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Content

1	Introduction and research goal.....	5
2	Methods.....	7
2.1	Method of the Literature Review	7
2.2	Method of the Case Study	8
2.2.1	Selection of Case and Interview Partner.....	8
2.2.2	Interview Conduct and Analysis.....	9
3	Vietnam: Historical, Political and Socio-Economic Context.....	10
4	China: Historical, Political and Socioeconomic Context.....	11
5	The Concept of Culture	12
5.1	Definitions of Culture.....	12
5.2	Manifestations of Culture	15
5.3	Formation, Reproduction and Adaption of Culture.....	17
5.4	Functions of Culture.....	18
5.5	National Culture and other cultures	19
5.6	Concepts for the Characterization of Cultures	20
6	The GLOBE Study.....	21
6.1	GLOBE's Cultural Dimensions.....	22
6.1.1	Uncertainty Avoidance.....	23
6.1.2	Power Distance	24
6.1.3	Collectivism	26
6.1.3.1	Collectivism I: Institutional Collectivism	27
6.1.3.2	Collectivism II: In-Group Collectivism	28
6.1.4	Gender Egalitarianism.....	29
6.1.5	Assertiveness	30
6.1.6	Future Orientation	31
6.1.7	Performance Orientation.....	32
6.1.8	Humane Orientation	34
6.2	GLOBE Cultural Clusters	36
7	Results.....	37
7.1	Uncertainty Avoidance.....	37
7.1.1	Uncertainty Avoidance in Vietnam	37
7.1.2	Uncertainty Avoidance in China.....	39
7.1.3	Comparison and Discussion of Uncertainty Avoidance in Vietnam and China.....	41
7.2	Power Distance	42
7.2.1	Power Distance in Vietnam.....	42
7.2.2	Power Distance in China	43
7.2.3	Comparison and Discussion of Power Distance in Vietnam and China	44
7.3	Collectivism I: Institutional Collectivism	45
7.3.1	Institutional Collectivism in Vietnam	45
7.3.2	Institutional Collectivism in China.....	46
7.3.3	Comparison and Discussion of Institutional Collectivism in Vietnam and China.....	47

7.4	Collectivism II: In-Group Collectivism	48
7.4.1	In-Group Collectivism in Vietnam	48
7.4.2	In-Group Collectivism in China	49
7.4.3	Comparison and Discussion of In-Group Collectivism in Vietnam and China	52
7.5	Gender Egalitarianism	53
7.5.1	Gender Egalitarianism in Vietnam	53
7.5.2	Gender Egalitarianism in China	54
7.5.3	Comparison and Discussion of Gender Egalitarianism in Vietnam and China	54
7.6	Assertiveness	55
7.6.1	Assertiveness in Vietnam	55
7.6.2	Assertiveness in China	56
7.6.3	Comparison and Discussion of Assertiveness in Vietnam and China	57
7.7	Future Orientation	58
7.7.1	Future Orientation in Vietnam	58
7.7.2	Future Orientation in China	59
7.7.3	Comparison and Discussion of Future orientation in Vietnam and China	60
7.8	Performance Orientation	61
7.8.1	Performance Orientation in Vietnam	61
7.8.2	Performance Orientation in China	62
7.8.3	Comparison and Discussion of Performance Orientation in Vietnam and China	62
7.9	Humane Orientation	63
7.9.1	Humane Orientation in Vietnam	63
7.9.2	Humane Orientation in China	64
7.9.3	Comparison and Discussion of Humane Orientation in Vietnam and China	66
8	Conclusion	66
8.1	Summary and Discussion of the Findings	67
8.2	Practical Implications	69
8.3	Limitations and Future Research	69
	References	72
	Appendix A: Interview	88
	Appendix B: Abstract	105

Tables

Table 1: Higher Uncertainty Avoidance Societies Versus Lower Uncertainty Avoidance Societies	24
Table 2: Higher Power Distance Societies Versus Lower Power Distance Societies.....	25
Table 3: Higher Collectivism Organizations Versus Higher Individualism Organizations	27
Table 4: Higher Collectivism Societies Versus Higher Individualism Societies	28
Table 5: Higher Gender Egalitarianism Societies Versus Lower Gender Egalitarianism Societies.....	29
Table 6: Higher Assertiveness Societies Versus Lower Assertiveness Societies	30
Table 7: Higher Future Orientation Societies Versus Lower Future Orientation Societies	32
Table 8: Higher Performance Orientation Societies Versus Lower Performance Orientation Societies	33
Table 9: Higher Humane Orientation Societies Versus Lower Humane Orientation Societies	35
Table 10: Comparison of Uncertainty Avoidance in Vietnam and China.....	41
Table 11: Comparison of Power Distance in Vietnam and China	44
Table 12: Comparison of Institutional Collectivism in Vietnam and China.....	48
Table 13: Comparison of In-Group Collectivism in Vietnam and China.....	52
Table 14: Comparison of Gender Egalitarianism in Vietnam and China.....	55
Table 15: Comparison of Assertiveness in Vietnam and China.....	58
Table 16: Comparison of Future Orientation in Vietnam and China	60
Table 17: Comparison of Performance Orientation in Vietnam and China	63
Table 18: Comparison of Humane Orientation in Vietnam and China	66

Figures

Figure 1: Iceberg Model of Culture	15
Figure 2: Levels of manifestation of culture	16
Figure 3: Cultural Clusters according to GLOBE	36

1 Introduction and research goal

Globalization has brought about cross-nationally linked markets, creating huge business opportunities for entrepreneurs. A couple of decades ago, the geographical outreach of most firms was more or less limited to the own country or region – international business activities entailed big logistic challenges and high costs. Over the years, the advancement of information, communication and transportation technologies has made the engagement in international business activities substantially easier (Knight & Cavusgil 2004, p. 125). Nevertheless, international business can still be a challenging endeavor due to cultural differences. The bigger the cultural distance between the own country and the target country the more difficult it is for a firm to establish itself in the foreign market. This master thesis deals with the business cultures of the Socialist Republic of Vietnam¹ and the People's Republic of China², two East Asian “Tiger countries” whose enormous economic potentials attract many foreign producers, traders and investors; however the strangeness of Eastern cultures, often constitutes the biggest hurdle to business success for Western firms.

When doing business at home, the domestic culture determines certain unspoken rules of behavior that facilitate social interactions. These rules influence the way of how business activities are usually conducted, e.g. what is the common way of negotiating with business partners or leading employees and so on? However, when a firm expands its business activities to new territories, the rules that are valid at home might not apply anymore. In other countries, people regard other behavior as “normal” or appropriate; they have a different culture (Fink et al. 2006-7, p. 39; Thomas 2003a, p. 15). Differences between cultures can complicate relationships and lead to conflict (Arthur 2001, p. 42; Zhang & Zhang 2012, p. 41). Cultural conflicts are based on differences in perceiving, sensing, thinking and judging (Fink et al. 2006-7, p. 39). Conflicting parties might have controversial views and both parties might be deeply convinced that their own perspective is right; however, universally speaking, no culture is more right than another. Instead, one goal can be achieved through many ways and different cultures just have different approaches.

As conflicts can have negative effects on business relationships, the understanding of the culture in the context of which an international firm operates and the knowledge of how to manage relationships in congruence with this culture is crucial for the firm's performance (Wilkins & Ouchi 1983). After all, forming and maintaining partnerships and networks is a “key element” of business success, particularly in an international context (Fletcher & Fang 2006, p. 430). Since all kinds of relationships are sensitive to conflict, management, leadership and negotiation styles should be adapted to the cultural standards of the country of activity. For instance, inappropriate negotiation tactics might hamper long-term relationships with suppliers, customers or public authorities. But also in the short-term, an inappropriate cultural approach might affect negotiation processes and outcomes (Brett 2000, p. 97). Relationships with employees are equally important for a firm's success and also need to be managed in consideration of prevalent cultural standards (Dowling & Welch 2004, p. 9; Vo & Hannif 2013, p. 3538) to make employees feel satisfied, comfortable and committed and in further consequence more productive (Newman & Nollen 1996, p. 755). Through conflicts resulting from non-

¹ Hereafter referred to as Vietnam.

² Hereafter referred to as China.

consideration of cultural particularities, potential benefits could remain unrealized (Cai et al. 2000, p. 591). In the light of this, knowing and mastering cultural differences can constitute a substantial advantage for internationally operating firms (Wilken et al. 2013, p. 736). In this regard, research can contribute to a better understanding of foreign cultures and to more awareness of potential cross-cultural frictions.

In the last few years, a spate of scientific literature and management guidebooks has been published on the cultures of the “Asian Tiger” economies (Davis & Gonzalez 2003; Fletcher & Fang 2006, p. 430) due to the region’s growing economic significance. Since the mid-1980s, Europe has increasingly engaged in business activities with East Asian countries resulting in a rapid surge of the trading volume and of foreign direct investments (FDI) (Urata 2005, p. 349-350). From then on, East Asia has gained considerable economic strength and independence. Together with the Pacific region, it has generated an average GDP growth of 7.1% in 2013 (World Bank 2015) contributing more than 40% to the growth of the global output (World Bank 2014). Furthermore, the rising number of East Asian firms in the Fortune Global 500 indicates a shift of corporate power from Western to East Asian firms (MGI 2013). In the light of this, it is today mostly in the interest of foreign firms to participate in the prospering East Asian markets and to cooperate with East Asian firms. This development makes the engagement with East Asian cultures inevitable. Since, in many Asian countries, the political and legal systems constitute factors of commercial uncertainties, it is vital for firms to form reliable strategic alliances (Fletcher & Fang 2006, p. 432). Foreign firms are especially challenged to find business partners, who are willing to cooperate with them, which is why cultural knowledge and competence are all the more important. Therefore, this thesis aims to synthesize and to advance existing knowledge and to further the cultural understanding of the two “Asian Tiger” countries Vietnam and China.

Both countries’ cultures have a common ground in Confucianism which emphasizes social relationships (Truong et al. 2002, p. 3). Confucian relationships are based on collectivism, reciprocity, differentiation between in-group and out-group, intermediation through a third party and the overlap of the private and the public sphere (Yum 1988, p. 374). Thus, it is very likely that the Vietnamese and the Chinese business culture both show similar patterns in that regard. However, they may also be characterized by distinctive idiosyncrasies due to different historical influences. Knowing these cultural particularities can be a decisive factor for the functioning of cross-cultural business partnerships. With the aim to identify these particularities, the subject of this thesis is to conduct a comparative analysis of the Vietnamese and the Chinese business culture. Thus, the research questions are as follows:

Research Question 1: What are the main characteristics of the Vietnamese business culture?

Research Question 2: What are the main characteristics of the Chinese business culture?

Research Question 3: What are the similarities/differences between the Vietnamese and the Chinese business culture?

To answer these questions a systematic literature review and a single case study are conducted. The literature and the case study are analyzed according to the nine cultural dimensions of the GLOBE study. The contributions of this study are threefold: (1) It synthesizes and structures the existent body of knowledge regarding the Vietnamese and the Chinese business cultures, (2) it calls attention to small differences between two similar but distinct business cultures and (3) it provides guidance for

expatriates and foreign firms operating in Vietnam and China and sensitizes them for potential cultural misunderstandings.

The structure of this thesis is organized as follows: In chapter 2, the methods used for the literature review and the case study analysis will be described in more detail. Chapters 3 and 4 provide brief overviews of Vietnam's and China's historical, political and socio-economic backgrounds which influenced the nature of their cultures today. In chapter 5, the concept of *culture* will be discussed by citing several definitions of the term, describing the layers of its manifestation, explaining the formation of culture, discussing differences between national culture and other cultures, and introducing different concepts for cross-cultural characterization and comparison. In chapter 6, the analytical framework for this study, the GLOBE dimensions of culture, will be described in detail. Chapter 7 presents the results from the literature review and the case study analysis. In chapter 8, the findings are finally summarized and discussed, practical implications are derived and limitations of the thesis as well as lines for future research are elaborated on.

2 Methods

For the investigation of the Vietnamese and the Chinese business culture³, a systematic literature review and a single case study in the form of a qualitative expert interview were conducted. The analysis of the literature is supposed to synthesize and structure existent findings to draw a comprehensive picture of the current body of knowledge on the topic. The purpose of the empirical study is to validate and to refine the findings from the literature review. The nine cultural dimensions of the GLOBE study served as an analytical framework for the characterization (Research Questions 1 and 2) and comparison (Research Question 3) of the Vietnamese and the Chinese business culture. In the following, the methodical approaches are explained in more detail.

2.1 Method of the Literature Review

The literature review includes articles published in peer-reviewed journals and selected books and book chapters that are relevant to answering the research questions, in the period from January 2000 to December 2015. In the course of a systematic procedure, three literature databases, namely ABI/Inform Global T&I ProQuest, wiso Wirtschaftswissenschaften and wiso Sozialwissenschaften, were searched with the following search terms:

- *Vietnam**, respectively *China OR Chinese*
- *AND business OR manage**
- *AND cultur**.

³ With regard to the Chinese business culture, this study focuses on mainland China in order to reduce the heterogeneity of cultural subgroups. Although Hong Kong and Taiwan are economically very meaningful for China, they are excluded from the investigation because it can be assumed that their business cultures differ significantly from those on the Mainland (e.g. Beijing or Shanghai) due to strong Western influences.

The search resulted in 251 hits for Vietnam and more than 3400 hits for China. To assess the literature sources' relevance for the research topic, the titles and abstracts were screened and duplicates and non-relevant literature sources were excluded. To extend the search breadth, the reference lists of all remaining literature sources were searched for further relevant literature. This procedure was repeated until no further relevant literature was found.

The articles in the sample were analyzed according to the nine dimensions of the GLOBE study (see chapter 6). For each dimension, the GLOBE specifies certain characteristics that are indicative of a low or a high level of this dimension. In order to characterize the Vietnamese and Chinese business cultures, all articles in the sample were read and screened for these typical characteristics. For instance, when signs of a high tolerance for breaking rules were found in the literature, this was interpreted as indication for a low level of uncertainty avoidance. In the case that the business culture of a country showed signs for, both, a low and a high level of a dimension at the same time, all indicators were interpreted in their totality.

2.2 Method of the Case Study

2.2.1 Selection of Case and Interview Partner

The selection of the firm and interview partner for the case study was driven by several considerations. Since experiences are subjective and dependent on the experienter's individual perception, personal or contextual factors can play a decisive role for how experiences are interpreted. The interpretation of a situation, for instance, may depend on the experienter's personality or his/her previous knowledge about a culture. Curious people who are well informed about cultural peculiarities may be more open to and flexible in situations of intercultural differences than anxious and unprepared people. The national culture of a person or the organizational culture of the firm a person is working for might also influence the interpretation of intercultural experiences as it determines certain values based on which situations are evaluated. All these factors can influence the processing and evaluation of experiences so that the narrative about one and the same situation might turn out in very different ways when different people experience it. Because of this personal and contextual bias, it is difficult to compare two cultures based on experiences made by different people. The statement by person A that "Vietnamese people are nice" gives indication about the person's opinion about Vietnamese but it is not comparable to person B's statement that "Chinese people are nice". Comparisons of Vietnamese and Chinese based on separate individual evaluations do not allow for a conclusive assessment of who is nicer. However, when one and the same person talks about his/her experiences with Vietnamese on one hand and Chinese on the other, the narratives are better comparable because the narrator uses more or less the same measurements for the evaluation of both cultures. Thus, for the reason of better comparability, an expert with experience with, both, the Vietnamese and the Chinese business culture will be interviewed for this study. Consequently, the firm's involvement and the interview partner's working experience in both countries were a requirement for the selection for the case study. Furthermore, a position in the middle or upper management of the firm was another selection criterion for the interview partner in order to ensure the person's insight into all relevant business activities in the countries under investigation.

Through the author's personal contacts a suitable firm was found. For the purpose of anonymization, the name of the investigated firm was altered and is hereto referred as Fedura. Fedura is a manufacturing firm in the biotechnology sector whose headquarters are situated in Austria. During the 1990s it established several offices in East Asia, North America and Europe. Vietnam and China were among the first East Asian countries of operation where it maintains relations with suppliers, distributors, end-users and public authorities to produce, develop and sell its products.

After the contact person in the Austrian headquarters of Fedura was informed about the research topic and the concrete research goal, she suggested a suitable interview partner based on the predefined selection criteria. This interview partner is an Austrian expatriate who lives in China and manages Fedura's Chinese business unit for more than ten years. Before moving to China, he held a managing position in the firm's Vietnamese business unit for several years. Thus, he is an expert with regard to the Vietnamese as well as the Chinese business culture and has insight into relevant business activities in both countries.

2.2.2 Interview Conduct and Analysis

The interview took place via video conference at the firm's Austrian headquarters on December 5, 2014. A week before the interview conduct, a list of the interview questions was sent to the interview partner on his request in order to give him a rough overview of the topics asked. In that way, the he would also have more time to recall past experiences and to collect interesting narratives. As both the interview partner and the interviewer are Austrian, the interview was conducted in German in order to avoid language barriers and losses of meaning through the translation into English. An open-question technique which uses very broadly formulated questions was applied to guide the interview partner through the general topics of interest and to keep the narrative flow running but without predetermining the detailed course of the narrative. In that way, the interview partner could choose the direction of his narrative by himself and a bias by the interviewer was reduced to a minimum. The interview was recorded and has a total length of 1 hour and 26 minutes. A few minutes are missing in the beginning of the recording due to a technical defect of the recorder, yet the interviewer took notes of the narratives that were not recorded immediately after the interview.

Equal to the literature, the interview was analyzed according to the GLOBE's nine cultural dimensions (described in chapter 6). For this purpose, the interview transcript was screened for typical attributes of these dimensions. For instance, when signs of a high tolerance for breaking rules were found in the narrative of the interview partner, this was interpreted as indication for a low level of uncertainty avoidance. In the case that the interview contained both signs of a low and signs of a high level of a dimension at the same time, these signs were interpreted in their totality. With regard to the dimensions *institutional collectivism* the interview contained no relevant information for the Vietnamese context and for *gender equality* and *performance orientation* there were no narratives in both country contexts, which is why for these cases the analysis is merely based on the literature. Moreover, as the validity of a single case study is limited, the results of the interview analysis can, in general, not stand alone by themselves. Therefore, they are interpreted in combination with the results of the literature analysis and can function as verification and refinement of previous findings or, in the case of discrepancies, the case study may offer possible explanations why in this specific context the findings differ from those of the existent literature.

3 Vietnam: Historical, Political and Socio-Economic Context

Vietnam's past is marked by repeated invasions from the outside and revolts of the Vietnamese people against the domination of foreign powers (Park 2004, p. 83). From 111 BC up to 905 AD, the country was under Chinese colonial rule and it was not before 1427 that it ultimately reached complete independence from China. The following dynastic period lasted for 432 years and was brought to an end by the French invasion in 1859. In 1940 the Japanese took control with the consent of France, a rule that ended with the surrender of Japan and a Declaration of Independence by Ho Chi Minh in 1945 marking the beginning of the Communist era (Adger et al. 2001, p. 10). Only one year later the Franco-Vietnamese War was fought on Vietnamese ground resulting in a defeat of France and the division of the country along the 17th parallel in 1954 which was meant as only temporary (Rowley & Truong 2009, p. 6). However, it was the beginning of a civil war that took on historic dimensions fueled by interventions of international military powers (Thee 1976, p. 117). While the Soviet Union and China allied with the Communists in the North, the United States, the Philippines and other anti-communist forces joined the Capitalists in the South. During the military presence of the U.S. an oppressive nationalist regime took control in the South prohibiting criticism, citizens' movements and labor activities and cracking down on protests against its rule. The U.S. presence and its support for the nationalist government were widely perceived as unjust occupation and as the main reason why a reunification of Vietnam did not take place earlier (Park 2004, p. 83-84). From Vietnam's long history of occupation grew a strong urge for resistance and autonomy (Nguyen et al. 2012, p. 28; Park 2004, p. 83). The withdrawal of the U.S. in 1973 eventually led to the fall of Saigon and the reunification of the country under Communist rule in 1976 (Robbers 2007, p. 1021; Rowley & Truong 2009, p. 5). The economy in the South was changed from market-driven to state-controlled, private ownership was transferred into public ownership (Ha & Wong 1999, p. 302) and agriculture was collectivized (Adger 2000, p. 742). This period of central planning was characterized by economic stagnation and low agricultural harvest (Fforde & De Vylder 1996, p. 16). Starting from the late 1970s the Vietnamese government reacted with certain relaxations of state control – a reformation process that peaked in the *Doi Moi* reforms in 1986 and continued over the subsequent years (Long et al. 2000, p. 5). Over a prolonged period of time, a number of state-owned firms were privatized (Adger et al. 2001, p. 4), markets were opened up to international trade and foreign investments and agricultural production was reorganized from the collective to the household level (Long et al. 2000, p. 5-6), however, agricultural land was still state-owned and leased out to the farmers by cooperatives (Adger 2000, p. 743; Adger et al. 2001, p. 11). Apart from economic changes, *Doi Moi* also involved political, social and legal reforms. International relations were fostered (Adger et al. 2001, p. 3) and aiming at the 'democratization of social life' the rule of law was established (Adger et al. 2001, p. 3), even though the legal framework is still very weak (Zhu & Fahey 1999, p. 185). Furthermore, the social security system was expanded, minimum health and safety standards and a minimum wage were introduced and workers were given a right to strike, even though implementing and enforcing the new labor regulations turned out to be a difficult task (Zhu & Fahey 1999, p. 187, 189-190). The privatization also caused layoffs of state-employees which became redundant through the privatization of state-owned firms (Zhu & Fahey 1999, p. 189). At that time, only 18 percent of the total employees worked in the public sector, particularly in rural Vietnam small private family firms were the dominant firm type (Walder & Nguyen 2008, p. 254-255). Faced by some structural difficulties and with the economy still mainly being based on agriculture, in 2001, Vietnam committed to the goal of becoming a modern and industrialized nation until 2010 (Adger et al. 2001, p. 12; Rowley & Truong 2009, p. 5). Indeed, during

that period, the country's GDP more than tripled (World Bank 2016) and the entry into the WTO in 2007 *"marked the full integration of Vietnam into the Western-led international system, closing a protracted process that began twenty years ago and opening a new era in the country's economic life as well as its relations with the outside world"* (Vuving 2008, p. 375). Politically, Vietnam remains a socialist one-party system based on democratic centralism, i.e. collective decision-making within the Communist Party of Vietnam (CPV) (Rowley & Truong 2009, p. 6).

4 China: Historical, Political and Socioeconomic Context

During its imperial times, China reached utmost wealth and power, conquering large parts of Central Asia and embodying "the symbol of high culture and civilization" for most East Asian countries (Wakeman 1975, p. 2). Ironically, it was the "millennial endurance of China's traditional culture" and the inability to transform itself which finally led to the demise of the imperium (p. 1). The last Chinese dynasty ended with the Revolution of 1911 which was a reaction to its omission of reform and modernization (Xing & Opoku-Mensah 2010, p. 91). In 1912, the nationalist party Kuomintang (KMT) took control of the newly established Republic of China (Tamura et al. 1997, p. 146); however, the provinces were de facto ruled by warlords who were not loyal to the party but acted in their own interests (Kuhn 2007, p. 164). In order to fight the warlords, the KMT had formed a United Front with the Chinese Communist Party (CCP), however, when Chiang Kaishek, a right-wing nationalist, followed Sun Yatsen as the leader of the KMT, he defeated the warlords, brought China under the effective control of the KMT and turned on the Communists, killing 5000 of them in the Shanghai Massacre of 1927 (Zarrow 2005, p. 199, 230-237). It followed a time of instability, division and Communist revolts until, in 1937, the KMT was forced to reunite with the CCP to fight the Japanese aggressors who were invading China (Hutchings 2001, p. 7-8). After Japan's surrender in 1945, the conflict between the KMT and the CCP, whose position was strengthened during the war with Japan, flared up again and escalated in a Civil War. In 1949, the Communists came off victorious and proclaimed the People's Republic of China (Pepper 1999, p. 3). Under the lead of Mao Zedong, agricultural production was collectivized and the industry was put under state control (Hutchings 2001, p. 11). The command economy was characterized by decentral organization with regional governments controlling most of the publicly owned firms (Clarke & Du, p. 239-240). After a short period of liberal thoughts in the beginning of the CCP's rule in which intellectuals were encouraged to express their opinions about the government, the party's approach turned and critics were muted, suppressed and imprisoned. The persecution of intellectuals continued and peaked in the Cultural Revolution (1966-1976) during which China "shut down its doors on the world to pursue a vision of revolutionary purity at home" (Hutchings 2001, p. 11). In the course of the purge, the Chinese society was cleaned from traditionalist and capitalist elements by eliminating the Four Olds, which referred to old values, old customs, old traditions and old ideas (Zuo 1991, p. 101). Members of the "bourgeois elite", e.g. teachers and scholars, were humiliated and killed, historical artifacts were destroyed, books were burnt (Lu 2004, p. 63; Yan & Gao 1996, p. 73) and traditional religions (mainly Confucianism mixed with Buddhism, Daoism and Shamanism) were prohibited under the pretext of being superstition (Zuo 1991, p. 99). Mao Zedong instigated the proletariat to participate in the revolution; however, he might have underestimated the eagerness of the people to rebel against established authorities so that the mass movement took on dimensions that did not only overthrow the bureaucratic structures but also

endanger the economic order (Wu 2014, p. 97). As a result, agricultural production and the distribution system were disrupted and many regions had to suffer nearly autarkic conditions (Jian et al. 1996, p. 9). Similarly, the industrial production level was low, leaving China's industry in a bad shape (Buck et al. 2000, p. 380). After Mao's death, Deng Xiaoping saw the need to revive the economy and initiated Reform and Opening Policies in 1978 (Anderson et al. 2003, p. 310). During this period of change, China incrementally moved towards a socialist market economy, first only cautiously allowing hybrid forms of ownership (i.e. state ownership mixed with private investments) (Buck et al. 2000, p. 381; Nee 1992, p. 5), establishing special economic zones to introduce more liberal market economic elements (Clarke & Du 1998, p. 241) and decollectivizing agriculture (Nee 1992, p. 5). Furthermore, the labor system was reformed, replacing life-long employments by contract-based employments and shifting to a performance-based remuneration system in the state sector (Ngok 2008, p. 45, 48; Zhu & Fahey 1999, p. 181-182). However, significant privatization and marketization attempts were not undertaken before the early 1990s (Buck et al. 2000, p. 381; Li 2016, p. 18). The renewals from 1990 onwards included the introduction of a copyright law, the reformation of the social welfare system, the introduction of a competition law and company law, the implementation of a foreign exchange reform and the improvement of labor conditions (Clarke & Du 1998, p. 241). Yet, in 1996, 78 percent of the total workforce was still employed in the state sector (Walder & Nguyen 2008, p. 255). Altogether, these market reforms generated a fourfold increase of the GDP within only 10 years and after that growth continued to accelerate (World Bank 2016). However, the economic changes also implied negative consequences such as layoffs and wage reductions for redundant employees in state-owned firms (Zhu & Fahey 1999, p. 189), environmental exploitation, social inequality (Li 2016, p. 18) and a deterioration of the social security and welfare situation due to the state's reduced involvement in welfare provision paralleled with structural deficiencies in the newly emerging private social welfare system (Guan 2000, p. 115). Furthermore, the development of the legal and regulatory framework, particularly with regard to labor law, is rather slow and lags behind changing conditions (Park & Luo 2001, p. 456; Zhu & Fahey 1999, p. 185). Despite the problems and arising civil unrest in response to them, little political reformation has taken place (Li 2016, p. 18) and the same political institutions under the control of the CCP remain until today (Walder & Nguyen 2008, p. 253).

5 The Concept of Culture

5.1 Definitions of Culture

Culture stems from the Latin word *cultura* which means cultivation of land or care of the body and the mind. In contemporary usage the meaning of the word 'culture' is diverse. The German dictionary and encyclopedia *Duden* differentiates five meanings. Accordingly, culture can be understood as [translated by the author]:

1. *"totality of intellectual, artistic achievements of a society as expression of human higher development"*
2. *"totality of distinct intellectual, artistic achievements created by a certain society in a certain territory during a certain period of time"*
3. *"refinement, civilized mode of human behavior, expression, creation"*

4. *"young plants cultivated in a larger area"*
5. *"totality of micro-organisms or tissue cells grown in suitable breeding grounds in special vessels."*

In 1952, Kroeber and Kluckhohn counted 164 noteworthy definitions of *culture* in the literature at that time. These definitions describe *culture* from the perspective of ethnologists, sociologies, historians, biotechnologists, agriculturists and many more. But also when focusing only on a sociological perspective, *culture* is difficult to define because it is intangible and complex (Schein 2004, p. 12). In the cross-cultural management literature *culture* is used in the sense of a collective phenomenon within a certain group of people that constitutes a set of social rules which frame the acting, thinking and sensing of the people of this group. In the following, a couple of definitions in cross-cultural management research will be discussed:

The UNESCO (2001) defines culture as

"the set of distinctive spiritual, material, intellectual and emotional features of society or a social group, and that it encompasses, in addition to art and literature, lifestyles, ways of living together, value systems, traditions and beliefs".

According to this definition, culture is the totality of social particularities which manifest themselves implicitly and explicitly in all parts of life. For Thomas' (1993, p. 380, translated by the author), on the other hand, culture consists of manifest symbols that then affect social processes and outcomes:

"A universal, however, for a society, organization and group very typical orientation system. This orientation system is made of specific symbols and traditionally passed down in the respective society etc. It influences its member's perception, thinking, judging and acting and thereby defines their affiliation to the society."

Thomas' definition also implies an identity-establishing function of culture that gives people a feeling of belonging and through which one group differs from another. According to Kroeber and Kluckhohn (1952, p. 181)

"culture consists of patterns, explicit and implicit, of and for behavior acquired and transmitted by symbols, constituting the distinctive achievements of human groups, including their embodiment in artefacts; the essential core of culture consists of traditional (i.e. historically derived and selected) ideas and especially their attached values; culture systems may, on the one hand, be considered as products of action, on the other, as conditional elements of future action".

This definition combines elements of the definitions by the UNESCO and Thomas. In addition, Kroeber and Kluckhohn go further by stating that culture is a product of action. Therefore, it does not only determine the behavior of a social group but it is also determined by it. Consequently, culture can be understood as an autopoietic system that reproduces itself until it is irritated through disturbances from outside. Different from all previous definitions, Hofstede et al. (2010, p. 6) do not describe the nature of culture as specific features or symbols but as a specific set of social rules inherent in the members of a group without which coexistence would not be possible:

"Culture consists of the unwritten rules of the social game. It is the collective programming of the mind that distinguishes the members of one group or category of people from others."

In this sense, culture determines what “appropriate” behavior is and has a normative function. As such, it can also be described as an institutional phenomenon that determines *how* the single parts of the social system are related to each other (as opposed to culture as specific features).⁴

This definition by Hofstede et al. (2010) is based on the notion of culture as *software of the mind*. The concept explains that mental programming happens at different levels of uniqueness, whereby only mental programming at a collective level constitutes culture. The understanding that culture is not the only factor that programs our mind and, reversely, that not everything that finds entrance into our mind can be ascribed to cultural factors, is important to avoid wrong conclusions about “cultural” characteristics which are in fact individual or universal characteristics. Since Hofstede et al.’s understanding has influenced the work of many other cross-cultural researchers, their concept will in the following be explained in more detail.

