



Case study

Power distance in cross-cultural environment: Observations from two Chinese companies in Europe

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Abstract: Cultural differences have a strong influence on the work and study climate in cross-cultural environment. A difference in power distance has been shown to be a major factor in decreasing motivation, especially when the superior follows a hierarchical leadership style but the subordinates expect equality. This can lead to high turnover rates in companies and low learning outcomes in schools if not taken into consideration. In this paper, we use examples to demonstrate how the problems appeared in two case studies of Chinese companies operating in Europe. The findings have been categorized into five themes: hierarchy, authority, closed communication, promotion, and unequal treatment.

Keywords: cross-cultural organization, power distance, Hofstede dimensions, motivation

1. Introduction

Hofstede defined *power distance* to measure how unequally power is distributed in an organization [1]. After administering a large-scale survey among 116,000 IBM employees in 40 countries, he published country-level scores [2], which have been widely referenced ever since. In brief, organizations in high power-distance cultures tend to have high hierarchy. Subordinates are unlikely to approach and contradict their superior directly, and less likely to voice their opinion [3]. Organizations in low power-distance countries are typically flat, and members are more likely to raise their voice and expect equality. The power distance in a student's home country correlates with the willingness to speak or remain silent in classroom [4].

Power distance also matters in terms of what is considered as good leadership. For example, leader humility has a positive correlation with team information sharing in low power-distance teams, but negative correlation with psychological safety in high power-distance teams [5]. In China, organizational culture is heavily influenced by the societal culture. Specifically, there is much more focus on relationship management than on performance management [6]. The leadership is characterized by hierarchy and disempowerment, which appears as repressive and exploitative behavior [7].

In a recent study [8], a difference in power distance was shown to have a huge negative effect on the working environment in the case of two Chinese multinational companies in Europe. The European countries involved have low power distances: Norway (31), Finland (33) and Germany (35). In contrast, the host organization has a high power distance: China (80), see Figure 1. The managerial level in the two companies consisted of mostly Chinese expats, whereas the working level consisted mostly of the locals. An unintended home-country effect [6] was observed in [9], which tends to enhance the cross-cultural boundaries between the locals and the Chinese expats, in addition to the language barrier.

Similar issues have been reported in an educational context as well, although not as excessively. de Vries reported that ideas in high power-distance environments were found to be less creative than in those in low power distance environments [10]. In the BBC documentary *Are Our Kids Tough Enough?* Chinese teachers in a British high school adopted a Chinese teaching style, resulting in open resistance in the forms of shouting in the classroom, making noise during exams to create a disturbance and even missing class. Wenxin and Yue [11] addressed the reasons for differences in power distance. Soft skills have also been recognized as a deficiency of STEM graduates [12], while intercultural leadership skills require the ability to solve both technical and people-related problems.

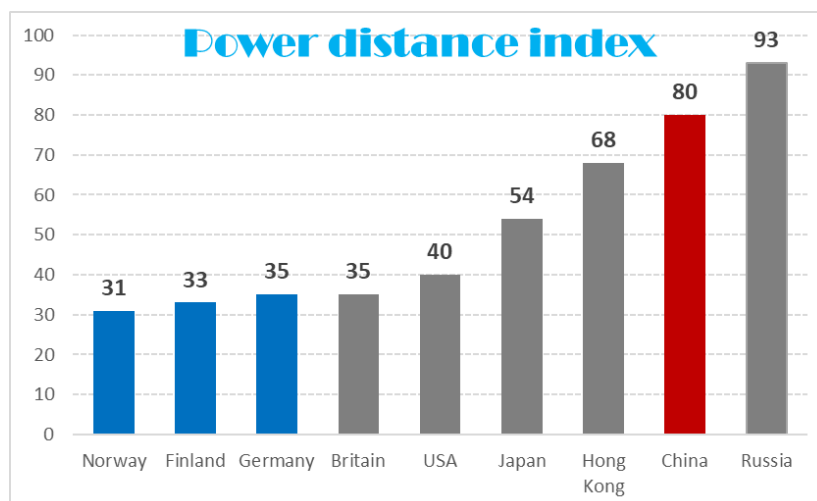


Figure 1. Power-distance indexes for a few selected countries, including those for the two cases studies (Norway and Germany), the home of the authors (Finland) and the country of the host company (China)

In this paper, we present interview extractions from two case studies of Chinese companies that have expanded to Europe via a merge-and-acquisition process. We discuss the accounts in relation to power distance. A theoretical background of the findings has been reported in detail in [8]. This paper expands upon that work by providing numerous practical examples based on which the conclusions were drawn. The historical background of the family-oriented culture in China and how it affects the working climate has been studied more in-depth in [9].

The original goal of the case studies was to find out how well the companies have managed to integrate into the local culture, and to recognize the potential problems (if any) related to the integration and identify their root causes. However, the research question became more focused on *why* they failed.

Organizational culture has been argued to be an important factor in the success of mergers and acquisitions in [13]. According to [14], 43% of merger and acquisition activity is either hindered or prevented altogether by a lack of cultural cohesion. Organizational cultures are simply too different from each other. An English proverb “two turkeys don’t make an eagle” was used to summarize the situation reported in [15], and the authors continued on to state that at least turkeys can still be merged somehow. However, our case-study companies represent two very different cultures, and the problems should therefore not have come as a surprise. The expectations of Chinese companies succeeding with a European subsidiary was very low at the first place. This was not obvious to us in the beginning, but it became apparent during the study.

The rest of the paper is organized as follows. The two companies and the background of the interviewees are presented in Section 2. The interview samples are then presented in Sections 3–6, divided according to the five main themes found in [8], i.e., hierarchy, authority, closed communication and promotion, and organizational privilege. Discussions and conclusions are then given in Section 7.

2. Two case studies

The data were collected by conducting an ethnographic study between April and June of 2011 while working as an intern in the human resources (HR) department. An official letter was first written to the companies to inform on how, when, where and by whom the research was going to be conducted, what benefits it would offer for them and how the acquired information would be used. Permission was granted by the high-level managers of the companies. The manager then introduced the ethnographer (the 1st author of this paper) in a weekly meeting so that the employers would know who she was and what she was doing. Before conducting the interviews, she re-introduced herself and her research to each subject individually. All participants agreed to take part in this study. Considering that this research project touches on private and confidential issues at work, the findings are presented in a way that the reader cannot recognize the identity of the persons involved.

The aim was to build a good relationship with the employers and gain their trust. This is one of the main strengths and challenges of ethnographic research [16]. This was successfully achieved with practically everyone, with one exception, who had a suspicious attitude toward the ethnographer. Especially, the Western employers saw her as a researcher, and their attitude was very open. They sincerely hoped she could deliver their message to the upper levels and strongly wished that the company could change. The Chinese employees, however, were very careful about what they said, and much less information was obtained from them. In brief, the role of the ethnographer is nicely described by Van Maanen [17]: “*you are part spy, part voyeur, part fan, part member.*”

In brief, the role of the ethnographer ranged from outsider to an active participant, depending on the situation; notes were made at the end of the day. Interviews constitute the major data-collection method. For more details on the data collection and how the analysis was conducted, we refer the reader to [8,9].

