



UNIVERSITY OF
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**Inter-cultural Working Relationships between Expatriates and
Local Employees in MNCs
Cases from the Automotive Industry in China**

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Abstract

One fact multinational companies must face is working with employees who come from different cultures and countries. Due different working principle and approaches, problems related to cultural differences occur. One of the most obvious forms of cultural conflict is in the relationships between expatriates and local employees. The purpose of this study is to increase knowledge about inter-cultural relationships between western expatriates and local employees, and to explore how trust exists between them inside MNCs. The paper is based on qualitative studies in one German-Chinese joint venture and one Swedish subsidiary in China. 19 semi-structured interviews have been done through both face-to-face interviews and telephone interviews in China and Sweden. Results show that expatriates and local employees are learning from each others' different working approach over time, but however, challenges happened quite often because of those differences. There are differences between expatriates and local employees in how they work as an individual or as a group; the way they solve problems; how much a plan means to them; and how much responsibility one can take during work. Language is still a critical barrier for international companies in China, not only with understanding each other's words but also the possible interpretation due to cultural differences. Different types of trust have also been explored through empirical data, and it shows a clear influence between cultural differences and trust inside organization. A positive attitude about how to treat those differences, sufficient communication and adequate length of working time with each other could lead to a more efficient workplace, as well as an increase in trust between employees who have different culture values.

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1. Introduction

1.1 Background

Globalization creates numerous multinational corporations (MNCs) who outsource abroad. With private and government investments schemes, China's upbeat industrialization is no longer an extraordinary or unexpected phenomenon in the world. The ambition to serve China's domestic market through local production and to take advantages of China's large pool of cheap labour resources attracts many MNCs to located their subsidiaries or have joint ventures inside China (Ivarsson & Alvstam, 2013).

Rapid development of China's economy means China has a significant increase in their demand for automobiles. As a world famous automobile manufacturing country, Germany began entering China's market in 2001, the year China entered the WTO. Many German automotive companies located their subsidiaries and plants in China, including Daimler (Mercedes-Benz), BMW, and Volkswagen. With huge market potential, the foreign direct investment in China by German industrial companies is increasing year by year. In 2014 the investment in China by German industry has exceeded €39 billion (Bei, 2014). For the same reasons as German companies, in order to cater to the vast market demands, the Swedish industrial companies also continue their expansions in South East Asia, especially in China. In 2005, there were around 340 Swedish companies with established subsidiaries in China, the number has nearly doubled in 5 years until now (Teknikföretagen, 2010), by the end of 2009, Sweden exported engineering goods worth SEK 19.0bn to China. In 2010 over 11,500 Swedish companies trade with China and nearly 600 Swedish companies have their subsidiaries in China to provide their products and consulting services (Teknikföretagen, 2010).

MNCs face many challenges while working with the employees who come from different countries, such as linguistic and cultural barriers (Peltokorpi & Clausen,

2011). For the human resource management perspective, the traditional HR management style cannot fully apply to MNCs. People who live in different countries have different culture backgrounds, code of conduct and different notions on collaboration. Due to those differences they have various working principles and management styles, which lead to cultural friction and cultural conflict. One of the most obvious forms of cultural conflict is in the relationships between expatriates and local employees. Therefore, understanding and developing inter-cultural relationships between employees who come from different cultural backgrounds became a challenge for those who work in to HR departments and MNCs management teams.

1.2 Objectives and Research Questions

This study focuses on the inter-cultural working relationship between western countries' expatriates and Chinese local employees in the automotive industry. The purpose of this study is to describe the inter-cultural interaction inside organization, mainly concentrating on the perception from employees about inter-cultural relationships, the benefits and challenges they face working with people who come from different cultural background and the types of trust employees have between each other.

I selected this topic after a three-month internship in a Swedish MNC's subsidiary in China. During the internship period I noticed that there are both negative and positive aspects of inter-cultural corporation. Employees have their perception about working in the inter-cultural environment, but they lack a good channel to express their thoughts or communicate. Different cultural studies compared national cultural dimensions between western countries and China (Hofstede, 1980, 2001; Hall & Hall, 1990; Schwartz, 1992; Trompenaars, 1993), according to them there are significant cultural differences. How European expatriates and local Chinese employees perceive working in an inter-cultural environment and how much trust they have between each other piqued my interest. I want this study to increase the knowledge about

inter-cultural relationships between expatriates and local employees, and to explore how trust exists between expatriates and local employees inside MNCs.

The research questions of this study are:

1. *How do employees perceive working in an inter-cultural environment inside MNC?*
 - a. *What benefits do they receive from this working environment?*
 - b. *What challenges do they face from this working environment?*
2. *To what extent does trust exist between expatriates and local employees?*

1.3 Structure of the Thesis

This paper begins with literature review which categorizes previous researches in this field, and a theoretical framework has been introduced in the end. Then the methodology chapter describes the data collection and analysis method used in this thesis, as well as ethical consideration and limitation for the method I chose. The findings chapter focuses on answering the research questions through empirical data and in the analysis chapter those empirical findings has been analyzed by using theoretical framework. This thesis concentrates on the common problems expatriates and local employees have, with an emphasis on introduction training for employees who will enter a new cultural working environment.

2. Literature Review

2.1 Inter-cultural working environment in MNCs

Inter-cultural management or cross cultural management refers to the management of employees who come from different cultural background and country, the main focus is to deal the interaction between them in the same working environment (Adler, 1983). Great amount of research has focused on the inter-cultural management in different topics, such as organization structure change, communication inside the organization, strategy adjustment, knowledge transfer, or expatriate management (Jacob, 2003).

These studies can be categorized into global perspective and local perspective. From the global perspective, studies that focus on an overall view; seek to provide a general view about inter-cultural management. A group of famous studies are The Cultural Dimension studies (Kluckhohn & Strodtbeck, 1961; Hofsted, 1998, 2001; Trompears, 1993; Schwartz, 1992, 1994; House, Hanges, Javidan, Dorfman & Gupta, 2004; Nardon & Steers, 2006). Researchers indentified the country's national cultures and categorized them into different dimensions, provided frameworks to understand how conflicts occurred due culture differences. However, Chevrer (2003) argued that there is no best management approach for different national cultures. People from a specific culture have a specific world value, including how they coordinate, communicate, and solve conflict. His idea represented another view, the local perspective. From this point of view, researchers focus on two specific countries, discuss how the two particular cultural environments integrate. No matter if researchers look from global or local perspective, *languages* and *different cultural values* are the two most common subjects in inter-cultural management, they are integrated with each other and tend to influence inter-cultural working relationship in MNCs (Peltokorpi & Clausen, 2011).

Languages

In inter-cultural working environment, usually there will be a common language inside the organization, often English (Holden, 1987). Studies have shown that employees have varying levels of proficiency in the company language, and lack of a shared language is still the largest and most persistent barrier to inter-cultural communication (Peltokorpi & Clausen, 2011). With the lack of efficient communication, conflicts occurred more often than usual. Anglès (2013) argued that it is necessary to provide induction seminar with HR and language programs for employees in MNCs, also researchers believed that by using a translator, the language problem can be solved (Welch, Welch & Marscham-Piekkari, 1999). But as Peltokorpi & Clausen (2011) indicated, language problems are not only about if people can understand each other, it also has to do with the way people communicate. Due to different cultural values people may understand differently when they talk about a the same thing, and the translator couldn't solve this problem either. For instance, language problem has been identified as a cross-cultural challenge for expatriates who work for European MNCs in Malaysia (Tahir & Ismail, 2007). The indirect way local employees express themselves make it difficult to understand what those local employees really mean, and those misunderstandings leads to work delays or even errors.

Different Cultural Values

In previous studies, differences can be shown by a diversity of cultural values, such as *flexibility*. Reilly (2012) talked about when expatriates come to a host country with their ethnocentricity, and they want reinforcement of their home view, they impose their western values and national stereotypes without changing anything. Most of the time the local employees won't agree with this certain behavior. In a study about German-Chinese joint venture, the authors (Wilpert & Scharpf, 1990) also mentioned that expatriates and local employees have different concept of time and quality, if employees are not aware and adjust them, those things greatly affect the effectiveness of their team. *The way of working* can also be seen as another form of how cultural

differences affect inter-cultural working relationships. For instance, in Warner's (2012) study he emphasized the importance of Guanxi since Asian is a relationship-based society, which means employees may not only focus on their work tasks, but also on building personal relationships during their work time. There are also differences in how people distinguish their work and personal life, how people treat the organizational structure, and the way they finish their tasks (Self et al, 2011; Wilpert & Scharpf, 1990).

Although there are many studies about the relationships between western countries MNC and their subsidiary in Asia, I noticed that few studies looked specifically into the relationship between expatriates and local employees. This became my motivation in writing about this topic, to provide some empirical data in these two specific countries for the academic field.

2.2 Core Cultural Dimensions

Many models of national culture have been building up by different researchers. Nardon & Steers (2006) reviewed 6 most popular cultural dimension models (Kluckhohn & Strodtbeck, 1961; Hofstede, 1998, 2001; Trompenaars, 1993; Schwartz, 1992, 1994; House, Hanges, Javidan, Dorfman & Gupta, 2004) and identified the convergences and divergences among them. By analyzing those 6 models the authors identified five common dimensions that pervade the various models, which are *relationship with the environment*, *social organization*, *power distribution*, *rule orientation*, and *time orientation*. Based on multiple evaluative strategies and tools, the authors also offered new country ratings among these five dimensions.