Culture as Collective Mental Programming

Hofstede et al. (2010, p. 14-15) compare culture to computer programs. The same way that computers are programmed with software, the human mind is programmed with culture. Therefore, they call culture the “*software of the mind*”. However, mental programming is only partly culturally induced. Hofstede et al. differentiate three levels of uniqueness of mental programming among which only the collective level constitutes culture. The three levels are: human nature, culture and personality. Human nature is mental programming on a universal level. It is inherent in every human being from birth on such as the ability to feel fear, love, anger, joy and shame or the urge to form communities and communicate with others. Personality is mental programming on an individual and specific level. It differs from individual to individual and depends on both, genes and upbringing. Thus, on the one hand, it is inherited and on the other hand it is learned. One person’s personality is hardly ever identical to that of another person because of the unlikeliness that two persons have an equal set of genes and on top of that the same learning outcomes from personal experiences. Consequently, personality is unique to each and every person. Culture, by contrast, is located at the collective level of mental programming and is not inherent in a person’s nature but the result of a learning process. Summarizing, only the kind of mental programming that is shared by a group of people, but is not universally inherent in human nature or unique to an individual, is called culture.

As mentioned above, culture is acquired through learning, the process which Hofstede et al. describe as ‘programming of the mind’. The programming starts at an early age. Immediately after birth, babies are, implicitly and explicitly, taught social norms by their parents, later on they are educated in schools. In a years-long process they learn how to communicate, how to behave in public, how to approach elders, and so on. Although most of the learning process takes place in infancy, also adults can still be “programmed” or “re-programmed”.

⁴ From an institution-based view culture is defined as “*rules of the game*”, which set “*the humanly devised constraints that structure human interaction*” (North 1990, p. 3). Contrary to laws, regulations and rules which are formal institutions, culture is an informal institution. Instead of regulatory and coercive, it is normative and cognitive (Scott 2014, p. 60). The function of institutions in general is to reduce uncertainty (Peng 2000, p. 42-44). If there were no institutions to organize human interaction, social co-existence would be difficult and costly. Without implicit and explicit “rules of the game”, inefficiencies, conflicts and transaction costs would most likely occur. However, when two parties are structured by institutions and adhere to certain rules, they operate more harmoniously which can generate profits for both sides (Williamson 1985).

5.2 Manifestations of Culture

According to Hofstede, cultures are intangible and “*the terms we use to describe them are constructs. Constructs do not ‘exist’ in an absolute sense: We define them into existence.*” (Hofstede 1984, p. 14) However, there are observable manifestations of culture such as arts, architecture, music, cuisine, fashion, customs and festivals, symbols and so forth. These phenomena are expressions of underlying beliefs and values that form the core of culture. The widely used metaphor of an iceberg describes the levels of explicitness of culture (see Figure 1). At the bottom, the largest part of the iceberg, there are values and thought patterns; they belong to the internal culture. This means that they are implicit, unconscious and hidden. These values are rooted so deep in our minds that they silently influence our behavior without us even noticing and it is very difficult to control or change them. In the middle part of the iceberg, there are beliefs which are partly internal and partly external, i.e. conscious and obvious. The boundary between the internal and external part of beliefs is blurry and moving like waves. The top of the iceberg, the part that rises out of the sea, is the behavior which is completely explicit and observable for others. It can be easily controlled and changed.

Figure 1: Iceberg Model of Culture (adapted from Brake et al. 1995, p. 34-39; Schein 2004, p. 26; Weaver 1994, p. 362)

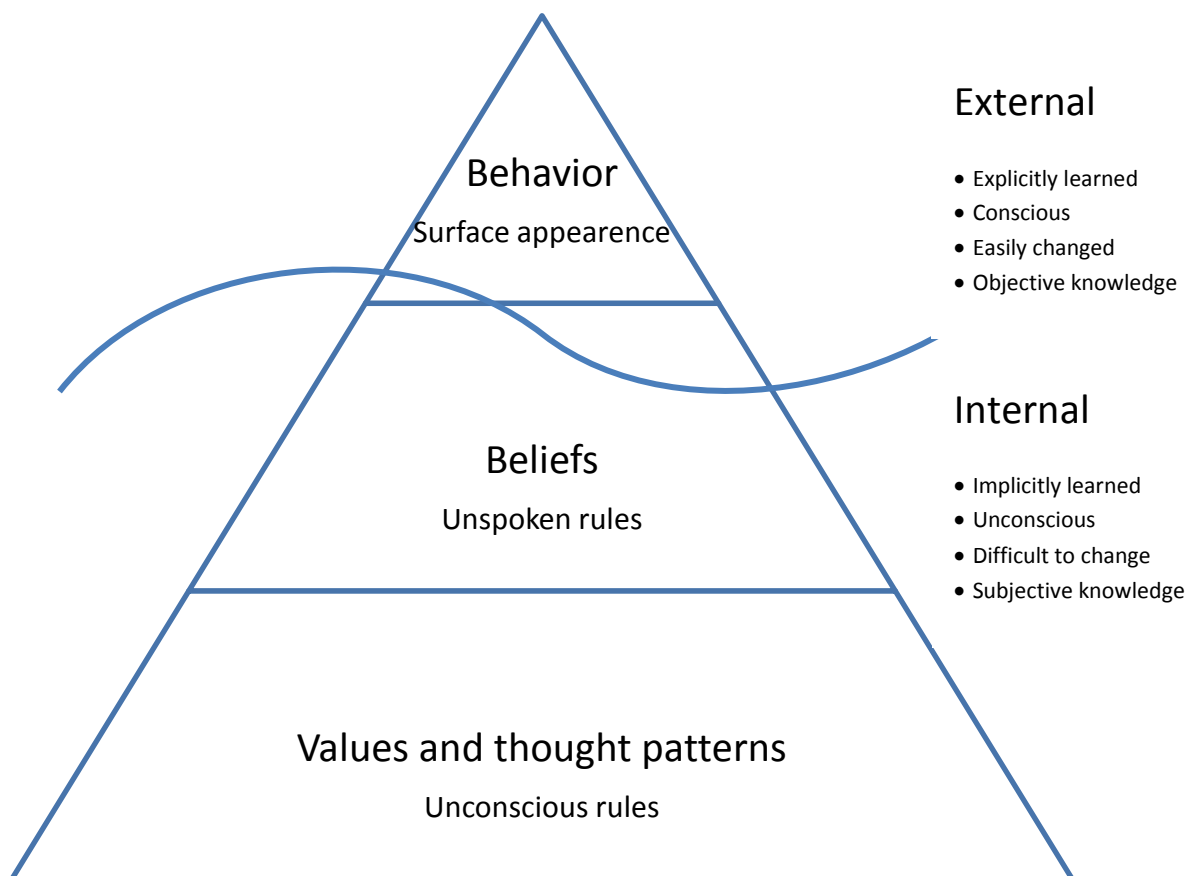
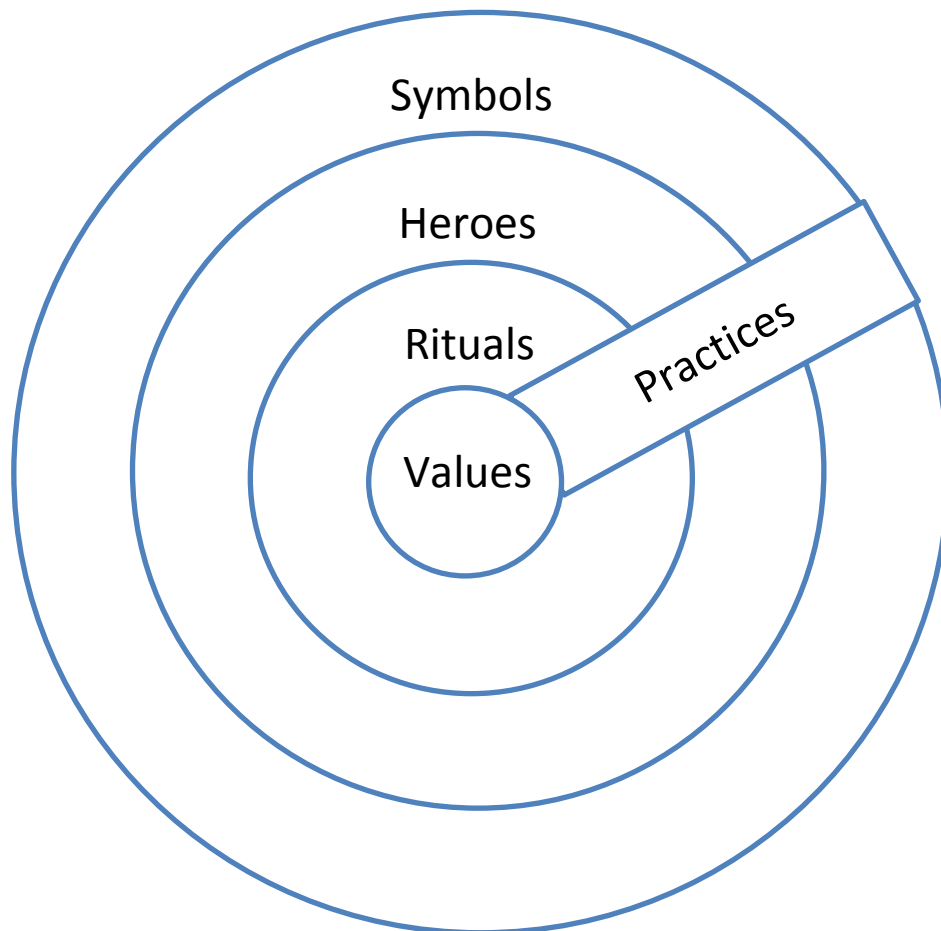


Figure 2: Levels of manifestation of culture (Hofstede et al. 2010, p. 8)



Another model that illustrates manifestations of culture is the onion metaphor: Like an onion, culture has many layers of depth (Hofstede 2010; see Figure 2). The very center represents the core of culture; these are the values. Hofstede (1984, p. 18) defines *values* as “a broad tendency to prefer certain states of affairs over others”. Examples for values are equality, altruism, honesty, freedom or loyalty. Against our subjective sensation that values are rational, Hofstede argues that most of the time we adopt them unconsciously. For instance, people’s minds are programmed with values during their upbringing but it is not their free choice to have them. Furthermore, it is also possible that some of the values that a person has are contradictory to each other. A layer further outside, culture manifests itself in the form of rituals. Rituals are “collective activities that are technically unnecessary to the achievement of desired ends, but that within a culture are considered socially essential, keeping the individual bound within the norms of the collectivity”. Therefore, rituals have an end in themselves (Hofstede 2001, p. 10). Again, one layer further to the outside, culture can be observed in heroes. These are highly appreciated figures, real or fictional, that serve as idols for people’s behavior. Finally, at the surface layer of the onion, culture can be found in the manifestation of symbols which occur in manifold forms such as pictures (e.g. national banners), gestures (e.g. stretching index and middle finger for the “peace” symbol), words (e.g. “Amen” in a prayer) or objects (e.g. Ferrari cabriolet). Symbols convey a complex but specific meaning. Contrary to values rituals, heroes and symbols are practices that are directly observable. Values, on the other hand, are intangible and can only be

observed indirectly through manifestations. Therefore, it is very difficult to copy them. The further outside a layer of the onion is situated the easier the manifestations can be copied by out-groups. For example, crossing oneself is easy but it does not automatically make a person a Christian. Thus, because culture is built on values which are deeply rooted in our minds, it cannot be adopted just by copying practices; culture has to be internalized. One has to be raised or educated with Christian values in order to understand the meaning of the practices, otherwise performing the practices is superficial and hollow. As cultures are latent and intangible, we can only measure and compare them through their manifestations (Schwartz 2014, p. 548).

5.3 Formation, Reproduction and Adaption of Culture

“The process of culture formation is, in a sense, identical to the process of group formation in that the very essence of groupness or group identity – the shared patterns of thought, belief, feelings, and values that result from shared experience and common learning – results in the pattern of shared assumptions that I am calling the culture of that group.” (Schein 2004, p. 87-88) In other words, culture is a product from a process of learning on a collective level. The learning process is triggered by challenges that a social group faces in the outside environment and in the group itself. Consequently, two problems need to be solved: external adaption, i.e. surviving, growing and adapting in the world outside; and internal integration, i.e. providing for the functioning and adaptability of the system. Developments of technological, political, organizational or social kind can cause such external and internal challenges and stimulate iterative learning processes which cause cultures to change or form in the first place (Schein 2004, p. 18). For instance, the invention of the internet has made access to information much faster and easier and has thereby caused unknown situations, e.g. new forms of communication and learning, unresolved issues with data protection, etc. These changes affect the life style and the thinking, sensing and acting of people and require the establishment of new “rules of the social game” (Hofstede 2010, p. 18). In the process of forming these rules, practices and values that prove successful in solving the new situation will be adopted while unsuccessful ones will be discarded. Over time, a set of proven practices and values forms which gives directions of how to handle certain situations, whereby every society has its own set of solutions. As such, culture is an integrated system where all parts are perfectly attuned (Hall 1981, p. 16).

The interrelatedness of the parts cause stability in the system as changes are very complex (alterations in one regard affect the system as a whole) and only happen when the need for adaption is urgent. Social groups appreciate the structural stability because it gives them identity and a feeling of belonging (Schein 2004, p. 14). Thus, culture reproduces itself and stays alive over generations (Hofstede et al. 2010, p. 10-11). This happens, mostly subtly, through cultural socialization in the early childhood years when children learn practices and values from their parents, teachers and idols. Through repeated confrontation with common practices, symbols, heroes and traditions which contain latent meanings, children’s minds are programmed with cultural values. Those children that are raised and educated by elders grow up and raise their own children, passing on what they have learned in their previous lives. Socialization in adulthood is also possible but more difficult because adults are already involved in certain roles and settings (Louis 1980, p. 230). Therefore, joining a new group as a grown-up is a pervasive process that requires role changes (Brim 1974, p. 19). From the perspective of a group, however, culture will find its way to subsist. *“Societies, organizations, and groups have*

ways of conserving and passing on mental programs from generation to generation with an obstinacy which many people tend to underestimate.” (Hofstede 1984, p. 16)

Paradoxically, a group’s desire for stability can pose a threat to its culture since change is absolutely necessary for a culture’s survival. If external challenges threaten cultural norms, adaptations need to be made to maintain the integrity of the system. These adaptation processes usually take place very slowly and gradually (Hofstede 2010, p. 10-11; Schwartz et al. 2000, p. 139; Demorgon & Molz 2003, p. 48) because the interrelatedness of the system’s parts makes it inflexible. At first, social groups change practices, i.e. symbols, heroes and traditions, which are the part of the cultural iceberg that sticks out of the water. Changing these things is relatively easy since practices are superficial manifestations of culture. Changing the values, however, affects the core of culture – a process that can take generations (Hofstede 2010, p. 10-11). How the trade-off between stability and adaptability is solved depends on the characteristics of the culture itself. The faster a culture is able to adapt, the better are its prospects for survival and expansion. If the group is reluctant to learn and to find new solutions to inside and outside challenges, it cannot survive in the long run. Thus, in an ironic way, a culture that is very stable and gives its members a strong identity can become too rigid and contribute to its own demise.

5.4 Functions of Culture

Culture fulfills several critical functions for a group. As discussed previously, cultures originate from collective learning processes triggered by external and internal challenges. At the same time, it serves as orientation system for the handling of future external and internal challenges (Thomas 1993, p. 380). Thus, generally speaking, culture has the function of guiding its members through recurrent problems of external adaption and internal integration. For the handling of external irritations, culture is a “handbook” that gives instructions for how to cope with unknown situation. Internally, culture creates order by providing a common ground that members of the group can rely on. The coexistence of individuals in a social group is only possible because culture makes human behavior predictable (Hofstede 1984, p. 14; Schein 2004, p. 14). An important precondition for the guiding function of culture is that it is more than just a couple of shared values and practices. What makes it suitable as an orientation system is its pervasiveness that binds members of a group together. All members of a culture are “full members” and cannot be part of it in some regards and exclude themselves from others. The normative impact that culture has on the group holds it together like an invisible tie. Groups are defined through culture so that without it they could not exist – they would merely be an aggregate of individuals but not a group (Schein 2004, p. 88). Therefore, culture cannot be found in the minds and actions of individual members of the group but is external to them (Schwartz 2014, p. 548-549). We can say that culture is to groups what personality is to individuals (Schein 2004, p. 8). This pervasive, all-encompassing nature of culture makes its members, often unconsciously, act according to its rules and guides them through all kinds of challenges.

Closely connected to the defining function for groups, is culture’s function of social identification. According to social identity theory (Tajfel & Turner 1979), people categorize individuals into groups in order to understand the complexity of the social surroundings. Group membership, as the basis for identification, creates an *in-group/out-group* situation where members of the in-group compare themselves with out-groups. Because the identification with a group generates self-esteem and pride, members of the in-group will strive to emphasize differences between the groups and similarities

within the group. That, again, fosters the basis for identification. Furthermore, group members tend to enhance the status of the in-group while discriminating against the out-group in order to increase their self-esteem. An interesting attempt of explanation for this behavior is that cognitive stability is essential for human minds (Schein 2004, p. 80). This stability is threatened if any disturbance raises the basic assumptions to question. In order to maintain cognitive stability in-group members will take defensive measures such as attacking out-groups who have unfamiliar value systems. While Hofstede et al. (2010, p. 16) found empirical evidence for in-group empathy, the phenomenon of out-group antipathy could not be supported. Nonetheless, it can be concluded that the cultural perspective from which another culture is described plays a crucial role for the outcome of the interpretation (Hofstede 1984, p. 25). This so called ethnocentrism is impossible to circumvent because no one can escape culture (Hofstede et al. 2010, p. 11-12). Since every person is biased by the culture he/she belongs to, prejudices can arise, consciously or unconsciously, and distort objectivity. Awareness can contribute to moderate the bias.

5.5 National Culture and other cultures

Newman and Nollen (1996, p. 754) define national culture as *“the values, beliefs and assumptions learned in early childhood that distinguish one group of people from another”*. Based on this definition, national culture can be understood as something that is shared by and unique to a group of people with the same nationality. Often we observe a certain behaviors or values and refer to it as *“typical German”*, *“typical American”*, *“typical Chinese”* and so on. Vice versa, we tend to have a picture of what people with a certain nationality are like. For instance, Germans are punctual, Americans friendly, and Chinese hardworking. It is tempting to think in stereotypes because it simplifies things (Groth 2003, p. 25). But, is it really possible to make generalizations on such a level? Does the passport that someone holds indicate this person’s core beliefs? Hofstede (2001, p. 2) notes that *“no two people are programmed exactly the same.”* Nations are culturally incoherent so that general assumptions are difficult to make. For instance, the major ethnical group in China is the Han people, which make up more than 90% of the total population (CIA 2014); however, given the fact that the Chinese government officially recognizes 56 ethnic groups, China exhibits a large pluralism of different subcultures.

Besides ethnicities, other types of groups such as religions, sports clubs, professions, firms, political parties or generations can also develop subcultures of their own (Hofstede et al. 2010, p. 18). Since individuals usually belong to several groups at the same time, they are influenced by different – and sometimes contradicting – cultures, which can lead to unpredictable behavior (Hofstede et al. 2010, p. 17-18). Given the cultural ambiguity, it is questionable if values or practices can be called *“typical”* after all. The scientific debate has found no consensus to answer the questions: *“Is culture shared?”* and *“Is culture unique?”* (Martin 2002, p. 61-62). The *integration perspective* recognizes strong communalities and coherent patterns within a group, while the *differentiation perspective* emphasizes ambiguity and conflict between members. The *fragmentation perspective* observes constant construction and reconstruction of the reality (Martin 1992).

Regardless of the theoretical disagreement, the development of a cultural concept that allows for characterizing and comparing cultures requires an integration perspective. Schein (2004, p. 17) argues that *“if the concept of culture is to have any utility, it should draw our attention to those things that*

are the product of our human need for stability, consistency, and meaning. Culture formation is always, by definition, a striving toward patterning and integration, even though in many groups their actual history of experiences prevents them from ever achieving a clear-cut, unambiguous paradigm." Hofstede et al. (2010, p. 20-22) take a similar stance as they see cultural research at a national level as a pragmatic approach. Survey data is usually easier to obtain through national networks and statistical data of the population is mostly available from national surveys conducted by the state. Nevertheless, the "cultural ambiguity"-debate should be taken very seriously to raise awareness of stereotypes. Results generated from research based on national classifications should be interpreted with those limitations in mind.

5.6 Concepts for the Characterization of Cultures

Starting in the 1960s, cross-cultural research brought forth several cultural concepts. Many of them use multi-dimensional scales to measure cultures at a national level (e.g. Hall 1966; 1981; 1983; Hall & Hall 1990; Hofstede 1984; 2001; Hofstede et al. 2010; House et al. 2004; Kluckhohn & Strodtbeck 1961; Schwartz 1992; 1999; Trompenaars & Hamden-Turner 1997). The concepts that were developed until the 1990s predominantly focused on three issues, namely the relation to self, the relation to others and the relation to risk (Doney et al. 1998, p. 608). In 1961, Kluckhohn and Strodtbeck made the attempt to describe cultures with a set of five dimensions accounting for *men's human nature*, *men's relation to nature and supernature*, *men's temporal focus*, *men's modality of activity* and *men's relation to other men*. Hofstede (1984) investigated cultural differences in the context of an international organization, i.e. IBM, and deduced four cultural dimensions, namely *power distance*, *individualism/collectivism*, *masculinity/femininity* and *uncertainty avoidance*. Later, he enhanced his research, included more countries into his investigation and added the dimensions of *long-term versus short-term orientation* and *indulgence versus restraint* to the construct. Hall and Hall (1990) developed four dimensions with regard to patterns of communication. They differentiate between *fast and slow messages*, *high and low context* and *notions of space and time*. Schwartz (1992; 1999) identified seven cultural value types that guide the lives of 60,000 probands in more than 63 countries; these are *conservatism*, *intellectual autonomy*, *affective autonomy*, *hierarchy*, *mastery*, *egalitarian commitment* and *harmony*. The value types can be depicted in a circle where the opposite values usually contradict each other, so that, e.g. highly conservative cultures are usually also less autonomous, etc. The most recent and most comprehensive concept using cultural dimensions is the Global Leadership and Organizational Behavior Effectiveness (GLOBE) study (House et al. 2004) which investigated 62 cultures with the collaboration of 150 social scientists. Based on psychometric analyses of survey responses and existent literature, nine cultural dimensions were identified: *uncertainty avoidance*, *power distance*, *collectivism I: societal collectivism*, *collectivism II: in-group collectivism*, *gender egalitarianism*, *assertiveness*, *future orientation*, *performance orientation* and *humane orientation*. All concepts using cultural dimensions are aimed at the investigation of shared values of a society. Their utility lies in the provision of a cohesive framework through which cultures can be characterized and compared and the cultural distance between two cultures can be determined (O'Keefe & O'Keefe 2004, p. 614).

Thomas (2003b) introduced an alternative method which does not use cultural dimensions but cultural standards to characterize cultures. "*By cultural standards we understand all kinds of perceiving,*

thinking, judging, and acting, which in a given culture are considered by the vast majority of the individuals for themselves and others as normal, self-evident, typical, and obligatory" (Thomas 1993, p. 381, translated by Fink et al. 2006-7, p. 47). The main difference between cultural dimensions and cultural standards is the layer of cultural manifestation under investigation. Cultural standards describe the outer levels of Hofstede's onion (see 5.2.). The focus of analysis is on practices, not on values. Thomas (2003b) and Fink et al. (2005) argue that analyzing practices has the advantage that even small facets of cultural differences can be disclosed whereas values are too general in that regard. While different cultures often venerate the same values, these values can manifest themselves in diverse practices. Practices of different cultures can be contradicting and result in critical incidents when members of these cultures interact, even if their basic values are the same. Cultural dimensions cannot explain these critical incidents because they only focus on values and not on the specific practices. Furthermore, cultural dimension frameworks have been criticized for their closedness which results from the claim that they are comprehensive. Consequently, they do not account for cultural specifics outside the horizon of the dimensions and particularities that do not fit into the framework are ignored (Fink & Meierewert 2001, p. 3-4). The characterization of cultures based on cultural dimensions thus tends to be selective and incomplete. According to scholars who advocate the cultural standard method (e.g. Thomas 2003b; Fink et al. 2005) cultural standards are a more precise way to describe cultures in depth. However, the method's gross downturn is that it does not provide an analytical tool for cross-cultural comparison (Moser et al. 2011, p. 102). Therefore, cultural dimensions are still widely used in research despite frequent criticism. Furthermore, considering the complexity of culture caused by multifaceted influences such as psychological, sociological and historical factors, it is questionable if any method is able to provide a full-depth understanding of culture. Thus, in a pragmatic sense, this master thesis builds on the GLOBE concept which is regarded as the most sophisticated concept for characterizing and comparing cultures.

6 The GLOBE Study

GLOBE was initiated by Robert J. House in 1991 and is the most recent, most comprehensive and *"probably the most sophisticated project undertaken in international business research"* (Leung 2006, p. 881). Its comprehensiveness is reflected in the high numbers of involved scholars, investigated cultures and surveyed study participants. The research program was originally *"designed to conceptualize, operationalize, test, and validate a cross-level integrated theory of the relationship between culture and societal, organizational, and leadership effectiveness"* (Javidan et al. 2004, p. 29). In other words, the ambition was to develop a theory that would explain economic success on the basis of culture-specific values and practices. It was predicted that certain cultural variables could have an impact on the economic competitiveness of a country (Javidan et al. 2006, p. 898).

In some regards, the GLOBE study builds on Hofstede's comparative cultural research; however, there are significant differences which make the GLOBE project relatively more sophisticated. In contrast to Hofstede, the GLOBE study surveyed managers from numerous organizations. Hofstede conducted his survey in a single-organization context. By including various organizations into the research, GLOBE eliminates organizational biases and is thus better suitable to investigate national cultures. GLOBE's sophistication also stems from the fact that it integrates previous studies and criticism to improve the rigor. Still, criticism about the GLOBE remains, one of the major assertions being that the study

produces cultural stereotypes that are dysfunctional for cross-cultural relations (e.g. Graen 2006; McCrae et al. 2008). However, I argue that any research that deals with the characterization of a culture's stereotypical traits can be functional for practitioners involving in cross-cultural interactions when they are aware of the existence of cultural subgroups and of the stereotypical nature of these traits. Furthermore, Christopher Earley (2006) reasons, that "GLOBE provides a current comprehensive overview of general stereotypes that can be further analyzed for greater insight". Considering that a generalized portrayal of a culture without stereotypical assumptions is practically impossible to achieve, GLOBE can be regarded as a viable and best available concept for cross-cultural research.

During a period of more than ten years a team of about 150 social scientists and management scholars with different cultural backgrounds (House et al. 2002) worked together in a four-phase program to investigate 62 cultures in 58 countries (House et al. 2002; Javidan & House 2002). At first, a theoretical concept consisting of nine cultural dimensions was developed based on psychometric analyses of survey responses and existent literature. According to these dimensions GLOBE identifies similarities and differences in values and practices of different cultures. The nine dimensions are:

1. *Uncertainty avoidance*
2. *Power distance*
3. *Collectivism I: societal collectivism*
4. *Collectivism II: in-group collectivism*
5. *Gender egalitarianism*
6. *Assertiveness*
7. *Future orientation*
8. *Performance orientation*
9. *Humane orientation*

Dimensions 1 to 6 were derived from Hofstede's (1984; 2001) cultural dimension. The other dimensions are also built on previous works from cross-cultural scholars, as will be discussed in the respective chapters. After the development of the dimensions, the theoretical construct was tested using qualitative and quantitative methods. In the course of the research, more than 17,000 middle-managers from about 950 organizations in three different industries, namely banking, food processing and telecommunications, participated in surveys (House et al. 2002). Comprehensive results of the study were published in 2004 in the first volume of *Culture, Leadership and Organizations: The Globe Study of 62 Societies*.

6.1 GLOBE's Cultural Dimensions

This chapter is concerned with the GLOBE's nine dimensions of culture, *uncertainty avoidance*, *power distance*, *collectivism I: institutional collectivism*, *collectivism II: in-group collectivism*, *gender egalitarianism*, *assertiveness*, *future orientation*, *performance orientation* and *humane orientation* which will serve as analytical framework for this research. In the following, the definition, development and characteristic attributes of each dimension will be discussed.

6.1.1 Uncertainty Avoidance

Uncertainty avoidance is defined as the degree to which members of an organization or society rely on social norms, rituals, and bureaucratic practices in order to reduce uncertainty and to make future events more predictable (House et al. 2002, p. 11-12). Cyert and March (1963) introduced the concept of *uncertainty avoidance* in the context of organizations. In their *behavioral theory of the firm* they contest assumptions of the neoclassical theory that organizations act rationally and unitarily, maximize profits and decide on the basis of full information. Cyert and March argue that these assumptions do not contribute to the understanding of firm's actual behavior. Alternatively, they identify four principles which explain "real" organizational choices, one of them being *uncertainty avoidance*. This principle is based on the assumption that organizations dislike uncertainty about future events. Since the environment (e.g. competitors, consumers, etc.) however brings about many uncertain factors, they try to reduce this uncertainty by negotiating formal rules with external parties. Through the formalization of the environment, the future is perceived as less threatening.

Hofstede (1984) put the concept of *uncertainty avoidance* into the context of national cultures. He argues that the level of anxiety and stress caused by an unknown future depends on an individual's ability to cope with uncertainty. In some national cultures individuals tend to be more acceptant of uncertain situations than in other cultures. Cultures with high *uncertainty avoidance* are intolerant of ambiguity and seek to establish more formal rules and bureaucratic structures in order to protect themselves against unpredictable behavior of others (Hwang & Lee 2012, p. 172). Furthermore, they tend to hold on to traditions. Innovations are usually associated with high risks evoking anxiety and resulting in defense mechanisms in the form of intolerance for other opinions or unknown practices (Hofstede 2001, p. 607). The lack of risk-taking propensity inhibits peoples' openness to new ideas and their willingness to adopt alternative views (Srite & Karahanna 2006, p. 690). Instead, high *uncertainty avoidance* cultures long for permanence and stability. These cultures often exhibit a high quantity of social norms with the aim to make individual's actions more predictable by creating social pressure and forcing them to show socially desired behavior (Beckert 1996, p. 819-820). Individuals who do not comply with the social norms are often sanctioned with unpleasant consequences to make them reconsider their behavior. In cultures which exhibit a high level of uncertainty avoidance people usually strive for harmony and tend to avoid conflict by displaying compliant behavior (Hwang & Lee 2012, p. 172). Other characteristics of high *uncertainty avoidance* cultures are feedback-seeking (Sully de Luque & Sommer 2000, p. 838) as a form of information procurement and reliance on the opinion of trusted people such as experts and friends (Srite & Karahanna 2006, p. 688) – mechanisms that convey the feeling of having filled some gaps in the fragmentary knowledge about the future. In cultures with a low level of *uncertainty avoidance*, on the other hand, people do not have that strong need for information procurement, formalization, stability and solidarity (Earley 1997, p. 138). Their ability to cope with uncertain situations is a genuine advantage because it allows them to adapt to unavoidable changes (Michael 1985, p. 117).

Table 1 shows typical implications for cultures with high levels and cultures with low levels of *uncertainty avoidance*.

