Dealing with Guanxi and Mianzi

- Challenging the Traditional Unifying Approach towards Culture -

Paper within: Bachelor Thesis within Business Administration at Jönköping International Business School

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Jönköping Spring 2012
Acknowledgements

*The authors would like to express gratitude to all that provided guidance and assistance during the process of writing the thesis:*

- We would like to thank our Swedish and Australian interviewees, for their participation and sharing their experiences with us.

- We would like to thank our tutor Zehra Sayed, for her constant support and feedback throughout the semester.

- We would also like to thank all classmates who provided constructive suggestions for our thesis, during the process of writing.

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Abstract

This paper will display a comparative analysis on how one culture is viewed, differently and similarly, by two other cultures, and how such perceptions impact on cross-cultural management. Hofstede’s (1980) studies on culture dimensions are incorporated substantially in the research, nevertheless, his assumption that culture is apprehended universally will be refuted. The contribution of this research is that it is based on the presumption that culture will be viewed divergently by people of different cultural backgrounds, by employing a triangular comparison among three countries; Sweden, Australia and China.

Whilst working in China, expatriates will encounter Chinese social values of guanxi and mianzi, which are terms well imprinted within the Chinese culture. Guanxi deals with how people in China establish, handle and maintain interpersonal relationships. Mianzi is a term for describing how Chinese preserve their pride and honour in social situations. The concepts will be employed when conducting the comparisons of Australian and Swedish expatriate managers’ interpretations on the two respectively. Findings were qualitatively collected by interviewing expatriates from Australia and Sweden, together with the theoretical framework, combined in a triangular analysis. It was concluded that the young Australian entrepreneurs scrutinized guanxi and mianzi in a more critical manner in comparison to the elder Swedish managers, who had a more neutral approach towards the Chinese social values.
Contents

Acknowledgements ........................................................................... 1
Abstract .......................................................................................... 2

1. Introduction .................................................................................. 5
  1.1 Background ............................................................................. 5
  1.1.1 Cross-cultural Management ................................................. 5
  1.1.2 A Growing Economy ........................................................... 6
  1.1.3 Guanxi and Mianzi ............................................................... 7
  1.1.4. Qualifying Culture ............................................................. 8
  1.2 Problem Specification .............................................................. 9
  1.3 Purpose .................................................................................. 9
  1.4 Research Questions ............................................................... 9
  1.5 Contribution ......................................................................... 9

2. Theoretical Framework ................................................................ 11
  2.1 Culture and Its Impacts on Expatriates .................................... 11
  2.1.1 Culture Clashes in International Management .................... 11
  2.1.2 Hofstede’s Cultural Dimensions .......................................... 12
  2.1.3 Acculturation .................................................................... 14
  2.1.4 Cultural Adjustment ............................................................ 15
  2.2 Culture from Swedish and Australian Perspectives ................ 16
  2.2.1 Swedish Perspectives ......................................................... 16
  2.2.2 Australian Perspectives ...................................................... 18
  2.3 Chinese Social Values – Mianzi and Guanxi ......................... 20

3. Method ...................................................................................... 26
  3.1 Development of Methodology ................................................ 26
  3.2 Collection of Data .................................................................. 27
  3.3 Limitation of Methodology .................................................... 28
  3.4 Analysis of Data .................................................................. 29

4. Empirical Findings ................................................................. 31
  4.1 Perceptions of Chinese Values by Swedish Expatriates .......... 31
  4.1.1 Anders ............................................................................ 31
  4.1.2 Sebastian .......................................................................... 34
  4.2 Perceptions of Chinese Values by Australian Expatriates ....... 36
  4.2.1 John .............................................................................. 36
  4.2.2 Peter .............................................................................. 39

5. Analysis ................................................................................... 42
  5.1 Culture Adjustment ................................................................ 42
  5.2 Acculturation ........................................................................ 43
  5.3 Comparison of Table 2.3 and 4.2 ............................................. 45
  5.4 Guanxi ............................................................................... 46
  5.5 Mianzi .............................................................................. 48

6. Conclusion ................................................................................. 52
  6.1 General Discussion ............................................................... 52
  6.2 Limitations and Further Improvements ............................... 53
1. Introduction

This is a bachelor thesis in International Human Resource Management within Business Administration. The intention of this paper is to study how western* managers from two different countries, Australia and Sweden, perceive, experience and react to a third culture. Throughout the paper, Hofstede’s studies on culture will be both employed and challenged.

1.1 Background

1.1.1 Cross-cultural Management

Cross-cultural management research, according to Adler (1983), is to study the behaviour of people in organizations across the world in different national cultures. National culture has always been regarded as a limit on international management since each nation possesses its own distinct systems. Nevertheless, recent empirical findings have been suggesting otherwise; for national culture to impose constraints, the cultural differences between nations have to be relatively more distinct than the ones between regions within the nation (Gerhart, 2008). In other words, one might find it more difficult to adapt to the culture of another region within his or her country of origin, than to adapt to the culture of another country, due to that he or she might find the culture differences between regions in the home country larger than the one between the home country and another. Hofstede’s (1980) studies have been cited excessively by cross-cultural researchers as he presented the influences different cultural dimensions (i.e. masculinity, uncertainty avoidance) imposed on organizations by comparing the elements of different cultures (Testa, 2009). These cultural dimensions will be employed extensively in the studies for this paper. However, Hofstede tended to equate cultures to nations, presuming that culture is viewed the same universally (Baskerville, 2003), thus, his studies will be scrutinized critically.

*Western; In this paper, such concept refers to the industrialized countries in the world, representatively western Europe, the United States and Australia
In this paper, it will attempt to prove that one certain culture will impose different perceptions on varied culture groups. Moreover, Chinese social values will be studied by investigating two representative cultural characteristics from the perspectives of two other countries, in a dimensional manner. As a typical cross cultural management study, all three countries’ cultural contexts will be taken into account, thus also their impacts on each other.

1.1.2 A Growing Economy

During the last three decades China has achieved great total economic growth, ranking amongst one of the fastest growing economies in the world for the past few years (Zheng, Bigsten & Hu, 2009). One reason for the rapid growth is due to the economic transition process, which was from command towards market economy. The “open and reform” policy has been in function since 1979 (Zheng et al., 2009), yet the country had not been sufficiently opened up to foreign trade until the 90’s. A large amount of multinational corporations (MNCs) have been establishing their branches in China and numerous foreign investments have been pouring into the country in various forms (Tung & Worm, 2001). Moreover, an increasing amount of small medium enterprises (SMEs) have expanded to China under the influences of Globalization (Hutchings, 2005).

In the Global Relocation Trends 2001 Survey Report (2002), it is stated that China is one of the countries with most expatriate* assignments. Amongst all expatriates in China, Australian ranks as one of the top nationalities (InterNations GmbH, 2009). Moreover, Australia is also one of the most popular destinations for outgoing Chinese immigrants (Commonwealth of Australia, 2011). With this study being conducted in Sweden, more primary and secondary information were conveniently accessible concerning Swedish expatriates worldwide. China, amongst all, is an exceedingly popular destination for overseas managers from Sweden (Swedish Chambers of Commerce, 2012). Therefore, Australia and Sweden were selected as objects to investigate within this study.

*Expatriate; A person who lives outside their native country (Oxford Dictionaries, 2012)
In a country such as China, where the social ideology is utterly different from the west, expatriates will find themselves with great psychological barriers. These barriers cannot be resolved without adequate knowledge of the core values of Confucianism, where obedience and power distances in organizations are highly valued (Selmer, 2010); which is why this area of research has interested the authors intensively.

1.1.3. Guanxi and Mianzi

It was mentioned before, that, the importance for expatriates to understand the core values of Confucianism, driven by the purpose to achieve success whilst operating in China (Selmer, 2010). A broad field as International Human Resource Management is, the paper aims to focus on how managers from Sweden and Australia cope with the most prevailing Chinese social values, and how that is related to their practices in China. This will be done by shedding a light upon Chinese, Swedish and Australian cultures, and how people from the latter two backgrounds cope with the Chinese social values, which are vastly different from their own. Amongst all Chinese social values, the most outstanding ones are guanxi and mianzi, which will be studied as the representatives of Chinese social values in this paper. Guanxi works as a social lubricant dominating most Chinese people’s daily social lives, while mianzi (or “face”) functions as a key element for maintaining and sharing a positive correlation with guanxi - the stronger one’s guanxi network is, the more mianzi he/she possesses (Tsang, 1998).

With China’s market opening up to the world, the convenience guanxi brings to business has aroused the interest of more and more westerners (Su & Littlefield, 2001). Being the two most prominent cultural characteristics, guanxi dominates the fundamental interpersonal relationships while mianzi is as crucial to establish one’s social identity in order to build a functioning social network, nurturing guanxi (Buckley, Clegg & Tan, 2006).

Guanxi is defined as “a ‘relationship’ ... based implicitly (rather than explicitly) on mutual interest and benefit. Once guanxi is established between two people, each can ask a favour of the other with the expectation that the debt incurred will be repaid sometime in the future.” (Yang, 1994, p.1-2). In other words, it is an acknowledged relationship
built on a continuous series exchange of favours. This guanxi is, indeed, established under the premise that the mutual mianzi is respected.

Mianzi – derived from the word “face” in Chinese, can be deemed very similar to the English word “self-esteem”, yet can also be totally contradictory to it at times. Mianzi was explained as “the pattern of social behaviours that allows people to enhance their public image and reputation” (Byosiere & Luethge, 2009). It is very apt to apprehend the word by relating it to “face” rather than “self-esteem” or “dignity”. Here a story will be presented in order to elaborate this point and further distinguish the differences between mianzi and “self-esteem/dignity”.

A guy drove a shabby car, it was covered by rust and the lid of the water tank had fallen off long time ago – in a word, it was not a car to be proud of owning. One day he parked his car by the roadside to run some errands yet the lock was too broken to be fixed so he asked a vagabond to look after the car for him while he was gone. A few minutes later when the car owner was back he offered to pay the vagabond for his help. “I’d like to charge you 500 yuan (~500 SEK) sir”, the vagabond answered. “What?! That’s outrageous! It’s only been three minutes”, cried the car owner. “Well it’s not a matter of time, sir. Every passer-by thought the car was mine. It’s such a big matter of mianzi!”

1.1.4. Qualifying Culture

Culture is a complex concept and many scholars have studied the phenomenon and developed definitions accordingly. However, Hofstede’s cultural dimensions paradigm is the most popular and cited majorly (Taras & Steel, 2009). Nevertheless, he attempted to classify the world’s different cultures into indices - an approach of quantifying cultural values (Baskerville, 2003). Whilst doing this, he assumed that people perceived cultures correspondingly. Hence, in many cultural studies it is presumed that once decoded, cultural values are interpreted similarly globally, failing to take local understandings into account. This paper, however, is directed to use a qualitative approach by conjoining the viewers’ own perceptions and thoughts, and compare these in a triangular manner (see Figure 5.0). To elaborate, the paper will conduct comparison from three different perspectives, mutually between one and another, eliminating the risk of viewing culture one-sidedly in a universal manner.
1.2 Problem Specification

The problem encountered in this paper is to compare two relatively similar cultures, Swedish and Australian, to a third one; Chinese. Nevertheless, the unique approach, within this study is to compare these two western nations’ interpretations of two fundamental values of the Chinese culture, guanxi and mianzi, presuming that the two concepts are viewed divergently by different culture groups. Driven under the purpose to remain competitive and successful in a fast growing and demanding global market, it is crucial for MNCs’ management to be familiar with “the most prominent cultural characteristics that have strong implications for interpersonal and inter-organizational dynamics” (Buckley et al., 2006, p.276). Research will be conducted accordingly, from which, the results derived in this paper can function as a guideline for future expatriates.

1.3 Purpose

The purpose of this paper is to derive a comparative analysis of the perceptions, practices and experiences of Swedish and Australian managers in China while coping with mianzi and guanxi. This will be accomplished by employing Hofstede’s (1980) cultural dimensions under the presumption that culture is interpreted differently by viewers of different backgrounds.

1.4 Research Questions

When from two different cultural backgrounds, do people’s perception towards a third culture vary, if so, to what extent?

Is a qualifying approach more justified than Hofstede’s quantifying approach towards culture?

1.5 Contribution

This paper is intended to challenge Hofstede’s assumption of culture (1980), claiming culture is not perceived the same universally, while employing his findings of culture dimensions. The contribution will be theoretical, however, achieved empirically. To elaborate, the intention is to challenge Hofstede’s unifying approach towards culture by presenting that culture can be viewed dissimilarly based on the audience's own cultural background. In this paper, such a claim is intended to be supported by incorporating re-
search findings by other scholars who challenged Hofstede’s studies on culture. Moreover, four Australian and Swedish managers in China are interviewed regarding their perceptions of *guanxi* and *mianzi*. The empirical findings will be engaged in the analysis in order to justify such a claim. A qualitative methods mix is therefore selected as culture is a subjective issue. It is of great importance, that, in the analysis both theoretical and empirical findings of the two Chinese social values will be compared. Moreover, the characteristics of *mianzi* and *guanxi* will be linked to the culture characteristics of both Australia and Sweden. Finally, a conclusion will be derived to evaluate the research.
2. Theoretical Framework

The theoretical framework will be structured from three perspectives. Culture as a general concept will be studied along with its influence on international managers. To sharpen the focus, Swedish and Australian social values and cultural characteristics are also presented followed by a thorough introduction into the two representative Chinese social values.

2.1 Culture and Its Impacts on Expatriates

2.1.1 Culture Clashes in International Management

Professor Geert Hofstede is world known due to his research on culture and its influence of values in workplaces (Anon, 2012). The word “culture” has been well examined and defined numerous times before, nonetheless, most of the definitions were derived from quantitative manners. Representatively, Hofstede defines culture quantitatively as "the collective programming of the mind distinguishing the members of one group or category of people from another" (Hofstede, 1984, p.82), which has been repeatedly referred to by scholars later on.

A multinational corporation is constantly confronted with cultural clashes as they operate in many countries. In the article Cultural Constraints in Management Theories, Hofstede discussed the meaning of management and its different interpretations depending on what nation one belongs to. He argued, that, the meaning of the word differs as well as the management theories; hence there are no such things as universal management theories (Hofstede, 1993).

