

Rules, Language and Identity: In Cross-National Companies by Evoking Authority May Not Work as Intended

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We argue that the concepts "rules" and "relationships" are heavily affected by mindsets related to language and culture. Western societies base laws and enforcement on the assumption on transparent, universal rules, whereas East Asian societies rely more on relationship-based governance. Interviews with 58 employees from a global construction company spanning Scandinavia, Germany, and China show how evoking authority under uncertainty may exacerbate rather than solve failing co-operation. Knowledge transfer and innovation are crucial to business operations and cross-cultural management must find workable solutions. "Cultural ambassadors" are working on both sides to co-ordinate communication and establish relationships.

INTRODUCTION AND RESEARCH QUESTION

Understanding the role of language in knowledge creation may be a key to the global integration of companies. As Western companies have been attracted by the prospects of huge markets in East Asia, these companies have met with mixed results trying to establish and grow there. A recent review and survey on decisions to localize business units (Porter & Rivkin, 2012) shows that 83% of all R&D sites opened by global multinationals from 2004 to 2007 were in China or India and a majority of companies are still preferring sites in emerging markets to domestic locations even though more than a third of CFOs reported the costs of entering rapid-growth emerging markets to be higher than expected.

The "higher than expected costs" highlight Moran & Ghoshal's claim (1996) that the focus of firms is shifting from value appropriation to value creation. Multinationals entering China must invest in competence development, teams and innovation, and also consider networking on many levels to enter the markets (J. W. Lee, Abosag, & Kwak, 2012; Wilkinson, Eberhardt, McLaren, & Millington, 2005). Even for Hong-Kong based companies, expansion in mainland China depends on successful knowledge creation (Sharif & Huang, 2012). What may easily be thought of as market penetration by existing business models and organization turns out to require knowledge creation on many levels (Nonaka & von Krogh, 2009) spanning production, customer focus, quality issues, logistics and market adaptation in a wider sense – in short, requiring a capacity to sense and re-combine information relevant to local business as outlined in e.g. capability theory (Eisenhardt & Martin, 2000; Teece, 2010).

One reason why costs turn out "higher than expected" is that new technologies and knowledge transfer often are unfulfilled hopes with costs exceeding benefits (Gaimon, Özkan, & Napoleon, 2012;

Nahapiet & Ghoshal, 1998). This fact has been given extensive attention in the distinction between “explicit” and “tacit” knowledge (Joia & Lemos, 2010; Nonaka & von Krogh, 2009; Polanyi, 1969). Nonaka & von Krogh show how explicit knowledge remains embedded in tacit structures, making knowledge sharing across cultures an unpredictable endeavour.

Our contribution in this study is to show that even the understanding of ‘organizing’ itself is affected by tacit knowledge, possibly stemming from linguistic differences. “Organizing” implies reducing uncertainties by the means of routines and authority hierarchies to tolerable levels, thereby securing productive business decisions (e.g., March, 1994; Turner & Rindova, 2012; Weick & Westley, 1996). Leadership, as different from management, is to make decisions meaningful to the participants (Podolny, Khurana, & Hill-Popper, 2005), contributing to reduced uncertainty. The very building blocks of organized activities – rules, relationships, authority, agency and verbal communication – may be constructed very differently in subjects dependent on their cultural background (Boroditsky, 2011; S. W. S. Lee, Oyserman, & Bond, 2010; Li, Park, & Li, 2004). In particular, we focus on the concepts of “rules”, “identity” and “relationships” as vulnerable cross-sections of organizing and cultural issues in the handling of deviant situations.

The objective of this study is to illuminate how the concepts of identity, authority, rules and routines are differently understood across cultures to create unexpected friction and costs in cross-cultural management. Combining theories on knowledge creation, decision making and research on language we intend to show how central elements of organizing such as rules, communication and decisions may be affected by differences in mentality predicted by linguistic differences.

Our research question is therefore: May cultural differences in the construction of the concepts ‘rules’ and ‘identities’ explain obstacles to knowledge creation in within-company co-operation on a global level?

THEORY

Generally, management consists in matching the business model to the ongoing situation and deciding the right routines to apply in the situation (March, 1994). Setting up multiple business units within the same company builds to some extent on the assumption that the rules and routines pertaining to one unit will be applicable in other units also, as when a grocery chain establishes a network of outlets or franchised units. The business model in question may be assumed to be applicable for all the outlets or sub-divisions with minor adjustments for local realities.

In practice, however, reality is fraught with uncertainty and the application of routines to a situation is not necessarily straightforward (Turner & Rindova, 2012). On low or high levels, any situation may require an employee to decide how a current situation fits into the existing routines, or if some kind of adjustment has to be made. A simple low-level example would be negotiating prices to a customer or whether to return a defunct product. Higher level uncertainties may concern investments or major strategic decisions. To some extent, the system of authority within a company may be described in terms of the uncertainty that may be dealt with at any given position. A routine or rule may be enforced locally if the employee is certain about the rule, or the decision may be lifted to a higher level if uncertainty exceeds certain limits.

Our point here is not to enter into decision-making theory, but instead to outline a theoretical map for how members of an organization may differ in the ways that they attempt to replace uncertainty and doubt with the opposite, i.e., certainty and meaning. Some theories about cross-cultural management (e.g., Hofstede, 1980) claim that cultures differ in their tolerance of uncertainty, meaning that some people are more tolerant of uncertainty than others. Our idea here is that all cultures are uncertainty-adverse, but the preferred means of re-establishing certainty varies. In fact, we argue that the reason why culture emerges as a source of conflict is precisely because ambiguity, uncertainty and the search for viable actions will differ depending on the agents’ culturally embedded modes of creating certainty.

According to March (1994), all rule-based decisions requires the actors to consider three kinds of questions: 1) Recognition: What kind of situation is this? 2) Identity: What kind of person (or

organization) am I? 3) Rules: What does a person such as I, or and organization such as this, do in a situation such as this?

According to March, appropriate choices by decision makers (even rationally calculated choices) require them first and foremost to understand their role in the organization and the rules that apply to this kind of situation (rationality is derivative). March claims (p. 59) that “*rules and identities are so obvious that they are more likely to be regarded as a context for behavior than as an interesting phenomenon in their own right...*”

This sentence is interesting since it presumes that rules and identities are, more often than not, taken for granted by the actors – and maybe also by researchers. It is therefore to be expected that if rules and identities in reality are open to different interpretations, conflict will arise between the members of the organizations and their means of solving these may be restricted because their awareness and language about rules and identities are limited – taken for granted, as March claims. This difference may run deeper than the traditional distinction between tacit and explicit knowledge (Nonaka & von Krogh, 2009; Polanyi, 1969).

Research in cross-cultural psychology and management over the recent decade suggest that the concepts of rules and identity may be at the very heart of the cultural differences, certainly between Asia and Europe, but therefore possibly between other regions as well (Li, et al., 2004). Differences stemming from rule-based versus relationship-based governance influence social practices all the way from the organization of business to cognitive constructions in language and individual minds. We believe that our case illuminate how recent knowledge about cross-cultural psychology may apply to the analysis of challenges in international business operations. The three most central concepts we want to address are “rules”, “identity” and “relationships”.