Table 1: Higher Uncertainty Avoidance Societies Versus Lower Uncertainty Avoidance Societies (Source: Sully de Luque & Javidan 2004, p. 618)⁵

Societies That Score Higher on Uncertainty Avoidance Tend to:	Societies That Score Lower on Uncertainty Avoidance Tend to:
• Have a tendency toward formalizing their interactions with others • Document agreements in legal contracts • Be orderly, keeping meticulous records, documenting conclusions drawn in meetings • Rely on formalized policies and procedures, establishing and following rules, verifying communications in writing • Take more moderate calculated risks • Inhibit new product development but facilitate the implementations stage through risk aversion and tight controls • Show stronger resistance to change • Show stronger desire to establish rules allowing predictability of behavior • Show less tolerance for breaking rules	• Have a tendency to be more informal in their interactions with others • Rely on the word of others they trust rather than contractual arrangements • Be less concerned with orderliness and the maintenance of records, often do not document the conclusions drawn in meetings • Rely on informal interactions and informal norms rather than formalized policies, procedures and rules • Be less calculating when taking risks • Facilitate the new product development especially in the initiation phase, through higher risk taking and minimal planning or controls • Show less resistance to change • Show less desire to establish rules to dictate behavior • Show more tolerance for breaking rules

6.1.2 Power Distance

Power distance is defined as the extent to which members of an organization or society expect and approve of unequal power distribution, authority and status discrimination (House et al. 2004, p. 12; Carl et al. 2004, p. 513). Keltner et al. (2003, p. 265) regard power distance as one of the most essential cultural value dimensions because power affects all social relationships as well as organizational structures, processes and outcomes. Sources of power can be manifold. French and Raven (1959) name five types of possible power sources: coercive power (based on threat and fear), reward power (based on positive motivation), legitimate power (based on hierarchic superiority), expert power (based on knowledge and skills) and referent power (based on subordinate's admiration for the superior). The phenomenon of dominance and subordination among members of a society leads to the development of hierarchical structures and inequalities between individuals. The hierarchy in which a group is organized is called "pecking order", named after the hierarchical structure among chicken. In human societies we can find "pecking orders" between boss and subordinate, parents and child, husband and wife, and so on. Depending on the cultural context the hierarchical gradient varies (Hofstede et al. 2010, p. 53-88). On the societal level, four major factors influence the *power distance*, i.e. religion and philosophy, the tradition of democratic principles of government, the role of the middle class and the role of the proportion of immigrants (Carl et al. 2004, p. 518).

⁵ This table and subsequent tables in this chapter summarize implications of high-low-degree societies that are typical for societies with a low or high degree of the respective dimension. The implications stated in the tables represent extremes of opposite ends. In reality, cultures exhibit attenuated versions of these characteristics or combine characteristics from both extremes.

In high *power distance* cultures superiors are role models who are highly respected and looked up to (Yang et al. 2007, p. 682). They often take the role of a fatherly or motherly figure and care for their subordinates just like for their children (Hofstede 1984, p. 73-75). In return, superiors incorporate the decision-making power and their judgments are not to be questioned. In low *power distance* cultures superiors are also authority figures; however subordinates have no social obligation to respect and obey them in the same way. Every person, regardless of his/her hierarchical position, is allowed to disagree and to express criticism (Kirkman et al. 2009, p. 748). Thus, decision-making is less centralized which is why participative decision-making is more common in these cultures than in cultures with high *power distance* (Sagie & Aycan 2003, p. 456). Due to the social distance which is created through power differentials high *power distance* cultures tend to be more task-oriented as opposed to people-oriented (Bochner & Hesketh 1994, p. 233) and status and prestige play a more significant role (Schwartz 1999, p. 43-44). Furthermore, individuals in *high power distance* cultures tend to have more trust, be more loyal, comply more with others' ideas, and show less emotions while low *power distance* individuals are associated with seeking feedback, exchanging ideas, having high self-esteem, and appreciating working in teams and achieving good outcomes. It was also found that power distance is positively correlated with corruption so that corruption is more prevalent in cultures with high *power distance* (Davis & Ruhe 2003, p. 275; Park 2003, p. 29; Taras et al. 2010, p. 424). This is probably a reaction to income and power inequalities which encourages lower level officials to take bribes to improve their positions (Getz & Volkema 2001, p. 7). Moreover, it can be observed that the higher the *power distance* between individuals in a society is, the more the power gap tends to widen; whereas the smaller the *power distance* is, the more likely the population with less power is able to even out the power differential (Mulder 1973, p. 151). Table 2 shows implications for high and low levels of power distance.

Table 2: Higher Power Distance Societies Versus Lower Power Distance Societies (Source: Carl et al. 2004, p. 536)

Parameters	Higher Power Distance	Lower Power Distance
1. Social inequities	Society differentiated into classes on several criteria	Society has large middle class
2. Power bases	Power bases are stable and scarce (e.g., land ownership)	Power bases are transient and sharable (e.g., skill, knowledge)
3. Role of power	Power is seen as providing social order, relational harmony, and role stability	Power is seen as a source of corruption, coercion, and dominance
4. Social mobility	Limited upward social mobility	High upward social mobility
5. Information control	Information is localized	Information is shared
6. Governance	Different groups (e.g., women) have different involvement, and democracy does not ensure equal opportunities	All the groups enjoy equal involvement, and democracy ensures parity in opportunities and development for all
7. Indigenous orientation and independence	Strong nonnative historical influences and recent independence of the society	Strong native historical influences and long standing independence of the society
8. Civil freedom	Civil liberties are weak and public corruption high	Civil liberties are strong and public corruption low
9. Resources and capabilities	Only a few people have access to resources, skills, and capabilities, contributing to low human development and life expectancies	Mass availability of tools, resources, and capabilities for independent and entrepreneurial initiatives, as reflected in wide educational enrolment

10. Consumption	High growth rates of consumption and high need for resource coordination	Mature growth rates of consumption and high per capita purchasing power
11. Technology	Mass use of technology, which supports general power distance reduction	Need for specialized technology, adapted to each user

6.1.3 Collectivism

Following Hofstede's dimension of *individualism*, GLOBE initially measured *collectivism* with one set of items. However, because a factor analysis indicated different results for collectivism at an organizational level and collectivism at a societal level, *collectivism* was split into two separate dimensions, namely *collectivism I: institutional collectivism* and *collectivism II: in-group collectivism* (House et al. 2004, p. 13). Other than Hofstede's *individualism* where high scores indicate an individualist emphasis, the GLOBE *collectivism* scales are inverted so that low scores signify an individualist emphasis. Before discussing the specifics of *institutional* and *in-group collectivism*, this section gives a general overview of past research on *individualism* and *collectivism*.

Kluckhohn and Strodtbeck (1961) differentiate three forms of social relationships between individuals: *lineal* relationships which are organized in a hierarchical manner and characterized by authoritarian directive, *collateral* relationships where individuals are treated equally and negotiate decisions as peers, and *individualistic* relationships where the collective plays a subordinate role and individuals primarily rely on themselves. Triandis (1993) identifies four features according to which *individualism* and *collectivism* can be defined: The first feature is the *definition of the self* which, in collectivist cultures, is regarded as interdependent with the group and prompts individuals to share resources with others. In individualist countries, in contrast, the self is regarded as independent of others, thus, the decision-making power over the allocation of resources lies at the individual level. The second feature is the *structure of goals*. In collectivist countries individual goals usually tend to be compatible with group goals. In individualist countries however, individual goals are completely independent of group goals. The third differentiating feature is the *emphasis on duties and obligations* in collectivist cultures versus the emphasis on *personal preferences* in individualist cultures. And fourth, cultures differ in the *emphasis on relatedness versus rationality*. Collectivist cultures justify decisions with the relatedness to a group whereas individualist cultures justify decisions through rationality leaving social relationships out of consideration.

Furthermore, Triandis and Gelfand (1998) distinguish between two different forms of *individualism*, respectively *collectivism*: *Horizontal individualism* can be understood as orientation towards individual goals which aim at uniqueness and self-realization without the intention to gain a high social status. *Vertical individualism* also emphasizes individual goals but is combined with an interest to outcompete others and to achieve a high social status. In cultures with *horizontal collectivism*, interdependence and sociability are the driving force for the pursuit of collective goals in the absence of authorities. *Vertical collectivism*, on the other hand, puts emphasis on the integrity of the group, the subordination to authorities and sacrifice of individual interests for the sake of the collective well-being and the competition with out-groups.

6.1.3.1 Collectivism I: Institutional Collectivism

Institutional collectivism is defined as the degree to which collective distribution of resources and collective action are encouraged and rewarded by institutional practices in organizations and societies. The dimension measures the kind of *collectivism* that is reflected in laws, social programs and institutional practices (House et al. 2004, p. 12-13). Although it describes organizational cultures, it can be used for cross-cultural comparisons, since organizational cultures also reflect national cultures' characteristics (Johns 2006, p. 396). Cultures associated with *institutional collectivism* are often also future and performance oriented. However, opposite to cultures with a low level of institutional collectivism, high institutional collectivism cultures are concerned with each other and pursue their performance goals through collective efforts instead of showing assertive or dominant behavior. Thus, *institutional collectivism* is similar to Triandis and Gelfand's (1998) *horizontal collectivism*. Table 3 summarizes typical implications for *individualism* and *collectivism* at an organizational level.

Table 3: Higher Collectivism Organizations Versus Higher Individualism Organizations (Source: Gelfand et al. 2004, p. 459)

Features of Cultures That Score High on Collectivism	Features of Cultures That Score High on Individualism
• Members assume that they are highly interdependent with the organization and believe it is important to make personal sacrifices to fulfill their organizational obligations • Employees tend to develop long-term relationship with employers from recruitment to retirement • Organizations take responsibility for employee welfare • Important decisions tend to be made by groups • Selection can focus on relational attributes of employees • Jobs are designed in groups to maximize the social and technical aspects of the job • Training is emphasized more than selection • Compensation and promotions are based on what is equitable for the group and on considerations of seniority and personal needs • Motivation is socially oriented, and is based on the need to fulfill duties and obligations and to contribute to the group • Organizational commitment is based on expectations of loyalty and in-group attitudes • Prosocial behaviors, or organizational citizenship behaviors, are more common • Avoidant, obliging, compromising, and accommodating conflict resolution tactics are preferred	• Members assume that they are independent of the organization and believe it is important to bring their unique skills and abilities to the organization • Employees develop short-term relationships, and change companies at their own discretion • Organizations are primarily interested in the work that employees perform and not their personal or family welfare • Important decisions tend to be made by individuals • Selection focuses primarily on employees' knowledge, skills, and abilities • Jobs are designed individually to maximize autonomy • Selection is emphasized more than training • Compensation and promotions are based on an equity model, in which an individual is rewarded in direct relationship to his or her contribution to task success • Motivation is individually oriented and is based on individual interests, needs, and capacities • Organizational commitment is based on individuals' rational calculations of costs and benefits • Prosocial behaviors, or organizational citizenship behaviors, are less common • Direct and solution-oriented conflict resolution tactics are preferred • Accountability for organizational successes and failures rests with individuals

6.1.3.2 Collectivism II: In-Group Collectivism

In-group collectivism is defined as the degree to which members of organizations or families, express pride, loyalty, and cohesiveness in the group (House et al. 2004, p. 12). Gómez et al. (2000, p. 1098) note that in cultures with high in-group collectivism individuals are typically members of only one or a very few groups. The relationship to in-group members is close and long-lasting resulting in rather stable group compositions. Privileging of in-group members and discrimination against out-groups is a common method to strengthen the in-groups position (Espinoza & Garza 1985). In individualist cultures, however, individuals tend to join many different groups at the same time. The relationship to other in-group members is less committed and there tends to be a high fluctuation of members (Gómez et al. 2000, p. 1098). Table 4 summarizes typical implications for *individualism* and *collectivism* at a societal level.

Table 4: Higher Collectivism Societies Versus Higher Individualism Societies (Source: Gelfand et al. 2004, p. 454)

Features of Cultures That Score High on Collectivism	Features of Cultures That Score High on Individualism
• Individuals are integrated into strong cohesive groups • The self is viewed as interdependent with groups • Group goals take precedence over individual goals • Duties and obligations are important determinants of social behavior • People emphasize relatedness with groups • Ecologies are agricultural, and countries are often developing • There is a slower pace of life • There are lower heart-attack rates • There is lower subjective well-being • There are more extended family structures • Love is assigned less weight in marriage decisions • There are lower divorce rates • Communication is indirect • Individuals are likely to engage in group activities • Individuals have fewer social interactions, but interactions tend to be longer and more intimate • Individuals make greater distinctions between in-groups and out-groups	• Individuals look after themselves or their immediate families • The self is viewed as autonomous and independent of groups • Individual goals take precedence over group goals • Attitudes and personal needs are important determinants of behavior • People emphasize rationality • Ecologies are hunting and gathering, or industrial and wealthy • There is a faster pace of life • There are higher heart-attack rates • There is higher subjective well-being • There are more nuclear family structures • Love is assigned greater weight in marriage decisions • There are higher divorce rates • Communication is direct • Individuals are likely to engage in activities alone • Individuals have more social interactions, but interactions tend to be shorter and less intimate • Individuals make fewer distinctions between in-groups and out-groups

6.1.4 Gender Egalitarianism

Gender egalitarianism is defined as the extent to which an organization or a society minimizes the differentiation of gender roles and gender discrimination (House et al. 2004, p. 12). The dimension of *gender egalitarianism* was derived from Hofstede's (1980) dimension of *masculinity*.⁶ GLOBE's dimension of *gender egalitarianism* is different to Hofstede's dimension of *masculinity* in the way that it captures the degree to which gender equality or discrimination prevails, whereas Hofstede tries to categorize cultures according to their orientation to masculine or feminine attributes. According to Hofstede, masculine cultures expect men to be assertive and tough and women to be humble and soft; whereas feminine cultures expect men and women to be humble and soft. Other research based on Hofstede's *masculinity* dimension suggests that masculine cultures tend to value individual achievement, confrontation, and independent thought and action while feminine cultures prefer solidarity, cooperation and the honoring of moral obligations (Doney et al. 1998, p. 609).

The GLOBE's *gender egalitarianism* dimension reflects a society's attitude towards biological sex and gender roles (Emrich et al. 2004, p. 343). *Gender egalitarianism* consists of two components: an attitudinal component and a behavioral component. The attitudinal component comprises gender stereotypes, i.e. the perception of what is typical for a man or a woman, and gender-role ideologies, i.e. the belief that men and women should fulfill socially defined gender roles in a society. The behavioral component represents the external manifestations of the attitude and is reflected in the degree of gender discrimination or gender equality in a society. It can be evaluated based on how men and women are treated, if both sexes receive equal opportunities and if gender-quotas are equally balanced in occupational domains or with regard to power distribution. The United Nations (e.g. Gender Inequality Index, Gender Development Index) predominantly examine the domains education, health and political and economic power of women compared to men in order to determine gender equality.

Cultures that exhibit high levels of *gender egalitarianism* tend to diminish gender differences and gender discrimination while cultures that exhibit low levels of *gender egalitarianism* rather emphasize differences in gender-roles and value and award gender-specific attributes unevenly (Emrich et al. 2004). Furthermore, it was discovered that in low gender egalitarianism countries women and men often have a contrasting attitude towards gender equality while in countries with high *gender egalitarianism* there is almost no difference between women's and men's opinions on gender roles (McDaniel 2008, p. 58). Table 5 summarizes implications for high *gender egalitarianism* societies and low *gender egalitarianism* societies.

Table 5: Higher Gender Egalitarianism Societies Versus Lower Gender Egalitarianism Societies (Source: Emrich et al. 2004, p. 359)

Societies That Score Higher on Gender Egalitarianism, Tend to:	Societies That Score Lower on Gender Egalitarianism, Tend to:
• Have more women in positions of authority • Accord women a higher status in society	• Have fewer women in positions of authority • Accord women a lower status in society

⁶ GLOBE replaced Hofstede's dimension of *masculinity*, which is lacking face validity (House & Javidan 2004, p. 13), by the two dimensions *gender egalitarianism* and *assertiveness*.

• Afford women a greater role in community decision making • Have a higher percentage of women participation in the labor force • Have less occupational sex segregation • Have higher female literacy rates • Have similar levels of education of females and males	• Afford women no or a smaller role in community decision making • Have a lower percentage of women participation in the labor force • Have more occupational sex segregation • Have lower female literacy rates • Have a lower level of education of females relative to males
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6.1.5 Assertiveness

Galassi and Galassi (1977, p. 233) define assertive behavior as "*that complex of behaviors emitted by a person in an interpersonal context which express that person's feelings, attitudes, wishes, opinions or rights directly, firmly and honestly while respecting the feelings, attitudes, wishes, opinions, and rights of other persons.*" The concept of *assertiveness* first appeared in behavioral science and was believed to be a counterpart to anxiety. In this context, *assertiveness* is often referred to having the ability to express oneself without anxiety and standing up for one's rights (Linehan & Egan 1979, p. 237). A lack of assertiveness was regarded as psychopathological and as often accompanied by depressions or neuroticism (Gilbert & Allen 1994, p. 295). Wolpe (1958, p. 53-62) was convinced that neurosis could be treated by the means of assertiveness training because these two conditions were mutually exclusive.

The GLOBE dimension of *Assertiveness* is based on Hofstede's *masculinity* dimension ⁷ and is defined as the extent to which members of organizations or societies are assertive, confrontational, dominant, tough and aggressive when they interact with others (House et al. 2004, p. 12). Stereotypically, assertiveness is rather seen as a masculine trait than a feminine one (Hofstede 2001, p. 280). According to empirical investigations, assertive behavior is also associated with being rational, pragmatic (Rakos & Schroeder 1979, p. 991), direct and unambiguous (Holtgraves 1997, p. 627). With regard to the ascribed attributes, *assertiveness* is very similar to what Hofstede measures through *masculinity*. Implications that are associated with high and low *assertiveness* societies in the understanding of the GLOBE are presented in Table 6.

Table 6: Higher Assertiveness Societies Versus Lower Assertiveness Societies (Source: Den Hartog 2004, 405)

Societies That Score Higher on Assertiveness, Tend to:	Societies That Score Lower on Assertiveness, Tend to:
• Value assertive, dominant, and tough behavior for everyone in society • Have sympathy for the strong • Value competition • Believe that anyone can succeed if he or she tries hard enough • Value success and progress • Value direct and unambiguous communication	• View assertiveness as socially unacceptable and value modesty and tenderness • Have sympathy for the weak • Value cooperation • Associate competition with defeat and punishment • Value people and warm relationships • Speak indirectly and emphasize "face-saving"

⁷ GLOBE replaced Hofstede's dimension of *masculinity*, which is lacking face validity (House & Javidan 2004, p. 13), by the two dimensions *gender egalitarianism* and *assertiveness*.

• Value being explicit and to the point in communications • Value expressiveness and revealing thoughts and feeling • Have relatively positive connotations for the term aggression (e.g. aggression helps to win) • Have a just-world belief • Try to have control over the environment • Stress equity, competition, and performance • Have a “can-do” attitude • Emphasize results over relationships • Value taking initiative • Reward performance • Expect demanding and challenging targets • Value what you do more than who you are • Build trust on the basis of capabilities or calculation • Act and think of others as opportunistic	• Value ambiguity and subtlety in language and communications • Value detached and self-possessed conduct • Have far more negative connotations with the term aggression (e.g., aggression leads only to negative outcomes) • Have an unjust-world belief • Value harmony with the environment rather than control • Stress equality, solidarity, and quality of life • Emphasize tradition, seniority, and experience • Emphasize integrity, loyalty, and cooperative spirit • View “merit pay” as potentially destructive to harmony • Value who you are more than what you do • Build trust on the basis of predictability • Think of others as inherently worthy of trust
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6.1.6 Future Orientation

Future orientation refers to the degree to which members of organizations or societies orientate their behaviors towards the future. Future-oriented behaviors include making plans, investing in the future, and delaying enjoyment (House et al. 2002, p. 12). Looking at different cultures from the present and the past, perception of time seems to be central to human behavior (Ashkanasy et al. 2004, p. 285). Civilizations from the Romans to the Mayas sought to orientate themselves based on astrological and astronomical events from which they inferred calendric systems. The Old Egyptians believed that mummifying the bodies of the dead will enable them to reincarnate in the future, in China, it is a Confucian tradition to worship the family’s ancestors of the last three generations and Hindus believe that what they receive in the current life depends on the Karma which they have earned in the previous life. So, we can say that “*the way societies deal with conceptions of past, present, and future is one of their basic value orientations*” (Ashkanasy et al. 2004, p. 286).

Kluckhohn and Strodtbeck (1961) differentiate cultures based on their *time orientation* towards the past, the present, or the future. Societies that are past-oriented shape the present and anticipate the future based on what they have learnt in the past. They tend to refer back to past experiences or to approved traditions when making decisions and they prefer to remain the status quo unless they are extremely discontent with their situation. Consequently, innovations are difficult and have to be legitimated by failures from the past (Keough et al. 1999, p. 150). Present-oriented societies try to solve problems when they emerge but without taking long-term consequences into account (Kluckhohn 1953, p. 348). Thus present-oriented societies are usually poor at pursuing future goals. Instead, they are spontaneous, relaxed with the present situation, they like to enjoy the moment and indulge in hedonistic pleasures while being reliant on others and not too worried about upcoming problems (Keough et al. 1999, p. 150). Future-oriented societies are also focused on the solution of present problems but are motivated by future implications of present actions (Kluckhohn 1953, p. 348). Future orientation is associated with planning, goal making, strategy development and estimating future happenings. Societies that are highly future-oriented tend to be self-controlled and rational but at the

same time not very appreciative of the present. Furthermore, they are open to innovations which can be legitimated by promising future prospects (Keough et al. 1999, p. 150).

A similar but different temporal concept was introduced by Trompenaars and Hampden-Turner (1997) who empirically tested the *time horizon* of different cultures, i.e. how far individuals plan ahead. The results show that in cultures where individuals tend to plan further ahead, and thus have a longer time horizon for the future, individuals also have a long-term time horizon for the present and the past. Correspondingly, it was found that future orientated cultures are similar to past orientated cultures in the sense that both have a high capacity and willingness to actively shape the present (Keough et al. 1999, p. 150). Another construct of time orientation introduced by Hall (1959; 1966) differentiates between *monochronic* and *polichronic* cultures. People in monochronic cultures tend to do only one thing at the time and lay strong emphasis on scheduling and planning. People in polichronic cultures, on the other hand, do multiple things simultaneously and live in the here and now.

The GLOBE dimension of *future orientation* is based on Kluckhohn and Strodtbeck's concept of *future orientation* and reflects the society's belief that the future has a relatively strong weight compared to the present and the past and that an individual's actions have an impact. Thus, individuals are motivated by goals that they have set for themselves and strive to achieve them by planning the future and investing in it (Ashkanasy et al 2004, p. 285). Implications for high and low *future orientation* societies are shown in Table 7.

Table 7: Higher Future Orientation Societies Versus Lower Future Orientation Societies (Source: Ashkanasy et al. 2004, p. 302)

Societies That Score Higher on Future Orientation, Tend to:	Societies That Score Lower on Future Orientation, Tend to:
• Achieve economic success • Have a propensity to save for the future • Have individuals who are psychologically healthy and socially well adjusted • Have individuals who are more intrinsically motivated • Have organizations with a longer strategic orientation • Have flexible and adaptive organizations and managers • View materialistic success and spiritual fulfillment as an integrated whole • Value the deferment of gratification, placing a higher priority on long-term success • Emphasize visionary leadership that is capable of seeing patterns in the face of chaos and uncertainty	• Have lower levels of economic success • Have a propensity to spend now, rather than to save for the future • Have individual who are psychologically unhealthy and socially maladjusted • Have individuals who are less intrinsically motivated • Have organizations with a shorter strategic orientation • Have inflexible and maladaptive organizations and managers • See materialistic success and spiritual fulfillment as dualities, requiring trade-offs • Value instant gratification and place higher priorities on immediate rewards • Emphasize leadership that focuses on repetition of reproducible and routine sequences

6.1.7 Performance Orientation

Performance orientation is defined as the extent to which an organization or a society encourages and rewards group members for innovative behavior, high standards, performance improvement and excellence (House et al. 2002, p. 13; Javidan 2004, p. 239). This dimension was developed based on

McClelland's (1961) research on the so called *need for achievement*. People with a high *need for achievement* have an inner urge to win which motivates them to work hard and to focus on high goals. The achievement per se gives them more satisfaction than material rewards and the approval by others although high status and high remuneration can serve as a threshold for the quality of the accomplished work. Feedback is very important since it does not only fulfill the function of evaluating achievement but also represents a source of information that is needed for improvement.

On a cultural level, societies can be differentiated according to the way in which they assign status to individuals. Parsons and Shils (1951) state that the assignment either happens based on achievement or ascription. In societies that are achievement-oriented, a person with a long list of achievements is assigned a high status, whereas a person with only a few achievements is assigned a low status. This logic implies that every person possesses the prerequisites to work his/her way up to the top and it is a matter of personal effort if he/she succeeds. In ascription-oriented societies, on the other hand, status is dependent on certain characteristics that a person brings with (or not). Age, gender, family background, education and the social network or social class are relevant for the status that is attributed to a person.

GLOBE's dimension of *performance orientation* measures the extent to which a society values the achievement of high goals and performance improvement. In particular, the focus lies on the perception of values and current practices that are aimed at encouraging and rewarding innovation and improvement, e.g. the existence of reward systems (Javidan 2004, p. 246). Characteristics that are typical for strong *performance orientation* societies are: a strong appreciation of education and learning, a strong focus on results, the establishment of high goals, active and initiative behavior, communication in a direct and explicit manner (Javidan 2004, p. 276), high diversification of religion and little significance of dogmas, creative orientation, and high economic success (Triandis 2004, p. xvi). *Performance orientation* is considered highly relevant for the characterization of a culture because it is an indicator of how a society solves problems of external adaption and internal integration: On the one hand, as achievement can be used as a criterion for the assignment of social status it contributes to the organization of internal relationships, on the other hand, regarding the mastering of external challenges it defines what success is (Javidan 2004, p. 243). A summary of implications of high and low performance oriented societies can be found in Table 8.

Table 8: Higher Performance Orientation Societies Versus Lower Performance Orientation Societies (Source: Javidan 2004, p. 245)

Societies That Score Higher on Performance Orientation, Tend to:	Societies That Score Lower on Performance Orientation, Tend to:
• Value training and development • Emphasize results more than other people • Reward performance • Value assertiveness, competitiveness, and materialism • Expect demanding targets • Believe that individuals are in control • Have a "can-do" attitude • Value and reward individual achievement • Have performance appraisal systems that emphasize achieving results • View feedback as necessary for improvement	• Value societal and family relationships • Emphasize loyalty and belongingness • Have high respect for quality of life • Emphasize seniority and experience • Value harmony with the environment rather than control • Have performance appraisal systems that emphasize integrity, loyalty, and cooperative spirit • View feedback and appraisal as judgmental and discomforting • View assertiveness as socially unacceptable

• Value taking initiative • Value bonuses and financial rewards • Believe that anyone can succeed if he or she tries hard enough • Believe that schooling and education are critical for success • Value what you do more than who you are • Attach little importance to age in promotional decisions • Value being direct, explicit, and to the point in communications • Have a monochronic approach to time • Have a sense of urgency	• Regard being motivated by money as inappropriate • View merit pay as potentially destructive to harmony • Value “attending the right school” as an important success criterion • Emphasize tradition • Have high value for sympathy • Associate competition with defeat and punishment • Value who you are more than what you do • Pay particular attention to age in promotional decisions • Value ambiguity and subtlety in language and communications • Have a polychronic approach to time • Have a low sense of urgency
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6.1.8 Humane Orientation

Humane orientation refers to the extent to which organizations or societies encourage and reward their members for attributes such as fairness, altruism, friendliness, generosity, solicitude, and kindness (House et al. 2002, p. 13). GLOBE’s *humane orientation* dimension is based on several existent cultural value concepts. It includes elements from Kluckhohn and Strodtbeck’s (1961) *human nature is good vs. human nature is evil* dimension, Putnam’s (1993) work on the *civic community* and McClelland’s (e.g. 1985) work on the *need for affiliation* as a type of human motivation.

Kluckhohn and Strodtbeck (1961) proposed that depending on a society’s orientation towards human nature the basic equipment of human traits is perceived as good, evil, good and evil or neutral. Furthermore, these innate traits can either be perceived as immutable, i.e. unchangeable, or mutable, i.e. changeable through learning. As a result, eight perceptions of human nature exist: good/immutable, good/mutable, evil/immutable, evil/mutable, good and evil/immutable, good and evil/mutable, neutral/immutable and neutral/mutable.

Putnam et al. (1993) investigated success factors of democratic governments in Italy and found out that the performance of political institutions is strongly correlated with the existence of *civic communities*. *Civic communities* exhibit a high level of social capital which can be defined as network of reciprocal and trustful social relationships. Furthermore, they are characterized by the following features: First, they exhibit a sense of civic engagement, which is expressed e.g. through the participation in politics and a concern with societal issues. Second, *civic communities* advocate political equality, i.e. a balance of power and a sense of responsibility for others, solidarity, tolerance and trust. Third, people in *civic communities* participate in civic associations where they cooperate with various social layers and practice to build trust across the society (Mouritsen 2001, p. 6-7; Luoma-aho 2009, p. 233).

Putnam’s idea of the *civic society* is similar to Triandis’ (1995) notion of a *humane oriented society*. In societies with a high *humane orientation*, individuals prefer the feeling of belongingness and affiliation over self-realization and self-enrichment. The *need for affiliation* is what McClelland (1985) described as a central motivator for human behavior. Individuals, who have a high *need for affiliation*, achieve self-gratification through the identification with groups. They strive for warm interactions with and

approval of others and are guided by the impression that they are stronger in alliance with a group because, opposite to individual action, collective action has an impact on things. In order to foster the bond with other members of the group, individuals behave according to the principles of altruism, benevolence, kindness, love and generosity.

In a similar fashion, Schwartz (1992) differentiates cultures according to their inclination towards *self-transcendence* or *self-enhancement*. *Self-transcendence* is associated with universalism, i.e. the understanding, tolerance and protection of in-group members, out-groups and nature alike, and benevolence, i.e. social and financial support of fellows. *Self-enhancement*, on the other hand, is associated with the pursuance of self-interests. As such, *self-transcendence* resembles Triandis' concept of *humane orientation*.

Based on these concepts, GLOBE used five items to measure *humane orientation*. These are 1) concern for others, 2) sensitivity towards others, 3) friendliness, 4) tolerance of mistakes, and 5) generosity. Table 9 shows implications for societies that exhibit a high degree of *humane orientation* versus societies that exhibit a low degree of *humane orientation*.

