



Turun yliopisto
University of Turku

TRUST CREATION AND COMMUNICATION IN SINO-FINNISH BUSINESS RELATIONSHIPS

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Author:
Atte Lötjönen

Supervisors:
Ph.D. Niina Nummela
Ph.D. Eriikka Paavilainen-Mäntymäki

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Turku



Turun kauppakorkeakoulu • Turku School of Economics

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1 INTRODUCTION

1.1 Background of the study

China has been on the rapid path of profound change and development for several decades, and it has pierced through the whole society (Baum 1996). After the end of the reign of the communist leader Mao Zedong, the re-opening of China took force in the 1970s and brought a flood of foreign companies eager to tap the immense potential of the huge Chinese market. This on its part not only brought about an endogenous change within the Chinese society, but also incurred a dramatic shift towards opening-up and internationalization. Thus, regarding only the economic and business aspect brought about by the policy changes, they led to the amazing rise in the number of Sino-foreign collaborations in the business scene. These collaborations took the form of joint ventures where the ownership was usually divided equally among the locals and the foreign side. Regardless of the rosy prospects only the minor part of the collaborations actually became profitable for both of the partners. The ownership structure as such was the root cause for many problems as neither of the owners had complete control in most of the cases. On the other hand in many cases the local Chinese partner also cheated and abused its foreign counterpart that led to massive costs for the foreign partner not only in terms of lost revenue, but also in terms of lost immaterial property rights and copied technology. Despite that the joint venture as such does not convey to the realm of this study per se, these kinds of issues have had an effect on the context of this study. (Saksa 2009.) The following quote from a Finnish manager sheds some light to the reader that cooperation, looked at through the foreigner's eyes can be extremely arduous in an environment such as Mainland China.

“(...) I really felt sorry for them who went in a joint venture like 50-50 (per cent), 51-49 (per cent), actually it didn't matter if the majority was owned or not, I still really felt sorry for those guys. And every time I was asked, I said that no matter what, don't set up a joint venture, even if you're required to do so.”

As can be seen, cooperation with the Chinese brings to pass some very harsh opinions. What has caused some of the opinions from the Finnish side to be rather unconditional in nature, are to be discussed in this study.

However, it would not be very purposeful to argue that the misfortunes foreign companies have experienced in China are the result of only a few factors, which they surely are not. However, in this vein one focal issue that is argued to efficiently inhibit malfea-

sance and drive forth cooperation in business relationships is brought forth. The focal concept is trust. When browsing through a number of studies on Sino-Foreign¹ relationships involving business, trust or should it be more appropriate to say the lack of it was one inspiring force for the researcher to go about studying trust creation and other underlying factors that can be assumed to have an impact on the process of trust creation as a whole in the Chinese context. One indication of the difficult nature of doing business in China as a foreigner is that it might well take years before cooperation is kicked off. One reason for some of the difficulties in doing business in China has been that for example Finns and Chinese have been labeled to “think differently”. In addition, China and Finland differ in many aspects such as in terms of the power of institutions such as the rule of law and the role of personal relationships and family in people’s dealings with each other. (Ilmonen and Puisto 2009, 4; Nivaro 2011.)

To say that “people think differently” probably leads to more confusion than understanding. Still, this type of phrase is commonly used when it comes to discussion over China and Chinese people when they are compared to Westerners and Finns for example. In this study the possible differences and similarities are looked in respect of trust, culture and communication. When talking about cooperation in business, one key issue that Finnish business managers have identified in terms of business success has been trust between their company and the local operator. Especially in joint venture –type cooperation where the ownership in the company is e.g. divided into half, the establishment of trust has been rather cumbersome and time-consuming.

What is interesting is that this form of cooperation is even frowned upon today among Finnish business managers and Wholly Owned Foreign Enterprises are preferred to JVs. (Kettunen, Lintunen, Lu & Kosonen 2008, 162-7.) To sum it up, it is noted among business researchers and business practitioners that the creation of trust is vital in China in order to have success on one’s business. However, the complex nature of trust requires further attention to the study of trust in the Sino-Finnish business context. In other words, some more light needs to be shed on the focal concept to describe what it actually is about on the operational level and what ingredients it consists of.

Speaking of trust more specifically, it has been one of the key themes in business studies such as in interorganizational cooperation and marketing theory for a number of years (Gulati & Sytch 2008; Child 2001). Especially the role and function of trust in terms of being one of the underlying and most powerful ingredients towards not only in the success of interorganizational relationships such as international joint ventures and strategic alliances (Styles & Hersch 2005; Perks & Vaux Halliday 2003), but trust has

¹ The term “Sino” is to be used interchangeably with “Chinese”. In addition, henceforth the term Sino-Finnish is to be applied instead of Sino-Foreign.

been argued to be focal also in regards to relationship commitment² already from the 1980's and during the first decade of the 21st century (Dwyer, Schurr & Oh 1987; Coote, Tam & Forrest 2003). Next to trust research on the organizational and on the interorganizational level, the creation of trust on the individual-level between industrial buyers and the supplier firm and its salespeople has been studied as well (Doney and Cannon 1997).

The role of trust as an antecedent to relationship commitment and thus as an important factor contributing to the success of interorganizational ventures has been studied and validated in regards to business contexts. In addition, trust has been depicted to operate in different levels such as on the organizational, interorganizational and interpersonal levels. (Zaheer and Zaheer 2006; Styles & Hersch 2005; Luo 2001.) What is essential about the power of trust is that it has been validated to have a positive spillover effect from the interpersonal-level to the interorganizational domain as well (Gulati & Sytch 2008). Thus, regarding trust studies, let alone the fact that there has been an overwhelming number of trust-related studies that present and analyze different views on the nature of trust itself, there are numerous studies about its effects in different social contexts such as the business context all the way to intimate relations between individuals (Rempel, Holmes and Zanna 1985).

As a consequence it is rather easy to see that trust is an integral part of interaction between humans and it is prevalent all around the world regardless whether it has got to do with doing business or not. Still, in the business literature the common opinion has unarguably long been that trust is an important facilitator and lubricant of interorganizational business ventures and interorganizational relationships (McEvily & Zaheer 2006; Coote et al. 2003; Child 2001). Speaking of trust research in the Chinese context, its meaning is emphasized close to every single vernacular business guidebook and business research on China. In addition, also recent research has indicated that trust and personal attachment between people working in the interface of the collaborating companies has substantial value for the whole interorganizational venture in China (Luo 2001, 182).

In light of business research on cooperation, trust has been the topical area in intra-organizational and also in interorganizational contexts. It has been researched for example as a potential ingredient to commitment in industrial relationships (Coote, Forrest and Tam 2003) and international joint venture and as a contributor to alliance performance (Ng, Lau & Nyaw 2007; Zaheer & Zaheer 2006; Luo 2001). It has been also seen

² By "commitment" it is referred to a strong motivation towards the upkeep of a relationship. It has for example been labeled as: "The desire to continue the relationship and to work to ensure its continuance" (Wilson 1995, 338).

to contribute to competitive advantage and organizational performance (Barney & Hansen 1994). The pervasive nature of the focal concept is also argued to complement explicit contracting in the creation of interpersonal trust (Malhotra & Murnighan 2002). Finally, also the managerial level actors' role as initiators of trust within an organization has been studied (Whitener, Brodt, Korsgaard & Werner 1998).

One important aspect when the study of communication is looked at in light of business research, the role of information has traditionally been highlighted. Yet, not only information and its quantity and quality, but also other dimensions of communication in terms of the emergence of trust, cooperation and trusting behaviors, have been studied immensely in the past. Examples are many as for example the role of communication has been in the focus in various contexts. Communication has been validated as a governance mode and as a powerful control mechanism in interfirm exchanges (Mohr, Fisher & Nevin 1996), as well as its role is underscored in intermanagerial relationships concerning successful interorganizational collaboration (Vihakara 2006). These are only some pieces of evidence that communication has a major part to play in the domain of business relationships as a whole when the agenda is to build sustainable commitment and trust (Morgan & Hunt 1994).

Thirdly, speaking of culture it is seen to affect profoundly the cognitions as in information processing and social behaviors of individuals (Triandis 1995; 1994). However, one nonetheless should not disregard the effect of one's subjective evaluation in every particular situation. (Oyserman, Kemmelmeier & Coon 2002; Ting-Toomey 1993). Yet, strong evidence of the vast differences between Western and Eastern cultures have shown that people have a tendency to prime for a different set of behaviors in different parts of the world as a consequence of historical events, the economic and legal structures of a given culture and so on and so forth (Hofstede & Hofstede 2005; Ramström 2005; Triandis 1995; Terpstra & David 1985). What is crucial to point out in this vein is that these seeming differences are argued to affect individuals also in regards of the domain of trust (Doney, Cannon & Mullen 1998) next to communication in intercultural circumstances this leading to communication having also a rather direct effect on the creation of trust (Holden & Kortzfleisch 2004; Gudykunst & Kim 2002; Gudykunst 1995; Gudykunst & Ting-Toomey 1988; Hall 1976).

At this point the reader should be aware of what are the issues in the background of this particular piece of study. Also she can see how it is positioned in relation to other pieces of research that share some common areas with it. In the following section it is time to bring forth the central construct of trust. Actually, a rather brief look on the past ways on how trust has been researched is taken and this shows the reader what is the approach on trust, which is to be applied in this study. The reader should also made aware of the structure of the study as it is somewhat different from the traditional outline where theoretical evidence is presented first and in the final section empirical find-

ings are mirrored against the theory. In this study however, stories and experiences retrieved from Finnish managers who have operated in China are used to complement the theoretical finding throughout. The aim of the author has been to establish an interactive dialogue between real life and real intercultural business and theory that has aimed to depict the three core concepts of this study: *trust*, *culture* and *communication*.

1.2 Different approaches to the research of trust

Trust as a social construct is quite complex and it has many varying definitions and descriptions depending on the context and for example on the person who is interpreting the phenomenon of trust (Huemer 1998; Lewicki & Bunker 1996). One way of realizing the multi-layered nature of it is to try to summarize trust in one simple sentence; one notices quickly that this is not one of the easiest tasks. When speaking about trust a number of other concepts and definitions come to mind. Hence, one should be careful when talking about trust not to get mixed up with the huge variety of concepts such as reliance, trustworthiness, trustfulness, credibility or confidence. (see e.g. Flores & Solomon 1997, 213; Luhmann 1988; 1979.) Yet, these concepts are related with trust, but they are too specific components to be used fully interchangeably with trust per se. Secondly, often ingredients of trust such as trustworthiness and trustfulness have different bearings to actors on different sides of the exchange and during different stages of the trust creation process. As an example, the trustor (who places trust in the trustee) acts trustfully after she has been convinced to some degree of the trustee's trustworthiness (Li 2008; 2007). Thus, trustworthiness is one of the essential ingredients in the trust game and its role, ingredients and function need to be clarified. The same applies to risk as trust is seen as a mediator of risk. (Luhmann 1979). Thus, these two themes call for a more elaborate discussion as fundamental ingredients in the process of trust creation.

Furthermore, it is critical to bear in mind that the concept of trust can and has been approached from various points of view. One way to approach the categorization and typification of trust is to set the groups that study trust apart and categorize the groups themselves. This type of classification produces a three-way category in terms of the areas emphasized in trust research. First, there are the personality theorists that study trust as a set of rather static personal traits such as different people's willingness and readiness to place trust in others in general terms. This means that the personality theorists see trust as a sort of inherent trait and as a part of the character which people are born with or they are taught into during the early phases of psychological development. They also study the effect of the social environment and how it affects people's disposi-

tion to trust. This can be associated with the personal trust school –approach. (McKnight, Cummings & Chervany 1998; Lewicki & Bunker 1996.)

Secondly, there are the economists and sociologists who assume that the central notion in the study of trust is the institutions that guide the way people behave in terms of trust and distrust. Sociologists for example place great emphasis on studying trust, which is created by different institutional forces such as the rule of law, and in some cases the lack of it, or thousands of years of traditions that have been institutionalized into a kind of widely accepted behavioral code of conduct. (North 1990; Zucker 1986).

Lastly, social psychologists focus on the interpersonal transactions that bring about trust and trusting behavior within the realm of a relationship and thus also the situational factors are stressed. In this case, the focal interest are the individual and the contextual setting that produce the expectations, motivations and risks that mutually created trust aims at offsetting. (Lewicki & Bunker 1996, 114-5; Rempel et al. 1985.) This is a valuable point of view also in terms of this study since one of the goals is to make sense of the effect of the Sino-Finnish intercultural context on the formation of trust. In other words, what is the role of culture and its differences with regards of the trust creation process. Also an important limitation of the study necessitates that the interpersonal approach is highlighted. This is since the trust creation process is looked at as an interactive process between the managers of two companies across the Sino-Finnish cultural border.

Hence, as the social context is given emphasis in this study, three different approaches regarding the development of trust are briefly discussed in this vein and they are to compose the frame inside which trust creation is to be analyzed throughout the study. The first one of these approaches is called the *rational economic and calculative approach* (Williamson 1993; Dasgupta 1988; Shapiro, Sheppard & Cheraskin 1992). The economic approach and its point of view on trust are rather plain and simple and straightforward. Basically, the idea is that calculative trust is formed in a case where the trustee's potential (economic) benefit from cooperation is greater than the potential economic cost in the case of deceit and shirking, hence the trustor engages in the exchange relationship as it has calculated that the cost of potential opportunism keeps the other party from acting opportunistically. This is also called the deterrence-based approach to trust (see e.g. Doney, Cannon & Mullen 1998, 605) or the calculus-based trust (Lewicki & Bunker 1996, 119).

“(...) cooperational relationship (in which) we both know that on the longer-term we will benefit from it and thus I don't have any reason (to cheat), if I cheated, then I would end up losing.”

The type of trust that emerges through calculations is also labeled as assurance as it describes trust as taking a fairly superficial and a weak form. The manager's words above depict the phenomenon quite well as a stage where no feelings of attachment are yet involved. This type of assurance also can be based on contracts that act as guarantors in the case of conflict (Williamson 1993). In terms of trust development it is fairly common that the deterrence-based and calculative trust is prevalent in the early stages of a relationship when more profound feelings of trust have not yet emerged. That is to say, one needs a reason to even start to want to build a relationship with someone and at this point building blocks that are used are very instrumental and are based on projected economic outcomes. The rational economic and calculative trust also necessitates close monitoring on one's partner. Once the weak form of trust is breached it is possible that the entire relationship ceases to exist (Lewicki & Bunker 1996). The development of trust starting from the actors relying on more calculative inferences in terms of trust creation, and later moving on to forming more affective and long-lasting trusting sentiments is to form the outline of the first section of the study.

Second, there are the *knowledge-dispositioned* groups to trust research that emphasize for example the social and cultural points of view (Child & Möllering 2003; Lewicki & Bunker 1996; Granovetter 1985; Lewis & Weigert 1985). This means that information is inferred partly from the past behaviors of actors and trust is strongly based on explicit information that is used to decrease the levels of perceived uncertainty and risk. In addition, the knowledge-based trust groups see that trust is established incrementally and it stems also from frequent interaction among parties that are creating trust in the relationship (Shapiro et al. 1992).

Third and finally, there is the *emotional or affective point of view* on trust and its development (Lewicki & Bunker 1996, 122; McAllister 1995; Rempel et al. 1985). Perhaps the feature that sets this group apart from the rest is that trust is seen to have established not until a strong sentiment of mutual relationship commitment has been established and willingness to vulnerability has been formed when the relationship is not anymore based on instrumental economic incentives or assurance. The emotional point of view on trust is also related to the motivations of the partners in the relationship as a source of faith that is projected in the uncertain future as an essential ingredient of trust. Here, this is seen to relate with the fact that people need to actively place them in a vulnerable position and show signs of relationship commitment in their efforts to build trust. Merely to settle to be dependant and vulnerable does not equal to "real" and affective trust. This is to be discussed later on more carefully when the development of trust is in the focus of discussion. However, to summarize at this point, it can be posited that the differences between trust typifications are seen to relate with the important division to attitudinal and behavioral points of view on trust (see e.g. Li 2007).

Thus, based on the three different approaches to trust it is not only well-argued, but also fundamentally important to ask what trust actually is in a particular time and in a certain social setting, in this case in the setting of China where Chinese and Finns come together to form business relationships. Speaking about the universal nature of trust, there is no straightforward, neither an easy answer to the question and even some scholars have given up on hope for a commonly accepted conceptualization on trust. Thus, it is worth to ask why has trust research been so cumbersome during the last century or so. The author believes that it is a consequence of the fact that trust exists in many different circumstances, in many people, in different parts of the world, between different people and in different times. It has also been acknowledged that all of the aforementioned levels of trust are working simultaneously to make things even more complex (Lewicki & Bunker 1996). To give a picture of the multi-dimensional nature of trust is the fact that trust has been researched in a variety of different contexts from micro-level intimate personal relationships (Rempel et al. 1985) to macro-level institutional trust that is induced on the actors by non-human institutions (Zucker 1986). This vast scale of the trust research domain on its part shows very well the overarching nature of trust in the society.

In this vein it needs to be mentioned that this study takes the stance that all of the three views presented need to be taken into consideration when the process of trust creation is analyzed in the intercultural setting. In other words, the business setting and the conditions incurred by it affect how trust is evaluated and built. On the other hand, the gathering of knowledge accompanied with the social and personal dimension are of great importance when presumptions on trust and its creation differ across cultural borders. These important remarks lead consequently the discussion on how the essence of trust is seen in this study. Hence, in the following the definition of trust is presented, which is to be applied in the course of this study. After the definition of trust has been discussed the research gap and some of the most visible managerial implications of this study are to be presented alongside with the exact research objectives that this study is aimed at answering.

1.3 Trust defined in this study

In this study the definition of trust is affected by a number of studies. First, the reason for this is because the definitions and views on trust provided by these studies are rather simple and easy to comprehend and the second reason is that these definitions corroborate quite well with the notions of Finnish managers who were interviewed. The managers' views on what trust is is discussed after some theoretical points regarding trust are presented. The study of Perrone, McEvily and Zaheer (2003) and the study of Cum-

mings and Bromiley (1996) give a quite traditional view on what trust is. Perrone et al. (2003, 143) see trust as *predictability, reliability and fairness*. Cummings & Bromiley (1996, 303) on the other hand emphasize *good faith, honesty* and *withdrawal from opportunism* even when the opportunity arises to take advantage of the other. For example predictability has traditionally been applied as one of the core traits of trust. Undeniably it is one important aspect that derives from the acquisition of knowledge concerning the perceivable behaviors of the trustee, yet some criticism needs to be applied to assess whether these issues captivate the essence of trust especially in an interpersonal relationship that is the point of departure in this study.

Boon and Holmes (1991, 194) offer a well-illustrative definition on trust that includes a different element compared to the studies mentioned. According to them trust is:

“...a state involving confident positive expectations about another’s motives with respect to oneself in situations entailing risk.”

The new, but a pivotal factor concerning trust that Boon and Holmes (1991) bring forth is risk. Before a step deeper into risk is taken, let us look at time as it also is an important factor regarding risk as well as trust. Thus, as one looks at the qualities that define trust it is possible to distinguish one common denominator, which is time. Believing the trustee to act in a predictable and a reliable way, and having positive expectations and even faith towards the trustee, and enduring the possibility of risks all have got to do with time. Luhmann (1979, 10) makes sense of the relationship of time and trust as follows:

“To show trust is to anticipate the future. It is to behave as though the future were certain.”

The point that Luhmann (1988; 1979) makes about the focal role of the division of familiarism and future-orientedness of trust is very important indeed as it brings the discussion to a focal ingredient of trust, which is risk. According to Luhmann one can feel *confidence* over the fact that things shall continue the way they have been in the past. In this case however one should refer to “*system trust*” instead of “*trust*” since trust is specific to certain situations and circumstances such as interpersonal relations according to Luhmann (1988, 102). Moreover, trust should always be regarded as specific to relationships and it requires mutual awareness of the risks involved in the relationship and mutual commitment, both of the trustor and the trustee. System trust on the other hand is a kind of confidence, not trust, and it is based on familiarity, thus on the

past, but it also lacks the individual-level approach to trust as the more general confidence-like system trust is seen to be embedded in the system in the following fashion:

“System is functioning and trust is in place in this system, not in people or in certain individuals.” (Luhmann 1979, 50).

Luhmann (1988, 99-100) further states that familiarity is a fact of life and it is always present to some extent, but however, trust, unlike system trust is needed when specific issues caused by risk need to be solved. The view of Niklas Luhmann on trust is absolutely focal in this study. *What is to be underscored in the coming parts of the study is the fact that when the familiarity dimension disappears and when people move from one social system to another, also the application and the functionality of trust changes.* This view is rather similar to Luhmann’s (1979, 58) view that trust needs to be seen specific to relationships and it is a remedy for specific problems caused by risk. When people move from one social and cultural context to another one can not anymore blindly rely on the in-borne confidence one has built since birth that everything will continue as before or that similar clues in the system are to bring about perceptions similar to signs of trustworthiness that apply in one’s “home system”. Hence, new social context means a rise of new types of risks that one can not accommodate with confidence and system trust. This means that a view on trust creation needs to be applied that is more relationship-specific in this sense. The interdependent relationship and its increasing meaning and impact on the role of risks as a focal ingredient in the creation of trust are discussed in the third chapter of the study. (Li 2007; Kelley & Thibaut 1978.)

Hence, according to the aforementioned, trust is often defined in the literature follows:

- The trustor (the one who is actually trusting) having good faith about the trustee (the one being trusted)
- Being honest (trustee)
- Being predictable, reliable and fair (trustee)
- Having positive expectations about the motives of the other (trustee)

Due to the fact that trust is a rather complex phenomenon, it is understandable that summarizing it into a few words does not suit every single aspect of the focal concept. This means that the issues brought to light above can be seen to affect trust and its creation at different stages of the trust creation process. After some theoretical approaches on the creation of trust has been discussed, some of the focal issues here are brought up again and their validity and impact is to analyzed.

Nonetheless, at this point it should be rather clear to the reader that the concept of trust is a multi-dimensional construct. Some of the core issues that define it are *risk*, *time* as in the past and future, and *expectations*. Trust is likely to consist of some ingredients and clues that are more perceivable than others. Hence, a transformation from cognitions to affections is likely to take place during the process of trust creation. These issues were already brought forth in the above, but a more thorough discourse is taken in the coming sections of the study.

As a brief summary of the inherent nature of trust, is that trust and its creation are very much affected by the social milieu and context where one has been raised and lived in. Still, a more robust analysis is needed on the interrelatedness of risk and trust. In addition, the situations where one is engaged in and where one uses trust as a mechanism to defeat the uncertainties and vulnerabilities need to be emphasized. This also implies the fact that the role of one's personal experience and dispositions to be confident and to trust the system and to utilize trust in specific relationships are intertwined (Luhmann 1988, 103). Still, it should be borne in mind that trust is a phenomenon that is required in the interaction between two actors and the distinction to trust and confidence in the greater (social) system need to be kept apart for one to be able to make sense what happens at the dyadic level during trust creating interaction.

Finally, it needs to be brought forth that the role of communication in regards to trust creation seems to be at least two-fold. On one hand it is a central means to affect one's expectations and even risks as communication is about information and knowledge exchange (Holden & Kortzfleisch 2004). It is also assumed in this vein that by communication one is also able to have an impact on the process of trust creation as well. The latter view is to be discussed later in the study. At this point however, some of the managerial views on the nature of trust in general are brought forth and they too bring up the element of communication that is closely related to trust.

"(...) what trust means in my opinion is that, maybe bluntly put one could say that practice shows that things are done according to the agreed rules of the game and without the hidden agenda and the deception (...) it's a practice where one doesn't break those (agreed) rules."