The target companies were two subsidiaries of Chinese companies that entered into European markets. The first subsidiary belongs to a telecommunication company (CDD) located in Norway. The company has other subsidiaries in Europe but selected Norway as the best example of successful cultural integration among the whole group. The subsidiary had over 20 employees and the overall company had 80,000 at the time of data collection. Our impression was that the local employees joined CDD because of its international reputation and believed that they could gain experience and achieve new skills. They were highly motivated in the beginning.

The second subsidiary belongs to a Chinese heavy machinery company (KBB) in Germany. It is characterized by traditional manufacturing, skilled workers and a low turnover. Local employees were mainly transferred from the previous company because of a merger and acquisition. For many workers, it was their first and only experience with employment.

Interviews were used as the main data-collection method. The interviewed employers are summarized in Table 1. Most of them are well educated and were working at the managerial level. These include several chief executive officers (CEOs) and vice CEOs. All names are pseudonyms to protect the anonymity of the participants. A European name system has been applied in the text by referring to the members by their first name. All quotations are authentic, but some language corrections were made for better readability. **Bold** is used to indicate speech spoken louder than the surrounding text.

Table 1. Characteristics of all participants interviewed during the data collection. Some of them may not have been cited in this paper, but they all influenced the theoretical conclusions drawn; their interview data may be found elsewhere

Name	Nationality	Age	Gender	Position	Education	Work years	Company
Moss	Scandinavia	49	M	Senior manager	≥Bachelor	<1	CDD
Johan	Scandinavia	54	M	Senior manager	≥Bachelor	2–3	CDD
Erik	Scandinavia		M	Formal CEO	≥Bachelor		CDD
Temper	Scand.-Israeli	47	M	Senior manager	≥Bachelor	1–2	CDD
Cosimo	Scand.-Italy	45	M	Key account	Bachelor	3–5	CDD
Li Chi	Scand.-China	44	F	Administrator	Master		CDD
Antonie	France	38	M	Vice CEO	≥Bachelor	2–3	CDD
Ahmad	Brunei	37	M	Junior manager	≥Bachelor	1–2	CDD
Katya	Azerbaijan	39	F	Chief accountant	Master	1–2	CDD
Ping Pong	China	38	M	CEO	Bachelor	>5	CDD
Wu Wei	China	38	M	Project manager	≥Bachelor	>5	CDD
Xu	China	40	M	Account manager	Master	>5	CDD
Jia Ke	China	38	M	Senior manager	Bachelor	>5	CDD
Gao	China	29	M	Junior manager	Master	<1	CDD
Si Si	China	40	F	Senior manager	Bachelor	>5	CDD
Mr. Schneider	Germany	50	M	Engineer	≥Bachelor		KBB
Mr. Hoffmann	Germany	56	M	Sales	≥Bachelor	2–3	KBB

Continued on next page

Name	Nationality	Age	Gender	Position	Education	Work years	Company
Mr. Wolf	Germany	30	M	Engineer	≥Bachelor	<1	KBB
Mr. Hunter	Germany	50	M	Senior manager	≥Bachelor	2	KBB
Mr. Fischer	Germany	60	M	Trainer	≥Bachelor	1–2	KBB
Mr. Weber	Germany	40	M	Senior manager	≥Bachelor		KBB
Mr. Müller	Germany	60	M	Senior manager	≥Bachelor	1–2	KBB
Clara	Germany	38	F	Senior manager	≥Bachelor	1–2	KBB
Claudia	Germany	25	F	Secretary	Master		KBB
Sabine	Germany	40	F	Sales	≥Bachelor		KBB
Benjamin	Belgian	50	M	CEO	≥Bachelor	<1	KBB
Daria	Russia	40	F	Sales	≥Bachelor		KBB
Mr. Wang	Germany- China		M	Cross-cultural trainer	≥Bachelor		KBB
Mr. Miao	China	61	M	Group CEO	≥Bachelor	≥20	KBB
Mr. King	China	50	M	Formal CEO	≥Bachelor	≥20	KBB
Mr. Da Li	China	20	M	Assistant	≥Bachelor		KBB
Mr. Hui Hai	China		M	Vice CEO	≥Bachelor		KBB
Mr. Zhao	China	40	M	Team leader	Doctor	1–2	KBB
Li Jie	China	28	F	HR assistant	Bachelor	1–2	KBB

3. Hierarchy

A hierarchical organizational structure showed clearly in the interviews. The local management system is relatively flat compared to Chinese organizations, and everybody calls each other by their first name, regardless of their nationality or gender. The hierarchy has roots in Chinese family-oriented culture and is based on the parent-child (superior-subordinate) relationship (see Figure 2); this is in contrast to German and Nordic countries, where equality is at the core. We next present accounts that best describe the hierarchy.

3.1. Many levels

The KBB German senior director, Mr. Müller, observed the following: “*In China, we have 1, 2, 3, 4, 5, 6 ... could be more, minimum 15 hierarchies (laughs). In Germany, we have 1, 2, 3, sometimes 4.*” Temper argued that the leadership and the managerial system in general in China are colored by communism: “*It’s not a secret. That’s the old way of doing things. One person sits on the top and everyone has to follow.*” He continued by describing a situation when the Chinese leader visited the local office:

You haven’t seen the top chief of CDD coming here. There are ten people going behind him (desk knock). No one [Chinese] dares to talk to him. If we [Europeans] see him, we go and shake his hand, and they [Chinese] look at like as if you are going to kill him; they will be shocked. How can you go to him straight away?

Temper previously worked for SIPU (a Korean company). The power distance in Korean culture is even higher than in China. Temper described his experience:

When I was in SIPU, the top chief used to come to visit Scandinavia. He used to come on his own plane here; he has his own limousine when he comes; he has ten (desk knock) Koreans walking five meters behind him; only one guy was allowed to walk one meter behind him—all the others, they couldn’t approach him directly. They had

to approach the one who was walking one meter behind the chief. But we, we come [and say]: “hey, how are you? I show you this and this.” That’s the difference. I mean, it’s too deep in the culture—it’s obeying orders, following the system.

The CDD Chinese colleague, Wu Wei, added that, when the leader positioned at the third or fourth hierarchical level comes to visit the local office, they do not say hello and they do not greet anyone. They are not aware of it consciously; they do not understand the importance of greeting in the European work culture. Wu Wei concluded that the company training is not enough to prepare the employees to work in the international environment.

Mr. Hunter from KBB stated that the Chinese organization he works for is like an army: *“It’s more hierarchic thinking that is typical for the Chinese. Their training was qualified to military training.”* Too many hierarchical levels seem to lead to false information in the end. Mr. Müller observed:

*A relatively fast way to solve the problem is to work together in teams. You need fewer people, less time. In China, problems go to different levels. Every level gets different information. No. 1 level gets the most information; No. 2 gets less information. At the end, No. 15 doesn’t know **why** we have this problem.*

Mr. Müller was convinced that, if KBB wanted to enter into international markets, it would not be successful with its hierarchical working culture.