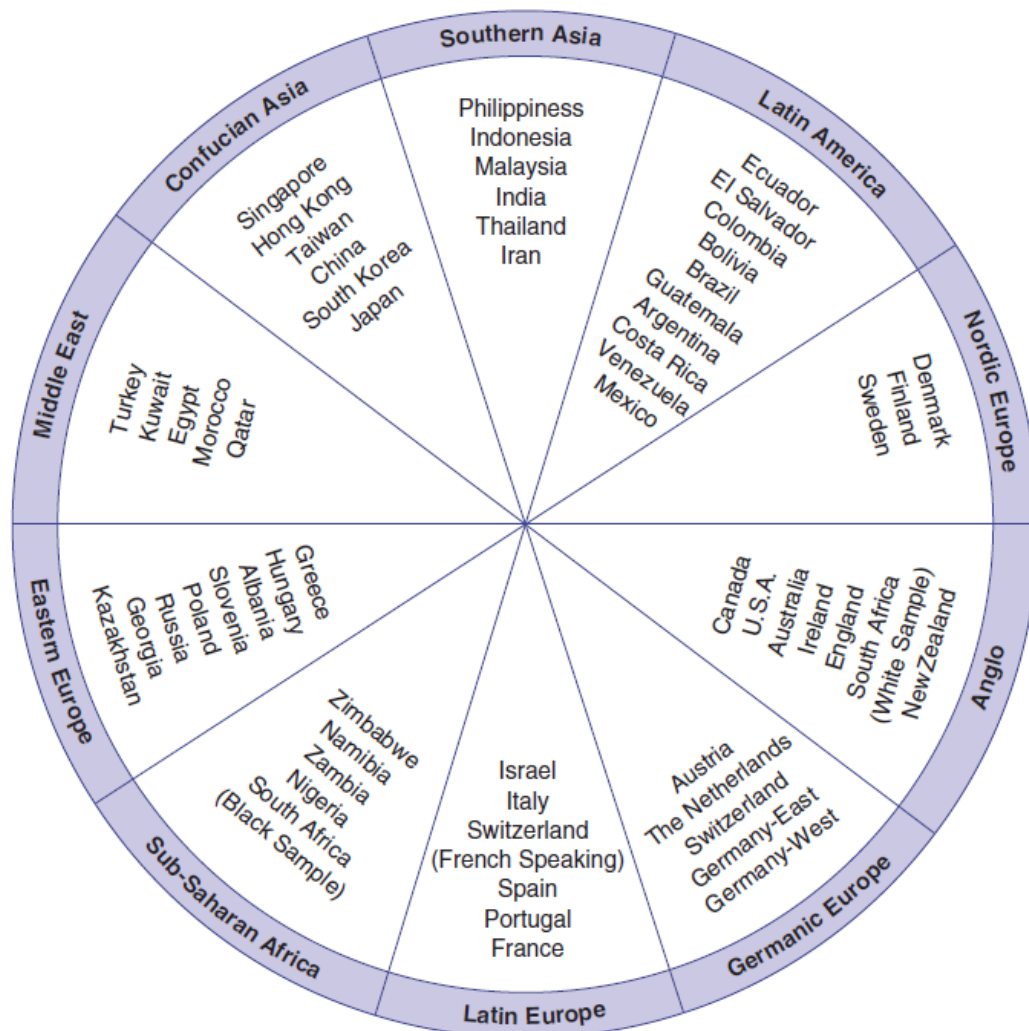
Table 9: Higher Humane Orientation Societies Versus Lower Humane Orientation Societies (Source: adapted from Kabasakal & Bodur 2004, p. 570)

High Humane Orientation Societies	Low Humane Orientation Societies
• Others are important (i.e. family, friends, community, strangers) • Fewer psychological and pathological problems • Values of altruism, benevolence, kindness, love and generosity have high priority • Need for belonging and affiliation motivate people • Personal and family relationships induce protection for the individuals • Close circle receives material, financial, and social support; concern extends to all people and nature • Members of society are responsible for promoting well-being of others: The state is not actively involved • The state supports the private sector and maintains a balance between public and private domains • Public policymakers establish sanctions against child labor practices • Members of society are urged to be sensitive to all forms of racial discrimination • People are expected to promote paternalistic norms and patronage relationships • People are urged to provide social support to each other • The children of less-developed societies can participate in the labor force to help out their families • Children should be obedient • Parents should closely control their children	• Self-interest is important • More psychological and pathological problems • Values of pleasure, comfort, self-enjoyment have high priority • Power and material possessions motivate people • Welfare state guarantees social and economic protection of individuals • Lack of support for others; predominance of self-enhancement • State provides social and economic support for individuals' well-being • The state sponsors public provisions and sectors • Public policymakers consider child labor practices as a somewhat less-important issue • Members of society are not sensitive to all forms of racial discrimination • Formal welfare institutions replace paternalistic norms and patronage relationships • People are expected to solve personal problems on their own • The children of more-developed societies are not expected to give material support to their parents in their old age • The children of more developed societies are not expected to participate in labor force to help out their families • Children should be autonomous • Family members are independent

6.2 GLOBE Cultural Clusters

Based on theoretical considerations, GLOBE defined ten cultural clusters which organize countries according to the similarity or otherness of their cultural patterns. Per definition a cultural cluster is “a group of countries that share many similarities” (Ronen & Shenkar 1985, p. 435). Countries that are subordinated under the same cluster share more characteristics with each other than with countries from other clusters (Javidan & House 2002, p. 1). These clusters were then empirically tested using discriminant analysis and the existence of all ten clusters was confirmed: Latin America, Nordic Europe, Anglo, Germanic Europe, Latin Europe, Sub-Saharan Africa, Eastern Europe, Middle East, Confucian Asia and Southern Asia (see Figure 3). Only two (Costa Rica and Guatemala, which were closer to the *Latin European* than the *Latin American* cluster) of the 62 societies⁸ could not be accurately classified (Gupta et al. 2002).

Figure 3: Cultural Clusters according to GLOBE (Source: Gupta & Hanges 2004, p. 190)



China belongs to the *Confucian Asia* cluster which is characterized by high performance orientation and high degrees of *in-group* and *institutional collectivism*. In all other dimensions Confucian cultures

⁸ Czech Republic was excluded from the analysis due to pervasive response bias.

are located in the mid-score range (Gupta & Hanges 2004, p. 193). Vietnam was not investigated in the GLOBE study but since the Vietnamese culture is rooted in Confucianism and Buddhism it may be situated in between the Confucian and Southern Asian cluster and share certain characteristics with China (Rowley & Truong 2009, p.11). However, it cannot be assumed that the business cultures in Vietnam and China are alike since their socio-political, historical and ethnical backgrounds may have shaped them differently (Vo & Hannif 2013, p. 8-9). This makes the investigation and direct comparison of the Vietnamese and the Chinese business cultures interesting and necessary.

7 Results

7.1 Uncertainty Avoidance

7.1.1 Uncertainty Avoidance in Vietnam

Literature Analysis

Regarding business (and also private) communications with Vietnamese, Smith and Pham (1996, p. 49-50) advice expatriates to use a formal language, to address the business partner with his/her formal title in written as well as spoken correspondence and to adhere to certain customary formalities such bringing gifts or toasting on the host(s) during business luncheons or dinners. These customs show a tendency of formalizing the environment through rules and social norms. Truong and Vuong (2002) investigated management styles in Vietnamese firms in northern Vietnam and found evidence that supports this assumption. Public firms exhibit high levels of bureaucracy as well as a strong focus on reporting, control and formal communication. The dominant management style in private firms is also characterized by tight control, coordination and reporting practices, although being less bureaucratic compared to public firms. These practices suggest a formalization of organization and are a sign of high uncertainty avoidance. While reporting and controlling seems to be a common way to formalize the present, formalizing the future through planning does not take a central role in Vietnamese firms. For instance, when looking at planning behavior in the context of Vietnamese management compared to Japanese management, Vietnamese are less focused on planning and also less strict with the adherence to plans. Furthermore, Vietnamese pay little attention to delivery times and preventive maintenance of machinery (Nguyen et al. 2012, p. 29). They rather repair machines when they are broken and generally solve problems when they arise.

Tan and Tambyah (2011) compared the levels of generalized trust in China, Japan, Singapore, South Korea, Taiwan and Vietnam, where generalized trust is defined as trust in people outside friendships and acquaintances. The findings show that Vietnamese are among the least trusting of the investigated peoples. Supportingly, a Vietnamese manager stated in an interview in the course of a qualitative study investigating trust and commitment that in relationships between multinational and Vietnamese firms “blanket trust rarely exists – we [Vietnamese] trust someone in a constrained context and/or for a particular purpose” (Tuang & Stringer 2008, p. 403). A possible cause for the low level of generalized trust could be the ethnic heterogeneity among Vietnamese people and a resulting lack of common identity (Delhey & Newton 2005, p. 312; Tan & Tambyah 2011, p. 364). In contrast to

their skeptic attitude towards strangers, Vietnamese are very trusting towards friends and close acquaintances. Therefore, it is essential to build good personal relationships with key persons of the firm that one plans to engage with (Tuang & Stringer 2008, p. 404; Vo & Stanton 2011, p. 3524). The best way to establish such a relationship is to provide information about one's personal background, personality and interests (Smith & Pham 1996, p. 49-50). Once Vietnamese have learned to trust their business partner, agreements are usually based on oral arrangements and handshakes and do not need to be written down in a contract (Hitchcock & Wesner 2009, p. 280). It seems like the establishment of close relationships is a way to reduce uncertainty that results from mistrust against unfamiliar people.

Concerning flexibility and openness to change, the literature implies that Vietnamese exhibit a high degree of both. Vo & Hannif (2013) investigated the reception of Anglo leadership styles among Vietnamese assuming that the local culture has an impact on the transferability of leadership concepts from other cultural contexts. According to the results, Vietnamese are very receptive to leadership styles that contrast with principles of their own business culture. Even older generations show relatively high flexibility with regard to the adaption to foreign leadership styles. Other studies investigating the impact of culture on technology transfer from Japanese firms to subsidiaries in Vietnam support these findings showing that Vietnamese adapt easily and quickly to new assignments (Nguyen & Aoyama 2013a, p. 25). Furthermore, they were found to be adventurous in the sense that they are eager to take opportunities and willing to take risks (Nguyen et al. 2012, p. 29, 37). The openness coupled with the ability to adapt to new things makes it easier for Vietnamese to deal with uncertain and unforeseen situations.

Interview Analysis

In conformance with the findings in the literature, the interview partner also emphasizes the importance of social networks for the conduct of business in Vietnam. He states that the best way to build business relationships is to be introduced to the counter party by a mutual trusted person. It is almost impossible to establish a relationship without a commendation of an intermediary. The common practice of passing along contacts among trusted acquaintances is a method to reduce uncertainty regarding an unknown person who is difficult to judge and whose behavior is difficult to estimate. The person who gives a recommendation takes over responsibility that the person he/she recommends is trustworthy. Due to the moral obligation towards the intermediary the recommended person is bound to behave reliably. This practice makes it particularly difficult to foreign firms that are not yet established in the Vietnamese market because they are usually lacking the necessary connections. Regarding the interaction in well-established networks, the interview partner reported a rather trusting and informal approach where arrangements are usually agreed upon verbally. Although the usage of written contracts is customary as well in Vietnam, they are rather understood as a sign of agreement than a stipulation of terms and conditions.

7.1.2 Uncertainty Avoidance in China

Literature Analysis

The reform and opening of the Chinese economy signified a shift from a centrally planned to a market-regulated system. The liberalization of the economy did not only cause a reform to the market but also to organizational structures and the legal framework (Tsui et al. 2004, p. 135-136). Up to date, Chinese markets are still in transition and lack a reliable institutional structure and regulatory basis (Park & Luo 2001, p. 456). Markets are fragmented so that information is difficult to attain (Millington et al. 2006, p. 506), the legal system is weak and fails to provide precisely defined business laws and property rights (Xin & Pearce 1996, p. 1642) and the future development of laws and institutions is unpredictable (Millington et al. 2006, p. 506). This situation signifies a large amount of uncertainty for private persons and firms. In the context of the turbulent environment, personal relationships (*guanxi* 关系) have come to substitute the lack of formal institutional support (Xin & Pearce 1996). Good *guanxi*, which grants access to resources of all kind, is the basic and indispensable prerequisite for private and business interactions – without it there is little chance to be successful (Park & Luo 2001, p. 455). Tsui et al. (2004, p. 136) regard *guanxi* as “the only insurance that transactions will go through”. *Guanxi* is characterized by informal practices (Ledeneva 2008, p. 119; Li 2007, p. 63; Tong & Yong 1998, p. 82) with the central function to bend rules, “especially under the most challenging conditions of high uncertainty” (Li 2007, p. 62-63). Three central elements that make *guanxi* work are personal trust (*xinyong* 信用), reciprocity (*bao* 报) (Leung et al. 2005, p. 535) and face (*lian* 脸) (Bond & Hwang, p. 247), where *xinyong* means that the word of the other party is worth more than a formal contract (Tong & Yong 1998, p. 83-84; Tsui et al. 2004, p. 136), *bao* is a “long-term social obligation” to return favors to the *guanxi* counterparty (Luo 2005; Millington et al. 2006, p. 506) and *lian* is understood as the reputation of a person in terms of his/her behavior according to moral and social expectations, which is an essential precondition for every person in order to be part of the community (Hu 1944, p. 45). When a person fails to fulfill its part of the obligated exchange (*bao*), he/she loses *lian* (Leung et al. 2005, p. 534-535; Luo 2005, p. 439). The loss of *lian* can entail serious damages to the social status of the person and his/her *guanxi* (Bond & Hwang 1993, p. 247) which makes future interactions difficult if not impossible. The strict social norms that apply within a *guanxi* relationship and the serious consequences in the form of exclusion in the case of non-adherence reduce the risk of unexpected behavior, i.e. uncertainty, (Zhang 2014) since the informal exchanges in *guanxi* are often the only way of access to important resources. In that way, *guanxi* constitutes a self-enforcing moral framework (Hu 2007, p. 212) that “influences people to act in predictable ways” (Luo 2005, p. 438) and thus fulfils the function of diminishing uncertainty. In a business context, “*guanxi* provides a mechanism through which firms can successfully seek and develop working partnerships in an environment that is characterized by uncertainty and a relatively weak legal framework” (Millington et al. 2006, p. 506).

Very interestingly, the level of generalized trust in Mainland China is one of the highest in the world (Tan & Tambyah 2011, p. 362) meaning that Chinese tend to believe that in general people can be trusted. Generalized trust implies a low urge to verify the reliability and trustworthiness of other people and thus a higher risk that expectations are disappointed. Consequently, the finding that Chinese generally tend to trust other people shows that they do not feel a strong need to avoid uncertainty in this regard. Possible reasons for this attitude might be the commonly practiced “face-saving”-

motivated compliance with social norms regardless of personal desires (Bond & Hwang 1993, p. 252; Yang 1998, p. 160). Although the informal practices and the mutual trust among friends and acquaintances which are predominant in social relationships in China are usually indicators for low uncertainty avoidance, I argue that *guanxi* is a cultural strategy to reduce uncertainty produced by the weakness of formal institutions in informal ways rather than an expression of the acceptance of uncertainty. Thus, laws are replaced through social norms, informal exchanges and mutual trust with the purpose to satisfy the high need of the people for security which the state is unable to provide.

Furthermore, Chinese managers were found to sometimes rely on astrological predictions or popular beliefs such as lucky numbers when making ordinary decisions (Khairullah & Khairullah 2013, p. 8). This tendency towards astrology or superstition can also be interpreted as a sign for uncertainty avoidance as it helps to create a decision-making basis in situations with little information.

On the other hand, there is also evidence for low levels of uncertainty avoidance. Thomas (2003 as cited by Moser et al. 2011, p. 104) states that Chinese are no strict planners but rather improvise in the situation of an imminent event. They are also known to be flexible in the execution of tasks which allows them to handle unfamiliar procedures confidently. Formal rules and principles are also rather flexible and can change depending on the person or the situation. Furthermore, in cases of conflict, Chinese do not seek to resolve the disagreement by discussing their views; they rather circumvent or delay the problem in order to save their own and the other person's *lian*. This behavior shows a low need for the uncertainty avoidance because it leaves the dispute open and does not create clarity between the fronts.

Interview Analysis

According to the experience of the interview partner, the establishment of business contacts in China is usually dependent on references from mutual acquaintances. The intermediary introduces one party to the other and takes over responsibility for the trustworthiness of both sides.

Moreover, when negotiating with a Chinese business partner, there is always an unofficial and an official part of the negotiation. In the unofficial part, all relevant issues are discussed informally. Both parties can “feel out” what the other party's concerns and threshold values are. Then, when most terms and conditions are agreed upon, an official meeting can take place where the informally discussed issues are repeated in a formal way and put down in writing. In the case that open issues remain, the negotiation can go back to the unofficial procedure and then another official procedure until a final contract is drafted and signed by the negotiating parties. While the written contract only sums up the most important terms agreed upon, verbal agreements and trust between the parties are more important. Compared to European cultures which are closely orientated towards contracts, written agreements in China are more flexible and are often not precisely adhered to. These observations indicate that Chinese tend to rely on the word of people they trust which reflects the finding from the literature that the level of personal trust in China is high. When interactions take place in the “save realm” of *guanxi*, formalization plays a subordinated role. The official and formal sphere seems superficial as rules are often imprecisely formulated and can be bent according to the needs of the situation. This points to a low desire to establish formalized rules and a high tolerance for breaking rules.

7.1.3 Comparison and Discussion of Uncertainty Avoidance in Vietnam and China

When comparing the indicators of uncertainty avoidance in Vietnam and China, many similarities can be found. A summary of the findings are presented in Table 10. Both, the Vietnamese and the Chinese culture, are characterized by a clear separation of out-group and in-group which has the aim to create a “save realm” in which uncertainty is reduced to a minimum. In-group membership can be earned by proving oneself trustworthy and loyal. The cause of the prevalent uncertainty, the strategy to reduce it and the meaning of trust in that context, however, differ in the Vietnamese and the Chinese understanding. Vietnamese generally distrust outsiders because they are strangers whose behavior cannot be estimated. The distrust can be reduced through exchanging personal information, a way to create a more assessable situation. Having personal information about somebody reduces uncertainty since it makes it easier to predict the counterparty’s behavior and to estimate its integrity, i.e. the credibility that the counterparty does not act against one’s own interests. In China, uncertainty mostly stems from institutional and regulatory deficiencies rather than unpredictable behavior of other people. In order to make up for the lack of formal institutional support people form communities that are based on mutual exchange and, in this way, provide access to valuable resources. In this context, trust needs to be understood as a concept based on “one’s credit of ability of [sic] return favors” rather than “on one’s integrity and competency” (Wang 2007, p. 82). In comparison to Vietnam, this is a more pragmatic than emotional understanding of trust. In terms of the establishment and adherence to rules and social norms, the Vietnamese culture seems to be a little less compelling compared to the Chinese. In China, a number of social norms exist in the private as well as the business context, e.g. the *bao* which obliges to reciprocate in social relationships. Harsh sanctions such as the danger of losing *lian* guarantees individuals’ adherence to this norm. No evidence was found for such a strong conformity to social norms in Vietnam. Contrarily, the high level of general distrust suggests an implicit fear that people could easily deviate from expected norms. Regarding other factors both cultures show close similarities. The lack of planning, flexibility and adaptability in action and flexibility of rules can be observed in Vietnam and China alike and indicate a rather low level of uncertainty. Altogether, it can be concluded that Vietnamese and Chinese use a similar mechanism to cope with uncertainty, i.e. in-group/out-group separation. By the creation of a “save realm” an additional reduction of uncertainty within the in-group becomes more or less dispensable. The in-group is secured through social norms which seem to be stricter in China than in Vietnam.

Table 10: Comparison of Uncertainty Avoidance in Vietnam and China

Vietnam	China
• Strict social norms • Relatively low levels of generalized trust • Information procurement • High levels of personal trust • High degree of informality within social networks • Little concern with planning the future • High degree of flexibility and openness • Indirectness in communication	• Strict social norms • High levels of generalized trust • High levels of generalized and personal trust • Little concern with planning of the future • High degree of flexibility • Rule-bending

7.2 Power Distance

7.2.1 Power Distance in Vietnam

Literature Analysis

Traditionally, Vietnamese state-owned as well as privately-owned firms are organized in top-down structures and characterized by authoritarian and paternalistic management styles and centralized decision-making (Nguyen & Robinson 2015, p. 203). In most Vietnamese firms, there is a clear separation between the management and the employee level, where both groups form circles of their own within which communication and information sharing takes place (Nguyen & Aoyama 2013a, p. 29; Nguyen et al. 2012, p. 29; Truong & Vuong 2002, p. 51). Information exchange across different hierarchical levels is rather limited. However, there is evidence suggesting that participative and performance-oriented management styles practiced by American managers are well received by younger Vietnamese (born after 1975) of the higher skilled workforce (Vo & Hannif 2013, p. 3548). The young generation strives for more autonomy and is not afraid to question superiors' opinions (Cox et al. 2014, p. 11). According to a study by Vo and Stanton (2011), Vietnamese employees who were questioned about Japanese performance evaluation practices complained that Japanese managers' top-down evaluation approach was subjective and promoting "favoritism". Instead, they wished for a more objective form of evaluation. Although favoritism in terms of subjective performance evaluations by superiors is disliked by Vietnamese employees indicating that Vietnamese appreciate equal rights for everybody regardless of the person's personal connections and societal standing, another form of favoritism prevails: Corruption is widespread in the business context in Vietnam even though a national anti-corruption initiative by the National Anti-Corruption Committee in 2006 has verifiably reduced the bribery rate between 2005 and 2007 (Rand & Tarp 2012, p. 571). As corruption usually appears in societies with income and power inequalities, this observation is an indication for high power distance. Altogether it seems like a process of emancipation of the Vietnamese lower and middle class has started and launched a change of the power structure. Today, young Vietnamese are more self-confident and "tired of bending and lowering" their heads and of "personal networks, unnamed and untransparent rules and all those things", as an employee of a Vietnamese firm put it in an interview (Vo & Stanton 2011, p. 3522-3523). A reason for this change of cultural values might be that the young generation has grown up under cultural influences from the West after the Doi Moi policy was introduced in 1986. Many people of this age-group speak English, studied abroad or gathered cross-cultural experiences at work places abroad (Vo & Hannif 2013, p. 3545).

Interview Analysis

In the experience of the interview partner, the Vietnamese society is hierarchically structured which is, for instance, reflected in the organization of social relationships and in the Vietnamese language, in which formal titles rather than the personal pronoun "you" are used to address other people. The interview partner also states that regardless of their personal opinion, Vietnamese employees usually accept superiors' decisions and instructions without questioning them. Furthermore, open communication and an exchange of opinions only takes place horizontally, i.e. among members of the same hierarchical level, but not vertically, i.e. across different hierarchical levels, so that information is

usually not shared between employees and superiors. According to the interview partner, Vietnamese employees are often afraid to express their views honestly even when being asked for their opinion because they are unfamiliar with participative decision-making. Building close personal ties with the employees can help to reduce hierarchy-related communication barriers and to make them more comfortable to share their opinions.

7.2.2 Power Distance in China

Literature Analysis

The dominant leadership style in Chinese firms is paternalistic leadership which is characterized by authority, benevolence and morality (Cheng et al. 2004, p. 90). This management style is a balance of “paternalism-control and dominance, centralized authority, aloofness and social distancing, keeping intentions ill defined, reputation building and didactic leadership” on the one hand and “fatherly concern and sensitivity to the subordinate’s view (or needs)” and “patronage” on the other (Cheng 1995 as cited by Farh & Cheng 2000, p. 91). Employees sometimes regard their supervisor as “patriarch” or even the “emperor” (Moser et al. 2011, p. 107). Compared to the American style, which is analytic, creative and humanistic, and the Japanese style, which is supportive and empathic, the decision making style in China is directive, i.e. aggressive and autocratic. Maintaining power and control is a frequent consideration in Chinese decision making (Martinsons & Davison 2007, p. 298). Furthermore, several studies suggest that Chinese employees are more likely to accept decisions from “above” than people in the West. While Germans and Americans react with low commitment to decisions which they did not participate in, Chinese were found to react less unfavorable to top-down decisions (Brockner et al. 2001). Furthermore, Chinese employees do not question their superior’s decisions in public (Khairullah & Khairullah 2013). In the case of unclarity or disagreement, they approach their superior face-to-face in a private setting but never in front of a group. However, usually only little communication takes place between employees and managers (Conte & Novello 2008, p. 1013). These findings suggest that Chinese are used to centralized decision making, highly respect authority and hierarchy and obey instructions of superiors regardless of their own personal opinion. Since persons in higher positions possess greater authority and decision making power, building and maintaining good relations with them is often the key to successful business deals. Chances of a successful outcome in business activities and negotiations are highest when the contact person holds a high position (Moser et al. 2011, p. 107). This form of nepotism that is commonly practiced is accompanied by a high level of corruption. Bribery is often described as an accepted business practice in China, in fact, many times it is the only way to come to an agreement with business partners or public authorities (Luo 2008, p. 188). In 2012, the Chinese government under Xi Jinping has launched a nationwide anti-corruption campaign targeting “big tigers” and “small flies” in the state and party apparatus (Yang 2015). However, if this political initiative will bring corruption in China to an end is too early to say.

Authoritarian leadership can not only be found in the private economy but also in politics. Khairullah and Khairullah (2013, p. 7) call the Chinese government controlling at times and note that it will “step in and out whenever necessary in the market place”. Despite structural deficiencies, regulatory uncertainty and public corruption people have high confidence in political institutions (Steinhardt

2012). This paradox might be due to the culture-bound acceptance of power differences and respect for authority (Steinar & Ishtiaq 2013, p. 472).

Interview Analysis

The narrative of the interview partner contains two indications for high power distance in China. First, while in European cultures it is not uncommon to speak interchangeably or interpose questions or remarks in a conversation with a superior, in China, it is regarded as impolite and inappropriate to interrupt the speech of the counterpart. Particularly elderlies and supervisors have to be heard out regardless of what they have to say and how long they speak. Listening to the “wisdom” of superiors is a matter of respect and underlines the hierarchical order in the Chinese society. Second, the interview partner emphasizes the significant role of corruption for the conduct of business in China. He speaks of bribery as an integral part of the Chinese business culture and doubts that business in China can take place without it. Especially managers in state-owned firms and public officials are involved in corruption. Recently, the current anti-corruption campaign run by the Chinese government takes radical steps against these common practices, which spreads uncertainty among state employees.

7.2.3 Comparison and Discussion of Power Distance in Vietnam and China

Management styles in Vietnam and China are very similar with a strong weight on authoritarian and paternalistic patterns. Communication, information flows and decision making is traditionally centralized at higher hierarchical levels. Nepotism and corruption are an integral part of the business cultures in both countries, even though anti-corruption campaigns have been launched to reduce the number of bribe incidents. This can be interpreted as a move towards more fairness and equality in the society. Despite the close similarities between the two cultures with regard to power distance, minor differences can be found. Vietnamese employees show great adaptability to participative elements in management; particularly the generation born after 1975 but also older employees like to contribute to decision-making processes. Furthermore, young Vietnamese show attempts to break out of traditional power structures. Chinese seem to be more accepting of power differentials and less emancipatory in this regard. However, market liberalization and other influences are softening the traditional values. Especially among the new generation of managers, practices of participative leadership may become more common in the early future (Chen & Aryee 2007, p. 236). An article, comparing the Vietnamese and the Chinese approaches to authority directly with each other, states that Vietnamese seem to be less obedient. They have a “sense of pride and independence” which encourages them to “speak out against authority” or even to go on strikes if they are dissatisfied with payment or working conditions (Russell 2004). This behavior is not so common in China. The analyses of cultural power distance in Vietnam and China support the conclusion that both Vietnam and China are high power distance countries. Table 11 summarizes and juxtaposes the findings from the analyses.

Table 11: Comparison of Power Distance in Vietnam and China

Vietnam	China
• Paternalistic management style, but tendency towards participative management style • Centralized communication and decision making • Respect for and loyalty and obedience to authority	• Paternalistic management style • Centralized communication and decision making • High respect for and loyalty and obedience to authority

• Nepotism • High corruption • Anti-corruption campaign launched in 2006 • Young people break out of traditional power structures	• Nepotism • Corruption as “part of the culture” • Anti-corruption campaign launched in 2012
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7.3 Collectivism I: Institutional Collectivism

7.3.1 Institutional Collectivism in Vietnam

Literature Analysis

When looking at institutional collectivism in Vietnam, we find that, in general, institutions encourage collectivism to a quite high degree. Already at school, Vietnamese learn the importance of “righteous behaviour in relationships and social harmony”. In later life stage, when Vietnamese enter into an employment relationship, the same paternalistic structures prevail (Vo & Stanton 2011, p. 3516). The idea of paternalistic leadership is that superiors use authoritarian power in a responsible way to bundle the workforce and to achieve higher collective goals. It can be seen as an exchange of obedience for the provision of care (Kamoche 2001, p. 646). Managers care for the well-being of their subordinates in the work sphere as well as the private sphere, e.g. paying visits to employees’ homes when they are sick or attending employees’ weddings or funerals (Vo & Hannif 2013, p. 3543). Older managers even sometimes refer to themselves as father figures and to their subordinates as “sons” and “daughters”. Together they form a “corporate family” and caring for the wellbeing of the employees in a paternalistic manner gives the firm “corporate face”, an extension of face to a firm level (Kamoche 2001, p. 645). Not fulfilling its social obligations would cause severe damage to the firm’s reputation. Another issue that reflects the high significance of collective interests at institutional level is the regulation of intellectual property rights. Although Vietnam signed the TRIPS agreement when joining the WTO in 2007, the protection and enforcement of intellectual property rights is still problematic (Perri & Zhu 2012, p. 99). The quasi-ineffectiveness of intellectual property rights implies that the collective benefit resulting from the usage of an individual’s intellectual property is rated higher than the protection of individual rights.

Yet, there is empirical evidence that the collectivist orientation of institutions decreases as a consequence of multinational firms bringing in Western management concepts which are predominantly based on individualist ideas and practices. Nguyen et al. (2012, p. 28) observe that modern Vietnamese managers give their employees personal space and responsibilities which is a rather new phenomenon. It is not uncommon that firms recognize and reward employees’ individual initiative and success. However, while supporting the autonomy of their employees, firms also still appreciate solidarity and community spirit. Group-work is important; however people only group for a certain purpose or certain period of time (p. 36). State-owned and private firms were found not to be much different from each other in terms of their management styles (Truong & Vuong 2002).

The institutional changes are surly at least partly the reason for the ongoing shift of the workforce’s attitude. According to a study by Cox et al. (2014), employees born before 1975 understand themselves as an integrated part of the firm. They are loyal and committed and they believe in and work

for the achievement of collective goals. Although this older group has grown up with the traditional belief that the firm is a “corporate family”, this generation is also very receptive to alternative environments and management styles that promote individuals. Younger generations show less commitment to their employers and are more materialistic, opportunistic and autonomous than the generation before them. Individual goals and personal freedom have become increasingly important, so that people change jobs more frequently and their loyalty to the employer has receded (Nguyen et al. 2012, p. 36). As a result, many employers complain about the lack of trustworthiness of their Vietnamese employees (Hung & Katsioloudes 2005, p. 80; Perri & Chu 2012, p. 104). Sometimes, rewards are the only way to motivate employees because of their lack of commitment (Nguyen & Robinson 2015, p. 205).

7.3.2 Institutional Collectivism in China

Literature Analysis

In China, management is generally characterized by paternalistic traits implying that a good, responsible firm is supposed to provide for its employees’ wellbeing (Mikhailtchenko & Lundstrom 2006). Many Chinese firms state on their websites that caring for and respecting others is one their most central corporate values. A manager’s function is to guide his subordinates almost like a father guides his children. Ideally, superiors should set a good example, maintain harmony and take a mediating role in cases of conflict (Ren & Zhu 2015, p. 879). In return, employees are expected to be loyal and committed and to subordinate their personal goals to group goals (Yao et al. 2015, p. 104). Staff fluctuation is usually very low in China because contract periods are long and firing very uncommon (Khairullah & Khairullah 2013, p. 7). The paternalist orientation is very strong in China compared to the Western management culture in the U.S. Compared to Russia, on the other hand, this form of organizational paternalism is a little bit less prevalent (Mikhailtchenko & Lundstrom 2006). Apart from caring for the employees, Chinese organizations also regard it as their responsibility to contribute to the welfare of the state (Yao et al. 2015, p. 103). Furthermore, Chinese organizations desire harmony, in internal as well as external relationships. They strive for friendly cooperation with business partners which results in win-win outcomes (Yao et al. 2015, p. 102).

As a result of the paternalistic management, work commitment is very high among Chinese (Blakely et al. 2005, p. 114). Managers are willing to work many extra hours to achieve the best outcome possible for their firm (Ren & Zhu 2015, p. 879). Chinese employees were found to be more likely than Canadians to report unethical behavior by co-workers which expresses high loyalty to the firm (Zhuang et al. 2005, p. 475). Furthermore, several sources state that Chinese are more loyal to the values, rules and goals of the firm they work for than to their own ethical beliefs (Garcia et al. 2014, p. 303). This is probably the reason why Chinese are more permissive when unethical behavior is committed for the benefit of the firm rather than out of personal self-interests (Lim 2003, p. 16). It seems like, in the Chinese culture, acting in the interest of the collective makes unethical behavior socially more acceptable and that group affiliation is a legitimate argument for the breaking of rules. However, a study by Li and Persons (2011, p. 15) shows that an even stronger commitment to the family and close friends can outweigh the strong commitment to the firm. The study investigated business students’ hypothetical reporting behavior in the case that a close friend misused the firm’s credit card for personal use and indicates that Chinese are much less likely than Americans to report a close friend.