Relationship with the environment: Mastery vs. Harmony

Five of the six models reviewed how an individual relates to nature and their environment. In Kluckhohn & Strodtbeck's (1961) Cultural Dimensions, there are two dimensions related to this theme, one is relationship with nature: beliefs about the

need or responsibility to control nature, the other is human activities: beliefs about appropriate goals. Hofstede's (1980) dimension masculinity – femininity focused on how an individual values achievement, personal goals and quality of life. Trompenaars (1993) distinguished people's relationship with environment between inner-directed and outer-directed behavior. Schwartz (1994) identified two types of cultures about to what extent will people go to seek change in the natural and social world, which are mastery and harmony. Also in GLOBE study (House et al., 2004), the dimensions of assertiveness, performance orientation, and humane orientation are all related to the extent of people to control the nature and environment. By comparing these models dimensions, Nardon & Steers (2006) concluded the general theme of those dimensions, which are how individuals relate to nature and to one another. And they followed Schwartz's (1994) dimension and use *mastery* and *harmony* to describe the relationship with environment. Society belongs to mastery side are more focuses on their personal achievement over relationships, they emphasize on assertive, proactive approach, and focus on changing or controlling one's natural and social environment. To the contrary, society belongs to harmony side, they value relationships over achievement, emphasis on quality of life, focus on living in harmony with nature, and skepticism toward change.

Social Orientation: Individualistic vs. Collectivistic

All six cultural dimension models have recognized that some cultures are organized based on groups, while others are organized based on individuals (Nardon & Steers, 2006). Kluckhohn & Strodtbeck's (1961) developed the relationship with people into three types, which are individualistic, collateral, and lineal. This dimension talked about the people's beliefs about social structure. Hofstede's (1980) cultural dimensions called individualism – collectivism, focused on the relative importance of individual vs. group interests. Whether people should be responsible for themselves and the world revolves around them, or whether group interests are placed above those of the individuals. Trompenaars' (1993) dimension is similar to Hofstede (1980),

in that they found the individualism-collectivism dimension focused on the extent to which people derive their identity from within themselves or their group. One of the Schwartz' (1994) dimensions named conservatism-autonomy, also focused on the extent to which individuals are integrated in groups, as well as how individual and group interests are valued. The GLOBE study (House et al., 2004) has two dimensions related to the social orientations, which are institutional collectivism and individualism-collectivism. Both of these two dimensions emphasize the extent the organization or individual express their loyalty and pride. Although Hall (1959, 1981) didn't talk about individualism and collectivism directly, his notion of the extent to which the context of a message is as important as the message itself which also closely related to the way societies are organized. In summary, all of the study dimensions have recognized that social orientation is a key variable in understanding different national cultures, it is necessary to understand whether the society and interpersonal relationships are organized based on individuals or groups. A society which belongs to individualism is more person-centered, they focus on accomplishing individual goals, tends toward direct, frank communication, and tends toward individual decision making. While a society which belongs to collectivism is more group-centered, they focus more on accomplishing group goals, tends toward indirect communication, and group decision making.

Power Distribution: Hierarchical vs. Egalitarian

The third common theme among those models related to the power relationships in the society. Defined by whether the society is based on vertical or horizontal relationships. Four of the six models mentioned similar theme about this, one of Hofstede's (1980) cultural dimensions is power distance, which emphasized beliefs about the appropriate distribution of power in society. Schwarz (1994) identified the similar cultural dimensions, which he named hierarchy and egalitarianism, it examined the extent to which equality is valued and expected, whether the cultures are organized hierarchically or are more equally. The GLOBE study (House et al.,

2004) also included one dimension related to power distribution, which called power distance, focused on the degree to which people expect power to be distributed equally. Differing from those researchers who identified power distribution directly, Trompenaars's (1993) achievement-ascription can also be related to this theme, but he focused more on how status and rewards are allocated in culture. For this theme, Nardon & Steers (2006) adopted the same name from Schwartz, which is *hierarchy* vs. *egalitarianism*. The authors argued that society tends more towards a hierarchical belief that power should be distributed hierarchically, emphasized on organizing vertically, respect for authority, and emphasized on who is in charge. On the contrary, egalitarian society believed that power should be distributed relatively equally, emphasized on organizing horizontally, willing to question authority, and prefer decentralized decision-making.

Rule Orientation: Rule-based vs. Relationship-based

Only three of the six models talked about rule orientation. Both in Hofstede (1980) and GLOBE study (House et al., 2004) they named this theme as “uncertainty avoidance”. Hofstede emphasized the degree of uncertainty that can be tolerated in the society and GLOBE study focused on the extent to which people rely on norms, rules, and procedures to reduce the unpredictability of future events. Trompenaars (1993) also mentioned this theme in his universalism-particularism dimension, which focused on the relative importance of rules and relationships. Nardon & Steers (2006) distinguished this culture theme in two sides, *rule-based* and *relationship-based*. Rule-based orientation emphasized that the individual and society should follow rules without question, they should do things by the book, and have low tolerance for rule breaking. On the other hand, relationship-based society is less emphasized on record keeping, they believed that rules and laws are important but behavior are regulated by unique circumstances, and that decisions can be based on subjective criteria.

Time Orientation: Monochronic vs. Polychronic

For the last dimension, five of the six models have mentioned the time orientation. Hofstede's long-term vs. short-term orientation, GLOBE study's (House et al., 2004) future orientation, and Kluckhohn & Strodtbeck's (1961) relationship with time dimension both emphasized planning and focus on the future. Also Hall's (1959) time dimension and Trompenaars' (1998) time perspective focused on how individuals perceive time. There is no doubt that time orientation is an important variable when talking about national culture differences, in Nardon & Steers' (2006) study they followed Hall's approach distinguished time orientation to *monochromic* and *polychromic*. For monochromic society people have linear, single-minded approach to work, planning, and implementation, their approach is job-centered but there are separation of work and personal life. In polychromic society, people can pay attention to multiple tasks at same time, the approach is people-centered, and usually they will integrate work and personal life.

2.3 Trust in Organizations

Trust can be seen as the one of the most important aspect in large organizations when talking about relationships. The greater trust the organization has the more efficient the organization will be (Buckley & Casson, 1988; Porta et al. 1997). Trust associated with the improvement of cooperation, decision-making, goals and management systems (Mead, 1998; Porta et al. 1997). However, it is very difficult to build a trusting cooperative relationship with people who come from different cultures because they are not familiar with each other's rules of social interaction, values and norms (Dolles & Wilmking, 2005). With the lack of empirical studies about trust between expatriates and local employees, I believe this is a good angle to explore inter-cultural relations in my study. The trust theory provides a theoretical framework to understand and analyze the cooperation and interaction between employees.

Shapiro et al. (1992) suggests that there are three types of trust that operate in the business relationship. They described and divided trust into three types in professional

relationships for the first time, which are deterrence-based trust, knowledge-based trust, and identification-based trust. Based on this classification, Lewicki & Bunker (1996) developed this further and named these three types of trust as *calculative trust*, *cognitive trust*, and *identification-based trust*.

Calculative trust

Shapiro et al. (1992) named the first type of trust as deterrence-based trust. This trust is based on consistency of behavior which people will do what they say they are going to do. This is sustained by the threat of punishment like the loss of a certain relationship if they are not doing what they said they will do. Lewicki & Bunker (1996) argued that this trust is grounded not only in the fear of punishment for violating the trust but also in the rewards to be derived from preserving it. Calculative trust involves expectation about another, based on calculation the weight of the cost and benefits of certain courses of action to either the trustor or the trustee. From this view, trust is an ongoing, market-oriented, economic calculation.

Knowledge-based trust

This trust is based on the behavioral predictability – knowing the other sufficiently well so other's behavior is anticipatable. This trust occurs when one has enough information about the other, aware that they have same ways of thinking and can predict their likely behavior (Shapiro et al.1992). Different from calculative trust, knowledge-based trust relies on information that one has rather than deterrence or benefits (Lewicki & Bunker, 1996). This kind of trust can be developed over time, when there is a history of interaction between each other, it allows them to develop a generalized expectancy of other's behavior (Ibid). According to Shapiro et al. (1992), regular communication is the key process for knowledge-based trust, the better one knows the other, the easier to predict his or her future behavior; this kind of predictability enhances trust, while also being able to predict the way in which the other can violate this trust.

Identification-based trust

This form of trust exists because people effectively understand, agree with and appreciate the other's needs and intentions. It develops as both gain knowledge and can predict the other's preferences, and needs. This depends on people sharing common values, including a common concept of moral obligation (Lewicki & Bunker, 1996; Dolles & Wilmking, 2005). This common understanding is developed to the point that each can effectively act for the other, think like the other, respond like the other. Controls are less important at this level because of the common values and intentions (Lewicki & Bunker, 1996).