"(trust is that) it's said what's to be done and it's to be done what was said"

These quotes illustrate a few issues that need to be brought forth. When trust is concerned, first people talk about what is to be done in the future. Before any action is taken by any of the parties involved in the trust game, common rules are agreed upon verbally and/or written and the intention is to abide these rules and agreements in the

future. Even though some sort of an agreement is made there still exists the possibility of deceit and shirking as information and monitoring of the other are not complete. Hence, there is always the chance for hidden agendas to be active under the surface in a relationship. Thus, this means that trust in most cases involves the acceptance of uncertainty and reliance on the word and on the promise of the other that is projected into the future. In addition to the hidden agenda and uncertainty, other issues are seen as important in the trust game as well. As an example the following quotes also underline the inherent role of communication involved with trust. One manager said that:

“If you don’t have communication I suppose there’s no way you can create any trust either”

In the light of theory and evidence from the managers it looks rather clear that communication and trust are intertwined. Information exchange leads to expectations about the behaviors of the other. Still, despite of amassing plenty of information about others it is not enough to guarantee the motives of the other in respect to the relationship where trust should be created. “Relationship” is also an important concept since it is a fundamental factor that separates confidence and trust, and relationships also underline the importance of continuity and the future orientedness of the cooperation. In this light the way the author himself sees trust is that *it is a state where two or a few people are willing to rely on each other in the face of uncertainties and vulnerabilities, hence risk. Opposite to trust, a passive acceptance of risk such as confidence should not be regarded as trust. This is especially since dependence on others reflects trust as a state of active willingness to be vulnerable.* These arguments are to be discussed in chapter three.

1.4 Motivation and the research objectives of the study

Trust is possible to be interpreted in numerous ways and this undoubtedly has caused some inconsistencies within trust research. Even though the benefits and downsides of trust have been widely explored in the literature, even today research on trust has not been able to produce a coherent framework to study trust in a systematic way that could be applied also to changes in contexts where trust is to be studied in. This is not to say that a new trust framework is compiled within this paper, since it is not.

The point to stress is that on its part this problem inherent to trust research indicates the context dependency of trust, and it compels the researcher to approach trust according to the context at hand. The larger context of this particular study is Mainland China. The urge to conduct a study on trust creation first and foremost in the international business context is that the international context, in this case the context of Mainland

China brings forth a multitude of variables such as cultural forces and thus uncertainties. This on its part calls for the use of trust as a mechanism to decrease the uncertainties that arise inevitably in international business operations, in this case between Finnish and Chinese business operators. (Kettunen, Lintunen, Lu and Kosonen 2008; Child 2001; Luo 2001).

Concerning international business, one should be careful when choosing one's partners, since internationalization is a challenging process from which backing out is not easy nor cheap. Speaking of internationalization in general, for a small and medium-sized company it can be similar to balancing on an edge of a sword, as failure to penetrate the foreign market might well mean the end of business altogether. Consequently, internationalization often also means some type of partnering and use of networks and consultation. Regarding the Mainland Chinese business context, networking and finding the right partner in which one can place trust has traditionally been seen as one of the crucial fundamentals for success in China. (Ramström 2005.) The issue of finding the right partner was emphasized also by the Finnish managers who were interviewed for this study.

Perhaps it is even a bit pointless to talk about only success in the Chinese markets as even not getting scammed in China can be regarded as a sort of success itself. One of the premises of this study is that the importance of trust in conducting business is nothing but highlighted in an environment such as China. This view originates from the mere fact that doing business in China often incorporates some sort of cooperation between an overseas business actor and a local company. In the past this issue was even more emphasized than today, however it still holds true to a large extent. (Nivaro 2011; Saksa 2009.)

When referring to cooperation, it does not necessarily have to mean that the foreign company needs to set up a business venture jointly with the Chinese. However, seldom can they entirely avoid being in contact with the Chinese business operators either. Thus, be the case setting up a production facility, negotiating about sourcing, setting up marketing channels and sales agent or logistic networks; all of these functions often require collaboration and some sort of partnering or integration with a local Chinese business partner. Partnering as such obviously requires the formulation and cultivation of mutual trust within the business relationship and often in the case of China, personal trust between the top managers is highlighted (Luo 2002; 2001; Child 2001). In practice this means making promises and having to believe in uncertain outcomes and placing faith in the future even in an environment where the written and unwritten rules are different from what people have been grown to expect in their home environments, in this case in Finland (Vihakara 2006).

Consequently, one of the starting points and premises of this study is that people coming from a certain culture are more likely to stress certain aspects in terms of trust

itself and more importantly, the process of creating trust is seen to differ dramatically in the Chinese and Western cultures, such as in Finland (Hofstede & Hofstede 2005, Bond 1991). Hence, culture is one of the building blocks concerning the literature used in this thesis as literature has shown that differences in perceptions, also concerning trust are huge and these might not be so clear to the foreign practitioner that wishes to conduct business operations that require collaboration in China. As an example of the differences, the relation of one's own image of the self to the society and others surrounding oneself has some profound effects on the way social interaction is seen and trust is seen to form in Asia compared to Europe. (Markus & Kitayama 1991.)

Secondly, culture, its values, traditions and stereotypes etc. affect strongly not only the way we see other people and the way we adjust to new circumstances (Gudykunst & Hammer 1988), but also the way we communicate, the way we create meanings and thus also the way we bring about trust and commitment in our relationships with other people. (Ting-Toomey 1999; Hewstone & Brown 1986; Gudykunst & Ting-Toomey 1988.) Thus, culture, communication and trust form a highly interrelated system that is to be studied closely in the coming chapters of this study. The Chinese and Finnish cultures are to be the respective defining cultural boundaries within the frames of those the analysis is conducted.

Hence, these three issues of *trust*, *culture* and *communication* are the foundation of the motivation of this study. They formulate the outline of the study going first to discuss the complex world of trust and its meaning in business. Then moving onto culture and especially to discuss the impact of the Chinese cultural context on trust creation between Finns and Chinese. Finally communication is added into the equation and it is analyzed as a supplementary but a necessary tool for, not only for monitoring and assessing the level of trust between actors and its development, but also to render trust creation efforts more focused and thus more efficient. The study aims at giving the reader, the international business practitioner better awareness of the role and function of trust in business dealings in general and especially in terms of the Chinese culture and the Chinese way of doing business. The practitioner is to be given knowledge based on literature and concrete examples from Sino-Finnish interorganizational business relationships how trust is built in business operations in China and how it is developed and how the Finnish manager should interpret the Chinese side in order to make inferences about the development of trust. What should be brought forth explicitly is the argument of what is new in this study in regards to some of the other studies previously done on issues that are close to the topical area of this study, namely social relationships, trust and communication in the Sino-Finnish context.

Vihakara (2006) has done extensive research on communication in a Sino-Finnish joint venture. She used narratives and stories from Finnish and Chinese managers of the JV to make sense of e.g. the effect of culture on communicational issues. This study

inspired the author to take a closer look on issues involving intercultural communication, and hence adopt a bit different approach. Ramström (2005) and Nojonen (2007) concentrated a notch more on the development of relationships and incorporated a thorough analysis of the institutional landscape of Asia and China to assess its implications on the significance of interpersonal relationships in Asia. between Finnish or Nordic businessmen and their Chinese counterparts. Some of the main themes that revolve around these studies are to employ a central arena also in this study as profound institutional and cultural differences strengthen the importance of friendship, mutual forbearance, loyalty, acceptance of risk, patience and so on and so forth. In a nutshell the author argues that this study differs from the previous studies in the way trust, culture and communication have been combined. Thus, one of the most critical motivations for the author has been to delineate the relationship and interrelatedness of these three issues.

Later it is to be argued that the Finns need to unlearn some of the “Finnish ways of thinking” when operating in China; hence cultural awareness and adaptation is one issue that is to be referred to numerous times in the coming. The different culture also necessitates for a new set of tools to be utilized; going about conducting business the Finnish way is more likely to cause big drawbacks than reap the full benefits of lucrative business opportunities in China. Thus, one of the assumptions shall be that more often than not these business opportunities moderate and develop into successful ones when they start to grow and flourish from the establishment of trust on the both sides of the partnership.

The ever-growing need and emphasis on trust is based on the view that due to the fast pace of change in China, uncertainties are extremely high. As an example, the legislative changes having a huge impact on foreign businesses often actualize without advance official notice in China. Yet, with proper ties and trust networks created, a foreign company can acquire relevant information before others and dodge the numerous pitfalls. Despite, of China taking great measures to improve the functioning of the free market system and see an effort to level the field in terms of business opportunities, the level of institutionalization e.g. as on law enforcement is still rather low. Furthermore, even though China is changing and adapting in the face of globalization, foreign practitioners are still required to understand the underlying logic how the “Chinese system” works. Consequently, trust has been pinpointed to be one of the success factors in regards to understanding “the system”. As an example, the entirely different institutional nature of the Chinese society in comparison with the Finnish society on its part calls for traditional means of trust creation such as strong managerial interpersonal ties between foreign and local managers to be given special attention in the Chinese business context. (Ilmonen & Puisto 2009; Kettunen et al. 2008, 139-143; Child 2001).

Another issue that is worthy of note is the economic development in China and its impact on foreign as well as Finnish businesses. The rapid increase of pay level in China has already led to a situation where foreign companies need to look for cheaper operating environments. This means that companies are looking for leaving the most developed areas in the Eastern coastal region, such as Shanghai and Beijing and relocating in the Western regions of Mainland China and even other, less developed countries in South East Asia. This creates new challenges for Finnish businesses as well when they move to significantly more undeveloped environments. This change calls for them to rethink their approach to business, and also their approach on the role of trust in terms of conducting business (Poropudas 2011; Kettunen et al. 2008, 139-144).

Hence, in view of the issues presented above, *the motivation for the Finnish business practitioner is rather simple: What are the issues that one should be aware of when trust creation and communication are underscored and regarded to be in the core of doing business in China? Secondly, how can one on one's own part facilitate the creation of trust in the Sino-Finnish business dyad so that this competence leads to more transparent and smoother running of business in China?*

In the end the study is also about making sense about the issue of “optimal trust”. The concept was created by Wicks, Berman and Jones (1999). Next to clarifying the inherent nature of trust it is about understanding in what ways it is necessary to invest in trust development in one's business and what are the potential benefits derived from these procedures. When one of the main motivations for the researcher to conduct this study was to approach business failure from the trust creation point of view, it is consequently assumed that traditional Finnish methods of doing business, especially in terms of trust creation are not applicable as such in China. This point brings forth the increased element of risk when the normal way of conducting business is not useful nor wise in the Chinese business context. Obviously, even traditionally in business ventures risks are often large and the possibility of shirking and opportunism exist all over the globe, there is no denying that. This study is to give some answers how, through better understanding the intricacies of trust and its creation and the means of communication in an intercultural business setting, managers can go about decreasing the odds of failure in their business endeavors in China.

However, the reader should bear in mind that in case of failure, is it in China or wherever else in the world, the reason can be one of hundreds. The point of departure in this case is *trust*. When the other elements of this study are taken into the discourse, the question is more of the kind that, what issues regarding culture and communication can cause failure and success in terms of trust creation in the Sino-Finnish business context. The structure of the thesis moves on from the discussion from trust onto culture and the seemingly different characteristics of the two cultures. The focus shall be on the impacts that culture has on trust inducing as well as trust diminishing mechanisms. The third

section is devoted to communication. It is discussed from the Chinese perspective as evidence from the literature is used to give a picture of communication practices and cultural issues that affect them. In addition, the Western perspective occupies a central role in terms of communication related to Sino-Finnish business relationships not forgetting the role of communication as a lubricant to bring about a trusting intercultural relationship. In the end of this study the cultural-communicational hindrances and also the potential ways for managers to recognize and work against them are discussed and managerial suggestions are presented in the conclusions that form the final synthesis of the interplay of communication in an intercultural business environment as a trust inducing tool.

In the following, the specific objectives of the study are presented to the reader. In addition to this, also the definition of trust in regards to this particular study is to be presented. This is important since the trust study –field is plagued with an overwhelming amount of mutually confusing representations of the focal construct and thus it needs to be clarified what trust is meant with in the study in question.

As was presented in the topic, the main research objective of this paper is to study *trust creation and communication in Sino-Finnish business relationships*. For the researcher to be able to go about doing this in a systematical fashion the main objective needs to be divided into smaller components. First of all, as the whole process of trust creation is to be studied as a process taking place in the dyad between the managers, it is focal to make sense *what issues are relevant in interpersonal trust creation*. This research objective is turned into one other questions that sheds some light on *what is the view of Finnish business managers on the creation of interpersonal trust*. The formation of this set of questions is argued based on the fact that in order for the researcher to be able to analyze the effects that are incurred on trust creation by the Chinese context, first it should be clarified, what does trust mean in general, and how do the Finnish managers see it as such in nature, and not related to China in any way. Not until this has been made clear is it purposeful to start making the way towards finding out *what is the impact of the Chinese culture, first of all, on trust creation in Sino-Finnish business relationships and on communication*. Thus, the third and fourth sub-research questions are devoted to intercultural interaction and its effects on communication and consequently on the creation of trust.

To summarize, the study aims at giving an answer to the following questions under the greater aim of studying trust creation and communication in Sino-Finnish business relationships:

- What issues are relevant in interpersonal trust creation?
- What is the view of Finnish business managers on the creation of interpersonal trust?

- What is the impact of the Chinese cultural context on trust creation in Sino-Finnish business relationships?
- What is the impact of the Chinese culture on communication?

Now that the research objectives along with the background, as well as motivations of the study have been presented, the limitations regarding the study need to be discussed. Even though there are a number of issues worthy of note in the whole of trust creation process between Finns and Chinese, the researcher must confine himself to go about doing this piece of research within certain limitations. One important issue that should be made clear in the beginning is that trust creation, its evaluation and assessment are solely researched and analyzed from the Finnish managerial perspective.

Secondly, trust is to be studied on the interpersonal managerial level as incorporating interorganizational trust formation within the same equation would have made things too complex. Thirdly, culture is a construct of thousands of meanings. In this study the researcher applies a variety of constructs developed by Geert Hofstede (2005; 2001;1980) to pinpoint some of the most profound distinctions between the Finnish and Chinese cultures. Also some culture-related constructs other than those engineered by Geert Hofstede are used, but they have been derived from the cultural dimensions originally created by Hofstede. The choice was made largely by practical reasons as to make the workload tolerable and to add to the validity of the study in comparison with other culture-related studies on trust and communication. The reasons and implications of the choices mentioned are discussed further in the section on research design that follows next.

2 RESEARCH DESIGN

2.1 Research approach

In the past the methodology used in a research has been labeled either quantitative or qualitative. Nowadays, however the division is not as strict as it used to be since elements of both classes of methodology are often used simultaneously in a single study (Creswell 2003; Alasuutari 1995). Alasuutari (1995) further points out that the two approaches should not be regarded as merely opposites, but more as complementary approaches to research that are on the same continuum and not on opposite sides of the coin. It could be seen also in the process of pursuing this piece of research that quantitative data from a number of studies was used to get an idea and a picture of what the basic nature and interrelations of the core concepts are before going deeper into the task of clarifying what affects what, when and how.

Some debate is ongoing on the interrelatedness of for example the research problem and the appropriate research approach to be utilized. As an example, the adoption of the most purposeful methodological approach can also be a factor of whether the research agenda is more a positivist and an objective one or is it perhaps based more on the personal interpretations of the researcher making it a subjective one. (Hurmerinta-Peltomäki & Nummela 2004, 163.)

Based on this, it was rather straightforward to label this study as a qualitative one. This is first and foremost since the researcher wanted to know how the Finnish managers saw trust creation, culture and communication interact in the Sino-Finnish context. Their personal experience was the fundamental building block in view of this study. When this is combined with the fact that even sensitive information was retrieved about failures in business operations in China, this called for a qualitative approach that was not based on more superficial numeral analysis, but more on a profound understanding of the phenomenon as a whole. Further, what needs to be highlighted when speaking about the choice of the research approach, is the spatial dimension of the study. It is something that has come to the domain of international business research to a large degree from the anthropological research field where the objective has perhaps been more on the interpretative side, contrary to making observations, as the meaning and the role of the context have delineated the research agenda. (Buckley & Chapman 1996, 243.)

The interpretative nature of the qualitative study means that the data collected and its analysis can, and most probably will alter the research problems during the process of data collection and analysis. In addition, new data can be added into the analysis after the first round of analysis. Creswell (2003, 182-3) talks about the cyclic nature of the qualitative study. In the sense of these qualities appointed to the two approaches, the

qualitative approach seems to be the more suitable choice since the researcher was unsure of the interrelations of the concepts used. Thus, he had to go back to the theoretical framework quite many times after the data was already collected. Hence, new information and interlinks in the data made the researcher to adjust the research accordingly. Also other researchers stress the cyclic and iterative nature of the qualitative research approach (see e.g. Kovalainen & Eriksson 2008). Uusitalo (1991, 80) points out that the limits of the qualitative data are open in comparison to the closed nature of data in a quantitative study. In the latter case it is important that the data represents statistically the universe, which is to be studied. These features of the qualitative approach and the non-linear nature of it have raised some mistrust towards the applicability of the qualitative approach in academic research and it has been even labeled as “messy research” (Marschan-Piekkari & Welch 2004, 6-8). Yet, it is somewhat on point to say that qualitative research is somewhat unorganized in the sense that it aims at answering questions such as “why” and “how” next to describing “what” takes place in terms of the phenomenon under study. This has perhaps resulted in researchers of international business not to resort to the use of the qualitative approach too often, as one-off positivist descriptions of business has traditionally been seen more characteristic to business research (Buckley & Chapman 1996, 240).

Hence, this piece of research was conducted as a qualitative research since the nature of the research calls for an approach that tackles on the interrelatedness of the core themes and forces and tries to get a comprehensive picture how they affect each other (Wright 1996). A research can be labeled as an empirical one if it pursues to present an initial or theoretical description of a phenomenon, or the aim might be to explain the fundamentals of a phenomenon. An empirical study can also be used to predict the future developments regarding a phenomenon (Uusitalo 1991, 61).

Furthermore, in this case it is in fact somewhat difficult for the researcher to label this research as a specific type of qualitative research. Perhaps this study comes closest to the phenomenological approach. A phenomenological study is about human experiences on a certain phenomenon and the element of the researcher himself as an interpreter is strongly present as well. (Creswell 2003, 15.) This description resonates with the fact that indeed the researcher was in a crucial role, for example as the definer of key concepts such as trust, culture and communication. Had these concepts been approached differently it is very likely that the results would have differed as well.

However, it is difficult for the researcher to label this particular study as a case study either since no certain event or company composes the data. Phenomenology as a method has got to do with interpreting the world as a social and cultural context and it does not hold the concept of causality as the ultimate validation for scientific truth. The phenomenological method stresses the interdependency between the people, their experiences and the socio-cultural world where they live in. (Sousa 2008.)

The main reasons for choosing the qualitative approach was the fact that the research problems were aimed to make sense of *trust creation and communication in Sino-Finnish business relationships*. Data was retrieved through a set of expert interviews conducted in two phases; the first phase was in January-March of the year 2010, and the second phase was conducted in October 2010. The researcher saw personal interviews as an important starting point mainly because the goal was to find out how the theoretical framework reflects actual trust creation process in real business dealings between Finns and Chinese. This is also one of the most important reasons why the researcher chose to adopt an iterative model of study to be able to go about interactively engage in a dialogue between the empirical findings and the literature. This on its part also called for the utilization of the qualitative approach instead of the quantitative one, in addition to the fact that the task to define the factors to depict trust and its interrelatedness would have been difficult.

As was discussed in the introduction and in the motivation of the study, few studies incorporating all the three focal concepts of *trust, culture and communication* have been conducted that place them in the international business domain. Some of these studies that have focused on these issues were presented in the opening part of the study. What is common for them is that they either study the effect of trust on a variety of phenomenon. Some studies on the other hand have communication as the starting point and try to shed light on how it affects trust. The third category of studies that share commonalities with this study are the ones, which are based on the assumption that culture affects communication or the foundations and establishment of trust. These are some of the reasons why the collection of rich, personal data was in a focal role in this study in order to be able to get close to the phenomenon of trust creation.

As the nature of the research topic chosen in this case calls for a deep understanding how the core factors affect each other and when previously little research has been done incorporating similar themes, it is extremely troublesome to have an assumption what the results will be like. Let alone the fact that what issues might come to play a great role when all the data has been collected. Hence, when a researcher is going about doing research on a fairly new topic and is conducting an initial mapping of a phenomenon or process, it is labeled as an explorative research (Uusitalo 1991, 62). He further argues that an explorative study should be conducted in an early phase of the study on order to get a sense of the problem and help to clarify the research problems. More specifically, the explorative approach suits well cases where empirical findings are in an important part in describing the phenomenon. Even though Uusitalo (1991, 62) says that in explorative qualitative research the empirical data is often used to develop theoretical ideas, here this is not in the focus of the study as such. Still, after all the three focal themes and their effect has been presented and analyzed, some suggestions will be given considering possible research gaps and avenues of future research in regards what

issues might also come to play a part in trust creation between Finns and Chinese business people.

Hence, in the focus of the study are the dynamics between culture, trust and communication. In the end of the research, after managerial first hand experiences have been mirrored and analyzed against the theoretical implications within the fields of trust research, cultural studies and scholarly works on communication, the researcher should be able to make some inferences what the dynamic is between these issues. Speaking of theoretical generalizations, the situation is different as the theoretical foundations on Sino-Finnish business collaboration is rather scarce. This also on its part leads to the misfortune that the researcher is very much dependant on the data and on the way it will lead the researcher towards. This type of lack of theoretical knowledge base is discussed in Aalto and Valli (2001, 16-7) and it is stated that a qualitative research aims first and foremost at bringing the actors' (who are to be researched) viewpoints and interpretations into light.

As did Creswell (2003), Aaltola and Valli (2001) also state that the qualitative approach is generally speaking more subjective than the quantitative approach. This means that the researcher is closer to the phenomenon under study. In other words, the researcher influences more the analysis and interpretation of the data compared to the case in quantitative research that is regarded as more objective (Aaltola & Valli 2001). In this case especially the analysis phase proved out to be very challenging indeed as it was up to the researcher alone to evaluate the importance of the data. Uusitalo (1991, 53) raises the issue that in qualitative research especially, data collection, the definition of the phenomenon studied and the research problems are in close interaction and shape each other. This is exactly what took place during this research process as well. The interviewees' views on trust especially called for special attention of the researcher. The fact that all of the interviewed managers had their own view of grasping what trust meant in their respective cases, made the process of definition of the various constructs somewhat arduous. Along with the focal concept of trust, also culture is a construct that can be defined in a numerous ways (Oyserman et al. 2002; Schwartz & Bardi 2001). This called for an approach that left room for the interviewees to define and bring up issues they saw as important related to it. On the basis of these views the researcher was the one who compiled the final ingredients of culture as well as trust and what they constitute in this study in particular.

Before moving more onto the discussion about the procedures adopted regarding this study, the meaning and role of literature and theoretical findings relating to the topic being researched needs to be brought forth. Uusitalo (1991, 35-38) discusses the role of theory in science and in scientific research. He also sheds some light on the concepts of inductive and deductive research approaches when it comes to the use and the role that theory can take in a research project. He presents two approaches to a research. These

are the inductive and the deductive approach. The inductive approach basically means that the theory is not the starting point of the research. This means in practice that the findings from the data collected by the researcher compose the core of the research. Consequently, the most common findings and repetitions of the data evolve into generalizations and from these generalizations theories and hypotheses are constructed (Uusitalo 1991, 37).

Opposite to the inductive approach, in the deductive approach the process is turned upside down, when the researcher is driven forward mainly by the theories he has chosen to utilize. Later on the findings from the data may change the theoretical framework and thus affect the development of new pieces of theory and hypotheses (Uusitalo 1991, 37). Creswell (2003, 182-3) states how both, the inductive and deductive processes are at work in qualitative research. He says that often both processes are needed since qualitative research is used to explore complex and intricate phenomena. This was also evident in the case of this research as on the one hand some theoretical groundwork had been conducted prior to the first set of interviews. This was needed most of all to be able to draft and outline some interview questions around which the interview was to be constructed. However, at a later stage when the interviews were well under way, new theoretical data was acquired to better explain the findings from the interviews that were not outlined in the interview draft and thus were not part of the original theoretical framework.

In the coming, the issues relating to the collection of data are discussed. The mode of data collection in this study was chosen to be personal interviews. The next chapter is begun with a discussion on the fundamental nature of interviewing as a method of data collection.