Despite strong evidence for a predominantly collectivist corporate culture in Chinese firms, indications for increasing individualist tendencies exist. While, the wage system in the pre-reform period employees were paid according to seniority, today, most state-owned and private firms pay employees according to their performance (Du & Choi 2010, p. 672). This new form of remuneration fosters individualistic behavior and acts contrary to collaboration and group cohesion (p. 681). As a consequence, employers often find it difficult to find reliable and dependable personnel (Perri & Chu 2012, p. 104) and managers sometimes do not act in the collective interest but display opportunistic behavior. Deng et al. (2003) observed a significant number of managers who rather decided against the termination of unprofitable projects because they anticipated a personal benefit.

Interview Analysis

Several statements by the interview partner lead to the conclusion that Chinese tend to make decisions collectively. While it is not uncommon in Europe that business negotiations are attended by only one responsible person, Chinese almost never negotiate alone. Instead, Chinese firms participate in negotiations with an entire delegation or, for less important issues, with two negotiators at the minimum. Furthermore, in the experience of the interview partner, negotiations in China can be a lengthy process because Chinese negotiating parties usually do not come to a decision right away. Instead, they recess the negotiation for a few days to discuss their decision internally. It can take a few rounds until the negotiation results in a contract. To seal the deal, the contract has to be signed off with the official firm stamp. The group attendance of negotiations, the discussions during the process and the firm's official validation of the negotiating outcome signalize that Chinese firms strive to produce corporate decisions.

7.3.3 Comparison and Discussion of Institutional Collectivism in Vietnam and China

In both countries we find similar institutional characteristics that are designed to serve the common good. The paternalistic management style is wide-spread in Vietnamese and Chinese firms and helps to bind employees emotionally to the firm and its mission by offering care in an almost familial manner. Loyalty, commitment, group cohesion and harmony are values of high importance in both countries. Collective welfare is rated much higher than the enrichment of a few individuals. Thus, individual freedom and desires must be subordinated to the interest and goals of the collective. The idea behind paternalistic management is that the aligned force of the group is stronger than the one of a lone fighter.

Although this collective spirit is firmly established in the Vietnamese and Chinese minds, there are observable individualist tendencies affecting the generally collective orientation of institution. With the reformation of the Vietnamese and Chinese economies many foreign firms entered the markets and brought new forms of management with them. For instance, many firms in Vietnam and China have adopted Western payment systems which reward individual achievements as opposed to seniority. As a result, self-centered, opportunistic behavior and to the prioritization of personal goals before group goals occurs more frequently among employees and managers. In both countries, firms recently complain about a lack of committed, faithful and reliable personnel. Even though Chinese employees are still more willing to sacrifice their free time for extra hours than Vietnamese employees (Russell

2004), Chinese firms perceive the commitment problem as more severe than Vietnamese firms (Perri & Chu 2012, p. 104). The fact that Chinese firms see the situation more problematic might signify that, in general, the individualist transition in China is not as advanced as in Vietnam and the traditional collectivist values are still held on to.

Table 12: Comparison of Institutional Collectivism in Vietnam and China

Vietnam	China
• Paternalistic values in school education • Paternalistic management styles • High loyalty and commitment of employees • Collective goals are important • Weak protection of intellectual property rights New trend: • Organizations give more personal freedom to employees • Group-work for certain purposes • Organizations reward individual achievements • Lack of loyalty and commitment • Trend towards materialism and personal goals	• Paternalistic management styles • Harmony very important • Firms feel responsible to contribute to national welfare • Firms seek friendly cooperation • High loyalty and commitment of employees • Collective goals are important • Lengthy employee relationships New trend: • More performance-based payment • Opportunistic behavior of managers

7.4 Collectivism II: In-Group Collectivism

7.4.1 In-Group Collectivism in Vietnam

Literature Analysis

A study by Nguyen and Oliver (2015) investigates business texts in English written by Vietnamese writers. The results show that Vietnamese tend to present business issues from a personal rather than a firm's stance in order to relate more closely to the recipient. Furthermore, Vietnamese are inclined to use a language that aims to build close personal ties with the counter side. For instance, the texts often address business partners with kinship terms to strengthen the "in-group identity". In terms of conflict resolution the results from the literature show that Vietnamese prefer the integrating strategy, i.e. finding a solution that satisfies both parties (Onishi & Bliss 2006). This strategy allows them to achieve individual goals in a collective manner and is typical for horizontal individualism. Thus, the integrating strategy is a middle way between the avoiding strategy, which means to give up individual goals to maintain a harmonious relationship and can often be found in collectivist countries, and the competing strategy, which puts own goals before those of the other party and can often be found in highly (vertically) individualist countries. This compromise demonstrates a recurring phenomenon that results from two original Vietnamese traits which contradict each other: community spirit and autonomy (Nguyen et al. 2012, p. 28). Therefore, Vietnamese traditionally have an urge for independence despite their general tendency to organize themselves in groups. Nguyen et al. (2012, p. 28) argue that depending on the circumstances the one or the other characteristic can be more prominent and outweigh the other. What is more, the urge for independence also differs among age groups. While older Vietnamese have a stronger need for group affiliation, the young generation wants to be more independent (Cox et al. 2014). This could be an indication for changing values in the society.

The ambition to build a group feeling and cohesion among group members often leads to in-group/out-group differentiation and favoritism of members of the own group. According to an *in-group favoritism* index developed by Van de Vliert (2010) ranking 120 nations with regard to the advantageous treatment nationals give to in-group members compared to out-groups, Vietnam displays a score of 0.47 (rank 46). In relation to the country with the highest score in the sample (Chad 2.39) and the country with the lowest score (Sweden -2.32) Vietnam's score expresses a rather high degree of in-group favoritism. The *in-group favoritism* score consists of two sub-scores: *compatriotism*, which is defined as favoritism of co-nationals and *nepotism*, which is defined as the degree to which positions are assigned based on personal relations rather than qualifications. While in terms of compatriotism Vietnam lies in the world average with a score of 0.39, in terms of nepotism it ranks 32 out of 116 surveyed countries with a score of 0.56 indicating that being equipped with powerful personal contacts is very important for the conduct of business in Vietnam.

Interview Analysis

Consistent with the findings from the literature, the interview partner stated that business with other parties usually happens through well-established personal contacts in Vietnam. Thus, relationship building and relationship management are essential for the conduct of business. Also within the firm relationship building is an important factor to bind employees to the firm and to enhance their performance. Many of Fedura's employees in Vietnam have been working for the firm for a long time. Fedura has made efforts to establish committed, long-term relationships to which employees respond with high work motivation and loyalty. Furthermore, communication in the Vietnamese subsidiary is typically indirect, warm and with personal relatedness. A strong "Fedura identity" has evolved in the Vietnamese business unit which is accompanied by a sense of togetherness and moral obligation. Employees are proud to be part of the firm and are willing to contribute personal efforts to achieve higher firm goals. However the interview partner also reports that there is a new tendency that people also care more about their individual benefits. Together with the findings from the literature which suggest that younger Vietnamese show a stronger individualist behavior than older Vietnamese, this might indicate that starting with the young generation growing up in less traditional ways the Vietnamese society undergoes a process of individualization which was triggered by increasing influences from the West.

7.4.2 In-Group Collectivism in China

Literature Analysis

A central, or maybe the most central, theme in the scientific literature related to collectivism in China is *guanxi*, i.e. social relationships with the purpose of mutual support and exchange of resources (Leung et al. 2005). The uncertain political and legal environment in China induces self-organization of the society in form of pragmatic favor-exchange relationships which offer support in all aspects and reduce uncertainty. Thus, *guanxi* is not based on emotional attachment but on reciprocal benefits and social obligations for both sides (Lee et al. 2012, p. 447; Lo 2012, p. 219). *Guanxi* is established or expanded through subtle attempts of rapprochement over a long period of time (Zhu & Hildebrandt 2013, p. 409) or through trusted intermediaries such as family members, friends or members of an already existent *guanxi* network (Dunfee & Warren 2001, p. 192). When one wishes to terminate a

guanxi relationship which was established through an intermediary, e.g. because the *guanxi* partner does not fulfill his/her obligations, the intermediary has to be consulted before the dissolution. Leaving the intermediary uninformed can damage the trust and harm the relationship with him/her (Pressey & Qiu 2007, p. 113).

Good *guanxi* relationships can make business activities much easier (Park & Luo 2001, p. 455), for instance, *guanxi* partners can provide important financial resources. The significance of *guanxi* for the acquisition of capital shows itself in the dominance of informal investors, e.g. family, friends and business angles. Only one third of high-tech entrepreneurs use formal sources such as bank credits for fundraising (Zhang & Wong 2008, p. 422).

Within social groups or *guanxi* relationships Chinese have a strong urge for harmony and cohesion. In business communications polite and indirect language is used to express respect to the counterpart (Zhu & Hildebrandt 2013, p. 409). Furthermore, Chinese have a strong tendency to care for others, though this tendency is less prevalent among Chinese at younger age (Lin & Ho 2009, p. 2411). In terms of knowledge transfer, Chinese are extremely patient and motivated to support less experienced colleagues by giving advice and contributing actively to the learning process (Chen et al. 2010, p. 238-239). Despite the mutual support that Chinese provide for each other, professional relationships are usually physically distant and unemotional. Showing affection or patting each other on the shoulder is very uncommon in the workplace (Khairullah & Khairullah 2013, p. 8).

Although commitment to personal relationships is much higher in China than organizational commitment (Chen et al. 2002, p. 352; Preechanont & Lu 2013), work commitment of Chinese managers was found to be higher than that of U.S. managers, while at the same time, their internal locus of control is rather low. The reason for this might be that Chinese have a lower need for autonomy and a stronger sense of belonging to the collective (Blakely et al. 2005, p. 114). When making decisions Chinese generally prefer to discuss the matter in the group and decide collectively (Poon et al. 2005, p. 44). Even in the case of internal disagreements the group speaks with one voice when it faces another party (Movius et al. 2006, p. 410). Reward systems in China were found to be designed in a way that in-group members at the same hierarchical level usually receive equal rewards; however, persons who are not part of the group, e.g. expatriates, are often rewarded based on their performance (Gómez 2000, p. 1098). Giving preferential treatment to some employees of the in-group and not to others can cause embarrassment and a loss of *lian* for the disadvantaged even if the granted privileges are based on justifiable performance differences (Khairullah & Khairullah 2013, p. 7). Moreover, performance-based awards encourage independence, competition and aggression which can cause a disturbance of group harmony (Chen & Eldridge 2010, p. 253; Khairullah & Khairullah 2013, p. 7). Thus, Chinese leaders usually favor seniority-based promotion over performance appraisal systems (Chen & Eldridge 2010, p. 253).

While within the boundaries of a group, Chinese provide strong support for each other, they tend to discriminate against out-groups. For instance, they display more egoistic and opportunistic behavior (Chen & Li 2005, p. 632; Lee et al. 2012, p. 446), they are less likely to negotiate win-win outcomes (Fang 2006, p. 55; Lee et al. 2012, p. 446; Salgado et al. 2013, p. 94) and they are more likely to manipulate and exploit the counterparty (Fang 2006, p. 55). According to the *in-group favoritism* index developed by Van de Vliert (2010), China's total score is 0.51 which equals rank 44 out of 120 investigated countries. In relation to the country with the highest score in the sample (Chad 2.39) and

the country with the lowest score (Sweden -2.32) China's score therefore expresses a rather high degree of in-group favoritism. The *in-group favoritism* score represents the mean of three sub-scores: *compatriotism*, *nepotism* and *familism*. In terms of *compatriotism*, which is defined as favoritism of co-nationals, the study investigated 73 countries among which China ranks 40th with a score of 0.07. In terms of *nepotism*, which is defined as the degree to which positions are assigned based on personal relations rather than qualification, China is ranked 37th out of 116 investigated countries with a score of 0.45. Thus, building and maintaining strong social networks, so-called *guanxi*, is important when doing business in China. In terms of *familism*, which is defined as the level of advantageous treatment that is given to the closest familial circle, China ranks third out of 57 with a score of 1.01, which indicates that the family stand above everything else and no other relationship will be stronger than family bonds.

Beside traditional values, e.g. integrity, caring for others, responsibility and patriotism, which still hold in the modern society of China, Western values such as financial independence, self-fulfillment and divorce become more and more important. The integration of these values leads to an individualization of society; however, group-relatedness is still strong and ensures that China remains a collectivism-oriented country (Lu & Alon 2004, p. 86).

Interview Analysis

In the experience of the interview partner, a well-established *guanxi* network is key when doing business in China. He defines *guanxi* as an informal contract of commitment and mutual support, yet, not necessarily on the basis of emotional binding. Establishing a new business relationship with another party requires a reference from a person who both parties know and trust. As an intermediary this person takes responsibility for both sides' integrity and trustworthiness. Relationships with existent business partners can be deepened by giving *lian*, e.g. by giving gifts or providing generous offers. Harmony between the interacting persons is an essential precondition for a business interaction to be successful. In the case of tension or a sense of personal dislike, business deals are most likely to fail even when the factual circumstances are favorable. Thus, the overall atmosphere is more important for the success of transactions than facts. Furthermore, the relatedness and commitment to a group constitutes such a central and natural circumstance that it can be used as legitimate argument in negotiations. Emphasizing one's social obligations towards a group is sometimes more persuasive than arguments based on business logic.

Despite the generally collectivist attitude, the interview partner also observes quite opportunistic behaviors among Chinese – a phenomenon that he describes as a new societal development of the last ten to 15 years. Particularly when it comes to financial issues, Chinese sometimes look out for their own personal benefits. Thus, it can be challenging to find business partners and employees who are really loyal and committed. Some of Fedura's former Chinese business partners were not interested in long-term relationships but preferred to make short-term money. Furthermore, it is not unusual that employees leave the firm as soon as they find a better job opportunity. Although the local management in Fedura's Chinese subsidiary has tried to establish a familial atmosphere, the attempt was not embraced as much as in the subsidiary in Vietnam. The lack of commitment might be rooted in the employees' weak identification with Fedura because they perceive it as a foreign firm and not as one of their own.

7.4.3 Comparison and Discussion of In-Group Collectivism in Vietnam and China

In both, Vietnam and China, individuals are strongly orientated towards the collective and seek to build and cultivate long-lasting relationships. While in-group members enjoy favorable treatment, out-groups are often discriminated against. Although social networks play a central role in both countries, their societal significance is even more explicit in China. First, a search with the search term “*guanxi*” in ProQuest, a database for business and social sciences, results in 5,646 literature sources to that topic most of them written by Chinese authors and 4,977 of them published since the year 2000. The abundance of literature discussing *guanxi* and its functions in the society demonstrates how substantial this “networking culture” is in China. This intense form of conscious engagement could not be observed (to the same extent) in the literature concerning Vietnam. Second, the *guanxi* that a person in China maintains represents and determines his/her status (Luo 1997, p. 44). Thus, in-group conformity and the eagerness to fulfill social obligations are extremely high. A damage of *guanxi* causes the loss of *lian* which can lead to a degradation of social status and disintegration from the social fabric (Bond & Hwang 1993, p. 247). Last but not least, uncertainty originating from institutional and legal deficiencies in China causes dependences on *guanxi* networks since they provide access to important resources and opportunities. In Vietnam, this uncertainty is less prevalent, allowing Vietnamese to develop greater autonomy and independence from groups. Autonomous tendencies manifest themselves e.g. in an integrating conflict resolution style which can often be found in individualist countries. Furthermore, personal freedom is a more common motive for Vietnamese than for Chinese entrepreneurs to open a firm of their own (Perri & Chu 2012, p. 103).

Comparing the total in-group favoritism scores of Vietnam and China, no significant differences can be found, although the comparability of the score is somewhat limited as for Vietnam no familism score is available. When looking at compatriotism Vietnam’s score is unexpectedly higher than the score of China. A higher compatriotism score indicates stronger discrimination against other nationalities; yet, in the case of Fedura, the employees in the Vietnamese business unit show more openness and commitment to the foreign management than the employees in China. A possible explanation may be found in the differing degrees of emotionality that social relationships involve. While in China, *guanxi*-relationships are mostly benefit-oriented and based on the principal of give and take, in Vietnam, relationships have a stronger emotional component. The reason why Chinese have a less emotional and more pragmatic approach towards social relationships might be that for them the main purpose of *guanxi* is compensating the high level of institutional and legal uncertainty. Therefore, the ability to provide support is a more important criterion for the choice of *guanxi*-partners than personal affection. This could explain why Fedura has more difficulties to establish a familial atmosphere in the subsidiary in China than in Vietnam.

Table 13: Comparison of In-Group Collectivism in Vietnam and China

Vietnam	China
• Strong tendency towards relationship building • Emotional component in relationships • Strong community spirit • Traditional urge for autonomy • Total in-group favoritism score: 0.47 • Compatriotism score: 0.39 • Nepotism score: 0.56	• Strong tendency towards relationship building • <i>Guanxi</i>-networks based on mutual obligations • Politeness and indirectness in communication • In-group cohesion and harmony • Strong out-group discrimination • Total in-group favoritism score: 0.51 • Compatriotism score: 0.07

	• Nepotism score: 0.45 • Familism score: 1.01
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7.5 Gender Egalitarianism

7.5.1 Gender Egalitarianism in Vietnam

Literature Analysis

According to a study by Nguyen (2015, p. 150-151) the concept of *lian* in Vietnam differs according to gender. To save their *lian* men are expected to earn money and take care of the financial situation of their family. Losing the job or not being able to provide a good life for the family leads to a loss of *lian* and deteriorates a man's social standing. Women, on the other hand, are expected to support their husband, show understanding for him and contribute to the saving of his *lian* by standing by him in difficult times. Furthermore, the housework is regarded as the wife's job even when she is employed elsewhere (Nguyen et al. 2014, p. 63). Forcing the husband to do the housework or not supporting him and his decisions will lead to the loss of a woman's *lian* (Nguyen et al. 2014, p. 63; Nguyen 2015, p. 151). As a result, Vietnamese women are less likely to work in an employment (Long et al. 2000, p. 136) and tend to have a lower entrepreneurial orientation than Vietnamese men (Baughn et al. 2006, p. 70; Perri & Chu 2012, p. 93). In comparison with other Asian countries (China and the Philippines), the gender difference in entrepreneurial orientation in Vietnam is relatively high (Baughn et al. 2006, p. 70). Moreover, Vietnamese women, particularly in rural areas are often affected by traditional gender role models. As is demonstrated in study investigating the woodcarving industry, they are excluded from certain occupations (Le 2009, p. 42). Although gender inequalities in Vietnam are to a large part rooted in Confucian traditions which determine a clear hierarchy in the relationship between husband and wife (Long et al. 2000, p. 130), the gender gap is narrowing since the Doi Moi reforms have been implemented. The economic shift has triggered a change of the social structure such that the unemployment rate of women in relation to men differs less in younger age groups (Long et al. 2000, p. 136) and younger generations are more aware of existing inequalities than older generations (p. 141). Furthermore, women are increasingly accepted in "male" occupations and management positions (Le 2009, p. 42). From 1993 to 2002 the average payment difference between women and men was reduced by 50 percent (Pham & Reilly 2007). Since 2011, Vietnam pursues a gender equality strategy which aims to promote female entrepreneurs, e.g. by offering entrepreneurship education and training on how to gain access to funds and new markets and by granting micro-credits (Weeks et al. 2006). However, a qualitative analysis of the impact of governmental support policies on female entrepreneurship in rural Vietnam suggest that rural women do not have adequate access to these programs or are not properly informed about their existence (Nguyen et al. 2014, p. 63). Thus, the government's initiatives to further reduce the gender gap are not very effective in rural areas. Nevertheless, the growing participation of women in the formal economy, increasing remuneration and the society's general concern with gender issues indicates that social norms are changing towards greater gender equality.

7.5.2 Gender Egalitarianism in China

Literature Analysis

According to Chinese traditional gender roles which are based on Confucian values, the responsibilities of women lie in the domestic sphere, e.g. doing housework and administering the household budget, while men take care of external affairs, e.g. earning money and fostering social networks (Granrose 2007, p. 10). Under the communist rule, women and men were granted equal rights by law, which, however, were not always effectively enforced (Granrose 2007, p. 10; Yan 2006, p. 120). Yet, the state provided supportive care services for working women (Zhang 2013, p. 761). Ironically, China's economic reform and opening made room for a revival of open gender discrimination (Leung 2003, p. 372). Layoffs in state-owned enterprises hit a disproportionate number of women (Zhang 2013, p. 761). Because women have relatively lower education and training, they were pushed into less attractive, lower paid jobs, e.g. at the hierarchical bottom-end in private firms, into the state sector (Shu 2005, p. 1318) and into unremunerative self-employment (Zhang 2013, p. 761). Compared to the former collectivist organization of the economy, market competition now results in higher pay differentials among different industries and occupations which additionally reinforce gender segregation because employers prefer men over women for higher skilled work and managerial positions (Shu 2005, p. 1318-1319). As a result, women receive lower average pay than men in both lower and higher employment positions (Wang & Cai 2008, p. 452; Xiu 2013, p. 60; Xiu & Gunderson 2014, p. 306) as well as in self-employment (Zhang 2013, p. 761). The main reason for the pay gap is that women tend to work in firms that pay lower wages (e.g. smaller firms) and when they work in firms that pay higher wages they are paid relatively less for it than men (Xiu 2013, p. 60). By way of comparison, differences in education or job tenure among women and men attribute rather little to the pay differential (Wang & Cai 2008, p. 452; Xiu 2013, p. 60). In terms of their personal attitudes and ambitions Chinese women are similar to Chinese men. With regard to performance orientation, commitment to their family and the collective, loyalty to superiors and eagerness to build and use tactical networks there is no significant difference. Thus, it cannot be claimed that gender discrimination is based on differences in loyalty or ambition. In fact, women are even more willing to learn than men (Granrose 2007, p. 9). Yet, when it comes to making demands from superiors, deciding proactively about the career path (Yi et al. 2015, p. 76), feeling in control and desiring to have an own firm, men score higher than women (Harris & Gibson 2008, p. 148). This could be the reason why women are more likely to be employed at lower paying firms or in lower paid positions. Future prospects are ambiguous: Leung (2003, p. 371) observes a change in women's identities, status and societal role in China and claims that as market opportunities arise, women become more independent. Shu (2005, p. 1319), however expects gender segregation in the workplace to increase further due to continuing market transition and growth of the new market segments in which discrimination is most prevalent. After all, it is a fact that to date, there are no effective laws protecting women against gender discrimination in China (Yi et al. 2015, p.77).

7.5.3 Comparison and Discussion of Gender Egalitarianism in Vietnam and China

The Confucian doctrine determines a differentiation between the societal roles of men and women according to which women are supposed to lead the household and support their husband in fulfilling

his external responsibilities. Vietnam's and China's cultures are both anchored in Confucianism and thus, gender segregation is deeply rooted in their traditions. However, both countries experienced political and economic breaks which were accompanied by societal changes and changes of gender roles. In China, communism contributed to a trend of gender role equalization, at least at a formal level. The opening of the markets, however, led to a widening of the pay gap which primarily affects women and places them in a socially weaker situation. In contrast, the market economic shift in Vietnam contributes to a narrowing of the gender pay gap. An explanation for why the trends follow different directions in the two countries might be the governments' different approaches to gender issues. While in Vietnam state support exists for working women to counter gender segregation, the Chinese government has so far not made attempts to protect women against discriminatory practices. Thus, although both countries have a similar cultural basis with a traditionally strong segregation between women and men, the findings show diverging developments in the recent past with a rather conservative approach in China, on the one hand, and a shift of values towards more egalitarianism in Vietnam, on the other hand. For foreign firms operating in Vietnam understanding the ongoing dynamics can be highly practically relevant. Since emancipation of women is new, frictions between liberal and traditional minds can easily arise. In particular, elder male employees might feel threatened by self-confident young women striving for leadership positions and success. Managers need to be prepared for socially difficult situations in which men fear a loss of *lian* because their traditional gender role is challenged.

Table 14: Comparison of Gender Egalitarianism in Vietnam and China

Vietnam	China
• Traditional role of women is to support men • Women are less entrepreneurial • Women are excluded from certain occupations • Narrowing gender gap since economic opening • National gender equality strategy • Still gender segregation particularly in rural areas	• Traditional role of women is to support men • Trend towards gender equality during communist rule • Widening gender gap since economic opening • More women in lower paid jobs • No effective law against gender discrimination

7.6 Assertiveness

7.6.1 Assertiveness in Vietnam

Literature Analysis

In situations where Vietnamese interact with others they show a rather low level of assertiveness. American, Japanese and Chinese expatriate managers describe Vietnamese as very sensitive when it comes to criticism. Criticism that is perceived as unfair or harsh can hamper the relationship between manager and subordinate. To assure that critical feedback has a constructive effect, it is important to find the "right tone" which means to create a friendly atmosphere and use indirect, polite language (Vo & Stanton 2011, p. 3523-3524). Furthermore, in conflict situations Vietnamese are more likely to pursue integrating than competing and avoiding conflict resolution strategies (Onishi & Bliss 2006, p. 216). The integrating strategy is based on collaboration and finding compromises with the counterparty which allows to achieve individual goals and maintain harmony at the same time. The level of competitiveness is generally rather low among Vietnamese compared to other Asians

(Deshpandé et al. 2004, p. 17). When taking a look at evaluation systems in Vietnam, performance can be observed to constitute an increasingly important criterion for payment and promotion. While traditionally promotion is based on seniority and experience which is more easily accepted as legitimation for power (Napier 2005, p. 625), foreign firms introduced performance-based evaluation systems to which particularly younger Vietnamese (born after 1975) respond with affirmation (Vo & Hannif 2013, p. 3548). Meanwhile, modern Vietnamese firms have also adopted payment systems which remunerate employees according to their individual performance (Nguyen et al. 2012, p. 28). With regard to entrepreneurship which requires self-initiative assertion and implementation of ideas, Vietnamese were found to be in the average of Asian countries (Deshpandé et al. 2004, p. 17). In relation to Japanese managers who exhibit a rather low level of entrepreneurial orientation, Vietnamese are more willing to take risks and more eager to take opportunities (Nguyen et al. 2012, p. 37).

Interview Analysis

The interview partner describes relationships with Vietnamese as warm and harmonious. Even for foreigners it is possible to establish close emotional bonds with them. In conversations, Vietnamese are indirect, tender and respectful in order to save the counterpart's face. Particularly in interactions with older persons and persons of higher hierarchical rank, Vietnamese are patient and modest. It is considered a matter of respect to listen attentively when the counterparty is speaking and not to interrupt which is regarded as aggressive and rude.

7.6.2 Assertiveness in China

Literature Analysis

Many Chinese firms state on their websites that harmony is one of their key values. It is part of their organizational culture and is established through "friendliness, unity and cooperation between organization, employees, customers, competitors, society and nature" (Yao et al. 2015, p. 102). Managers play a major role in maintaining this harmony. It is their responsibility to avoid aggression, deescalate conflict and to save the face of all involved parties by finding an acceptable solution for everybody (Khairullah & Khairullah 2013, p. 8; Lin & Miller 2003, p. 299; Ren & Zhu 2015, p. 879). The language used in business correspondences is typically polite, indirect (Zhu & Hildebrandt 2013, p. 409) and with few emotional expressions (Pressey & Qiu 2007, p. 114). Similarly, relationships in the workplace are usually distant and characterized by little emotionality (Khairullah & Khairullah 2013, p. 8). To avoid a negative atmosphere, criticism and rejections are not expressed directly (Pressey & Qiu 2007, p. 114) which can sometimes lead to ambiguity (Gao et al. 2010, p. 270). For instance, Chinese often say "yes" when they want to avoid an unpleasant answer that might hurt someone's *lian*, because the factual component of communication is much less important than the relational component. Thus, Chinese often react with withdrawal, e.g. by letting the relationship fade away quietly, when Westerners try to nail them down with factual argumentation or formal contracts (Arnulf & Kristoffersen 2014, p. 127; Pressey & Qiu 2007, p. 114). This kind of defensiveness is also reflected in quantitative evidence showing that, compared to Americans, Chinese have a significantly lower preference for enforcing decisions strategically and legally (Lin & Miller 2003, p. 299). Gao et al. (2010, p. 269) argue that the Chinese's general cultural trait to avoid conflict reduces the ability of critical thinking – an ability which is a precondition for an entrepreneurial spirit. Consequently it is

argued that this is the reason why Chinese are less likely to found and run a firm of their own. The entrepreneurial initiative might also be hampered by a relatively weak internal locus of control, which Chinese managers exhibit compared to U.S. counterparts (Blakely et al. 2005, p. 114). Yet, comparing Chinese to other Asians, they exhibit a rather high level of entrepreneurial orientation (Deshpandé et al. 2004, p. 17). Appraisal systems in China are usually based on seniority, which indicates that performance is rewarded less than loyalty and commitment (Chen & Eldridge 2010, p. 253). Regarding competitiveness, the literature provides ambiguous results. In inter-Asian comparison, Chinese organizational cultures were found to be among the least competitive (Deshpandé et al. 2004, p. 17). However, a comparison between China and Australia suggests that Chinese show a stronger urge to compete with others and win, while e.g. Australians prefer to pursue self-interests regardless of others (Chen & Li 2005, p. 630).⁹ An explanation for the discrepancy might be that Chinese behave differently when interacting with people they trust compared to people they distrust. Together with in-group members they are more likely to look for win-win outcomes than if they negotiate with out-group members (Fang 2006, p. 55). Distrust can lead to suspicion and generate a hostile atmosphere. Accordingly, when Chinese, who usually show little emotional reactions, do not trust their negotiation partner, they are more likely than Canadians to show negative emotions (Semnani-Azad & Adair 2013, p. 82). These observations signify that Chinese show a relatively high level of assertiveness in the context of relationships with group-outsiders while showing low levels of assertiveness in the context of in-group relations. However, recently Chinese show more flexibility with directness in general and sometimes even prefer Western negotiation and management styles where “saving face” is not part of the considerations (Cardon 2009, p. 30).

Interview Analysis

The interview partner stated that Chinese are respectful and modest, particularly when they communicate with superiors or people older than themselves. For instance, it is a matter of politeness not to interrupt a person who is speaking but to be an attentive, considerate listener. Saving the face of others by treating them in a gentle manner and maintaining harmony is one of the major premises in social interactions in China. Yet, from the perspective of the interview partner, Chinese are more aggressive compared to Vietnamese in the sense that they address their wishes more directly and often seek after their own benefit. Furthermore, the interview partner describes Chinese as colder and emotionally more distant than Vietnamese.

7.6.3 Comparison and Discussion of Assertiveness in Vietnam and China

Social interactions in Vietnam and China are characterized by politeness and indirectness, primarily because of the intention to save the counterpart's *lian* and to maintain a harmonious and cooperative atmosphere. As both Vietnamese and Chinese are rather sensitive to direct criticism, supervisors need to be gentle and use indirect language when expressing critical remarks towards employees. The degree of indirectness seems to be even higher in Vietnam, as Chinese managers describe their Vietnamese counterparts as “sensitive by nature” and easily offended by heavy scrutiny and sharp reproof (Russell 2004). In China, some managers now learn to appreciate situations with foreign

⁹ Although this is not a contradiction per-se, the inconsistency becomes obvious when considering that Asians in general are usually little competitive (Cox et al. 1991, p.837).

business partners where direct communication is allowed and *lian* does not need to be considered. Studies have also shown that Chinese can be quite competitive. In particular, when they interact with people they do not trust, they tend to pursue competitive strategies. Furthermore, according to the interview partner, Chinese are emotionally colder and more distant while Vietnamese seem to value warm, emotional bonds. A possible explanation for this is that in China social relations are a rather necessary means to achieve a certain goal but they do not have the same social significance as for Vietnamese. Furthermore, considering that the interview partner is a foreigner in Asia, the observed emotional distance of Chinese might also be due to out-group discrimination which might not be as prevalent in Vietnam. The results also show that both Vietnamese and Chinese value seniority and experience more than performance which is why performance-based work evaluations tend to be perceived as problematic. However, in Vietnam some firms have adopted Western practices and reward employees according to their individual achievements. Regarding entrepreneurial orientation, a study comparing several Asian countries (Deshpandé et al. 2004, p. 17) indicates that Vietnamese lie in the Asian average, whereas Chinese are among the most entrepreneurial Asians, even though in international comparison they seem to be rather little entrepreneurial. While Vietnamese were found to exhibit very low levels of competitiveness, in China it seems to be dependent on the counterparty such that the level of competitiveness is much higher towards outgroups compared to in-group members. Altogether, the findings indicate that Chinese are a little bit more assertive than Vietnamese in terms of directness in communication, the emotional quality of social relationships and competitiveness, in particular when the counterparty is not an in-group member.