When managers are assigned on missions to other countries they will not only suffer from cultural shocks but also service shocks (Robertsson, Gaggiotti & Low, 2007). A service shock is directly dealing with the understanding and language, looking into how to deal with the difficulties when exposed to a new culture. It has been shown in previous studies, conducted by Rosalie Tung, that it usually takes approximately 30% of the expatriates, 6-12 months to acclimatise (Tung, 1998).
Yun (1973) proposed one explanation to the rather long time of adjustment: the dilemma of choosing which country’s values to adapt to. That is to say, the expatriate is stuck between his/her own culture, and, the culture of the host country and the involved stakeholders such as government bodies, the corporation and family et cetera. Rahim (1983), Torbiörn (1985) and Yun (1973) followed up this argument and claimed that the manager, sent abroad, must act as a link to the above different stakeholders. This stresses the importance of this study - as the authors aim to reach and create an understanding of the most fundamental values of the Chinese culture, mianzi and guanxi, which will work as key to success of the expatriates. Thus, it smoothens the interactions between managers and the various stakeholders.

2.1.2 Hofstede’s Cultural Dimensions
Throughout Hofstede’s many studies within this field he presented one of his most famous theories; the dimensions of national cultures. This culture measurement was developed from his findings based on a questionnaire regarding values (Hofstede, 1993). IBM, being a multinational company established in 72 countries and a total of 50 subsidiaries back in 1970, already kept a databank of their employees’ values and beliefs. This databank resulted in 116,000 questionnaires, which revealed the outcomes of the four dimensions, later on the fifth dimension was added as well (Hofstede & Harris Bond, 1988).

The five cultural dimensions, developed by Hofstede are the following: power distance, individualism, masculinity, uncertainty avoidance and finally long-term versus short-term orientation (Hofstede, 1993). The first dimension introduced, Power Distance, indicates to what extent of inequality among people that is considered normal. Whilst equal degree defines a smaller distance, inequality evolves around greater ones. Individualism refers to whether a person acts for the sake of solely the individual or in concern for the whole group of members. The latter one Hofstede referred to as collectivism (1993). The next dimension, masculinity, discusses if a culture leans towards values like assertiveness, success and performance. These qualities are assumed masculine, while on the other hand, qualities like tenderness, care for other people, and solidarity
are presumed feminine. The fourth dimension was uncertainty avoidance, which evaluates if people in a particular country favour structured rather than unstructured situations. In other words, this dimension studies if the people prefer strict or tentative guidelines. The fifth and last dimension presented in this paper was long-term versus short-term orientation. Fundamentally, it evaluates if people act with their future in mind, for example, thrift. Otherwise, people are seen as present or past oriented (Hofstede, 1993).

The culture of a country received different points depending on where it was situated on the scale of these dimensions. If there, for example, was a low score on individualism, in other words, leaning more towards collectivism, the culture then emphasized the wealth and health of a group of people or family rather than solely the individual. When interpreting the country in question, for example, a future host nation, using these dimensions assists one to compare the local culture to the origin (Hofstede, 1993). Basically, this is a tool frequently used when familiarizing a country’s cultural values and beliefs, which can be used as a moral compass.

In this study about Swedish and Australian expatriates positioned in China, it is vital to comprehend the differences between the cultures, both at a social and working level. Hence, this theory will direct us somewhat, to how much these cultures, discussed in the study, differ from each other and base the analysis upon the results of each country’s scores respectively.

Nevertheless, it is important to illuminate that Hofstede’s theories, which may be well exploited, however, suffers from defaults. For instance, the studies were rather outdated as these dimensions arose in the early years of 1970, and with the speed of globalisation, major cultural differences could have occurred in 40-year-time.

As mentioned earlier he referred his findings to only one company, even though a multinational company, this carries some advantages as well as disadvantages. Supposedly, one advantage is the fact that the employees have the same occupations and employer, which according to Hofstede (1984), who suggested that by performing the study accordingly, the only difference will then result from the nationality. Nonetheless, he
failed to recognize the fact that what may apply at work, values and attitudes do not necessarily represent the whole society or nation (Fougère & Moulettes, 2007).

Fougère and Moulettes (2007) continued with arguing that Hofstede often used a western perspective when evaluating the different cultures, furthermore he tentatively claimed that the western style and values may be the more standardised one. Moreover, Hofstede assumed that culture is most essential when evaluating a country and its working climate whereas he tended to ignore the fact of complex histories, which shaped the nations and later developed democracy and modernity (Fougère & Moulettes, 2007).

### 2.1.3 Acculturation

The process of how people from different backgrounds and cultures interact when they are exposed to each other’s cultures was referred to as acculturation (Berry & Kalin, 1995). People approach acculturation in a four different ways, namely; integration, assimilation, marginalization and separation (Belcourt & McBey, 2009). Integration occurs when people combine the host culture with their own, which is the opposite of marginalization, where individuals reject both of them. Assimilation describes the occasion of a person rejecting his or her culture of origin and adapts to the major host culture, while the last one, separation, happens if someone chose to stay put to their parent country’s culture rather than taking on the host country’s one (Belcourt & McBey, 2009).

According to Berry and Kalin’s (1995) study of immigrants, and other temporary visitors interact in a new culture, it was proven that marginalization is the most dysfunctional approach while integration tended to be the most beneficial one. The others, assimilation and separation were considered mediocre approaches.

From previous readings one can easily infer that managers must be well prepared and trained before departure in order to minimize the shock of the cultural clashes. Therefore, as Ulrich (1997) argued, the human resource department plays a vital role and has recently become more of value to assist management, as more money is invested in this field.
2.1.4 Cultural Adjustment

The importance of preparation and training cannot be stressed enough, as well as the selection of the expatriates. The occasion of a failed expatriate experience does not only involve major costs of the parent company but also “invisible” costs (Mendenhall & Oddou, 1985). These invisible costs affect the expatriates as individuals. In other words, a manager sent on an assignment overseas, who fails to adapt has to return premature and will most likely suffer from decreased self-esteem as well as confidence in their managerial skills.

Four dimensions can be used as components in the process of expatriates’ adjustment (Mendenhall & Oddou, 1985):

- Self-orientation dimension
- Others-orientation dimension
- Perceptual-orientation dimension
- Cultural toughness dimension

The first dimension, self-orientation, deals with what earlier was referred to as “invisible” costs. It will strengthen the person’s self-esteem and confidence in general. There are three subcomponents: reinforcement substitution, stress-reduction and technical competence (Mendenhall & Oddou, 1985).

Reinforcement substitution expresses the importance of finding a substitute to activities usually done in their home country, which will increase the level of satisfaction whilst overseas. Stress-reduction emphasizes the need of the expatriates to be well adjusted in a new culture in order to be able to handle the stress that may occur in situations like these. The last subcomponent is technical competence. In Hawes and Kealey’s survey, it was shown that technical competence served a significant role in the expatriates’ acculturation (Hawes & Kealey, 1981).

Others-orientation dimension includes two components: relationship development and willingness to communicate. Basically, it raises the issue of the expatriates’ ability to effectively interact with the natives of the host country (Mendenhall & Oddou, 1985).
The third dimension, perceptual-orientation, underlines the importance to keep an open mind towards the host-nationals. Hence, in a new and unfamiliar culture, one should grasp an understanding of why the natives behave the way they do. This will facilitate the acculturation process and help the expatriate to predict future behaviour, which will reduce uncertainty in social and intercultural relations (Mendenhall & Oddou, 1985).

The last one, cultural toughness dimension, discusses the distance of the origin culture and the host culture. Torbiörn (1982) argued that some cultures were harder to adapt to than others. A parallel can be drawn here to Hofstede’s dimensions of national cultures (1993), where nations score differently depending on their cultures’ fundamental values and principles. In other words, how well an expatriate adapts and adjusts to an unfamiliar culture may depend on which country they are from and where they are assigned (Mendenhall & Oddou, 1985).

2.2 Culture from Swedish and Australian Perspectives

Culture is, according to Barinaga (1999), more than shared values and beliefs. Shotter (1993) emphasized the role of language and how one talks - which forms one’s understanding of ourselves and the world. Peltokorpi (2007) found that lack of shared languages was a hindrance and an obstacle for intercultural communication.

2.2.1 Swedish Perspectives

Culture is conveyed by language (Shotter, 1993). In order to gain a better understanding of the culture studied, it would be of great value to analyse shared words and expressions distinctive to the language. Earlier the Chinese cultural characteristics mianzi and guanxi have been introduced. In this section some Swedish expressions, followed by some Australian characteristics, are looked upon in order to better understand the management culture of the respective regions. The Swedish cultural expressions discussed are solitude, equality, consensus, lagom (not too much, not too little) and sense of rationality, while the Australian social culture will be presented in a more dimensional manner.
Barinaga (1999) suggested that the term solitude has a positive meaning and consists of inner peace, independence and personal strength. Already during childhood, Swedes are inspired and stimulated to become independent. This is due to that in the Swedish mindset, independence is equivalent to maturity (Hendin, 1964). Though it is a description of individualism, Herlitz (1991) addressed solitude as a socially responsible individual freedom, but it is also considered and in respect to others’ needs of solitude. Consequences for the working life would be that managers easily trust in their subordinates and are willing to delegate more challenging tasks (Hampden-Turner & Trompenaars, 1993). This freedom has a social function, which is important for the Swedish society. At the workplace this social responsibility implies that people do not prioritize a high salary and more autonomy, but rather the willingness to contribute to the workplace and one’s colleagues with one’s special set of skills and talents in order to satisfy one’s social use of freedom (Hampden-Turner & Trompenaars, 1993).

The Swedish society is a place where the sense of equality weighs heavy. Men and women have the same rights reflected – for instance, in the laws regarding parental leave grant the same rights to both the mother and the father. The Swedish Co-determination Act from 1976 also granted the workers’ unions a strong influence within companies. The sense of equality also produces an easy-going atmosphere at the place of work (Hill, 1995).

In order to solve a problem there is a strive for reaching consensus and compromise to where all aspects and opinions of all participants have been taken into account. This is in opposition to more conflict-oriented solutions. The idea of consensus is associated with avoidance of conflicts. In places of work, this leads to more often replacing an employee who has acted badly to another department as a resolution, instead of punishing such actions and deal with conflicts openly (Forss, Hawk & Hedlund, 1984). According to Hampden-Turner and Trompenaars (1993), foreigners can inaccurately perceive this quest for consensus with hesitation. Czarniawska-Joerges (1993), on the other hand, sees consensus-seeking as a base of collective action. Hofstede (1980) has, in this sense, regarded Sweden as a feminine, low power distance culture.

The Swedish term *lagom* is difficult to match up to an exact translation as it is a word originated in Scandinavia. The meaning of the word *lagom* can at best be described as
“not too little and not too much” (Barinaga, 1999). This can be reflected in the daily lives of Swedes where they struggle to reach a solid balance between their own sovereignty against the social- equality and responsibility, which exists within the Swedish society. Whether it is ok to act in an informal manner and when it would be more appropriate to be more formal; or when one should compromise in order to avoid potential conflicts, is something Swedes always consider before taking actions. People want to be - and act differently, but in a lagom and socially accepted manner. Holmberg and Åkerblom (1995) found in their studies that the norms for Swedish managers were to be perceived being in the background and not too visible, meaning one should not think they are special just because they are a manager. That is to say, one can be different as he or she wishes, but it is merely acceptable in a modest manner.

Swedish rationality, according to Daun (1989), focuses on finding practical solutions and targeting one problem at a time step-by-step. In comparison to other cultures it is more direct as there exists no small talk before starting discussing business and instead cutting straight to the chase. In connection to this, it is also emphasized that there exists a clear separation between working life and private life. People from another culture might find this confusing as in their experiences it is more common to integrate private life and working life.

2.2.2 Australian Perspectives

From 1980, the amount of immigrants in Sweden have more than doubled up to now (FORES, 2011). Like Sweden, another popular immigration destination is Australia. During the last two decades the amount of immigrants of mainland Chinese background to Australia has skyrocketed, from 3,256 in 1990 to 14,611 in 2010, ranking the eighth and second nationality respectively (Commonwealth of Australia, 2011). Therefore one can infer that the Chinese influence is increasing in Australia. Swedish and Australian cultures share many similarities as well as differences according to Hofstede (1980).

Whilst digging into Australian perspectives, it was disclosed that research had to be conducted on Australian traits to better understand the values behind Australian management style. Australia is heavily influenced by the Anglo-Celtic culture (Australian
Government - Department of Foreign Affairs and Trade, 2012) and therefore there is no such thing as an “Australian culture”. Hence, some might question whether there actually are any “typical Australians”. This is due to the fact that the majority of the inhabitants in Australia are either migrants or descendants of migrants. However, there have been many stereotypes defined of how a “typical Australian” is, such as them being laid-back, open-minded, diligent, and fair-minded in social interactions (Australian Government - Department of Foreign Affairs and Trade, 2012). Hofstede (1980) found that Australians are very individualistic and tolerant towards ambiguity and uncertainty.

These social values are directly cohesive to Hutchings’ (2005) findings, where she found that many Australians that decided to work within China are young entrepreneurs, who are in control of themselves and not interrelated to major corporations. Whilst on the other hand, the majority of Swedish expatriates work within MNCs such as Ericsson, Electrolux, Volvo, et cetera. (Swedish Chambers of Commerce, 2012). Hutchings (2005) also pointed out that being tolerant is a very good quality in order to succeed in business and social life in China.

Varner and Palmer (2002) have made estimates that organizations suffer financial loss up to USD 1,000,000 per assignment due to expatriates’ failures. Besides these costs, there are also expenses less measurable, for instance, harmed business relations and trust (Hutchings, 2005). Zakaria (2000) found that open-mindedness was one important factor to be able to foresee a better outcome for foreigners working abroad.

The risk of expatriates’ failures is supposed to be more frequent in countries where cultural differences between home- and host countries are more distinct (Kaye & Taylor, 1997). In spite of the fact that China has become Australia’s third largest trade partner, Hutchings (2005) found that there lacked literatures written on how to prepare expatriates for working in China. In her interview study of Australian expatriates working in China, she found that many of them had encountered both business, as well as social difficulties. The business difficulties dealing with differing cultural practices and the social difficulties occurred daily, such as where to seek food and services as if one is home. These problems also impact on the spouses (Hutchings, 2005).

Hutchings (2005) concluded that Australian expatriates differed in some aspects from other nations. One of these aspects was due to that Australian companies in China are
smaller, they have not been capable to establish a cross-cultural awareness and understanding within their organizations. This results in more problematic transaction of cultural knowledge amongst one and another.