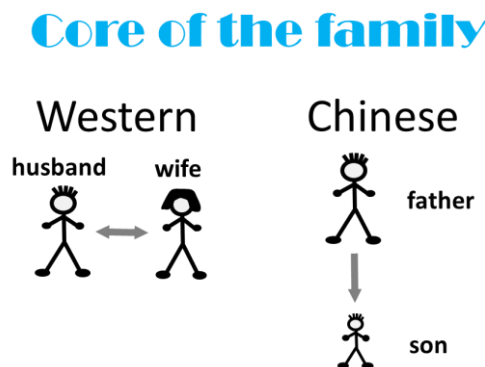


Figure 2. Core of family in Western and in Chinese cultures. In Western culture, the core family is based on one’s own choice (marriage), whereas, in Chinese culture, it is something into which you are born. One cannot choose his or her parents, brothers and sisters

3.2. Distance leadership

KBB Germany secretary, Claudia, described a situation when the new CEO Benjamin came to the company. Everyone was surprised that he was so easy to approach, and her colleagues kept telling her how they saw Benjamin appear everywhere. If he felt he needed to talk to someone, he just went there. Claudia continued:

*Oh, my god, I saw the director on the **floor** (laughs). What is he doing here? Oh, my god, he is leaving his office—actually going to meet other people; he is not expecting people always to come to him, which is normally the way.*

Compared to the previous CEO, Mr. King, the behavior of the new European CEO, Benjamin, was totally different. Claudia continued her description:

With Mr. King [the Chinese], for example, [you felt] distance. Mr. King was the managing director, but he was never in the building [where] we were working. None of us saw him on these floors. That is what the colleagues said—that he never came to the building; he never walked to this building, never ever (laughs).

A CDD Scandinavian senior manager, Johan, also confirmed that the Chinese leadership is very distant: “*Sometimes too distanced, [requiring] too much respect.*”

The expectations of the leaders’ jobs also varied. Johan worked under both Chinese and Scandinavian managers simultaneously. Johan did not think that any of the Chinese leaders would ever ask him what they could do for him to ensure that he could increase his performance or better his productivity at work. What Johan expected was that the management would help him organize his work and, consequently, increase productivity. He describes:

I mean, my main interest in my leader is [that] he or she assists me to make sure that I can do my job well. For me, it seems like that this does not happen. It seems like they don’t have any interest in my work or my performance. The distance—you could feel like that—the distance.

Chinese employees seemed to be afraid of their managers. KBB secretary Claudia described her everyday experiences. She and her Chinese colleague Da Li were both working as Mr. King’s assistants. Da kept telling Claudia how to behave in front of Mr. King. Da Li’s advice made Claudia feel quite insecure. She described:

Da Li was like, are you sure you want to go to his office now? Are you sure you want to give him this message now? If the message is negative, are you sure you want to tell him right now—or maybe tomorrow or other time (laughs)? I am only a messenger; I am not responsible for the content, you know?

In Claudia’s opinion, one should not worry about these types of issues:

*Can I go to his office? Is he really busy now? Should I go inside or not? Compared to European manager, Benjamin, who was very easy to get along with, you didn’t have to be **afraid**. With the Chinese, you never **know** (laughs).*

3.3. Focus on the leader not the task

According to Temper, the Scandinavian organizational structure is relatively flat compared to the Chinese one. In Scandinavia, it is the work that matters the most. Temper observed:

*Obviously, one of the most obvious differences is **that** (pause) in a Scandinavian company, the leadership is more included. As I said, we have a common task, both leaders and employees [work] together. The most important is **the job target, not the leader**. In China, the focus is on the leader. It’s a hierarchy. In China it is like this: 1, 2, 3, 4...7, while in Scandinavia, it’s like this: 1, 2, 3, 4, all of them are on the same level.*

Claudia had similar opinions. According to her, Chinese treat people according to their position:

Sometimes I have the feeling with the Chinese leader: they just care about the hierarchy. You

have a director, or you have a secretary; they would treat the secretary worse or not listen to the secretary. Rather, they would listen to some assistant director on a higher level.

Consequently, the employee's hierarchical status becomes more important than the work itself. Scandinavia has a low power distance between managers and subordinates. Temper commented:

*In Scandinavia, even a cleaning lady can talk directly to the leader. It's very **flat** organization; very short distance from the guy who is cleaning the floor to the director, and even higher levels of **hierarchy**. This cannot happen in China. You have to follow the rules.*

The problems arise when practices differ in decision-making processes. Temper felt that problems could not be solved immediately:

*How many times do we have problems [here]? Like now, if we had a problem, so, I would say to Lucia: "Ok, who is in charge of the department? I want to talk to him, [Lucia would answer] "No, no, no, you cannot do it." Why not? I need to talk with the one who is with authority and [is] able to make decision. [Lucia would answer] "No, no, no, there is a chain of command you have to follow." And if I go around this command structure and go directly to the guy who is in **charge** (desk knock), **then** (pause) they would not like it. China would not like it.*

According to a CDD Chinese colleague, Jia Ke, Temper and Moss tried to challenge the hierarchical order. They once tried to report directly to the higher-level leader instead of their own department manager. In the end, the report was returned to their own manager, who became angry and yelled "what the hell you guys are doing?"

4. Authority

Concluding from interviews, accepting authority based on managers' positions in the hierarchy displays a lack of independence. Never questioning the manager's decisions is embedded deep into the Chinese work culture.

4.1. Lack of independence

Regarding the host company's control over subsidiaries, Benjamin saw KBB as a global company but with limited power. He argued further that KBB in Germany was definitely a Chinese company, and not a global company. Benjamin seemed to exaggerate the situation when emphasizing the subsidiary's dependence on the parent company: "Our Chinese colleagues have to go back to the headquarters for **every single** decision." However, his example shows how the tight organizational control contradicts the locals' expectations of autonomy.

Wu Wei was a project manager who was directly in contact with his Nordic customers to make deals. Every time, he needed approval from the headquarters, which was very time-consuming. Wu Wei complained that CDD did not put the customers first, rather, they put the headquarters first. The CEO, Mr. Wang, gave a reason for headquarters to not give more power to their subsidiaries:

We have been learning to give more power to subsidiaries for a long time. It is not [that] we don't want to give power; it is we don't know how to empower our specialists. First of all, with the language barrier, communication is a problem. Second, our supervision system is not perfect; it needs to be improved, so it is always a risk there.

According to Mr. Wang, unless the company develops a mature supervision system, releasing more power to subsidiaries is always risky. For example, a subsidiary might steal the headquarters' business to start their own. This is the reason why authority and decision-making power are concentrated at headquarters.

Sabine from KBB claimed that a Chinese colleague asks for approval for every little thing. This is very unusual for the Europeans. She observed that “*the Chinese don't decide anything on their own, nothing, absolutely nothing...*”, and continued:

Europeans think this is not very effective. Because when you have to go to your leader, there must be a lot of people waiting just to get his approval for the smallest decision. The leader must be busy. What the Europeans did is that they have some a degree of freedom to make the decision; that speeds up the process. The leader comes in only if there are things that are highly important and consequential. [From the perspective of the Europeans] This was very unusual in this company.