Rules

There is a pervasive difference in how order is enforced in the Western European and East Asian traditions (Li, et al., 2004). Western societies base their laws and enforcement practices on the assumption on transparent, universal rules, whereas East Asian societies are more inclined towards relationship-based governance. In rule-based governance, the rules and their enforcement can be trusted to exist independent of the actors. Contracts are written and adhered to under the threat of sanctions from a third-party law enforcement agency, such as courts and other governmental regulators. To the extent that Western societies are rule-based, actors such as employees or business partners do no need to pay much attention to each other as long as they heed their contractual obligations. One of the economic benefits to society from this form is e.g. low entry- or exit barriers for employees in companies or for partners in business.

Conversely, in countries with lower levels of rule-based governance, social order and predictability in business transactions may be founded and enforced through relationships. In relationship-based governance, entry and exit barriers are high, since the actors need to be involved in long-term trust building activities. Important features of relationship-based governance are displays of hard-to-fake commitments (Atran, 2002) on other levels than pure business, such as socializing and investment of time and energy, and inclusion of the actors in wider social networks where opportunistic behaviour from one part can have grave consequences in other parts of society. In relationship-based governance, contracts are less important than who you are in a network of relationships that spans wider than the contract partners themselves. For example, the managers of two companies doing business with each other need to consider the other party’s relationship with government, financial institutions and suppliers. Opportunistic attempts at cheating may be prevented by and understanding of the opponent’s possible influence on other resources such as regulations, credits, or customers. The benefit of a business transaction depends not only on the actual numbers in the contract, but also on wider consequences for the actors such as increased local status, benefits to the network or society or other consequences distant to the contract itself.

These differences are probably not restricted to legal practices, but may also be intertwined with language and mindsets in a way which makes them difficult to translate between those affected. The social construction of reality may reach further than we think (Berger & Luckman, 1966). Laboratory

research on cross-cultural psychology shows wide differences in how the world is construed based on the linguistic and cultural upbringing of the participants (Boroditsky, 2011; S. W. S. Lee, et al., 2010; Nisbett, 2003; Nisbett, Peng, Choi, & Norenzayan, 2001; Pinker, 2008). East Asian and Western European cultures diverge on a series was that reality is construed: *Part vs whole*: The western mind seems to believe firmly that reality is created by objects that can be categorized according to rules. Easterners' to the contrary, are more concern with wholes, that is, any fact or feature is only relevant as related to other features, and rules do not have the same salience in defining objects as their mutual relationships.

Individual Agency vs Collective Positions

Westerners grow up to believe in making choices for themselves and standing out from the crowd, whereas Asians will consider their acts within its context as more important than in itself. For this reason, Westerners tend to perceive themselves as more independent than Asians, and both groups are more likely to see their own behaviors as conforming to an ideal.

Challenge vs Compliance in Dialogue

Because of Westerners' belief in abstract rules and agentism, they tend to speak their minds, pose direct questions or give direct reply with less concern for their counterparts even when there are status differences involved. East Asians experience truths as less rule-oriented and more a matter of social construction. They may not voice direct disagreements or even utter themselves at all. Individuals of higher social rank may also not expect long verbal interactions from subordinates, since the followers are more expected to make the superiors' viewpoints come true than to discuss whether they are actually true.

Low vs High Context Languages

Cultures may be differentiated as low- vs high context cultures (Hall, 1977). The various complexities of different languages may make them more or less dependent on the context (Boroditsky & Gaby, 2010). While Chinese is a low-context language, German is low-context. The implication is that a German speaker will need to construct grammatically complicated sentences, applying unbending rules, in uttering a message that is very precise and difficult to misunderstand. Chinese, however, will utter themselves in a language that is characterized by poetical connotations, low grammatical complexity and minimalism that requires a high degree of context to fully understand the message. A brief example may clarify this: Assume that a worker applies for a job, but lacks formal qualifications and is told that there may be an oral exam to document the knowledge. If the applicant wonders what this exam will be about, a German may ask: "Im Falle einer mündlichen Prüfung, was denken Sie, worüber wir hätten reden können müssen?" The sentence contains 26 syllables, 3 cases, and 12 words with specific flexions. A Chinese might ask "考试的话，要说什么？", making 8 syllables, no cases, no flexions.

Whereas the German language follows systematic rules, the Chinese language is particularistic. Both written and spoken requires memorization of a myriad of particular elements and meanings. One good example is the measure words, single markers in front of objects that vary with almost no special rules between classes of objects.

It is interesting how ancient Greek and Chinese philosophers disagreed on the particular nature of language at about the 5th century BC: Dating back to Heraclitus Western philosophy sees the world as "logically" structured, i.e., it is principally possible to describe the world using language (Wittgenstein, 1922). Influential Chinese philosophers such as Lao-Zi would to the contrary claim that the complexity of the world is not explicable in words and that language imposes artificial distinctions on wholistic relations in the world (Lao-Tse, 1995). Westerners are inclined to believe in abstract theoretical principles in a Platonistic preference of ideas above particular instances. According to Nisbett and co-workers (Nisbett, et al., 2001), this difference will make Westerners outspoken since "truth" is in a logical system independent of the speakers, and curious, since the understanding of general rules may be applicable in other settings. To sum it up in one sentence: To speakers of Germanic languages, systems, rules and truths are relatively independent of the speakers.

Identity and Relationships

Even in the West, identity has traditionally been seen as on relationships to others (e.g., Mead, 1934). In a world where general rules are of little use, all entities receive their meanings and importance from their relationship to others in a wholistic pattern. For instance, Chinese particularism and focus on relationships combine to make up an overwhelmingly complex system of kinship titles. In order to address their relatives appropriately, Chinese native speakers will need to master more than 100 concepts that describe the precise relationship between the speaker and the relative – whether paternal or maternal side, older or younger than the speaker’s own parents, and different whether related by blood lines or marriage. Westerners will come far with about 20 such labels and no-one is much offended if names are used instead. The Chinese speaker will spontaneously fine-tune the relationship status of any person relative to a great number of other people in ways inconceivable to westerners. Thus, in spoken interaction, the speech content will be in focus to the Westerner, but the speech act as part of a relationship is a major concern to a Chinese. “Truth” is not a strict rule but emerges out of what may be said within a relationship, as specifically stated by Confucius (2009) but also recognized by the elder Wittgenstein (Wittgenstein, 1953).

A relationship-oriented community of speakers will pay more attention to “who” than “what”. Chinese speakers will pay more attention to the precise choice of wording given the context and the status of the participants in the conversation. The informational content will depend on what is appropriate to say, to whom, also considering the presence or absence of others, shaping the speech act even more than the content (Bateson, 1972; Watzlawick, Bavelas, & Jackson, 1967).

March claims (1994, p. 62) that “*In a socialization perspective, identity is adopted or imposed rather than discovered or created.*” But how is identity imposed, and what would it mean that it is “discovered”? We assume here that in identities are imposed on people and adopted according to the agents’ cultural understanding. To “discover” an identity could imply a growing awareness that the surroundings hold other ideas about one’s identity than originally thought. One may, for instance, slowly realize that one is relatively unimportant or powerless despite title and formal position.