2.2 Data collection

Interview as a method of data collection is an efficient one especially when data are based on personal experience and when the data are in form of words instead of numbers and hard data. This argument is based on the view that interviewing is an inherent and closely related domain of empirical research. Empirical research in its essence is about the researcher making observations concerning a phenomenon by interacting with people who are involved in the creation of this phenomenon. What is essential is that these observations are often most appropriately made through close personal interviews and by talking to the people who have knowledge about the phenomenon of interest. (MacDonald & Hellgren 2004, 264.)

In this research the interviews were carried out as a semi-structured interview. This means that even though the researcher had prepared a particular set of questions he

mentioned that the interviewee can freely choose the issues that are relevant to him based on his own experience (Hirsjärvi & Hurme 1984). The structure of the interviews was that the interview was divided into three different entities. These were the concept of trust, culture, as well as Chinese cultural characteristics and communication.

The researcher came up with a series of questions regarding each area of interest related to the topic of the study (see appendix 1). The question sheet was also sent to the interviewees well in advance so that he could get an idea what was going to be discussed and what was expected of the interviewee in terms of the context of the study. In the beginning of the interviews the researcher made clear what the topical areas were and asked the interviewees to voice their opinions and share the experiences freely and in a personal way on the topical areas mentioned on the question sheet. Not to have made the interviewees follow a very strict path in terms of the questions asked, this proved out to be a purposeful and successful choice since the interviewees in general were very keen to share their points of view on the matter and the interviews followed more a storyline than the rough outline of the questions set by the researcher.

Hirsjärvi and Hurme (2008, 34) point out that one advantage in conducting an interview is the possibility to adjust and change the order of the topics under discussion. Actually, this is emphasized further when talking about the semi-structured approach (Hirsjärvi & Hurme 2008, 47). The researcher led the conversation from one topic to another, but apart from this, the interviewee was the one talking for the most part. Interview as a data collection mode suits exceptionally well in cases where the interviewee is the one who creates meanings and is active in the discussion process (Hirsjärvi & Hurme 2008, 35).

Since not very much research has been conducted on the topic that included trust, culture and communication, a method of interviewing as an integral part of the qualitative study is well –argued. In addition a type of interview that is more non-structured than a structured one is seen as appropriate in view of the fact that in a qualitative study the aim is to make sense what are the fundamental forces and events that need to be brought forth in the later analysis (Hirsjärvi, Remes & Sajavaara 1997, 164.). The choice of interviewing also has some downsides as well. One point that is very apparent in terms of making interviews is that an interview as a method of data collection is very arduous for example when compared to a survey as data needs to be processed and classified after the actual interview. This point was highlighted as the interviews were semi-structured and the amount of information was fairly large (Hirsjärvi & Hurme 2008, 35-6).

Hirsjärvi and Hurme (1984, 4) stress the fact that both, the interviewer and the interviewee interact and formulate new meanings based on their previous experience. This means also that the meanings derived from the interview data should be filtered against this finding that data is based on subjective opinions related to the past. This issue was

highlighted also during the interviews as the interviewees in most of the cases double checked that for example trust was studied exactly in the business context. The second example is that the interviewees often reminded the researcher that business culture and Chinese culture per se take different forms in different parts of China due to great variance in the degree of development and institutionalization of Western business practices for example.

Speaking of the features of interviewing as a method of data collection Hirsjärvi and Hurme (1984) emphasize also the fact that every individual uses concepts in various ways to picture, explain and communicate reality. An interview can also bring about new views on the issue under research even during the process of data collection (Järvinen & Järvinen 1993, 103). Speaking of the collection of data in this study in particular, the qualitative data were attained from Finnish nationals who can be labeled as China experts. Most of them have a profound, more than 10 years, some even 25 years of experience in regards of doing business in China in leading managerial positions that has given them the opportunity to be in the frontline of negotiations with the local business leaders as well as having been the decision-makers in their respective companies. A few of them even have been studying in China before they started their working careers. What should be brought forth in regards to the interviewees, most of them worked in the Eastern coastal regions in Mainland China, such as Beijing, Shanghai and Tianjin. These areas have been argued to be also the most developed and internationalized in Mainland China. This issue most likely has an effect on the results as the local Chinese companies have accustomed to Western business practices more than their colleagues in the West of China. (Kettunen et al. 2002.) The interviewees were chosen mainly by stressing long work experience in China next to the fact that the variability of the interviewees in regards to their field of business would be as extensive as possible. In this way the researcher was able to play down the industry effect on the results.

The issue of the cross-cultural dimension is often brought forth when research, and especially interviewing in the context of international business research is on the agenda (Wilkinson & Young 2004). This is undeniably an important point to bear as people from different countries come together to conduct an interview where personal views and even business secrets are revealed. However, in this research, despite it being about studying a cross-cultural phenomenon, only interviewees native to the researcher were interviewed. Hence, in this view the problems and pitfalls brought about for example by using second language in the interviews or using interpreters can be ruled out (Wilkinson & Young 2004, 218-9).

Still, there is one issue that is caused by the languages used in the collection of data. As the interviews were conducted in Finnish they needed to be translated into English so that quotes could be used in the study to form a dialogue with the theoretical data. It is argued that quotes taken from interviews is an excellent way to depict the subtleties in

a situation, but when they are translated from language to another, their meaning and nuances can alter. (MacDonald & Hellgren 2004, 272.) This issue was given special attention as the number of quotes used is fairly large. This was to minimize the room for error in the process of translation.

The data for this research was collected during face-to-face interviews with the Finnish managers engaged in various industries. The industries of the interviewees consisted for example of business consulting, communication consulting, sourcing businesses, as well as managers from companies who have a full scale of operations in China including manufacturing, sales and marketing. The researcher used the snowball technique to get the major part of the contacts (Wilkinson & Young 2004, 209). This technique proved out to be an efficient one to ask for suggestions of other potential interviewees and good sources of information from the managers the researcher had already interviewed. Only a couple of managers with whom the researcher was interested to have an interview, declined. The interviews were carried out in two separate phases. This was not the original intention of the researcher, however due to a work opportunity that led the researcher to live in China for more than half a year, the last set of interviews (2) were conducted in Shanghai, China in October 2010. The first set of interviews (7) were conducted in Finland during spring 2010.

To make it easier for the reader to understand the interrelation between theory and the themes and specific interview questions used, the most influential theoretical works are attached with the respective interview questions in the operationalization chart (appendix 3). In other words, in the chart one can see which set of questions corroborated with certain theories and thematical areas.

Now that it has been shown to the reader why this study called for a qualitative research design, it is time to talk about how the rich data collected was analyzed. After this the focus is shift on the evaluation of the trustworthiness of the study and its findings.

2.3 Data analysis

Miles and Huberman (1994, 50) stress early analysis of data when going about conducting qualitative research. They say that it is worthwhile especially because it helps the researcher to locate deficiencies in the data already collected and thus helps to clarify the continuous and cyclic collection of data. The researcher used early analysis in the way that he was interested from the beginning on how the evidence from the managerial interviews correlated with what he had expected. An adjustment of the interview lay out was not necessary as the interviewees found the topic to be on point and of relevance in view of doing business in China.

An initial research can be seen as one kind of interim report according to Miles and Huberman (1994, 50). Thus, the idea of this chapter is not to assess the usefulness of different approaches to data analysis per se, instead the aim is to give a sense to the reader how the data was classified and consequently analyzed to make the most out of its usability to produce valid results in the study.

The first stage after the interviews is transcription. The interviews were transcribed into an explicit text format within a couple of days after the interview took place. This made the data editable and all around more researchable as for example the researcher was able to make mark-ups on the written data. During the phase of transcription notes on facial expression, verbal emphasis etc. were marked clearly on the data sheet using colors as a means of emphasis and codification. Thus, raw data was only the recorded data. As soon as it was transcribed, the process of editing and analysis was well under way. After the text was transcribed the classification of the data took off.

Miles and Huberman (1994, 55) write about the issue of data overload and the multiplicity of data sources that might hinder classification and coding. The data was classified paragraph by paragraph under fairly broad themes derived from the sub-problems (*trust, culture and communication*). This is a purposeful means to protect oneself against data overload where too many different concepts are used in data classification this easily leading to confusion when distinctions between data classification are difficult to make. (Miles & Huberman 1994.) Speaking of data overload, due to the fact that in the interview data many interrelating concepts were used, it was at times quite troublesome to make sense of the degree how the concepts affect each other. Miles and Huberman (1994, 56) point out that codes are used as a means to integrate and compare the empirical data with the data gathered during the desk study phase. The researcher feels that even more emphasis to codification could have been in order, but this calls for a thorough knowledge of the literature in the beginning of the research.

Speaking of how theory and empirical data affect each other, the researcher feels that one simply can not assume blindly that the empirical data fits the framework devised from the theoretical evidence. Miles and Huberman (1994) tackle this issue by saying that one should not lean too much on words while coding, but more on the meaning of the words (Miles & Huberman 1994). This naturally makes coding more time consuming and less mechanical when the researcher must think how the findings reflect the theoretical side of the study. In light of this study, not only was it about the reflection of the data towards the theoretical framework, but also how the main themes were related to each others in the interviews. What became crucial was to be aware and sensitive how things were presented in the interviews and then making correct inferences on the interrelations of the themes that were discussed.

This type of approach necessitated that a multi-dimensional data classification was carried out. As an example, in some sections in the empirical data, culture-based values

were more prevalent and conversely in other sections they were more in the background. Thus, a two-dimensional approach was carried out using the three main concepts of the study as their direct effect on trust and effect on each other needed to be distinguished. Miles and Huberman (1994, 57) discuss the concept of descriptive codes when a group of phenomena is connected with a certain part of the data, this type of approach was utilized in this case as well.

Here, the researcher sees this as a fairly simple way of linking the data with the theories retrieved. This surely does not mean that the codes would not change during the process, on the contrary, the researcher saw this happen many times as changes in the theoretical framework affected the codes used and vice versa. The researchers also discuss the issue of more interpretative codes, but these call for a deeper understanding of the phenomena that is being researched. Codes and the way they are used also evolve in the fieldwork process (Miles & Huberman 1994, 62).

One should bear in mind here that in this case coding was a one-off attempt to categorize the data since the fieldwork stage was not a long-term process and of cyclic nature in this sense. The majority of the interviews were conducted within a short period of time and the second part consisted of only two interviews. This resulted in minimal adjustment in terms of the coding of the data. In a research that spans over a longer period of time the researcher has more opportunities to go about adapting coding of the data accordingly. This undoubtedly will have an impact on the findings of the research, but regarding the nature of it, the researcher finds this acceptable.

2.4 Trustworthiness of the study

In this research the framework of the trustworthiness of the qualitative study devised by Mäkelä (1990) is used. In his article he discusses the importance of the size and scope of the sample when speaking of the theoretical applicability of the research. Trustworthiness in the case of a qualitative research can be divided into four groups that each has its own approach to the concept of a trustworthy piece of research. These groups according to Mäkelä 1990 are following: *The significance of the data; the adequacy of the data; the scope of the analysis and the evaluability and repeatability of the analysis* (Mäkelä 1990, 49). He speaks about different ways of researching and conceptualizing similarities and differences concerning the phenomenon under study and the concepts that are affected by the phenomenon in question. In this research this has been one question that affects the trustworthiness of the whole research.

Especially questions like, why particular culture-related issues were chosen to reflect the way in which Chinese culture is seen to affect the perceptions regarding trust? These questions are very much legitimate, in other words, why have certain theoretical frame-

works been chosen, but others have not? This set of questions can be approached from either the theoretical point of view or from the empirical point of view. As an example, a few researches have been widely used in culture-related studies (Hofstede & Hofstede 2005; Hofstede 2001; Triandis 1994; Hall 1976) although they recently have been criticized to an increasing degree. This criticism (Fang & Faure 2010; 2008; Oyserman et al. 2002) has been noted in this research and on its part it has shown its validity also in real life cases.

The second approach is the empirical approach and the business realm as such. The interviewees brought forth traditionally acknowledged cultural issues such as individualism-collectivism, but on the same remark quite a few of them underscored that Shanghai as an example is changing rapidly away from being very “Chinese” in terms of “traditional Chinese culture” that relies heavily on ancient philosophical thought such as Confucianism. This means that there is plenty of room for subjectivist interpretation and choices when qualitative research is concerned and this is the case in this research as well. This brings the discussion to the core of this research, since the aim is to make sense of the similarities as well as differences among the concepts and in how they affect each other in the Chinese business context. In the following this division of trustworthiness is reflected in view of this research to clarify to the reader why the research can be classified trustworthy, or conversely why it might lack some elements to label it as trustworthy.

2.4.1 *The significance of the data*

When talking about starting a research project, the researcher never usually knows what the outcome of the research is to be like. Naturally the data collected affects to a great extent the outcome of the analysis. Mäkelä (1990, 48) emphasizes the difficulty of assessing the degree of significance in terms of the data collected. He stresses the fact that the researcher should pose the question, what makes the data worth to analyze in the first place. On what basis could the researcher come to the conclusion that the data retrieved for example from an interview is significant and valid to describe the particular phenomenon in question? Here lies also the essence of credibility because if and when the researcher is at least to some extent unaware of the subtleties of the phenomenon in the research of which he is engaged, how can he be sure that the data is suitable in terms of the research objectives and that it will produce credible results?

Regarding this research, when the data is from a set of independent interviews, the risk of losing the significance of the data may be greater than in researches where multiple sources and methods are used such as mixed quantitative and qualitative methods. This approach can be referred to as triangulation (Ghauri 2004). It is about the use of

multi-methods to get a more holistic and contextual picture of the object under study (Ghauri 2004, 115). Through the use of triangulation the validity of the study can be increased, i.e. the researcher can increase the probability that the research measures the right phenomenon initially designed to be studied. Speaking of triangulation, here theories derived in Chinese and Western academia were used. This proved out to be a good choice since some significant discrepancies were discovered between them that resonate with the focal concepts of the research. Differences especially in how the concept of trust was perceived in the various models were fairly obvious. On the other hand, this is not entirely a cultural issue as trust research is extremely fragmented in nature and cross-disciplinary models on trust are nearly non-existent apart from a few exceptions (Li 2007; Rousseau, Sitkin, Burt & Camerer 1998).

However, some fairly recent studies have gone about making fundamental sense of the differences of trust in different environments. For example, Li (2008) made a division on trust between its role and function in the Eastern and Western societies. Relating to trust, a number of other studies that were aimed at comparing the Western and Asian contexts and their impact on for example trust and communication (Chua, Morris & Ingram 2009; Buchan & Croson 2006) were used. This is seen to increase the fit and significance of the theoretical data used in regards to the challenges posed by the research problems and their intercultural nature.

The various cultural theories on China such as Confucian thought and its values and guidelines on human behaviors (Ying 2000; Bond 1991; Chinese Culture Connection 1987) placed also great emphasis on human relations in China and especially relations with one's closest relatives such as family compared to the mappings of Western cultures and the way they are traditionally seen. This indicates that during the interviews arose relevant and topical issues that are also present in the literature.

One issue that the researcher has brought up briefly is that the managers' experience is limited to a great degree to the Eastern parts of Mainland China. In addition to this, the differing backgrounds and the mode of business the managers have been engaged in is likely to affect their views on the focal themes of the research. Obviously, one can never be sure what kind of implications do the partially differing industries and business backgrounds of the interviewees have on the results. Still, one of the most clear-cut forces in that was seen to affect the way of doing business was the geographical location within China. The potential of this factor leading to decreased trustworthiness is quite limited as most of the managers had been or are currently still doing business in Shanghai or in other large relatively internationalized cities on the Eastern coastal strip of Mainland China. However, here it should be noted that the results do not necessarily apply to the whole of China and in this way this issue involves the applicability of the results. There are many reasons that let the researcher to assume this. First and foremost, the Eastern coastal strip and Shanghai especially are the most developed and in-

ternational area in the whole of Mainland China. Thus, business practices are westernized to a substantial degree. Secondly, the business in the interior regions still relies to a significant degree more on traditional means such as socializing, in the form of using personal networks and placing great emphasis on family ties for instance in light of placing trust in others (Child 2001). The point to be made here is that the reader should be aware of these kinds of limitations and special conditions of the study that might somewhat affect the trustworthiness of the study.

When the data was analyzed the underlying fundamentals of the theories started to open up more clearly to the researcher. Mäkelä (1990, 48) argues that the data produced by single individuals must be placed in their relative societal position. In this case the interviewees' point of view is strictly managerial and what is more important the view is based on the perspectives of Finnish nationals. This should be remembered that all the views are personal and based on experience dealing with Chinese. This might be seen as one of the biggest shortcomings of this study since no Chinese counterparts were interviewed that could have shared their views on creating trust with Finnish managers.

As a final remark, Mäkelä (1990, 48) points out also the fact that the interviewer can have an impact on the nature of the data. In this case, it might have been because the interviewer sometimes even too eagerly started to ask about themes that had come up in previous encounters with the other managers. Consequently, this might have led to the great amount of data at least partially related to certain themes.

2.4.2 *The adequacy of the data and the scope of analysis*

Mäkelä (1990, 52) raises the issue that measuring the adequacy of qualitative data might be a difficult task. According to Mäkelä (1990) it is difficult to know when the point of saturation has been reached and when the amount of data collected is sufficient. In this case, even though a one-hour interview may seem inadequate, the amount of data collected equaled on average at least 10 pages of text per interview. The researcher does not argue that one should regard the adequacy of data solely based on quantitative and static measures such as the number of pages. However, this indicates that a lot was said and explained during one interview. It became obvious to the researcher that when the interview was coming to a close, the same themes and concepts were used time and time again and the researcher had to come in and re-energize the discussion in some way until the interviewee had a new thought come to him. Despite that in every single one of the three sections in the question sheet trust was somehow mentioned, the discussion fairly often ended up in *family, personal relationships, culture* etc. in addition to trust. These issues that are prevalent also in culture- and trust-related research also became

prevalent in the interviews, thus it was a valid sign as such of the significance and adequacy of the data as similar themes were present in every single interview.

On the other hand, the researcher must not forget the importance of self-criticism. Using different ways of posing questions may open up some entirely new aspects. Despite of the large number of data retrieved, one should not dismiss the fact that by having one or two more experts to interview might have been useful in terms of increased trustworthiness. It could have been perhaps easier to find larger themes under which data was consequently classified. This leads the discussion on the scope of the analysis. This means that the researcher does not base his or her interpretations on haphazard collection of data. Mäkelä (1990, 53) states further that more often than not concerning qualitative analysis, researcher's impressions of the data may take a leading role in the analysis phase. This is a result of large amounts of data, which can easily cause a sense of dubiousness for the reader. In other words, the reader is not sure whether some findings are worth analysis or not. This is one issue that could have been taken into account more accurately in this research already in the definition of the research problems (Mäkelä 1990, 53).

An issue that further calls for more precision in regards to the definition of key concepts is the cross-culture nature of the study. Since the concepts used in this study come from differing cultures and contexts (international business studies, sociological and psychological studies etc.) and since all of them are subject to various interpretations, this may cause some lack of trustworthiness. In this particular research, issues that were not directly related to the research objectives as such, but were still discussed in the interviews to some extent are presented in the final part of the study as to shed some light of possible further avenues of research.

2.4.3 *The evaluability and repeatability of the analysis*

Evaluability of the analysis means that the reader can follow how the research was conducted and that choices made regarding the research approach have been made on a sound basis regarding for example the contextual nature of the research in question. This gives the reader the opportunity to view and get an idea of the logic of the choices the researcher has made in addition to giving the reader objective means to assess the research and accept or conversely be of a different opinion on the ways the research was conducted.

The repeatability of the analysis refers to a clear approach to the way how interpretations and classifications have been done. (Mäkelä 1990, 53). This obviously affects a great deal the degree how another researcher can end up in similar results since he knows on what bases the research was primarily done. This becomes a rather tricky is-

sue in qualitative research, when culture-bound concepts are interpreted and classified. The means that are used in the classification process are in many cases invisible and extremely difficult to describe (Mäkelä 1990, 55). This undoubtedly poses a great threat to the repeatability of this piece of research as well since every researcher has one's own way of classifying the data and making sense of it. The key is to make the research process as explicit as possible.

Mäkelä (1990, 57) presents a three-point classification on the ways it is possible to increase the repeatability of a research. (1) *Data listing*, (2) *cutting the operation of interpretation into smaller stages* and (3) *expression of rules under which interpretations have been made*. The last one has been discussed already in this chapter as the data was classified, processed and analyzed according to the three topical themes, but basically all of the means are intertwined. When making the analysis process step-by-step one goes first from establishing the units, then to linking them with the greater context and finally distinctions are made in terms of frequency and interpretation (Mäkelä 1990, 58). He also argues that units in the data that need to be recognized and classified can be of different nature. One clear way of classifying a unit is to do it so that it is recognized also outside of the context from where it has emerged (Mäkelä 1990, 58). Mäkelä talks also about classifying the units relationally, thus, linking them into a wider context. This was done in this research mainly because, as mentioned, culture played a significant role in the answers throughout the interviews.

Related to culture, values and Confucianism as well as the undeveloped nature of the Chinese formal institutions were brought up many times. This is one way that the larger theme is linked with popular sub-themes, yet how this is done is to be made by the researcher. Consequently, as an evidence of the complex nature of making sense of these interrelations, values and culture can be used as an example. Hence, it is difficult to distinguish values as an entirety, which can be seen as totally separate from the other data units. This was highlighted in this case as culture and values affect a number of things from dispositions and inclinations to place trust in others to the relative importance of social networks and the establishment of business institutions that on their part affect business culture in terms of the creation of trust in given contexts.

The issues mentioned regarding the repeatability of the study among other issues brought up in this section, all imply that the role of the researcher is underscored in qualitative international business research. Thus, the researcher has striven for, along with introducing the dialogue between theory and empiricism, to emphasize the issues that have common points together to show validity of the empirical findings. However, not only commonalities, but also divergences and unexpected findings are in an important role to point out the choices made in regards to methodology. The explorative, qualitative approach was thus chosen since these divergences and "unorthodox" find-

ings and themes are needed and valued to make the reader aware of the cultural forces in play and assist her to question established lines of research.

Next, the discussion is begun on the three prevalent themes. The first theme is trust, and more specifically speaking the discourse is kicked off by introducing *trustworthiness* as it is seen as the first step towards the establishment of the most durable form of trust that is the emotional and affective trust that is brought forth later in the study.

3 DIFFERENT APPROACHES TO TRUST

3.1 Trust in theoretical terms

3.1.1 *Trustworthiness – the prerequisite of trust*

Trustworthiness has traditionally been described in a number of different ways. As an example of the somewhat confusing nature of trustworthiness, it can be translated into “soundness, “integrity”, “veracity”, “judgment”, or “ability” (Banerjee, Bowie & Pavone 2006, 304). The authors view also that these qualities are distinct from each other in a profound way. First of all, “soundness” and “ability” refer for example to a company in a sense that either it is or it is not capable of delivering what was promised (Banerjee et al. 2006, 305). Secondly, “integrity”, “veracity” and “judgment” can be regarded as ethical concepts. This means for example that they are context-dependent and thus they are socially constructed within the trust relationship (Banerjee et al. 2006). In this study trustworthiness is however not seen as an ethical issue. Instead, it is seen as a basic cognition and interpretation of the nature and character of the other in the early stages of the trust relationship and its development.

Trustworthiness is an important part of trust since it is one of the key issues that trigger the path towards more profound trust development. Further, it needs to be noted that to perceive one’s counterpart (trustee) trustworthy does not equate as actually placing trust in him, most of all since in the case of trust there should be a feeling of commitment and willingness to place oneself vulnerable to risk and thus vulnerable of being dependant in a time of uncertainty (Li 2007; Luhmann 1988). Despite of this, it is the first step towards the establishment of close interpersonal ties and as a consequence its components should be discussed.

Mayer, Davis and Schoorman (1995, 717-720) summarized a variety of trust-related studies and posited that trustworthiness can be summarized in three basic qualities. These qualities are *ability, benevolence and integrity*. Ability is referred to a group of skills, competencies and characters that are specific to a certain field of actions. For example it is undeniable that in most situations a set of technical skills shall increase the level of the perceived technical abilities of a trustee. Abilities such as technical know-how is rather easy to witness and it also has to do with cognition-based trust where a sense of trustworthiness is created by observation and information gathering (Lewicki & Bunker 1996; McAllister 1995). Hence, trustworthiness is part of building trust in relying on cognitions in terms of the other one’s abilities be they technical or personal characteristics. Also the managers who were interviewed stressed that in the very first mo-

ments one meets a new person an image of whether or not the person is trustworthy starts to take form.