Sabine emphasized twice how difficult it was to understand that the Chinese must ask for permission to make any decision. The Europeans were truly questioning the efficiency of the Chinese corporate control system. Mr. Müller commented:

*I've never seen so many approvals in my life. **Approval, approval...** (10 times repeat). In China, responsibility for the work depends on reports and proofs you are able to present. I never have had a company where you have to write so **many reports** (speaking slower and louder)! In the end, the reports you can put to trash. It was so senseless (laughs), ya? But you have to do that, you need so **many people in order to get anything approved**—a minimum of six. It's **unbelievable!***

The Chinese manager, Mr. Hui Hai, noticed that Mr. Müller was not content with the amount of authorization power given to him. As a surprise, Mr. Hui Hai decided to increase Schneider's authorizing power:

*For example, I was allowed to authorize spending up to 7500 euros. It was allowed. I can sign (laughs); Mr. Hui Hai came to me after three weeks and said that he had a surprise for me—**good** information. I asked him: “Oh, what?” He told me: “You are allowed to sign inventories and contracts whatever, up to 5000 **euros** (laughs).” So, I get big eyes, my mouth falls down, sorry, but I must **laugh** (laughs long time), Mr. Hui Hai asked me why I was laughing. My reaction was not understandable. For Mr. Hui Hai, really, it was not understandable, not understandable.*

Mr. Hui Hai thought that, with this action, he was doing a big favor to Mr. Müller. However, the increase was so insignificant compared to Mr. Müller's expectations that he took it as a joke.

It seems very difficult to establish balance between centralized and decentralized decision-making. CDD seemed to have problems with organizational control, although CDD still did a better job than other Asian companies. Temper based this conclusion on the reputation of CDD's competitor, who was treating its employees badly, and on his previous work experience with the Korean company SIPU. He confirmed that, in CDD, the authority they have as locals to conduct business exists: “*Even before when the managing director was Erik (the Scandinavian manager) and now it is Ping Pong (pause), the authority is still there. Even though Ping Pong is Chinese, now, there is still a lot of power that we have.*” In the end, Temper threatened the company:

*But if this will change for the **worst**, every time you go and do something—China comes to say “no”, or some Chinese come to say “no”, we will leave. Then China can come here and try to do business alone, and I don’t think they will succeed. That’s my opinion.*

The accounts related to the lack of independence were mostly between the subsidiary and the headquarters. A hierarchical system also has its advantages: it is easy to control and fast to implement. The discussion between Mr. Hui Hai and Mr. Müller also shows that some efforts were made to distribute the power more equally to adapt to the European working culture, even if not very successful.

4.2. Never questioning

Temper compared the cultural differences: Chinese are used to following orders, but Scandinavians also want a justification for the order. Temper gave a concrete example of this:

[If]I tell you go ten meters now and do it in 5 seconds, the Chinese would do this. The Chinese would try their best as long as they succeed in running these 10 meters in 5 seconds. But a Scandinavian he will first ask: why do I need to run 10 meters in 5 seconds?

The second example provided by Temper gives an even more specific illustration of the different attitude toward questioning managerial instructions:

*I mean, you are coming and saying to me: “The glass is red.” A Scandinavian will say, “Are you stupid? The glass is not red.” The Chinese will say, “Okay, it is red”—he will not **discuss** with you.*

Mr. Müller complained that, even if the Chinese employees follow the orders, the results are not satisfying. This is because the Chinese colleagues’ only aim is to please the manager. Mr. Müller continued, “*But if you look at the details, shitty work. In contrast, German employees will tell the truth. If he is not able to finish the task, he will explain **why**. A Chinese leader will not accept if you are not able to finish the task within the deadline.*” In the end, he described the Chinese ways of working: “*It is never ask[ing], never ask[ing]. I don’t know why, but never ask.*”

Temper supported this view. He told:

*Two months ago, Johan and Moss were transferred to their Scandinavian office, suddenly. This was decided by a conversation between two leaders: Ping Pong and Erik. Suddenly, and no one could explain why. They don’t even know themselves **why!**”*

Temper continued:

These things are completely un-understandable and that, of course, creates uncertainty. Because they can decide this tomorrow, “Okay, four people have to go; we don’t need them anymore.” The day after, you will get a notification that no one needs you anymore. So why? You don’t get any explanation, this is it, and it’s decided.

CDD Scandinavian senior manager Moss was also very upset about the decision that was made without letting him know the whole process. He used a word “*uncomfortable*” several times:

I feel very uncomfortable. There are the Chinese having the meeting in front, and then call us “please come in, we have made the decision.” I think it’s stupid.

Moss considered that this kind of decision-making does not make him feel appreciated, and like he is not important to the company. He is just a “boy, or the messenger. We are wearing Cannes shirt.” Temper pointed out that this kind of decision-making is detrimental: “The Chinese companies have to learn much about how to run human resource management.”

As someone of Chinese origin, questioning the order was also completely new to the ethnographer as well. During the fieldwork, she had an interview with Elba, who taught her that, in Europe, asking questions is always allowed: “Then you find solutions. If you ask first, then you can avoid the mistake. People can say, why didn’t you ask, this could have been solved very easily.” She heard the same from others as well: “There are no stupid questions, only stupid answers;” or, “If you don’t ask, you don’t receive.”

A Chinese employee, Ying, argued that, 50 years ago, it was the same in Europe: “People did what the managers say directly—what they wanted. The boss was the biggest authority—do as you are told.”

5. Closed communication

The Chinese communication strategy is one-way and lacks any real possibility to give feedback. All local employees disliked it. Especially, in Germany, they hoped to have a European leader who would understand their working culture, which seemed impossible for a Chinese leader.

5.1. One-way information

The local employees wanted to know why the decisions were made and what they were supposed to accomplish. Temper made the following observation:

*That is what I am saying, the company CDD, as other Asian companies, is very bad in communication with the employees. They **inform**, but they never communicate. It’s not two-ways communication, it’s only one-way **information**. Today we have decided to make the regulations for a commercial element. Okay, who has decided this? **Why** has it been decided like this? What does it have to do with us? No, no information—you have to follow it. Because they are used to do this, this is how they do it in China.*

But, information exchange did not occur. The meaning or the value of the decision was not understood because arguments were never given for the decisions. The consequence was work dissatisfaction. Mr. Müller from KBB complained about the one-way information flow from Germany to China:

*A lot of information go[es] to China, but no information from China to Germany. This is what we found out. This is really, my experience, **that is** (desk knock) **so stupid**, ya? I am so angry about that, and I speak with Mr. Hui Hai for example, but the Chinese colleagues don’t like to change the system, or they can’t do that—I don’t know, ya?*

The decision-making process is different in China and Europe. In China, the decision-making usually involves only a few people at the top management level. There is no discussion, no explanation, no justification and no transparency in the communication. Relying only on the authority of the decision-maker(s) creates problems between the management and the employees. Temper expressed his anger toward the authoritarian management style:

*Yes, between two leaders, no thoughts around it, no communication to the employees—why are we doing this? No one is discussing with the employees whether we should do it. Normally, Scandinavian companies are more involved with the employees. They are representative from the employees sitting there in the management and so on; there it is more—it's (decision-making) a common **task**, you know?*

Because of a lack of information, there was a lot of guessing among the local employees. In the end, they even considered that it is a question of employee nationality. For example, Scandinavian senior manager Moss concluded that the Chinese prefer to make decisions with the Chinese only:

*From my point of view, I am just getting to know their final decision; they do **not** (pause) listen very often to us. The instructions have almost been decided. So again, the Chinese people are talking together, making decisions and inform the rest of us. That makes me feel **uncomfortable** (convincing).*

A German engineer, Mr. Wolf, concluded that the Chinese leaders want to hide things: “*Top leaders do not communicate with the staff members on lower hierarchical levels. In the end, all the engineers become insecure, because nobody is telling them anything.*” The lack of information can lead to negative evaluations of the executives’ professional competence.