Consequences of Rules and Relationships on Authority and Uncertainty

These differences may have notable impacts on organizational processes and decisions. Germans and North-Europeans in general will expect rules of all kinds to be part of work, and to shape professional standards and authority alike. When a situation implies a deviation from routines, the exercise of authority will tend to call people back to the rules, if necessary by force. East Asians will believe less in rules and engage less in the enforcement of these. They will instead be extremely attentive to identities within a bigger picture. One’s own boss and the proximate network will have top priority, as will customers and other local powerful actors such as government or suppliers. Authority to a North European follows from the hierarchy of rules, i.e., a person in charge of a process has ultimately the right to instruct others. To an East Asian, authority follows from the position of relationships. A distant boss is less important than a close boss, and above all: Authority comes from a reciprocal responsibility for the relationship in a paternalistic way (Cheng, 2008; Confucius, 2009; Yu, Xiaoming, Liluo, & Wenquan, 2008). North European authoritarian leadership appears sterile to Chinese since it only entails instruction, but no confirmation of relationship. Instructions that run counter to cultural assumptions about meaning and authority will increase rather than reduce uncertainty. Our hypothesis is that both Europeans and East Asians will increase rather than reduce uncertainty in deviant situations by evoking their cultural stereotypes of authority when dealing with representatives of the other culture. Attempts that play along with the cultural assumptions will reduce uncertainty.

The Scandinavian languages are of course closer to German than to Chinese, but with less observance of grammatical rules. Even so, recent research on the effects of language suggest that within-culture variations in language may create detectable differences in cognitive constructions, such as agentism and causality (Boroditsky, 2011). Thus, the business impact of differences in rule-based versus relationship-based governance is paralleled by profound differences in the way that members of organizations perceive, construct or interpret the world, shaping natives behaviour effortlessly without self-reflection

(Gollwitzer, 1990; Parks-Stamm, Oettingen, & Gollwitzer, 2010) but to the bewilderment of those that do not share the system. This is not only posing a practical challenge in establishing and executing organizational routines, but also leaves an unanswered practical question: In the likely case of conflicting viewpoints, does there exist a common ground on which answers may be found to reduce the uncertainty of everyone included? Or do different contexts require different explanations of what is happening? A common ethnocentric fallacy is to try to convince one of the sides that their perception is a misunderstanding, for which the other view is a valid explanation. This approach risks not only to fail, but to be experienced as grave arrogance.

METHOD

Case Description

This is a case study using observations from a construction company operating in Europe and Asia. Most of the business units are in Norway, Sweden, Germany, China, and Korea. As a corporation, it has developed through mergers and acquisitions and spans several individual legal subjects. It has followed the general industrial development in the last decades, where technologies and design are still largely made in Europe, and production and assembly is done in Asia where the bulk of the market has developed. This is a business-to-business industry, and it may sometimes be a bit unclear who the final customer is. The study is undertaken after an invitation on behalf of this corporation to do so.

Sample

The inclusion criterion for the study was not function or level, but actual personal experience with this cross-cultural communication. This yielded a remarkable variation in positions from top management level to sales managers, service engineers, project engineers, production managers etc. All informants were appointed by their local managers based on their exposure to cross-cultural communication. The initiative was broadly supported throughout the organization and we have no reasons to believe that there were systematic biases in viewpoints or who were allowed to have a voice.

Data Collection

In this project we interviewed a total of 58 employees using in-depth or semi-structured interviews. Each interview followed a semi-structured interview guide with room to talk about what each employee felt was most important. We also followed up more on the questions that seemed most relevant in a given interview, “can you describe this in more in detail?”, “can you give an example of this?”, “anything else you want to add to this?” etc.

In almost all the interviews we were two people conducting the interview – one moderator asking questions and the other writing down the answers. Most interviews were done in English, but some of the interviews were done in Chinese, German, Swedish or Norwegian depending on the language levels of the informants. Most important for this form of interviewing is to create an atmosphere of trust, making it easy to talk. Each interview started with guaranteeing anonymity for all participants, underlining that we as a third party was only interested in their experience, viewpoints and advice. Each interview lasted 40-60 minutes.

TABLE 1
PLACES AND NUMBER OF INTERVIEWS

China	32
Germany	13
Scandinavia	13
Total	58

Strategy for Analysis

Using NVivo, we analyzed our empirical material along the following focus questions: Which are the deviant situations our informants bring up, and how do the constructions of these fit our theoretical assumptions about rules, relationships and uncertainty? Second, we look at attempts at solutions to see whether these have reduced or increased uncertainty dependent on their cultural impact. Third, we address the informants' call for solutions and the cultural assumptions inherent in these. Fourth, we analyze the company HQ's attempts at addressing solutions that actually integrate instead of increase distances.

FINDINGS

Part 1: Deviant Situations in Terms of Rules and Identities

A deviant situation is any situation that requires a stop and re-orienting of ongoing work. It does not need to be critical or emotionally provoking, but all deviant situations run the risk of escalating with dire consequences to profits, reputation, customer relations or similar. We have defined four main areas of routine execution that may be crucial to business: customer focus, transfer of technology and competence, efficient communication, and rigid management practices.

Customer Focus

To the Chinese interviewees, swift customer service and flexibility is more important than designs and contracts. The Chinese market has been expanding so rapidly that it has been necessary to stay afloat by seeing things from the customers' side and help finding solutions. This can involve certain flexibility around designs or contracts: *"Germans care about plan very carefully when it comes to original plan, but they never listen to customer change or needs. We communicate constantly with our customer and cannot only follow the original contract and not customer's real situation. In Germany contract is number one, but in our culture and maybe also Indian, we don't care as much about the original contract - more about realistic today situation."*

To the contrary, the Germans believe that fixed, unified standards and contracts builds brand, reputation and trust, and that this unflinching belief in the power of rules will ultimately prevail: *"Germans have on average a strong mind – we have our rules and regulations and stick to the rules, and no other way is right. But there are always little ways to the left or right, that are neither wrong nor right, but the Germans cannot accept to do it that way."*

The Chinese tend to demonstrate customer focus by sacrificing rules (contracts, standards, designs) for complying with the customers' expressed desires. The relationship to the customer is more important than the rules. To the North Europeans in general and the Germans in particular, it seems the "real" customers seem to be an abstract entity, since a customer who would want the company to depart from rule-based design and business practices must be a dubious partner, making the game chaotic for all other rule-obeying customers. The Chinese organizational members see any real, particular customer as more real and demanding of attention than a hypothetical group of future customers.