2.4 Link to Research Questions

This study focus on finding out the benefits and challenges employees face in inter-cultural working environment inside MNCs and the extend of trust between expatriates and local employees exist. Previous research on working in inter-cultural environment provided me with a guideline to formulate interviews and helped me to find both positive and negative sides from inter-cultural environment in order to answer the first research questions. Nardon & Steers' (2006) core cultural dimension framework could provide deeper understanding about how those differences occurred. Shapiro's et al. (1992) classification of trust in working relationships helped me identify different types of trust inside organization, in order to answer the second research about what to what extend trust between expatriates and local employees exist. In the end of the study I also expect to see the links between culture differences and trust.

3. Methodology

3.1 Case study

The case study method is chosen since the purpose of this study is to find out the inter-cultural interaction working relationships between expatriates and local employees. For a research design, the first and most important thing to do is to identify the type of research question being asked (Yin, 2003). This study's research questions are what benefits and challenges employees face and what extent does trust exist between expatriates and local employees, which are focus on "what". And according to Yin (2013) research questions which are mainly focus on "what" are exploratory, and researcher could use an exploratory case study approach to answer them. By using case study method researcher can gain in-depth understanding by focus on specific case, and get more concrete example to support findings.

Two case companies were selected in this study, both are automotive manufacturing plant which located in Chengdu, China. One case company is a German-Chinese joint venture which was established in 1991, and has three manufacturing bases with over 29,000 employees in China. The plant in Chengdu is one of the manufacturing bases which began operation in 2011, has a design capacity of 450,000 cars per year. The other case company is a Swedish automotive brand which has been acquired by a Chinese company in recent years. This company has over 21,000 employees in China, and the plant I got access to is one of the three manufacturing subsidiary which began operation in 2013. I was able to get in to these companies and have qualitative interviews with both expatriates and local employees.

3.2 Data Collection

The empirical data was collected by the author through semi-structured interviews. Qualitative semi-structured interview has been identified as an effective way to investigate inter-cultural relationships in foreign subsidiaries (Peltokorpi & Clausen, 2011). This qualitative methodology can help the author gain deeper understanding

about employees' perception about inter-cultural relationships and get concrete examples of the way they deal with this relationship. Twelve in-depth face-to-face semi-structured and seven semi-structured telephone interviews were conducted for this study.

The first nine face-to-face interviews (interview 1 to 9) were conducted in the German-Chinese joint venture. Ten interviews were conducted in the Swedish subsidiary (interview 10 to 19). In this case company both telephone and face-to face interview were conducted. Seven interviews for employees who are working in this plant in China were conducted through telephone, and the last three interviews were conducted in this company's headquarter in Sweden with employees who have worked in that subsidiary before and came back to the headquarters now.

Usually, semi-structured interviews are conducted fact-to-face because of the important personal contact in qualitative interviews, by missing visual communication between interviewer and interviewee telephone interview may not get as much information compared to face-to face interview (Vogl, 2013). However, telephone interviews are a relatively inexpensive way to collect data, it also avoids travel cost for both interviewer and participants (Pam, 2011). By the time I got access to the Swedish subsidiary in China, I had already come back to Sweden. Having telephone interviews helped me reduced the cost of data collection. After interviews I also realized that compared with face-to-face interview, telephone interviews were easier for interviewer to control over the communication process, however it was more difficult to get extra information from interviewees.

The samples of interviews were divided in two groups: local employees who work with expatriate most of the time and expatriates (Table 2). Basic information about interviewees such as job position, mainly responsibility were collected from the HR department in each company.

Interviewee	Nationality	Company	Job position	Years of working in inter-cultural environment	Years of working in China
1	Chinese	German-Chinese JV	HR specialist	4	-
2	Chinese	German-Chinese JV	Workshop manager	21	-
3	Chinese	German-Chinese JV	Workshop manager	4	-
4	German	German-Chinese JV	Workshop manager	8	7
5	Chinese	German-Chinese JV	Quality manager	16	-
6	German	German-Chinese JV	Quality manager	22	22
7	German	German-Chinese JV	Workshop manager	20	11
8	German	German-Chinese JV	Workshop manager	19	18
9	German	German-Chinese JV	Plant manager	10	10
10	Chinese	Swedish company	Workshop manager	12	-
11	Chinese	Swedish company	Quality supervisor	11	-
12	Chinese	Swedish company	Workshop manager	3	-
13	Chinese	Swedish company	Workshop manager	11	-
14	Chinese	Swedish company	Workshop manager	5	-
15	Swedish	Swedish company	Workshop manager	5	3
16	Swedish	Swedish company	Quality manager	12	1
17	Swedish	Swedish company	Logistic manager	10	3
18	Swedish	Swedish company	Workshop manager	Over 20	5
19	Swedish	Swedish company	Workshop manager	Over 20	4

Table 2, Interview list

The duration of the interviews were around 30 to 60 minutes per person and with these numbers of interviews it can provide rich empirical data for this study. The interviews with expatriates were conducted in English, and local employees were interviewed in Chinese. As Birbili (2000) indicated, collecting data in one language and presenting the findings in another is now increasingly common for researchers, and empirical data will be influenced by the quality of translation. Chinese interview transcripts were later translated by me for further analysis. Since Chinese is my native language and I am familiar with the culture behind it, I could say that all the translations from Chinese to English are very close to interviewees' meaning. All interviews were conducted following interview guideline which has been made available (see Appendix). During the interview I tried to lead interviewees to talk about their perception of inter-cultural working environment in a general view in this MNC, not how one local employee is perceived by a specific expatriate.

3.3 Ethical Consideration

All the interviews were followed by Kvale and Brinkman's (2009) ethical guidelines, which are *informed content*, *confidentiality*, *consequences*, and *the role of the researchers*.

Informed content

Before each interview, I provide overall information about this study too all interviewees, including the purpose of the interview, the confidentiality, who will have access to the interview material, and the use of the results. Also, I informed each interviewees that the interview will be recorded for transcription and future analysis, the interview is voluntary which allows them have the right to withdraw from the interview at any times.

Confidentiality

The name of two companies and all interviewees are anonymous through the whole study; only interviewees' position inside the organization will be mentioned. This confidentiality is to protect the participants and on the other hand, as well as to encourage candor.

Consequences

The results I will get, as well as the use of results will be freely given information and the participants will be informed of this before the interview. I will inform interviewees that through this study their HR department and management team can get a better understanding of the inter-cultural relationships inside the organization, Which may lead to appropriate measures to overcome some cross-culture challenges and develop the positive sides of inter-cultural relationships. Interviewees are also welcome to have a copy of the final paper.

The role of the researcher

Qualitative interview is an interactive research approach, with the interviewer as the main instrument for obtaining knowledge (Kvale & Brinkman, 2009), this required the researcher to be familiar with ethical guidelines, to lead the structured interview. All interviewees have been informed of the ethical considerations prior to the interviews.

3.4 Qualitative Content Analysis

As Kvale & Brinkmann (2009) indicated, by asking the same questions in different interviews and use quotation from interviews in the study could increase the reliability and validity. All interviews followed the same interview guide which has been carefully worked out in order to reach the objective of this study. And in order to have accurate representation for participants, all interviews were recorded and transcribed by me later. The empirical data has a large number of quotations from interviewees to guarantee the validity of the data.

For analyze the empirical data I used one qualitative data analytical tool NVivo. As a professional qualitative analyze tool, Nvivo was able to help me with coding, as well as to categorize different themes in a clear way, and compare with the traditional coding on paper, it was easy to edit and change categories. According to Kvale & Brinkman (2009), by analyzing qualitative data, using coding and condensation can provide researcher a clear structure and overviews of extensive interviews. This study's analyze were also followed these two main steps, coding and condensation.

Coding can help the researcher categorize long interview statements into a few simple categories and provide an overview of large amounts of transcripts (Kvale & Brinkmann, 2009). There are two kinds of coding, one is concept driven and one is data driven (Gibbs, 2007). Concept driven coding is to find the key words from interview which have been developed in advance by the researcher, to the contrary

data driven coding is to develop those key words through reading the interviews material. In order to answer the first research question about employees' perception, I chose to use data driven coding when analyzing interview data. All interviews were transcribed first, Chinese data was translated into English for further analysis. The first coding focuses on finding the main themes according to earlier research, such as language and cultural barriers as well as trust. The second reading focuses on the details through those themes, for instance, what kind of language problems the interviewee has, what specific cultural differences they meet, what type of trust exists between him and colleagues. The third time reading will be finding new things which have not been mentioned in the earlier research such as new cultural differences. All transcriptions have been read through several times to ensure I collect all useful information for future analysis.

After coding, I applied meaning condensation to the interview data. This approach can help me to abridge the meanings expressed by the interviewees into shorter formulations and provide the possibility to condense the content into themes (Kvale & Brinkmann, 2009). The way employees perceive working in an inter-cultural environment and the types of trust they have inside the organization can be found out from storytelling, I am also able to categorize those different themes according to the core cultural dimension framework through this process.