“(...) but of course in that interviewing situation then, especially if it’s going on for a relatively long time, then a certain picture starts to form of the abilities of that person and then a kind of trust is created, if it is bound to be created (in the first place). And of course this is affected by the person’s background, if we look at a CV for example so it at least gives a kind of expectation what kind of person he is.”

Apart from the cognitive- and information-based abilities, trustworthiness has an emotional side to it as well. Benevolence is referred to in the degree of a positive attachment or an orientation that the trustee has for the trustor. In other words, benevolence indicates the degree of good the trustee wants to give the trustor, apart from the self-driven profit motives. Mayer et al. (1995) give an example of a mentor protégé relationship in this vein where the mentor is only looking out for the good of the protégé. Thus, as the protégé sees the mentor as benevolent this should in light of theory bring about a feeling of trustworthiness of the trustee in the trustor and facilitate the further development of trust.

The third and final ingredient of trustworthiness is integrity. Integrity has plenty of different connotations in the literature, but it can be summarized into a congruity and acceptance by the trustee of the set of values and characteristics that the trustor sees as important. Thus, for example, if the trustor finds out that the trustee’s previous actions in the way it has conducted business are acceptable and are in line with the view of the trustor, this should strengthen this kind of congruity, then consequently it is likely for the perceived level of integrity to increase and strengthen the trustworthiness of the trustee in the eyes of the trustor. (Mayer et al. 1995.)

3.1.2 The intricate nature of trust research

Now that the fundamental core themes relating to trust in the like of risk and trustworthiness and the reason for the existence and need for trust have been presented it is time to move the focus on clarifying to the reader in what ways has trust been studied. In addition, a closer look is taken on some of the contexts where trust has traditionally been researched. Hence, the idea in this part of the study is to present different tides on trust research. The aim simultaneously is to describe a step-by-step development of trust from weak trust to robust trust as it is seen to take place in this study. More specifically, on the basis of the probing that is carried out in this section on trust research, a kind of

framework consisting of a number of trust studies is presented through which the formation of trust is to be studied specifically in the Sino-Finnish business relationship context. This also assists the reader to see the trust research field as a comprehensive entity, and moreover, the aim is to pinpoint which elements of trust research are central in this particular study and for what reasons. Thus, even though more importance is given to particular types of trust, this does not mean that some other trust categorizations and typifications would not be focal issues in trust research in general.

What has been challenging in terms of this research has been the intricate concept of trust. The complicated and vague nature of the concept itself is a commonly acknowledged issue among trust scholars all over the world. The vagueness that still plagues trust research is a result of the use of various conceptualizations and definitions of trust in a non contextual-specific fashion. This means that in most pieces of trust research trust has been defined differently and this has made trust a rather obscure phenomenon. Moreover, these conceptualizations of trust are often aimed at portraying different types of trusting behavior taking place in different social contexts, but they have been described and analyzed more or less using the same set of concepts and trust typifications adding to the chaotic state of trust research (Li 2008; 2007).

This has led to the situation where, until recent years, the academic trust research field has been missing a solid and clear, mutually accepted conceptualization of trust (Li 2008; 2007; Hosmer 1995). In addition, as was briefly discussed, the multiplicity of groups interested in trust research obviously does not convey to the field of trust research making it any clearer, but on the contrary the economists, organization theorists, sociologists and psychologists have created an overlapping and often misleading jumble of trust research. In addition, it is fairly obvious that trust is interpreted in different ways by different people, and trust can be studied as something brought about by the actions of two people in a close relationship (Rempel, Holmes and Zanna 1985) or for example as a macro-social, collective phenomenon (Kramer, Brewer and Hanna 1996). The sophisticated and contextual nature of trust makes it possible and actually calls for an approach where trust is treated also as a moral and emotional construct, and not merely as calculative and strategic as the purely rational-economic approach applies on trust (Huemer 1998; Williamson 1993; Luhmann 1979; 1988).

Thus in the light of this study that incorporates two different cultures, it is needless to say that both the Chinese and the Finnish cultural backgrounds play their part first and foremost in the way how people coming from different backgrounds see trust and how and what is it built on (Child 2001; 1998; Worm 1997). Consequently, culture as such and other issues originating from two distinctive social contexts such as communication practices and rules as well as institutional factors potentially have a substantial effect on the trust creation process as well in Sino-Finnish business relationships and this needs to be acknowledged. (Gudykunst and Kim 2002; Triandis 1994; Markus and Kitayama

1991.) However this issue is to be covered later on after the focal construct of trust and the different levels of trust have been presented.

3.2 From risk-aversion to affective voluntary risk-taking

In the following part of the study the formation of trust is depicted as a rather long process starting from beliefs about the motives and targets of the other and using them to create an assurance to be able to predict the behaviors of the other. Also observations about the other's past work record and present behaviors can be used as basis of trust as well as one's own character-based dispositions, in other words, a mentality to rely on trust against the ubiquitous universal risk that exists always around the actors.

At a later stage trust in the literature is seen to evolve into a state of faith and a strong willingness to nurture a trusting relationship in a mutually beneficial way without placing one's own needs as a priority. The robust stage of trust is in some instances labeled as identification-based trust. This means that partner A has come to learn and understand what is important to partner B and thus can and is willing to act on the other partners behalf and looking up to his interests as well. (Lewicki and Bunker 1996, 123.) Yet, speaking of an intercultural setting where the formation of trust takes place, it is worth to expect the process to be different and the interrelatedness of different levels of trust not to be entirely compatible with the traditional views on trust formation in the West. This is taken under examination later on in the study when the element of culture is discussed and its effects on trust creation are analyzed in more detail.

3.2.1 Instrumental trust – calculations and cognitions as foundations of attitudinal trust

To start the discussion on different types of trust and the evolving nature of the focal concept, two categories are formed to make a rough watershed between trust types and stages of its development. The first category is to be called *calculations and cognitions*. The second category is to be called *affections and emotions*. This type of division has been used in the literature on the development of trust. Thus, the evolving nature of trust is generally seen to follow a path starting from strategic calculations and finally perhaps leading to a state of mutual understanding, or psychological "bonding". What this means is that the rational evaluation of potential costs and benefits are emphasized in the calculative approach on trust. In it, trust and its evaluation are based on a set of explicit and rational economic indicators. The economic outlook along with the careful assessment of concrete evidence as a consequence of close monitoring in regards of the

partner are emphasized, rather than having the willingness to place oneself in risk voluntarily. (Child 2001, 279-280.)

Hence, it is apparent that the calculative approach aims above all to minimize risks. Thus, calculus-based trust or calculative trust (both terms are used interchangeably in literature and in this study) is related to the careful monitoring of potential risks and benefits in an exchange relationship. Moreover, it is also about the obtaining of credible information on the other, for example based on the other party's reputation that validates his trustworthiness in the trustor's eyes, thus gives assurance of the predictable actions of the soon to be trusted side³ (Child 2001, 280). The time frame of calculus-based trust is more on the short-term, thus making monitoring easier for the trustor since the effects of the trustee's actions are easier to witness. Hence, the trusting relationship is prevalent in the early stages into a relationship and it is usually evident in relation to short-term exchanges. As calculations form the basis of trust, the relationship is lacking both a vast base of mutual information or experiences and thus an affective dimension of shared views and benefits. This is a relatively instrumental definition of a trusting relationship where the force that holds the dyad together is likely to be based either on deterrence or on coercion, at least to some extent as for example a lot of groundwork is done to make sense of the potential partner's situation. Further, at the early stages of a relationship where trust is aimed to be built, it is often done by resorting in the use of explicit contracts. This is seen as an essential way on one part, but the cultural context adds new dimensions to the use of contracts. (Child 2001, 280; Rousseau et al. 1998, 399.)

Consequently, according to the cognition-based view on trust, a person is regarded trustworthy if there is some concrete and distinguishable evidence, such as a prior track record that indicates that predictable and dependable behavior also in the future is likely on the behalf of the trustee. Predictable behavior regarding cognitions refers to the discovery of common ways of thinking between collaborating parties. When one knows or has a strong sense how the other one acts in the future, the knowledge base on the possible and likely behaviors can act as a source of trust. This does not mean that even though there is knowledge on the likely behaviors that it as such created trust, but the key point is predictability. Predictability is seen to have common features with knowledge sharing in order for the parties to make sense how the other one thinks and sees the situation they are in (Perrone et al. 2003; Child 2001, 280; Child 1998, 245.) Predict-

³ Even though the trustworthiness of the other has been validated to some degree, one should not talk about trust per se as it is regarded as being honest, reliable and fair (Perrone et al. 2003) as well as not engaging in opportunism even if the opportunity arose (Cummings and Bromiley 1996).

ability is thus related to trust in the sense that one knows with a reasonably accurate rate what to expect to happen in a relationship in the future (Lewicki and Bunker 1996, 121-2; Rempel et al. 1985, 97). Furthermore, when the parties have acknowledged that they share similar ways of seeing the world and they see for example the business opportunity in a uniform fashion, then they can place trust in the fact that they are able to anticipate the other's actions. As cognitions about the other party become routinized in the sense that the other party is seen to perform in a predictable and reliable fashion, trustworthiness is starting to build and gain in strength. As an example of this is a situation where the quality of the suppliers' products is within the limits of what is acceptable by the buyer, then the trustor (buyer) is likely to start to perceive the behavior of the trustee in line with his own code of conduct and what he expects of others. This on its part enhances the trustworthiness of the trustee in the trustor's eyes, and in turn brings about feelings of commitment in terms of the relationship. (Child 1998, 245; Rousseau et al. 1998, 400; Mayer et al. 1995.)

Calculus- and cognition-based trust are discussed as the first means into the creation of trust since it is the usual way how people start creating trust from scratch in the early phases of interaction, in addition to the economic benefits in a business relationship, also all kinds of clues, information and knowledge are used as a source to build the image of trustworthiness of the trustee. (Child 2001; Mayer et al. 1995; Lewis & Weigert 1985, 970.) Thus, cognitive trust is a notch more sophisticated and further developed form of trust from mere calculus-based trust. This is mainly since, in regards to cognitive trust an actor does not rely solely on economic expectations and calculations one has himself inferred on the probable behaviors of the other and on the exchange outcomes that are significantly based on monitoring and control. However, he can also rely on concrete evidence regarding former and current behaviors of the other party to make inferences that can be used as a basis of trustworthiness (Child 2001, 280).

Hence, cognitive trust differs fundamentally from calculative trust also in the sense that in the latter form of trust the "trust-like feeling" is based on assurance. Assurance in this case means that while certain conditions are in effect, the other party, as in the trustee, is deferred from engaging in opportunistic behavior stemming from fear of losing a potential benefit that the relationship might yield. Cognitive trust on the other hand is seen to bring about trust from inferences from past behaviors that bring predictability also about the intentions and integrity of the other. (Child 1998; Mayer et al. 1995; Shapiro et al. 1992; Lewis & Weigert 1985.)

Furthermore, cognition-based trust is about using cognitive measures, for example seeing and hearing to make inferences about others and more specifically about the behaviors of others, and it is not a suitable way as such to see what the inherent motives of the other party about the upkeep of the relationship are. Consequently, on the basis of these inferences people evaluate also the competence and ability of others as a basis to

project the behavior in the future (Mayer et al. 1995). Despite cognition-based trust is not as utilitarian in a way as calculative trust, it still is a relatively instrumental approach to determining the trustworthiness of others in the sense that it lacks a strong motivation and proactive set of behaviors to put oneself vulnerable to bring about relationship-specific trust (see e.g. Li 2007; Ng & Chua 2006; McAllister 1995; Lewis and Weigert 1985). This type of assessment of trustworthiness as assessing one's capability can be seen as an evaluation of the risk in a given situation especially in terms of ability (Li 2007). Hence, it needs to be borne in mind that it is an assessment solely of the perceived ability and predictions, and not the underlying emotional intentions of the other in regards of the relationship involving two parties.

Consequently, this might lead to a case where the trust in the relationship does not develop further into a strong emotional state, but it takes a form of an attitude that is superficial and easier to disrupt by unexpected behaviors in the relationship (Lewicki & Bunker 1996). In other words, it is depicted more of a decision to "accept" the perception of one's trustworthiness. One manager agreed with this view that is prevalent in trust literature:

"(...) cognitive trust, in which you just know that, ok, this company (partner) I can live with, without all the time having to wonder about whether it's going to cheat or not."

This on its part shows that some sort of trust has emerged, but one can not really speak about robust trust that leads to a case where active upkeep of the relationship is important. In the coming parts of the study the aim is to clarify to the reader what happens during the process when the attitude of "acceptance" starts to change to proactive willingness to place trust and finally bringing about emotional, robust trust. Basically, it has been shown that in the beginning of the relationship the evaluation of trustworthiness and the decision whether to trust someone consist only of the use of calculative-cognitive measures and it is considered to be more of a decision on the psychological-level. Later on concrete actions supplemented by a willingness based on inherent motivational factors are seen necessary towards more robust form of trust than merely inferences about predictions. However, it is clear that cognitions as in all kinds of pieces of information are important in order for the trustor to be able to make inferences about predictions. This notion is also in line what the interviewed managers have stated on the initial creation of trust.

The themes that were discussed in this part of the study mean that without any prior knowledge on the other party, one is unable to place *cognitive trust* in others. This is because one has not seen, heard, or witnessed in any other way the performance of the potential partner, hence there is no evidence of the abilities and capabilities of the other

that constitute trustworthiness (McAllister 1995). Furthermore, the person herself decides on what series of criteria trustworthiness is evaluated and what issues are emphasized in the particular context and process. Some people are very prudent about the criteria they base trust on, and some others on the other hand are willing to give others the benefit of the doubt with very little or even without any grasp of the history of the other. (Rousseau et al. 1998; McKnight et al. 1998; Lewis & Weigert 1985.)

This brings the discussion onto the role of one's personality and culture-based issues in the trust game. These views imply, on the contrary to the cognitive view on trust that regardless of minimal experience it does not have to mean that people are unable to place any kind of trust in others before having gotten some concrete clues of them.

McKnight, Cummings and Chervany (1998) have typologized trust and they brought up personal or attitudinal trust as one of the key components in terms of formation of swift trust. Personal trust or personality-based trust in their case means that certain individuals are more inclined to place trust in other people compared to others. Inclination to place trust in others faster might stem from positive childhood experiences. Brenkert (1998, 274) calls this type of trust attitudinal trust similar to Li (2007). People who show higher levels of attitudinal trust believe that people in general do not engage in trust reneging actions and thus they believe in the integrity, benevolence and abilities of the trustee (Brenkert 1998, 274; Mayer et al. 1995). However, in light of the criticism that personality theorists have received it might be more on point to say that one's personality affects the degree to which people perceive others as trustworthy as something given. Thus, it should be separated from trust as such as it depicts more of people as being trusting and inclined to act trustworthy themselves by nature regardless of the context and the situation.

The academics who have resorted in the use of the personal predisposition of people to place trust in others faster and easier than others in explaining trusting actions (McKnight et al. 1998) have also amassed plenty of criticism. The reason behind this confrontation and controversy is that some scholars have seen trust more as a psychological attitude and not as a behavioral choice (e.g. Rousseau et al. 1998) to rely on the trustee's trustworthiness before actually even placing trust in the other in terms of actions and concrete behaviors. Other scholars on the contrary see trust specifically as a behavioral choice and a willingness to prove to the other that oneself is trustworthy in concrete terms and is willing to show this. Thus showing willingness to trustfulness as in placing trust in others in a concrete matter through placing oneself vulnerable to risk that is specific to the relationship at hand and taking the committed initiative towards setting up a trusting relationship. (Li 2007, 431; Luhmann 1979.)

In this vein, the issues that were discussed when the definition of trust was contemplated should brought forth once again. The personality theorists and the spokespersons who vouch for the attitudinal side of trust as important, they actually can be seen to

have a fairly common point of approach with Luhmann's (1979; 1988) view on system trust. This is to say that the people have a general attitude of confidence in the issues that they regard as familiar. This means that swift trust or an attitude of trust is rather easy to form when one acts within a system that is not unfamiliar to oneself. This also means that the use of cognitions might be in the minimum and "trust" is something that is more given than something that needs to be earned.

As has been discussed, cognitive measures are something that are used to process different kinds of information that consequently can be used as a basis for the creation and confirmation of the other's trustworthiness. Cognitive trust can be described as the platform and the springboard from which the "leap of faith" to the more robust emotional and affective trust is finally taken. It is imperative to make this distinction since merely to make cognitions about the trustworthiness of others is the evaluation of the capability, integrity and benevolence, and should not be equated with the willingness to act in a trustful way herself. This means that in order to place real and robust trust in someone also the visible behavioral aspect should be present in the relationship. (Li 2007; Lewis and Weigert 1985, 970.) However, the perception and confidence of trustworthiness of the other towards the creation of feelings of mutual identification and relational trust does not happen in an instant, and it is seen to require interdependence, reciprocation and risk taking of the parties engaged in the relationship. (Rousseau et al. 1998, 399). The behavioral point of view on trust takes a more proactive view on risk taking, thus on trust creation as a whole and it is to be discussed next.

3.2.2 Affections and emotions as components towards behavioral trust

Despite it has become clear at this point that even though an economic or an otherwise strategic incentive as in a projected probable outcome, knowledge in regards to the other partner and an attitude or a characteristic disposition to exert trust in others is important on the way towards establishing a trusting relationship, it is still not an adequate explanation how some people have been able to establish a committed and an affective relationship despite of high levels of uncertainties and risk. This kind of emotionally deep and affective relationship might be a personal and an intimate one or it might be a close relationship between business partners that is however characterized by something else than just mere economic profit drivers and an attitude of assurance that in certain conditions one can feel at ease about the future developings and about the motives of the other party (Rempel et al. 1985). In the following, it is to be discussed in light of theoretical inferences on different types of trust, complemented by real business examples how trust, even in the most uncertain circumstances can develop into a very personal and an affective one.

However, before the discussion is moved onto affections and commitment, the division between trustworthiness and trustfulness is discussed a bit further. Kramer (2006, 72) presented his model on trust that can be used to illustrate what is going to be the focus in the coming part of the study. He presents two distinct ways how to view trust and trustworthiness. First, one can assess the trustworthiness of others on the basis of their behavior. This can be linked with the cognitive and dimension of trust that is related with the accumulation of knowledge of the other's behavior (Lewicki and Bunker 1996; McAllister 1995). Searching for cognitive clues and behaviors in the actions of others in the process of evaluating their trustworthiness as one sees it purposeful. Obviously, there is no universal pattern that determines what is regarded as trustworthy and what is not since people coming from different cultures are expected to value different features in people and in their actions. This issue has also been noted in the literature as the cognitive, affective and behavioral dimensions of trust have been argued to be in effect in all kinds of social situations (Lewis & Weigert 1985, 973).

However speaking of mere trustworthiness, in this part it is assumed that for example perceptions of high product quality and a solid track record can be thought of as evidence that usually bring about a feeling of trustworthiness. The second way that Kramer (2006) discusses the establishment of an image of trustworthiness is to act in a trustworthy way oneself and use one's own behavior to bring about feelings of being trustworthy (see also Li 2007; Rempel et al. 1985). Kramer (2006) labels this way of producing trust as educating the other party about our own expectations and he sees it as a way to direct the other party towards acting trustworthy as oneself sees it.

Beckert (2006) gives a different view on the issue and he sees that it is actually the trustee (trust-taker) that needs to perform in a trustworthy way to attract the trustor (trust-giver). The finding of Beckert shares a similar idea with Li (2007) that in the case of establishing strong and committed relationships, which are based on the so-called trust-as-choice –approach and not on mere disposition and acceptance of the uncertainties as trust-as-attitude, one seeks to act in a trustful way proactively instead of merely believing in the other partner's trustworthiness. Beckert's (2006) view contrasts somewhat for example with the knowledge- and cognition-based view that argues that trust increases in relation to time and interaction between the collaborators (Lewicki & Bunker 1996). This seems to be an area of study that is under heavy debate even today. Some interviewees also pointed out that due to vast changes in the Chinese business world, mainly resulting from internationalizing Chinese companies, the Chinese have had to adapt to Western rules of the game and pay more attention to “the rules of the game” as in contracting for example. The Chinese are the ones who now need to show signs of being worth to trust, thus the Chinese want to actively show signs of trustworthiness so that this could be used as a springboard for trust development. This is an important issue in trust creation, but it is to be explored more when the Chinese cultural

context and its change are brought into the discussion. However, in reflection to the views about whether it is the trustor or the trustee who determines the path of trust creation, the managers pointed out that the process is incremental and that trust can fade away even after a long stage of cooperation.

All in all, the depicted behavioral dimension to trust creation supplemented by risk are the key points here and it is to be utilized on the way towards analyzing the establishment the dimension of trust often attached with interpersonal relationships, namely affective and emotional trust. As a consequence and light of what was discussed about the different dimensions of trust in the previous section, the following can be argued: Trust, if it is used as an exchange mode to decrease the uncertainty of the intentions of the other (intention risk) in a case where a person can not be ultimately certain of the motives of the other person, a mere disposition as a characteristic and a personal trait to trust the other person can not be accepted as a sufficient explanatory factor as far as committed relationships are concerned. Moreover, trust in this case needs to be characterized as a behavioral choice and not as a mere acceptance and mental yielding of the potential negative outcomes of risks as Li (2007, 435) puts it:

“...trust-as-choice is proactive and an intrinsically motivated choice of relationship building commitment rather than a passive acceptance of risk.”

In addition it is argued that trust-as-choice –type of behavior is imperative in building an affective and trusting relationship between strangers. As an example, in cases of normative contracting where the inexistence of affective trust and commitment is substituted with comprehensive contracts, it is likely to lead to lower levels of trust in the dyad and decreases the opportunity for development of robust and affective trust in the relationship. (Li 2007, 436; Coote et al. 2003, 601; Molm, Takahashi & Peterson 2000). In this way the concept of trust-as-choice fits well within the aim of the study and can be regarded as the establishment of the affective dimension of trust. In addition, what is focal to clarify is that most of all it is necessary to bring about affective-based trust in China since the Chinese business context ranks high in risk according to the managers. Normally, at least in the West, contracting is seen as a supplementary means against uncertainty and risk, but the research findings above show that the existence of risk is in fact inherent to the creation of trust.

As has become clear thus far, trust has a few features that have been prevalent in some of the most cited works in academia involving trust research. The dimensions of trust that have already been discussed are the calculative-cognitive and the attitudinal, or psychological dimensions that bring about confidence (Luhmann 1988). At this point the final dimension is discussed more thoroughly, hence the nature and function of af-

fective trust is to be described. One of the greatest differences is the behavioral dimension to the other forms trust. Thus, this actually means that the willingness to have a trusting predisposition in general towards people (McKnight et al. 1998) or the acceptance of risk and to be vulnerable and “the willingness to rely” on the other (Doney et al. 1998; Luhmann 1979) are not proper depictees of trust and it needs to be supplemented by an affective component that differs from the aforementioned classifications of trust. This means that for one to be dispositioned and willing to accept to be vulnerable in light of risk in general, in contrast to place trust in someone in a specific relationship and ultimately to feel faith towards the relationship as a whole should be regarded as two entirely different things.

When talking about the behavioral dimension of trust also the view on risk needs some more attention than it has been given to it so far. In practice, to trust someone it means placing oneself vulnerable in light of perceived risk (Rousseau et al. 1998, 395). Risk that is related to the unclear intentions of the other party per se. Intentions are also related with trustworthiness as was discussed above since trustworthiness should be assessed as case by case in terms of every situation. Trust in a specific situation thus equals the degree to which one is willing to place oneself at risk in the light of the perceived risks by a person of a given situation. The “willingness to be vulnerable” is the definition that was given by Mayer et al. (1995) that is highlighted in this vein. When is one vulnerable to risk then? Actually one is always subject to uncertainty, since system risk or objective risk is constantly in effect. However, the subjective side of risk is what is highlighted as it can be used to bring about trust also in the counterpart. This is seen to happen when the trustor takes the initiative and shows commitment in a concrete fashion in order to build the relationship despite of unclear future developments; in other words risk taking is likely to be called for to bring about trust in the other. (Li 2008; 2007).