The interviews revealed a whole series of instances where the Chinese observed lost business as a consequence of rigid European attitudes towards customers: *"Germans did not deliver when customer asked and lost customer because of not willing to meet customer's needs – stick to own principles. So they fall out of suppliers list."* *"Customer wants to change colour of the product and if they request before work has started Chinese will charge nothing, but Germans will charge because they have to adjust some documents."* *"Chinese people more flexible, German brain more fixed, so they can make good machines if they are not disturbed by the customer, but no orders in future."* *"Something I don't understand: Norwegians and Germans don't understand urgency and change towards customer – this will have a very bad influence in the Chinese market. For instance to prepare an offer that could be done in two hours – they take several days, if not a week."* *"Chinese and Norwegian units treat customers like friends, we do not raise prices just to our own benefit. Germans can raise prices when customer is in desperate need of something."*

The Germans claim about the Chinese that: *“they also have a more flexible attitude towards technical solutions than we have. Their ideas about quality are totally different. I think that the only chance of change here is that if the ship owner is strict, and gets support from the classification society, then it will change. If they need to improve to sell the product, they will do it. But if the customer does not ask, they will not be creating more quality.”* The Chinese interpret the Germans as “stubborn”: *“German quality and stubbornness is a good thing and China has to follow at some point anyway, otherwise there will be no development”*.

Confronted with Chinese flexibility, the Germans counter that Chinese customers may actually accept a lot of mistakes, since they *“... can handle a lot of mistakes in the same flexible way – the problem is that we don’t like it that way (in Germany)”*

A core difference in these assumptions is that in China, manpower is generally cheaper than materials, whereas it is different in Europe. This shapes the way of thinking about rules and objects in production and business.

Several informants stress that there always will be disagreements regarding quality between the design part and the production part of a company. They indicate that the quality debate between Europe and China is not solely a matter of different and culturally related quality standards, but rather a discrepancy between an ideal and a pragmatic real life approach to components. But like the Germans showing some understanding for the Chinese ideas of quality above, the Chinese also wonder about how realistic the Germans are in the sense that immediate reality goes before abstract rules:

“There is a discrepancy between designing and reality; we are not able to fulfil the designs. The Germans overestimate our techniques and capacity, and some designs from Germany are too ideal – not realistic.”

A European who believes in rules above reality often adopt arrogant attitudes towards this Chinese perspective, since breaking the rules will be exposed as a failure later on. But this may not happen as often as the rule-based perspective indicates. As a Norwegian interviewee observes: *“With the exception of some production errors, [the Chinese] have done well: few severe errors have been made and they’ve carried out a lot of projects”*

One German voice claims that the Chinese “customers” are not really the end customers, but only the next assembly link in a value chain: *“Customer focus – we are closer to the end customers than the Chinese. They are dealing with the [assembly facilities] – these want cheap products – and the end customers, the owners, want good products. It is difficult for us to assure our customers the right quality.”*

Knowledge Transfer

The development of the Chinese facilities is astounding, as observed from the Europeans: *“The Chinese made bigger progress in a year than I’d imagined beforehand”*. But the development did not run as originally assumed by the participants.

The original way of implementing company standards and procedures in the newly established China branch was by sending them a manual containing all needed information on the subjects, the E-manual which was to be handed over to the China offices upon establishment. The E-manual was however not ready in due time and hence the Chinese offices did not have complete instructions on what was expected, what was to be done and how. Further, since Germany was a natural source of expertise and knowledge, German employees were sent over as trainers to the new offices. This training and knowledge sharing process was expressed by interviewees from several countries to have been difficult for both parties.

One reason for the obstacles in knowledge transfer was mutual distrust: *“Our fear that the Chinese will steal our technology and competence makes us refrain from sending our best men, or sending over part of knowledge. This fear hinders good cooperation.”* This was of course obvious to the Chinese also: *“They are afraid we will reach their level too fast; take over.”* There were, however, other issues also, that prevented knowledge transfer.

Apart from outright distrust, there were more technical and less emotional barriers towards knowledge transfer. One important bottleneck was the existing competence: *“The main problem in China, if you look at engineers, there is no practice behind them. They come directly from school, had never had a piece of steel in their hands. The basic problems for the operators also is that they come directly from a farm in the countryside, and start working by looking at others.”*

A single, important source of deviant situation were repeated occasions where the Germans assumed that technical drawings could be read and used for construction in China, but this simply was not possible: *“Normally the contact with the Chinese doesn’t work at all, there are big problems because a lot of the German colleagues don’t understand the communication issue. They think that the Chinese should be able to understand what they need from reading the drawings. This creates a lot of frustration on both sides.”* The frustration affects the dialogue, as Chinese employees explain: *“Before trust we ask wrong, or too simple and easy questions.”*

The attempts at bridging the knowledge gap were not fruitful since *“Our problem here in Germany is that all our employees have not been trained in communicating in an efficient way with the Chinese.”* This view is shared by some of the Chinese managers who comment that *“...colleagues often have problems. Sometimes because they have not know each other for long and has little experience with German culture.”*

The Chinese engineers’ problem is not restricted to Germany: *“[Norway] office does not understand the situation here, only communicate during e-mail and phone – no real meetings. We do not understand Norway either.”*

This knowledge bridge is almost directly assessable in the time required to make clarifications: *“80-90% of the communication is about clarification, particularly in the beginning of the projects. In any kind of project, this clarification would be necessary, but within Germany maybe only about 20-30% of the communication would be clarification. So about 50% of the communication efforts are due to cultural differences.”*

But despite all efforts to improve quality on the site in China, the German designers see that there are differences in the aims of development: *“The problem is our different understanding of concepts such as quality and reliability. The products made here have been continuously improved, the staff has been very proud of it. When they see that their drawings are sent to China, they see that their designs are not carried out as intended, it hurts them.”*

The European informants made several remarks that broken or dirty parts should be changed, the objective being that the product can live for a long time without maintenance. To the Chinese, a high pressure washer was seen as an unnecessary piece of equipment since the soap cost money, and if the product fails due to dirt inside, it is easy to send people to fix it. To the Europeans, “knowledge transfer” seems to be more about the things in themselves, whereas to the Chinese, things are embedded in the hands of people using, maintaining and fixing them.

Lack of Mutual Communication

Two types of situations that Asians and Europeans alike complain about are slow or actually lacking responses. These situations are strangely alike, and the numbers of reported instances are totally identical in the sources. The Chinese side is typically attributing the lack of response to European holidays and restricted working hours: *“Lost 2 big projects (65 millions altogether) to England because the customers were not interested in waiting for Norway, idling and bad communication from there.”* *“Our feedback information back to Germany gets bad and slow response.”* *“...response time is too slow from Germany. Cause delays with customers. Always vacation.”* *“In Europe one can let the customer, the assembly site wait or not answer at all.”* *“Communication with German company sometimes very slow ...if original person is on vacation, maybe nothing can be done.”* The unresponsiveness of business units is also found in individuals: *“German person in [China] never talks to them – give them information about his work routines and schedule, still he reports to headquarter that this daughter company is out of control and that people do what they want here, and do not communicate.”*

Some Chinese are attentive to the asymmetrical situation in headcounts and market volume: *“Why so slow response from Germany? Lack of hands and lack of people there. Many customers.”* *“Probably the guys in Norway have much to do, so we don’t blame them, but have to wait – need approval.”* They also notice how answers are sometimes more important in some situations than in others: *“...some communication problems with Germany. Late answer to us, so we have to chase them, but they have high demands for us to answer fast.”*