There have been minor researches conducted on the collaboration between Australians and Chinese. Thus, they displayed a knowledge-gap, which can be improved and studied further. Although, the articles presented gave interesting results. As mentioned previously, Australians were described as laid-back, tolerant, individualistic, and open-minded. However, the research did not always define these concepts and what value they have in a Chinese context (Australian Government - Department of Foreign Affairs and Trade, 2012). On the other hand, exceptions were presented by Hofstede (1980), who emphasized the role of tolerance and open-mindedness, and the advantages these traits can contribute to a Chinese environment. The articles reviewed were solely written by authors of western background. Therefore, the literature provided a more western perspective. Also, the literature focused on obstacles that Australian expatriates and other westerners encounter rather than solutions to these problems. However, knowledge of problems increases one’s awareness and consequently contributes to solutions of problems (Australian Government - Department of Foreign Affairs and Trade, 2012).

2.3 Chinese Social Values – Mianzi and Guanxi

As mentioned in the introduction, mianzi was derived from the word “face” in Chinese Mandarin. Therefore, it is usually translated into English and appearing on literatures as “face” whilst it actually refers to “somebody’s feelings”, “shame”, “honour” or even “prestige” and “dignity” (Tao, 2008). That is to say, mianzi is more than just the literal meaning of “face”. Noronha (2009) proposed that mianzi should be regarded as a public image that is to be preserved and defended by the person of interest. Tao (2008) also suggested that there were such concepts of “losing face” and “saving face”. To save face, or to defend one’s public image, displays of one’s wealth are rather common and deemed acceptable and positive in China, and that everyone should work for his or her mianzi to be positively displayed (Legrand, Brandmeir & Pinguelo, 2011). It was found that consumers in China generally were willing to spend more on items in social occa-
sions that were to promote their social images, while in private or family-associated events it did not matter much (Liu & Murphy, 2007). Another scholar, Jiang (2009), viewed mianzi from three systematic dimensions. Firstly, she proposed the symbolic function of mianzi, the display of it can be apprehended as an act to impress, through which it announces the displayer’s social class as well as bringing mental satisfaction to the displayer. Secondly, mianzi can be traded interpersonally with the function of social resource in the process of building one’s social network. For instance, a resource allocator receives someone’s gifts or treat to a fete, it would be socially inappropriate for the allocator to decline a favour asked for by the person concerned later on, since it interrupts the balance of mianzi exchange. This can also be related to the concept of guanxi, which will be further elaborated in the following text. Lastly, Jiang (2009) argued that mianzi maintains certain social order. Since mianzi is the displayer’s socially acknowledged self and a representative of the displayer’s social influence, the displayer therefore tends to act accordingly to the social norms. Moreover, since it is socially accepted that mianzi should be preserved for both parties in a social interaction, it is a social taboo to act counter to it.

Guanxi, on the other hand, refers to the interpersonal relationship that is based on reciprocal obligations of mutual favours (Alston, 1989). As referred to before when bringing up the second social function of mianzi (Jiang, 2009), the exchanges of favours are mutually compulsory in terms of social code. It was also proposed that, guanxi, according to Tsang (1998), is usually deemed at an individual level, which, however, could be transferred into an organisational resource through certain procedures. Guanxi can be allocated into three categories in forms of existence between; family members, familiar people, and acquaintances even strangers, with the strength of the relationships deteriorating. That is to say, family ties are the most crucial and primary relationships amongst all forms of guanxi (Yang, 1994). Bond and Hwang (1986) classified the family ties as expressive ties while stranger ties being instrumental ones, and ties between familiar people are mixed of both. The three levels of guanxi existence can alternate from one to another, resulting in the gain and loss of power or benefits that are generated by closer ties (Su & Littlefield, 2001). However, when Chinese people refer to guanxi, they generally mean interpersonal ties outside of the family since the obligations between family members are innate. The type of guanxi being discussed the most exists between famil-
iar people; friends, neighbours, colleagues, business partners and et cetera (Lee & Dawes, 2005). Backing Bond and Hwang’s view (1986) on the three levels of guanxi, Guo and Chang (2010) also pointed out that guanxi – the “Chinese version of social networks”, is different from the western version of social network. Even though both share the alike structural elements, the different backgrounds of each cultural context affect how the social network functions within the context deeply. Therefore, social networks in China operate very differently from the west. Su and Littlefield (2001) shed a light upon this issue – they proposed that the major difference lies in where the connection leads. To specify, how guanxi works depends on if the party one is interacting with is family-tied, familiar-people-tied or stranger-tied. This major difference, however, can lead to some dubiety when it comes to business ethics. Since guanxi is based on a series of exchanges of favours (Byosiere & Luethge, 2009), power-exchange is one of the most common amongst all forms of guanxi functions, which can easily lead to nepotism and patronage. Political power, especially in communist China, being used in guanxi to create exclusive benefits for the parties concerned, can lead to severe bureaucratic corruption and impairment against social justice (Su & Littlefield, 2001). Agreeing with Su and Littlefield (2001), Ip (2009) also pointed out that guanxi reduces efficiency and violates fairness of open competitions. This is due to, when bidding for public projects especially, instead of choosing the most suitable one for the job, the ones possessing the strongest guanxi with the government officials usually manage to secure the project, at the expenses of the other competitors without such “privilege”.

The two Chinese social values, mianzi and guanxi, are heavily impacted by Confucianism. Confucianism is based on li, as Confucius said, “there will be no being without li” (不知礼, 无以立). Li refers to etiquette and the obedience towards the social orders, respecting the elderly and acting according to one’s status in the social hierarchy. The principles that li is based on have always been the code of conduct followed by the majority of Chinese people. Therefore, if one acts counter to li, he or she would be deemed offensive and frowned upon, losing his or her mianzi (Jiang, 2009). Since mianzi is one’s image perceived by the public, it is highly relevant to one’s social influence and reputation. It is, thus, the extension of one’s morality and etiquette, and is to be preserved. Therefore, Jiang (2009) inferred that mianzi originates to a great extent under the influence of Confucianism. Judging by the emphasis on the social order, it is easy to
point out that Confucianism is based heavily on collectivism values. Under the Confucian collectivism culture, familial collectivism is usually prioritized. Therefore, the obligations between family members are deemed highly, which then, via guanxi, can easily lead to nepotism and patronage. Looking beyond family ties, abiding by Confucian values also requires harmony in the collective. Ordinary conflicts and contradictions in the corporate would be deemed harmful to the harmony of the collective. To preserve the harmony, every element in the collective should maintain good guanxi amongst each other. However, the voidance against reasonable conflicts can lead to dishonesty and protectionism within the collective, eventually impairing the collective (Ip, 2009).

The end of this chapter will present a list of definitions of guanxi and mianzi (see table 2.3) from thirteen different literatures by authors from across the world, displayed according to the order of publication years. There have not been distinct differences amongst the list of definitions. As of guanxi, most of the scholars agreed that it is an obligation based on a series of exchanges of favours, different from western style of “business relationships”. A few of the authors also pointed out that guanxi can be quite questionable when it comes to business ethics, more specifically, the fairness of open competition, as it easily leads to favouritism by the resource allocator (Alston, 1989; Ip, 2009; Lee & Dawes, 2005; Su & Littlefield, 2001; Xin & Pearce, 1996). Mianzi, on the other hand, has been commonly defined as “one’s public image” or “honor”. Therefore, most of the Chinese people would strive to defend or save their mianzi, and it is against the social code to make somebody lose their mianzi (Alston, 1989; Bond, 1991; Buckley, et., al, 2006; Guo & Chang, 2010; Tao, 2008; Tsang, 1998). During the research, it was found that most of the scholars who have written on the two concepts are of eastern Asian background, cooperating with another author from the west. A few articles were written by Asian or western authors solely. The list displayed articles written from 1989 to most recent 2010. It is easily spotted that most of the articles published prior to 1995 were written by authors of one background only, while after 1995 it was more common for authors from different backgrounds to integrate their work. The research was conducted mainly in English whereas two articles in Japanese and Chinese were also referred to. The article in mandarin Chinese (Jiang, 2009) was written and published in the People’s Republic of China (PRC), while the one in Japanese (Tao, 2008) was written by a Chinese scholar and published in Japan. The articles in English mostly looked
into the two concepts from a western point of view, which is usually done by explaining and comparing the two concepts to general western code of conduct. When it comes to the downside of the two concepts, especially *guanxi*, both western and Asian authors admitted the likelihood of corruption and favouritism that it leads to. The article in Chinese written by Jiang (2009) studied both concepts by associating them to Confucianism and their modern social functions. This is the only author, amongst all, however, that had omitted the negative impacts of *guanxi*. Tao (2008) studied thoroughly into *mianzi* by comparing and analyzing the definitions of it from a broad range of dictionaries written and published in China (PRC). It was disclosed that, as most of the authors are westerners and eastern Asians working outside of China (PRC), they tend to present the two concepts to serve western audience, of those who are unfamiliar with the two characteristics. Therefore, both sides of the coin were displayed; the positive and negative impacts of the two concepts on Chinese society. It is equally important to beware of that the definitions and influences of the two characteristics have developed remarkably during the past two decades since China’s great effort to open up.

**Table 2.3: Definitions of Guanxi and Mianzi**

<table>
<thead>
<tr>
<th>Author(s)</th>
<th>Guanxi</th>
<th>Mianzi</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alston, 1989</td>
<td>the bond between two individuals based on the obligation of mutual exchange of favours instead of personal feelings or affections</td>
<td>respect, honour, to be saved and defended</td>
</tr>
<tr>
<td>Bond, 1991</td>
<td></td>
<td>one's claimed positive image in a social context through performing positively acknowledged social roles</td>
</tr>
<tr>
<td>Yang, 1994</td>
<td>interpersonal connections based on mutual exchange of favours in an exclusive circle</td>
<td></td>
</tr>
<tr>
<td>Author(s)</td>
<td>Description</td>
<td>Related Concepts</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>--------------------------------------------------------------------------------------------------------</td>
<td>----------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Xin &amp; Pearce, 1996</td>
<td>interpersonal relationships, not negative, but can result in unfair competition since open competitions are impaired by personal connections</td>
<td></td>
</tr>
<tr>
<td>Tsang, 1998</td>
<td>more than pure interpersonal relationships, mutual obligations to react to request of favours</td>
<td>one’s public image, obtained through playing well acknowledged social roles</td>
</tr>
<tr>
<td>Su &amp; Littlefield, 2001</td>
<td>interpersonal relationships or connections</td>
<td>prioritizes honour or social status in a hierarchy</td>
</tr>
<tr>
<td>Lee &amp; Dawes, 2005</td>
<td>social connection, a synonym for favours and benefits within the club</td>
<td></td>
</tr>
<tr>
<td>Buckley, Clegg &amp; Tan, 2006</td>
<td>a primary network of social relations permeating Chinese societies</td>
<td>dignity and/or prestige, intrinsic to network development in China, nurturing guanxi</td>
</tr>
<tr>
<td>Tao, 2008</td>
<td></td>
<td>face, honour, credit, reputation, prestige, shame, appearance, and/or self-respect, to be saved and defended</td>
</tr>
<tr>
<td>Byosiere &amp; Luethge, 2009</td>
<td></td>
<td>pattern of social behaviours that allows people to enhance their public image of reputation</td>
</tr>
<tr>
<td>Ip, 2009</td>
<td>relationships and social connections based on affectionism and particularism</td>
<td></td>
</tr>
<tr>
<td>Jiang, 2009</td>
<td>a main form of running Chinese social network, “do what one is expected to do, preserving others’ mianzi and avoid conflicts</td>
<td>the respect and obedience one demands from others; given his/her social status, the role play based on what is acknowledged positive by people</td>
</tr>
<tr>
<td>Guo &amp; Chang, 2010</td>
<td>social networks in a Chinese style, but not a social capital</td>
<td>reputation and dignity</td>
</tr>
</tbody>
</table>
3. Method

In this section, methods adopted during the research will be presented as well as the underlying reasons why specific instruments were selected before evaluating their reliability and validity. Overall, a variety of qualitative methods were mainly made use of while collecting data to serve the purpose of this paper. The reason why qualitative methods were chosen will be explained later on in the text.

3.1 Development of Methodology

A research paper always revolves around objectivity, honesty and carefulness (Nyberg, 2000). In order to reach these three qualities, suitable selection of methods that fits the purpose of the research is of vital significance. To serve the purpose, previous studies on culture conducted by other scholars have been cited extensively. During this process, however, it was discovered that Hofstede’s (1984) studies on culture dimensions had been highly prevailing amongst other scholars. Nevertheless, individuals’ perceptions of culture can vary due to their own cultural background, which appeared to be overlooked in Hofstede’s studies. In his work, culture was “categorized” into groups with each individual culture group sharing common characteristics, while presuming that it was how each culture group was perceived for all audience. Driven by the purpose of this paper to examine if and how one culture is perceived differently by two other different cultures, has, to a certain extent, qualified culture whilst disregarding Hofstede’s quantifying approach towards culture. Therefore, qualitative approaches such as interview was used in an integrated manner to gather data while maintaining objectivity (Hall, 2012).

Qualitative research is also referred to as interpretive research, Woods (1996) noted that it usually emphasizes a few elements, such as natural settings; participants’ perceptions and interpretations; and generation of theories from the data. To elaborate, qualitative researchers tend to maintain objectivity by stating a few presumptions prior to research. Therefore, instead of testing a presumed theory, qualitative researchers are more likely to derive theory from the data collected. Accordingly, the participants’ perceptions of the context in question are usually highly appreciated as well as their own cultural background.
Validity, of the data collected, measures, to what extent, that the information contains and expresses what the researcher intends it to. On the other hand, reliability of the data includes being non-self-contradictory, in other words, consistent and stable (Vockell, 1995). Therefore, in the research of this paper, multiple sources were employed for comparisons, especially when defining concepts and explaining social phenomena, to maintain accuracy. While referring to literatures, the ones cited more frequently were usually preferred, as to enhance credibility by building consensus with other scholars. Furthermore, information and statistics from government official websites were included in the paper to be objective and reliable.

3.2 Collection of Data

Since this paper discusses the relevance of culture in a business context, and how people from different cultures interpret it, interview is a useful instrument to employ when gathering data. Interviews, or dialogues, function to create an understanding of an issue (Hall, 2012). The form of interview in this study is semi-structured with the goal to obtain exploratory and explanatory data (Saunders, Lewis & Thornhill, 2009). A semi-structured interview has certain tentative guidelines, which means the order of questions changes during the session depending on the interviewees. Nevertheless, it is highly important to allow the interviewees to respond on their free will as much as possible, since the purpose is to maintain and encourage their thoughts. To elaborate, it is of significance to be unobtrusive, and minimize any imposition of influence from the interviewer, which is achieved by avoiding leading questions. In other words, one should win the interviewees’ confidence by developing empathy and avoiding interruptions by paying full attention (Woods, 1996). In this research, the principles above were strictly followed. To obtain first-hand information, all interviewees were currently working in China. Therefore, the interviews were done via Skype and telephone calls.