3.2.3 *Altruistic emotions – affection-based trust*

As the end of the trust chapter nears to its final part, a closer look is taken at some of the fundamental issues regarding affect-based trust and its development into forming an emotional and non-utilitarian relationship. Rempel et al. (1985, 97) devised a three-item categorization on the basis of emotional trust. These are *predictability*, *dependability* and *faith*. They studied trust and its various dimensions in intimate and close personal relationships, however the findings and categorizations of trust can be of assistance in making the development of trust from rational and past-oriented towards emotional and future-oriented trust a bit less vague for the reader. One thing that the reader should take a note of is that also the model of Rempel et al. (1985) include similar features as the

models on cognitive trust. This on its part gives indication that the affective trust by no means does not emerge in a vacuum but it is a step-by-step process, and cognitive clues also about the behaviors of the other are needed to lay the foundation of trustworthiness on the path towards establishing more robust forms of trust that include affections.

“(...) trust, it goes like in stages, you start from the calculative (trust) and then you end up in (...) affective (trust), I mean you can end up in that (affective trust), but you won’t necessarily get there!”

Speaking of affective trust and what sets it apart from the other forms of trust are *motivations*, more specifically these are referred to as intrinsic motivations. Rempel et al. (1985) suggest that motivations are a significant determinant in regards of the development of emotional affect-based trust. They refer to instrumental, intrinsic and extrinsic motivations in the formation of deep interpersonal trust in an intimate relationship between two people. Intrinsic motivations refer to feelings of pleasure and other abstract, non-visible rewards that a person gets herself from being in the relationship. In other words, the relationship itself is valuable to the person, but not in terms of herself personally gaining e.g. a better social status (extrinsic and visible motivation) or receiving concrete services (instrumental motivation) in the relationship than one otherwise would not get had she not been involved in the particular relationship. Similar issues has also been researched elsewhere. The so-called people trust (affection-based trust) is referred to circumstances where the emergence of trust is actively self-driven by relationship-inherent motives, and not only by selfish motives that are more prevalent in exchanges that are more instrumental and calculative in this sense. (Li 2007; Child 2001, 286.)

Speaking of motivations in terms of trust, the faith dimension is closely linked with the intrinsic dimension of motivations. Hence, one assumes and relies on the fact that the other partner is in fact intrinsically motivated in view of the relationship itself and its upkeep and also in the sense that she regards it valuable for the sake of its own, thus placing faith in the future of the relationship regarding the both sides despite of the uncertain future. (Rempel et al. 1985, 100.) Faith has also been labeled in the trust literature as *blind belief* that does not expect any information to be necessary in order to assess the trust and to make projections about what might happen in the future (Blomqvist 1997, 279).

Even though the study of Rempel et al. (1985) is about intimate relationships, their study makes it easier to understand the nature of deep and even “blind” affective trust. They state that as extrinsic and instrumental motivations of a partner increase this respectively tends to decrease the intrinsic motivation to create emotional trust within the

relationship. In addition, faith as the emotional basis of trust⁴, correlates the strongest with the intrinsic motives one has regarding a relationship and visions that the other person will be there if times get tough. (Rempel et al. 1985, 100.) This is an issue that calls for some more discussion on risk. Namely, the power of intrinsic motivations seems to be so powerful that even in the light of risk, one is trusting about the future. This means that the time spent together, has convinced the partners through the use of cognitions as a collector of knowledge that the behavior of the partner (trustee) is predictable. Consequently, the high level of predictability has established a common shared identity where the partners feel that they have a common set of values and motivations. This is seen to further enhance the emotional tie and downplay the threat of risk that is specific to the relationship and not outside of it. (Lewicki & Bunker 1996, 123-4; Luhmann 1988.)

Hence, faith was seen to be the most important factor contributing to robust trust in close interpersonal relationships (Rempel et al. 1985, 109). This was especially since the correlation between the self-perceived intrinsic motivations was strong. Thus, once the faith dimension of trust was strong, the person herself was intrinsically motivated and felt a sensation of love. Furthermore, she assumed that the other partner also felt love for the relationship and thus this led to high levels of faith and affective trust (Rempel et al. 1985, 108-9). Relating to business and to what the managers said about trust, at this point the interrelations of different typifications of trust should be underlined. This is since, in the case of strong affect-based trust risks are also high and trust can easily become blind as was mentioned. Thus, also the manager concluded that monitoring for example is still needed to sustain trust.

“...important is that how one behaves in practice in a certain situation and in a certain company, certain (type of) monitoring (is in order), it doesn't have to mean being a detective or stalking, (so as to not to have a kind of) blind trust.”

So what can be learned from the study of Rempel et al. (1985)? It is apparent on the basis of its findings that on its behalf it emphasizes the fact that a person's own motivations are reflected in how one sees the other and her motivations towards the relationship. Speaking of an example considering business, picture a situation where company A would mainly be instrumentally motivated by, let us say, taking advantage of the de-

⁴ In their study Rempel et al. (1985) devised trust to consist of “predictability”, “dependability” and “faith”, where the two former refer to the past and information derived from witnessed actions and the latter refers to the uncertain future regarding the relationship.

livery channels provided by B, then it can be assumed that probably A feels that B is also only interested in the financial compensation given to it by A for the use of B's delivery channels and this consequently would have an impact on the actions, and more importantly of the behaviors towards trust creation of company A in light of its partner. Based on the findings of Rempel et al. (1985) it might be cumbersome to create affective trust within a relationship if one side shows signs of being mostly motivated by instrumental and external motives such as financial rewards.

Relating to what was said, Rempel et al. (1985) did find a weak correlation between the faith-dimension and the perception of one's partners instrumental motivations. On the contrary, extrinsic motivations related to direct personal gain were seen as deteriorating to the faith-dimension altogether. Hence, these findings give indication that the emotional, affection-based trust does also have a rational-cognitive dimension. This gives cause to believe that trust is still evaluated on different levels even though it might have reached the state of emotions and commonly shared motivations (Lewicki & Bunker 1996, 123). However faith does not correlate strongly with the so-called extrinsic motivations. For example, if the person herself is intrinsically motivated in the relationship and sees the partner to share the same set of motivations then she will be trusting especially in terms of the faith dimension regardless of what the mere what-meets-the-eye extrinsic facts might indicate. This finding is in line with the fact that once the affective dimension to trust has been established it is difficult to diminish even if the other part acted in an irrational or a suspicious way since this would also question her own personality and this might cause to downplay the meaning of cognition-based trust (see e.g. Lewicki & Bunker 1996; McAllister 1995).

Now that the basic division of trust into three basic categories has been presented and discussed it is time to shift the focus more on one of the underlying reasons why trust is needed and utilized in the first place. This construct is risk and it is to be discussed in a way that facilitates the reader to grasp the idea that there are different kinds of risks present and thus they need to be acknowledged to have different functions regarding the creation of trust.

3.2.4 Risk – the essential element of trust

In light of the rather obscure nature and the high context-dependability of trust, the phenomenon should be rendered somehow into a form in which it would be easier to see its different dimensions. In addition, especially for the simple purpose of making it easier to assess the impact of culture on trust perceptions and particularly the creation of trust at the interpersonal dyadic level, trust is consequently divided into smaller ingredients. Thus, in this part of the study trust is to be divided into smaller entities when the *ante-*

cedents, contents, functions and outcomes of trust are looked in a more detailed manner (Li 2007). This type of categorization should be of help in the later analysis of the impact of cultural divergence and communication on the formation of trust.

In his attempt to devise an interdisciplinary conceptualization of trust Li (2007) presents four trust dimensions. In order for the reader to comprehend the different nature of this concept and how its various dimensions affect the perception and function of trust, the concept needs to be dismantled into smaller parts in the following way. The dimensions that follow a temporal continuum are (1) *uncertainty of dependability* (Li 2007, 425), (2) *vulnerability of dependency*, (3) *expectation of trustworthiness* (Li 2007, 430), and ultimately, (4) *willingness to trustfulness* (Li 2007, 431). First of all, uncertainty and vulnerability, the two first dimensions are categorized as conditions of trust. Thus, trust is called for and needed especially in situations when the future is uncertain due to the mere fact that one is dependant on another person, and when there is some amount of risk involved as a result of this dependency. Hence one is vulnerable to unexpected developings within a given relationship, which in turn arises the need to trust the other party in order to decrease the level of perceived uncertainty.

Functions of trust on the other hand are referred to when talking about the two latter dimensions, expectation and willingness. In other words, when trust actually is in effect there is also expectations about the future in terms of the behavior of others and finally there is also a proactive sense of willingness to act in a trustful way oneself and to present oneself as trustworthy (Kramer 2006). Here, once again one should remember the different nature of confidence and trust. Confidence is more a remedy for accepting and relying on the fact that the things shall go on as they have in the past. This is related to the ubiquitous nature of risk that is called system risk (Luhmann 1979). System risk is discussed more thoroughly a bit later on.

The categorization by Li (2007) on trust and its different roles makes it easier for the reader to get a grasp of the focal concept especially in the sense that trust takes various forms in relation to time and in relation to different situations and contexts. First there needs to be certain conditions for trust to be in effect, and secondly, trust also occupies a functional role in social relationships as trust is used as an exchange mode in the case of uncertainty and vulnerability (Li 2007). In the following the four dimensions are discussed on more detailed account. Before that an illustration of the nature of trust is given in the words of a Finnish manager that sheds light on the rather peculiar and even changing nature of the concept.

“I feel that by trying (trust will become clearer). It’s hard to describe (in words) what it (trust) really is in its essence.”

By saying “by trying” the manager most likely referred to taking a risk and throwing oneself into a situation where risk, thus uncertainty as a more general feature, but also where dependability and thus the possibility of vulnerability are present. In regards to the first dimension, uncertainty of dependability, Li (2007) stresses the important nature of different kinds of risks. The two most important and prevalent types of risk according to him are intention risk and ability risk. The ability risk is meant with the exchange partner’s capability to manage different kinds of risks that are in touch with his or her capabilities and skills and not about the intentions and underlying motivations in terms of the cooperation as such. This is well worth to associate with the cognitive and knowledge-based view on trust that bases information as the most important source of predictions about the likely and predictable behaviors of the other. (Lewicki & Bunker 1996; McAllister 1995.)

Intentional risk on the other hand refers to the motivation and not only on assurance that the partners will not take advantage of each other in the exchange relationship or the observation that one is capable to deliver something that was promised. (Li 2007, 424-6.) The perceived intention risk can thus be seen to depend on a few independent factors. First, the person’s character and personality and even cultural background in some cases are likely to affect how easily trust is placed in others in the early phases into the relationship, thus it has got to do with the evaluation of calculus-cognitive clues and personality-based trustworthiness (Perks & Vaux Halliday 2003; McKnight et al. 1996; Lewis & Weigert 1985).

In this vein an important note on risk should be raised since it is seen to affect especially the intentional side of the uncertainties of a relationship. A very useful distinction of risk into *subjective* and *objective risk* is applied where subjective risk is something that human behavior is capable of affecting and also actualizing, thus it is a risk that either will or will not actualize depending on what type of actions are in effect (Luhmann 1988, 100). On the other hand, objective risk is something that people cannot influence by their actions, hence it is not something that can be affected with trust in the first place, thus objective risk is a given fact and it is always present in all kinds of environments. Objective risk is also referred to as system risk that is brought about by things out of an actor’s direct control such as changes in various state-level policies and macro-level institutions. An actor can adjust one’s attitude so that one is able to live with the objective risk. In these circumstances one should refer to confidence and not to trust per se. (Li 2007, 426; Chiles & McMackin 1996; Luhmann 1988, 97, 99.)

Vulnerability of dependency as the second dimension of trust has got to do with the unclear interrelatedness of two concepts, namely uncertainty that was mentioned in regards to the first dimension, *uncertainty of dependability*, and vulnerability, regarding to *vulnerability of dependency*. Li (2007, 427) strongly scolds previous trust research for not making clear enough distinctions in light of these two partially overlapping con-

cepts. Basically the core idea that Li (2007, 427-8) stresses is that vulnerability should be regarded to be only in touch with the perceived risk of the intentions of the trustee (subjective risk on the trustor's side) in particular circumstances and in a particular relationship, and not in general terms incorporating also the system risk and ability dimensions of risk. This corresponds with Luhmann's approach on the relationship of risk and trust as he points out that uncertainty in terms of future is coped with confidence stemming from familiarity. In other words, risks are not seen to result from the ubiquitous uncertainty, but they are something that are brought about by one's own decisions to place trust in trust. In practice this means that one can himself control the degree of risks one is willing to take and this way one has control over the degree of trust that is in effect as well. (Luhmann 1979, 39.)

As the third dimension of trust Li (2007, 430) brings forth the trustor's *expectation* of a trustee's *trustworthiness*. This means that the trustor, despite of some degree of intentional and subjective risk, either as a given characteristic trait or alternatively as knowledge-based clues on the behavior of the other party, he has positive predictions in regards of the outcome of the interaction and social exchange one is involved with. Regardless of the perceived uncertainty and vulnerability, one starts to place trust in terms of predictions of a positive outcome to the exchange in order to lower the levels of perceived risk.

This speaks on behalf of the interrelated nature of confidence and trust as both are needed for example when trust is used for protection against risk. In this case, there should be confidence in the greater system, at the macro-level scale of things that by operationalizing trust one in fact can make a difference in the relationship. As a concrete evidence of this one can think of macro-level institutions as a guarantor and a kind of safety net. In a case where the trustor has confidence in the functioning of these institutions, thus he also has confidence in the system. Consequently, this makes the use and application of trust easier as well in the micro-level relationship. (Luhmann 1988, 104).

When the issue of the use of trust is looked in the intercultural context for a second, the dispositions towards trusting attitudes stemming from the personality and culture can be argued to be decreasing in relation with time. For example, also prejudice towards foreign cultures and people as in the extensive use of stereotyping, decreases when relationships are more mature and when the image of trustworthiness has been validated in repeated interaction and exchanges. On one part this could be the cause of increased information one has over the other, but it might also be a cause of increased understanding accumulated through frequent and close interaction between people. Bluntly put, this about understanding the host culture where one is applying trust in and making sense for oneself regarding the similarities and differences between people. Thus, the cognition- and knowledge-based clues are applied to assess others' trustworthiness and if they match with one's own criteria of trustworthy behavior then it is likely

that predictions about the behavior of the other are confirmed and knowledge-based trust begins to form. (Lewicki & Bunker 1996; Mayer et al. 1995; Hewstone & Brown 1986.)

Willingness to trustfulness is the last and fourth trust dimension devised by Li (2007). This is also the highest and the “most trusting dimension” as it incorporates a behavioral ingredient in addition to the psychological state of willingness that was advocated by Rousseau et al. (1998) to place oneself vulnerable in light of the perceived risk that is brought about particularly by the uncertain intentions and the motivations of the other.

Vulnerability, unlike uncertainty as a component of system and objective risk, has also got to do with the extent and level of the risk one is willing to take in terms of using trust as a sort of exchange mode to reduce this situation-specific risk caused by being dependant on another subject which one is unable to control and monitor constantly. Bluntly put, one might say that the degree of vulnerability measures also the degree how much one is willing to place “trust in trust”. In other words this means, the degree to which one is willing to be vulnerable to the trustee is to show one’s own willingness to act trustfully. It is thus a matter of choice that can be used to bring about early signs of relationship commitment through the use of trust-as-choice, opposite of plain passive acceptance of system risk in general and having an attitude of confidence, “to be ok and easy” with having to rely passively on being vulnerable (Beckert 2006; Kramer 2006).

Regarding vulnerability, risk is always subjective as the degree of vulnerability is seen as the degree by which one is affected by the perceived risk in a situation (Li 2007). When coming back to the different approaches to trust that were discussed, the risk can thus be substituted with trust either through resorting in a psychological attitude (Rousseau et al. 1998) or using the behavioral choice –path and placing oneself in risk and vulnerable in an exchange relationship in order to have an impact on the trustee (trust taker) (Beckert 2006; Kramer et al. 1996). Of course it should be acknowledged that both of these dimensions are likely to be in effect at different stages into the relationship and in different cultural contexts as was mentioned (Lewis & Weigert 1985). However, it is rather likely that an approach like the trust-as-choice can and should have more profound contributory effects towards the establishment of relationship commitment and affective trust. This is argued on the basis how risk is an inherent part of how trust is seen to form as a social exchange mode and how showing willingness to trustfulness and this vulnerability can be used as a means to bring about feelings of relationship-specific commitment (Coote et al. 2003).

To summarize what has been discussed in this opening part of the study on trust and risk, it can be argued that the degree to which one is vulnerable by choice, and lets oneself to be vulnerable as in being dependent on the other party, one is able to control the creation of trust into having more affective characteristics such as faith in the specific relationship through the operationalization of intrinsic motivations. Thus, one focal re-

mark that has been done in this vein is that uncertainty as well as confidence are much broader concepts in the sense that they refer to both, to the subjective and objective dimensions of risk. (Rousseau et al. 1998; Chiles & McMackin 1996; Luhmann, 1988.) These notes on risk and the different functions of trust reveal the interrelatedness of trust in relation to expectation and motivation in regards of a second party and shows that there are different kinds of risks and that trust should not be seen as a panacea with which one is able to protect against all kinds of risks such as ability, intention and system risks.

In this vein the reader needs to be reminded that trust and consequently also risk are discussed only from the Finnish managerial viewpoint. Based on the managerial views on trust and risk some inferences are made from the entire process of trust creation, however one needs to remember that the views and perceptions are one-sided as they are the views of Finnish managers inferred from their business dealings with the Chinese side. As a last remark to risk, based on what was discussed on the relationship of risk to trust and vice versa, in this study by risk it is referred to intentional risk and subjective risk only, which are the forms of risk that are prevalent in social exchange. Thus, the two types of risks are the kind that are highlighted in social life and in human interaction and which the actor can use in his efforts to bring about affective trust in the relationship.

In this chapter the aim was to show the reader that trust and its application can be seen in different ways. One of the points that are stressed in view of the objective of this study, trust is seen to develop as a step-by-step and a time-consuming process. Even though people differ in the way they regard others as trustworthy, this is not seen as a watershed to influence the potential to create relationship-specific trust. This view was agreed to be valid also by the managers. In the beginning trust relies on rational calculations when there still has not emerged the image of trustworthiness nor has it been confirmed by the predictable behaviors of the other. Cognitions are also used to assess clues such as information about the past of the other. Still, during these stages when no affections have been established, trust is pictured as weak as even minor misunderstandings can set the relationships back in terms of the development of trust.

Even though this chapter is not about communication, there is evidence from the literature that communication has its part to play in the process of trust creation (Buchan et al. 2006; Mohr et al. 1996). The managers as well strongly see trust related to communication. It can be used as a means to control the expectations of the parties engaged in the relationship. Referring to trust, the managers often used the phrase "the agreed set of rules". Hence, trust was seen as a belief or a disposition that the other one would act according to these "agreed rules". The question remains, what are these rules and who defines them? In light of the evidence from the interviews the managers seem to suppose that things should be done as they see fit. None of the interviewees actually men-

tioned the possibility that the code of conduct could be discussed together and make it explicit in this way what is regarded as appropriate and what is not. This issue is to be raised again when communication is discussed.

Another issue that did not receive too much attention in the interviews was risk. Opposite to the interviews, in trust literature risk is absolutely one of the most defining concepts in the construct of trust. In stead of speaking about risks as focal to trust, the managers referred more to confidence as a mental state. They did not refer to it explicitly, yet the kind of attitude was transparent in their words. By this the author means that “trust” was used interchangeably with the way that it was depicted to be a kind of belief that the other party would comply with what was agreed to be done. As an example, one manager depicted trust to be a kind of “walk the talk” -way of doing things. As such this is a suitable way of seeing trust per se as it can be seen to relate with reliability and predictability. Yet, when the context-dependency is brought into the equation this depiction of trust is not likely to be suitable. Issues such as risk as in uncertainty avoidance (Hofstede & Hofstede 2005; Triandis 1994) are likely to affect the intercultural trust creation process profoundly. This issue among other culture-related factors concerning trust is discussed in the coming.

Furthermore, a bit opposite to the way managers saw trust, it should be seen to base heavily on the perception of risk as without risk there would be no need for trust (Luhmann 1988). In addition, trust as an entirety has plenty of different dimensions and ingredients starting from one’s own personality and character. Secondly, the information and knowledge at hand are in a central role when the trustworthiness of others is evaluated. Yet, only by evaluating abilities and skills it is not possible to make inferences about the motives of the other as also “deeper” measures are needed. As a consequence, one’s motives are in touch with the intentions of the actor and uncertain intentions create risks that are especially focal in a given relationship. Hence, the fundamentally important aspect of trust and its function is obviously risk as well as risk taking abilities and finally the willingness to act trustfully. However, this should not be confused with blind belief or confidence that is based more on attitude and personality than purposeful creation of an environment that is fruitful for trust to emerge and build. (Blomqvist 1997; Luhmann 1988). Thus how one sees risks and the nature of risks as a means to bring about trust is becoming an issue worth to discuss further in regards to the change in the cultural context as well.

An issue that is of interest for business practitioners as well is *optimal trust* (Wicks et al. 1999). The question is about in what circumstances is it purposeful to invest in trust, i.e. to place significance in trust and simultaneously play down the importance of monitoring and calculative approach to trust. The researchers see a number of factors resulting in their view that the actual context next to the level of interdependency between the parties are the defining factors in the issue of seeking the optimal level of trust. Optimal

trust does not refer to placing as much trust or even blind trust as faith to others. However, it is about seeing trust as a strategic decision for business managers to alter the scope in the use of trust from prediction making all the way to emphasizing morality and the affective trust dimensions in their endeavors to create flourishing relationships (Wicks et al. 100-1.) Willingness to trust is also one cornerstone of the model of Wicks et al. (1999, 103-4) as they cite various studies on the self-reinforcing nature of trust behaviors and attitudes (Pfeffer 1994; Frank 1988). The impact of how oneself sees others as trustees on their reciprocal behavior towards yourself has been validated. This meaning that in situations that mistrust is showed e.g. by extensive contracting and monitoring, high levels of trust are not reached. The following quote shows the interrelationship between the economic prospects and the moral dimension of trust that are shaped by the society and culture where optimal trust is sought after:

“..agents need to have stable and ongoing commitments to trust so that they share affect-based beliefs in moral character sufficient to make a leap of faith, but they should also exercise care in determining whom to trust, to what extent, and in what capacity. Optimal trust is an embedded construct suggesting that it is determined in context and shaped by a variety of factors, such as the trustworthiness of the agent, local and broader social norms regarding trust, and other features of the relevant social structure(s).” (Wicks et al. 1999, 103.)

Thus, in the next chapter the important dimension of culture is brought into the equation and its impact on e.g. risk assessment and the nature of risk and risk taking abilities and also the interrelatedness of cognitions and affections in the Western (Finnish) and Eastern (Chinese) environments are to be analyzed. It is hypothesized that the cultural issues prevalent in China are likely to affect how Finnish managers see trust and its development when the context is completely different from what they have been used to operate in. This assumption is based on what was discussed about familiarity and trust and the effect of the changing social conditions on how trust is viewed. Consequently, the analysis of the question of how the Chinese cultural context, in regards to its traditional values and institutional landscape different from Finland affect the depicted process of trust creation and trust development in regards to Sino-Finnish business relationships is to be brought forth next.

4 CULTURE AND TRUST IN THE EAST-WEST BUSINESS DYAD

4.1 Culture and its ingredients

The definition of culture is a task that is possible to be approached in thousands of different ways. As a positive consequence, this gives freedom to the researcher within some limits to draw the line on the issue what are seen to be relevant factors regarding the domain of culture in the research he is engaged in. Hence, in the first part of this chapter the aim is to explain what constitutes culture precisely in this study. This approach sets the basis for the rest of the chapter where the characteristics of the Chinese culture are discussed and later its implications on trust creation in the East-West business context are analyzed through the use of a dialogue between managers' experiences and literature on the relationship of culture and trust.