Whereas the Chinese attribute European lack of response to holidays and leisure going before customers, the European complain of lack of response from Chinese due to incomprehensible cultural communication barriers: *“We ask questions, we don’t get any answers. It is a big challenge to get information.”* *“If you need to know something, you don’t get feedback, and it may be better to give them a call. If we send a list of issues, we get no feedback for months. So lists of feedback issues for projects will not be answered. There is no feedback from the other side, we don’t know what they want.”* *“I tried to find explanations that we could use to bridge the contact with the customers. I sent very nice letters and asked them to confirm the dates. I received messages stating “no problems”, but in the end nothing happened.”* When you do get a response, *“the people are very nice but it is difficult to get information out of the company.”*

Even when it may improve, the contact is still awkwardly one-sided: *“In the beginning I did not get any replies, I had to call again and again, but now they know me and give me replies, often from the assembly site direct, but it still takes a lot of time.”*

Some of the Europeans perceive that there may be a reason for a pattern in lack of answers: *“Chinese who get an urgent e-mail don’t always feel it urgent to reply – they are more concerned with customer demand than the supplier urgency.”* *“The case for videoconferencing is not so good, the low levels people are afraid to communicate freely and the top level guys don’t like to speak freely since their English is not very good.”*

Rigid Management Practices

As a final comment on deviant situations, many informants on both sides had observed a curious rigid management practice among the “others”. Rigidity is almost a defining characteristic of the Germans, both in the eyes of Chinese co-workers and actually also among themselves. First a Norwegian: *“German accuracy against Chinese pragmatism – totally impossible. Chinese will solve anything within certain limits. Germans don’t.”* The Chinese say: *“Germans give very little tolerance – for most products no tolerance, some minor products some tolerance.”* *“Local German could solve problem, but always need confirmation from headquarters.”* *“Jenny replaced a German who now moved back to Germany. This German sent 20 e-mails every day to check on Jenny – waste of time – should be reports on weekly or monthly basis, but not everyday control and treat Jenny like secretary. Now improving – only 4 e-mails per day.”* *“The Germans have no idea what the work in China is like, they are just waiting for mistakes to happen so that they can complain.”* Even in internal discussions, the Germans amaze the Chinese: *“...we think that we should follow some historical rules, but Germans don’t. They are just very strict and start unpleasant internal negotiations.”*

Some German observers have noticed this also: *“We may have been too strict, we should have been a bit more open-minded to find a way and fix it.”* *“Germans have on average a strong mind – we have our rules and regulations and stick to the rules, and no other way is right. But there are always little ways to the left or right, that are not wrong nor right, but the Germans cannot accept to do it that way. This attitude makes it difficult to be flexible.”* *“The Germans are better in planning and avoiding problems, but when the problems appear, the Koreans are more flexible and the Germans get stiff.”*

The Europeans also find similar rigidity in Chinese, but this happens in other types of situations: *“The Chinese have problems findings decisions.”* *“It depends on the leadership – Chinese managers stick to their own rules and don’t want any German persons to have any influence.”* *“The Chinese also need to discuss and discuss, endlessly, they don’t like to make decisions alone. The rich and the powerful find their own ways, but the working people don’t want to make any decisions, they need instructions.”*

Some of the Chinese managers also see these tendencies: *“As the Chinese, we have two kinds of people – the old people who have their own opinions and the young ones who are more open but who are not allowed to speak freely.”*

Summing up the section on deviant situations, it may be said that all informants recognize the deviant situations, but they are interpreted very differently depending on the cultural location. German engineering and quality assurance is tightly knit to their propensity to interpret the world according to rules and regulations, and they frequently find faulty designs, lack of understanding and general deviances from professional, legal or managerial standards. They pursue this in direct dialogues, demanding answers and documentation and are frequently frustrated by silence. Conversely, the Chinese find themselves in a continuous struggle to serve a booming market and will do everything to please the customers. The experience the Europeans as provokingly unpleasant in spoken exchange and the result is frequent fear of losing contracts and customer relationships. In the eyes of the Chinese, the Europeans are on all sorts of vacations and find all kinds of reasons to frustrate customers and harass co-workers.

Part 2A: Effects of Attempted Solutions on Perceived Uncertainty that Did Not Work

As problems were reported, on suggestion came to reduce communication problems by transferring technology to the production sites, but this attempt was unsuccessful, probably due to barriers in knowledge transfer: *“[It was] decide that technology should be transferred from Germany, but not executed.”*

The Germans were afraid of quality problems and interfered with the Chinese who were eager to please the customers: *“We are always talking about problems, we talk about time... They just want to deliver and finish, and we disturb them there, it is always hard to have a good communication when you always talk about bad things. Most of the time, the process ends in a fight.”*

The reason why fights appear are evident in this recall of an attempt at understanding customer focus: *“When they say: ‘The customer first’, we don’t understand what they mean by that. They would want to cheat the customer and be secretive about everything, we want to be open about everything, this is a totally different kind of customer focus. But they don’t call this ‘lying’. I tried to be tough in the beginning as they were telling me strange things, but that did not work – they were trying to protect my face as well. It was positive for them, but I did not understand that.”* *“I asked my Chinese colleagues about the quality issue, they just said that they are pushing so many cranes, there will be problems sometimes... I was shocked by the way that they could lie to save face and everybody accepts it, lie in front of everybody but saving face is better.”*

The previous quotes illustrate how situations causing uncertainty are interpreted and attempted solved according to different beliefs in the role and power of language. Confronted with what they experience as “lies”, the Germans first got angry. The Chinese, unable to cope with direct language, tried to re-establish social harmony and the groups drifted apart. In hindsight, the Germans now realize that confronting dialogues may not be the easiest ways to solve problems *“We expected too much from the Chinese in the beginning. They never said ‘no’ when we asked them to do something. In Germany ‘yes’ means ‘yes’.”* The confronting reactions were tough to the Chinese who experienced it in this way: *“For Germany maybe they will answer my question with a new question. Norway answers me. Germans want process to be in their way.”* In sum, the whole talking business of the explicit Germans is not intuitively understandable to the context-dependent Chinese: *“German colleagues need a lot of explanation of why do we do like this and that.”*

The German response was fairly derogative: *“...you can forget about these guys, they are so difficult to deal with, they don’t reply on time and they are unreliable, they say “yes yes” and don’t do anything.”*

Occasionally, the German rigidity was met with attempts at explaining, but since they resulted in nothing, the Chinese concluded just as gloomily *“Improvements require motivation. Now maybe Germans are not willing to improve, and [Chinese business unit] tries to avoid Germany as much as possible.”* *“The only solution: less interaction!”*

No wonder, then, that the intended knowledge transfer or routine executions ran aground simply because of absence: *“The service technicians ...send reports, but they stopped this after we asked too*

many questions – they showed a lot of problems that we would like to know about. They then stopped communicating with us because it became too much.” Attempts at addressing technology and communication problems were sometimes barren: “We can be really surprised about the lack of progress, it happened that no-one came at pre-arranged appointments.”