When selecting the interviewees, the intention was to select people that have been working in China for a certain period (one year) in a typical Chinese environment. The reason for this was that, these people were usually with sufficient access to understanding Chinese social values; therefore, offering more justified insights. To keep the consistency of the empirical research, expatriates in similar positions (managers and CEOs) were
chosen to eliminate variables. However, due to the inevitable limitations, the authors were unable to reach four interviewees who had spent exactly the same amount of time in China. Thus, the findings might vary due to the length of time of them being in China. Also, other variables such as the company’s size and the openness of the cities where the companies were located might also affect the result inevitably.

The interviewees participating in this study were all chosen according to their occupations in the companies and their experiences of Chinese culture. The participants from Australia held one CEO position and one manager, which also is the case of the Swedish expatriates. However, their identities were to be anonymous as well as the companies they work for. This approach was to encourage an honest and open-minded response, which will enhance the value of the analysis and the final result of this paper. Moreover, all interviews with the participants were conducted in English to eliminate subjective interpretation during translation and maintain the originality of the inputs.

Online search engines were used to a large scale, such as Google scholar and Scopus, via these, access was granted to online journals like, Journal of World Business, The Academy of Management Review and Journal of International Marketing, which were found greatly useful. Whilst collecting data, original sources of publication were referred to in order to guarantee credibility. Furthermore, textbooks mainly used in this research were Asian Business & Management and Strategic Human Resources Planning to construct theoretical framework.

3.3 Limitation of Methodology

To make generalizations and extrapolate, through testing incumbent hypotheses, by conducting a quantitative method is not the appropriate approach for this paper. Instead, through a qualitative approach, as such chosen, is not to test existing hypotheses but instead to allow the creation of new theories that can be tested in further quantitative representative studies. An interview study with a strategically chosen sample does not allow generalizing the results for a whole population, which is mostly how quantitative approaches function. Hence, the empirical findings from interviews only reflect the views of those who participated in the study (Eriksson, Engström, Jansson & Starin,
2008), eliminating generalization. Through such a qualitative approach, one can gain a deeper understanding and generate new hypotheses, which are very important when studying and diving more into depth within a specific phenomenon. The method selected is to interview managers from both Australia and Sweden. Therefore it is favourable if the interviewees have various experience, so as much and varied data as possible can be collected and researched further. However, this remained unpredictable and could not be presented until the interviews had been undertaken and completed. Furthermore, the firms of which the interviewees work for might be of different sizes, corporate cultures, et cetera, which can affect the interviewed expatriates’ overall perceptions of guanxi and mianzi. Another obstacle was the limitation that allowed insufficient time to get hold of a wide range of interviewees for the study. Moreover, the participants’ personal backgrounds also added more inevitable variability to the results (Eriksson, Jansson & Starin, 2008). That is to say, personal experiences of the interviewees might attach to their views regarding the interview questions in an inseparable manner. This has been well aware of, yet cannot be thoroughly looked into, as the focus of this research paper resides on cultural differences.

3.4 Analysis of Data

With theoretical framework built up and empirical material collected, the most essential part is the authors’ interpretation of the empirical findings with the assistance from the theoretical framework. To develop a fair analysis, multiple comparisons were applied. As presented in both empirical and theoretical sections, two tables were sketched listing definitions of guanxi and mianzi by different scholars and interviewees. In the analysis section, these two tables will be compared both horizontally and vertically. To elaborate, definitions by scholars will be compared to those by the interviewees, to derive an understanding that is both theoretically and practically valid. Since many articles on mianzi and guanxi that were referred to were from the 1990s, it would be more reliable to compare those to the perspectives of western managers working in China nowadays before any conclusion is reached. Moreover, academic research on Chinese social values might differentiate from the pragmatic experience of western managers. Since the comparisons of definitions on guanxi and mianzi between different scholars have already been conducted in the theory section, to serve the purpose, it is crucial to contrast the
Swedish managers’ perspectives to the Australian ones’. In the analysis, Swedish and Australian managers’ opinions on each of the both concepts will be examined in a correlated manner, indicating the cultural relevance between the expatriates’ own background and the two concepts. To eliminate confusion, mianzi and guanxi will be analysed separately. Nevertheless, the perspectives of the expatriates might be different due to other underlying variables in spite of the elements listed in table 4.2. In this section, Hofstede’s studies will be made use of critically. Instead of applying his approach where each culture is viewed identically by the world, neglecting the viewer’s background, in this paper the differences and similarities will be cross-compared. In other words, to derive any conclusion, the similarities and dissimilarities between Chinese, Swedish and Australian cultural characteristics will be analysed in a triangular manner (see figure 5.0), since doing so will eliminate generalization to a greater extent.
4. Empirical Findings

In this section of the thesis, the findings from interviews will be presented. As explained in the methodology, two interviewees from each cultural background (Swedish and Australian) were carefully selected. Nevertheless, it is not to neglect the likelihood that their perceptions about China may vary, in spite of the impact of culture, due to the length of time period the interviewees have spent in China.

4.1 Perceptions of Chinese Values by Swedish Expatriates

4.1.1 Anders

Anders, 42 years old, is currently working as a CEO for a major Swedish multinational corporation situated in Shanghai, after working as a financial controller for two years back in Sweden. He obtained a master’s degree in business administration from a university in Sweden. Anders had travelled extensively in China in the 1990s to both the mainland and Hong Kong. When he first set his foot in China, though, Anders admitted he liked the culture immediately - “the energy, the burst, the restlessness, and the sense of urgency”. Being fascinated by China and its culture, Anders did Asian Studies in a prestigious university in Sydney, Australia as well as Chinese language studies in Sweden and Taiwan. During this time he also studied Chinese modern political history (mostly 20th century) and Asian economic history including marketing and sales in Asia.

Before departure, however, Anders did not receive any official training arranged by the company nor did he ask for any. He reckoned that the main reason he was selected by the company to work in Shanghai was due to his knowledge of China; “they needed a Swedish person who could go and work in a Chinese environment from Day One”, he said. He did not see himself as “hit it off” with the local employees immediately nor did he think it was possible. From Anders’ perspective, it usually takes time to build the relationship with the employees, in Sweden or China, though it might take less time in Sweden as mutual understanding started off deeper. However, already able to communicate a little in Chinese, he was perceived quite differently by the locals comparing to other expatriates and was able to break the ice on the first day. Anders noted that
Chinese people tended to act quite affectionate, encouraging and grateful when a foreign person spoke Chinese - “it’s almost ridiculous”, he described.

It was back in the 1980s in Sweden when Anders first heard about guanxi and mianzi, from a TV show casted in Hong Kong. However, he felt exposed to these two social values almost immediately as he started working in China, especially back a decade ago. At first, guanxi and mianzi appeared to be complicated for him, which later on changed vastly after apprehending them. Anders now deemed guanxi and mianzi existent in every culture in their own way instead of something exclusive in China, especially mianzi.

Anders explained that “face” exists in every culture, and people were not to lose it, namely, be humiliated. The difference, according to him, however, was that people felt upset or lost their “face” for different things, in some situations where a Chinese person find face-losing might not be so for a Swedish person. Anders suggested that Chinese people tended to be more sensitive when it comes to their “face” comparing to Northern Europeans; it was more easy for a Chinese person to lose it, and that mianzi in China was usually used to their advantages in negotiations. He also discovered that people easily felt losing their mianzi if admitting not knowing the answer to a question and therefore confrontations as such should be avoided.

Guanxi, on the other hand, was all about exchanges of favours through interpersonal connections and there was usually much to consider about how much capital of trust to invest in order to get the favour. It lubricated a society so that everything worked. However, to Anders, guanxi was less needed in Sweden since the system in the society already functioned efficiently, whereas in China it appeared to be a lot more commonly used. “It is all about how strong the institutions are”, Anders claimed. Playing a vital role in Chinese society, guanxi to Anders functioned relatively more important when working with state owned factories and government officials; it was easier to “open doors” and get to the right positions in larger-scaled companies using guanxi. He summarized that guanxi was applied more commonly where it was not transparent enough, one must find the right person to turn to, especially when there was bureaucracy involved. Personally though, Anders did not have to deal with nor did he possess guanxi to a large extent since he did not work with sales department, where he deemed guanxi was more valued. Instead, his job required him mainly to make strategic decisions. Even
so, he deemed himself successful using the *guanxi* he had to obtain marketing information, though he claimed to have never used it to sell stuff. He also believed, that, *guanxi* would eventually die out with the society growing more efficient as it functioned as an alternative to more systematic solutions.

Anders stated, interestingly, that Chinese people were very much like southern Europeans whereas he humbly described Swedish people as “boring” and “stiff”, nonetheless, structured and efficient. Chinese people to him appeared to be more spontaneous and not respecting the rules as much. Anders associated Chinese people to Greek and Italian people, where they were more family oriented while relatively careless towards the society. On the other hand, Swedish people, from his perspective, tended to be more disciplined, introverted and cold towards each other, Chinese people were more laid back and extroverted.

After being in China for twelve years, Anders still did not see himself as a “local” nor would he ever. He admitted that it took quite a few years to comprehend the culture and one must be interested. He maintained though, that he never had to make any moral compromises since there were code of conduct strictly applied by the headquarter to branches all over the world. Lucky as he deemed himself, Anders never had to be in to a moral dilemma where he found himself exposed to temptations and he could manage to keep his moral compass. He did acknowledge that there were underhanded deals anywhere in the world, while working for a multinational corporation, however, there were usually embodied control and overseeing body that expected the managers to act ethically not otherwise. Having witnessed the internationalisation impacting China during the last decade, Anders commented that it took much more and longer time to change a country of the size of China. Undoubtedly, he admitted, the country was now more open, transparent and disciplined, which means the importance of *guanxi* had been diminishing and would continue so. Proposed that *mianzi* had been and still was playing a significant and almost same role as always in Chinese social lives, however, Anders did notice minor changes on his colleagues’ behaviour on *mianzi*. Since the company was highly integrated culturally, the Chinese locals had been adapting to other international co-workers mutually and simultaneously, and therefore trust had been built up, thus the influence of *mianzi* in the workplace had decreased - it was now more acceptable for people to be honest to their co-workers about things they did not know of. At last, An-
ders shared his experiences as suggestions for potential Swedish expatriates departing to China. He insisted that one should always learn the language, and know about the historical cultural differences, whose importance was frequently underestimated. It also would help dramatically if one could learn a few facts of China and how the government operates. Moreover, he reckoned it significant to acclimatise to the local culture while maintaining one’s moral compass.

### 4.1.2 Sebastian

With a master’s degree in Science of chemical engineering design and a PhD degree in fluid dynamics, Sebastian is currently working as a general manager at a production factory situated in Shanghai. Before departure he did not receive any cross-cultural training. However, he had spoken to colleagues who had experiences with China to obtain practical information of the country. His job included constant trips between Singapore and China, which has been so since 2008 when he first was in China, who left him an impression as a “terribly unstructured country”. Moreover, he also found that there was a lack of knowledge. In other words, it was difficult to define talents and find suitable people with the correct skills for the company. Sebastian also found it difficult to communicate with business associates, even if they were equipped with solid English skills. This was due to that people did not share the same business cultural perspectives, especially in small-scale private Chinese enterprises.

When taking over the position, Sebastian believed that the employees initially perceived him as a highly process- and task oriented person. On the other hand, the Chinese employees appeared to be much less proactive as they tended to solve problems only when they occur, swiftly and smoothly even though, rather than preventing problems from occurring in advance.

Sebastian first heard of the terms *guanxi* and *mianzi* in 2009 from a fellow colleague. He tried his utmost to avoid exposure of the above social values, which, however, was unavoidable. Instead, he intended to create a climate where responsibilities and roles are well defined with empowerment pushed down in the organization. When asked of his views on *guanxi* and *mianzi*, he stated that *mianzi* was lost when one was humiliated in
front of another person he or she had superior authority over. Guanxi, on the other hand, appeared to him as a form of relationship deemed a currency in China, rather than an ice-breaker. It functions to its utmost where the transparency is lacked.

Sebastian felt, even today, he had not fully grasp the Chinese culture as there are various different perceptions of how things function. He also proposed the Maslow hierarchy, where he located China lower on the scale in comparison to Sweden. That is to say, China appears to have different baselines from the west. Sebastian held, that, same baselines can create consistent conceptual views and perspectives, which smoothens communications. Sebastian claimed that people of Chinese background tended to have a hard time saying “no” and difficulties in raising issues. For instance, he sometimes found it difficult for his business partners to apprehend his expectations thus not telling him if something was less than satisfactory. This also resulted in a more problematic internal working environment, consequently making it more challenging for a manager in receiving proper answers. In situations as such, he strongly felt the demand to explore into details lest it should allow any chance where the business partners or co-workers conceal the suboptimal side.

After a couple of years being in China, Sebastian reckoned that he was now capable of operating the business more properly. Under the assistance from some Swedish engineers in the company, it was now less troublesome to locate a problem. “It is all about mutual learning”, Sebastian claimed, “and that can be very difficult.”

Though, compromises had to be made in order to secure talents and skills for the company. Sebastian explained that usually when an employee misconducted and exploited the firm’s public resources for personal usage they would be expelled immediately in the west. Whilst in China, he could not do so as finding another equally qualified person would be of great difficulty. Nevertheless, Sebastian insisted that he had been able to maintain his moral compass throughout the process as a general manager in China as the company have strong business policies, required by which, all who worked within the business are educated in anti-corruption and bribery.

After a few years being in China, Sebastian witnessed the impact of the west on the
country. Within the company, he felt the impact of *mianzi* had been reduced. However, he also proposed that in spite of the modern urbanization and development of infrastructure that internationalization had brought along, China needed to do more than simply shifting companies styles towards the west. In order for China to succeed competing with other Asian countries, it must enhance its own competitiveness by allowing open and equal competition internally. In other words, *guanxi* is expected to impose a diminished influence as it can easily lead to injustice.

He concludes by advising future expatriates taking on assignments in China to try and get themselves a good contract where they will receive support from both the host- and home country. The authority who sent the manager abroad should beware of the difficulties the expatriate will be confronted with whilst conducting business in a vastly different culture from one’s own.