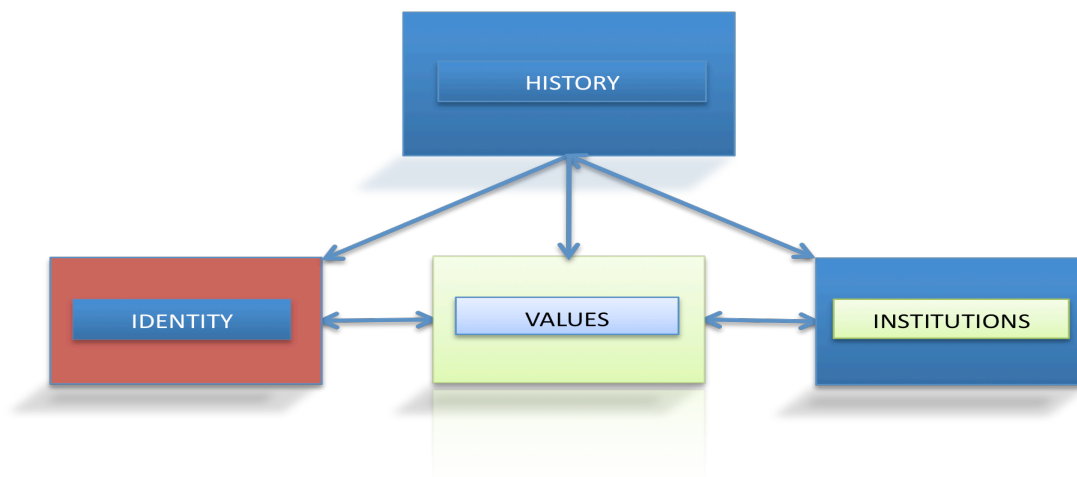


Figure 1. History and other elements of culture. Adapted from Hofstede and Hofstede (2005, 323).

Tens or even hundreds of different qualities and forces are possible to be associated with culture. Language, religion, education, politics, the organization of social life, all of them are associated with culture (Vihakara 2006, 87; Terpstra & David 1985). In this study not all of them are covered individually. More precisely, the level of infrastructure of a certain area or country all the way to how equal people are seen in a society, are all part of different ways of seeing culture and this shows just how comprehensive the concept of culture actually is. To make it more easy to comprehend culture can be “disassembled” for example to values toward *time, work and achievement* and lastly, towards *change* (Terpstra & David 1985, 126-138). This is only one example of how it is possi-

ble to classify cultures. Before the ingredients of culture used in this study are presented, it needs to be noted that cultures exist concomitantly at different levels and in different places such as in business, organizations as well as at the national level. Here, culture is seen to exist and affect people on the national level. However, one should not automatically presuppose that countries equal cultures as cultures change in addition to place also in relation to time and language used to communicate (Triandis 1995, 3-4).

In figure 1 the culture-related elements are shown that are seen to comprise culture. The ingredients of culture are strongly related to the history of a nation. The past events of a nation mold how people think and perceive the reality of today, and further, culture is learned and assimilated by a group of people. This leads to the creation of “an inventory of tools” that have been used by the people belonging to the specific culture (Triandis 1995, 4). Hence, history is one essential part of the culture of the modern societies of today. Values as the second ingredient of culture are in the core of a nation as they have been molded by time and have become an integral, but at the same time they constitute an invisible part of the characteristics of a nation and its people. Thus, they affect strongly the fundamental thinking and the behavior of people as they are a set of beliefs that have remained static for a significant period of time. Values are the underlying foundation for social scripts and norms that define what type of behaviors are regarded as appropriate in the culture and in this way values also affect the visible parts of culture such as the political, legal and kinship systems for example. (Vihakara 2006, 69; Oyserman et al. 2002, 113; Bond 1991, 38-9; Terpstra & David 1985, 143-5.) Hence, values are something that have been a part of nations’ cultures for hundreds, even for thousands of years. Henceforth the following definition of values is applied. Values can be described as:

“..desirable, transsituational goals, varying in importance that serve as guiding principles in people’s lives” (Schwartz & Bardi 2001, 269)

Values as something rather permanent to a culture have close interrelations with institutions that constitute the third ingredient of cultures in this study. Institutions often consist of the visible parts of a culture, for example of laws and organizations such as the government or different associations. Still, also invisible institutions exist. For example established traditions can be considered as such. Even family can be thought of as an institution as its role is different in different parts of the world. (Hofstede & Hofstede 2005, 19). Thus, it can be said that values as a static core of a culture affect also a nation’s institutions. Institutions then again on their part define the way for accepted behaviors at a practical level within a society and consequently can be thought of as a part of culture as well. Hence, invisible values along with visible and invisible institutions have a strong interrelation and both need to be taken into account in the discussion of

the role of culture in regards to various phenomena (Oyserman et al. 2002). In this case of course the creation of trust in the Sino-Finnish business relationships is in the focus. In the words of Geert Hofstede (Hofstede & Hofstede 2005, 4) culture can be summarized into a rather simple sentence:

“the collective programming of the mind that distinguishes the members of one group or category of people from others.”

One issue that the author sees as important to mention at this stage is that culture can also be seen to consist of other visible elements than only institutions. These are symbols that are the most superficial layer of culture as they comprise language and other visible items such as objects that have certain meanings within certain groups of people and in certain times and places. Language is one of the most important elements of culture as does it not only transfer information, but it also transfers meanings within a specific culture (Terpstra & David 1985, 18). This means that when a Chinese person uses English to communicate with a Finnish person the cultural filter is still in effect even though English is used in the event of intercultural communication. Heroes and rituals consist of people and respected figures that play a significant part in people’s lives. In the everyday life rituals and symbols can be seen in social gatherings such as business meetings and dinners to serve their purpose of lifting up the group spirit in a specific cultural context. (Hofstede & Hofstede 2005, 7-8.)

Hofstede and Hofstede (2005, 323) bring forth the identity of a culture as a visible ingredient of culture that should be taken into consideration when culture is defined. They see it consisting of language and religion. Identity could be regarded also as a visible dimension of values. Regardless of this, the focus is to be on culture and it as comprising more of core beliefs of a group of people, treated as values. On the other hand, along with values, culture is argued to consist of visible and invisible institutions as historically established practices and organizations as a part of everyday life in regards to a specific group of people. Also the issue of culture being a part of people’s everyday life came up in the interviews:

“Culture is everything, I mean everything what has got to do with people’s lives, it’s not only art and music, but it’s also working, interacting with others and setting up one’s family and all this.”

The quote shows that the impact of culture on people’s lives is overarching, just as it has been contended in numerous cultural studies. The findings from the interviews has been used to narrow down the most influential and significant cultural factors and they are in the focus when the impact of culture on trust creation is analyzed. In the follow-

ing, the discussion is shift on to Chinese culture as the focal discussion is to be conducted on its most inherent features and their possible similarity and dissimilarity with the Western and the Finnish culture. Hence, also issues reflecting western cultures such as Finland are brought up along the discussion as the views of Finnish managers are brought up in the dialogue.

4.2 The Chinese culture

The Chinese culture is one of the richest and the most diverse cultures in the world. Not only in regards of its length that stretched over five millennia, also the huge developments and internal conflicts between the different dynasties, clans and the ruling elites and ordinary Chinese people have molded the culture in a multitude of ways. When speaking of Chinese culture one should always bear in mind the immense size of the country and that even though generalizations pose a threat to the plausibility of a research and its outcomes, they are necessary in a case such as China. One other crucial point is that the change regarding almost every single sphere of life has continued until these days. Hence, China has seen enormous social flux and economic growth also during the last century or so. From the end of the Opium war against the British, followed by the civil war, the rule of the Communist Party and the unforeseen economic growth starting from the era of Deng Xiaoping from the 1970's that has extended its effect even to the present day. (Leung 2008; Fang 2006; Baum 1996.)

The vast changes of the Chinese society were also a hot topic in the interviews and the short time frame of the changes that started from the 1970s was emphasized to have an effect on the culture and thus on the behavior of people. This has resulted in the fact that traditional Chinese values have been mixed rapidly together with values more prevalent in modern societies.

“I would say that we’ve had about 100 years, or 90 years time to level off the cultural differences in our country (Finland), and in China they’ve had this (current social and political system) for only 30 years.”

Unarguably, the multifold economic growth within the boundaries of the country, but also globalization has left its mark on the Chinese value system (Fang 2006), yet there are signs that in certain aspects traditional values and socio-cultural traditions and traits, such as strong familialism and hierarchy strongly affect the behavior of the Chinese people. (Chua, Morris & Ingram 2009; Fang & Faure 2008.) In addition, it should be remembered that culture and its values, and most importantly their effect on the behavior of people is a context dependent issue and this also on its part makes it difficult to

assess the interrelatedness and correlations of different phenomena, for example in terms of culture and the emergence of trust (Chua et al. 2009; Kitayama and Markus 1991).

As an outcome of studying values the author noticed one issue that calls for further attention. Namely, Leung (2008) raised awareness to the fact that the role of *traditional values in China* and their varying effect can be distinguished to two circumstances. He argued that the interplay of traditional values depend whether the context is economic or social in nature. In social contexts traditional values that were referred to for example in regards to family issues seem to be prevalent and in the economic case, for example short-term and self-serving values are likely to become more apparent and drive the behavior of people in a more powerful manner. This issue has been taken into account in this chapter and its outcomes to doing business in China. In addition, concerning this finding, Fang (2006), next to Hofstede and Hofstede (2005) have argued that cultures are not static, but they change in relation to time and in interaction with other cultures. In addition, the issue of the increased income level of developing nations on value change is a topic that should be addressed (Yang 2000). Tony Fang presented his model on the paradoxical nature of culture in regards to the classical and debated model of Hofstede (1982) that is more static and bipolarized in nature in as it presents a national culture having only either/or dimensions in terms of perceived cultural features such as individualism or collectivism.

All in all, one of the aims of this study is to make sense on the basis of theory and managerial, hands on experience, what might be the factor of Chinese culture in regards to trust perceptions and trust formation in business dealings of Finnish companies operating in China. Thus, in what ways does the Chinese culture in terms of its colorful history, values and institutions affect the perception of trust and its formation in intercultural dealings in China? However, in the first section of this chapter the focus is still to be kept on traditional Chinese values. The author would like to remind that the quotes are all from Finnish managers and that they see the Chinese cultural context through the eyes of a foreigner. Hence, the objective is not to picture Chinese culture objectively, but to make sense how Finnish managers see it and how they see it to affect doing business in China through trust creation.

Next, a look is taken of what the literature says about traditional Chinese values. This is done since afterwards it is easier for the reader to see how the views of the Finnish managers reflect the traditional values in practice when doing business in China.

4.2.1 *Traditional characteristics of the Chinese culture*

When the aim is to analyze and pinpoint the prevalent features of a culture one way to do this is to look for features that have stood the test of time and been a part of the life and society of a given group of people. Hence, values are in the very core of a culture and they are commonly believed to remain rather static in the course of time. (Ying 2000; Schwartz 2001.) The nature and power of values are discussed in this part of the study since it is believed here that they constitute a substantial part also in the scheme of trust formation (Doney et al. 1998). The study of values is seen as important since China is seen to differ strongly in this vein from the Western parts of the world including Finland. Finnish managers who have done business in China are in general well aware of the fundamentals of Chinese culture and about the roots of Chinese values:

”It all starts from the Confucianist thinking that leads in China, in Chinese culture and in Asian countries to the situation that first and foremost one’s own family, members of the entire family are trusted and this forms a kind of inner circle. And this works just fine in a craftsman society and in an agrarian society.”

The traditional Chinese value system has been largely seen as a direct social artifact of Confucius⁵ teachings. The great Chinese Philosopher wrote that in order to be a decent, honorable and a virtuous man and citizen one must be obedient, thus respect authority, hierarchy and preserve harmony as well as avoid conflict, stress interpersonal relationships in one’s dealings, thus preserve one’s social integrity and status and respect family (Fang 2001, 54). In this vein when reference to Confucius is made also the salient nature of strong hierarchy in China needs to be addressed. In many pieces of research the root cause for the Chinese society to be overwhelmingly hierarchic can be seen in the way the relationships are divided and classified by the ancient Confucian teachings based on the five cardinal relationships⁶ between virtuous humans. They comprise: the relationships between a friend and another friend (*trust*), younger brother and older brother (*seniority and modeling subject*), son and father (*love and obedience*), wife and husband (*obligation and submission*) and subordinate and ruler (*loyalty and duty*). (Nojonen 2007, 12). Confucian thought has been argued to have an effect in today’s China especially through the five cardinal relationships. It is said that the position of an individual in the society decrees one’s relationships with others. (Worm 1997, 37).

⁵ The name of Confucius is sometimes also written as Kong zi or 孔子。

⁶ In the brackets is mentioned the principle that each cardinal relationship should follow.

This kind of issues of the ancient Chinese philosophical thought are to emerge throughout this chapter in the discussion in regards to Chinese culture of today as well and its effect on interpersonal relationships and consequently also on trust creation.

On the basis of the cardinal relationships it is easy to infer what issues are emphasized in the Chinese society. These are family and filial piety as three of the five relationships involve family (Worm 1997, 42). Hierarchy as well as loyalty are another salient issues in the five relationships. (Ying 2000, 4-5.) A total number of 71 core values for China have been inferred, however this kind of number is pointless to be taken into discussion due to its size. However, two subcategories of values are more important in this study than others. These are values regarding *interpersonal relations* and *business philosophy*. These categories are highlighted since in this study the focal context involves dyadic business relationships usually involving two people. Ying (2000, 6) further noted that the categorization of a culture by its core values are difficult since values always have their opposites and these opposites are also prevalent in certain situations. In addition, the paradoxical nature that is inherent to the Chinese culture in terms of stressing the harmony that is possible to perceive even as the co-existence between contradicting forces makes it very difficult to categorize it only to have certain core values that would apply in most cases (Chen 2008).

This is why other means should be used to make more sense of a culture's characteristics that would give an expectation and idea for example on values that are likely to be in a focal role in regards to doing business in China as a foreigner. As a final note to Confucianism, it is argued that traditional Chinese core values have also been influenced by other philosophies and religions such as Taoism, Buddhism and other regional clan cultures etc. Nevertheless, Confucianism is generally thought of as the most influential thought as it has had the most overarching effect on the Chinese people. Thus in this study, Chinese core values are mostly based on Confucian thought that has affected the Chinese and their society for thousands of years. (Ying 2000, 4.)

At this point, the value discussion regarding China is continued by taking a look at the most used socio-cultural studies to date in order to give a more holistic picture of the prevalent values in China. Perhaps the most used categorization of cultural dimensions is that of Geert Hofstede (Hofstede & Hofstede 2005, 23). Hofstede's original study (1980) on cultural dimensions has also been vastly used in terms of culture's effect on doing business, and what is essential, it was also used in research on the effect of culture specifically involving the creation of trust (Doney et al. 1998). In other words, the use of Hofstede's cultural modeling in this sense adds validity to this study as it can be used not only to describe the Chinese culture, but also Western cultures such as the Finnish culture. In the following part the differences of the Chinese and Finnish cultures is to be explored.

4.2.2 *Differing characteristics of the Chinese and Finnish cultures*

Geert Hofstede divided cultures originally according to a four-point categorization. The categories are culture's: 1) *individualism vs. collectivism*, 2) *masculinity vs. femininity*, 3) *power distance (disposition to preserve a hierarchic society)*, and 4) *uncertainty avoidance*. Later a fifth dimension of 5) *long-term orientation vs. short-term orientation* was added as a result of de-westernizing the questionnaire of Hofstede's study. Thus, on the basis of the study of Hofstede, the Chinese Value Survey⁷ (CVS) was created. The reason why the fifth dimension was created was the fact that the uncertainty avoidance – dimension did not correlate with the Chinese respondents in the CVS by Bond when Chinese core values were used. This flaw in the original survey of Hofstede was then corrected with the introduction of Confucian values in the fifth cultural dimension.

Based on results across a variety of value-related studies, the Chinese have been described as people who hold *family, interpersonal relations, long-term orientedness, respect to hierarchy, authority and preservice of harmony* in high regard (Leung 2008; Hofstede & Hofstede 2005; Ying 2000; Worm 1997; Chinese Culture Connection 1987). In regards to the categorization of national cultures by Hofstede and Hofstede (2005, 79; 121; 129; 143; 169) and also other studies that were presented above, estimates on China posit that the Chinese culture ranks high especially in the features of collectivism, and power distance, implying the high respect for authorities and hierarchy. China has been also described as a culture that ranks high in uncertainty avoidance, but the applicability of this dimension has been denounced in some value studies as was mentioned. Hence, on the contrary to being low in uncertainty avoidance, Chinese culture is seen more as long-term oriented as it emphasizes thrift and sustained efforts towards achieving slow results in life in general (Hofstede & Hofstede 2005, 212). On the whole, looked from the Western academia, Chinese have been labeled even anti-social and having lack of sympathy for others as the in-group affiliation of the Chinese people has been emphasized (Worm 1997, 47-8). This is something that needs to be look at more carefully. In the following some views on the Chinese culture by Finnish managers are presented. From the managers' views on the fundamental nature of Chinese culture it can be noticed that all of the features stated above are still prevalent today in China. Secondly, the views of the managers drive the dialogue further especially in view of the prevalent values in China:

⁷ In the Chinese Value Survey (CVS) the uncertainty avoidance dimension of Geert Hofstede's IBM study was labeled as the Confucian Dynamism Dimension (long-term vs. short-term dimension) that is based on the teachings of Confucius (Hofstede and Hofstede 2005, 208; Chinese Culture Connection 1987).

“But it’s true that China is a collectivist culture and Finland is perhaps more individualistic. All the people (in the world) want to or need to belong to a specific group, but perhaps individualism is more in the background in China than it is in Finland. And maybe they (Chinese) see themselves more as a part of a group than individuals.”

“Well the picture that I have is that the way society is viewed (in China) is totally different (from Finland). Taking advantage of your fellow man. If we go into politics then it can be seen that it’s an extremely capitalist country at this point. And the (political) discussion is conducted with very hard set of values.”

“Over there the use of Finnish authorities and state actors to open the doors played a vital role. So, I mean that it was a good thing if we got the ambassador, commercial secretary, ministers or someone else involved, this was also used to build trust (in China), because then again a lot of trust is placed on authorities (over in China) (...)”

Here it should be noted that for example individualism and collectivism as well as masculinity and femininity can be either one dimension or two dimensions depending on the level of the analysis. More specifically, this means that even though a culture can be described to portray for example individualist behaviors, individuals can regard issues traditionally related to collectivism to be important as well. Bluntly put, this means that to label one culture as either individualist or collectivist is not a purposeful way to make distinctions between cultures on the way they affect various behaviors of people, but instead the meaning of the situational context should be underscored. (Hofstede & Hofstede 2005, 125; Oyserman, et al. 2002.)

This means that for example an individual person can portray and prime masculine and feminine behaviors depending on the situation. On the other hand according to Hofstede a nation’s culture can only be either masculine or feminine. The either/or logic of Hofstede has been vastly criticized by scholars around the world and the critics can be found in many pieces of research. (see e.g. Fang & Faure 2008). The seed of the criticism has been acknowledged also by Hofstede when the impact of the long-term orientedness of Chinese culture is analyzed. The main point regarding the LTO dimension is that it is seen to describe the fundamental ways of thinking of the Chinese people that manifests in the absence of the actual truth in life. This means that the seeking of virtue and common sense is emphasized in China as right and wrong along with cognitive consistency as absolute defining factors of the truth are acknowledged in Western

nations that are usually classified as short-term oriented (Hofstede & Hofstede 2005, 230; Triandis 1995). Some of the bearings of this are that contextual and situational factors are stressed and contradicting information is not necessarily seen paradoxical, but even as complementary. (Hofstede & Hofstede 2005, 228.) This is also labeled as the duality of the Chinese culture and its consequences on trust creation are to be discussed later on. However, for the sake of clarity a nation's culture is seen to have only one-dimensional characteristics like it was shown above. Actually this is done according to the view that was driven forth by Hofstede and Hofstede (2005).

When individualism and collectivism are discussed, traditionally the former has been associated with Western societies and the latter with Eastern equivalents. Further, be it individualism or collectivism that is analyzed, both of them as cultural dimensions are associated with a worldview that involves religion, philosophical traditions, economic and legal structures and so on. What is important however is that they are seen to have an impact on people's cognitions, affective thinking and on the way people see things and other people as related with each other as construals of the self are seen to differ over cultures. (Oyserman et al. 2002, 114.)

Triandis (1995, 10,11; 1994, 179) and Worm (1997) similarly to Geert Hofstede (1980) and Oyserman et al. (2002) see people living in collectivist cultures generally to be very in-group-oriented⁸, thus being very loyal to the group and placing the well-being of the entire group such as one's family as a priority. If the Chinese culture is based on strong familialism and taking care of one's kin and being loyal to one's own, valuing masculine assertiveness in some instances as well as placing higher importance on uncertainty avoidance and emphasize the longer-term in time orientation, how does Finland stand in the cultural comparison in light of these measures?

Hofstede and Hofstede (2005) along with Worm (1997, 75-9) see that in Finland, individualism in general is highlighted. In addition Worm (1997, 77) notes that uncertainty is not significantly avoided in Scandinavia opposite to China and in Scandinavia people, regardless of their background and social ties are expected to work in order to do their obligations. This is in contrast to China where strangers are not trusted in general. Gender roles in Finland stress equality among the sexes in contrast to China, and power distance between people is kept in the minimum and willingness to nurture is

⁸ usually the in-goup is referred to as one's family and closest friends, people who share the same background e.g. from associations, universities etc. The in-group usually is also defined by strong social ties and it can act as a sort of determinant norm of accepted actions by its members. (e.g. Triandis 1995, 171). Furthermore, an individual is more concerned of the wellbeing of the members of his ingroup and does not feel anxiety when interacting within the in-group (Triandis 1995, 9).

strong, which is related to high levels of female cultural traits. Pelto (1968) argues that the relative collectivism and individualism in a culture is a consequence of looseness or tightness of that culture. In tight and homogeneous cultures the social norms and values drive the behavior of people and the individual usually acts in accordance with the rest of the group. However in individualist cultures freedom and creativity are emphasized and the ones who do not adapt to the group norm of doing things are not necessarily punished as might more than not be the case in tight cultures such as China. Hence, the work-related values and cultural dimensions devised by Hofstede (2005; 1980) and their variations are one determinant of cultures and their divergence and shows the differences between Finland and China. More importantly, it is shown that the two cultures in question differ also in terms of the process of trust creation due to the cultural variations such as individualism and collectivism.

Obviously, the seemingly different valuations in the two cultures have many causes, but Hofstede and Hofstede (2005, 202-3) bring forth history as an important factor. It is also regarded as one of the ingredients of culture in this study. However, it gives a different view for example to the way individuals are seen to portray either individualist or collectivist behaviors depending on the subjective view of a given situation. Yet, on its part this is to show that history is one important part of culture, but it necessarily should not be used as an ultimately determinant factor to determine the behaviors of individuals. (Oyserman et al. 2002, 115.)

Speaking of the power of history in regards to culture that was one part of culture's ingredients, Hofstede and Hofstede (2005, 202-3) say that for example the Roman and the Chinese Empire differed greatly regarding one aspect, namely the rule of law. In the Roman Empire law was explicit and codified in a similar fashion all around the Empire and it applied to every single citizen in exactly the same way. In the case of the Chinese Empire however, the rule was based on the more vague and less commonly spread Rule of Man as every judge had leeway to base the decision according to the situation at hand and using the teachings of Confucius only as a baseline for his rulings. This is a good example how history has left its mark on the culture still prevalent and blooming today.

One manager saw the link between the rather volatile rule of the Communists and uncertain history and its link with Chinese culture as follows:

"This is why it's very important (...) try to look a little bit inside the Chinese culture, and then one will see for instance that there was a long, tens of years of a period when they forcefully promoted this kind of monolithic culture, which unarguably still has an effect on people's lives even today."