5.2. No discussion

Mr. Müller is an expert in pump engineering in KBB. His experience of working with a Chinese team made him surprised by the number of superfluous workers: “*In Germany, they need a maximum two persons for designing the pump, while in China they need about 30 or 40 people. Woo, how it can be—40 people for a pump? I can’t understand that (laughs).*” He questioned the issue of work productivity, because the Chinese companies use more workers to produce the same amount of work as German companies.

Mr. Müller interviewed a Chinese job applicant who was supposed to have enough technical expertise in pumps. However, he discovered that the concept of expertise differs between Germany and China. The applicant, who was evaluated as an expert on pumps, gave inadequate or even wrong answers during the interview. It took two hours for Mr. Müller to realize that the Chinese candidate had only partial knowledge of the field and did not qualify as an expert.

Mr. Müller also compared Germany and China to explain the inconsistency between the Chinese and German views of expertise:

In Germany, two people who design the entire pump from beginning to the end and they know the whole process. In China there are 10 to 90 people each working a small part of the pump [This kind of working process is potentially more efficient]. However, people do not have any shared knowledge of the building or assembling processes, and they are not able to tell each other about their experiences or learn from each other.

Mr. Müller continued: “*This is really a big difference. After [the design process], the pump goes to the test; then they found out: nothing fits together (laughs).*” In his opinion, European companies have open information flow: “*Everybody is informed, really informed. If they have information, they pass the information to next colleague.*” According to him, the closed communication is considered negatively in the European work environment: “*If there is colleague who does not give information,*

you can forget the colleague. Never want to work with him." In the end, Mr. Müller describes the exchange of information between employees in Chinese companies: *"In China, the information flows only one way. It seems not to really be a team—supervisor next to supervisor and so on. Lots of supervisors (laughs)."*

5.3. No bad news

The European employees expressed their opinion that the Chinese managers do not want to hear negative news. It is one of the themes of the closed communication that apparently causes controversy in an international business environment. Temper made this issue obvious:

If you say "listen, everyone here in the office are not happy", then they start to worry about what is happening. They do not like [this]. The Chinese leader does not like that people are not happy, everyone should be happy. They always have double agendas, you know?

KBB secretary, Claudia, and her co-worker, Da Li, are both assistants for Mr. King (CEO). Da Li kept telling Claudia how to behave in front of Mr. King. Not being able to behave naturally made Claudia quite insecure, because Da Li's rules of conduct were entirely different from what is familiar to Claudia. Claudia described Da Li's concerns about appropriate communication etiquette with the management: *"Da Li was like, are you sure you want to give him this message now? If the message is negative, are you sure you want to tell him right now? (laugh)."* These examples show that differences in norms and rules of behavior interfere with effective cross-cultural communication.

5.4. No feedback

Giving and receiving feedback is central to work motivation. KBB German senior manager, Clara, shared her experience. She had a very good relationship with her boss, Mr. King. She *"did not feel distance"*. Clara was very enthusiastic about contributing to the company and giving many suggestions. But, she sometimes had the feeling that Mr. King does not *"believe"* her. Last year they had a very important event where they were supposed to introduce their company to German partners. She asked Mr. King in January to make a list of people whom he wanted to invite. He said, *"No, we have enough time."* Clara responded:

No, we don't have obviously enough time because your guests are high-level managers and politicians who need to know far in advanced so they can decide if they come [to] this meeting because their time schedule is fully planned.

However, it turned out that Clara's suggestion was not implemented; this resulted in many cancellations because the invitations had reached them too late.

Clara totally understands that the Chinese are used to planning their schedules on short notice and that this behavioral pattern is difficult to change. Nevertheless, one would think that, after a year or two, the Chinese should have learned to conduct business well in advance. She expressed her opinion forcibly:

They should appreciate the [pieces of] advice we give to them. They all use appreciative, very polite language, such as "thank you for your advice", but they ignored it in the end. Then, the result is that they have a problem with a caterer or whatever. They do not learn. This is what I do not understand.

Clara continued to explain further:

*I **told** (raised tone) them so **many times** (raised tone), you have to book the rooms, you have to look at... “no, no, no, we do not need.” All my suggestions were **ignored**, totally ignored (raised tone).*

After half a year, she feels that the Chinese “do not **believe** me, they don’t trust me, they don’t **respect** me. It is like talking to forests. This is not very **motivating**”. She continued very convincingly:

*They have to **trust**—we are sitting in the same company. It is my **deep** interest that KBB will have a fantastic imagine. For this reason, I gave all my pieces of advice which they ignored, totally **ignored**. This is strange for me because I have the same interest as my Chinese colleagues that we have a very good show, but it did not happen. This is for me not understandable. I cannot follow this. Many times I ask Lili [my Chinese colleague], if this is Chinese [culture] or KBB [culture](laughs).*

The same theme of the management ignoring employees' efforts to contribute to the company was noticed by a CDD Scandinavian senior manager, Johan:

At least for myself, I think I could contribute a lot to how to reach the targets. Sometimes you feel you are more or less just on the sideline (laughs), serving the company needs in front of the customer like a robot or a puppy (laughs)?...more or less.

Johan has high motivation to work toward the company's set goals, but in the current environment, Johan’s skills and experience are not utilized. According to CDD junior manager Ahmad, receiving no feedback is very demotivating:

I told you once, twice, three times. If there is no change, I will give up because I am tired. Especially, in the meeting, I told Ping Pong I don’t want to go to meeting anymore. If there is no solution [for the problem], why should I come here.

In general, the locals cannot understand why their suggestions are not taken seriously. According to Johan, people are not sure whether the Chinese are interested or not, whether they want to give information or not or whether they just do not care (see Figure 3).

The ethnographer discussed this with several Chinese employees. They all said that, if the boss does not follow the pieces of advice they were giving, this means the boss does not identify with them. The bosses have different values compared to the staff.

CDD Scandinavian-Italian employee, Cosimo, added that there were not many opportunities to give feedback to the management. For him, this was strange. He did not know how and to whom he should address matters if he has any concerns. He gave a suggestion:

I think it is important to have the feedback between the management and the workers—to make sure you are developing, to make sure we get some new ideas on the table, and to make sure we are working in the same direction. So, I feel that it should be more feedback, ya—I think to have a clear agreement on. Because it is essential to look forward.