3.5 Limitations

First this study only focused on one German-Chinese joint venture and one Swedish subsidiary. With the limited sample size the results of this study cannot provide any general view about the inter-cultural working relationship between expatriates and local employees in a Western-China context. This study can only provide some empirical data as an example. Second, HR departments in these two companies helped to arrange all interviews, there is possibility that only interviewees who have positive attitude about inter-cultural working relationships have been selected by these

companies. Also, the participants of this study are all white-collar workers in management level, which means the interview group has its limitation. The results may be different if there are more participants for this study and if blue-collar workers were represented in the sample size. Furthermore, except for the last three interviews, which were conducted in the Swedish company's headquarter in Sweden, all other interviews were conducted only in one city in China, Chengdu. Automotive manufacturing industry is an emerging industry in this city, it is still new for people to work in an international environment. Compare with east China where manufacturing industry is well developed, people's perception about working in an inter-cultural environment may also be different.

4. Findings

This study aim to describe the inter-cultural relationships between expatriates and local employees, mainly concentrates on the perceptions from employees, as well as the types of trust employees have between each other. Differences have been mentioned throughout the interviews, some of them become benefits and some of them lead to challenges. Because there are two different countries expatriates involved in this study, I decide to formulate this chapter in two main parts, German-Chinese joint venture and Swedish subsidiaries in China. The categories in cultural barriers part are developed out of empirical data.

4.1 German-Chinese Joint Venture

When asked their perception about working in an inter-cultural environment, nearly all of interviewees stated that there are lots of differences, although some of them leads to challenges they haven't met in their own countries before, but those differences also give them space to develop or became advantages compare with local enterprise.

If we don't have good understanding and can communicate with each other, it may become $1+1<2$, or $1+1=0$, or even become a negative number. But if we have good inter-cultural communication, have the right method and thinking, then the effect of the cooperation will be $1+1\geq 2$. Of course there are lots of differences, but they also have many things that we can learn about. (Interview 3C)¹

Collaboration between people who come from different cultures can bring a lot of advantages. People will get developed here, and different ideas and communication will keep going. (Interview 7G)

Having a positive attitude towards working in an inter-cultural environment is another common theme from interviewees. All German expatriates have mentioned acceptance and respect of different culture, they see them as guests when working in another country, and it is important to accept the existence of different cultures and

¹ Followed with interview number, interviews with German managers are followed with 'G' and those with Chinese managers are close with 'C'.

find a middle path which fit for both sides. From local employees' point view, trust, honesty, and respect are the key words for them to maintain good communication and cooperation with expatriates.

4.1.1 Languages

One of the most common differences interviewees talked about is language. In this joint venture there is no common language which everybody can use to communicate. English has not been used as working language in this plant, employees communicate with each other through translator in German and Chinese because they believe communicating in their native language is better for everybody. By using translator, the major problem related to language is not people cannot understand what other said, the problem is employees from different cultural backgrounds have their own ways to express their opinion and different way to understand what their partners said, misunderstandings are common.

German expatriates prefer a more direct form of expressing themselves. Chinese employees thought this direct way of German expatriates is really good for work because they always get clear view about what their partner thinks about. But a number of expatriates mentioned that the indirect way the Chinese partners communicate makes it difficult to understand what their colleagues really mean.

German like to talk about their thought in a direct way, but we definitely don't have any prejudices or grievances behind our talk, that's how we express ourselves. But Chinese employees won't say things in that direct way, they usually will "pack" their language, so our German colleagues have to "unpack" those word first, then we will understand what our colleagues really means, and sometimes this really cost energy.(Interview 7G)

Personal relationships in working are important for local employees, the degree of familiarity with each other has a big influence in the communication process.

I also have one experience that if myself and a Chinese colleague are not so familiar with each other, or when I change to a new translator, they usually won't tell me directly that they might not understand what I mean. (Interview 8G)

For those unfamiliar working colleagues expatriates learned to ask them several times about their view, in order to make sure they have the same understanding with each other. Most expatriates have been working in China for many years, they mentioned through years of working experiences they learned to observe their working partners' way of expression, and by different facial expression or behavior they could know if their partners are agree with them.

4.1.2 Different Cultural Values

Flexibility

Flexibility has been discussed a lot from local employees and expatriates. German expatriates paid a lot of attention on standards and rules, they preferred to follow their company schedule and time plan precisely, but for local employees rules can be changed due to particular circumstance, those changes are normal and acceptable at work.

All of their work goes according to their plan/.../Once, when we needed equipment to be installed, because the project schedule was really urgent, we think the equipment team's progress is too slow, they should speed up. But they think this is the normal speed, they must take it step by step, we cannot push them. But when the old plan cannot successfully carry out, if you didn't change the plan, then it's not necessarily a good thing. (Interview 3C)

German pay a lot of attention to standards, Chinese is different. My experience tells me that the standard you established today, it may be broken tomorrow. (Interview 7G)

Apart from negative effect, there are positive things came from those conflicts. From local employees' perspective, sometimes follow the plan all the time is a good way of working.

Changing the plan is a very difficult thing to do, in most cases, staying with the plan is a good thing, otherwise a change in the plan will cause other changes in the follow up arrangements, thus disrupting the original order. So sometimes I'm glad that they are so insistent about following the plan. (Interview 3C)

When this kind of problems occurred, most of time local employees and expatriates will sit together, talk about their concerns to each other and find an acceptable compromise for both sides. From this, both sides learn something new from each other after those disagreements.

Our German colleagues actually became more flexible after they are working with us for a while, they realized that maybe being flexible is not a bad thing, we can finish the task anyway, in a more easy or comfortable way. (Interview 1C)

One thing I think is very good is that we actually can learn from each other, we could find a standard that both sides are agree with/.../we could survive when working in another culture, as long as we could accept it. (Interview 9G)

There are a lot of changes through working with each other for many years. Through years of practice and learning, local employees have more self-confidence now, they won't just agree with all the suggestions expatriates brought up because they think expatriates have more experiences. Also expatriates believe that local employees can solve many technique problems independently because their skills have developed through these years. When employees are open to accepting different cultures and understand why they do things in this certain way, the problems like local employees only listening to a local manager and German supports only follow the German manager's order in one department never happened again.

Treat problems

Employees talked about many cultural differences they have between each other, most of their reflections of interaction are positive, two interviewees even said that they haven't met any cultural challenges, all the disagreements they have with other colleagues are just normal arguments, it could have happened anywhere. The way

people treat a problem is a very interesting difference between local employees and expatriates.

One thing that impressed me, is when a problem occurs, most of the Chinese will attempted to solve the effect that the problem brings instead of identifying the cause of the problem. (Interview 4G)

Expatriates tend to find the source of the problem in order to control the situation, they believe when they find the source of the problem, they could take action to change it. But for Chinese employees they tend to adjust themselves in order to fit into the situation rather than control it, which makes them more focused on solving the problem, instead of finding the source of the problem. This different way to treat problems turns out is not in conflict but complementary approach to each other. They provide different focus to the organization when a problem occurred, and they might be able to find both solutions and sources at the same time.

Way of working

Some expatriates mentioned that it is good to work with the Chinese employees so they can learn from them how to work in a group. The local employees are more willing to accomplish goals as a group, they like to gather together and help each other to finish a project, even if some parts are not their responsibility.

In my team there is one thing I think is very good, that's the team spirits, if a challenge occurred, no matter who caused it, we will work together until complete our goal. This helps us to finish our target successfully, I think this is really great in China. (Interview 4G)

Some of expatriates mentioned that compared with Chinese they are more focused on getting their own job down, those things which do not belong to their scope of work is not their responsibility and they won't do it. But after working with Chinese employees this way of thinking has changed, working became more efficient when people are helping each other and solving problems together. This working mode

makes people inside their group more connect to each other, and it is common for Chinese to develop this working relationship into a more personal friendship. Apart from what expatriates can learn from local employees, there are many things worth learning from their side as well.

From my perspective, their things are seriously organized, and they have strong executive power. That's what we should learn about. (Interview 2C)

Expatriates' seriously organized working approach has been talked about a lot by local employees, same as high commitment.

They are dedicated, very dedicated. For example in my workshop, once an expatriates hand has been scratched, there's a lot of blood, but his job is not complete yet, so he managed to wrapped around his wound, stop blood and finished his job first, then went home. This is very impressive in my eyes. (Interview 3C)

In local employees' view, these are the things they should learn from the expatriates, especially as they work in automotive manufacturing industry. Refined working approach is an essential requirement, and expatriates' well planned and job-centered working way can improve their work efficiency.

4.1.3 Trust

Both knowledge-based trust and identification-based trust between local employees and expatriates have been found inside this German-Chinese joint venture. All employees showed a positive attitude when talking about trust between each other. They have a friendly platform to exchange ideas and learn from each other such as daily morning meeting to exchange information.

I think we all share the same goal, and I'm comfortable to work with them. Chinese employees have more and more self-confidence now, we won't say ok you are German then we should listen to you/.../Also German employees believe that our local employees can solve this problem, like technique problems, our skills are developing as well, this also earn some respects from expatriates. (Interview 1C)

Employees know each other enough; they trust their partners' professional knowledge

and believe their partners could finish their goals successfully. Disagreement still happened quite often, but employees are always able to find a middle way for both sides, to compromise to each other. Regular communication plays important roles in trust, all local and German managers have around 30 minutes morning meetings in their own department every day to exchange important information, some of interviewees even mentioned that they sometimes will have an afternoon meeting to conclude daily job process. This communication platform provides the possibility that colleagues can get to know each other more, including their job patterns. When the knowledge about each other increased through time, employees are easier to predict their partners' future behavior, and this kind of predictability enhances the trust.

