years where cities like Shanghai have exploded in size and structure. This change in living patterns has therefore reformed the class system of China’s culture in those specific areas making social mobility possible. Our study shows interesting aspects regarding turnover rate in those specific urban areas. That can be indicated towards a lesser degree of long-term orientation in areas with such a reform in social structure. This is however just indicated in the areas of the east coast since those are the ones that have been studied, but we
assume that the same pattern may not be applied in other cities inward in China due to the need of long-term employment because of lack of options. In the eastern coast the patterns still might be more significant since the westernization are a striving force alongside with the urbanization. It must also be noticed that the urbanization also has lead to a modernization of people’s life with a change from an old traditional way of living to a new and modern. This is most significantly noticed by the change in gender roles in the eastern cities of China. The result indicates that on one hand, highly developed urban areas have changed the patterns of a dominated masculinity in traditional way of thinking towards a more blurred and equal setting of gender roles. On the other hand, importance of achievement, which is strongly coupled with a masculine ideology, is even more present in the urban areas on the east coast compared to other places. The result given might therefore reveal that modernization in the eastern coast of China both challenge traditional gender roles as well as fostering a environment with a high degree of masculine way of thinking. The modernization alongside with the urbanization has also lead to an establishment of young and educated inhabitants in the 1st tier cities (section 2.1.5). A good education we think will further foster an environment where influences from other cultures have easier to be accepted and integrated in the society.

Something also has to be said about the possibility of differences between the cities on the east coast. As we do not have enough data to compare individual cities no general conclusion can be drawn out of the result. However it is interesting that written rules and inflexibility (uncertainty avoidance) are more present in the capital of Beijing compared to the city of Shanghai. The authors argue that this might be a result of different kind of economic and political philosophies (section 2.1.4) between the cities. The capital of Beijing is still conservative in the way of stipulating new laws, regulations etc. However, new ideas are often tested in the sister town of Shanghai. Shanghai therefore might display a more open will to adapt new ideas, which in turn foster a more flexible environment and ideology of their inhabitants. How cities differs in other aspects are not revealed by the results given, but it wouldn’t be surprising if other differences also could be revealed by future research. Own experience from the authors suggests that such differences can occur even though they not are scientifically proven.

In sum, the empirical findings give some indications that rather distinct differences in culture between cultures in the eastern coast of China compared to the measurements of culture in China as a whole. The findings also indicate a possibility of differences between cities on the eastern coast. The implications of these intra-cultural variations and which conclusion can be drawn out of these are further presented in the next chapter.
6 IMPLICATIONS AND CONCLUSION

This final chapter will focus on the implications and conclusion that can be drawn from the study made. Theoretical implications, to display how the research contributes to the discourse on national culture and managerial implications to show which implications this study have on a managerial level. The last section present suggestions for future research and a concluding remark on the research made.

6.1 Theoretical implications

This paper does not provide a complete theory of intra-cultural variations, but it carefully suggests why intra-cultural variations are so important to study. As stated above, the culture of a country is in theory often regarded as time stable and spatial homogeneous, with intra-cultural variations only understood as a nuance. However, we think that our findings in this thesis suggest that differences within a country can be strikingly more different than this and not just a nuance. It should be understood that a macro approach to culture in most of the cases only will divulge a broad sketch of how cultures differs. Not to say that this is not a good starting point, but this thesis illustrates that a narrower approach also can be used. A micro approach should therefore further be explored though it is found that cultures integrate and form some kind of quasi-culture within and beyond the national borders. It should further be stressed that these finding should not just be applicable for countries in a developing phase. We believe that the same pattern also can be present in other countries, as shown in recent studies by for example Au (2000), Kirova & Elenkov (2009) and Lenartowicz & Roth (2001). The notion of cultural differences is after all only about how much you zoom the cultural scope in use.

6.2 Managerial implications

As stated in the theory section the assumptions of similarity can prevent executives from learning about critical differences (O’Glady & Lane, 1996). In the case of China, the company of Ericsson do contend that Chinese people differ in the sense of culture compared to the more westernized culture of the enterprise. However, the findings show that managers of Ericsson approach this by “learning out” a different culture (i.e. taking initiative). This displays a noteworthy different approach to deal with cultural friction compared to the one proposed by Newman & Nollen (1996). In their study they instead propose that managers should fit their practice to the existing local culture to get the best outcome. Since we do not have any data on
performance we cannot challenge that view, but it is interesting that Ericsson seem to deal with cultural friction in another way. Either way this it is dealt with, we think that intra-cultural studies have implications for international management. One of these implications is that expatriates should be instructed beyond the typical member of a culture. They should instead be given tools to behave adequately to the cultural variations that might occur. Another implication is that companies should look beyond the scope of national culture when deciding the most suitable place for location. Instead, cultural variations within the national borders can provide a better and suitable location for the company’s needs.