### 4.2 Perceptions of Chinese Values by Australian Expatriates

#### 4.2.1 John

John is nowadays a CEO of a company situated in China. He is just in his late twenties, however, already established a software company in a major city in mainland China. Before coming to China he studied software engineering back in Australia, where he dropped out during his second year to work as a software engineer for three different companies respectively. John had visited China a few times before deciding to launch his firm there. Nevertheless, when he had made up his mind, a thorough research process started. In regards to social aspects, he is, using his own words “a firm believer in doing stuff yourself”. To prepare for China, he read a few books concerning basic Chinese and the culture of the country without undertaking any formal education or training sessions. In order to make the establishment process of his firm smoother, John contacted the Australian Trade Commission two months prior to the establishment to build up contacts in China, through whom he also hired a local employee to launch the process.

John moved to China back in December, 2008. The bureaucracy, however, had taken him with frustration. The process of establishment took twelve weeks, which would
have been longer if it were not for the *guanxi* that his friend had with the government seniors.

John had come across the concepts *guanxi* and *mianzi* before coming to China, however, just briefly from some Chinese friends. When he finally arrived, it took him by surprise to find how deeply rooted these values were in the Chinese culture. John’s first thought about *guanxi* was; “Big deal? It is just relationship!”. Nevertheless, roughly six months later, he came to truly realize the significance of *guanxi* in Chinese people’s social lives as well as the differences between *guanxi* and the western interpretation of relationships. John’s perception of *guanxi* is “institutionalized corruption”. What he meant was that when employing people or bidding for government projects, especially, unlike in Australia, in China the ones with the best *guanxi* connections were usually chosen. He referred to this as an act of nepotism and cronyism. According to John, it was wrapped up with cash ups and bribes, which was sabotaging the competition as well as wasting national budget since the taxpayers end up paying for the funding of the income of the individuals’, those who work as “middlemen” in the *guanxi* connections. However, he possessed two different viewpoints of *guanxi*; a personal one, how it affects him as an individual, and for-the-good-of-the-people point of view. Since John is a foreigner, he received some special treatments; exclusive access to certain *guanxi* with government seniors, for example. Nonetheless, he is morally opposed to that idea as he thinks it is a huge strain on the economy and a waste of government expenditure. However, he did not deny he would still continue benefiting from it in the future. When it comes to the other viewpoint of *guanxi*, he claimed that there was such a big gap between the middle class and lower class of the social hierarchy, which he personally felt bad about.

When discussing about *mianzi*, John perceived it as just “face” or “some sort of pride”. At first, he thought slightly negative of it but gradually he now deemed it strongly negative. He said ”*mianzi* is just an excuse to act childish in normal situations”. He once found himself in a situation where he had to confront an inefficient employee. In turn, the employee became exceptionally angry and John did not have any other choice but to send him home. The manager explained to John that he should not have deprived the employee of his *mianzi* by simply telling him he was inefficient. This is a common case
of integrating mianzi when dealing with employees, however, guanxi does not hold an important role when coping internally within the company.

John also found some other rather distinctive social values that Chinese incorporate in social interactions apart from the previously mentioned. In China, male friends appear to be dominating over fellow females. “You would not come across that in Australia”, John claimed. John blamed this specific phenomenon on mianzi. When it comes to business occasions, John found it interesting that one was always expected to join for drinks and smokes, which he also associated to the manners of establishing guanxi.

Although it took him quite a few months to adjust, John felt comfortable operating in China and with the Chinese culture today. He pointed out, though, that the way of operating a business is China is definitely different from Australia; “it is impossible to do the same as I would at home”, he stated. To survive and develop his business in China, he would happily pay a commission to the middleman to smoothen his business operations, while doing so in Australia would make him feel uncomfortable. Even so, John did not feel he had lost his moral compass nor did he have to make any compromises, he pointed out; it is not as if he was producing baleful products. Interestingly, he explained compromise for him is doing something which is strictly against his free will. Besides, in order to make any changes in China's current situation, it calls for a top-down government effort, according to John, and it is not realistic to count on what a single person could do. Nevertheless, John deemed himself as contributing to the Chinese society as he is capable of. The company had been developing a English learning software that was aimed at improving education standard in rural areas at zero-profit for the company. To implement it, John needed a minimum amount of government subsidy to cover the costs. “It is a small price to pay for a extensive progress on the rural area education standard”, John claimed. However, his “mates” in the government were very reluctant to offer help since “no profit could be made” for no one in the government.

After being in China for merely more than three years, John admitted he could see the process of China adapting to the west. Upon his first arrival in this Chinese city, a lot staring and extra attention was paid to this “alien” visitor by the locals. Three years later, he seemed to be receiving less unconventional attention. In the end, John offered several tips for Australian expatriate managers departing for China, revolving around
one core concept; be prepared for China. He suggested that establishment process in China takes at least twice as long as it would in Australia due to the bureaucracy. Besides, if one is working for a Chinese company, he or she should be prepared of Chinese employers attempting to underpay or make them work extensively overtime.

4.2.2 Peter

Peter, 22-year-old, manager of an Australian company’s branch in a major city in China, is still adjusting himself to China and its distinctive culture. After being in China for one year, he has started to acknowledge the vast differences and gradually adapting to them. Peter received the job offer during his time studying math and finance in a renowned university in South Australia and started working as a manager for the company in China. He admitted that he did not receive any formal training prior to his departure for the job. He did, however, study some basic Chinese. No negative effect have been induced due to insufficient preparation, deemed Peter. Nonetheless, due to the language barriers, he admitted that he was not able to communicate sufficiently with his fellow employees.

He had not heard about guanxi until three months into working in China and was not aware of the existence of mianzi until most recently. From his perspective, guanxi is all about making friends in all sorts of business interactions and acknowledging the importance of having “mates connection” to obtain government projects. However, it involves extensive bribes. The participants within the guanxi circle are as if it were an “old boys’ group”, which provides exclusive benefits at the expenses of the “outsiders”. Peter admitted that he had to make minor compromises when attempting to establish guanxi with the Chinese government officials by joining along things that he knew was unethical but directly beneficial to his company, for example, he would make friends with government officials for the benefits it brings. He also did not deny, however, that he would continue doing it. Mianzi, on the other hand, did not appear to be such an unethical concept for Peter. He apprehended it as a way people defend their public images and understood that people from different cultures get upset about different things. Peter found it fairly interesting, that, people in China would spend more money at social events to promote their mianzi since it is all about how other people acknowledge the
person of interest. He did notice that when dealing with employees it involves extensive amount of strategies to protect their *mianzi*. He did not see any obvious negative or positive impacts of it.

Besides *guanxi* and *mianzi*, he also found a few other social phenomena quite intriguing. Parents in China seem to be very controlling over their children’s personal lives. Moreover, people seem to be quite curious about other people’s earnings, which Peter interpret as a major element of promoting one’s *mianzi*. Comparing to when he just set his foot in this country, Peter reckoned that he was now more aware of the culture, however, he acted consistently as he would a year ago. He did admit that, he had not completely adapted to the culture, nevertheless, he saw no obligations to act locally. He had not been in China for long enough to witness a make-over due to the economic development. He did find it interesting that China seem to have more capitalists than Australia as a communist country. The government takes part in business activities in China to an extensive degree, which also seems to be quite alien to him. He offered a few suggestions for the fellow Australian expatriates managers coming to China in the end; talk to Chinese people about the social values and grasp them, being independent and able to make one’s own decisions is crucial, also learning the language would be a big plus and it would be useful to have read about the culture and social routines.

Table 4.2: Definitions of *Guanxi* and *Mianzi* according to Interviewees

<table>
<thead>
<tr>
<th>Name</th>
<th>John</th>
<th>Peter</th>
<th>Anders</th>
<th>Sebastian</th>
</tr>
</thead>
<tbody>
<tr>
<td>Country of Origin</td>
<td>Australia</td>
<td>Australia</td>
<td>Sweden</td>
<td>Sweden</td>
</tr>
<tr>
<td>First Language</td>
<td>English</td>
<td>English</td>
<td>Swedish</td>
<td>Swedish</td>
</tr>
<tr>
<td>Duration in China</td>
<td>2008 - now</td>
<td>2011 - now</td>
<td>2000 - now</td>
<td>2008 - now</td>
</tr>
<tr>
<td>Size of the Firm</td>
<td>SME*</td>
<td>SME*</td>
<td>MNC**</td>
<td>MNC**</td>
</tr>
<tr>
<td>Position in the Organization</td>
<td>CEO</td>
<td>Manager</td>
<td>CEO</td>
<td>Manager</td>
</tr>
<tr>
<td>------------------------------</td>
<td>-----</td>
<td>---------</td>
<td>-----</td>
<td>---------</td>
</tr>
<tr>
<td><strong>Guanxi</strong></td>
<td>institutionalized corruption involving cash bribes</td>
<td>making friends while doing business, old boys’ club - exclusive benefits, bribery</td>
<td>connections, rules to play, expected mutual help</td>
<td>relationship which functions as a social currency instead of an ice-breaker</td>
</tr>
<tr>
<td><strong>Mianzi</strong></td>
<td>an excuse to act childishly in normal situations</td>
<td>concept used to preserve one’s pride, how important other people think one is</td>
<td>face and social status, not wanting to be humiliated</td>
<td>experiencing face-losing when a person feel humiliated in front of a person they have authority over</td>
</tr>
</tbody>
</table>

**MNC - Multinational Corporation**

*SME - Small/Medium Enterprises*
5. Analysis

This section within this paper will present the analysis conducted based on the results portrayed previously in the empirical findings, which will be analysed with the assistance of the theoretical framework. Therefore, a triangular method (as displayed in figure 5.0) will be employed by comparing the three cultures, Chinese, Australian and Swedish, in a dimensional manner. The analysis will be divided into five sections, displaying the process of cultural adaptation followed by a thorough comparison between scholars’ and expatriates’ perceptions of mianzi and guanxi. Moreover, two tables will be presented in the later part of the analysis, summarizing the correlation between guanxi and mianzi in contrast to Swedish and Australian values respectively.

Figure 5.0: Triangular Analysis

5.1 Culture Adjustment

As illustrated previously in the theoretical framework section, four components are used in expatriates’ adjustment, respectively, self-orientation, others-orientation, perceptual-orientation, and culture toughness (Mendenhall & Oddou, 1985). This paper is to focus on how Chinese culture is viewed by expatriate managers from Sweden and Australia and the impact on their behaviours. Driven by this, the analysis will be conducted from
a cultural point of view. Not excluding, nevertheless, that the other three dimensions of adjustments are also involved in the interviewees’ adjustment to Chinese culture, cultural toughness dimension will be the one mainly discussed.

Chinese culture, with its own ideology vastly different from the west, might leave many business expatriates finding themselves with great psychological barriers, which can take forms of inability and/or unwillingness to adjustments, can, to a large extent, affect their performances (Selmer, 2001). Torbiörn (1982) supported by arguing that some cultures are more difficult to adapt to than others. Hofstede’s cultural dimensions will be employed in the following analysis as parts of the measurements when comparing the three cultures in a triangular manner. To justify the purpose of this paper, two representatives of Chinese culture will be viewed from both Swedish and Australian points of view. Taking not only the host culture, but also the culture of origins for expatriates, into consideration, cultural toughness can therefore be fairly gauged. According to Gerhart (2008), national culture’s barrier effect can sometimes be outranked if the relative cultural difference is not large enough (national cultural difference smaller than regional cultural difference). Therefore, the culture might be tough for a national from a different region within the country but not for a foreigner from another nation with very similar culture. For cultural toughness to play its role, the national cultural difference must be distinct enough. In other words, expatriates from Confucius Asia, for example, Singapore and Taiwan, might find Chinese culture easier to adapt to due to the minimized cultural and linguistic differences. However, for expatriates from Sweden and Australia, it is vastly opposite the case. To elaborate, Chinese culture can be very difficult to adapt to for people from the above two cultures; due to the large national cultural differences, the uniqueness of the national culture of China, and the distinctiveness of both Swedish and Australian culture.

5.2 Acculturation

This study discusses the relevance of culture and how people from different backgrounds approach a new one. Raising a comparison between two different perspectives, Swedish and Australian, scrutinizing a third culture, China, proved how the former two interpret differently depending on their culture of origin, and later adapt accordingly.
Nevertheless, how well these expatriates adjust in China, and perceive mianzi and guanxi will be justified based on their acquired approach. Earlier, acculturation was presented, which extended the matter of different modes of interactions when exposed to a novel culture. Berry and Kalin’s (1995) argued the most beneficial manner was integration. It is an approach with which the person in question combine his or hers culture of origin integrated with the new one. For example, one should keep their own original moral compass, while also adjusting to the host culture’s. In the case of this research, findings withdrawn showed that all expatriates, respectively, embraced this approach. When asked if any compromises were made in business occasions, the answers were mostly “no”. However, from the Swedish perspective, both expatriates referred to that they obeyed the code of conduct composed by the multinational corporations that they were working for. Both Anders and Sebastian claimed that this provided support on how to behave appropriately in certain occasions, whilst limiting the occurrences of unethical manners. On the other hand, according to Australian John, making compromises of his moral compass, included acting austerely against his own free will. Consequently, he did not have to make any compromises since his company did not produce dubious products. The other Australian manager, Peter, felt that he had to make minor modifications of his normally ethical behaviours in order to establish guanxi with Chinese government officials, which carried advantages for his company.

Nonetheless, it is important to stress what also have been presented in the findings; the various sizes of the Swedish and Australian firms now operating in China. Australian businesses tended to be more entrepreneurial and small-scaled whilst Swedish firms usually take on multinational forms (Hutchings, 2005; Swedish Chambers of Commerce, 2012). Supported by this claim, the Australians had to be involved in more bureaucratic matters themselves, while the Swedish expatriates rely on their codes of conduct. All of them agreed, though, that business could not be done the same way in their respective home countries as in China. As John argued, he would gladly pay a commission fee to a middleman in order to make business operations easier, while this is an example of unethical manner in Australia.
5.3 Comparison of Table 2.3 and 4.2

As the Swedish and Australian expatriates Anders, Sebastian and Peter explained further on their perceptions of *mianzi*, it appears to be rather related to the findings of Alston (1989); Bond (1991); Tsang (1998), Tao (2008), Jiang (2009), Guo and Chang (2010) on *mianzi*. As they all share the same view that *mianzi* is about preserving one’s honour and avoiding humiliation, claiming one’s social status. Likewise, *guanxi* was defined similarly by the interviewees as to how the scholars Alston (1989), Lee and Daws (2005), Yang (1994), Buckley, et. al (2006) defined the social value, in the sense that one establishes interpersonal relationships in order to gain the advantage of mutual exchange of favours in an exclusive circle. The interviewee James and authors Lee and Daws (2005) explained it as the benefits one gains whilst being a member of an exclusive club.