The lack of interaction sometimes took costly business proportions, as when a European and a Chinese business unit signed contracts with sub-contractors for the same delivery after several weeks of communication. For unknown reasons communication stopped, and each party insisted on continuing on their own. When the Europeans found their suppliers, the Chinese had already executed the project with their own sub-suppliers. The Europeans ended up having to pay USD 100.000 to get out of their contract.

The Germans tried to assign their own inspectors to oversee quality and technology in local facilities, but this was no certain success: “This depends on the German supervisor’s behavior. If he is arrogant he can ruin a lot for us, we had some bad experience some years ago.”

“Normally I try to have a routine and discuss solutions by phone or explain by e-mail. I [never] get the reports from the Chinese. This may be a personal issue concerning the people involved, but I try to create routines.”

The Chinese concluded that concerning customer needs, “Germans are never in a hurry. So if we are not in a hurry, they are not in a hurry, so I have to find a way to stress them.”

Sending Chinese to Europe was also tried out, but the lack of relationship orientation (=hospitality) there made this approach also difficult: “When Chinese came to Germany, they were risking being treated without respect and this could actually make it worse.” “...we want to visit owners in Europe together with Germans because we know more about the opportunities and situation of Chinese assembly works. But we have visa problems and of course cost of traveling.”

Still, specific crises are tough to solve when transparency and trust are at low levels: “At the time of the financial crisis, we needed to build up at team to look at the possibilities, go to the assembly works and look at what is happening. But when it comes to opening the books, what is happening concerning profitability and costs in projects, forget it.” This feeling of impenetrable obstacles is overwhelming: “There isn’t much [the company] could do to improve the communication that hasn’t already been done.”

The Chinese, on the other hand, also felt that their communicative attempts were unanswered: “Difficult to improve from our side. Matter of culture and habits, and sometimes endless circle of e-mails because A is on vacation and B and C also not available.” A Chinese response would then be to raise the issue to a higher level to activate a boss, but: “Not have the upper hand in purchasing so pressure not always possible, but have tried to CC boss, but not work well.” Raising an issue to a higher level only works if the “higher level” understands the situation as deviant. But as long as a German manager operates according to rules, a relationship-based call to intervene is not necessarily successful – and vice versa. A German trying to get pressure on his Chinese counterpart by cc’ing this person’s boss has a low likelihood of breaking through the loyalty of relationship with a complaint about rules.

Once, these tensions grew to an extent where a European expatriate poured paint over a Chinese worker’s head in a heated exchange over production quality. The European finally had to lock himself into a closet to get away from furious Chinese workers. After calling for help the European expatriate had to officially apologize to the Chinese, but could not continue to work in the factory and moved back to Europe. The situation is almost as paradoxical as it is cruel, since both Chinese and Germans recognize a similar feature of traditional management styles in the two countries: Bosses are allowed to issue orders that are non-negotiable with a high power distance. But the German fails to support his case by resting on paternalistic relationships, as shown by the uproar against him, and probably also made incomprehensible demands based on invisible principles, evoking authority on explanations and systematic argumentation.

Part 2B: Effects of Attempted Solutions on Perceived Uncertainty that Seemed to Works

Obvious as it may seem, starting with the basics is never wrong: “The biggest issue we have is to make what we are saying understandable to them. So written information is easier to understand than oral communication.”

But the best way of helping a message across is to make communication personal through relationships. To Chinese managers, established personal relationships are top priority: “A *technical manager in Sweden died, when sick I flew immediately to see him, Swedish people said no point: he is very sick. I do not accept this – everybody want visit. I go and see him. Swedish friends on vacation – after too late.*” The value of relating to persons instead of positions is sometimes adopted in Europe, too: “*I always make pictures of these guys, I enter them into my mobile phone, so that we see each other. It’s too expensive to have people move, but face-to-face communication is really important.*” “*Communication always improves if you have closer contacts.*” “*The physical meetings are most important, they immediately lead to an improvement of the phone and email exchanges. It is important to Chinese to see and trust you, it pays off afterwards.*” The Chinese have seen that this holds for the Europeans too: “*Most important to keep focus on future and direct communication on daily business level, and not wait – inform fast.*” “*I went to the [Norwegian] manager seminar and learnt about the differences in culture, nothing scientific but from within the company. The groups lack this kind of basic information. So I thought maybe we need personal meetings, face to face.*”

Involving the decision makers from the other side on a personal level may even evoke change of rules: “*Control routines have been improved in China by new methods, but not approved from Germany, but implemented anyway, and German top guy inspected and liked/accepted and brought back to Germany – now do Chinese way. Process illustrates problem of Germans feeling superior, but in reality the Chinese now know more about production.*”

Both sides find that copying the style of the other may help, i.e., if they understand how the other side is thinking: “*When Norwegians are more flexible, we are more flexible, when Germans are more strict, we are more strict.*” “*Her own quick feedback resulted in quick feedback from Germans – reciprocal issue*” Even the seemingly relaxed style of the Europeans seems to be possible for the Chinese to adopt to a certain degree: “*Before when I lost an order I was unhappy for a week – now I can relax more. Everybody need a life – in this sense learn a lot from Sweden and Norway. Chinese kids must learn this.*”

The Chinese way of handling contracts may also be anticipated by the Europeans: “*I have also started to think Chinese, and think that for every contract negotiations will continue – calculate with a buffer.*” And to be pushy may work both ways: “*...some communication problems with Germany. Late answer to us, so we have to chase them, but they have high demands for us to answer fast. I have to call and push them.*” “*Know how to pull and push to get Germans to understand – then you win!*”

Some managers also understand that verbal exchange is different in different cultures and try not to meddle in the process, just attend to the outcome: “*I used to make them discuss for a while in Chinese, then explain to me, and I would give them a decision.*” Learning to accept the different ways then becomes possible: “*I have adapted and they have adapted. You get used to spend more time, speak softly, not get annoyed, and things will work out.*” Some Europeans read books on the issues and use knowledge actively: “*The biggest mistake Europeans do is to compare with our own history, we should just accept them. If you face them with an open mind and realize that their thinking is total different – they speak in metaphors and we are using grammatical structures.*” If these types of discussions can be arranged around technical challenges, it may actually work: “*The QA documentation system is a good example of how systems can bring people together in frequent communication and brain storming that creates some common understanding and platforms.*”

In a way, better communication may come from accepting and live with the differences: “*You have to be constructive, and don’t talk so much internally. ... We need to differ between the big and the small issues here. It was the same mindset we had as we started co-operation with Poland many years ago, we were looking only at the mistakes.*” The Chinese likewise sometimes see themselves as blocking the Germans: “*Germans respond if we give them pressure. They understand us, but maybe problem is on our side: we just have too many projects.*”

Still, building relations to understand a situation is a slow process and previous relations are no quick fix when moving to a different location: “*The communication with the Chinese runs smoothly when you get to know them, but if you come to a new place where you don’t know anybody, you need to control everything. Some people are very good but some are completely hopeless and you never know. And to*

teach people the right ways sometimes runs against the way that they have been learning at school – they know every detail but cannot create the bigger picture.”