Hence, in the opening part of this chapter the inherent nature of cultures has been discussed and its ingredients were presented as values, past events of history and institutions. What is important to bear in mind that they all affect each other, thus clear interrelations is cumbersome to determine. In addition to the ingredients of cultures, cultural characteristics such as collectivism, individualism, emphasis in the importance of interpersonal relations and familialism and filial piety are examples of forces that act as determining factors of cultures and their differences (Worm 1997). Also the character of the Chinese culture in light of these issues was presented along with some comparisons to the Finnish culture. In the following, on the agenda is to discuss the relationship of culture and its implications on the behavior of humans, more specifically in terms of trust creation per se and later trust creation in the business context. Thus, in the following the focus is shift from the analysis of culture and its various elements and classifications as such onto the analysis of the effect that cultural traits presented here might have on trust creation in the intercultural context.

One final note about culture is that the effect that it places on trust are quite uniform. Culture seems to play an undeniably pivotal role in how trust is defined and in the way trust is created in particular circumstances and contexts (Li 2008, 415; Gustafsson 1996, 10). Li (2008, 415) places significant importance on the differences what is the role and actual meaning of trust in the Western and in the Eastern world. In the next part of the study the relevance of the host culture that is China in terms of trust creation is to be brought forth for discussion. The rest of the study shall elaborate on issues discussed so far that imply some great differences between the Chinese and the Finnish cultures. The Chinese society and its group-affiliative nature steers the reader to expect that issues such as networking and interpersonal relationships along with issues such as social honor and shame (social face of a person) are focal issues when trust creation and communication are studied (Worm 1997, 70).

4.3 The effect of the Chinese culture on trust creation in Sino-Finnish business relationships

In this part of the study the ingredients of culture that were presented above are to play a central role. Especially values and cultural characteristics along with the institutional elements of a culture that were presented are essential in the discussion at this point. The discussion on the impact of culture on trust and its creation is started by looking at institutions and actually the lack of explicit institutions. Are the institutions explicit or implicit they still have an effect on people's behavior. Here the effect on trust creation is under emphasis. (Fukuyama 1995; North 1990.)

In the interviews it became clear that in China, business is very hard to conduct since it is conducted in a different way from Finland. This is the starting point in this chapter. The following quotes illustrate how many of the managers feel what kind of effect the Chinese culture actually has on doing business with the Chinese in China in light of trust creation.

“in general one should always place trust (in people), but there (in China) you cannot count anything on it (trust), so one cannot really trust in its essence.”

“(...) if we think about the Western business culture, so here (in Finland) the culture is totally different from what it is over there (in China). Here (in Finland) the first thing you expect is that people can trust each other. This is without a doubt crystal clear. If you order something from someone, you don't automatically assume that you won't get the thing you ordered!”

From the quote one can see that the Chinese environment reflects business in a way that makes foreign actors extremely mistrustful about doing business in China. They also show that the environment can change a person's view on a phenomenon such as trust. Furthermore, this is good and undeniable evidence on the context dependency of trust and how it is created in different settings. In the coming, the factors that cause this sort of a change in the attitude are discussed. One essential dimension in the issue is the social dimension of doing business. As was discussed regarding values, the Chinese place high importance in preserving interpersonal relationships. This finding added to the volatile past of the culture and to the immense size of the markets creates a very unique markets for businesses to navigate in search of the right and trustworthy partner. In the following a look is taken how the interplay of the social and the economic dimensions of human behavior is seen to work together.

4.3.1 The unique institutional Chinese business landscape and trust creation

The spectrum of the effect of the social dimension on human behavior consists of two contrasting views. One arguing that social forces such as networks of interpersonal social ties do not affect organizations or human self-interest seeking economic behavior at all, and actors on the market are driven solely by the rational evaluation of the benefits and costs of the results of their actions. This view is in touch with the calculus-based view on trust that is related to the rational evaluation of the self-seeking motives of the

other actors (Williamson 1993). In the other end of the spectrum stands the view implying that social forces such as interpersonal social relations and the “rational economic behaviors” of the people within the greater system of evolutionary economic institutions are so intertwined that they should not even be regarded as separate phenomena. (Granovetter 1985.)

In his seminal work on social embeddedness, Granovetter skillfully presents his idea of social embeddedness that lies somewhere in between these extremist views to which he refers as the under-socialized and the over-socialized view on economic behavior. His view on the relationship of social forces, thus culture’s impact on economic behavior postulates two main points in a nut shell. First, people do not act strictly according to a script devised for them on the basis of their predetermined social role. Thus, people base their actions also on their own judgment and not merely on the social circumstances such as roles that are imposed on them for example by institutions as behavior guiding forces. That is to say, also context specific issues have an impact on the behavior of people. For example in business dealings also the current market situation and the position of the company affect the decisions made. Secondly, people as economic actors are not simplistically self-interest seeking *homo economicus* –type of people, but they also are in constant interaction and under the influence of the social environment and with other people with whom they operate. (Granovetter 1985, 487). The effect of the leeway that people have in light of the social context that is based on Granovetter’s (1985) writings can be seen in a concrete way for example in the scale of measures that people use to affect the decisions of others. Later, communication is brought into the discussion, and its potential as an influential means in this regard is assessed in intercultural business dealings in the Chinese context.

Further, Granovetter (1985) focuses on two themes in his essay that are trust and malfeasance and the interrelatedness of social relations in view of these two issues. He argues that social ties bring about trust, but what is more important, he acknowledged that the element of opportunism is ubiquitous both in completely rational market transactions and thus in economic behavior, which is consequently supplemented by trust. Opportunism and risk are an integral part of the behavior of self-interest seeking economic actors as was discussed earlier (Williamson 1993) and this applies also in different social arenas and contexts (see e.g. Li 2007 on intention risk and system risk). Social relationships are a significant element regarding the functioning of economic transactions as they facilitate economic behavior and provide a mental safeguard against the prevalent risk of opportunism in a case of an unpredictable future. This notion is based on the role of the network of actors (Granovetter 1985, 490). Information is gathered from other actors within the network as the foundation of the formation of trust. Evidence from past behavior is sought within the network of social ties. However, by no means does this mean the absence of distrust or opportunistic behavior. This finding has

a very focal point to bear in the case of China. Hence, when operating within a system of millions or even hundreds of millions of actors, the Chinese and Finnish business contexts vary a great deal especially in terms of their size and this also has implications on the fundamentals that need to be taken into consideration in terms of trust creation. This issue was brought up by three of the managers. Here is one example how the difference was seen to appear in reality.

“I think that actually most of the differences are caused by the environment. This kind of environment where you have a billion people, millions of actors (...) it’s not like in Finland that you say that these here are the firms in my industry. Here (in China) we have a thousand firms and five of them can be trustworthy (...) But then there are the 995 others also. So this has an impact on the way people behave. This (China) is a big country where you can screw the other one and you’ll never run into him on the following day (...)”

As was mentioned, in a case where there would be no trust, neither would there be any possibility for opportunistic behavior to take place (Molm et al. 2000; Rousseau et al. 1998). Social ties are not always prevalent and strong enough to exert trust in all kinds of situations. As was discussed, in cases where actors do not know each other, calculus-based trust is the form of trust that is to be in effect at the beginning (Lewicki & Bunker 1996, 119-120). In addition, the applicability of this approach to trust depends also on the effect of institutions and the functionality and the nature of the markets where one is embedded in. This is a very important point to bear in the intercultural social context of Finland and China. The reason is rather easy to see. There is a huge difference in the operational environment of the companies. The Chinese setting is like a dark jungle with thick bushes where the foreigner often does not know what he is looking at when he has passed the next obstacle on his way. Level on uncertainty is extremely high and social contacts are crucial. In Finland the situation could be depicted as something like where the Finnish actor knows where to go and who to turn to in different issues and this leads to transparency and high levels of system trust and confidence. Perhaps one could even say that trust is not even needed in Finland to a significant degree!

The social embeddedness view stresses the necessity of acknowledging the fact that people’s rational (economic) behavior is not only a matter of the functioning of institutions such as governmental legislative bodies or business associations nor rational economic mechanisms. It is to a great extent a matter of the social network system where people interact and do business with each other more effectively than in the under-socialized rational markets that is based on rational and calculative economics and the

rule of transaction economics (Williamson 1993) and the efficiency of institutions. Put more specifically, the network's focal function is to act as the inhibitor of malfeasance in which the actors by nature are inclined to resort in. (Granovetter 1985; 491, 493).

Hence, the point that is made here is that trust and its creation are seen to be to a large degree a factor of culture and thus the creation of trust is seen to be embedded in interpersonal relationships also in this way. Further, in this way trust creation is inherent and necessary in social interaction and it is further highlighted in China due to its cultural characteristics that were discussed above (Hofstede & Hofstede 2005; Ying 2000; Triandis 1995). The following remark also stresses the outcome of the lack of trust inducing explicit institutions, the ramifications of history and the huge size of the markets in China and the way people have and also need to adapt to the environment:

“(...) so (in China) you can just keep on doing this (acting opportunistically), especially since there aren't (any of) these institutional means, company registers (...) in the same way than in Finland, so this leads people to build these relationships (...) in another way (than in Finland).”

Along with the managerial evidence, this view of Granovetter also highlights the validity of subjective and intention risks that are prevalent in social interaction and overall stress the importance of the social aspect instead of merely focusing on the calculative approach and the emphasis of contracts as inhibitors of malfeasance. (Li 2007; Williamson 1993). The practical application and the utmost importance of the social network approach as a trust inducing system of the kind that Granovetter (1985) presents is to be discussed in the following chapters in terms of the Chinese cultural context. At this point it can be said however that due to the nature of the Chinese markets and the culture as a whole, only the use of calculus-based trust is not likely to render in great success in terms of doing business in China, but the foreign business practitioner needs to adapt to the local setting and culture. This calls for example for taking the longer-term into perspective and calls for a different approach to trust creation from the approach one has used to in Finland.

One needs to make a distinction that the circumstances where people are inclined to rely more on interpersonal networks as source of trust is a reason and an outcome. Consequently, one needs to pose the question, what might be the cause to this and why people are so motivated to hold on to and value existing relationships? One can search for the answer in culture, in the habit and values that have evolved during the test of time such as the teachings of Confucius. The alternative is to think that the main reason for low general trust in the population is due to weak institutions (Fukuyama 1995; Zucker 1986). The high importance of the interpersonal networks can also be seen to be related

to the social embeddedness view on human beings as social actors and not acting as the economic aspects as their priorities. These issues are important to bear in mind when studying intercultural social relationships in terms of trust creation especially in contexts that are significantly different along the aforementioned dimensions. The differing characteristics of culture affect also the dynamism between different types of trust and they are to be discussed later on (Chua et al. 2009).

Obviously the issues of social embeddedness theory as well as the institutional aspect on culture (Hofstede & Hofstede 2005; Fukuyama 1995; North 1990) have bearings on doing business in China as one manager summarizes it as follows:

“(...) and I think that this influences the way things are done (in China), so that when you find someone you can trust, you hold on to him hard as hell, I mean with your tooth and nail, and that is the point here since there are so many actors (...), (and since) the institutions here aren't on the same level as we do have (in Finland).”

4.3.2 Trust creation and the question of the individual and the group

Speaking of other cultural dimensions besides the effect and functioning of institutions, the effect of the cultural dimensions and Chinese core values on trust creation should be addressed. In this vein, the study of Doney et al. (1998) serves as a fairly comprehensive foundation to help the reader to get an idea, which culture-related factors have been noticed in the academia to be in effect especially in situations involving the act of trust creation.

First, Doney et al. (1998) see culture⁹ as a force that affects three cognitive areas that are important in trust creation. These are a person's relation to self (see also Markus and Kitayama 1991), relation to risk and uncertainty (Li 2008; Hofstede and Hofstede 2005; Triandis 1995; Granovetter 1985; Terpstra & David 1985) and relation to authority (Hofstede & Hofstede 2005; Terpstra & David 1985). These factors consequently are believed to affect how values, past events and the institutional environment that comprise cultures are perceived to affect trust creation within a specific group of people in a

⁹ Doney, Cannon and Mullen (1998) used the cultural taxonomy devised by Clark (1990) in their classification of culture and how it affects the creation of trust.

culture. Consequently, these issues then have an impact on cognitive processes¹⁰ and influence the way in which different behaviors and messages are interpreted, thus they form the criteria against which trust building is mirrored and evaluated in different cultures.

In this study it is chosen to focus more closely on the cultural dimensions that on the basis of culture research have been identified to be the most diverging between the two cultural systems of Finland and China. At this point it should be noted that it is not possible nor sensible to include every single trait of Chinese culture in this study. The main reason is still practical due to the fact that tens of different values have been identified to be characteristic to China alone. As an example, the Chinese culture collection (1987) identified 40 and other studies as much as 71 Chinese values (Ying 2000). On the basis of the vantage point of the study it is quite apparent which cultural dimensions should be emphasized, hence the experience of the managers who have operated in China is in a central role. For example the managers perceived the Chinese culture to be communal, familial and collectivist in nature as it relates to the individualism-collectivism dimension by Hofstede and Hofstede (2005). The dimension of collectivism is also related closely to the issue of the interdependent self in China, where a person is seen through his social networks and the type and nature of the relationships that one has with others. Through one's interdependent self the infusion of trust through the use of personal relationships becomes easier as well (Markus & Kitayama 1991). The managers that were interviewed also stressed the utmost importance of interpersonal relationships in regards to doing business in China as a result of these characteristics inherent to the Chinese culture.

“In China personal relationships have a tremendously strong importance in doing business. I mean they are absolutely crucial. Sure, you can do business without them, as a foreigner (...) you are in a different position anyways.”

From the managers words it can be inferred that doing business in China as a foreigner differs from doing business over there as a local. Not belonging to social networks thus is very likely to render doing business very difficult. As the manager said, as a foreigner one is definitely in a different position. What seems to be important is that one acknowledges the fact that one is a foreigner and knows to expect to be treated in a

¹⁰ Doney, Cannon and Mullen (1998, 604-7) introduced five cognitive measures that trustors use in assessing the target's (trustee) trustworthiness. These measures are calculative, prediction, intention, capability and transference.

friendly matter by the Chinese. However, one should not be misled by being treated well and being referred to “good and old friends” to actually mean this in every sense of the word (Worm 1997, 55-6). In China especially the creation of friendships takes time and this issue is discussed later on.

In light of trust it can be argued that the culture in China stressing uncertainty avoidance and close social ties makes the establishment of relationships cumbersome for foreigners. In such a case where there is no common point as a social tie to build the relationship, it might easily turn into a relationship that relies to a large degree on calculations and because of this is likely to break when trust is breached or even in cases of misunderstandings.

Thus, risk is a focal component of trust and its creation. It should be mentioned that the diverging views to risk in different cultures is pivotal when studying the formation of trust in an intercultural context. For example, in China as a culture where change is seen in a negative light more than as a positive feature (Terpstra & David 1985) risk is mediated with the extensive use of social networks as the use of interpersonal relationships is highlighted in many aspects (Chua et al. 2009; Granovetter 1985). For example in a collectivist country such as China people feel less anxiety when interacting with their in-groups i.e. with people with whom they have established relationships on the longer term (Triandis 1995, 9). In addition, it is seen important that in collectivist cultures attention is paid significantly more in particularistic exchanges that are very much relationship-specific. For example showing status and honor to others is considered very important. These issues highlight the significance of the implications in the collectivist context in view of the relationship- and social-dimensions and it also highlights the importance of time that is put into nurturing relationships. (Triandis 1995, 185; Granovetter 1985.) The specific application of the social networks in terms of doing business in China is to be brought up for discussion later on.

The implications of the diverging cultures are actually rather obvious. As an example of the divergence between the Chinese and the Finnish culture Doney et al. (1998) propose that in individualist cultures such as Finland, it is easier to act in a self-serving way that is more directly than indirectly aimed at attaining personal goals. This is due to the fact that in individualist cultures people do not need to conform to group norms to the degree that is common in collectivist cultures (Pelto 1968). The communal goal attainment in collectivist cultures steers the actions towards conformance so that the goal of the entire group is reached (Hofstede & Hofstede 2005, 74; Triandis 1995, 186.) On the contrary in individualist cultures there is a lot more leeway in how one goes about attaining one's own goals since freedom and creativity are core values in those cultures. In other words, in individualist and masculine cultures it is generally approved that an individual seeks to fulfill his own goals that serve his needs and not the needs of the larger context that he is embedded in (Triandis 1995).

Thus, in contrast to individualist cultures, in collectivist systems people base more emphasis on for example prediction in assessing trustworthiness as actors tend to conform to the norms and values established within the group, which one has grown to be a part of. Bluntly put, prediction is made rather easy since one does know the dynamics of one's in-group and is aware of what is needed and aimed for within the group. When these findings are looked at in the East-West dyad, the situation becomes outright different when the parties do not have a common history of working together and they even come from different cultures, hence they are lacking a common surface where they would know from where they are coming from and how do they think they should go about pursuing their goals in the strange intercultural setting. Thus, in addition to the obvious cultural distance, there are underlying values that affect the trust creation potential within the dyad. (Luo 2001, Doney et al. 1998). In this vein an important point to bear is also the fact that in individualist cultures cognitions about perceived personal capabilities are usually more important than the social linkages and other issues stemming from the social context as a creator of trustworthiness and trust. Thus the approach to trust creation seems to differ in this sense from the Chinese way as it has been acknowledged that in collectivist cultures the affection dimension of the social reference group plays a more important role. (Ng & Chua 2006; Oyserman et al. 2002.)

Hence, in a case where a foreigner comes to China and wishes to start a relationship with a local operator, in light of trust creation, many things are difficult to see in the foreigner's eyes if she is not aware of these issues that have been discussed so far. These issues first and foremost consist of the network structure of the social system that drives forth the trust building processes and especially the agents and the forces that determine the success of trust building under the surface and behind the scenes. One important remark is that in Asia, very often people see themselves very embedded in the social context where they live in. It is actually very different from the way how people see themselves in relation to others in the West. As was discussed, opposite to the western independent-self, in Asia it is largely acknowledged that people see themselves as having an interdependent-self (Markus and Kitayama 1991). The interdependent-self actually suggests that people see their social location through other people. This on its part leads to the fact that the meaning and role of others is different from what it is in the Western world where people are seen as individuals and being responsible for their own actions. In China as in other collectivist cultures the social obligation towards others is much more powerful in this way (Triandis 1995; Markus & Kitayama 1991).

One visible result of this is that many foreigners who are doing business in China do not understand the underlying mechanisms of the way decisions are made and this leads very easy to frustration, unnecessary obstacles for trust development and even to the loss of trust altogether as it is not understood what takes place behind the scenes. The following quotes show well the frustration of some of the managers that the unclear

environment and its implicit rules have caused. Some managers see the Chinese culture in such light that over there it is widely approved to act opportunistically when dealing with foreigners.

“(...) here (in Finland) it is said what is meant, and it is meant what is said. And in China, it is said what people want the others to hear.”

“and then a part of the Chinese culture is that white people are allowed to be screwed. (...) so everyone knows that they (foreigners) don't have to be treated in the same way (as Chinese), it is okay to cheat from them and to steal and so on.”

Even though one of these quotes has to do with communicational issues it also captures the significant difference between the two cultures in terms of trust.

The model of Doney et al. (1998) that is used to shed light on the effect of culture on trust creation actually assumes that people come from the same cultural system, thus their framework enables the reader to see the underlying values that have an impact on how trust is perceived in one culture, but this does not necessarily mean that the same holds true in intercultural interaction where the values and institutional elements from different cultures come into play as has been described. This is an obvious handicap of the model, but it still gives evidence what the prevalent forces of culture are and how they are seen to affect the creation of trust.

Hence it can be concluded at this point that when collectivistic-oriented people from the same in-group are in interaction it is very unlikely that for example the calculative dimension of trust is in effect due to the strong group effect. In addition, this implies that the affective-based trust has been formed within the group as people share close social ties and know what is expected of them and the goals of the individual are often subjugated to the goals and aspirations of the entire group. This is a result also of the norms in the culture that emphasizes paternalism as in taking care of ones own and achieving results together and helping the fellow man and showing him love and empathy. (Hofstede & Hofstede 2005; Ying 2000; Doney et al. 1998, 611; Triandis 1995, 171.)

Thus, the actors in the group are aware that if either one engages in opportunism he will lose trustworthiness within the whole group and thus loses social status and credibility that are related to his position in the network. This leads to a case where the actors know each other's intentions and motives to be truthful and what is more important, they know that each others will act in a trustful way in regards to the uncertain future and this on its part acts as a mechanism to decrease the intention risk in the dyad (see Li 2008; Li 2007). An important point is to be brought forth that in spite that through the

common motivations of the group, the social network where the actor is embeddedness in also can be seen to utilize calculus-based mechanisms to incur trust. It can be expected that all of the actors do not now each other, yet the fear of acting against the trust and making someone one knows to lose reputation within the network acts as a kind of inhibitor of malfeasance that resembles calculative trust in a way. (Lewicki & Bunker 1996.)

However as said, when people from collectivistic cultures interact with people from individualistic cultures, then results might not be convergent with the described way, however some inferences can be made of the probable outcomes in the intercultural trust creation process. That is to say that foreigners not belonging to the in-group are likely to be subjected to prejudices and suspicion especially if the affective tie has not been formed. This can be seen to have its roots in the high uncertainty avoidance of the Chinese and it results in the fact that Chinese seem to be very mistrustful when interpersonal relationships with strangers tend to take a long time to develop into trusting ones. Chinese have been even referred to be xenophobic or having an “unnatural attitude towards foreigners” as Worm (1997, 56) puts it. In a case where both of the actors wish to establish a strong affective tie, it requires plenty of time, even years to be accepted as a part of one’s network.

The key issues in terms of intercultural trust creation in the Sino-Finnish cultural context have now been addressed. On the surface of everyday life and in business these differences are seen in a number of ways. As has become so far, in the West and Finland people usually see it as a norm to trust other people. In China trust is not placed in strangers immediately. However, strong, even affective trust is placed easily to one’s in-group as something given and structural and part of history, thus culture. It was also discussed how the structure and size of the Chinese markets has an effect on this; people can not just place trust as a given like in Finland, especially when business is concerned. For example in Finland one should place trust in others even though there is no weak, nor a robust social tie between the people in the beginning of the relationship, hence the social structure around oneself is not seen as a defining issue in terms of trust creation. To see trust as an attitude is something that is taught since birth and it is strongly related both to the strong culture of individualism and the independent self (Triandis 1995; Markus & Kitayama 1991) and also to the institutional setting and its differences between the two cultures (Fukuyama 1995; North 1990).

As was discussed in the above, in this light, the individualistic and universalistic West and the collectivist and particularistic East differ in a dramatic way. This means that in the West, in general one should take on an open-minded attitude towards others regardless what the social relationship and tie between the actors is. This type of trust has also been labeled as trust-as-attitude, but also as the weak form of trust as it is seen to lack the affective dimension contrary to the more robust trust between people in the

East and China (Li 2008; 2007). As an illustrative example one could say that in Finland it is not correct and approved behavior to act in an untrusting way if and when others have not given a valid reason not to place trust in them. In China however, the situation is very different. The following example gives a good view on what the stance on trust was among Chinese themselves:

“(...) what was very typical over there (in China) was that every time we closed a deal they (Chinese) said that (they wanted) money upfront (...) Why did they say this was because that was the culture (...) no one trusted anyone that much that they would’ve delivered first and then gotten the payment because it would’ve been credit loss always.”

Hence, it is becoming clear that in China a lot of effort needs to be seen to prove oneself trustworthy. In the case of foreign businesses operating in China, the foreign manager, without contacts seems to be on thin ice in view of what has been discussed about the importance of social groups in China. As a Finn for example one needs to fight through a number of issues to be “accepted” in the society and to be eligible to earn the trust of the Chinese. The discussion is now moved more specifically on issues how Finnish businesses and their managers can go about creating trust in an active, and most of all in an efficient way in China that would use the key themes involved in culture and its power and effect on trust creation. Thus, the ingredients of trust and their relevance in trust creation shall serve as the foundation for the discussion during the final part of this chapter.

4.4 The social side of trust creation in Sino-Finnish business relationships

As has been come to light, one root cause that has led to the utmost significance of interpersonal relationships and social networks in China is the inherent nature of the Chinese society. It has been labeled as low trusting in a sense that on average few explicit and visible institutions are trusted, such as the court of law in terms of protecting immaterial property rights or enforcing laws on the grassroots level of everyday life and business. (Child 1998, 254; Fukuyama 1995.)