Table 15: Comparison of Assertiveness in Vietnam and China

Vietnam	China
• Sensitive to harsh criticism • Use indirect and tender language • Value harmony and cooperation • Low level of competitiveness • <i>Lian</i> (face) saving • Warm relationships (even with foreigners) • Emphasize seniority and experience • Entrepreneurial orientation in the Asian average	• Sensitive to direct criticism • Use indirect, ambiguous and polite language • Value harmony, friendliness, unity and cooperation • More competitive towards out-groups • <i>Lian</i> (face) saving, but non-consideration of <i>lian</i> in interactions with Westerners appreciated • Higher level of assertiveness in the context of out-groups • Emotionally colder and more distant relationships • Low/high entrepreneurial orientation compared to the U.S./other Asian countries

7.7 Future Orientation

7.7.1 Future Orientation in Vietnam

Literature Analysis

Taking a look at the time orientation of Vietnamese, evidence shows that they have a rather short time horizon when planning future events. Trankiem et al. (2000, p.18), for example, advise expatriates not to fix appointments with Vietnamese business partners too early in advance because long-term scheduling raises the likelihood that the appointment is cancelled by the Vietnamese side

(Trankiem et al. 2000, p. 18). In terms of problem solving, Vietnamese usually only react when the problem has already arisen instead of anticipating it and proactively taking precautions (Nguyen et al. 2012, p. 29). When it comes to strategy, Vietnamese are also rather short-term oriented, for instance, managers often do not know their firm's mission or motto (Nguyen & Aoyama 2013b, p. 36; Nguyen et al. 2012, p. 37), indicating a lack of understanding of the corporate strategic alignment. Furthermore, findings show that there is little awareness for sustainability since safety and environmental issues are often ignored for the good of economic profits. However, Vietnamese managers are also described as being flexible and adaptive which is a sign of high future orientation (Nguyen et al. 2012, p. 29).

Interview Analysis

The interview partner mentioned that Vietnamese are unlikely to resolve concrete issues in negotiations; instead contracts often include only roughly the key agreements of both parties. He argues that Vietnamese have the tendency to solve issues on a verbal basis as soon as they become relevant; however, they do not think several steps ahead and negotiate terms for all possible scenarios as Austrians would most likely do.

7.7.2 Future Orientation in China

Literature Analysis

According to a qualitative study by Moser et al. (2011, p. 106), many Germans working together with Chinese describe their colleagues as short-term oriented regarding day-to-day practices. This assessment may result from the observation that Chinese often strive to finish tasks quickly and tend to seek shortcuts in structured procedures (e.g. Moser et al. 2011, p. 106; Salgado et al. 2013, p. 94). Furthermore, Chinese contracts are often vaguely formulated without containing detailed specifications about the negotiated issue (Brett 2005, cited by Moser et al. 2011, p. 107). However, the conclusion that Chinese are short-sighted might be a misinterpretation based on a difference of the focus of future orientation between Chinese and Westerners. While Chinese's major concern is to build long-term *guanxi* relationships (Graham & Lam 2003, p. 4; Preechanont & Lu 2013) for which the process of the negotiation is more important than the negotiated outcome, Westerners are more interested in the facts of the immediate negotiation (Graham & Lam 2003, p. 4). The closure of a contract per se only plays a subordinated role for Chinese as it signals the beginning of a long business relationship but is not regarded as a final and binding agreement (Movius et al. 2006, p. 420). Instead, the trust that is built over a lengthy process and that results in a long-term commitment guarantees that the parties are able to agree on alterations even after the contract is signed (Graham & Lam 2003, p. 10; Lo 2012, p. 220). Thus, Chinese are mainly interested in personal information of the counterpart and the overall profile of the situation rather than factual information or data for analyses. A study by Martinsons and Davison (2007) shows that Chinese are less likely than Americans and Japanese to process data for the consideration of long-term what-if scenarios, instead they rather rely on intuition and relationships. In other words, Chinese might not be short-sighted; rather they are future-oriented in a different way. While Westerners or Japanese rely on the analysis of data to be prepared for the future, Chinese rely on long-term relationships.

Interview Analysis

The interview partner observed two aspects in the behavior of Fedura's Chinese business partners that indicate short-term orientation: First, in negotiations Chinese tend to be vague about the terms of contract and leave many details unresolved. He considers thinking ahead in several scenarios a weakness of Chinese. This observation might be due to the above described difference of focus in terms of future orientation. Although Chinese concentrate less on facts and data they invest in the future by building committed long-term relationships with their business partners. Second, the interview partner stated that several Chinese business partners were disloyal to Fedura because they preferred to make fast money for their own benefit and to the disadvantage of the counterparty. Although this behavior does not seem to be very future-oriented since short-term profits were generated at the cost of potential long-term relationships, Fedura's status as a foreign firm might have evoked an exploitive attitude among these business partners because they did not consider the firm as part of their *guanxi* networks.

7.7.3 Comparison and Discussion of Future orientation in Vietnam and China

Foreign observers frequently describe both Vietnamese and Chinese as short-term oriented. Vietnamese usually do not make plans very long in advance and problems are dealt with at the time they arise. Issues regarding social and ecological sustainability are often subordinated to opportunities that promise high short-term profits. Contracts are often only vaguely formulated with many specifics left open for future negotiations. Furthermore, Vietnamese managers are often not aware of their firm's strategic corporate alignment. Chinese's planning horizon also seems to be rather short as processing data and information to build strategic what-if-scenarios is not very common. Similarly as in Vietnam, contracts often contain merely vaguely formulated agreements leaving many details unresolved. This is associated with a low level of future orientation. However, Chinese are very keen on establishing long-term *guanxi* relationships which can be interpreted as a sign of future orientation because although data and information do not play a big role in making strategic plans, Chinese do have a way of insuring their future by building networks of people they trust. Due to strong out-group discrimination, reaching that relationship stage with Chinese business partners can be challenging for foreign firms, which is why Chinese sometimes show disloyalty and tend to look for short-term profits. The practice of relationship networking can also be found in Vietnam; however, in China it seems to be even more central and with a stronger strategic motivation considering the existence of an own technical term (*guanxi*) for the phenomenon and the inseparability of business activities and *guanxi* as indicated in many research titles, e.g. "*Guanxi* as the Chinese norm for personalized social capital" (Li 2007), "The roles of xinyong and *guanxi* in Chinese relationship marketing" (Leung et al. 2005) and "Guanxi and Organizational Dynamics: Organizational Networking in Chinese Firms" (Park & Luo 2001). Another issue relativizing claims that Vietnamese have a low level of future orientation is their high flexibility and adaptability to changes.

Table 16: Comparison of Future Orientation in Vietnam and China

Vietnam	China
• Short-term scheduling • Solving problems when they arise	• Want to finish tasks quickly and tend to seek shortcuts • No data processing for scenario building

• Strategic corporate alignment not clear to managers • Vague formulation of contracts • Build long-term relationships • Flexibility and adaptability • Economic profits before social and ecological sustainability	• Vague formulation of contracts • Build long-term <i>guanxi</i> relationships • Exploitation of out-groups
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7.8 Performance Orientation

7.8.1 Performance Orientation in Vietnam

Literature Analysis

For most Vietnamese the main purpose of work is to earn enough money to be able to enjoy life (Nguyen et al. 2012, p. 37). According to a study investigating technology transfer in a manufacturing subsidiary of a Japanese firm in Vietnam, Japanese managers are used to a high level of quality control and expect their employees to participate in quality control measures on a voluntary basis after regular working hours. However, Vietnamese employees are often not willing to invest much effort and personal time in their work. Instead, they value their spare time and it is more important to them to have a balanced work and personal life than it is to receive high payment and personal rewards for hard work (Nguyen & Aoyama 2013a, p. 23, 26). Thus, material incentives might not help to motivate Vietnamese employees. Appraisal and promotion systems in Vietnam are usually based on the principle of seniority according to which older and more experienced employees receive higher payments and hold higher positions (Napier 2005, p. 625), even though there is a tendency towards award systems based on individual performance (Vo & Hannif 2013, p. 3548). Furthermore, compared to Japanese who emphasize on-the-job training to promote production, Vietnamese were found to pay less attention to training (Nguyen et al. 2012, p. 37). Regarding the level of entrepreneurial orientation, Vietnamese are located in the Asian average (Deshpandé et al. 2004, p. 17). When measuring the intention to start a firm, Vietnamese score even higher than U.S. Americans (Nguyen et al. 2009, p. 33) suggesting a relatively high level of initiative and intrinsic motivation. Taking a closer look at the most common motives of Vietnamese for owning a firm it can be seen that the desire for higher income, to be one's own boss and to provide jobs for family members are of primary significance; gaining public recognition or personal satisfaction, on the other hand, are rather secondary reasons (Perri & Chu 2012, p. 103). Thus, Vietnamese seem to be more willing to invest efforts into a better quality of life for themselves and their family than into self-fulfillment or a high social status. Furthermore, Vietnamese tend to avoid high levels of competition. Not only is the Vietnamese market culture characterized by a rather low emphasis on competitive advantage and market superiority compared to other Asian countries (Deshpandé et al. 2004, p. 17) but also do firm owners subjectively perceive competition as the greatest challenge to their business endeavors (Perri & Chu 2012, p. 105). What is more, Vietnamese are sensitive to directness in communication and harsh criticism (Vo & Stanton 2011, p. 3523) because, equal to competition, it would disturb their desire for social harmony. These findings indicate that Vietnamese are highly people-orientated and value social relationships more than performance.

7.8.2 Performance Orientation in China

Literature Analysis

In terms of performance orientation there seems to be a considerable trend towards a stronger valuation of high achievement in China. Unlike older generations, young Chinese are very proactive and flexible regarding their job situation (Lu & Alon 2004, p. 86). A recent study shows that Chinese are more likely than U.S. Americans to take initiative of the advancement of their personal careers (Yi et al. 2015, p. 75). In order to be successful in their jobs, Chinese are willing to work hard and to make personal sacrifices which can often be at the cost of a work-life balance. As Chinese generally believe that the ability to achieve things is related to intellectuality and competence, high value is assigned to education and scholarship (Villatoro et al. 2014, p. 150-151). Important performance motivators for Chinese are the desire to earn a lot of money (Salgado et al. 2013, p. 94), self-fulfillment and also a strong social pressure to be successful (Ren & Zhu 2015, p. 879) because hard work, ambition and proactivity are central societal values in China (Villatoro et al. 2014, p. 150, 151). Although Chinese are very committed to their work, they have a low internal locus of control, i.e. the extent to which they feel in control of things (Blakely et al. 2005, p. 114). The characteristics describe above are indicators for a high performance orientation. However, at the same time the organizational culture in China is characterized by a very low level of competitive orientation (Deshpandé et al. 2004, p. 17) and Chinese managers tend to prefer seniority-based appraisal systems over performance-based appraisal systems (Chen & Eldridge 2010, p. 253). Furthermore, they put strong emphasis on harmonious relationships with allies, friends and the family (e.g. Leung et al. 2005; Zhu & Hildebrandt 2013, p. 409). Assertiveness would lead to the loss of face and damage these relationships (Khairullah & Khairullah 2013, p. 8; Lin & Miller 2003, p. 299; Ren & Zhu 2015, p. 879), thus Chinese tend to use an indirect and polite language (Zhu & Hildebrandt 2013, p. 409) and avoid direct criticism (Pressey & Qiu 2007, p. 114). Due to the prioritization of social relationships, performance-orientation can sometimes fall behind. However, there is an increasing preference for directness in the business context among Chinese (Cardon 2009, p. 30).

7.8.3 Comparison and Discussion of Performance Orientation in Vietnam and China

When comparing Vietnam's and China's business cultures in terms of performance orientation indicators, the following similarities and differences can be observed: The results from the literature review show that spare time is very important for Vietnamese and their willingness to make personal sacrifices for the benefit of their employer is rather low. Contrary to that, Chinese are extremely hard-working and are likely to sacrifice their personal time and freedom when their employer requires it. A report about the Vietnamese work culture from a Chinese manager's perspective supports this evidence. Although Chinese managers call Vietnamese "hard-working" and "capable of producing quality goods", they also state that Vietnamese value their spare time and are often not willing to work on weekends like most Chinese do (Russell 2004). Thus, regarding their work ethics in employer-employee relationships, Vietnamese seem to be more concerned for their work-life balance, while Chinese seem to be more committed and performance-oriented. In both countries appraisal systems are traditionally based on seniority which means that performance is not seen a primary evaluation criterion. What is more, in Vietnamese firms there is only little emphasis on on-job training which

signalizes that these firms are not oriented towards pushing the performance level of their employees. Regarding the personal motivation to achieve things, Vietnamese are quite ambitious to start a firm of their own for reasons of independence and a better quality of life for themselves and their families. Chinese are also proactive and ambitious in their professional lives and they believe that education increases the chances of success; however, they are mainly driven by materialistic goals, self-fulfillment goals and also societal pressure to be successful. Comparing the motivations of Vietnamese and Chinese, the desires to be successful and to achieve higher purposes seem to be more relevant for Chinese indicating a stronger performance orientation. In both countries there is a strong emphasis on social relationships. Because they value harmony, Vietnamese and Chinese exhibit a rather low level of competitiveness, even though towards out-groups Chinese seem to be more competitive. Communication is polite and indirect which is why criticism is hardly expressed or, when really necessary, in a very gentle way; although in China, managers recently seem to reconcile with the more direct Western communication style, which is regarded as more practical in international negotiations. The valuation of social harmony, emphasis on relationships, low level of competitiveness and indirectness point to rather low levels of performance orientation.

Altogether, the findings indicate that performance orientation is rather low in Vietnam, whereas for China some indicators suggest a trend towards entrepreneurial initiative, materialism and more directness in communication which probably signifies an increase of performance orientation most likely triggered by the market reform.

Table 17: Comparison of Performance Orientation in Vietnam and China

Vietnam	China
• Value spare time • Not willing to make personal sacrifices for employer • Little emphasis on on-job training • Seniority-based appraisal systems but trend towards more valuation of performance • Take initiative and are intrinsically motivated to start an own firm • Motivated by desire for independence and better quality of life • Value harmony and social relationships • Feel uncomfortable with competition • Sensitive to directness in communication and harsh criticism	• Hardworking and ambitious • Willing to make personal sacrifices for employer • Seniority-based appraisal systems • Proactive and flexible in job situation • Likely to make career moves • Low internal locus of control • Motivated by materialistic goals, self-fulfillment and societal pressure • Believe that schooling and education are critical for success • Value harmony and social relationships • Low level of competitive orientation in in-group situations but higher level towards out-groups • Indirect communication but trend towards more directness

7.9 Humane Orientation

7.9.1 Humane Orientation in Vietnam

Literature Analysis

Although Vietnamese have a traditional urge for autonomy, at the same time, they show a strong need for belonging. The relationship to other people plays a central role in their lives which is why the family,

friends and colleagues are highly valued and taken care of (Nguyen et al. 2012, p. 28-29). The importance that is attributed to the family as opposed to oneself is, e.g., reflected in job decisions with one of the most frequent motives for Vietnamese being to generate family income and to provide jobs to family members, while personal satisfaction is only a subordinated goal (Perri & Chu 2012, p. 103). Also outside the family, Vietnamese form communities in which group cohesion and solidarity are strong (Nguyen et al. 2012, p. 28-29). Furthermore, Vietnamese are always concerned about *lian* which is comparable to a person's dignity. In order to "save" the other person's *lian* and to maintain harmony within the group, direct criticism and open confrontations are avoided (Vo & Stanton 2011, p. 3523). Moreover, the Vietnamese business culture is characterized by a "humane approach to leadership" (Vo & Hannif 2013, p. 3543). This management style is people-centered emphasizing the importance of human resources as a factor of success (Truong & Vuong 2002). Superiors and their subordinates are often closely connected through personal, patriarchic relationships in which the superior feels responsible for the subordinate's wellbeing. For instance, it is common to visit the subordinate at home when he/she is sick or to help him/her with personal problems (Vo & Hannif 2013, p. 3543). Often the superiors are of higher age and refer to themselves as "dads" and to the employees as "sons and daughters" (Vo & Hannif 2013, p. 3543). The principle of seniority, according to which elderlies are highly respected for their experience and wisdom, whereas young are loyal and obey the elderlies in return for advice and protection (Truong & Vuong 2002; Smith & Pham 1996, p. 49; Vo & Hannif 2013, p. 3545; Vo & Stanton 2011, p. 3516) plays a major role within the Vietnamese society. Beside these clear signs of a high humane orientation, Vietnamese also have a traditional urge for autonomy and independence (Nguyen et al. 2012, p. 28-29). Therefore, they do not want to subordinate their lives to work but see work as a necessary means to enjoy life (Nguyen et al. 2012, p. 37). Overall, the findings suggest that although Vietnamese are concerned with the well-being of others, they also find a way to combine this human approach with their own personal pleasure.

Interview Analysis

Relationships with Vietnamese business partners are not merely purposive relations, in fact, the interview partner describes them as warm and honestly cordial. Opposite to Chinese business partners, Vietnamese let relationships reach a closer and more personal level. Although the interview partner thinks that in Vietnam business relationships are generally based on a give-and-take principle, he also regards Vietnamese as more likely than Chinese to act altruistically in the sense that they are willing to give something without expecting something in return.

7.9.2 Humane Orientation in China

Literature Analysis

An analysis of Chinese firms' websites show that frequently stated values of these firms are people-orientation, humanity, benevolence and appreciation of human beings in general as well as ethical behavior such as fairness and justice (Yao et al. 2015, p. 103). In written communication with business partners, Chinese managers regard respect, warmth and affection as indispensable requirements (Zhu & Hildebrandt 2013, p. 409). A strong network of friends and business partners is usually associated with trustworthiness and elevates the status of a person or firm (Villatoro et al. 2014, p. 149). In fact, interorganizational and interpersonal relationships are inseparable from each other such that

personal *guanxi* is often the basis of a good business partnership. Thus, a firm's success is related to a manager's interpersonal skills (Preechanont & Lu 2013, p. 510) and networks. For instance, Chinese managers would not hesitate to fly to Europe to say goodbye to a dying business partner who was key in the firms' partnership (Arnulf & Kristoffersen 2014, p. 127). Sometimes relationships with business partners are given higher priority than formal rules which is why Chinese are often willing to break rules and alter concepts for loyal customers (Arnulf & Kristoffersen 2014, p. 126). Chinese are also known to be very generous and willing to spend large sums of money for good social time even though they are tough negotiators when it comes to business deals (Gao et al. 2010, p. 269).

Furthermore, leadership themes in China emphasize that managers should lead their subordinates according to their own "good heart" which means that they should appreciate them, be empathetic towards them and support their ambitions and goals (Ren & Zhu 2015, p. 879). If an employee makes a mistake, the superior has to address the issue gently and indirectly in order to maintain harmony and to save the employee's *lian* (Salgado et al. 2013, p. 95). That the border between professional and private sphere is blurry is also reflected in superior-subordinate relationships as superiors often care for their subordinates like a parent would care for his/her children (Arnulf & Kristoffersen 2014, p. 126-127; Goodall et al. 2006/2007, p. 70; Mikhailitchenko & Lundstrom 2006, p. 440). This paternalistic benevolence is returned by the subordinates through the expression of gratefulness, loyalty and obedience (Richardson et al. 2014, p. 270).

These examples show how important social relationships are in the Chinese culture. However, an investigation that compares Chinese caring tendencies by age shows that older Chinese care more for others, while younger Chinese tend to be more selfish (Lin & Ho 2009, p. 2411). Thus, although Chinese generally seem to be humane oriented, this fact might indicate that humane orientation is in a state of flux with self-interests becoming more and more important to people.

Interview Analysis

The interview partner states that the willingness of Chinese firms to engage in business activities with another firm depends on the trust and confidence that the key persons involved have in each other. Chinese people value friendly and respectful interactions, which is a form of giving *lian* to another person. Chinese *guanxi* relations, which are more than just relationships limited to superficial politeness, are strong, long-lasting ties of reciprocal obligations and responsibility. Social factors are more important in China than facts and the content of a business deal. However, outside the sphere of these *guanxi* relationships, the interview partner has experienced egoistic and opportunistic behaviors of Chinese business partners, a development that he regards as rather new. He describes situations where Chinese broke contracts and took advantage of Fedura without consideration of *lian* in order to make quick money. Thus, business success in China largely depends on the quantity and quality of personal contacts. Although the interview partner considers Fedura's business relations with its Chinese partners to be good, he also describes them as more distant and less cordial compared to those with Vietnamese business partners. A possible reason could be that Chinese are more selective about whom they trust than Vietnamese and as a foreign firm it is even more difficult to be fully integrated in a *guanxi* network. To conclude, Chinese seem to have a strong humane orientation within their close networks, however, outside these networks, humane orientation tends to be rather low.

7.9.3 Comparison and Discussion of Humane Orientation in Vietnam and China

Vietnamese and Chinese have a strong need for belonging and attribute utmost importance to social relationships. Therefore, they adjust their behavior to societal norms to fulfill certain expectations. These expectations include that older people care for the younger ones and that the younger ones respect and obey the elderlies in return. In order to maintain cohesion and harmony within a social group, respect, benevolence, kindness and fairness are central societal values. The paternalistic form of relationships can be found in the private as well as in the business context. All of these behaviors are associated with high humane orientation. Although the Vietnamese and the Chinese culture are very similar in that regard, small differences can be identified. For China, there is evidence that older generations exhibit a stronger caring tendency than younger generations, which can be a consequence of the nature of patriarchal structures where older people care for the younger ones; however together with the observations from the interview partner, witnessing a new development towards more opportunistic behavior, it rather seems that a societal change is underway, leading to a decrease of humane orientation in China in general. In Vietnam, people traditionally have a stronger urge for independence and are more likely to look after the realization of their own dreams compared to people in China. This drive for self-fulfillment, however, is not contradictory to their care for others. In fact, whereas it seems that Vietnamese show the same altruistic, respectful, warm and fair behavior to all persons alike, the behavior of Chinese tends to depend on whether the other person is an in-group or out-group member. Outside of *guanxi*-relationships, Chinese are emotionally colder and more opportunistic. To conclude, it stands to reason that in Vietnam humane orientation is high and has a universal reach, while in China it is only high inside the own community.

Table 18: Comparison of Humane Orientation in Vietnam and China

Vietnam	China
• Traditional urge for autonomy but strong need for belonging • Strong relationship- and people-orientation • Warm and cordial relationships • Paternalistic leadership: care for subordinates, obedience towards superiors • Reconciliation of collective and individual interests	• Humanity, benevolence, justice and fairness as organizational values • Personal relationships as prerequisite for organizational relationships • Respectful, warm and affective towards in-group members • People come before rules and money • Paternalistic leadership: care for subordinates, obedience towards superiors • Elderlies more caring than young people • Opportunistic behavior towards out-group members

8 Conclusion

This thesis aimed at synthesizing and structuring the existent body of knowledge regarding the Vietnamese and the Chinese business cultures, comparing the two business cultures with each other in order to identify differences between them and sensitizing practitioners operating in Vietnam and China for idiosyncrasies of and differences between the two countries to make them aware of potential cultural misunderstandings. The business cultures were analyzed and compared following the nine

cultural dimensions of the GLOBE study: uncertainty avoidance, power distance, institutional collectivism, in-group collectivism, gender egalitarianism, assertiveness, future orientation, performance orientation and humane orientation. In the following, the main findings of the analysis will be summarized and discussed accounting for the countries' historical, political and socio-economic contexts, practical implications for expatriates and foreign firms operating in Vietnam and/or China will be derived and last but not least the limitations of the study and propositions for future research will be addressed.

8.1 Summary and Discussion of the Findings

Through the transition from command to socialist market economies, many institutional changes have become necessary in Vietnam and China, not all of which have been accomplished satisfyingly; particularly the legal and regulatory frameworks are still weak (Park & Luo 2001, p. 456; Zhu & Fahey 1999, p. 185). These institutional deficiencies constitute uncertainty for the people. Thus, instead of relying on formal rules and contracts, Vietnamese and Chinese have developed their own way of reducing uncertainties, i.e. by forming long-term social relationships and groups that provide access to resources and opportunities. Within these relationships strict social norms exist the breaking of which is sanctioned with severe consequences, e.g. the loss of *lian*, which determines the social standing within the society. Thus, individuals are encouraged to comply with social norms and to maintain harmony. In China, the norms and consequences are even stricter than in Vietnam, probably because the institutional uncertainty is higher and thus the urge to create a "save realm" is stronger (Zhu & Fahey 1999, p. 185). Although Westerners often believe that East Asians are short-sighted because they omit to stipulate concrete terms in contracts and forgo anticipatory planning, they just insure themselves differently for the future. Vietnamese and Chinese rather invest in social relationships than focusing on formal agreements and detailed plans which might also have its origin in the weak institutional and legal framework.

In both countries, the behavior of a person is closely related to his/her social standing. The differences in social status and the power associated with it tend to be high in both countries. Persons in high positions are expected to be humane, benevolent, just and fair. Acting assertively and hurting someone's *lian* leads to the loss of one's own *lian*. Furthermore, persons of higher social status are supposed to contribute more to the collective, while persons of lower standing are receivers (Luo 1997, p. 44). In return, those who receive, pay respect to the ones who contribute. These paternalistic structures can also be found in firms, where managers care for and advises the employees while the employees respond with loyalty, commitment and obedience. This form of relationship is rooted in Confucianism which precisely defines the roles between "ruler and subject" (Park & Chesla 2007, p. 303-305). Similarly, gender differences can also be explained through the Confucian ideal of husband-wife relationships, which intends a division of work based on the principal of mutuality. Although superiority of the husband over the wife is not within the meaning of Confucianism, the female role as housekeeper and mother and the male role as provider for the family put women in a dependent position which is not compatible with today's idea of gender equality and emancipation. In Vietnam, tendencies arise where traditional power structures between superior and employees and between men and women are called into question. Particularly younger people prefer participative management styles over the traditional hierarchical leadership. Furthermore, gender issues have become an important theme in public discourses and political initiatives have been launched to reduce

the gender gap. Considering Vietnam's long history of occupation, suppression and resistance, Vietnamese have obviously developed a strong urge for independence and now, in times of peace and autonomy, they see the chance to free themselves from power inequalities. In contrast, Chinese might see more positive aspects in a hierarchical structure; first, because it has brought them social order and prosperity in imperial times and second, because the one time that Chinese violated the Confucian principle of ruler-subject relationships in the Cultural Revolution, the society suffered a tremendous trauma (Kleinman & Kleinman 1994).

Along with the advantages of social networks as door openers to resources and opportunities, come certain obligations. In both Vietnam and China, the interests of the collective take a central role. Particularly in China, individuals subordinate their personal goals to collective goals and managers were found to exhibit a relatively low internal locus of control. Vietnamese on the other hand, often try to reconcile personal and group interests because of their stronger urge for autonomy most likely stemming from Vietnam's long history of occupation, suppression and resistance (Nguyen et al. 2012, p. 28; Park 2004, p. 83). Interestingly though, Chinese are more hard-working and more motivated to achieve high performance than Vietnamese. Often, the motivation for Chinese is to attain social recognition to improve their standing in the society. Vietnamese, however, seem to be less concerned about their societal standing than about their independence and quality of life. Referring to Triandis and Gelfand's typology of individualism/collectivism, Vietnamese thus show signs of *horizontal individualism* (striving for personal goals without competing with others) combined with *horizontal collectivism* (striving for collective goals driven by interdependence and sociability). Chinese on the other hand, seem to be characterized by a hybrid form of horizontal and vertical (striving for collective goals motivated by group integrity and subordination to authorities) collectivism. Considering China's past of authoritarian leadership during imperialist and communist times, it stands to reason that the vertical type has traditional roots, while horizontal collectivism is probably rather a new development emerging from the need to compensate institutional deficiencies. Overall, it seems like Vietnamese are more tolerant of individualist behaviors, forming collectives only for certain purposes, while Chinese feel a stronger urge of belonging and function as a consistent unit with each individuals' responsibility to contribute to a higher collective aim.

Outside of the "save realm" of the established social networks, Vietnamese and Chinese tend to show different behaviors than inside. Interestingly, although the in-group favoritism index by Van de Vliert (2010) suggests that Vietnamese discriminate stronger against out-groups (particularly non-nationals) compared to Chinese, other findings from the literature and the findings from the case study indicate the opposite. Altogether, the literature supports the notion that Chinese are more aggressive, more competitive and more opportunistic towards out-groups. In line with this, the interview partner stated that Vietnamese are opener, warmer and less distant towards the Austrian management than Chinese and that Chinese were more likely to act in their own interest and at the cost of Fedura. In the light of the contradictory findings, further investigations are necessary to better understand the phenomenon of out-group discrimination in Vietnam and China.

Altogether, the findings imply that both the Vietnamese and the Chinese business culture are in a process of change which can be attributed to the economic transitions (accompanied by a change of the social structures and by an increasing influence of Western values and practices) happening in both countries. In comparing Vietnam and China, it can be concluded that Chinese are still more traditional, while Vietnamese feel more confident to adopt Western elements. The Vietnamese

relative openness to Western approaches seems natural considering that its socialist history, particularly that of South Vietnam, is considerably shorter than in China. When we understand culture as the metaphor of a multi-layered onion with easily changeable behaviors on the outside and persistent values on the inside (Hofstede 2010), we can expect even more profound changes to follow.

8.2 Practical Implications

The findings have several practical implications for expatriates and foreign firms operating in Vietnam and/or China. First and foremost, in both countries, building and maintaining social networks is of utmost importance for the conduct of business as access to resources and opportunities can almost exclusively be achieved through them. Expatriates should be prepared that social norms are more important than formal rules and contracts. Thus, they are well advised to pay close attention to the domestic social norms because the adherence to these norms decides over the membership or non-membership of a group. Without personal relationships, the chances of being successful are very low as Vietnamese and Chinese tend to behave opportunistic and disloyal towards non-group members. In superior-subordinate relationships, managers should be aware that loyalty and commitment of Vietnamese and Chinese employees is not a one-sided thing but is linked to certain obligations for the superior. These include caring for the personal wellbeing of the employees and setting a positive example. Emphasizing the collective and establishing a feeling of togetherness might help to increase the employees' commitment, whereas Vietnamese might wish a little bit more individual freedom to reach their optimal performance level. Managers are also responsible to create a harmonious atmosphere in the offices which can be achieved through gentleness and indirectness. Criticism should never be expressed directly or in front of a group as this might lead to a loss of *lian* (face) of the criticized person. Vice versa, Vietnamese and Chinese are unlikely to express their personal opinions openly to superiors. Thus, letting employees participate in discussions or asking them directly what they think might not bring honest answers. However, Vietnamese become more and more open to participative leadership and begin to value being integrated in decision-making processes. Last but not least, expatriate managers should be aware that the Vietnamese and the Chinese societies are in a state of flux which can cause frictions between tradition and the newly emerging values. For instance, as emancipation of women is a new phenomenon, frictions between liberal and traditional minds can easily arise. In particular, elder male employees might feel threatened by self-confident young women striving for leadership positions and success. Managers need to be prepared for socially difficult situations in which men fear the loss of *lian* because their traditional gender role is challenged.