The most prevalent method for obtaining success seems to be that of assigning “cultural ambassadors” – people with an interest in and talent for handling the culture on the “other” side, and who also establish relationships such that trust grows: *“We have employed one German here employed jointly by Germany and us to go to the factory and communicate to German office because German office don’t believe in us.” “I think it is easy for the Chinese to send me e-mails if they have questions, at least for the managers. They designate people to contact me. I am only communicating with 3 or 4 people.” “My colleague ...can speak differently with the assembly site people, since he speaks Chinese they get on with each other. The assembly site workers talk back to him. I also feel that the co-operation with him is a real teamwork. “ “We bypass it now by using the contract managers as a kind of filter. We have given up some people, and we use certain people as contact persons... The results from the last year look good so we cannot have been doing so badly.” “When we discuss, about 50% of what we do is clarification of processes. I don’t see this as typical of China, this is the same way in every country, but the reason it works in China is that this person is very good at communicating with Europeans.” “Sometimes for Germany I have to use a mediator to help – another German that I have good cooperation with.”*

As this part shows, there are many approaches that have been successful. But as predicted by theory, they all have in common that they do not evoke formal authority as first option but instead establishes personal contacts through which trust and eventually technical solutions find a way. Another related point is that curiosity about the others seems unevenly distributed. Despite some arrogant comments from some Europeans, a sizeable number have tried to understand the “system” behind the Chinese mentality, as predicted by Nisbett (2003).

Part 3: The Organization Members’ Call for Solutions and the Inherent Cultural Assumptions

The easiest way to improve future co-operation is to request others to stop being different. Some interviewed Chinese subjects call for the Germans to stop being “German” in the sense of systematic and controlling: *“Should cooperate and not control.” “Germans need to understand Chinese flexibility – problems can be solved.” “Germans are not willing to share technology with Chinese colleagues; need to change attitude.” “Germany should start checking their mail box.”* Some Germans hope that this may be acquired without making their own employees totally Chinese: *“We have to make our own employees understand how big these structures are, and how to communicate effectively with the organizational structures in Asia.” “But even more training in Chinese behaviors would be helpful.”*

Some Germans of course want the Chinese to become more German: *“The thing that could be improved would be if the Chinese contracts would be treated as contracts. This is a general problem in China, even with the customers and assembly sites.”* Some Chinese also see this as a possibility: *“German quality and stubbornness is a good thing and China has to follow at some point anyway, otherwise no development.” “Need to be more decisive and say yes or no to ourselves and to Germans, not strict enough for quality and process – we need to improve.”*

Other suggestions sound like wishing others to just go away: *“Technology should be transferred to China and start own R&D here. Adjustments should be done in design to meet Chinese local conditions, machines, equipment. Get more local suppliers to control quality assurance and processes. Communication via Germany towards European supplier not work well.”* A version of this is to hope for globalization to happen on a corporate level: *“We cannot any longer stick to very local organizational models. We need to communicate and global strategies, explain them, we cannot any longer have small companies with local cultures.”*

Similarly, some people want the top managers to solve issues between them: *“Advice: top management more communication within group and between country offices to mediate conflicts.”* Or, to the contrary, suggest that integration of the people on lower levels would be good: *“More conferences between daughter companies for sharing financial budgeting and settlements, share data, and reduce misunderstanding.”*

All of the above suggestions sound more like wishes than advice – wishing that the cultural differences weren't there, or wishing that somebody on the top could do things. Maybe the most useful wish was the latter suggestion that tighter, more frequent interactions could reduce misunderstandings. But without more specific attention to how interaction should take place, experience suggests that more frequent interactions could also increase tensions.

Therefore, the prevalent call is for communication to improve. Still much of a hope rather than a specific suggestion, many informants offer useful suggestions. One way is to leave the task of integration to specially appointed people such as the “cultural ambassadors”: *“Better with one responsible person for one thing, not many people communicate same thing.”* *“Clarify communication channel between China and Germany, now sometimes 3-4 persons communicate same thing to Germany.”* *“We need somebody there who is in charge of the projects run from Germany.”*

It would also help to use a simpler and more specific language to explain rules: *“The best thing we can do to improve ourselves is to explain very clearly to our employees how we work and why – create a clear picture of how we work.”* *“Important to use simple language: bullet points and clear, Norwegians and Germans not English as first language – have to find common and simple way to use English language.”*

But a seemingly small obstacle to improvement of communication comes from some observations on what it means to be “clearer” or have “clearer rules”: *“for instance when check on contract follow up we do well, but we do not have institutionalized rules, so not waterproof. Routines and personal responsibility for checking is needed.”* The Chinese rely on contextual understanding: *“No rules for communication here, but implicit rule that you have to answer to customer same day – at least tell customer that we will come back next day. No need for rule everybody know.”* The Germans have observed that even when being very clear about rules, *“[the Chinese] don't obey rules and regulations, which can be very dangerous when dealing with parts and constructions with very low levels of tolerance.”*

It is as if the whole project of communicating rules, so central to organizing, is affected by different embodiments and enactments of the nature of rules, and how to communicate and follow them. Some of the informants seem to understand that there is another way that could complement the communication of rules – the establishment of trust: *“The basis for all kinds of business is trust, and trust has to be created. Contracts are only worth anything if there is trust, and that requires relationships.”*

To summarize, the suggestions of the interviewed subjects are themselves victims of the uncertainties. The situation for the company in the world market is dependent on a combination of technological innovation, high quality and penetration of the expanding Asian markets with Asian characteristics. These are core elements of the business model, requiring a knowledge transfer that cannot be omitted at present. But the interviewed subjects are obviously frustrated by the ongoing patterns of interaction and keep suggestion solutions that are either impossible (wanting cultural differences to go away or organizing units for minimal interaction) or empty (wishing that the top executives could sort this out between them, not knowing how).

A downright dangerous approach would be to create routines and rules based on the understanding of one of the sides. The viewpoints of the “others” as liars, lazy, incompetent, unconcerned with customers, jealous, arrogant or chaotic bear witness to the eruptive, aggressive and potentially provoking effects of cultural stereotypes in organizational routines. Even if the routines themselves may not be carrying these derogatory labels, the effects through actions on others could become clear quite quickly.

The most realistic hope lies in the cultural ambassadors. Clearly, there are individuals on both sides that manage to bridge this. But these individual are seen as special by the others, and probably are also expensive to develop. These are people speaking more languages, who have spent time building relationships, and who are trusted among their own so that they can request co-workers to accept uncertainty and risk on personal grounds.

Part 4: Integration Efforts in the Solutions Suggested by Company HQ

Informed by these interviews, the response from the Company HQ was clear concerning the aims. Less interaction between units is not a viable option: *“in the future we need to take out more synergies through closer cooperation between business units and cross geographical borders.”*

There was an understanding this requires more structured demands from above that people interact, but at the same time corporate HQ was afraid to create a “HQ disease”, implying a company that gets too concerned with central issues at the cost of local adaptation. The question was of course whether the cultural ambassadors could be turned into a systematic practice including more people: *“Creating best practice cases is always a good way to drive change. A good start could be to identify and build cross-cultural projects with selected people who can drive new initiatives.”*

Instead of creating authoritative rules and regulations to enforce this, Corporate HQ decided to create a “value booklet” to guide the purpose of interactions. The following four main values were communicated throughout the organization: 1) We do not risk our brand value (for quick wins), 2) We know that the end user is our most important customer, 3) We transfer knowledge and technology with speed and trust, and 4) We strive for clear common understanding before starting a project/process.