However, the Australian interviewee, John, seemingly had very strong opinions towards both concepts (*guanxi* and *mianzi*), labelling them as “institutionalised corruption” and “an excuse to act childishly”, respectively. It is worth noticing that, some scholars, such as Ip (2009), Xin and Pearce (1996), Su and Littlefield (2001), did point out the downsides of both concepts, especially regarding *guanxi*, agreeing with him in a more neutral tone.

In general, the definitions of *guanxi* and *mianzi* by the western managers presented in table 4.2 are quite cohesive with the definitions by the scholars’ in table 2.3. Although, there were some worth marking differences in opinions between the two nationalities of interviewees. Some of these differences can be explained by their different ages, difference in length of period spent in China and that they worked in different size of companies, in spite of the influences of culture. These differences may also lead to different business experiences in the future, and therefore also impact on how they further perceive *mianzi* and *guanxi*. However, their perceptions are mostly dependant on the differences between their own cultural backgrounds and the Chinese culture. Hence, the cultural impacts should be regarded as the dominant factor.
5.4 Guanxi

Guanxi, as elaborated before, is a product of collective society as China, where interpersonal ties are highly valued (Jiang, 2009). Whilst under the Anglo Celtic culture such as Australia (Australian Government – Department of Foreign Affairs and Trade, 2012), where individualism is highly valued (Hofstede, 1980), Chinese styled interpersonal ties were seemingly quite alien to the Australian interviewees. Since most of the Australian managers are young entrepreneurs running small-sized firms (Hutchings, 2005), the interviewees admitted that they had to deal with a lot of guanxi related matters themselves while running business in China. As mentioned before, guanxi related activities could easily lead to nepotism, cronyism and patronage (Ip, 2009). In Australia, claimed both the interviewees, the fairness of open competitions is much more encouraged, such guanxi connections would hardly be tolerated, as declared by John; “guanxi is basically institutionalised corruption”. He reckoned guanxi as mostly used when bidding for government projects, instead of selecting the most competent candidate, the most well connected one usually acquires the job. On the other hand, Anders, from Sweden, claimed that guanxi exists in almost every society with the exception that in China it is rooted more deeply than in Sweden. He perceived guanxi as a product of a relatively less functional social system, which would extinct eventually with the society ameliorating its system. He explained that it occurs when people seek “favours” from ones with power, as the legit social system would not otherwise function efficiently enough to meet their needs. Swedes emphasize sense of rationality in daily lives by implementing optimally practical solutions (Daun, 1989). However, guanxi allows the most connected person to be the problem solver instead of the most competent. Therefore such irrational exclusive “favour seeking” and cronyism could barely be discovered in a country as such.

In Communist China, guanxi building, to one’s advantage, very commonly involves political power-exchange, which leads to not only bureaucracy but also impairment on social fairness and equality. For people from countries such as Australia and Sweden, where fairness and equality are prioritized (Australian Government - Department of Foreign Affairs and Trade, 2012; Hill, 1995), such tolerance towards nepotism and cronyism that guanxi brings along can be very dubious. John also pointed out that guanxi is a form of patronage at the cost of lower class of the society, as it benefits the people within the connection exclusively at the expenses of the tax payers, increasing social in-
equality. From a Swedish cultural point of view, the concept *lagom* emphasizes equality; “not too much, not too less” for everyone (Barinaga, 1999), against the inequality that *guanxi’s* patronage leads to.

As referred to before, *guanxi* is the product of a collective society. Whilst Australian society is deemed quite individualistic, Sweden ranks relatively lower on individualism in comparison to Australia (Hofstede, 1980). In other words, Sweden appears to be a comparatively collective society. Therefore, the interpersonal ties and collective values that *guanxi* emphasizes can be quite suitable for the culture. To sustain the collective, Swedes also tend to avoid conflicts and emphasize on reaching consensus within the group (Forss, Hawk & Hedlund, 1984), which agrees with certain values *guanxi* advocates. To maintain the harmony of good *guanxi*, ordinary conflicts and contradictions in Chinese organizations would be avoided, driven under the purpose to preserve functioning *guanxi* between every element in the collective (Ip, 2009). A relatively collective society as Sweden is, nevertheless, solitude is highly regarded in Sweden, which is decoded as inner peace, independence and personal strength (Hendin, 1964). However, *guanxi* leans more towards the collectiveness, bonded primarily by family ties (Bond & Hwang, 1986), omitting independence.

However, while *guanxi* consists of establishing connections with people of power in the social hierarchy to obtain advantages (Su & Littlefield, 2001), Sweden is a country with rather flat management style and low power distance (Hofstede, 1980). To elaborate, *guanxi* can be negatively used to obtain exclusive benefits for oneself while exploiting the elements outside of the circle, which, according to interviewee John from Australia, extends the distance between different social levels. In Sweden, where such distinct social levels are absent, such aspects of *guanxi* cannot therefore be found.

Nevertheless, it was disclosed that, most Australian companies in China are of small size while Swedish companies tend to be large multinational corporations. This was also reflected on the interviewees’ background as the Australians were young entrepreneurs and Swedish managers were usually working for companies with well-implemented regulations. Both Swedish interviewees admitted they were strictly bound by the company’s code of conduct while the Australian managers admitted they had to cope most
business social interactions themselves.

To summarize the correlations between *guanxi*, Australian and Swedish social values respectively, describing such links as positive or negative (See table 5.4).

**Table 5.4: Correlation between Guanxi and Australian and Swedish values**

<table>
<thead>
<tr>
<th>Cultural Characteristics: Australian</th>
<th>Type of Correlation</th>
<th>Cultural Characteristics: Sweden</th>
<th>Type of Correlation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Individualism</strong></td>
<td>Negative</td>
<td><strong>Lagom</strong></td>
<td>Negative</td>
</tr>
<tr>
<td><strong>Fairness</strong></td>
<td>Negative</td>
<td><strong>Consensus</strong></td>
<td>Positive</td>
</tr>
<tr>
<td><strong>Power Distance</strong></td>
<td>Less Negative</td>
<td><strong>Low Power Distance</strong></td>
<td>Negative</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Equality</strong></td>
<td>Negative</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Solitude</strong></td>
<td>Negative</td>
</tr>
</tbody>
</table>

**5.5 Mianzi**

*Mianzi* is the second concept used to serve the purpose of this research. As mentioned before, this value is deeply rooted in the Chinese culture and directs the behaviours of the Chinese people in all social interactions (Jiang, 2009). As discussed in the theory framework, *mianzi* was derived from the Chinese word for “face” (Byosiere & Leuthge, 2009), but more importantly it stands for “dignity” or “pride” (Tao, 2008). Nonetheless, the latter ones carry more relevance in this research as those are highly entrenched in working relations, hence the expatriates’ experiences. Peter, who came from Australia, shared understandings on this issue by claiming that people from dissimilar cultures are sensitive about different matters. Anders, one of the Swedish expatriates, who also kept an open mind towards the concept, argued that this sort of values existed in all cultures, however, more distinct in the Chinese culture. Tao (2008) suggested that there was such as “losing face”, which generally occurs if someone feels humiliated. It is implied that the Chinese natives are more protective of their *mianzi*, which are supported by the fact that the Chinese citizens are willing to make lots of investments in social events in order to promote their social status (Liu & Murphy, 2007). In other words, *mi-
anzì functions as a social network when exchanged interpersonally driven under the purpose to establish social networks (Jiang, 2009). This statement could also be related to the development of guanxi between two parties. To recapitulate, Chinese are assumed to be more sensitive towards such issues whilst Australians were perceived more laid-back.

From the Swedish perspective, the value lagom is guiding the Swedish people in the way of acting (Barinaga, 1999). As defined before, the value holds as neither too much nor too less, otherwise stated, balancing work and private life, et cetera. The opposite could be withdrawn from mianzì, since it has already been indicated as enhancing the Chinese’s social classes, fostering social inequality. Although, one could infer that the two Swedish expatriates and Peter held a rather open mind. Yet, it is important to once more stress the fact of the different size of the firms. Both the Swedish interviewees emphasised the importance of the code of conduct and how they relied on it, hence, limiting the exposure to mianzì. On the other hand, John, the Australian CEO in China, held a critical view towards mianzì based on his own experiences. He argued that due to the strong urge to protect mianzì, one could act immaturely in normal occasions. For a person from Australia, where fairness and diligence are highly prioritized (Australian Government – Department of Foreign Affairs and Trade, 2012), such behaviours consequently can be barely tolerated. Thus, John even claimed that defending ones mianzì could make people behave in “childish” manners.

As mentioned before, mianzì also functions to maintain social order as it presents people’s presentable self. To not offend other people’s mianzì, conflicts are commonly avoided (Jiang, 2009). This can be linked to yet another Swedish value; consensus, which consists of reaching an agreement between parties by taking everyone’s opinions into account while also including compromises. That is to say, Swedes tend to reach an agreement by involving all participants, avoiding conflicts meanwhile (Czarniawska-Joerges, 1993). While it might have been driven by different motives, the two cultures interestingly shared views on conflicts avoidance.

The Chinese mianzì functions as an enhancement for one’s social status by one’s behaviours to impress the rest (Jiang, 2009). In Swedish society, on the contrary, equality is
usually highly prioritized (Hill, 1995). Therefore, the attempt to claim one’s social class by displaying wealth (Liu & Murphy, 2007) is not frequently discovered in Swedes’ daily behaviours. This can be further linked to Hofstede’s (1980) labelling Sweden as a country with low power distance. China was, along with other Confucius Asian countries, where the power distance ranked as one of the highest comparing to other regions. In other words, classification within the hierarchy tends to be more distinct in China, which can also be reflected upon people’s declaration of social status in a mianzi manner. John proposed that mianzi was a depraved value due to the enlargement on already huge gap between lower and middle classes of the social levels.

When it comes specifically to the working environment, both Swedish expatriates mentioned the difference between Chinese and Swedish employees. As disclosed, Chinese natives are more sensitive towards mianzi, hence they tend to lose it more easily. The Chinese employees tend to find it humiliating admitting not knowing the answer to a question, which consequently leads to ambiguity and uncertainty in a working environment, since no solid mutual understanding can be established in occasions as such. Sebastian explained that this would always lead to inefficiency as such redundant uncertainty and ambiguity would not be accepted in Sweden (Hofstede, 1980). Nevertheless, both Anders and Sebastian suggested that if a trusting and comfortable working environment is built within the company, the influence of mianzi would diminish, as people would be able to speak more freely and openly without worrying about harming others’ mianzi. This would contribute to people within the organization better receiving, handling and providing constructive criticisms.

Outside of business occasions, mianzi seem to somehow impact on the friendship between males and females, which John found sometimes very male-dominating. Male friends of the females can easily feel “face-losing” if a request is turned down by the females. Coming from a country (Australia) where masculinity ranked quite high (Hofstede, 1980), John still found it hardly appropriate. On the other hand, Sweden, deemed as a feminine country by Hofstede (1980), such power overriding against females would be regarded as intolerant.

To summarize the correlations between mianzi, Australian and Swedish social values
respectively, describing such links as positive or negative (See table 5.5).

<table>
<thead>
<tr>
<th>Cultural Characteristics: Australian</th>
<th>Type of Correlation</th>
<th>Cultural Characteristics: Sweden</th>
<th>Type of Correlation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Laid-back</td>
<td>Negative</td>
<td>Lagom</td>
<td>Negative</td>
</tr>
<tr>
<td>Fairness</td>
<td>Negative</td>
<td>Consensus</td>
<td>Positive</td>
</tr>
<tr>
<td>Diligence</td>
<td>Negative</td>
<td>Power Distance</td>
<td>Negative</td>
</tr>
<tr>
<td>Masculinity</td>
<td>Positive/Negative</td>
<td>Uncertainty Avoidance</td>
<td>Negative</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Femininity</td>
<td>Negative</td>
</tr>
</tbody>
</table>
6. Conclusion

6.1 General Discussion

The purpose of this paper is to explore and compare the perceptions, practices and experiences of Swedish and Australian managers in China while coping with the two representative Chinese social values, mianzi and guanxi. This study is intended to contribute in a theoretical manner, claiming that culture should not result in unified perceptions.

As introduced in the analysis, from Australian and Swedish points of view, Chinese culture can be deemed as a tough culture, where the national culture manifests its effect as a barrier for expatriates (Gerhart, 2008). From the interview findings, it was revealed that all the expatriates shared the same acculturation approach; integration, through which they uphold the core values of the cultures of origin while adapting to the local culture of the host country (Berry & Kalin, 1995). While comparing the interviewees’ perceptions of the two concepts (table 4.2) to the academic definitions in table 2.3, it suggested that the interviewees mostly maintained consistent perceptions with the scholars, additionally, in a more practical sense.

As to answer the central presumption that people’s perceptions of one certain culture would vary due to their own cultural backgrounds, it is suggested that the Australian and Swedish managers did have quite dissimilar opinions on these two representative Chinese cultural characteristics. The theoretical aim was to challenge Hofstede’s unifying approach, supported by Fougeré and Moulettes’ (2007), and Baskerville’s (2003) claim that Hofstede’s studies are quite flawed. Such claim was, to a certain extent, agreed with by the final findings. As perception of culture is subjective, the qualitative method mix selected was an appropriate justification of the subjectivity. A comparison is thus structured in a triangular approach (see figure 5.0).

Guanxi was analysed by dissecting the value into aspects and comparing it to various cultural characteristics of both Australian and Swedish values presented in the theoretical framework section. Throughout the comparison, it was discovered the value stance that guanxi holds is mostly contradictory to the social values of both countries. As presented in table 5.4, only the Swedish value consensus was positively linked to the conflicts avoidance that guanxi promotes. During the interview, it appeared that the Australian interviewees viewed the value more critically, as John even labelled it as “institu-
tionalised corruption”. Therefore, one can infer that Sweden possesses a slightly more positive correlation to the concept. Yet, it is worth noting that only limited Australian social values were accessible from previous researches in comparison to Swedish social values.

It was disclosed from the analysis that the expatriates interpreted the value *mianzi* similarly, with minor disparities. Three out four expatriates had a more neutral stance towards the concept by suggesting that *mianzi* exists inter-culturally in different forms. As displayed in table 5.5, though most of the aspects that *mianzi* represents disagree with the majority of the cultural characteristics of Australia and Sweden, it did side with the Swedish consensus value as well as Australian masculinity. Nonetheless, one of the Australian interviewees stated that *mianzi* was an act of immaturity. To recapitulate, the general correlation to *mianzi* from both cultures were rather negative to a similar degree, with a mildly more positive correlation from the Swedish consensus.