Some employees were convinced that they still had a chance to give feedback to the management. For example, Moss stated: “*absolutely, absolutely, whether [feedback] is from my colleagues, or my boss Ping Pong*”. However, most employees had the feeling that their suggestions were ignored, which was very demotivating. They expressed a strong willingness to contribute to the company to

develop better. The Chinese colleagues explained that the reason is that the Chinese did not identify themselves with the locals because of different values.

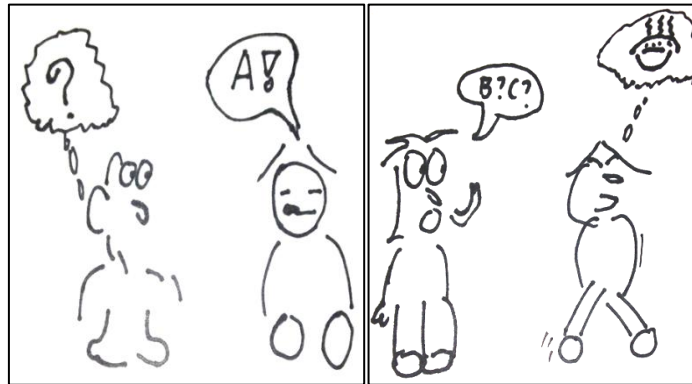


Figure 3. Lack of discussion was also interpreted as a lack of interest; as an example, the colleague was only interested in talking about the forthcoming lunch, rather than discussing the matter in more detail

6. Promotion

Both CDD and KBB emphasized the importance of promoting local employees to higher positions. This was demonstrated strikingly by the company magazine covers, where readers can always see a large full-body picture of a foreign leader. In practice, there were only few foreigners at the management level and the local employees considered the organization unsuitable for career development. The official strategy of the companies and the real-life practice were in contradiction.

6.1. Closed rank in the organizational structure

People will leave a company for various reasons. One of the most prominent reasons is not getting promoted. The CDD employees constantly talked about their previous Scandinavian CEO, Erik, who left the company several months ago because he did not get the position he wanted. This was not officially stated but widely speculated among the local employees.

Moss compared his company to their competitor Koop, which is also an international company operating in Scandinavia. The leader of Koop supports career opportunities that do not depend on the nationality or “face” of their employees. But, in CDD, they excluded Erik because he was not Chinese. During the seven months he was working for the company, Moss concluded that the Chinese networked only among themselves, stating that “*as a foreigner, I do feel **excluded** (slow)*”.

Another reason for quitting was that they felt useless. Temper stated that “*China is taking over all the decision. We are only for punching the numbers or opening the doors or standing in fancy evening wearing nice clothes. We feel meaningless.*”

Temper repeated the reasons why people are leaving the company:

The foreign employees know how much they could contribute. If the company hired them just for “standing and wearing nice clothes at the door” [keeping up the appearance of having an international face]; they do not see the point of staying in the company.

He tried to quit three times, but the manager always persuaded him to stay. A couple of months later, Temper eventually left the company.

Other employees also threatened to leave if the company did not let them participate in the decision-making. Temper continued: *“If we are only door openers—if we are just figures wearing nice clothes whom are send to meetings, then none of us will be here. We [came here] because we have a purpose.”* Johan also expressed his willingness to help CDD achieve its aims, but he felt as if he was a mascot:

*At least [I] myself, I think I could contribute a lot to reach the targets. Sometimes you feel you are more or less just on the **sideline** (laughs), serving the company’s needs. To pretend in front of the customer, but not really (doing anything), ya. Robert, the puppy?...more or less.*

In Johan’s eyes, the HR department was not utilizing the resources to their potential. When having lunch with CDD staff members, Ahmad commented that Johan is a very experienced manager. *“He has many years’ experience working in the industry; he knows how to achieve goals.”* Moss suggested that an international company should have locals working in the highest positions:

I am very curious that there are no managers without a Chinese background. For me, that’s a bit strange, because from the cross-cultural aspect, you expect you will have some high-level managers from different cultures. But now the management on the level four is only Chinese.

Moss hoped that CDD would start promoting more different nationalities to the higher management levels. Otherwise, according to Moss, there is a danger that CDD will lose young talents with strong ambitions. Moss continued with anger: *“Show me the examples—how many Chinese managers [exist] compare to locals, please show me”.*

Temper concluded that CDD would be much more stable if they started to involve the locals working for them in the leading positions. *“It would motivate other foreigners to realize that they can get promoted. But I think Chinese or Asian companies, they are very **very** (pause) protected. They want to keep things Chinese—**Asian** (desk knock). So, that is something I think CDD should improve.”*

Some Chinese colleagues in CDD admitted that good employees could contribute much more if they were given an opportunity. Temper was acknowledged as a very important local employee who played a substantial role in the company. According to the HR manager and one Chinese colleague, Moss was not promoted, even though he was qualified for a higher position as well. Consequently, his potential contribution to CDD was lost. Some of Moss’s colleagues suspected that the local employees were hired because they contributed to the product quality control and sales.

In Germany, the ethnographer very often encountered the opinion that people were hoping to have a European leader because the communication would be much easier. According to the local employees, a European leader would be able to understand the European work culture, which is sometimes impossible for Chinese leaders. KBB German secretary Clara described the new director, Belgian CEO, Benjamin: *“When Benjamin arrived, everybody was really relieved just because he was European. Everybody had great hopes that he was going to change things”.*

Having a European leader was very important for the locals, not only because they can imagine themselves to be promoted in the company, but also because a European leader increases trust in the company. Hiring a European leader also mitigated skepticism of whether the Chinese company investing in Europe had a long-term plan to stay. Benjamin puts it this way:

*Neither customers, nor suppliers, nor leaders, nor political authorities are really **confident** about this company. They **doubt** if this company is going to be in the long term—are they*

serious about their investment in Europe? If you have two leaders in the company, one Chinese, one European, this concern will go away. In this way, there will be more trust among customers, leaders, political parties. This needs to happen.

Regarding the motivation of European employees, KBB trainer, Mr. Fischer, added that “*people come to work for KBB for a middle-term plan*”.

6.2. Cultural factors

KBB German senior manager Mr. Hunter observed that, in China, the most important thing is to gain trust from the leader. “*Then you can climb very fast in the hierarchy.*” He said, while in Germany, company leadership is earned by knowledge, experience and professional skills. “*You have to convince people. In Chinese culture, the leader depends on the trust of his superiors, whereas, in European culture, trust comes from the subordinates—how well they recognize the competence of the leader.*”

Based on the field observations, Mr. Hunter seemed to be the only local who had been recognized by the Chinese leaders. In fact, before the interviews, the Chinese leader highly recommended Mr. Hunter for an interview because “*he is the only one who can understand both cultures; he is very flexible*”. However, his local colleagues did not evaluate him highly. Mr. Hunter had the reputation of treating his subordinates badly. Someone even called him an “*ass-licker*”. During the interview, the feeling was that Mr. Hunter indeed understood Chinese business culture. He clearly knew the names of KBB upper-level management and their work relations. Mr. Hunter was the only exception in KBB who managed to break the invisible glass ceiling that ensured that a “*foreigner cannot get promoted*”. His superiors seemed to appreciate Mr. Hunter very much. He was later promoted to one of the highest positions in KBB.