When the degree of trust and understanding between me and my partner gradually increased, we no longer need to ask each other if he could understand what I'm talking about because I already can know if he understood me through his reaction and the way he express himself. The other way around, he also could do this. (Interview 8G)

Employees are effectively understand each other, agree with and appreciate the other's needs and intentions. This has a positive effect for the company because employees are able to know and predict the other's needs and could effectively act for the other, it shortens the discussion time to understand what each other really mean and want, and leads to have a more effective working environment.

4.2 Swedish Subsidiary in China

“Interesting” is a word used frequently by interviewees when asked about their perception of working in an inter-culture environment. Due different cultural background, employees can learn from each other such as working approach and attitude towards work.

I think it is very good to work in this kind of inter-cultural environment. You can learn different mode of thinking from people who come from different countries, feel their way and style of working. I also learned a lot, like some of expatriates are very dedicated to work; our local employees sometimes are lacking this attitude a

little bit. (Interview 14C)²

On the other hand differences in cultural values cause conflicts, which lead many challenges that employees never experienced before.

I think it's very interesting. You meet a lot of new people with different ideas and backgrounds, it's fascinating. But challenges exist as well especially related to work. When you work you have to achieve something or finish some task in time, but you need to spend more time explaining to each other because of language or culture barriers.(Interview18S)

It is different how people perceive working with people who come from different cultures. Some interviewees indicated that when a problem occurred, they see it as a normal working problem; they didn't put it specifically into "inter-cultural" scope, and that maintaining a good inter-cultural relationship is not a problem as long as they follow their working principles. Some interviewees think it is hard to work with people who come from different culture backgrounds especially when they don't show respect for the subsidiary's local culture.

4.2.1 Languages

English is the working language inside this plant, which means employees have to use a second language which is not their mother tongue to communicate with each other. Two problems related to language have been discussed here. One is understand what each other says, and the other one is to understand the meanings under those sentences. In interviews with this plant, interviewees have completely opposite views on language.

Language is not a problem, we can communicate in English with each other. (Interview11C)

Most local employees don't think language is a problem during work except one. From this interviewee's perspective, language is still a barrier for him when working

² Followed with interview number, interviews with Swedish managers are close with 'S' and those with Chinese managers are close with 'C'

with expatriates. It is time consuming and cost a lot of energy.

I think communication is important, some things you have to talk to expatriates three, four times then he began to understand what you mean. It cost a lot of time to understand each other/.../because we all communicate in English, English is not our mother tongue, the language obstacle caused many misunderstandings, too much misunderstandings.(Interview 12C)

Unlike most of local employees, all expatriates I interviewed indicated language is still a barrier to them. And two types of problems have been identified by them. One is to understand each other's words.

The language is a very big problem in the beginning. Now is better and better, but at the beginning it was really taking a lot of time and we have to use translator, it was really barrier. Now is better. But English is not our native language, so of course it's difficult. (Interview 15S)

The other challenge related to language expatriates mentioned is to understand the meanings behind those sentences.

Sometimes when they answer yes they didn't mean yes I agree with you, they mean yes I understand what you are saying. I need to be sure what "yes" really mean when working with them. (Interview 19S)

The result shows that in the manager level local employees have fewer problems on communication in English. One of the reasons could be in manager level fluent English is an essential requirement for Chinese employees when they apply for their job position. The levels of proficiency in English are also different in expatriates group. But because their working experiences and technique skills in manufacture area is the most important reason they came to China, then the English requirement might not be equal high as Chinese employees. Also expatriates have mentioned that at the beginning they have some translators to help them to communicate with colleagues, after a while when people know each other more they begin to work without translator. The requirement of fluent English is only for manager level, so when expatriates need to explain something to blue-collar worker they still need their

working partners to translate for them quite often.

4.2.2 Different Cultural Values

Flexibility

How much employees should follow rules and principles is one of most common differences between expatriates and local employees. From local employees' perspective following the standard is important, but if rules are not fit for reality then they need to have some changes. Sometimes they feel it is unrealistic that expatriates followed their western rules step by step to this plant without changing anything.

They are very insistent about their principle in some parts, without considering China's environment, the way of working, and our ability. For instance when we need to install some equipments, you know that European are stronger and taller than our Asian people, like we need to press and put pressure on some equipment in a high position, for us it is a difficult thing. But when we said we may need to adjust the height of the equipment or change some procedures, expatriates will think those requirements are kind of special for them, and they don't want to change because they never met this problem before. (Interview 11C)

There are different physical constitution between expatriates and local employees, and those differences expatriates may never had in their home country, which make them are less aware of those problems. Also unlike expatriates, build and maintain personal relationships in working time is also important for local employees. This also makes employees have different attitude towards flexibility.

For our Chinese people we tend to build personal-relationship, like if he and I have a good relationship, sometimes I will help him to do part of his job. I think this point expatriates are really couldn't get used of it, because this will make them confused about who is doing this task./.../they like to do their job step-by-step, but sometimes we need to cooperate with suppliers, need adjust our schedule with suppliers, then their step-by-step approach appears unrealistic. (Interview 13C)

Following the rules and principles too much is a label placed on expatriates by local employees in a negative way. Same as local employees, expatriates also talked the flexibility differences between expatriates and local employees. But from their side,

both positive and negative parts have been mentioned. On the positive side, more flexible may lead to a more effective working approach or a more creative way to achieve goal.

And I think one other difference is if we do not normally do things in this way, we won't do it. But Chinese are more open, if they think they can try to another way they will do it. They are more flexible. For us there's always a structure, routine you should follow, not to change it. (Interview16S)

There is also negative side to be flexible. From expatriates' view there is a reason to make plan, to follow the plan. If people are changing plan quite often, then problems will occur.

If too much "not planned" and things go wrong, it would take longer time in the end due to need to "repair" to achieve the correct wanted quality. (Interview 15S)

Whether or not the company should totally follow the rules and principles is one of the most obvious problems at the beginning of operation. Before the operation the top management level of this subsidiary had decided that this plant will function in European style, meaning to European rules. However after operation began, expatriates realized that if they just totally followed the European way, the result would not be satisfactory at all. From insist to follow all the rules they used to have in Europe, they become more open for different approach now, their attitudes have been changed over time through their own experiences and more communication with local employees. One interviewee also mentioned that when people work with different people, their working style will be influenced. After these years both part begin to get used of each other's working paradigm and begin to compromise with each other.

Deadline

Two local employees mentioned the difference in how they deal with the concept of a deadline between them and expatriates. As a manufacturing plant, timeliness is an important factor to ensure the follow up work, when employees have different view

about deadline then work delay occurred. The follow quotation shows how different expatriates and local employees treat deadline in this plant.

For example, our boss gave us a deadline, before next Friday you have to finish this project. For Chinese, we obey the system, no matter what we do, we work extra in the night, we work during weekend or something, and we will try our best to finish the task before Friday. But if you tell this to expatriates, you will get huge disagreements. They will say, look, for this project I need do research first, this will take me 2 days, and then its weekend, I have to take rest, and then it's Monday, I need more time to prepare extra materials, these will take me another 2 to 3 days. And I also need communicate with supplier, and adjust my plan. Then he will tell me before next Friday he couldn't not finish this project, maybe he need two more weeks. But for me, I got the task from my boss, I have to finish it. And the expatriates side will say go and talk to your boss, say that we cannot finish this project in time! (Interview10C)

For local employees if they couldn't finish their job before deadline their higher level manager gave to them, it is a very negative thing. So in order to not make their boss feel that they are less qualified for this task; they will try their best to finish it in time. From their view, expatriates are in pursuit of the best quality, the deadline their boss gave to them is less important than make this project better. Also they prefer to distinguish their working life and personal life, more tend to only do their job at working hours instead of bring it home and work extra. Expatriates gave different view about the problem related to deadline. They think local employees will just follow what their boss said even if the request is not good for the task. Expatriates are more willing to discuss or convince their boss if they don't think it is the right thing to do.

For me as a manager, I would like my people tell me if I made a bad decision and argue with me. I will feel thankful when they point out my mistake, so I won't do wrong things all the time. But for our colleagues they just do what their manager said, no argument, just follow. (Interview 19S)

Expatriates mentioned that it is part of their company culture to take responsibility, have more equal relationships with their boss. So if things are not suitable for them,

they will bring it up and tell their boss. This behavior should not have any negative effect, on the contrary their boss will be happy to discuss with them.

Way of working

Working scope is a clear difference employees talked about. Generally speaking local employees are willing to do some work which is out of their scope job in order to help friends or just get more extra information. But for expatriates they will only do what they need to do, anything out of their working range is not their responsibility.

When Chinese doing their job, sometimes they will do extra work which is out of their working scope to help them do their jobs better. But what I understand about Swedish is, they will only do their work which they should do, beside that I should give other totally trust, and believe somebody else will do it good. But I think you should expand your scope of work, to know if there is somebody is going to support you to finish your own job.(Interview 10C)

In local employees eyes, doing extra job is one way to make sure their own task can be done in a good way, to make sure their colleagues will follow their task in the way they want. Besides that, helping other colleagues can maintain personal relationships during work, which is also important to Chinese employees.