**6.2 Limitations and Further Improvements**

Due to the limited amount of time allowed and other reasons, the findings from the research can be rather partial. Only four interviewees, two from each country, respectively, were selected. Therefore, the findings collected from interviews can lack representativeness. As the study is aiming at comparing Swedish and Australian expatriate managers’ perceptions of the two Chinese concepts, it carries an innate defect as the oriental culture is scrutinized from western perspectives, which could result in the study being western-biased. This was attempted to be justified by employing theoretical references on the two concepts composed by authors of oriental background. Nonetheless, as the analysis was conducted based on empirical findings, which were collected from interviews with four western expatriates, it is inevitable that the study will be based on western perspectives.

As stated previously, the main limitation was the time constraint which caused hindrance, hence, more time would be of advantage when conducting a similar research in the future. Furthermore, driven by the purpose to improve what already has been employed in this paper, one should extend the comparisons among the different cultures. In
other words, instead of solely viewing an oriental culture from a western point of view, participants from oriental or similar backgrounds should be included. Further studies should also increase the amount of interviewees from each country, providing a less partial result. Therefore, one can reach a more fair and combined interpretation, and develop a profound understanding of how people of dissimilar cultural background perceive other cultures differently.
7. Reflections of Contribution

The authors of this thesis found that their cooperation throughout the process of writing the paper has been effective. The distribution of work was well structured. Through various meetings, Skype and other social medias, the authors managed to work together efficiently. At first, a topic of interest was discussed and looked upon. Furthermore, an initial purpose for the thesis was agreed upon, which was constantly revised during the writing process to justify the changes of the general direction. Through further interaction among the authors, the best suited methodology to best fulfil the purpose theoretically was decided upon. After having located suitable interviewees, interview questions were produced accordingly within the group. The information collected from the interviews were categorized and interpreted in the analysis, which, through further interaction within the group, contributed to a cohesive conclusion.
8. References


9. Appendix

In this section of the report, the interview questions asked to all interviewees are portrayed. Respectively, the answers given by the interviewees will also be presented to support the empirical findings by providing references.

9.1 Interview Questions

1. Where are you from?
2. What is your background
   - Education?
   - Previous occupations?
3. When did you first come to China?
4. When was the last time you were in China?
5. Were you prepared prior to departure, and more importantly, how?
6. What was your first impression when exposed to this particular oriental culture?
7. How do you think the local employees/business partners firstly perceived you? And how do you think they perceive you now?
8. When did you first hear about guanxi and mianzi? When were you first exposed to these concepts?
9. What were your initial thoughts of them?
10. In what business context do you find guanxi and mianzi the most predominant, for e.g. when working with business associates or with fellow staff?
11. Besides mianzi and guanxi, did you find any other values majorly different from your own?
12. Are you capable of acting locally now? If so, how long did it take to adapt to the culture for you to act out instinctively?
13. How much compromise, if any, on your values and beliefs do you reckon you had to make to be where you are now?
14. How do you keep your moral compass in the process?
15. With China being increasingly westernised in the past decade, are there any differences between how *mianzi* and *guanxi* impacts on business practices nowadays and before? If any, how?

16. What would you recommend for a potential future Swedish expatriate?
9.2 Interview Answers

9.2.1 Anders

A1.

I am from Sweden.

A2.

I have obtained a master’s of Science in Business Administration from Lund University in Sweden. Furthermore, I have conducted Asian studies at University of New South Wales, Sydney, Australia. I have also studied the Chinese language at Lund University and at Taipei Language Institute in Taipei, Taiwan. In my previous occupations I have worked as a Financial Controller in Sweden between 1998 and 1999. I then moved on working as a marketing, communication and business development in China in 2000 and have worked there since.

A3.

I first visited Hong Kong in 1991 and mainland China in 1994 as a tourist. However, I moved to China year 2000 for work and have been there since till now.

A4.

I live in China.

A5.

I learned about quite various aspects of Chinese history, mostly politics and its political history, which is mostly modern and 19 to 20th century. And then I have also, as part of language studies, about ten units of them in Chinese history. So I’ve studied it all, but focusing on the politics of modern history. However, I didn’t really study about the social culture. I have taken courses like Asian Economic History and Marketing Sales in Asia, but no pure cultural studies. I didn’t receive any formal training from the company nor did I ask for any. They just needed someone who already knew about China, they needed a Swedish person who could go and work in a Chinese environment from day 1.
So no, I didn’t receive any trainings, but I think my knowledge about China already then was why the company had chosen me.

A6.

I had travelled extensively in Asia long before I visited mainland China in 1994, so I already knew I liked the culture. Wow, in that time it’s not even the same country, it’s hard to believe. I immediately loved Asia in general, like Hong Kong and Taiwan. I liked the energy, the burst, the restlessness, the sense of urgency that something was happening.

A7.

I don’t think I “hit it off” with my employees immediately, I don’t think you ever do that either. Doesn’t matter if they were even Swedish, it takes time to get to know each other. And in one way, it takes longer in China - I mean, back to Sweden it could be quicker because you can more easily understand. But it was not difficult to get along with the employees. 10 years ago there were very few foreigners that lived in China, so I was of course very exotic to most Chinese. Also, I already spoke a little Chinese when I came to China, so I have always been perceived a bit differently than most foreigners. It was almost ridiculous how they give you encouragement and show their affections and interests because you’re trying to learn their language. So it’s really an ice-breaker when you start speaking Chinese. But from the initial interest of really getting to know your colleagues, that takes longer. But to be accepted, I was accepted immediately. Nowadays, my employees still are aware that I’m not Chinese but they think I’m half Chinese. I know in general how people react and what they think. I think they find it easy and relaxed to work with me, because of the mutual understanding that has been developed.

A8.

I heard about guanxi and mianzi long before I went to China, in the 1990’s or 80’s whilst watching some soap opera shot in Hong Kong, back in Sweden. When I arrived in China, I felt exposed to it immediately when I started working there, especially then. I don’t believe that mianzi and guanxi are anything unique that China has. I mean we have it in Sweden, in the U.S. as well. I mean, everyone has face, it’s just that you lose
face for doing different things. Something might be “face-losing” in China might not be so in Sweden, and vice versa. It’s just Chinese people tend to pay more attention to it and seem to be more sensitive towards it. They also play it differently, they can use and they are using it to their advantages. I always say to my employee when it comes to situations as such “I’m Swedish I cannot lose my face, I can take care of it. I don’t mind.” But guanxi, it’s something in the society that why everything works. Sweden is a very functioning society, it’s not the best, but it’s very efficient. If you go to the bank, for example, you just take a number and wait for you turn. You don’t need to bribe someone or know the guy behind the counter to get the matter done. So it’s very efficient and fair according to the way that Swedish people explain it. So you don’t need that much guanxi to get things done because the system works. In a context, where there is not so much trust between each other and, at least before, the institutions were very weak, there is a lack of things, then you need some guanxi. I think it’s about how strong the institutions are. It’s not a matter of west or east. But I think guanxi will get less and less important because things become more and more efficient then you don’t need guanxi. Why would one need guanxi to open up a new company if it’s easy to just open up a new company? If the matter is difficult, yeah, guanxi is important. But if it’s easy, I don’t think it’s necessary. I’m sure the concept goes back a long way, but I believe it’s a solution when things are not working as well as they should and you need guanxi to get things done.

A9.

At first I felt that the terms guanxi and mianzi were very complicated but I feel as if I have a much better understanding of them nowadays. I actually think that in a sense mostly mianzi, but also guanxi are existent within every culture over the world, and that the meaning of the two concepts are not exclusive for only China but that Chinese people give them more attention and that the concepts are more used within business in China in comparison to other western nations. Guanxi is connections, I don’t think it’s that complicated. There are rules you play about how much capital of trust you have to give and what favours you have to do in order to keep the guanxi. It’s about connections and using it to get something as well as receive something. You’re expected to help, on the other hand, you can’t depart at different time. Mianzi is not that complicated either. It’s all about face, about your social status somehow. And you don’t want to be humili-
ated, no one wants that. Somehow in China, at least in some parts, it might be “face-
losing” when you don’t know the answer to a question. In Sweden it’s quite ok to say “I
don’t know” because we don’t expect you to know everything. It’s all about not losing
your dignity, not being humiliated and not being confronted in situations that you think
you would look bad. It’s just Chinese people are more sensitive towards some situations
than a Northern European.

A10.

When working with state owned factories, comparing to working with private compa-
nies, I believe that Guanxi is more important to open doors. Maybe it’s because the state
owned companies are big and it’s more difficult to get to the right person. But that is my
perception. I think you need to work with guanxi where it’s not so transparent, who is
deciding and what and why. They might have different preferences. It’s more important
when you deal with government and government companies, to have the right connec-
tions. In any kind of bureaucracy, you know how to work your way through it. I work
for a big company, and we have our bureaucracy, too. You need to know what person to
ask, otherwise you get bombed down. To be honest, though, I don’t have so much
guanxi. First of all, I’m not a salesman, I don’t work with sales. I work more strategical-
ly. So, no I can say I use my guanxi for marketing information a lot. By knowing a lot
of people in the industry I get to know a lot. But I have never used guanxi to sell any-
thing, as it’s not my job.

A11.

I would say that Chinese people are southerners, it’s like comparing Swedes to Greek,
or Swedes to Italians, that Swedes are boring and introverted and structured and stiff,
but efficient, while the Chinese are much more spontaneous. They don’t like rules so
much. I believe that Chinese people are much more lively and converse with one anoth-
er more than Swedes do. This is very appealing to me and I appreciate that Chinese
people actually do this and seem more like extroverts who gain energy by being with
others and spend more time with their families, et cetera.
A12.
I will never be “local” and it takes a few years to really understand the Chinese culture. But then you also have to be interested in learning of the culture and I feel like most of the foreigners never truly understand China.

A13.
I have never compromised in any of my values and beliefs, because I do not feel that I have to act any differently just because people in my surrounding act in a specific way. I also believe that it has not been very difficult for me as I am not in the buying-sell trade but business development manager, so I am not exposed to any temptations. i.e. I have never been in a situation where I have had to reflect “is this really what I want to do?”.

A14.
I feel that I have managed to keep my moral compass with me throughout my long stay in China and that I have never compromised on my morals. Since I work at a Swedish multinational company we follow the same company rules and guidelines in China as anywhere else such as Peru, Denmark and so on. There is always dirty business and underhanded deals, but we stay out of it and people do what is expected of them in a big multinational corporation.

A15.
Since China is becoming more and more internationalized, the business practices also become more and more internationalized. To change a country such as China is not easy but I believe that the impact this internationalization has had on guanxi and is, from my personal experience as due to that the economy has become more open and transparent because more rules have been institutionalized, that the importance of guanxi will eventually diminish. Although, China is a big country and change will take time, but China is constantly undergoing change, therefore guanxi will lose its role within the Chinese society eventually. However, I have noticed no changes worth mentioning when it comes to the Chinese social value mianzi. I feel that within our company the foreigners adapt to the locals in the way of doing things and the locals adapt likewise towards the foreigners. It is all about creating trust within the working environment then
mianzi will not be a problem. If people do not know an answer to a question they should not be ashamed of saying ‘no’. Therefore, it essential to create somewhat of a bond, trust and good working relationship within the organization.

A16.

My best tip for any future expatriate that intends to work in China is to learn the Chinese language. Because China is great, but not so easy if you do not speak Chinese. So, learn Chinese! To participate in a course about Chinese history and culture would of course be of good for anyone, as it is always useful to know at least a few facts about a country. Especially knowing a little about China would be helpful as it a complex country. Unfortunately not many people know facts like these. Also, when studying about China you will make friends who also are interested and understand China. I would also recommend in finding a job within a company in Sweden, such as a trainee spot, which works in China. Have an open mind and do not forget that you are a guest in the country. Also, take your time in experiencing and taking in the wonderful nature that China has to offer - it will help you grow as a human being. Moreover, do not underestimate the cultural differences, and some things may take time. Learn from your experiences and be clear and follow up on decisions when making them. Finally, do not let go of the contacts you have back in Sweden or wherever you are from and you have to be aware of that you will not be able to see friends and relatives often (Gripenberg, 2012).

9.2.2 Sebastian

A1.

I am from Sweden.

A2

I have obtained a Master’s degree in Science of chemical engineering design and a PhD degree in fluid dynamics. Before working as a production manager in Singapore, one of my previous occupations involved working as a global manufacturing director.

A3.
I first visited China in 2008 in business purpose. I was supporting lean initiatives for an organization in China at that time.

A4.

The last time I was in China was in October last year (2011), when I spent a few weeks in Shanghai.

A5.

Prior departure I did not prepare myself extensively, however, I did ask a few colleagues that have been working in South-East Asia previously in order to get a little insight of the culture in that area. Although, I did not receive or participate in any cross-cultural training program which include things like social- and control training.

A6.

My very first impression of China was that it was a terribly unstructured country. I also found, from a business perspective, that people lacked knowledge, i.e. that people with talent and skills suitable for the company were harder to come across. Normally when I arrive in a country I get a cab and spend the majority of my time at a factory or a business unit. Therefore my first exposure to China was actually sitting in a meeting room and I felt it very overwhelming to experience the low level of doing business. Even though people speak fairly good English, it is still very difficult to communicate as people have different perspectives. It is different in both business and cultural perspectives as people have dissimilar attached angles from both MNCs and the smaller entrepreneurial Chinese companies. The first time I went to China we bought a company, which was a private enterprise in a traditional Chinese enterprise sense. Therefore, there really is different perspectives when it comes to term of ethics; how you conduct business, environmental health- and safety issues - which are usually of great concern in MNCs but not within a traditional Chinese enterprise. I also felt that how you treat your employees in China differ from other parts of the world, because I come from an angle where I want to get to know people, whereas, in China the managers feel as if people are more expendable.

A7.
I believe they perceived as very target- and process oriente
d, which I thought came as a
prise to the people within the organization. My experience when working in China is
that, naturally, there is not a lot of proactive work but that you solve problems first
when they occur. From my own experience, risk- avoidance does not really exist in
China. However, when the problems occur the Chinese employees deal with them swift-
ly, but if proper proactive-ness would have been conducted the problems might not have
occurred in the first place.

A8.