Another employee who was also able to recognize how the hierarchical system works in China was Mr. Müller. He pointed out that the salary depends on the employee’s position in the company hierarchy, and not on the quality of the work, as is expected in European work culture:

*Here [in Germany], you need only 10 people, but you need there [in China] 100 people because nobody tells the other people what I know, because I get my salary not from the **job**. I get my salary from **hierarchy**. When I move higher on the ladder of hierarchy, I get more salary. In Germany, you get a higher salary if you have done a good job.*

Both his Chinese and German colleagues respected Mr. Müller highly because of his professional skills and integrity. No one said anything negative about him. Our interpretation is that he recognized how the system functions; but, unlike Mr. Hunter, he did not start “*playing the game*”. On the contrary, he had many arguments with his supervisor Mr. Hui Hai. Mr. Müller tried to change the system many times, but failed.

In conclusion, KBB and CDD being multinational companies was more or less an illusion. An international organizational culture was not incorporated into everyday practices. The official magazine promoted an image of foreigners working at high levels of hierarchy in the company, but, in reality, it was the opposite. The European employees worked on the lower levels, with only a few exceptions. They had expectations to climb to higher positions. Our interpretation is that KBB and CDD have a kind of invisible glass ceiling in their company hierarchy that prevents non-Chinese people from reaching higher levels. Beneath this ceiling, the employees follow the European

organizational culture. They have a transparent structure that supports equal opportunities. Above the ceiling, the hierarchy becomes very steep. This is very typical of the Chinese organizational culture. To be able to break this ceiling, one needs to gain trust from the Chinese management. It does not matter if one gains trust at lower levels. Mr. Hunter learned this and successfully broke through the ceiling.

7. Organizational privilege (Guanxi)

Guanxi is a special characteristic of Chinese culture. Guanxi, face and favor are societal rules that dictate the behavior of Chinese people. Because of Guanxi, European workers perceive the Chinese companies do not respect rules and regulations and value relations instead. A Scandinavian system is very regulated, as there are rules that are followed in order to succeed. According to Temper:

*In a Chinese company, if you have the right connections, you get everything. That is **the plus and minus** (raised tone). Too much **individual** [relations], if you are [a] good friend with [the] Chinese, they will help you with everything. You just shout “hi”—you will get. If you are loyal to the company, the company will benefit you, no doubt. Suddenly, you can get a thousand Krona here, thousands Krona there. Chinese people (laughs, pause), I like these people, if you know them.*

Good relationships mean success in business. KBB German engineer Mr. Schneider also commented that the Chinese way of doing business requires having a good relationship with the salesperson: “*You go out, drink coffee, go to karaoke. And then you sign a **deal** (laughs)*”. He told the following joke:

*Mr. Miao will go to karaoke with Angela Merkel. Suddenly, all KBB machines go away [sold] because we have a good relationship with Angela Merkel. You go here and say “our boss drinks a beer with Angela Merkel, **you know, what do we care?**” (laughs) And we have **connections** to the German government as well? Oh, yes, how does this relates to me [our company]? We called the service, we have [our] expertise, we don’t have to experiment [with anything], we [just] make our product, [and] this is the perfect. [The customer might ask]: “Why should I buy the product of KBB?” Because the big boss [was here having a beer] with Angela Merkel.*

In brief, a direct relationship with Angela Merkel would make business succeed. Guanxi includes the element of trust and favor. This element is often interpreted by European workers as favoritism or bribery. Temper added that giving money under the table or trying to do so, which is called “*monkey business*”, is “*not Scandinavian. More or less it’s not, not on higher levels—maybe on the lower levels*”.

He stated that honesty is a very important cultural value in Scandinavia. Personal relations are an important element, but they are not essential for doing business. He elaborated with the following argument:

Even if I will go and give my [business] partner a present, [it does not mean that] they will buy more products [from me]. They will see it as a nice thing, but they will not buy more products from me. So, your reputation in business is very important, then they will trust you.

Good products, good delivery, good systems, yap! It's rumors, the market is small. If someone starts talking about CDD like this, like that, then you are out! You are out, there is nothing to do. It doesn't help if you have good relationships with people in Koop or not.

To conclude, the Chinese culture values relationships (Guanxi) the most, while in the European culture, honesty, trust and reputation are seen as the most important characteristics in doing business. Personal relationships also matter in Scandinavian cultures, but they are not the key element for enhancing the business.

People were also treated differently inside the company, according to the Europeans workers. In interviews, this question was addressed by several employees. In the following sub-sections, we provide three cases to demonstrate how the unequal relationships appeared in practice.

7.1. No adaptation (Case 1)

German salesperson Mr. Hoffman stated that KBB was divided into four levels based on the background of the employees: (1) German, (2) European, (3) Chinese and (4) Chinese who have previously studied in Germany (see Fig. 4). Germans are treated the best and have the highest salaries, whereas the Chinese employees who had studied in Germany are treated the worst.

A possible explanation for Germans receiving the highest salaries is because the company is located in Germany, and the locals are the most valuable for the company. According to Chinese standards, the average salary in Germany is high, and, naturally, the locals receive the highest salary by knowing and applying the local rules. Europeans other than Germans receive the second-best treatment. They are substitutes for Germans, but they are not as valuable as Germans because they do not know German culture and all of the relevant details of the culture. The Chinese who had studied in Germany are treated the worst because they are neither closely connected to China nor Germany. They belong to neither culture. This categorization of people has negative effects on European employees' motivation. In the host country, this is considered discrimination.

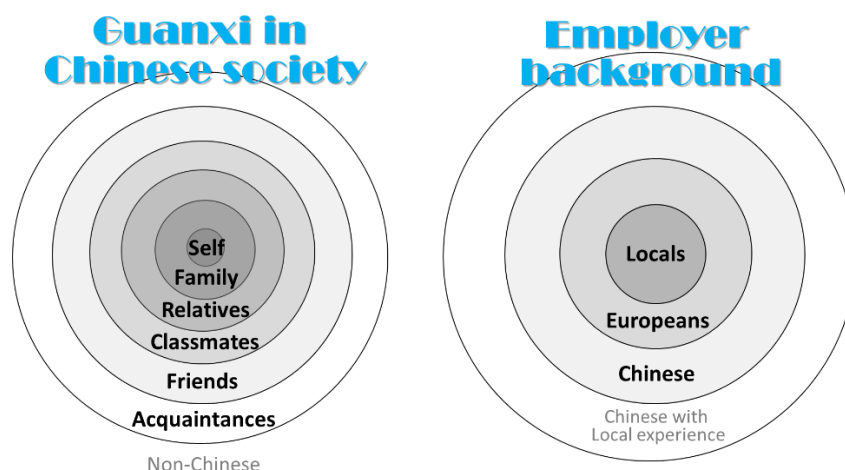


Figure 4. Guanxi in Chinese society (left) can be described as a circle with multiple layers; the inner circle is trusted most and the outermost layers least. One KBB employer also described the company organization as a layered circle (right), wherein locals form the innermost circle