If I have good relationship with this colleagues, without obey my working principle sometimes I will help him to do part of his work if he needs some help. (Interview 13C)

But from expatriates' perspective there is a clear division between working and personal relationships. During working time people should only focus on their job, not pay attention on other aspects.

I think our expatriates are very focused on the job, want it be done in a good way. But seems like local employees have many other things to focus on, like building and maintaining relationships. (Interview 16S)

Some local employees think this is what they can learn from expatriates, to have clear division between working and personal relationships. When a disagreement or

argument happened, both groups know this is only for work, they just want to finish their job in a safe and effective way, there's no need to put in so much personal feelings inside, after work they can still be good friends.

Differences in ways of working provide space to learn from each other. Expatriates' positive attitude towards work has been mentioned a lot by local employees. Most of the expatriates come to this subsidiary as technique support because of their rich experiences in a certain area, the attitude they show to local employees is that they love their job, and they feel good to work in this area for many years. This is what local employees need to learn.

Most of our Chinese colleagues have pressure from their lives, and they will put their life pressure as their first consideration. They see work is a tool to survive, especially for those blue-collar workers. Expatriates really love their job so they have more passion compared to us. (Interview 14C)

Having a positive attitude towards work is well worth local employees learning, but that is not the only thing local employees can learn from their expatriates coworkers. There is a different way of approaching problems when they arise. One interviewee mentioned that if they faced a problem, usually Chinese colleagues will be very quiet about that, they won't open a dialogue to discuss how this problem happened, they will wait for expatriates to provide a solution or to find the reason.

There will always be somebody else to blame if there are problems, there is some fear of taking responsibility for them. (Interview 15S)

For me, expatriates really dare to make decisions, dare to take responsibilities. I think our Chinese colleagues need to improve this and learn from them. (Interview 14C)

4.2.3 Trust

Both calculative-based trust and knowledge-based trust between local employees and expatriates have been found in this Swedish subsidiary. Because this plant has only

been operating for 2 years, most of employees indicated that they still need more time to communicate with each other and get used to working with different partners' working patterns. Although all interviewees have experiences working in an inter-cultural environment, it is the first time for most them to work with Chinese/Swedish colleagues.

If I work with Chinese colleagues, I only need say few words and they can get what I mean and what I want to do. But with expatriates I need more time and energy to explain to them. We still need a long time to adapt to each other. I feel the inter-cultural communication thing is not good in our plant right now, we need to develop this. (Interview 12C)

It is different that we have been working in this company for many years, but most of Chinese colleagues are new for this company. I would follow up quite closely until I know how they work and what the result of the work is. (Interview 18S)

Employees still have concerns when working with each other due to different languages and cultural differences. Knowledge-based trust has also been mentioned by expatriates, they argued that in a general level they still need to pay extra attention to their colleagues work, but they also find that there is a group of people in this plant are very talented and can do their job well.

It is individual as I said, like something they can do it very well the first time then I think it is ok to let them handle the whole procedure later, we have many talent colleagues here. (Interview 15S)

Part of local interviewees also showed great respect to the rich experiences expatriates have. Because most of plant's equipments are imported from Europe directly to China, there are a lot of things local employees needs to learn from expatriates.

I never doubt their technique skills and experiences. Even you are very capable for this job, but if the way of working is different, we may not accept you anyway/.../I think now I can trust those expatriates who work with me. We have the same goal and I know that their working approach can finish our task in a good way. (Interview 13C)

Yes, they can finish working tasks without problems. We've been working together

for more than two years now, I know them. (Interview 19S)

When the individuals get familiar with each other, it will be easier for them to predict others' future behavior based on the experiences they have. This group of interviewees trust their partners' working capability after a period of work, and believe each other could finish their work tasks successfully. This trust in a working relationship could shorten the time spent checking whether their colleagues did the right thing, and could help employees work more effectively.

5. Analysis

The purpose of this study is to find out what benefits and challenges employees face in inter-cultural working environment and how trust exists between each other. Nardon & Steers' (2006) core cultural dimensions are used to analyze the findings of first research questions, in order to get better understanding about how those different occurred. Shapiro's et al. (1992) classification of trust in working relationships is used to answer the second research questions. In the end the link between culture differences and trust between expatriates and local employees will be discussed.

In a previous chapter I described how employees perceive working in inter-cultural environment, both benefits and challenges they got and the existence of trust between expatriates and local Chinese employees in MNCs. In this chapter I will mainly focus on using Nardon & Steers' (2006) core cultural dimensions to analyze those findings. In their study they provided new country ratings of national cultures, since this study focused on China, Germany, and Sweden, I only picked these three countries rating here for further data analyze (Table 1).

Country	Relationship with the Environment	Social Organization	Power Distribution	Rule Orientation	Time Orientation
China	Harmony	Collectivist+	Hierarchical	Relationship-based	Polychronic
Germany	Mastery	Individualist	Hierarchical	Rule-based+	Monochronic+
Sweden	Harmony+	Collectivist	Egalitarian+	Rule-based+	Monochronic

*Table 1, country ratings of national cultures
("+ "stands for typical)*

5.1 Languages

The language problem is one of the most common challenges interviewees talked about. Holden (1987) stated that usually there will be a common language inside the organization if it is an inter-cultural working environment. This is not the case in the German-Chinese joint venture there is no common language which everybody can use to communicate. English has not been used as working language in this plant,

employees communicate with each other through a translator in German and Chinese because they believe being able to communicate with their native language is better for everybody. This also verified what Welch et al. (1999) stated that language problems can be solved by using a translator. But language is still a big issue in this plant just as Peltokorpi & Clausen (2011) indicated in a cultural different way. The major problem is not that people cannot understand what other said, the problem is employees from different cultural backgrounds have their own way to express their opinion and different way to understand what their partners said, then misunderstanding happened quite often.

The first challenge is language, this means for the same thing there will be different understanding between Chinese and German. (Interview 7G)

In the Swedish subsidiary, challenges related to language present in two different ways. One is to understand what each other says during the communication, and the other is to understand the meanings under those sentences due culture differences. The findings support the argument that employees have varying levels of proficiency in the company language and the lack of efficient communication is still a barrier in inter-cultural working environment (Holden, 1987; Peltokorpi & Clausen, 2011; Anglès, 2013).

There is one frustration that the English level of Chinese colleagues is different, some of them are very good, there's no problem. But some of them are not. We may need explain four times to make each other understand, and another three times to explain the way we are working due the culture barriers.(Interview 17S)

It also showed that different understanding due to cultural factors also influences the communication process between employees (Peltokorpi & Clausen 2011), this will be further discussed in the next section.

5.2 Different Cultural Values

Relationship with the Environment

Relationship with the environment mainly discussed how individuals related to nature and to one another. Nardon & Steers (2006) categorized Germany as a *mastery* society and China as a *harmony* society. With different values in this dimension, differences are most often shown by the way they treat problems. Empirical data shows that when problem occurred Chinese attempted to solve the effect from that problem, but German is more want to identify the cause of the problem and solve it at the source. Also German expatriates are good at controlling the process and willing to make decisions. This difference could be explained as people who come from mastery society tend to control one's nature and social environment, they emphasis on proactive, masculine approach (ibid). But for Chinese employees, the way they try to find a solution for the effect of the problem could be seen as they are more tend to adjust themselves to the social environment, it is natural for them to accept the given reality and live with it rather than change it or try to control it.

Actually it is good because we can have different views on the problem, which help us to better know what to do next. (Interview 8G)

According to interviewees, different cultural relationship with the environment benefits them at work. Different ways to solve problems become a complementary approach during work, Chinese employees focus to find the solution of this problem and at the same time German employees is seeking the cause of the problem. With different focus on the same thing, the whole team gets better control of the problem and also gains different views.

Social Organization

It is important to understand whether the society and interpersonal relationships are organized based on individuals or group. Germany was labeled by Nardon & Steers (2006) as *individualist* society, people tend towards direct communication, valued person-centered approach, and believe people achieve self-identity through individual accomplishment. On the contrary, China is a *collectivism* society. People value group-centered approach, focus on accomplishing group goals and tend to have

in-direct communication.

This dimension could explain many differences I found from empirical data such as the direct and indirect way people express themselves.

Different meanings can be interpreted in same sentence between us and local employees, sometimes they smile and nod didn't mean they are agree with you.(Interview 18S)

As individualism German expatriates tend toward low-context communication, which means a more direct, frank way. They focus on accomplishing their individual assignment and goals; this way of talking can help them express what they really want in a clear and concise way. But for Chinese employees, direct talking may risk offending or hurting somebody's feeling, it is important for them to have good relationship with group members since they believe they will achieve their self-identity through groups. So during communication, except to present what they thought and want, they also will think how they can maintain good relationship with each other and this make them tend to communicate in a more indirect way.

This dimension also could explain the reason German expatriates are more focused on getting their own job done, but Chinese employees are willing to work as a team. As mentioned above, individualism society valued personal achievement and individual goals. But for collectivism society, what the group achieved is the way to value their self-identity. That's why Chinese employees are willing to help each other and even work extra for the team.

Different values on social organization have its benefits as well as challenge. Challenge is the indirect way Chinese employees expressed their feelings makes expatriates confused about what they really mean, costing more time in the communication process and affects the working efficiency. The benefit from this cultural value difference is the German expatriates learn to help each other in order to

finish their task in a more efficient way.