I first heard about the two Chinese concepts guanxi and mianzi from colleagues before
my role as a production manager in Singapore in 2009. From my perspective I was try-
ing to avoid exposure to these two concepts as much as possible, and I do not really
have any good scenarios to portray for you. Because I was trying to create a climate,
where roles and responsibilities were very clearly defined, and also where empowe-
ment is pushed down in the organization with clear responsibilities. Not to blame people
but to expose them with problems and let them solve them accordingly. I would never
put an employee in a position where he needs to be ashamed or feels humiliated. That
would be counterproductive for business. What I normally like to do is to have a work-
shop or brainstorming with subordinates, where we do not seek the blame part but rather
the solution part of a problem. It has worked very well and in reviews and performance
assessments the people have concurred with me on this matter.

A9.

My definition of guanxi is that it is a term where relationships works as a currency in
China rather than an ice-breaker. Because in the western part of the world relationships
would be an ice-breaker but in China relationships are more based on a currency. That’s
my understanding of it anyway.

To me the term mianzi (face) is when you put a person in a position where they feel
humiliated in front of a person that they somehow have authority over.

A10.
The factory in China was under my responsibility and I feel that both *guanxi* and *mianzi* played roles within the organization, but as I avoided scenarios where these social terms were included, I cannot really say which was the most dominant one.

A11.

I do not believe that I fully grasp the Chinese culture today as people do have different perception and value different things. I reckon that China would be lower on the scale of Maslow hierarchy in comparison to Sweden. That is to say that China and Sweden have different baselines, but if the baselines were to be identical it would ease communication. I felt that during my time in China people had a hard time in saying “no” and difficulties in raising issues. So if something was performed less than satisfactory I would not be informed, and this raised problems within the internal working environment, which made it more challenging for me as a manager. It would be more beneficial for the company if issues were raised as soon as possible instead of laid aside due to people wanting to protect their *mianzi*.
A12.

I do feel that nowadays I am more capable of operating the business more properly. Also thanks to the assistance of Swedish engineers with whose help problems were easier to locate. I don’t think I’m able to act more local. I think it is all about mutual learning and Chinese culture can be very difficult to learn about. It is very important to ask different questions.

A13.

I had to make compromises in order to secure talent and skill within the company. Because when an employee, for example, attempted to exploit the firm’s assets or resources for personal usage they would usually be fired if anywhere but China. However, due to the lack of right talents I had to compromise about firing them. However, I don’t think I had to make any compromises on my personal ethics, but only on some certain behaviours. I don’t see any regrets up to now.

A14.

I feel that I have managed to maintain my moral compass throughout my time spent as a general manager in China. This is due to the fact the company I work for is listed, which means it has its own set of very strict business policies. These policies are required to be strictly followed by all who work within the company. I’ve received education regarding anti-bribery and corruption way before in my career as well.

A15.

Well, I definitely see more changes in the country overall - more buildings are being built, the infrastructure is being completed, and more Western franchise are rushing into China, some are setting up their headquarters here. Within my own company, I feel that the impact of mianzi within the company has been declined in the sense that the staff work more openly nowadays. Now the skilled workers salaries are probably doubled than a few years ago, still, due to the lack of right skills. Also, when one has been working with a Western company, their skills also appreciate in the process. However, I feel that more has to be done in China rather than simply shifting company styles towards the west. China has to ultimately think of allowing equal competition. It is essential for China in order to keep competing with other Asian countries, which means the potential
corruption that *guanxi* brings along should be eliminated. I also believe in empowering employees and promoting competitiveness.

A16.

Get yourself a really good contract! Also, one would need quite a lot of support to succeed. It is important for any future expatriate to receive support from both the host- and home country. I also believe it is important that the one who sent you abroad understands the difficulties one as an expatriate will encounter.

### 9.2.3 John

A1.
I am from Australia.

A2.
I achieved a high school certificate and went to University for two years majoring in software engineering. But I dropped out during the second year due to a job offer respectively. As previous occupations, I’ve only got a short list. I first worked as technical support via phone for a while then I started working as a software engineer for three companies.

A3.
I first came to China in December 2008, stayed for eleven weeks.

A4.
I visited again in the end of 2009 for two weeks, then I visited for two months since the beginning of 2011. But then I moved to China since April of 2011 until now. It is about fifteen months in total.

A5.
I did a lot of preparations prior to departure. I had the idea of opening a company in China since February 2008 and that’s when I first started researching, looking into India as well. I looked into major cities mostly average wages, taxes, business process and learned basic Chinese to get around via reading books and self-educating. I’m a firm believer in “doing stuff yourself”. So I didn’t receive any formal training, nor do I most of the times. Two months prior to establishment of the company, I contacted the Australian
Trade Commission for help and also hired a local employee to help getting the company registration started.

A6.
My first impression of China was a bit shocking. The airport terminal was pretty old and looked like a 1970’s Australian high school. The rural village were made demolished buildings. Then I asked myself if I had made the right decision. But minutes later when we got into the city it was filled with stone buildings in old British colonial styles. I was reassured that it was a real city. Even though the first day wasn’t exactly satisfying and I was a bit edgy during the first week. I was quite unsatisfied with the bureaucracy system as things took twice as long to undergo compared to back home in Australia. I was worried how difficult it would be to establish a company here in China. We just made it in 12 weeks. They continuously asked for different documents and it involved a lot of legwork from my side. We finally ended the process by calling in for a favour from a friend who has connections in the government. It is all about playing people.

A7.
I presented what we were doing at first and I think they were then impressed by my technical skills. I did not notice any particular behaviour from my employees; nevertheless, those who did not get hired could act arrogantly. I didn’t really care about their first impression on me nor that I cared since as long as they work hard and along the team, it’s fine by me. I think we hit it off immediately. But we didn’t really have any business partners outside of the company in China. I do not whether or not they would perceive me any different, probably still perceive me the same as three years ago. But now I’m in a new office so I know less about what’s going on and what my employees are working on. During the years they worked for me, I have given them consistent pay rise and take care of their personal lives, to develop loyalty from employees.

A8.
The first time I heard about guanxi and mianzi was June in 2008 six months before departure. I had some Chinese friends back in Australia who told me about these two concepts. I also read about these concepts. When I first came to China, I came across people discussing about it and telling me how important these two concepts were.
A9.
About *guanxi*, my first reaction: was “big deal? Its just relationships!” Within the later on 6 months, I did not feel any difference. However, people kept talking about it and I realized that it’s majorly different from the western concepts of “relationships”. The reason why it is so emphasized by people was because it does play a major role in Chinese people’s lives and how things run here.
When I first was exposed to *mianzi*, I thought it simply meant “face” or “some sort of pride”, I didn’t attach any significance to it. I first thought it was mildly negative but now I think it is strongly negative.

A10.
With employees it does not make much difference at all. *Guanxi* to me is *institutionalized corruption*. Instead of employ the most competent person, as we do in Australia, in China the government as well as businesses, turns to friends and relatives when looking for people for government projects, in other words nepotism (family relations) and cronyism (friends relations). *Guanxi* is concepts, wraps up with cash ups and bribes. The one with the strongest *guanxi* towards the government is picked, which is sabotaging competition. Taxpayers have to pay for funding of individuals income. This is in every area of China, both for jobs and favours.

*Mianzi*, is an excuse to act childish. I had a situation when one of my employees did not do his job, which I called out. I told him he has to improve, but when I told him, he got exceptionally angry. Then, I could not understand why, I had no choice but to send him home. Later on fellow employee explained that he, was upset due to losing his face, *mianzi*. You cannot say something directly because that could cause somebody to lose their face (*mianzi*). So, when dealing with my employees, unlike *mianzi, guanxi* does not really play any important role. Although, I do try to get along with my employees, establish loyalty. More of a standard western business concept.

A11.
Yes, but mainly in social interactions. One thing I have noticed is male friends can be dominant over fellow female friends. In Australia you would not have a male friend bossing around over a female friend. But in China, girl could rarely ignore or say ‘no’ to a male friend; otherwise he will get exceptionally angry. But I think this is related to *mianzi* too. Business wise, you are expected to join for drinks and smokes. It is interesting, that sort of thing I kind of like, the sort of round table, you have a meeting and
you meet up for big dinners. That part of culture is very unique. Very easy to make new friends or business partners. Once more I think this is rooted in *guanxi*.

A12.
Yes, I could, but I do not think I would. I do not think I would act any different today, than I did when I first got here three years ago. *Guanxi*, I got two different viewpoints, my personal, how affects me viewpoint and for the good of the people, kind of holistic viewpoint. I’m kind of benefit from the exclusive access to certain *guanxi* with government seniors. I’m completely opposed to that idea since I don’t think that is a good thing. I think it is a huge strain on the economy and waste of government expenditure. I think there is such a huge gap between middle class and lower class. I feel bad about it. Although, I think I will benefit a lot from it in the future. Today, I do feel comfortable with the Chinese business culture and I have done that since January 2009, so it took me a few months to adapt. Relationship between employees and employers are very different from relationship between us and potential clients and a government partner.

A13.
I don’t think I have changed anything, when you talk about compromising, it is more like you talking about something you actually can affect. Personally, since I have no effects on the government system, so I cannot really change anything. But running a business differs from China and Australia. Here in China, I would be happy to pay off commission to middle men, but doing that back in Australia would make me feel rather uncomfortable. It is impossible to run business in China the same way in Australia and vice versa.

A14.
It’s not really a huge issue for me. I mean, it’s not as if I’m working for the milk industry which had a big scandal a couple years back for producing milk with melamine in it. For me, compromise is doing something that I’m extremely unwilling to do, which does not apply to what I’m doing here. Plus, to change the current situation in China, it calls for a top-down government effort, setting up an anti-corruption body, for instance. It’s not realistic talking about how much one person can do. Besides, my company is trying to do something to raise the education standard in rural areas of China. We’ve been developing this software for learning English to distribute at zero-profit if only the government could offer a small amount of subsidy. However, since no profits can be made.
out of it and no commissions can be earned, our mates in the government body don’t really care about implementing it.

A15.
No differences, not that I have noticed at least, since I’ve only been here since 2008. But the major difference is that, the longer I have been here, the less staring I get from the taxi drivers. When I stepped in a taxi a couple of years ago, they stared at me as if an alien just came through that door. Because they had barely seen a ‘white’ person before. Sometimes they even took out cameras to take photos.

A16.
Be prepared for that processes in China takes at least twice as long time to proceed. Chinese employers may be dodgy as they may try to fool the employees - by underpaying them or and extensive overwork. Taxes systems here are really screwed up as well. Budgeting takes a lot more time and effort. If you want to do sales, you have to be prepared to use a lot of money to meet the right people.

For an Australian coming over to work it’s rather easy, since the company deals with the Visa, the major problem is the language. If working for Chinese employers as they are very dodgy, even with foreigners trying to rip you off, do not pay wage and not being paid for public holidays. But this is probably worse on Chinese employees.

9.2.4 Peter

A1.
I am from Australia

A2.
I have obtained a high school certificate for my efforts there and I also have an uncompleted Finance and math degree for 3 years, which I can continue at any time. I have no previous occupations worth mentioning.

A3.
The first time I visited China was in November 2010 for business purposes.

A4.
Last time I went to China was in March 2011 and I have been living here since.
A5.
I did not see any need for immense preparation, however, I did take the time to make some minor language preparations. The lack of abundant preparation has not affected me negatively though.

A6.
It felt strange as the facilities were old and looked like they were about to collapse. However, this was not the case in the city. I was quite satisfied of where I had come and China has grown on me ever since. I was also very impressed that my Chinese acquaintances were good in English.

A7.
I believe they perceived me in a good and friendly way, which I also believe they do nowadays as I see myself as a diligent and fair person. There have been no major problems so far, but the language barrier is probably the biggest obstacle that can arouse problems in the future.

A8.
I first came across guanxi and mianzi when I was making sales in China and whilst talking to my supervisor, who came with a few recommendations of how to approach these two concepts and that I should be careful and think of how to act in different scenarios.

A9.
My initial thoughts of Mianzi, or face, was that it is a concept when people get upset to save and preserve their pride. Guanxi felt more “normal”, but I was bothered with governmental bribes and how they handle this concept which makes it appear to be negative in this aspect. However, in my own experience I feel that guanxi is not a negative concept nor a positive one, just different. As an example, friends spending more money on treating each other at social events in order to establish guanxi and also to enhance one’s social image and thus earn mianzi.

If I was to define guanxi nowadays I would say that it is a concept used for establishing business relationships and making friends. One can relate it to an old boys’ club, where being included can provide you with many benefits, while being excluded is very disadvantageous. I would say my thoughts on mianzi have stayed consistent throughout my stay in China. I believe that it is a perception of how important people think you are which is closely related to money. Even though I have not had any real experience of
mianzi I cannot really say if this is so. I am going to try and interact more with locals further in order to get a better understanding of the concept.

A10.
All business interactions are about establishing guanxi. I also believe that it is more advantageous establishing good business relations in China than, for example Australia, as people with more influence in China have more autonomy and thus can do more for you. I have not had so much experience with mianzi but I understand that it is an important concept within the Chinese society of preserving one’s social value and I hope to learn more of it in the future in order to better understand mianzi.

A11.
I feel that the relation between parents and children are very different from my own experience as the parents have a lot more control, more strict and put more pressure on their child when it comes to school, marriage, jobs and wages, et cetera. I also think that it is very unusual that people ask you what kind of salary you make, but in China this is very common. I do not get upset for it, but it is just very unusual and I think this is a bit related to mianzi, with which money influences what people think of you and how you spend this accordingly on important events. They also always make compliments on things even though it sometimes might seem dumb as the compliments don’t not make sense.

A12.
No but I also feel as if I have no obligation to act locally, because I am a foreigner and people are therefore more tolerant with me. However, I feel more aware of the culture today even so I am still the same guy as I was before. It took me about 6 months to adapt to the culture and I have been able to learn through interacting with others.

A13.
I have made no changes in my beliefs and behaviour but I have made a few compromises when trying to make new contacts such as business contacts that I believe can benefit me in the future. I.e. exploiting guanxi for my own interest and for the good of the company.

A14.
Not entirely, see Q13, as exploiting guanxi might be a bit immoral but that is also adapting to the culture as trying to benefits for oneself and others is within the Chinese culture. However, I believe that overall these concepts are not beneficial for China as a
whole but *guanxi* will continue being beneficial for people and companies taking advantage of *guanxi*, such as what my own company has done in order to establish good working business relationships.

A15.

Not really. I can assume a lot of changes have been taken place in the last 2 decades. I think China is more complex and that the government has too much control as China is a single party state, where the government intervenes a lot in Chinese business activities. I also feel that there has been a shift from Communism to capitalism, and that China are more capitalist than Australia.

A16.

I would recommend interacting with Chinese locals about the social values, and see what they mean and how important they are. Be aware that there exist differences and try to find out which are they. Would be beneficial to study the Chinese language as well as making a background check on the culture.