7.2. Adaptation with negative effects (Case 2)

German secretary Claudia was one of Mr. King's two assistants (CEO of KBB). She observed that the leaders treat their Chinese colleagues differently than their German colleagues. She presented herself and the other secretary, Mr. Da Li, as an example:

*I always compare myself to Da Li in front of Mr. King. Even I don't understand what they really say, they are talking in Chinese; I could sense Mr. King was giving Da Li a hard time. He was talking in a very rough tone with him. **With me, never** (laughs, relieved). So, Da Li was afraid of Mr. King. I wasn't.*

Claudia explained that it was unfair that she was treated differently than Mr. Da Li. As a German, she did not feel comfortable with it. When she finished her workday, she always went home. Da Li always waited until Mr. King left his office, which was sometimes around 10 pm at night. She always felt very bad that she left the office earlier, especially since Mr. Da Li was mostly just sitting there for another four hours. He was basically just waiting. Claudia was very convinced that this must be changed. As an international company, “*you do not have two classes: you cannot treat people differently because of their nationalities. Especially in Germany, there are many laws against discrimination*”. Claudia clearly stated:

*This is what is happening here, people are sort of discriminated [against], because they are Chinese, meaning they can be treated in another way. They can work long hours. It is discrimination actually. We have some problems **like that** (laughs). This definitely is something which needs to be adapted or changed all the time. People need to be aware of that in the beginning.*

In summary, everyone tried to meet the expectations and allow others to follow their own culture. The Chinese assistant, Da Li, followed the Chinese customs of never leaving before their boss. The German worker was allowed to follow the German customs regarding work hours. This flexibility can be interpreted as a positive intention to adapt to the working culture according to the worker's background. However, the result is still negative because Claudia felt guilty because of it.

The categorization of people is reflected everywhere. Some employees felt excluded because of their nationality, especially when it came to decision-making. Scandinavian employee Moss expressed his frustration: “*Very often, the discussion was in Chinese, and after half an hour, local employees were called in just to be informed that a decision has been made. It does not give me any good feeling about being important to the company. I am going to be the boy, or the messenger.*”

7.3. Good intention with negative effect (Case 3)

Moss gave another example:

We had a meeting about the upcoming conference held in Paris. Suddenly, during the meeting, they [the Chinese] said, “okay, only the Chinese [will] go.” This does not include the local people. They cannot do that—50 people are here and you make the decision it's only for the Chinese people? What do the local people think? Firstly, they think, oh, what the fuck is this? Now again, there is something they don't tell us, so they can hide something from us. Because we know there are a lot of Chinese secrets in this company. Everybody knows it.

Moss reversed this example: “*Suppose it is a Scandinavian company with only the minority of ten Chinese. Now, all the Chinese must stay because the event is only for the Scandinavians*”. Moss concluded, “*you can’t do like that. You know what this is called in Scandinavia? Discrimination*”.

Our interpretation for this situation is that the Chinese do not have so many chances to travel to Paris. The company, therefore, with good intentions, prioritized the workers who would appreciate the trip the most. For the locals, a trip from Germany to Paris would not be considered as significant as it would be for the Chinese, who would consider it as a significant reward. However, Moss did not understand this reasoning. The intention of the company was good: to give a chance to someone who appreciates the opportunity the most. Nevertheless, because the chance was given based on one’s nationality, it was interpreted as discrimination.

According to our interpretation, the people in the first case were labeled differently based on their background. In the second case, the leader adapted to the German culture. Otherwise, he would have treated Claudia in the same way as Da Li. However, Mr. King did not expect Claudia to stay in his office to wait for him. But, as a result, Claudia was treated differently and felt guilty about it. Even if the Chinese leader tried to be fair and let people follow their own cultures, the result was negative and affected the worker’s motivation. In the third case, positive intention had negative effects because people were divided according to their nationality. Equality is one of the most important principles in the host countries where discrimination cannot be tolerated. Moss put it simply: “*you cannot be like that*”.

8. Conclusions

We have presented accounts from two case studies of Chinese companies operating in Europe. First, the accounts demonstrate how the difference in power distance affects the working environment. Local employees see the Chinese organization as a steep pyramid with its leaders at the top, and these leaders keep their distance from their subordinates. Many of the accounts from the case study confirm this. Leaders in high power-distance countries find it important to protect their authority and do not expect any objection from subordinates [18]. They consider themselves as sole decision-makers in the organization and believe that subordinates only need to execute their orders.

Second, the locals felt that the Chinese organization lacks empowerment. Numerous accounts from the interviews contained complaints about disempowerment. The companies refused to delegate power to lower-level employees. The locals were not involved in the decision-making, as they were merely informed when decisions have been made. This had negative effects on them. Highly skilled employees had a desire to not only follow orders, but to participate in the decision-making process. Napier and Ferris [19] argued that lower power distance will create a more attractive work environment, higher employee satisfaction and appreciation of the subordinate’s performance. Hofstede et al. [2] found that managers in low power-distance cultures consider their subordinates’ suggestions before making final decisions, while in high power-distance cultures, only managers are involved in the process.

Third, the main theme was a lack of communication. According to the locals, information flows only one way: from Europe to China, and the leaders only *inform*, and do not communicate. Sharing knowledge and experiences is typical in Germany and Scandinavia, but was lacking in the two case-study companies. Neither Chinese subordinates nor their managers liked to hear bad news. Chinese employees worried about when and how to report negative information to their manager.

Locals also thought that the Chinese leaders want to hide things, and they therefore felt insecure and did not identify with the company. According to Milliken et al. [20], leaders in high power-distance cultures have an implicit assumption that employees are not trustworthy, and they do not understand the problems inside the organization. However, this kind of assumption is outdated in the modern era, wherein everyone has access to all kinds of information. It would just allow the employees to see the inefficiency of their leadership.

The fourth theme is related to promotion. Several employees concluded that salary depends on the position in the hierarchy and not on the performance, and that the position depends on the relationship with the leader. Categorization of people according to their background is rooted strongly in Chinese culture. Family and relatives are in the innermost circles before classmates, friends and acquaintances. Colleagues of the same nationality come before foreigners who are in the outermost circle. This also influences how promotions are decided [21]. Local employees must work harder to break into the inner circles, often hitting the glass ceiling.

Finally, cultural roots are established in early childhood and remain with the person for the rest of their life. However, school is the place where cross-cultural skills can be learned. Leadership skills in a multinational organization would require an understanding of both technical and human-related problems.

Many universities nowadays run international programs that allow students to come from Asian countries. In this context, the power relation is the opposite, i.e., the superior (the teacher) comes from a country with low power distance, and the subordinate (student) comes from a country with high power distance. The teacher is also expected to be an authority by default. It would be interesting to study how the difference in power distance appears in this setting and how it affects the study climate. By default, the teacher may assume more independence from the students, while the students may expect detailed guidance and to merely follow orders. This is likely to have subsequences in the learning outcome.

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