8.3 Limitations and Future Research

This thesis is not without limitation. First, this analysis is based on the assumption that national cultures exist. However, one could argue that culture is more likely to be bound to ethnicities or other categories than to politically created, national borders (Fletcher & Fang 2006). In fact, there are a number of subcultures within a nation. For example, the historical separation of North and South Vietnam into two countries with different political systems and different influences from the Soviet Union, respectively the United States, might have contributed to the development of distinctive subcultures in such a way that North Vietnamese show different cultural behaviors and have different cultural values than South Vietnamese (Ralston et al. 1999, p. 3-4). The same holds true for China and

its manifold ethnical subcultures of Han, Zhuang, Uyghur, Hui, etc., which all differ in terms of behaviors, customs, religions, etc. Consequently, a general description of *the* Vietnamese or *the* Chinese business cultures is problematic. Thus, the findings of this study have to be understood as strongly generalized characterizations of the Vietnamese and Chinese business culture which are likely to be encountered when doing business in these countries. However, it would be wrong to assume that all Vietnamese/Chinese exhibit these stereotypical cultural traits.

A similar problem is subcultures of different age groups which are particularly prevalent as Vietnam and China are both in a stage of economic development. A number of factors such as the transition from a socialist to a (at least partly) capitalist system, the inflow of foreign capital, the settlement of joint ventures, facilitated access to education in international business schools and possibilities to gather experiences abroad initiated a shift of cultural values and behaviors. Therefore, younger managers who grew up in these new circumstances often have a different approach to management and different expectations than older ones (Conte & Novello 2008, p. 1012). The findings of this study show that such a generational divide exists in several of the nine cultural dimensions that were analyzed, which makes a generalization of cultural traits at a national level difficult. Thus, in cases where generational differences were identified, the differences were discussed and the possibility of a cultural shift was pointed out.

Furthermore, the empirical part of the thesis consists of a single case study which limits the validity of its results to a certain level. As case-specific circumstances and individual biases can affect the outcome of cross-cultural interactions, one and the same cultural stimulus might trigger different reactions from different persons or institutions in different contexts. Theoretical generalizations of the findings of a single-case study can thus not be derived. Nevertheless, when taking the specific context of the case into account the findings can help firms, which operate in similar contexts as the investigated firm, to prepare themselves for unexpected situations or to find possible solution to cross-cultural problems. Therefore, the case of Fedura does not only supplement the literature review by validating existent findings but also provides valuable suggestions for other firms in similar situations.

Last but not least, the analysis conducted in this thesis is based on a comprehensive and systematic literature review which allows for the generation of sophisticated results. However, as culture is a very complex phenomenon, no study can ever display a culture in its entirety. There are certainly many aspects of the Vietnamese and the Chinese business culture that have not yet been investigated and that are therefore not part of the existing body of literature. This comparative study of the Vietnamese and the Chinese business cultures, thus, is subject to limitations: While an aspect might be intensively research in the context of the Chinese business culture (e.g. *guanxi*-relationships), there might be little or no information about this aspect in the context of the Vietnamese business culture, or vice versa. This however does not mean that the phenomenon does not exist in Vietnam - it just might not be as obvious or as intensively investigate. The fragmentation of the body of knowledge complicates juxtaposition. Picking out single aspects of one culture and putting them in direct comparison to the other culture, might lead to incorrect conclusions due to information imperfection. To mitigate this limitation, the analysis of the business cultures focused on comparing the overall picture of the findings and not on single details that lack comparability.

The analysis of the intercultural literature reveals that both the Vietnamese and the Chinese business culture is undergoing major changes. Thus, the coming together of tradition and modernity can cause inconsistent values and behaviors within the society. As a consequence, research outcomes can strongly depend on the sampling strategy and on the items used in questionnaires (e.g. are respondents asked for their values or their actual behaviors). As a variety of different methods are applied in intercultural research, findings are thus often difficult to evaluate and compare in the context of the societal dynamism. Replication studies and longitudinal studies could help to further the understanding of the processes of cultural change and of why some findings in the literature provide contradictory results as, for instance, is the case with out-group discrimination in Vietnam.

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Appendix A: Interview

Interview Date: 05 Dec 2014

Transcript (GK – interview partner, EF – interviewer)

GK: Ja.

EF: Darf ich nochmals kurz unterbrechen, weil es gibt Probleme mit der Aufnahme. Aber jetzt sollte es funktionieren. Gut. Also die Geschäftsbeziehungen werden immer sehr informell angebahnt. Sie haben ja auch geschrieben dass das staatliche Unternehmen betrifft. Ist das richtig?

GK: Ja die Kontakthanbahnung ist halt immer – beruht halt immer auf Beziehungen. Man wird vorgestellt und dann läuft das praktisch bei Abendessen und sonstigen informellen Gesprächen werden die Geschäftsanbahnungen gemacht und dann kommt man halt zum formellen Teil. Und das geht dann hin bis zur Unterzeichnung eines Vertrages – eines Distributionsvertrages z. B.

EF: Und wie läuft der formelle Teil ab?

GK: Der formelle Teil ist dann halt das man einen Vertrag aufbereitet und das man den austauscht und wenn beide Parteien mit diesem Vertragswerk einverstanden sind, das man das unterzeichnet und das ist natürlich dann der formelle Teil. Unterzeichnet und stempelt - in China wird ja wirklich jedes Dokument gestempelt ohne Stempel hat ein Dokument keinen Wert keinen rechtlichen Wert.

EF: Von wem wird das Dokument gestempelt?

GK: Na vom Unternehmen. Zum Beispiel Käufer und Verkäufer müssen beide ein Dokument unterzeichnen und mit dem Firmenstempel stempeln.

EF: Mhm. Und wer sind die Akteure die in diesen Verhandlungen teilnehmen. Also welche Personen werden von den Chinesischen Unternehmen geschickt?

GK: Auf unserer Seite, was Verkaufsseitig passiert erfolgen natürlich die Kontaktaufnahmen und Kontaktbetreuung zu den Kunden, Distributoren über das Verkaufsteam. Jeder Verkäufer oder jeder Verkaufsmanager bis hin zum Verkaufsdirektor haben die Verantwortung hier diese Kontakte anzubahnen bzw. diese zu pflegen. Das ist deren Aufgabe deswegen hat dieses Unternehmen zum Beispiel 20 Verkäufer die im ganzen Land verstreut sind und meistens für eine Provinz verantwortlich sind und die diese Kontakte auch pflegen.

EF: Haben sie selbst auch Erfahrung...

GK: [nicht verständlich]?

EF: Bitte?

- GK: Bitte?
- EF: Haben sie persönlich auch Erfahrung mit Geschäftsverhandlungen?
- GK: Natürlich wenn zum Beispiel dann eine Beziehung soweit gereift ist das dann auch zB. das Management vorgestellt wird, dann trifft man natürlich solche – treffe auch ich solche Kontakte und das ist dann meistens bei Abendessen und so und man wird bewirtet. Und am nächsten Tag wird ein Dokument unterzeichnet. Also das ist dann der Schlusstrich einer Vertragsunterzeichnung.
- EF: Wo finden solche Verhandlungen in der Regel statt?
- GK: Verhandlungen können natürlich/finden meistens in den Büros oder in Niederlassungen der Kunden statt. Also es ist eher so, dass wir zu den Kunden fahren und nicht die Kunden ins Büro vom Fedura kommen. Das ist wahrscheinlich die Höflichkeit das man die Kunden besucht. Und es ist auch immer gut um zu sehen wie und wo sie arbeiten wie Büros aussehen. Wir bekommen einen sehr guten Eindruck wie groß ein Unternehmen ist. Die meisten Distributoren zum Beispiel sind relativ kleine Unternehmen, mit einem Chef, einem Eigentümer und vielleicht 2- 3 bis 10 Verkäufer also relativ klein und das gibt immer einen sehr guten Eindruck mit wem man es zu tun hat wenn man persönlich hinfährt und sich umsieht.
- EF: Ok in Bezug auf die Geschäftsbeziehung auf den Kontakt, die Kontaktintensität, die Kontaktdauer was können sie mir dazu erzählen?
- GK: Kontakt? Nochmal Kontaktpflege oder?
- EF: Ja. Gibt es da Geschäftspartner die längerfristig mit ihnen in Kontakt sind oder sind das andere?
- GK: Distributoren zum Beispiel, und das ist natürlich die Intention von Fedura, sollen nicht nur kurze Zeit sondern über längere Perioden über einige Jahre mit Fedura zusammenarbeiten. Ein Distributer ein Händler oder ja der muss ja auch selbst in seinen Markt investieren das heißt er ist auch selbst interessiert eine längerfristige Zusammenarbeit mit Fedura zu haben er muss ja auch zum Beispiel sein eigenes Personal schulen um die Produkte zu verstehen um die Produkte auch verkaufen zu können. Das heißt unser Verkäufer unser Unternehmen investiert auch in die das Trading eines Kunden damit die relativ anspruchsvollen Produktkonzepte und Produktfunktionalitäten auch geschult werden können. Das heißt beide Seiten sind an einer längerfristigen Zusammenarbeit interessiert. Und es gibt durchaus Distributoren in China die seit 5-6 bis 8 Jahre bereits mit Fedura zusammenarbeiten. Es gibt natürlich dann auch verschiedene Aktivitäten – Marketingaktivitäten von Fedura China und solche Distributoren und Kunden natürlich auch Endkunden an Fedura zu binden bzw. interessiert zu halten. Es gibt zum Beispiel lokale Seminare es gibt Marketingaktivitäten wo diese Personen eingeladen werden. Es gibt zum Beispiel das Asien Nutrition Forum wo Internationale Experten von Fedura nach China eingeladen werden um hier Konferenzen abzuhalten. Das sind alles Aktivitäten um Händler bzw. Endkunden zu informieren bzw. an Fedura zu binden.
- EF: Es geht in meiner Arbeit hauptsächlich um kulturelle Aspekte von China und Vietnam also können sie in der Kultur Chinas feststellen oder welche Einflüsse hat die auf die Erwartungen die chinesische Geschäftspartner an Fedura haben?

- GK: Also ihre Arbeit ist eher eine interkulturelle also hat eher einen interkulturellen Hintergrund ok? Waren sie schon in China?
- EF: Ja ich habe mein Auslandssemester in Peking gemacht, das war 2012 und 2004 war ich in Schanghai für ein Praktikum für drei Monate. Aber ich kenne nur die Großstädte von China.
- GK: Was das betrifft so gibt es drei Faktoren die nötig sind um hier in Asien bzw. in China überhaupt Tätig bzw. Erfolgreich sein zu können. Das ist einmal das Wörtchen Beziehung. Die Beziehung eine persönliche Beziehung zwischen mir oder einem Verkäufer oder einem Manager zum Pendant also persönliche Beziehung. Das zweite ist Qualität, jeder erwartet sich natürlich gute Qualität. Aber natürlich zu geringen Kosten oder zu einem günstigen Preis. Also Qualität und Preis allein zum Beispiel reichen nicht aus um etwas erfolgreich zu verkaufen in China. Er kann noch ein so gutes Produkt haben zu mehr oder weniger guten Preisen wenn die persönliche Beziehung nicht stimmt oder nicht existent ist, nicht vorhanden ist dann kann man Produkte nur sehr schwer verkaufen. Also ohne persönliche Beziehung läuft hier nichts. Sollte man zum Beispiel jetzt Beziehungen haben und eine schlechtere Qualität haben dann kann man nach wie vor verkaufen weil das Vertrauen zwischen den anderen Personen da ist oder es ist auch so wenn die persönliche Beziehung vorhanden ist und das Produkt nicht so gut ist und der Preis höher ist als erwartet dann kann man nach wie vor kaufen weil das Vertrauensverhältnis besteht. Also ich aus meiner Sicht würde sagen das diese drei Faktoren die Voraussetzung sind wobei diese *guanxi* diese Beziehung diese persönliche Beziehung einer der wichtigsten Faktoren ist um überhaupt ins Geschäft zu kommen.
- EF: Warum glauben sie ist das so? Welche Motive oder Hintergründe stecken da dahinter?
- GK: Weil anonym oder eine relative kühle Beziehung wie man es sich vielleicht in unseren Breiten, in Amerika oder in Europa vorstellen würde nicht funktioniert also vielleicht nicht so zum Erfolg führt deswegen auch Netzwerken. Jeder Chinese hat ein unvorstellbar großes Netzwerk und in diesem Netzwerk ist man eingebettet. Und ohne dem Netzwerk funktioniert nichts deswegen ist Netzwerkbildung und Netzwerkbetreuung und arbeiten an seinem Netzwerk sehr sehr wichtig für Chinesen aber natürlich für ein Unternehmen. Und das geht dieses Netzwerk diese persönlichen Beziehungen sind natürlich auch dann wichtig wenn es zu Behörden kommt oder zu Behördenwegen. Wir haben derzeit die größten Probleme in Wuxi was das Investitionsprojekt betrifft weil wir diese persönlichen Beziehungen oder das persönliche Netzwerk nicht haben in dieser neuen Stadt und deswegen ist es sehr schwer Dinge einzureichen bzw. verschiedenste Genehmigungen einzuholen usw. weil man eben anonym ist man keine persönliche Beziehung zu diesen Menschen zu diesen Personen zu diesen Bürokraten. Deswegen ist die persönliche Beziehung ein ganz wichtiger Faktor in diesen Breiten.
- EF: Wie kann man diese Beziehungen am besten aufbauen? Wie kann man so ein Netzwerk etablieren?
- GK: In dem man referenziert bzw. vorgestellt wird. Man kann nicht einfach zu jemandem gehen zu einem fremden und sagen man möchte jetzt eine Beziehung mit dir aufbauen oder den einladen zum Abendessen und mit dem vielleicht den Abend verbringen. Man muss weitergereicht werden man muss vorgestellt werden. Muss von einem Freund zum nächsten Freund

weitergegeben werden. Wenn das Vertrauensverhältnis zu meinem Freund besteht dann kann mein Freund die Hand ins Feuer legen dass er mich einer weiteren Person vorstellen und anvertrauen kann. Deswegen nimmt derjenige der vermittelt auch die Verantwortung über diese Freundschaft. Er würde nur jemanden Vorstellen dem er selbst vertraut.

EF: Mhm.

GK: Das ist genauso in Vietnam, das läuft nur über Beziehungen und man kann nur vorwärtskommen in dem man vorgestellt wird in dem man weitergereicht wird in dem die Beziehungen von A nach B zu dem und über wenn über C weitergereicht werden.

EF: Ich würde gern noch zu den Geschäftsverhandlungen ein paar Fragen stellen nämlich wie kann ich mir das vorstellen das die im spezifische ablaufen? Wie verläuft so eine Verhandlungssituation? Vielleicht haben sie ein eingehendes Beispiel?

GK: Ich habe zum Beispiel ein.... Im Rahmen des Investitionsprojektes hatte ich viele Verhandlungen oder ich mit Behörden und da ist es so das durchwegs vor einer offiziellen Verhandlung mal informell inoffiziell der Kontakt angebahnt wird dann das Anliegen informell mal klar gelegt wird. Worum es geht und wem man treffen möchte, dann sucht offiziell um einen Termin an dann wartet man ob die überhaupt bereit sind mich oder uns für dieses Anliegen zu treffen oder dieses Problem oder diese Fragestellung zu besprechen und dann kommt es zum offiziellen Gespräch oder Meeting. Während des Meetings dann ist es so das man hier Schauspielen muss das heißt man tut so als ob es den Anfang davor gar nicht gegeben hätte. Sondern man beginnt ganz förmlich und so also man erneuert man präsentiert dann das Anliegen, die Fragen usw. und sitzt eben, wie sie wahrscheinlich wissen, auf der einen Seite die Behörde der andere Kontakt und wir oder ich auf der anderen Seite des Tisches. Es gibt meistens einen Sekretär der mitschreibt also eine Chinesin würde zum Beispiel nie also ein Office oder ein Bürokrat würde nie allein ein Meeting teilnehmen sondern immer zu zweit oder zu dritt. Das hat damit zu tun um sich abzusichern. Ein Chinesin muss sich absichern was er sagt und was er und womit er einverstanden ist oder was er zu Protokoll gibt. Das ist ganz wichtig dass sie sich absichern auch ihrer Behörde oder ihrer Seite gegenüber und dann gibt es meistens keine sofortige Entscheidung sondern man zieht sich dann zurück und vertagt oder man trifft sich dann nach einer bestimmten Zeit wieder um dieses Problem zu behandeln. Oft gibt es das so das ein Problem oder eine Entscheidung nicht sofort gefällt wird sondern sich die Behörden zurückziehen um sich abzustimmen und auszurichten und oft kommt es dann zu einem zweiten oder einem weiteren Meeting oder es gibt einen schriftlichen Verkehr wo dann ein offizielles Dokument ausgefertigt wird unterschrieben und gestempelt. Das ist eine Art Ritual, ein Ritual das man hier mitspielen muss und nach einem Meeting nach einem offiziellen Meeting kann es natürlich auch wieder informell weitergehen. Ja es kann nach einem Meeting auch ein gemeinsames Mittagessen geben oder Abendessen wo dann natürlich wieder lockerer gesprochen wird wo der Ton auch ganz anders ist, wo die Sprache auch ganz anders ist. Wo unter Umständen dann auch gescherzt wird oder wo man auch andere Dinge besprechen kann. Also es gibt immer das informelle und das formelle, das offizielle und das inoffizielle bei solchen ja Gesprächen bei Problemlösungen.

EF: Mhm. Ist das in Vietnam auch so oder gibt es da Unterschiede? Also wie würde so eine Verhandlung in Vietnam ablaufen?

- GK: Ähnlich. Ähnlich. Also was ich zuerst gesagt habe was die persönlichen Beziehungen betrifft das Netzwerk und so weiter das trifft alles auch auf Vietnam zu. Weil die Kultur in Vietnam und China sehr sehr ähnlich sind. Sehr ähnlich. Vietnam ist ja vom Kulturfach wie in China. China war ja - hatte ja viele Jahrhunderte Vietnam okkupiert im Laufe der Geschichte, das sieht man auch in der Sprache. 60 % des vietnamesischen Wortschatzes ist chinesisch oder hat chinesische Wurzeln sagen wir so auch die Rituale, auch die Festlichkeiten - das chinesische Neue Jahr - alles das wird auch in Vietnam 1 zu 1 zelebriert und gelebt. Deswegen sind beide Kulturen, obwohl die Vietnamesen das natürlich nicht hören wollen, aber trotzdem von außen betrachtet sind die Kulturen sehr sehr ähnlich.
- EF: Und sind Unterschiede wahrnehmbar zu Geschäftskontakten zu Privatunternehmen und zu staatlichen Unternehmen?
- GK: Ob es Unterschiede gibt?
- EF: Ja.
- GK: Ja private Unternehmen aus meiner Sicht sind oft viel kleiner, wenn ich jetzt denke an Distributoren oder Endkunden die sind viel kleiner und flexibler, da gibt es einen Boss, einen Eigentümer und man kann relativ schnell zu einem Ergebnis kommen, während staatliche Unternehmen und halbstaatliche Unternehmen oder Konglomerate entsprechend inflexibel sind, interne Strukturen haben und so oft verschiedene Interessen auch gibt zwischen Einkäufern zwischen Eigentümer zwischen Management zwischen verschiedenen Akteuren und das macht große Unternehmen, große Partner sehr komplex und sehr langwierig weil man mit verschiedenen Spielern spielen muss bzw. ihre Interessen auch abdecken muss. Also von der Struktur her sind private Unternehmen viel einfacher und flexibler zu handhaben als größere staatliche Unternehmen.
- EF: Und wer trifft...
- GK: Und noch ein Aspekt über den man vielleicht nicht so offen sprechen sollte oder will ist natürlich die – wie sagt man auf Deutsch – „bribery“?
- EF: Bestechung, Korruption?
- GK: Ähm, Korruption ja also das ist auch sehr schwer zu fassen im Prinzip aber ein Einkäufer eines großen Unternehmens handelt nur für das Unternehmen und kauft nicht für jetzt Rohmaterial oder unser Produkt für sich und sein Unternehmen ein sondern will natürlich auch selbst profitieren und daran verdienen. Und das ist sehr komplex in China diese Kultur der Korruption und diese Unkultur der Korruption ist sehr vielfältig und sehr vielschichtig und teilweise auch sehr schwer zu verstehen. Sehr sehr schwer auch zu handhaben, deshalb benutzen wir auch Distributoren um dieses schmutzige Geschäft diese schmutzigen Angelegenheiten für uns Fedura aufzudecken. Und das betrifft vor allem größere Unternehmen staatliche – halbstaatliche Unternehmen oder auch große private Unternehmen wo eben dann wieder diese Positionen gibt wie Einkäufer oder Qualitätskontrolle, also separate Positionen und die wollen natürlich auch wieder ihren Teil davon abgekommen. Das macht das ist der große Unterschied würde ich sagen zwischen privaten kleineren Unternehmen und größeren vor allem staatlichen/halbstaatlichen Unternehmen.

- EF: Und wer trifft in den privaten Unternehmen letztendlich die Entscheidungen?
- GK: Bei privaten Unternehmen ist das einfach da gibt es einen Eigentümer zB. einer Schweinefarm/Endkunde eine Schweinefarm mit 500.000 Schweinen da trifft der Eigentümer die Entscheidung um das Produkt zu kaufen, da braucht man auch nicht bestechen das ist seine eigene Farm und geht relativ einfach.
- EF: Und in den staatlichen Unternehmen wer trifft da die Entscheidungen?
- GK: Wie gesagt das ist sehr vielfältig, bei staatlichen Unternehmen oder bei großen halbstaatlichen Unternehmen ist das so also vor allem Unternehmen die viele Zweigstellen haben oder viele Futtermühlen haben oder viele Farmen unter sich haben, da gibt es einen Farmmanager oder einen Direktor einer Futtermittelmühle und die haben z.B. eine Einkaufsliste vorgegeben vom Unternehmen von welchen Suppliern sie einkaufen dürfen und das ist zum Beispiel in unserem Fall Mycotoxin deaktivierende Produkte zum Vieh..... z.B. haben die meistens immer eine Dreierliste, also die haben drei Produkte zur Auswahl die die einzelnen Futtermühlen einkaufen dürfen, das wird vom Mutterunternehmen vorgegeben. Das heißt die einzelnen lokalen Einkäufer oder Direktoren haben die Auswahl und da ist natürlich dann unsere Aufgabe diese Person so zu beeinflussen bzw. zu überzeugen mit verschiedensten Argumenten – Qualität, Preis, Technischer Natur – das diese Person sich für unser Produkt entscheidet. Wenn – vorausgesetzt natürlich – wenn unser Produkt auf der Einkaufsliste steht, wenn das Mutterunternehmen bereits unser Produkt analysiert und genehmigt hat. Und das ist natürlich auch der schwierige Prozess um in solche Key Accounts zu kommen und in die Einkaufsliste zuerst einmal aufgenommen zu werden. Das ist einmal der erste Schritt. Wenn man in der Einkaufsliste ist dann ist es auch noch lange nicht gesagt das man wirklich verkaufen kann. Wie gesagt die einzelnen Verantwortlichen auf unterer Ebene haben die Wahl und da ist es dann natürlich auch die Aufgabe des Verkäufers unserer Verkäufers diese Person zu bearbeiten und so zu überzeugen das auch eben unser Produkt gekauft wird.
- EF: Im Bezug auf diese Entscheidungsfindung wieder die Frage - ist das in Vietnam irgendwie anders?
- GK: In größeren Unternehmen ist es genauso da gibt es einen möglich ein Einkäufer, Einkaufsdepartment, dann gibt's Qualitätskontrolle dann gibt es ein oberes Management das aber nicht unbedingt entscheiden muss sondern die Entscheidungen fallen eben oft beim Einkäufer oder bei einer Qualitätskontrolle also die müssen sich absprechen welches Produkt gekauft wird. Und das ist Vietnam genauso.
- EF: Gibt es Dinge wo sie sagen, das haben sie mir eh schon – das haben sie mir schriftlich schon beantwortet – wo sie sagen, dass das typisch ist für chinesische Geschäftspartner? Also sie haben gesagt einerseits das *guanxi* und dann haben sie auch noch geschrieben „giving face“ was meinen sie damit?
- GK: Na ja „giving face“ kann man vielleicht wieder einordnen als „personal relationship“ – persönliche Beziehung. Das man jemand einlädt auch bei einer Firmenveranstaltungen teilzunehmen vielleicht sogar nach Europa gebracht zu werden in die Zentrale. Also verschiedene Aktivitäten um eben diese Person zu beeindrucken und wohlwollend bzw. wohlwollende einzustimmen.

- EF: Was heißt beeindrucken? Wie kann man chinesische Geschäftspartner beeindrucken?
- GK: Zum Beispiel eine Aktivität vor zwei drei Jahren ins Leben gerufen haben, das wir Informationstage veranstalten, bringen wir Eigentümer oder Entscheidungsträger von verschiedenen Unternehmen gemeinsam nach Europa und bringen sie in die Zentrale oder in das Forschungslabor in Tulln und führen sie hier durch das Labor und da gibt es einen Tag Seminareinführungen, verschiedene Vorträge von verschiedenen internen Experten usw. Und das ist z.B. sehr beeindruckend wenn man vom Unternehmen eingeladen wird von Kosten von Fedura nach Europa gebracht wird und dort einige Tage verbringen kann ist das sicher eine Geste.
- EF: Was glauben sie welche Kulturellen Hintergründe hat das das besonders beeindruckend wirkt auf Chinesen das sie eingeladen werden auf Kosten des Unternehmens und das sie herumgeführt werden?
- GK: Na ja man fühlt sich wahrscheinlich dann als wichtig also Fedura hat z.B. im chinesischen Markt bereits eine Größe erreicht wo... Fedura ist bekannt in China und so ist es sicher eine Ehre und hier eingeladen zu werden denke ich ja. Aber als würdig empfunden zu werden - eingeladen zu werden, solche Aktivitäten gibt es natürlich auch von anderen Unternehmen aber ich denke es ist auch eine große Möglichkeit auch und Gelegenheit bzw. Erlebnis für viele Chinesen die des englischen nicht mächtig sind hier ins Ausland gebracht zu werden hier eingeladen zu werden. Also ich denke schon das das viele beeindruckt und
- EF: Mhm.
- GK: und an Fedura emotional bindet.
- EF: Mhm. Gibt es jetzt sonst noch Dinge die jetzt besonders typisch sind für chinesische Geschäftspartner?
- GK: Hm. Als typisch. Da wissen sie wahrscheinlich von der Literatur mehr als ich jetzt was typisch ist nicht? (lacht)
- EF: (lacht) Was glauben sie was ist in China läuft anders ab als in Österreich, wer manche Geschäftskontakte pflegt? Oder können sie die Beziehung zu chinesischen Geschäftskontakte vielleicht mit ein paar Eigenschaftswörtern beschreiben?
- GK: Ja es muss. Es läuft immer wieder auf das persönliche Verhältnis hin also es muss herzlich sein und muss dem „face“ geben dem Gesicht geben und muss den beeindrucken, wohlwollend muss dem wie ein Freund begegnen, man muss hier eine Art Freundschaft aufbauen, man muss dem schmeicheln, man muss dem einfach wohlwollend stimmen. Dass er sich wohlfühlt, dass er sich geehrt fühlt, dass er sich ernst genommen fühlt.
- EF: Wie macht man das?
- GK: Na ja indem man eben entsprechend hier die Person wie schon gesagt nicht nur jetzt im Büro aufsucht und sein Ding verkaufen möchte sondern das man eben hier auch Anreize entgegen setzt und die Person einlädt zum Essen einlädt, an Seminaren teilnehmen lässt, ins Ausland

einlädt aber auch hängt es natürlich von der Person ab vom Verkäufer ab diese Atmosphäre zu kreieren.

EF: Mhm.

GK: Man muss diese Atmosphäre diese freundschaftliche Atmosphäre kreieren genau von Seiten des Verkäufers, so dass der Käufer das Gefühl hat hier richtig zu liegen und entsprechend behandelt zu werden.

EF: Wenn man als unerfahrener Manager aus Österreich nach China kommt - was sind so die Fettnäpfchen in die man treten kann wenn man keine Erfahrung hat mit der chinesischen Kultur?

GK: Ein Paradebeispiel ist das man die Visitenkarte mit beiden Händen überreicht sondern einfach wie bei uns einfach mit einer Hand überreicht.

EF: Warum ist das üblich, dass man in China das man das mit beiden Händen macht?

GK: Das ist einfach respektvoll. Das ist einfach Respekt. Wenn man das einfach so mit einer Hand macht dann ist das weniger respektierend dann ist das kein Respekt. In China gibt man das immer mit beiden Händen. Ja das ist die erste Geste die einen bereits erkennen lässt ob man jemanden respektiert oder nicht oder ob man die chinesische Kultur versteht oder bzw. beherzigt oder nicht. Das zweite ist – aus meiner Sicht – was das hoch Interessante ist vielleicht nicht Ihr Thema jetzt ist, aber die Sprachkultur – also wie jetzt Kommunikation abläuft im chinesischen oder im vietnamesischen Kontext ist es so das man eine Konversation anders gestaltet als bei uns bei uns ist es so, dass es durchaus – nicht durchaus das es Gang und Gebe ist jemanden zu unterbrechen, das ist einfach eine Konversation A – B – A – B – A – A – B – B usw. ohne jetzt ohne, dass das unhöflich sein würde. In China, vor allem wenn man mit älteren oder höheren höhergestellten Personen spricht so muss man das Gegenüber also sein Gegenüber immer ausreden lassen und wenn er noch so lange redet, den unterbricht man nicht. Da kann man nicht einhacken und sagen „Ja ja genau das habe ich mir auch gedacht“ oder „ja das stimmt“ oder „Na das denke ich nicht so“ und man spricht schon wieder weiter oder dadada. Nein das ist nicht möglich das ist unterbrechen. Unterbrechen das ist ja unhöflich. Ein Chinese oder Asiate auch im Japanischen ist es so wenn ein diesbezüglich unerfahrener Europäer mit einem Asiaten spricht so macht ein Asiate sofort zu. Der blockt ab und spricht nicht mehr weiter während er noch etwas sagen wollte. Das heißt man muss sein Gegenüber immer Raum geben sein Ding hier zu sagen. Seinen Standpunkt oder seine Aussage tätigen zu lassen. Wenn der dann soweit ist kann man selbst wieder Luft holen und antworten oder seinen Standpunkt darzulegen. Aber nicht so aggressiv sprechen wie wir das tun, das ist uns gar nicht bewusst, es ist uns absolut nicht bewusst also es ist Teil unserer Kultur, aber in China ist das äußert unhöflich aus chinesischer Sicht oder eigentlich auch mir peinlich wenn ich solche Gespräche mitverfolgen muss wo ein Westler mit westlicher Art und Weise mit einem Chinesen spricht.

EF: Mhm. Wie würde dann ein Chinese reagieren wenn in einer Verhandlung ein unerfahrener Manager diesen Fehler macht?