The opinion from HQ is that although there is still a way to go, the cultural differences are signaling opportunities rather than limitations if they can only be exploited. A prime business focus is how to optimize quality, so that a balance between agility, market share and quality may be reached that does not hurt the brand. Against original fears in Europe, the increased volumes stemming from the Asian markets have reversed the trend towards downsizing and actually created new jobs in Europe. If the company can develop people who are able to be innovative within the existing organizational landscape, it may improve all sides. But this takes courage and risk, and one HQ director warns against the need of a “clear common understanding”: *“Often we become slow because we discuss too much when what we really needed was that a decision was made, acted on and followed through.”*

DISCUSSION

The purpose of this study was to explore how language-related differences in concepts of rules, relationships and identities may affect business operations in a global organization. Using interviews from Norwegian, German, Swedish and Chinese employees in a global construction company, we analysed how deviant situations as well as the successful and non-successful attempts at solving the situation may be interpreted in terms of different conceptions of rules and relationships.

As the interviews indicate, the two core problems were related to quality issues and customer orientation. While these issues may be prevalent in any organization, the way the problems appeared and the unsuccessful attempts at solving them were obviously shaped and determined by cultural factors. The company has existed for some years, and a rich bank of experiences in successful as well as futile solution attempts were offered by the interviewed subjects. Different understandings of rules and relationships pervaded the subjects’ explanations of business challenges, deviant situation and how attempts at solving situations were sometimes futile.

Theory on language and cognitive structures suggest that Europeans in general, and Germans in particular, should be inclined towards a rule-based view of the world. It is as if Europeans base their assumptions on a Platonic view of the world where rule-based abstractions are more real than any real instance of a case. The recurring example in our material was how “quality” and “contracts” in the German sense was almost impossibly abstract to the Chinese, who complained that the German designs were too perfect and unrealistic and unresponsive towards customers. The Chinese, on the other hand, would be theoretically expected to not even believe much in general rules and abstract categories. This becomes apparent in the handling of customers. To a Chinese engineer, any actual customer is a lot more “real” than abstract customers who may appear later as a result of quality reputation. The Chinese willingness to depart from rules and concepts to please a customer seems horrifying to a German partner, who identifies with an abstract reputation in a sometimes abstract group of customers – the “market” as

such. Because of this, German engineers may not prioritize a “real” customer if this customer makes demands that compromise the solutions.

A central assumption in most people is that a “problem” will be identifiable as a deviation from rules, and possible to address by naming it and objecting to wrong ways of handling it. In an organizational setting, one may instruct people to understand and use the rules, and in the end dictate the right way of doing things by evoking authority.

These central mechanisms of organizing work may in themselves be afflicted by the cultural differences, as shown by our interviews. If “rules” are seen as a basic component of reality by one part, and as a loose set of guidelines by the others, the participants may not even agree that a problem is occurring, as in the example of German and Chinese viewpoints on the high-pressure device to clean the insides of constructions before assembly. The washer was not used, as it later turned out that the rule to save costs by using less soap (issued by a manager within the workers’ relationships) was taken as more important than a rule to clean the components (issued by the responsible engineers far away), and the ensuing situation was equally confusing to both parties.

The Germans, observing that Chinese workers are accustomed to receive direct orders from their managers, would then often resort to more authoritarian styles of managing. However, the German brand of authoritarian management lacks the central component of the Chinese version: That of established trusting relationships on the “outside” of language. When Chinese leadership works as directive and paternalistic, it will do so because of a pre-established trust in mutual obligations that stretch further than mere contracts. A particularly telling example was the Chinese manager who flew to Europe to visit a dying counterpart. In fact, this orientation towards relationship instead of rules, contracts and spoken clarifications pervades not only the Chinese management, but their whole way of handling customers, suppliers, co-workers and managers.

The exploration of instances where attempted solutions failed shows how contractual enforcements of any kind are very fragile. Europeans seem to be unaware of how their spoken and written exchanges are based on rules and contractual assumptions, and are amazed and annoyed when their requests are neglected, misunderstood or simply unanswered. These reactions may exacerbate the conflicts. The Chinese, on the other hand, perceive the European style as rude, negative and excessively harsh. To the Chinese, spoken and written language is first and foremost shaped by the existing relationships and conflicts, and the transport of factual information is secondary to this. When the Europeans push their argumentative form, the Chinese withdraw and resort to relational reciprocity. Often, this means to withdraw and to have as little as possible to do with the situation. On the other hand, when Germans are enlisted by Chinese to be more relationally oriented, flexible etc., the Europeans get stiff and even when they understand what is expected of them the reaction is resistance because “we don’t like it this way here, yes is yes and no is no”.

What works? The core in any solutions seems to be that of the cultural ambassador. Many informants on both sides ask for “more open minded people” but the company is technologically oriented and people cannot easily be replaced. Knowledge transfer and innovation in a global market are core elements of the business operations and cross-cultural management must find ways to exploit the possibilities instead of running away from them. “Cultural ambassadors” are working on both sides to co-ordinate communication and establish relationships. They have understood the core value of trust, frequent and if possible face-to-face interactions.

Is the “cultural ambassador” only gifted, fortunate individuals, or is it possible to cultivate them on organizational levels and as organizational practices? We believe the corporate HQ in this case did wisely to resist the calls for routines and management verdicts forbidding the “others” to be “others”. Instead, using value statements about production, co-operation and customers served to raise the perspectives in the organization towards long term business goals and win-in solutions.

A common complaint from many successful expats is that corporate HQ seems unable to understand the necessary local adaptations that would expand business. We believe that it may be possible to take a more exploring (March, 1991) and enacting (Weick, 2000; Weick & Bougon, 1986) approach. While knowledge about language may seem like a trivial accessory to management practices, we think that the

time has come to understand the implications of culture and linguistically embedded structures on organizations and their markets. It is hardly coincidental that the “cultural ambassadors” described by our subjects had studied foreign languages (Chinese, German, English).

LIMITATIONS

This is a qualitative interview with a non-randomized sample from one single organization. The topics that were the focus of the interviews were influenced by challenges related to business, market, finance and politics that were themselves not part of the interviews. It is of course possible or even likely that non-cultural organizational aspects influenced viewpoints, and that claims about “culture” were sometimes mere attributions (Kelley, 1967). We also do not have assessments of the level of cultural understanding of our subjects and the extent to which our sample is skewed. However, the participants were representing all levels of the organization, and at least 6 national backgrounds. The interviewed subjects were granted anonymity and their stories fit together in a bigger picture, amounting to what Geertz called a “thick” description (Geertz, 1973). We believe this is a credible account of how mindsets accompanying linguistic differences may influence a business community (Redding, 2005).

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