Power Distribution

China is a *hierarchical* society and Sweden is an *egalitarian* according to Nardon & Steers (2006). In a hierarchical society people believe the power should be distributed hierarchically, they respect authority and prefer a centralized decision-making approach. But for an egalitarian society people believe that power should be distributed relatively equally, they are willing to question authority and prefer decentralized decision-making.

The most obvious difference related to this dimension is how people treat deadline between Swedish expatriates and Chinese employees.

For Chinese colleagues, they will follow whatever their boss said. It took me a quite a while to get them to understand they also can be part of the decision making process. I have to be clear to them about the fact that it is ok to make mistake, but you should take your responsibility and dare to make decision.(Interview 17S)

For Chinese employees when their upper level manager gave them a deadline, they will do their best to finish the task in time. No matter if they need work late during the day or even work during the weekend because in a hierarchical society, it is a very negative thing for employees to not finish task the upper manager gave to them. But for Swedish expatriates who come from egalitarian society, they are willing to question authority's decision, and prefer for participatory of decision-making, so when they think they couldn't finish the task before the deadline they will say it, instead of just follow what their manager plan they should do they are willing to suggest different approach or methods.

Challenges related to this values has been discussed by both Chinese employees and Swedish expatriates. From the Chinese employees' perspective, not finishing a task before the deadline makes them feel very bad for their career, especially when it is the expatriates' who cause the delay of their task. On the other hand, expatriates think

local employees don't want to make any decision and the unwillingness to argue with their boss is not the right thing to do at work. If upper manager made wrong decision, employees have the responsibility to point this out instead of following it without say anything.

Rule Orientation

Both Germany and Sweden are *rule-based* societies, and China is *relationship-based* society (Nardon & Steers, 2006). Differences in following the rules have been talked about a lot in both companies. Rule-based orientation society emphasizes that individual and society should follow rules and regulations, there's low tolerance for rule breaking. But for relationship-based society such as China, interpersonal relationship is more important because many things need be done through informal networks, and this network is also called Guanxi (Warner, 2012).

Most of the Chinese employees mentioned how their expatriates working partner tended to follow the procedures step by step and refuse to change any rules they used in their home country.

For us standard is not absolute, we know expatriates have rich experiences in their working area, so most of the time we will follow their suggestions. But some standards do not fit here, and then we have to take this problem to a higher level of manager to decide, because they always want to follow their old standard.(14C)

According to Nardon & Steers' (2006) theory, an individual who came from a rule-based society prefer to do things in a formal way, in other words follow all the rules which are clear and published widely. In empirical findings, the interviewees describe it as how much flexibility an individual has. For Chinese employees rules are important, but it depends on what specific circumstance the individual has. If the situation requires modification in rule enforcement, changing the rules is acceptable.

This orientation also could explain the reason why Chinese employees would like to change some rules when working with people from different department or suppliers.

For them, coordination with other departments means they cannot require others to follow their rules and time schedule totally. It is easier and more considerate for them to be the flexible party than to ask the people from other departments or suppliers. If they request others to make changes it might influence their future cooperation and interpersonal relationships. Which are very important because those personal connections might help them in the future.

Both benefits and challenges have been discussed by interviewees related to the flexibility of work. One positive aspect of this difference is some expatriates learned to be more flexible during work, and they feel it is easier to do their work in a flexible way. According to expatriates, there are still challenges with how much flexibility they should have during work. It is still difficult for them that their local colleagues may change their plan at any time. For Chinese employees, too much rule following from the expatriates' side also makes their job quite difficult, because there are more things that need to be considered besides rules, such as time and resources.

Time Orientation

Two types of cultural values discussed in time orientation dimension, *monochromic* and *polychromic*. Both Sweden and Germany are monochromic societies which means they emphasis sequential attention to individual tasks, they usually have a strong commitment to the job, and separate their work and personal life. But China society employees' approach is people-centered; they often have a strong commitment to people and human relationships, and usually integrate their work and personal life.

In the German and Swedish culture individual performance and achievement are highly valued, which makes their main focus their own job. This also leads to strong commitment to the job, very dedicated to their job. This could explain the differences in their working scope mentioned by most of interviewees. Different from German and Swedish expatriates, Chinese employees are willing to spend more time and

energy to do jobs which are outside their job scope. As a people-centered society, helping others in their job is a way to build good working and personal relationships, in order to maintain this personal relationship they are willing to do extra work. This orientation makes them committed to the people who they are working with instead of the job, which also makes them have lower job commitment compare with expatriates.

Chinese employees mentioned that they are impressed with how expatriates are committed to their jobs and they need learn from expatriates. Expatriates enjoy their job which allows them to stay in their position for a long term, thus have rich experiences in the related field.

5.3 Trust between Expatriates and Local Employees

Different cultural values affect the degree of trust expatriates and local employees have between each other. Compared with these two companies, time and how much acceptance individual can have to another culture play important roles in trust relationships. According to Shapiro et al. (1992) there are three types of trust operate in the working relationships, which are calculative trust, knowledge-based trust, and identification trust. Calculative trust is the minimum trust employees can have at work. The other two types trust need be developed over time and require both parties to gain enough information about each other. The longer employees work with each other the more knowledge they will gain about their partners, different culture values can be identified and understood over time and the chance to have misunderstanding or conflict during work time has been decreased.

Both knowledge-based trust and identification trust have been found in the German-Chinese joint venture between expatriates and local employees. The German-Chinese joint venture has entered in China since 1990s, most expatriates I interviewed have been working in inter-cultural environment over 10 years, and the

majority of the time they are working in China. Many years of working with Chinese allows expatriates to learn their Chinese colleagues' different approach to talking and working overtime and Chinese employees give total trust to expatriates technique skills through these years of working. "

My partner is very experience in quality analysis, when specific problems are encountered, we still communicate very frequent and very smooth. Usually I will follow his suggestions because of his experiences, but if it is difficult to operate here I will bring it up, if it makes sense he will accept that as well. (Interview 5C)

These can be interpreted as knowledge-based trust. Employees know each other enough; they trust their partners' professional knowledge and believe their partners could finish their goals successfully. Regular communication is the key process for knowledge-based trust (Shapiro et al. 1992), all local and German managers have around 30 minutes morning meeting in their own department every day to exchange important information, some of interviewees even mentioned that they sometimes will have an afternoon meeting to conclude daily job process. This communication platform provides the possibility that colleagues can get to know each other better, including their work patterns. As the knowledge about each other increased through time, employees can easily predict their partners' future behavior, and this kind of predictability enhances trust.

Identification-based trust also is found in German-Chinese joint venture. Employees are able to effectively understand each other, agree with and appreciate the other's needs and intentions.

First we are not only about cooperating very well, in many times we got exactly same view before we discuss with each other. Both of us can realized, something is he good at, or this thing is I good at. (Interview 9G)

This is positive for the company because employees are able to know and predict the other's needs and could effectively act for the other. The positive effect also supports by Mead (1998) and Porta et al. (1997) that a good trust relationship could improve

the cooperation, decision-making process inside organization. Some of them even mentioned that they could find out their partner's real thinking through his facial expression and behaviors.

Both calculative-based trust and knowledge-based trust have been found in the Swedish subsidiary. Different from the German-Chinese joint venture, the Swedish subsidiary has just began operation in China in recent years, most of employees have experiences in working in inter-cultural environment, but this is the first time they have worked with Chinese/Swedish colleagues. As Shapiro et al. (1992) argued in order to have knowledge-based and identification-based trust, individual needs to have enough information about the other, it is a time consuming process. Because this plant has only operated for 2 years, most of employees indicated that they still need more time to communicate with each other and get used to different partners' working patterns. Although all interviewees have experiences working in an inter-cultural environment, it is the first time for most them to work with Chinese/Swedish colleagues. Working partners still lack sufficient knowledge about each other's cultural values, many interviewees still feel that they cannot trust their working partners totally because they are not able to predict or understand some of their partner's working approach, such as different way of treat problems or different ideas about deadlines.

I have to do follow ups to ensure things have been done. I think we have different way of communicating, thus I have to check quite often to see if things have been understood, and they understood the meaning why we are doing it. It is very important. (Interview 17S)

This quotation can be interpreted as calculative-trust. Findings of this study also showed knowledge-based trust exist between employees. Knowledge-based trust has been defined by Shapiro et al. (1992) as individual knowing the other sufficiently well so they can predict their likely behavior based on the experiences they have.

They have many years of working experiences in this area. We still are not familiar

with many aspects, thus we need to learn humility. (Interview 10C)

Employees showed knowledge-based trust to their partners' working capability after a period of work, and believe each other could finish their work tasks successfully. This trust in the working relationship could shorten the time to check whether their colleagues did the right thing, thus helping employees work more effectively.

Most expatriates come to China with their developed technique skills. In both the German-Chinese joint venture and the Swedish subsidiary the majority of expatriates come to China as technique support, to import knowledge about their working area to local employees. In the German-Chinese joint venture local employees mentioned that they have more self-confidence now because through years of practice and learning from expatriates, they are familiar with all technique skills as expatriates do. Expatriates are also believed that local employees can solve many technique problems independently because their skills have developed through these years. Due to short operation time in the Swedish subsidiary, local employees are still in the learning process from expatriates. Most of time they just followed expatriates advice because they still lack of enough knowledge about the new technique skills that come from Europe. At this stage it is still difficult for expatriates to trust that local employee could solve some problems or finish some task independently.