- GK: Na der zieht sich emotional zurück, der lässt natürlich den sein Höflichkeit besagt das er diese Person sprechen lassen muss. Wenn diese Person aggressiver ist oder mehr spricht oder gegenüber dem Chinesen keine Zeit lässt zu antworten oder entsprechend zu antworten na dann zieht er sich zurück und lässt einfach diese Person sprechen. Das interessante ist das oft dann ein Westler glaubt das der Asiate zu allem ja sagt und mit allem einverstanden ist was der sagt der Europäer. Das ist aber ein Missverständnis. Der Chinesen oder Asiate hat nicht einmal die Möglichkeit hier sich noch weiter einzubringen in das Gespräch weil es dominiert wird vom Europäer.
- EF: Wie würde sich das...
- GK: Das ist eine hochinteressante Angelegenheit und ein hochinteressantes Phänomen das mir auch erst mit den Jahren so wirklich bewusst geworden ist. Wenn ich z.B. in Vietnam mit meinem Lehrer spreche mit meinen Lehrern oder so da mein ich einen Professor bei dem ich Sprache erlernte dann muss ich völlig anders sprechen also vom Sprachaufbau von der Konversation als wenn ich jetzt mit einem Freund oder mit einem Westler spreche. Ich muss mich selbst zurück nehmen und antworten, ich muss den respektieren ich muss den ausreden lassen, ich kann den nicht unterbrechen.
- EF: Welche Auswirkungen hätte das auf den geschäftlichen Ausgang wenn man jemanden in einer Verhandlung unterbricht?
- GK: Ich glaube das das zu vielen Missverständnissen führen kann und ich selbst habe das auch teilweise miterlebt als es zu Joint Venture Verhandlungen kam hier zwischen Fedura und asiatischen Unternehmen oder Eigentümern wo es einfach nicht klappte. Es hat einfach nicht geklappt von der Atmosphäre her von der Persönlichkeitsprofil der Verhandler. Also ich war damals involviert aber ich war nicht der Verhandlungsverantwortliche, das war mein Vorgesetzter das hat einfach nicht geklappt. Es kann oft dann einfach zu nichts führen weil einfach nichts stimmt – atmosphärisch nicht und gar nichts. Es führt dann oft zu es endet dann vielleicht im Sand wenn es wirklich nicht klappt.
- EF: Also die Beziehungsebene spielt wirklich eine vordergründige Rolle wenn ich das richtig verstehe. Welche Rolle spielt dann das sachliche?
- GK: Sachliche spielen natürlich auch eine Rolle eine wesentliche Rolle. Was mir auch gefällt ist es das Asiaten weniger dann wirklich konkretes dann festhalten sondern auf dem verbalen Niveau dann bleiben. Man verständigt sich dann, man versteht es in dem Moment wo man zusammensitzt und vielleicht etwas trinkt oder sich eine Vereinbarung getroffen hat aber oft dann im Nachhinein viele Missverständnisse wieder auftreten weil man eben das nicht klar genug definiert hat also ein Asiate, aus meiner Sicht, ist vom Naturell her nicht wirklich – geht nicht ins Detail und denkt einen Schritt weiter was eventuell im Nachhinein – im Nachgang noch alles passieren könnte oder welche Eventualitäten es noch geben könnte. Also das wirklich durchzudenken, niederzulegen, festzuhalten das ist aus meiner Sicht ein Schwachpunkt der asiatischen Kultur. Da verlässt man sich eher auf das Oberflächliche auf das Verbale und so weiter und so fort. Und wirklich zum Beispiel Vertragswesen. Einem Asiaten ist ein Vertrag eine Vertragsgestaltung relativ wurscht, sicher gibt es Verträge und Memos und Absichtserklärungen, natürlich gibt es alles das aber ein Asiate würde sich im Nachhinein

selten auf das Vertragswerk dann berufen und nachblättern was jetzt dieser Absatz was das jetzt bedeuten würde in diesem Zusammenhang. Also da gibt es große Gefahrenquellen bzw. geben wir als Ausländer hier auf Verträge großen Wert legen dann spüre ich das oft bei Asiaten auf Unverständnis warum hier so viel Zeit und Energie darauf verschwendet diese Dinge bis ins letzte Detail zu klären und auch festhalten zu wollen. Das sind verschiedene Denkansätze würde ich sagen.

EF: Warum spielt das Vertragliche für den Chinesen keine Rolle? Wie wird das ausgeglichen?

GK: Ich würde sagen nicht „keine Rolle“ sondern weniger Rolle. Natürlich gibt es einen Vertrag und es gibt Memos und so weiter trotzdem die Gefühlsebene und verbale Ebene. Weil eben das auf persönlicher Ebene also persönlich interpersonell abgehandelt wird oder wurde ist eher präsent und irgendwie wichtig wichtiger als dann auch festzuhalten und auszudefinieren und zu in ein Vertragswerk oder in ein ... in schriftliche Form zu bringen.

EF: Sie haben mir das auch schon kurz schriftlich beantwortet die Frage vielleicht können sie es noch einmal ein bisschen ausführlicher beschreiben, welche Erwartungen hat Fedura an seine Geschäftspartner in China?

GK: Natürlich. Ultimativ ist es natürlich so viel zu verkaufen wie möglich im abgesteckten geographischen Rahmen. Also Produkte zu verkaufen und an den Endkunden zu bringen. Das ist das Ziel mittels einer vernünftigen Arbeitsbeziehung zwischen Fedura und dem Distributor oder dem Endkunden. Also Loyalität ist da gefragt eine lange Arbeitsbeziehung und eine lange Beziehung – vertragliche Beziehung ist wünschenswert und auch so, dass sich die Partner an das halten das abgemacht wurde. Preisliche geographische Verkaufsgebiete einzuhalten und das Produkt so an den Markt zu bringen wie es Fedura geizt und wie es Fedura vorgibt. Kooperationen mit unseren Verkäufern. Die Kooperation muss professionell sein oder sollte professionell sein. Oft natürlich gibt es damit Probleme wenn es zum Beispiel einem Distributor einfällt in anderen Verkaufsregionen – die ihm nicht zustehen – unterpreisig zu verkaufen das kreiert große Probleme oder hat bereits große Probleme verursacht. Das stört den gesamten Markt wenn plötzlich zu Dumpingpreisen unser Produkt an anderen Orten auftauchen oder wenn das Preisverhältnis nicht stimmt oder wenn der Distributor plötzlich Konkurrenzprodukte aus dem gleichen Sortiment verkauft. Das ist vertraglich nicht möglich aber es passiert. So gesehen ist ein Asiate oder ein asiatischer Verkäufer bzw. Asiaten bzw. Partner nicht unbedingt alle loyal. Die schauen alle auf das schnelle Geld, oft wundert es einen das sie wirklich nur kurzfristig aufs schnelle Geld schauen und alles andere hinten anstellen, das ist ja oft sehr enttäuschend wie Chinesen reagieren, da geht es oft um das große Ich und das reine Ego und einige Verdienen. Die gesamte Gesellschaft ist übrigens auf Geld aufgebaut man lebt arbeitet und existiert hier wegen des Geldes, es zählen nichts mehr als Geld und Geld zu verdienen. Und das macht natürlich das gesamte Umfeld hier sehr schwierig weil es zu Korruption führt einerseits und andererseits Loyalität oft nicht so eine große Rolle spielt, weil man einfach den kurzzeitigen kurzfristigen Vorteil sucht und das ist oft sehr befremdend. Sehr befremdend wie Chinesen sich verhalten wie sie agieren und wie auch Geschäftspartner oft agieren, oft eigenartig und unverständlich.

- EF: Man spricht ja oft darüber, dass in China die Gesellschaft so viel zählt, dass ein größerer Wert auf das Kollektiv gelegt wird als auf das Individuum. Wie passt das jetzt mit dieser Verhaltensweise zusammen dass die Geschäftspartner wenig loyal sind und eigentlich nur schnell Geld machen wollen ohne Rücksicht auf andere. Wie erklären sie sich das?
- GK: Na ja einerseits ist die Familie das zentrale Element. Die Familie und der Clan würde ich sagen auch in Vietnam – die Familie und der Clan ist das wichtigste und dann in Vietnam kommt das Dorf und dann irgendwann kommt was anderes. Auf der anderen Seite gibt es keine oder weniger Individualität, man muss sich der Familie und dem Clan unterordnen. Das ist ganz klar andererseits was das Geld betrifft so ist der individuelle Vorteil bzw. das Geld scheffeln für sich und natürlich für die Familie sehr wichtig und steht im Vordergrund. Also das egoistische Verhalten hier dieses egoistische Verhalten ist neu aus meiner Sicht ist das sicher neu, das hat es vor – also in Vietnam soweit ich das weiß – hat es vor ... hat sich die Gesellschaft mit der Öffnung im Jahre 1995 erst wirklich gedreht. Davor war die Gesellschaft ganz anders strukturiert und ausgerichtet und das war auch in China so. und aufgrund der Vorkommnisse im 20. Jahrhundert, der tragischen Vorkommnisse der Revolutionen in China der Kulturrevolution usw. sage ich das die Chinesen ihrer eigenen Kultur beraubt wurden, ich gehe sogar so weit zu sagen und da muss ich vorsichtig sein, aber die Chinesen haben an sich keine Kultur mehr. Die hatten eine hochstehende Kultur im Laufe der Geschichte aus meiner Sicht hat das 20. Jahrhundert doch weitgehend die ursprüngliche alte Kultur oder überhaupt Kultur ausgerottet. Und in vieler Hinsicht sieht man das auch tagtäglich wenn man mit Chinesen arbeitet und wenn man durch die Stadt geht oder wenn man durch das Land fährt oder wie sich Chinesen verhalten das hat wenig mit Kultur zu tun. Also ich würde sagen das es vor einhundert Jahren oder vielleicht vor 70 – 80 Jahren die Gesellschaft ganz anders ausgerichtet war und die Werte die individuellen Werte ganz anders gelegt waren als sie heute sind. Und ich kann das auch aus meiner eigenen Familie sagen also aus der Familie meiner Frau wo dieser tragende Wandel in den letzten 10 -15 Jahren stattgefunden hat. Wo die ethnischen Werte die moralischen Grundlagen eigentlich aufgelöst sind. Wie die heutigen Kinder und Jugendlichen erzogen werden steht konträr im Widerspruch zu dem was noch die Grundlagen meiner Frau in ihrer Kindheit waren. Das ändert sich sehr sehr schnell das ändert sich sehr schnell in diesen Ländern, das ist eine Tendenz und vor allem jetzt die juristische Ausrichtung gegenüber Geld und so weiter das ist ein neuartiges Phänomen und so weiter. Das ist vielleicht jetzt 20 – 30 Jahre alt ist.
- EF: Also neben der dem Wunsch schnelles Geld zu machen welche Erwartungen, glauben sie, haben Chinesen sonst von Fedura oder von ihren Geschäftspartnern generell also von chinesischer Seite?
- GK: Seite ist einfach. Mittels eines Produktes wie von Fedura schnelles Geld zu machen, das ist es.
- EF: Also es spielt keine Rolle für Chinesen mit wem sie jetzt Geschäftlich zu tun haben solange es finanziell rentabel ist?
- GK: Das würde ich so sehen, ja.

EF: Mhm. Hat es schon so kritische Interaktionssituation gegeben oder können sie sich konkret an eine kritische Interaktion bei Verhandlungen oder Geschäftsanbahnung erinnern in der letzten Zeit von der sie mir erzählen können?

GK: Kritisch. In wie fern kritisch?

EF: Dass die Situation vielleicht unerwartete eine unerwartete Wendung genommen hat oder die Situation nicht so ausgegangen ist wie sie sich das erwartet hätten?

Was vielleicht auch zu Kontakt Abbruch geführt hat?

GK: Na ja wir haben jetzt den fall das ein Distributor der seit vielen Jahren Fedura Produkte verkauft hat – erfolgreich verkauft hat, dass derjenige seit zwei Jahren mehr und mehr das Interesse an Fedura Produkten verloren hat und sogar Fedura ausgespielt hat. Und beinhardt fallen lassen und wir gezwungen sind dieses Verhältnis diese Arbeitsverhältnis aufzulösen das heißt diese Distributor-Beziehung aufzulösen. Und zwar hat diese Person – auch diese Person ist natürlich sehr geldgierig und nur auf das Geld bedacht, der hat andere Mittel und Wege gefunden um wieder mehr Geld zu machen als mit Fedura Produkten und man hat die letzten Jahre versucht hier mit allen möglichen Mitteln hier nochmals die Beziehung die Arbeitsbeziehung zu retten und hat immer wieder nachgegeben und hat immer wieder versucht noch das Beste herauszuholen aber es hat einfach nicht funktioniert. Sie verantwortliche Person oder dieser Verkaufsdirektor der diesen Distributor verantwortet hat hat vor zwei Wochen gekündigt und jetzt ist irgendwie der Weg frei dieses Verhältnis zu kündigen – auch zu kündigen. Wohl wissend das es vielleicht auch negative Nachteile oder negative Effekte hervorrufen könnte weil die Situation natürlich auch dann gegen Fedura aktiv im Markt auftreten wird aber wir haben uns zu diesem Schritt entschlossen diesem Distributor zu kündigen um mehr also um weitere Spannungen im Markt entgegenzutreten. Also das sind notwendige Maßnahmen um hier korrigierend einzugreifen in den Markt.

Ein anderes Beispiel ist mit einer Behörde vor kurzem, die haben uns gezwungen hier hohe Geldmittel zu zahlen also jetzt für das Projekt für das Investitionsprojekt hier ungerecht fertigerweise zu zahlen und als Kautio das hätte die Behörde zwei Jahre behalten wollen das Geld und es handelt sich um viel Geld und das war einfach nicht bekannt das wurde uns erst vor die Nase geknallt, das es eine neue Richtlinie eine neue Bestimmung sei und wir haben dann – ich habe das dann persönlich verhandelt mit der Behörde und auch hinterfragt. Natürlich mit dem schon erwähnten Drama und mit der Dramatik und mit dem Spiel usw. Man muss informell das vorbereiten das Problem im Blick haben usw. und tatsächlich wurde das dann dieser Geldbetrag verringert und zeitlich verkürzt, also wenn man dann wirklich dann auf den Punkt kommt und das wirklich argumentieren kann das das vielleicht nicht so eine gute Idee war von Seiten der Behörde uns zu zwingen hier zu versuchet zu zwingen hier diese Beträge einzuzahlen, nachzugeben dann hat sich doch etwas bewirkt – haben wir doch etwas bewirken können und zwar ein intervenieren jetzt mit einem positiven Ausgang.

EF: Mit welchen Argumenten müssen sie den

GK: Aber...

EF: kommen um die Behörde zu überzeugen?

- GK: Na ja es ... Man muss natürlich immer wieder dann die eigene Person ins Spiel bringen oder das man der Vertreter einer Gruppe einer großen Gruppe ist und das das nicht ausgemacht war und man muss dann auch ein Drama spielen und behaupten und sagen in welche schwierige Position mich die Behörde jetzt gegenüber meiner eigenen Gruppe drängt jetzt diese Geldmittel hier als Kautions zu zahlen und ich habe auch argumentiert wie die Behörde jetzt gegenüber jetzt meinen Vorgesetzten dasteht und wie sie sich selbst – in welches schiefe Licht sie sich selbst hier bringen oder das hat dann doch emotional auch hier gewirkt das sie sich doch noch ein Herz genommen haben und überdenken.
- EF: (Lacht.) Ok also wenn sie jetzt noch einmal China und Vietnam im Vergleich sehen können sie da Unterschiede in der Geschäftskultur festmachen?
- GK: Grundsätzlich würde ich sagen, dass Vietnamesen herzlicher sind, viel wärmer eine warme Atmosphäre gestalten – also die persönliche Beziehung viel mehr auf *ganqing* also auf Feeling beruht. Während in China es nach wie vor auf Grund der Vorkommnisse die wir schon besprochen haben die Chinesen sehr kahl und kalt und kühl – kaltblütig und kühl agieren. Also die Atmosphäre in Vietnam ist einfach eine ganz andere, man kann mit den Menschen gefühlsmäßig viel weiter gehen als mit Chinesen. Das sieht man auch beim, ich hab das auch immer früher gesagt, in unser eigenes Büro in Vietnam gekommen und das war herzlich. Man kommt hier in China in unser eigenes Büro und es ist kalt. Also es ist – man fühlt einfach diese nicht existente herzliche Atmosphäre – also das ist eine ganz andere Ausrichtung der Leute. Und viel weniger ist das ganz anders aufgestellt und dort wirkt das natürlich auch auf die Geschäftsbeziehungen ja, also man versucht natürlich schon in China mittels *guanxi* zu arbeiten aber in Vietnam ist es viel herzlicher und auch die Vietnamesen untereinander sind viel viel herzlicher. Weil auch das Herz an sich, die Atmosphäre, das Feeling viel tiefer geht als in China. In China bringt man sich auch gleichzeitig um wegen persönlicher Vorteile, da gibt es kein Pardon, was in Vietnam nicht so möglich ist oder nicht so praktiziert wird.
- EF: Was ist die Basis von den persönlichen Netzwerken in China wenn es nicht die Herzlichkeit ist?
- GK: Das ist natürlich der gegenseitige Vorteil den man sich hier erarbeitet. Man ist sich dessen bewusst das jeder einen Vorteil hat und daraus ziehen muss um jeder braucht oder erwartet sich einen Vorteil aus dieser Beziehung. Es muss alles auf Gegenseitigkeit beruhen bzw. jeder erwartet sich seinen Vorteil aus dieser Geschäftsbeziehung.
- EF: Mhm.
- GK: Und dazu gehört eben dieses Spiel aber trotzdem würde man sich jetzt nicht in eine Beziehung jetzt einlassen wo man jetzt nur einseitig jetzt etwas geben würde. Oder wo man einseitig etwas geben würde sondern es muss schon immer „Give and Take“ das muss abgestimmt sein. Jeder braucht sein – jeder erwartet sich dann einen „Benefit“ einen gewissen Vorteil einen – wie sagt man – einen ... erwartet sich dann aus dem was.
- EF: einen Ausgleich.
- GK: Hoffentlich dann im Ausgleich bzw. erwartet sich natürlich dann irgendwann einmal monetärer Ebene dann den späteren „Return“.

- EF: Und bei den Vietnamesen diese Herzlichkeit, erwarten die sich die auch zurück? Muss man da auch ein Spiel spielen?
- GK: Ja. Ja auf jeden Fall.
- EF: Oder auch gleich herzlich sein?
- GK: Das ... Aus meiner Sicht ist die Herzlichkeit tatsächlich die ist nicht gespielt sondern ist tatsächlich der Fall und aus ... was ich erlebt habe kann man auch ... kann ein Vietnamese wirklich auch selbstloser handeln und selbstloser ohne eigenen „Profit“ im sofort haben zu wollen zu helfen. Ein Vietnamese kann eher helfen oder selbstloser helfen als ein Chinese ja. Also das ist meine Erfahrung das man wirklich bereit ist jemanden zu unterstützen und zu helfen bzw. auch geschäftlich auch – natürlich erwartet man sich dann einen gewissen „Return“ also einen gewissen Vorteil daraus aber ich würde es jetzt nicht so extrem sehen wie in China.
- EF: Mhm. Gibt es sonst noch irgendwelche Unterschiede die Ihnen einfallen zwischen China und Vietnam?
- GK: Puh. Chinesen agieren einfach aggressiver. Das ist ihr Naturell würde ich sagen. Sie agieren viel aggressiver, viel direkter als Vietnamesen.
- EF: In welchen Situationen werden Chinesen im geschäftlichen Kontext aggressiv?
- GK: Aggressiv heißt in der Hinsicht das was seinen eigenen Vorteil wieder betrifft. Sie sind einfach geradliniger und kommen glaube ich schneller zum Punkt als Vietnamesen. Die eher hintergründig und emotionaler spielen. Chinesen sind da weniger emotional die sind da kühl – wie schon gesagt - kühler.
- EF: Und was glauben Sie welche Rolle der politische Hintergrund spielt auf die Geschäftskontakte?
- GK: Einerseits ist jetzt China in einem großen Wandel weil es seit der neuen Regierung eine Antikorruptionskampagne gibt – also es wird wirklich aggressiv und vom höchsten Level – von der höchsten Regierungsstelle durchmisstet und gegen die Korruption gearbeitet, viele Bürokraten hat es schon getroffen, werden auch gerichtlich verfolgt und deswegen herrscht deswegen in China eine große Unsicherheit - eine große Unsicherheit auf behördlicher Ebene. Man wagt nicht mehr Geschenke so offensichtlich anzunehmen oder ist überhaupt sehr verunsichert und viele Behörden und Beamte wagen es nicht mehr zu entscheiden. Das hat uns kürzlich in große eine große Bedrängnis gebracht. Weil einfach viele Behörden jetzt einfach gelähmt sind aufgrund dieser Vorkommnisse. Es herrscht eine große Verunsicherung man wagt es nicht mehr zu „Wining and Dining“ also man kann kaum mehr Bürokraten jetzt zu essen einladen also sie sind sehr eingeschüchtert und verunsichert. Auf der anderen Seite möchte ich sagen das das für das Land gut ist um hier wieder durchzugreifen und die Korruption versuchen einzudämmen andererseits ist Korruption ein Teil der Kultur und ohne dem wird es kaum geschäftlich gehen bzw. wird man geschäftlich kaum erfolgreich sein können, aber man versucht es und ändert die Gesellschaft also irgendwie Behörden derzeit in Beobachtung und das hat sicher einen großen Einfluss auch auf Investoren, auf bestehende Geschäfte, bestehende Unternehmen vor allen ausländische Unternehmen. Es gibt viele Regelungen, neue Regelungen, neue Bestimmungen die plötzlich in die Welt gesetzt werden und die

Verunsicherung auslösen weil die Behörden nicht – noch nicht wissen wie sie damit umgehen sollen und müssen. Also derzeit ist China in einem großen Umbruch und in einer Phase der Neuorientierung wo es sehr schwer ist geschäftlich voranzukommen.

EF: Mhm.

GK: Auch in unserem Futtermittelbereich gibt es neue Bestimmungen, teilweise sinnvolle oft auch nicht sinnvolle Bestimmungen die oft auch völlig wahnwitzig sind ja und uns das Leben schwer machen, was Produktion betrifft, was behördliche Vorgaben betrifft, was den Import betrifft von Produkten oder auch was das Investitionsprojekt betrifft. Sehr schwierige Unterfangen teilweise.

EF: Warum ist Fedura ihrer Einschätzung nach im asiatischen Raum erfolgreich, also so in Bezug auf China und Vietnam?

XX: Hallo wie geht's?

EF: Wir sind eh bald fertig.

XX: Also geht noch!

EF: Ein paar Minuten noch.

XX: Passt, passt, passt.

GK: In Vietnam sind wir erfolgreich weil Fedura schon in den 90er Jahren, also knapp nach der Öffnung, die Entscheidung getroffen hat nach Vietnam zu investieren und da war Vietnam bereits einer der ersten ausländischen Investoren in unserem Agrarbereich und das natürlich hat uns einen großen Vorsprung geschaffen und deswegen hat auch Fedura sich entschieden hier Fuß zu fassen und sich zu etablieren.

EF: Mhm.

GK: Das hat natürlich auch ... Ein weiterer Punkt warum wir Fedura in Vietnam erfolgreich ist hat zu tun mit den handelnden Personen also die lokalen Leute, das lokale Management ist Fedura gegenüber sehr verpflichtet sehr loyal und in Vietnam ist es so, dass wenn man für ein Unternehmen arbeitet, wenn man für Fedura arbeitet oder egal in welchem Unternehmen aber in dem Fall Fedura so ist das eine Zusammengehörigkeit, eine Familie die hier zusammengeschweißt wird wo man sehr schwer ausbrechen kann. Das kommt natürlich Fedura zugute, also die Leute die für Fedura in Vietnam arbeiten die sind seit langer Zeit dabei und sind sehr loyal und versuchen ihr bestes und natürlich hat das auch auf das Gesamtunternehmen eine große Auswirkung. Wenn ich Stolz auf Fedura und Stolz das man bei Fedura arbeiten darf und die Gelegenheit hat bei Fedura zu arbeiten und in Vietnam ist das eine sehr positive Sache – in jeder Hinsicht sehr positiv. In China ist das etwas anders da gibt es diese „Feeling“ dieses familiäre Gefühl für eine Fedura-Familie zu arbeiten nicht so, das ist nicht so ausgeprägt. Man verlässt auch das Unternehmen von Seiten der Angestellten also man hat nicht dieses - diese Atmosphäre schaffen können aber das liegt auch am naturell der Chinesen, wie schon gesagt, die kühler sind und die für ein Unternehmen arbeiten aber auch wieder gehen wenn sie eine andere Möglichkeit haben. Trotzdem also China – Fedura ist erst

im Jahr 2000 oder im Jahr 2004, dieses Unternehmen wurde im Jahr 2004 gegründet und man ist auch nicht so lang hier in China man hatte hier auch nicht so lange Fuß fassen können mittlerweile hat natürlich Fedura schon eine kritische Größe erreicht und wie schon gesagt und ist sehr bekannt im chinesischen Markt auch in unserem Bereich auch nur. Und ich würde sagen es ist auch sehr erfolgreich. Es ist weniger erfolgreich was die Produktpalette betrifft also man hat es nach wie vor nicht geschafft das man neben den Hauptprodukten die von Anfang an verkauft wurden, also mykotoxin-deaktivierende Produkte, dass man daneben auch andere Produkte auf den Markt bringt also das hat man in Vietnam besser geschafft hier als in China. In China ist man nach wie vor ein mehr oder weniger 1-Produkt-Unternehmen während in Vietnam die Produktpalette gestreut ist. Was ist meinen Augen natürlich, was von Vorteil ist.

EF: Also was würden sie einem Unternehmen, das jetzt nach Asien expandiert, nach China oder Vietnam raten in Bezug auf internationale Geschäftsbeziehungen? Im Allgemeinen und auch Branchenspezifisch?

GK: Was würde man raten einem Unternehmen das hier neu nach China kommen würde?

EF: Genau.

GK: Hängt von der Branche ab aber in vielen Bereichen ist es bereits zu spät hier in China Fuß fassen zu wollen. Ich kann jetzt keine konkrete Branche nennen, aber z.B. jetzt im Futtermittel-Zusatzbereich hier neu beginnen zu wollen in China ist, meiner Ansicht nach, bereits sehr schwer bzw. vielleicht sogar unmöglich. Nichts ist unmöglich aber sehr schwer. Gibt bereits so viele Konkurrenten, so viele Unternehmer, so viele ausländische Unternehmen das, es bedarf dann sehr viele Jahre bis man wirklich dann auch eine gewisse Größe erreicht hat. Also sehr schwierig finde ich. Das steht und fällt mit den Personen die man anstellt, also man muss gute Personen finden die auch eine gewisse Loyalität mitbringen und das ist äußerst schwierig – das ist äußerst schwierig. Gleichzeitig ist das Gehaltsniveau bereits in China so hoch das man sich oft überlegt dass der Vorteil der Kostenvorteil, von dem man früher gesprochen hat nicht mehr so existent ist wie vielleicht noch vor 5 – 10 Jahren. Also hier in Shanghai sind die Gehälter auch z.B. in Shanghai aber auch in den größeren Städten grundsätzlich nur generell in China, ich glaube das der Kostenvorteil nicht mehr so gegeben ist wie vor einiger Zeit noch. Also wenn man jetzt nach China kommt muss man sich wirklich Fragen warum man nach China kommt und ich glaube viele Unternehmen haben nach wie vor im Auge nach China zukommen um den chinesischen lokalen Markt zu bearbeiten, da besteht nach wie vor ein großes Potenzial. Aber jetzt um nach China zu kommen, also nach China zu kommen um hier zu produzieren oder hier Lohn zu produzieren oder günstiger produzieren zu können für den Exportmarkt ist glaube ich immer weniger gegeben.

EF: Wie groß sind die Businessunits in Vietnam und in China?

GK: Also in Vietnam glaube ich hat man um die 60 Mitarbeiter, ich weiß es nicht da müsste ich jetzt nachschauen und in China haben wir derzeit 65 Mitarbeiter. Mit Produktionspersonal, 20 Verkäufern und Produktionshauspersonal und Administration, so insgesamt 65.

EF: Und das sind in China hauptsächlich Chinesen?

- GK: Ausschließlich Chinesen.
- EF: Ausschließlich. Und in Vietnam auch vietnamesische Mitarbeiter?
- GK: Ja in Vietnam ausschließlich vietnamesische und in China ausschließlich chinesische mit meiner Person derzeit.
- EF: Ok. Eine Frage hätte ich dann noch. Welche Werthaltung ist für das Unternehmen Fedura im Allgemeinen charakteristisch oder gibt es in China vielleicht Unterschiede zu Österreich? Also worauf legt man besonders Wert?
- GK: Ich glaube...
- EF: In Bezug auf die Unternehmenskultur? Entschuldigung.
- GK: Ja. Eine gewisse Stabilität des Unternehmens ist für viele Personen, vor allem die ein gewisses Alter erreicht haben, von bestimmt von Wichtigkeit das man hier auch die mis ... also eine Gewisse Sicherheit hat. Andererseits ist es natürlich auch das Verdienst das ist sicher wichtig den Chinesen wieviel man hier verdient also die Loyalität kommt auch mit dem Gehalt und den Verdienstmöglichkeiten. Im Höchstfall würde ich sagen ist das etwas anders da gibt es die Personen die seit vielen Jahren eine Schlüssel... also Schlüsselrollen inne haben und die Personen sind in Österreich emotional sehr stark mit dem Unternehmen verbunden, da gibt es einige und die das Unternehmen groß und erfolgreich gemacht haben und diese Personen denke ich mal also in Österreich ist sicher nicht das Gehalt also die Verdienstmöglichkeiten nicht so ausschlaggebend wie in China, dort spielen andere Werte eine Rolle, Position sowie Möglichkeiten des internen Karriere. Karrieremöglichkeiten bzw. in Österreich, soweit ich das überblicke, ist man überhaupt bequemer was Jobwechsel betrifft, wenn man sich einmal eingearbeitet hat dann bleibt man in Österreich eher auf seiner Position sitzen wenn er sich wohlfühlt kann er das unter Umständen auch 20 Jahre machen das gleiche während hier doch eher auf Karriere aus ist und Verdienstmöglichkeiten und nach drei vier Jahren vielleicht sich wieder eine andere um sich eine andere Möglichkeit umsieht. Also die Werte sind sicher etwas anderes.
- EF: Gut danke das war's von meiner Seite. Gibt's von ihnen noch Fragen? ... Off the record vielleicht?
- ENDE

Notes from parts of the interview that were not recorded

- In Vietnam ist es nicht üblich Feedback zu geben oder neue Ideen zu diskutieren
- Die Kommunikation ist in Vietnam oft spärlich. Man fragt nicht „Hey, wie siehst du das?“; Kommunikation passiert nur horizontal (von peer zu peer), nicht aber vertikal und meistens im Zweigespräch, aber nicht in der Gruppe
- In der vietnamesischen Sprache gibt es kein „Du“, weil die Gesellschaft hierarchisch strukturiert ist

Appendix B: Abstract

This master thesis investigates the business cultures of Vietnam and China, two East Asian “tiger countries”, whose enormous economic potentials attract many foreign producers, traders and investors. However the strangeness of these cultures often constitutes the biggest hurdle to business success for Western firms. Both countries’ cultures have a common ground in Confucianism which is why they exhibit similar patterns; yet, due to different historical influences they are also characterized by distinctive idiosyncrasies. This thesis synthesizes and structures the existent body of knowledge about the Vietnamese and the Chinese business culture, compares both cultures with each other in order to identify small differences between them and aims at sensitizing practitioners operating in Vietnam and China for potential cultural misunderstandings. As an analytical framework, the nine cultural dimensions of the GLOBE study are used.

Diese Masterarbeit untersucht die Geschäftskulturen von Vietnam und China, zwei ostasiatischer „Tigerstaaten“, deren enormes wirtschaftliches Potential viele ausländische Produzenten, Händler und Investoren anzieht. Jedoch kann die Fremdheit dieser Kulturen die größte Hürde auf dem Weg zu geschäftlichem Erfolg für westliche Firmen darstellen. Die Kulturen beider Länder sind vom Konfuzianismus geprägt, gleichzeitig unterscheiden sie sich aber durch spezifische Merkmale, die durch unterschiedliche geschichtliche Einflüsse bedingt sind. Diese Arbeit fasst das bestehende Wissen über die vietnamesische und chinesische Geschäftskultur zusammen und strukturiert es, sie vergleicht beide Kulturen miteinander, um feine Unterschiede zu identifizieren und Praktiker, die in Vietnam und China geschäftlich tätig sind, für potentielle kulturelle Missverständnisse zu sensibilisieren. Als analytisches Rahmenkonzept werden die neun Kulturdimensionen der GLOBE Studie herangezogen.