6.3 Suggestions for future research

We hope that this thesis will open the door for further research on intra-cultural variation. This research has merely been a spot check, where the comparison has been made between the eastern and the western part of China. Research on variations between northern and southern part of China and also in central parts of China is encouraged. China is a large country where it is difficult to get an overall grip of the culture, but with the help of different spot checks on different location, we believe that someday it might not be sufficient to talk about just one typical Chinese culture.

This research has enlightened intra-cultural variations in a qualitative study. Quantitative studies on intra-culture could give further explanation and measurements on the varieties. Another suggestion is to investigate how intra-cultural differences affect the performance of a company; how they learn from the cultural variations and how this is dealt with in order to secure the best possible outcome.

6.4 Concluding Remarks

In summary, this thesis illustrates that it might not just be sufficient to talk about cultures in a national context. Instead the notion of intra-cultural variations should be seen as a complementing construct when trying to explore cultural variety and it’s implications. Since businesses are getting more and more international, cultures submerge and form new ones. With this kind of interaction, we might someday not even talk about cultures as bound to a specific nation. Therefore it’s even more important to further study the notion of intra-cultural variations in order for companies to understand and adapt to cultural differences. After all, culture, and especially intra-cultural variations should not be seen as a nuisance but as a tool to gain advantage in the international environment of today.
REFERENCES


APPENDIX 1: The Questionnaire – Ericsson

26 November 2010
Uppsala, Sweden

Who are we?
We are two business students at Uppsala University, Johan Eriksson and Nuhad Jahan. We are writing our bachelor thesis in International Business.

What is the thesis about?
The thesis is a study about intra-cultural differences within China. There is no doubt that there are cultural differences between Sweden and China and that it effects the business environment. However, there is a lack of research on cultural differences between different places in China and how they are perceived. Our ambition with this research is to show these differences and how they are perceived in your company. China is a large country whereupon differences should occur as the Chinese culture is changing through integration with companies from the west.

Anonymous?
The questioned asked are not tended to expose any personal opinions. Name and position will be indicated in the thesis. If you don’t want to be mentioned in the thesis, please state it in the questionnaire (see question 1.2)

Instructions
On the next page, there will be various questions asked about perceived cultural differences in China. Observe that the questions should be answered according to how You experience cultural differences in China. It is important to us that you answer the questions as accurate as possible. The interview questionnaire is expected to take approximately 45 minutes. Answers are given in the grey field respectively the squared area. Concrete examples from reality are much appreciated. When the document is filled, save it and return it to the e-mail addresses that are given at the end of this page.

Thank you for your participation!
Kindly send your answers as soon as possible, preferably by Friday December 10th, through e-mail. Please don’t hesitate to ask us if something is unclear or needs further explanation.

Kind regards,

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754 24 Uppsala
1 General
In this section we would like information about you, who is answering the questionnaire and if anonymity is wished.

1.1 Contact information

First name:
Last name:
Position at work:
Place in China:
Years worked in/with China:
E-mail:

(Observe that this information will be anonymous and will only be for us in case we need to contact you.)

1.2 Anonymity

I want to be anonymous:  (State YES/NO)
I want to approve what is written before publication:  (State YES/NO)

2 Power Distance
In this section we want to investigate if power distance distinguishes itself in different parts in China. Power distance refers to how people accept hierarchy and uneven division of power in society.

2.1 How do you perceive your company unit in China is organized in regards to the structure?
For example, more decentralized/centralized or flat/hierarchical?
(Example?)

Answer:
2.2 How do you perceive your company unit is organized in regards to supervisory personnel? Supervisor showing how work needs to be done in a more resolute way? (Example?)

Answer:

2.3 To what extent do you perceive employees blindly obeying supervisors orders or criticizing their supervisors in your company unit? (Example?)

Answer:
3 Uncertainty Avoidance
In this section, we want to examine how you perceive that uncertainty avoidance is handled in different sections of a company in China. Uncertainty Avoidance refers to how a culture treats uncertain moments, in a company for example.

3.1 How do you perceive the controlling of activities in your company unit is organized? Is there a great need for written rules for example? (Example?)

Answer:

3.2 To what extent do you find it easy to implement new ideas in your company unit? (Example?)

Answer:
4 Individualism/Collectivism
This section is about how individualistically designed a culture is and if there are any differences in China. This refers to the extent of how people see themselves as individuals or in a collective.

4.1 To what extent do you believe that individual Chinese employees take more initiative in your company unit? (Example?)

Answer:

4.2 To what extent does age matter when it comes to promotions (of Chinese workers) in your company unit? (Example?)

Answer:
4.3 To what extent are collective promotions common in your company unit? (Example?)

Answer:

5 Masculinity/Femininity
This section wants to explain how masculine the culture in China is and if there are any differences within the country. Masculinity shows how the gender roles are shaped in the country of interest.

5.1 To what extent do you find gender roles divided in your company unit? (Example?)

Answer:
5.2 To what extent are advancement, earnings and recognition important to the Chinese employees in your company unit? (Example?)