5.4 Links between cultural differences and trust relationship

How much acceptance and respect the individual has towards cultural differences also influence the trust relationships between each other. Interviews in the German-Chinese joint venture, tended to have an open mind and accept different is one of the most common thing interviewees talked about. All German expatriates mentioned that they see themselves as guests in China, it is necessary to show respect to different culture and learn to accept it. Positive attitude is an essential part in solving cultural differences during work time. Expatriates are aware that misunderstanding caused by cultural differences is inevitable, but they believe they

can always find a middle path which can fit for both sides. Local employees are very appreciative of expatriates' attitude, they feel enough respect to their own culture from their partners, and in return they also show respect to expatriates' cultural values. According to local interviewees in the Swedish subsidiary, some expatriates lack acceptance for Chinese culture. Local employees argued that respect for each other and each other's own culture is the basic requirement to build a trusting relationship. But in their plant the majority of expatriates only want everyone to follow their Swedish rules without considering China's circumstance. This working approach makes local employees feel unappreciated and undervalued in some way, and problems occurred quite often because of it. Expatriates in the plant also mentioned that they are comfortable with their host country's working mode and yet prefer to follow their European way to run this plant. Instead of finding a compromise for both cultures, the plant still try to only follow their home country's working approach. This approach makes local employees think sometime it is unrealistic and expatriates need to check their partners' working process quite often because they are not sure if their partner will do exactly what they think their partner should do.

6. Conclusions

6.1 General Conclusions

Many differences exist when working with people who come from different culture backgrounds. With good understanding and communication differences can become advantages, but those differences also become many challenges in MNCs. Having a positive attitude about how to treat cultural differences is an important aspect when working in inter-cultural environment. When employees are open for other culture values which they are not familiar with, willing to adjust themselves to each other instead of insist their own way to do the job, the collaboration lead more efficient work and increase the trust between employees. Time is another aspect, sufficient communication during daily work such as staff morning meeting and adequate length of working time with each other also influence the work efficiency and how much trust employees can have with each other.

To learn from each other is the advantage employees can get in inter-cultural working environment. Employees have different perspective and working approach related to working plan or working task, and those differences provide MNCs a broader view during work. For instance, when problem occurred, German expatriates are focus to find the source which caused the problem and Chinese local employees are focus to deal the consequence of the problem. With different focus in employees, people are able to have a complementary approach during work. Also German expatriates have learned how to do more team work within groups, helping each other in order to finish task in a more efficient way and short time. Furthermore, both German and Swedish expatriates learned to be more flexible during work. Their idea about they have to follow the plan step by step has changed after they work with local employees, they realized sometimes be a little bit flexible could lead better results. From local employees' side, the thing they learn most is the technique skills from expatriates. Most expatriates come to China because of their rich experiences in a certain area. Local employees are able to learn and improve their technical skills from expatriates

during work. Also after working with expatriates, Chinese employees learned how to be part of committee when it comes to decision making in their jobs, they were encouraged by expatriates to take more responsibilities at work.

However, there are many challenges that still exist. Language is still a critical barrier for international companies in China. Using a translator could avoid problems such as lacks of a shared language or employees have varying levels of proficiency in the company language (Welch, et al. 1999; Peltokorpi & Clausen, 2011), but efficient communication is influenced by different cultural values as well. Being aware of different ways to express one's idea is an important part in working in an inter-cultural environment. Except language culture differences are also a major challenge. Different cultural values create barrier between local employees and expatriates. In both case companies employees have different understanding about flexibility. In some expatriates eyes local employees are too flexible, changing plan everyday which makes them confused what they should do next. On the other hand, local employees think follow the protocol and doing job step by step without changing anything sometimes are not realistic. There is also difference about how much responsibility employee should take between expatriates and local employees. In the Swedish subsidiary in China, expatriates mentioned that dare to make decision and discuss with their boss about different opinions are the right way to do during work. And managers will be glad that somebody else point out their mistake before a wrong decision has been made. But from local employees view, follow their upper level managers instruction is what they should do, it's not their responsibility get involved in the decision making process.

Different types of trust have been found between local employees and expatriates in these two case companies. In the German-Chinese joint venture both knowledge-based trust and identification-based trust have been found, and in the Swedish subsidiary in China both calculative-based trust and knowledge-based trust

have been found. The length of working time has a significant influence on how much trust employees can have between each other. Long time cooperation help employees get familiar with each other and have better knowledge about their partners' working approach. Though daily communication and collaboration it will be easier for employees to understand or predict their working partners' behavior. Cultural values are another important aspect which influence trust relationship inside organization. How individual treat those culture differences, open attitude towards different working approach and respect to different cultural values lead a better trust relationship between expatriates and local employees.

6.2 Research Contributions

New factors related to cultural differences have been developed compared to earlier research, such as treating problems and the deadline. Two theories have been chosen for this study, the findings of this study supported Nardon & Steers' (2006) culture dimension classification about China, German, and Sweden's national cultural values. Those values have been found though interviewees and provide a better understanding about how those benefits and challenges happened. It confirmed Shapiro's et al. (1992) theory about the importance of time to build trust in working relationships, and shows a clear link between trust and cultural differences.

The empirical data I collected provides better insight into the inter-cultural working relationships MNCs in two specific contexts, which are Chinese – German context and Chinese – Swedish context. It shows empirical findings about benefits and challenges employees have due to cultural differences and explores how trust exists between expatriates and local employees. These new empirical data could help researchers gain more understanding about working and trust relationships in automotive industry.

6.3 Suggestions for Further Research

This study has described and analyzed the inter-cultural working relationship between expatriates and local employees in the automotive industry in China. Based on the findings, a number of propositions can be made for further research.

Proposition 1: More challenges and less trust exist in inter-cultural working relationships between expatriates and local blue-collar employees in MNCs.

For this study all local employees I interviewed are white-collar workers in management level. Most of them have good education background, are able to speak second language and have many years of working experiences in inter-cultural environment. But there is different recruitment standards for blue-collar workers, most of them get into the company directly after graduation from technique school, only can speak Chinese, and don't have any experiences before. Their perception about inter-cultural working relationships and how their trust exists might be different compare with white-collar workers.

Proposition 2: Different regions economic development level influence inter-cultural working relationships in MNCs.

As one of limitation, this study only focused on one location in China, Chengdu, where automotive industry has only just begun to develop in recent years, it is still new for most local employees to work with expatriates. It could be interesting to conduct a study where a comparison is made between areas where automotive industry is well developed and where this industry is still in developing process.

Proposition 3: Adequate length of working time with each other can improve inter-cultural working relationships and trust relationships.

Some interviews in the Swedish subsidiary mentioned that they still need more time

to get to know each other better, and then they can talk about trust. Another suggestion for future research could be make a follow up study about inter-cultural working relationship in the Swedish subsidiary I studied. To see in which way the working relationships has changed between expatriates and local employees after more years of cooperation, as well as the management style inside the plant.

6.4 Recommendation to Study Companies

After this study, there are some recommendations can be provided to case companies. Language is still a barrier for some employees in the Swedish subsidiary. Continue using translator for part of employees could avoid many misunderstandings and make work more efficiently.

An introduction seminar for both expatriates and local employees who will work in a new cultural environment is necessary. Common problems related to cultural differences during work have been identified by employee. With introduction to those problems and experiences from employees who have been working in this environment can help employees be more prepared for this working environment. It will be easier for them to understand why things happened in a certain way and know what kind of situation they need pay more attention to in the future.

The selection of expatriates should be considered more aspects instead of only their technique skills. Those aspects could be if the individual is open-minded and willing to accept new things. During interview employees mentioned that some of expatriates decide to come to China only because they want to have some experiences working oversea, to look better in their resume. But when they come to China, they cannot accept or understand some cultures at all. Which make them have very negative attitude about the environment they are working in and don't have so nice attitude towards their local colleagues.

For Chinese employees to build and maintain personal relationships is every important even during the work. Manufacturing plant has intensive working process, after work activities such as sports game arranged by company could provide a chance for employees to know each other better and have more interactions. With shared interested it will be easier for expatriates be more involved in the Chinese group.

7. References

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8. Appendix

8.1 Appendix 1 Interview Guideline (English)

1. How long have you been working in an inter-cultural environment?
2. How do you perceive working in an inter-cultural environment?
3. Is language a barrier to you when working with people who come from different place?
4. What differences do you have between expatriates and local employees?
(A) What benefits do you received from those differences? Any example?
(B) What challenges do you face because of those differences? Any example?
5. How much do you trust your colleagues? Any example?

8.2 Appendix 2 Interview Guideline (Chinese)

1. 您在跨文化工作环境下工作多久了？
2. 您对于在跨文化工作环境的看法是什么？
3. 与不同国家同事之间交流，您觉得语言是一个障碍吗？
4. 您觉得外派员工与本地员工的区别是什么？
(A) 您从这些不同中学习到了什么？举例？
(B) 您从这些不同种遇到了什么挑战？举例？
5. 您有多信任您的同事？举例？