Answer:

6 Long-Term vs. Short-Term Orientation
In this last section, we want to examine the differences in the time-orientation in China. The time perspective shows if the culture is long-term oriented or looking for short and quick solutions.

6.1 How large do you perceive the employee turnover of Chinese employees is in your company unit? (Example)

Answer:
6.2 To what extent is education of the employees’ common in your company unit? (Example)

**Answer:**

We want to thank you for your time and interest!

Would you like the results of the study sent to you through e-mail?  
(State YES/NO)
APPENDIX 2: The Questionnaire - Consultants

26 November 2010
Uppsala, Sweden

Who are we?
We are two business students at Uppsala University, Johan Eriksson and Nuhad Jahan. We are writing our bachelor thesis in International Business.

What is the thesis about?
The thesis is a study about intra-cultural differences within China. There is no doubt that there are cultural differences between Sweden and China and that it effects the business environment. However, there is a lack of research on cultural differences between different places in China and how they are perceived. Our ambition with this research is to show these differences and how they are shown. China is a large country whereupon differences should occur as the Chinese culture is changing through integration with companies from the west.

Anonymous?
The questioned asked are not tended to expose any personal opinions. Name and position will be indicated in the thesis. If you don’t want to be mentioned in the thesis, please state it in the questionnaire (see question 1.2)

Instructions
On the next page, there will be various questions asked about perceived cultural differences in China. Observe that the questions should be answered according to how You experience cultural differences in China. It is important to us that you answer the questions as accurate as possible. The interview questionnaire is expected to take approximately 45 minutes. Answers are given in the grey field respectively the squared area. Concrete examples from reality are much appreciated. When the document is filled, save it and return it to the e-mail addresses that are given at the end of this page.

Thank you for your participation!
Kindly send your answers as soon as possible, preferably by Friday December 10th, through e-mail. Please don’t hesitate to ask us if something is unclear or needs further explanation.

Kind regards,

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1 General
In this section we would like information about you, who is answering the questionnaire and if anonymity is wished.

2.2 Contact information

First name:
Last name:
Position at work:
Place in China:
E-mail:

(Observe that this information will be anonymous and will only be for us in case we need to contact you.)

2.3 Anonymity

I want to be anonymous: (State YES/NO)
I want to approve what is written before publication: (State YES/NO)

3 Power Distance
In this section we want to investigate if power distance distinguishes itself in different parts in China. Power distance refers to how people accept hierarchy and uneven division of power in society.

3.1 Do you perceive that company units are organized in different ways in different parts of China? For example, more decentralized/centralized or flat/hierarchical.
(Where? How? Example)

Answer:
2.2 Do you perceive that company units within China differ in the sense of proportion of supervisory personnel? For example, supervisor showing how work needs to be done in a more resolute way. (Where? How? Example)

Answer:

2.3 Do you perceive that company units differ in the sense of how employees criticize their supervisors or if they blindly obey orders? (Where? How? Example)

Answer:
3 Uncertainty Avoidance
In this section, we want to examine how you perceive that uncertainty avoidance is handled in different sections of a company in China. Uncertainty Avoidance refers to how a culture treats uncertain moments, in a company for example.

3.1 Do you believe that there is a difference in how the operations are controlled throughout the Chinese subsidiaries? In example, more structured activities and more written rules? (Where? How? Example)

Answer:

3.2 Is it easier to implement new ideas in organizations in some areas of China than in others? (Where? How? Example)

Answer:
4 Individualism/Collectivism
This section is about how individualistically designed a culture is and if there are any differences in China. This refers to the extent of how people see themselves as individuals or in a collective.

4.1 Do you believe that individual Chinese employees take more initiative themselves in some parts of China than in others? (Where? How? Example)

Answer:

4.2 Does age matter more in some parts of China than others when it comes to promotions (of Chinese workers)? (Where? How? Example)

Answer:
4.3 Are collective promotions more common in some places than in others in China? (Where? How? Example)

Answer:

5 Masculinity/Femininity
This section wants to explain how masculine the culture in China is and if there are any differences within the country. Masculinity shows how the gender roles are shaped in the country of interest.

5.1 Are the gender roles much more divided or blurred in some parts of China than in others? (Where? How? Example)

Answer:
5.2 Are advancement, earnings and recognition in a company seen as much more important in certain areas of China? (Where? How? Example)

Answer:

6 Long-Term vs. Short-Term Orientation
In this last section, we want to examine the differences in the time-orientation in China. The time perspective shows if the culture is long-term oriented or looking for short and quick solutions.

6.1 Is the employee turnover considered to be more frequent in some parts of China than in others? (Where? How? Example)

Answer:
6.2 Is the education and training of employees more frequent in some parts of China than in others? (Where? How? Example)

**Answer:**

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**We want to thank you for your time and interest!**

Would you like the results of the study to be sent to you through e-mail? (State **YES/NO**)

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APPENDIX 3: ILLUSTRATING ERICSSON’S EAST-COAST UNITS