Obviously there are plenty of different views why the society in China ranks very low in terms of general trust or system trust (on system trust, see Li 2008; 2007; Luhmann 1988). One issue that has been mentioned is the Chinese core values and cultural dimensions that characterize China to be communal, familial and stressing uncer-

tainty avoidance and stable relationships etc. (Hofstede & Hofstede 2005; Ying 2000; Triandis 1995.)

Also the chaotic ruling system of imperial China and subsequent unstable political and economic era of the mid 1950s has been acknowledged as one of these reasons resulting the Chinese societal system to have fairly low trust. (Fukuyama 1995.)

As an example of history and how it has led to the prevalent situation today in the era of imperial China the rulers often gave free hands to the local leaders and elite to be in charge of taxation for example. This on its part led to the development of low level institutional trust that meant that very little trust was placed in formal practices and the reasoning behind them exerted by high ranking officials who often acted their own benefit in sight (Child 1998, 254). Low level of institutional trust also speaks on the behalf of the fundamentally essential role of traditional methods of bringing about trust. social interpersonal ties as a trust inducing system (Child 2001; Granovetter 1985) as it was presented in the preceding chapter. Some of the managers also noted that the different approach to trust in China must be linked also to history and its volatile nature.

“Then when you take the background what they’ve had over there (in China), the historic past, the trust of the people in the prevalent structure of the society has always wobbled from time to time, when they had different factions over there and they did a little citizen relocation, sometimes against people’s will (...) so this kind of individual-level circle of trust was formed and then there was this kind of collective-level trust too.”

This quote illustrates well the affect of history on the social structures and the importance of interpersonal relationships in the Chinese society as there have emerged different levels of trust in China. As has been argued, the managers see that different ruling systems of various dynasties, the rise of Communism and in the more modern times the risen fad of materialism as a consequence of placing emphasis on economic development has left deep marks on the social side of doing business that are visible today for business practitioners.

“No, it is not easy to get to the centre of trust, maybe it is not even possible to get there(...) It (China) is a network-based society and it often relies on the good of the family.”

Despite of large amounts of negative feedback about the nature of the Chinese culture and doing business in China and creating trust, the foreign manager does not need to be powerless in the face of these issues that unarguably make the Chinese context a

very demanding one. Möllering and Child (2003) bring up the meaningful role of the context where trust is intended to be developed, and they underscore active trust development as one means of enhancing the creation of trust even in environments plagued by low levels of trust and different cultural characteristics such as China is to Finland. Hence, the focus is now turned on issues and ways that can be possible to be used for enhancing the creation of trust in Sino-Finnish business relationships between managers from different cultures that see the creation of trust to depend on different issues such as institutions or interpersonal relationships. However, these issues and divergent ways of seeing trust can be overcome.

4.4.1 *The friend-concept in China*

At this stage it is time to take a look at what is the nature and role of friendship when talking about doing business in China. This is an interesting question to pose since it has been widely discussed in various pieces of research conducted on social relationships and Asian business networks (Chua et al. 2009; Nojonen 2007; Ramström 2005). It might have become clear that business in China is often approached through the concept of being friends with someone, as if one should first make friends and afterwards it is accepted to proceed with business matters that involve instrumental motives in terms of profit seeking etc. One manager said that one needs to sell oneself as a person before advancing further concerning business and this underscores the importance of the personal aspect of doing business, especially when one is in interaction with the Chinese. One other manager stresses the fact that good guys make good business in China and that character of a person has an effect on trust creation.

“(...) I’d say that the Chinese like personality, I mean if you’re a nice guy in a funny way, or then if you have, like, nice traits and a nice character, so they value these kinds of things as long as they work in a constructive way in view of trust.”

In a way this means that one should become friends before business is discussed. This is also in touch with familialism and group-orientedness and the intertwined nature of the more instrumental motives related to business and the more affective motives that are relationship-based.

“Business is done to a significant degree between people in China. Even today one finds himself in situations where regardless how good your product is and no matter how competitive the price is, if you do not have

the network (...) then you are not able to tell people about your product in the first place!”

In the academia the notion of business ties more as social ties as instrumental ties is placed under considerable emphasis in a multitude of scholarly papers. Mavondo and Rodrigo (2001) for example stress the unique distinctiveness of the Chinese culture where the forming of business relationships is seen in a totally different matter compared to the Western culture. Like was said before, in China people form a friendship-like tie first and then move on to speak about business-related issues. The friend-making stage can take an unusually long period of time and has been a surprise to many managers and practitioners having done business in China. In the Western world however, friendship, and hence emotional trust or affective trust can be seen more as a result of monitoring of the behavior of others, a series of successful exchanges and keeping one's word and in this way enhancing the knowledge-based cognitive image of the initially perceived image of trustworthiness (Lewicki & Bunker 1996). Thus, it is something that is a result of actions and consistent behaviors. Yet, speaking of Chinese the creation of affective-trust is very much a structural issue that relates to one's kinship networks and it is very difficult to get at this level of trust especially as a foreigner. When speaking of the possibility for a Finn or a foreigner for that matter to get into the centre of Chinese trust, despite of the perceivable differences in culture, the establishment of close relationships is seen to be within the limits of realism. However, it is a lot harder to tie the friendship knot as a foreigner in China and it requires a lot of effort.

“Yeah, I think so (it is possible to establish affective trust with a Chinese person), I personally have that experience (...), it doesn't come easy and it requires time and effort from both sides (and) that there really is that mental state of willingness to achieve it (trust). (...) but we're talking about years in any case (...).”

“...if the starting point is the type that neither party trusts neither one, and despite of this trust is possible to be established in the end, but in this case it requires long-term cooperation, and experience and friendship and sitting together, knowing the other one as a person.”

As was said in the quotes above, establishing a successful business relationship in China requires time and effort put in interpersonal social bonding and it is characterized by a very long time frame and also a bond reminding of familial ties can be seen to exist in some business relationships. (Chua et al. 2009; Mavondo & Rodrigo 2001.) In fact, one could say that (business) relationships are like marriages. Parties stick together

through better or worse since it was one agreed upon collaborating and tying the friendship knot with each other. Relationships are held together even though they are not seen as profitable at a given point in time. This is in high contrast to individualist cultures where relationships usually should be seen as beneficial for them to be kept “alive”. (Ramström 2005; Triandis & Trafimow 2001, 370.) On its part, this greatly illustrates the unique nature of the Chinese relationship-based society. This is also closely related to the act of reciprocity that reflects the dimensions of long-term orientedness of the collectivist culture as well as high uncertainty avoidance in the Chinese society. Reciprocity is to be discussed in the following parts of the study.

Thus as has become evident, when the aim is to establish a high trusting relationship in terms of having robust trust and in which one can place faith into regarding its longevity for example, one should reach this kind of amicable level in the relationship. Hence, relationships are more than only about doing business. This means that deeper, personal feelings and emotions are at work. Naturally, this kind of thinking is quite abnormal to westerners who see the institution of a firm especially in a different light from what it is viewed in East Asia as business is seen to be conducted by people and not that much about people representing companies (Ramström 2005, 114). This issue has some implications when the social network system in China and its effect on doing business in practice is discussed later on. In this vein it can be said that in the words of Rempel et al. (1985) the emotional dimension is the force that holds the relationship together and it also guarantees that the benefits on both sides should be taken as a priority. It is not to say that in China business relationships are like romantic relations in the West, but the point to be made is that the emotional and personal dimension is strong in China. Thus, both sides are intrinsically willing and motivated to be dependant in the other and also place themselves vulnerable to the other party’s potential malfeasance within the relationship as they know that they share same values and goals regarding the relationship. This creates strong emotions of faith and also the willingness to act in a trustful way oneself as the relationship is seen to span over the longer-term and both sides know that when in need, the other partner is there to assist. Hence, this calls for responsiveness in acts of reciprocity from the other side (Chua et al. 2009; Li 2008; 2007). In China people traditionally have not been able to place trust in the system as in institutions to watch their back and act as a safety net, but as a consequence they have had to build the safety net within the interpersonal relationships and this is widely acknowledged also by the Finnish managers.

However, it would be naive to believe that making friends and giving in to the requests of one’s business partners would be the single and right way business is seen to operate from the social point of view. On the contrary, there are also contradicting views on the formation of business relationships in China. Nojonen (2007) retrieved indication of various sub-groups within the friend concept. One of his interviewees

stated that after money is brought into the social relationship, one can not refer anymore to an amicable relationship between two friends. Nojonen (2007, 3) also introduces a division of friendship into a *callous* and into an *affectionate* friendship. Could this perhaps support the sort of claim that in order to be friends particularly business-wise in China, it necessitates a different approach than the more traditional and affectionate view on being friends without the business component? This is an interesting point and indicates a drastic difference in how friendship can be grasped in China compared to the Western idea of regular, “off-duty friendship” as in the West business is seen as business and friends are regarded as friends without the business dimension. On the contrary in China it might be better to say that when people have become friends then they can pursue doing business together. That is to say that in China the way a relationship between two people is viewed is a lot more holistic in a way and thus calls for special attention from foreigners living and pursuing business in China and in Asia as a whole. It is also worthwhile to note that the drastic changes in the Chinese society also play their part in terms of the change in different level concepts on relationships. Some recent pieces of research might even lead people to believe that China is becoming western in some aspects. This issue is to be brought up again in the end of this chapter.

To get back on the discussion about being friends within the business circle, the term “old friend” is often used when speaking about doing business in China and it is especially used after trust has been created, at least at some level, within the relationship. Further, old friend –type of trust evolves stronger after the trustworthiness of the foreigner has been proven in successful business transactions, get-togethers and banquets and what is important, trust is created by fulfilling reciprocal favors. (Ramström 2005; Molm et al. 2000.) This means that the foreign party was not referred to an “old friend” until it had proven to be trustworthy to the Chinese side in some way or another. This is done most of all because people wish to establish a sentiment of loyalty and an atmosphere of trust in the commercialized business relationship in China (Nojonen 2007). Loyalty can be referred to the affective dimension and to the fact that some sort of identification between the parties is taking place, hence a stronger social tie has begun to take form.

Nojonen (2007) also incorporates the aspect of mutual profit with the term “old friend”, which is often used between business people. This indicates the fact that at the end of the day, profit and economic factors define whether the business relationship will take off or not. The economic aspect and its importance in doing business also in the Chinese context were emphasized also by the Finnish managers:

“I don’t think that a Chinese (person) will go into this kind of situation (making deals that are not viable in economic terms), why would he (...) build something, if the (economic) foundation is missing entirely.”

One interviewee even said that in terms of business the seeking of self-interest and benefit overrides sometimes the interest of the group one is part of. This underscores the importance that the Chinese place high relevance on the economic aspects just like the westerners do. Obviously, economic measures are vitally important also in China since the beef is about doing business and thus making a profit. Yet, this does not decrease the validity of the points that recent research has indicated on the inherent features of the Chinese social dimension on doing business. Some of the other practical implications of the social dimension that have to do with the collectivist culture in which weak institutions are prevalent are presented in the next part. They are reciprocity, risk and their effect on the creation of trust.

One aspect that involves significantly interpersonal relationships and trust as well is reciprocity that is based on interdependency and the utilization of imbalance to bring about trust. Reciprocity is raised for discourse in the next section also based on the fact that it is one of the traditional Chinese core values, based on Confucian thought. (Molm et al. 2000; Ying 2000; Good 1988; Chinese Culture Connection 1987.)

4.4.2 *The dynamics of reciprocity, risk and trust*

China being a highly collectivist culture and placing weight on familial relations (Hofstede & Hofstede 2005; Worm 1997; Triandis 1995) it simultaneously ranks very high in the emphasis placed on reciprocal actions. The high tendency to reciprocity can be seen to have a connection with loyalty to one kin as a core Chinese value and to the fact that in China uncertainty avoidance is rather high (Ying 2000; Worm 1997). Hence, reciprocity is used to strengthen interpersonal ties and increase the communal aspect of life in this sense. This is a clear controversy especially compared with more individualistic Western cultures such as Finland where functioning government controlled institutions such as legislation guarantee a basic safety net in which actors as individuals can base trust as was seen in many instances throughout this chapter. Another example of the inherent cultural feature of reciprocity is that Chinese have been found to reciprocate a significantly larger proportion of their wealth to people not known to them for example in exchange games set up to measure the emergence of trust between different groups of people (Buchan et al. 2006, 391).

In the same study westerners reciprocated far less than the Chinese. This issue is possible to have a link with Chinese familialism and the high degree of reciprocity in familial relations that have been seen to affect also the social network system and the meaning of affective trust in China (Chua et al. 2009). The Chinese familial relations often include two dimensions, the affective and the instrumental dimension. This means that

in times of need even distant family members can ask for help for example in finances or in solving a variety of issues. This is justified solely on the social tie that people share. This shows also on its part that the affective and instrumental dimensions are intertwined closely, as the social tie necessitates in reciprocal actions in China. (Chua et al. 2009, 491-2). This has also some implications on doing business. This issue can be approached first as two people being friends. When a friend is in need he should be given assistance. This is part of the core teachings of Confucius (Ying 2000). Thus, in China this feature inherent in every relationship is highlighted even more than in the West. Many of the managers said that in China one needs to earn trust and it is not something given than in Finland.

“(...) trust is something that here (in China) it needs to be earned that it doesn’t come automatically at least not between the Chinese, and our (Finnish) biggest (problem) is that (...) we are still too trusting.”

The Chinese usually see earning of one’s trust as being able and willing to be loyal and thus to reciprocate. Reciprocity is closely related with the long-term time orientation in China. This is why Finns might place more emphasis on taking a slower and more thorough approach in the early steps of the relationship and play the game like the Chinese do. If the approach is too trusting, then perhaps too much is given too early and this leads to opportunistic behaviors from the partner. Thus, in this way social relationships and reciprocity should be seen closely attached to the management of risks.

When talking about social relationships and reciprocity, risk is one central issue that needs to be addressed. The Sino-Finnish cultural dyad makes the situation rather intricate. The reciprocal nature of an exchange has been studied in light of trust and affective commitment (Molm et al. 2000). Molm et al. (2000, 1397) found out that risk, which is prevalent in a reciprocal exchange relationship is a necessary and fundamental ingredient to the emergence of trust. Opposite to negotiation-based exchange relationships that inherently lack trust due to all-inclusive contracts that account for every single possible action taken by the parties in the relationship, reciprocal relationships that are not based on thorough negotiations, due to the risk inherent to them are a good and even a necessary platform for enhancing the social tie and thus for building trust. However, this issue has some interesting implications in the Sino-Finnish context. First of all, in the Western tradition, business and friendships are clearly separated opposite to China where amical relationships and business have traditionally been more a norm as was presented above. When the Finnish manager stresses business too much and pays less attention to the social side of the friend-like relationship, what kind of effects can this cause in the light of risk and reciprocity as ingredients to trust creation in China? Can the differing views in China and Finland for example on contracting act in a de-

structive way in terms of trust creation? One way of seeing contracting and trust in the Chinese context is as follows:

“I was told that compiling papers (contracts) is a waste of time that contracts don’t mean anything in China (...) however my point of view was that I will make the contract just as I did it in Finland or maybe even a bit better, (and then) get it signed. Then I built like this balance of terror that always when someone was giving me hard time (...) I had always a point in that contract based on which I could give him hard time too.”

The fact that a certain degree of trust should already be in place when negotiations are in progress is recognized in Western business literature and what is more important contracts in the West are seen to enhance the creation of trust. (See e.g. Blomqvist, Hurmelinna & Seppänen 2005, 502). This view based on literature is not totally in line with the trust creation process in China according to the managers that was seen as gradual and starting from non-existent levels of trust especially when the people are strangers to each other. The manager’s view above shows that one of them seems to have only placed trust in the contract and not so much in the person he is dealing with. This is one way of doing business and it is more common in the West where trust can also be placed in contract enforcing mechanisms and what is more important, everyone involved knows this. The point however is, does this kind of approach enhance the creation of trust in China in light of what has been said? Maybe not, since placing trust in contracts might indicate that people are not trusted, this on its part does not enhance the establishment of the affective trust dimension in light of creating a long-term relationship on friendship and reciprocation that could be more fruitful basis for a profitable and low maintenance business relationship. In addition, even though contracts as such are valid in China, but the role of contracts is seen often as destructive in view of trust as trust is based on the relationships between people. Too strong of an emphasis on negotiation of bullet-proof contracts can easily let the Chinese to believe they as people are not trusted.

“Let’s put it this way that if we talk about trust with the Chinese, it is difficult to establish with a contract because the contract is for the conflict.”

Then, how can more robust and long lasting forms of trust such as affection-based trust be established, and what is more important, how can they be established in China? In the course of time as a result of successful acts of reciprocations and gradual exchanges and input of resources such as time into the nurturing of the relationship, the

actors perceive each other to have similar views on items such as benevolence and integrity that are related with trustworthy behavior and start to place feelings of affective commitment to the relationship itself. (Mayer et al. 1995; McAllister 1995). Moreover, Molm et al. (2000) found that in circumstances where there are no guarantees as in contractual safeguards, the odds of building a trusting and committed relationship is far greater than in a situation where the parties negotiated a comprehensive contract against opportunistic behaviors. The reason for this being that when the future is certain there is left no room for uncertainty, consequently there also is no room for trust to be used as an exchange mode since the essentially needed element for trust creation is missing that is risk. (Li 2007). In light of these findings perhaps a excessively calculative approach is detrimental to business, even though a westerner relying in his logic would see this in a entirely different light.

As was mentioned, time is also one central aspect in the interrelated relationship between risk and the creation of trust (Luhmann 1979). Time is highlighted also in the reciprocal mode of exchange as the inputs in the relationship are individually placed and do not take place in a constant sequence of time. This means that there is always an imbalance in the relationship and actually it is this imbalance that keeps the relationships alive in one sense. In addition to the imbalance as such, there is always the possibility that the inputs are beneficial only to the recipient in a case where he is not willing to reciprocate and thus engages in opportunistic behavior. The view on trust creation of Molm et al. (2000) shares the same view as Li (2007) as they both emphasize that it is imperative to go about acting out of one's own will and one's own choice to be vulnerable thus showing signs of reciprocity even without all-Inclusive contractual sanctions created by contracts.

Still, an inference can be made as managers who were interviewed stated that comprehensive and air tight contracts are the foundation of doing business in China at least as far as they see it. Thus, there seems to be some controversy at least regarding to the reciprocal view on creating trust that is inherent of the Chinese philosophical thought (Ying 2000) and creating trust in practice. This would indicate that Finnish managers along with placing emphasis on the role of air tight contracts in China should place more value on making friends, having more patience and seeing some effort to take a look around.

Hence, one should take advantage of the established ways of doing business in a culture like China. In addition, the Finnish managers could and also need to use the social network mechanism to their own advantage as well and not surrender for it to be used against them. The social network mechanism that was referred to is called *guanxi*. The final part of this chapter is devoted to the presentation of the ways *guanxi* can be used as a tool for enhancing business in China from a foreigner's perspective. However, before *guanxi* is discussed, the focal issue of the interrelations of the cognition-based and af-

fection-based trust should be addressed as it is likely to be influenced by the social network as well.

4.4.3 Cognitions and affections as a manifestation of intercultural trust creation

Now that culture has been discussed along with the cognition-based trust types towards affective and more profound type of trust presented in the first part of the study, few issues regarding the dynamics of trust and culture need to be brought forth. More precisely, the interrelatedness of cognitions and affections as a determinant of trust creation in the intercultural East-West setting calls for further elaboration. Hence, the question to ask is, what is the impact of the Western (Finnish) and Eastern (Chinese) cultures on the dynamics of cognitive and affective types of trust. The interrelatedness was in the focus earlier. The fruits of that discussion were findings that called for a step-by-step approach to trust creation starting from cognitive and calculative evaluation of one's trustworthiness and then incrementally taking bigger risks and putting oneself in a vulnerable position in order to create affective trust within the dyad. In this part, the element of socio-cultural context is added into the discussion and the aim is to shed some light on the nature and effect of the Chinese cultural-context on the role of cognitions and affections in regards to trust creation.

Ng and Chua (2006) researched the role of trust on cooperational behavior in a group-based study on a Chinese sample. One of the fundamental findings they made was that the nature of trust has a key effect on the outcome on cooperative behavior (Ng & Chua 2006, 59). They noted that the nature of cognition- and affect-based trust per se was in line with what McAllister (1995) found out a decade earlier. Cognitive trust is superficial and it is based more on rational clues such as the track record and the perceivable capabilities of the other as a basis to create an image of cognitive trustworthiness and the image of reliability (Ng & Chua 2006, 45). On the other hand, affective trust is a kind of strong and deep kind of trust that does not regard cooperation as a series of material exchanges, and forming opinions about other actors on the basis of their achievements like cognitive trust is seen to work. Affective trust is something in which the level of trust positively correlates with the degree of resources (e.g. time and effort) put in a relationship by the other party and it also has the emotional-based relationship dimension about the welfare of the other. (Ng & Chua 2006, 45; Lewicki & Bunker 1996; McAllister 1995).

What about the interrelation of the different types of trust, how do they interact in social dealings between people? When the trustor showed high levels of cognitive trust as he perceived the other members to be competent and rich in resources, it created an inverted U-shaped curve, i.e. a negative correlation in regards to increased cooperation

within the group was witnessed. This means that when a member of a group thought the other members of the same group to be skilled and competent, his input decreased and free-riding effect took place. In addition, the free-riding effect was greater when there was a significant difference in the resources available between the parties. (Ng & Chua 2006). This finding gives some indication of the different effects of the two types of trust especially when the phenomenon is looked at in different cultural contexts since for example McAllister (1995) argued that it is imperative for cognition-based trust to precede affective trust. He also pointed out that there is a positive correlation between the two types of trust. Thus, the different nature of cognitive-based trust and the emotional and altruistic affection-based trust is something that should be borne in mind when studying the formation of trust in the Sino-Finnish intercultural context.

It should be reminded that the study of Ng and Chua (2006) was conducted strictly on a Chinese sample, and this is one key issue that has had a profound effect on the reciprocal nature of the two types of trust. Namely, Ng and Chua (2006) noticed that in contrast to Western studies (McAllister 1995) cognition-based trust was actually not perceived as a necessary antecedent for affect-based trust to emerge in general terms. As a matter of fact, unlike McAllister (1995), Ng and Chua (2006, 60) witnessed an inverted correlation between the two trust types. In other words, in a situation where the test group was given relationship-oriented information¹¹ on the group members, the increased level of affect-based trust in turn created a spillover effect that consequently increased also the level of cognition-based trust in the respective group. What is important, in the case of high affect-based trust, no free-riding effect took place unlike in the case of high level of cognitive-trust. This is an interesting finding since the traditional Western trust research has argued that affect-based trust is formed gradually and separately after an image of trustworthiness on the basis of the perceived capabilities and behaviors has been established, thus cognitions are likely to come prior to the establishment of affections. (Parayitam & Dooley 2009; Lewicki & Bunker 1996; McAllister 1995, 30, 49; Luhmann 1979.)

McAllister hypothesized based on findings from prior trust research that affections start to emerge not until a person is perceived trustworthy in terms of showing a baseline track record of reliability and dependability, sharing a common social ethnic background or having professional credentials. These factors all relate with cognition- and knowledge-based clues that were discussed in the previous part of the paper. Hence, as an example, western studies validate the point that cognitions of the trustee's (trust

¹¹ Relationship-oriented information was for example to tell the participants that the other participants had been studying in the same university or similar information to create an image they shared a social group together.

taker) capability are vital in order to bring about affect-based trust in the trustor. This type of interrelation seems to be characteristic for the Western contexts where observations about capabilities and skills is the first and foremost way towards making inferences about the reliability and hence about trustworthiness. This issue was also confirmed by some of the managers who were interviewed. Yet, the contradicting results on the correlation and interplay between cognition- and affect-based trust as for example the study of Ng and Chua (2006) and Chua et al. (2009) are to give further evidence that culture and its effect on trust creation and especially the development of trust in an intercultural East-West context should be looked into more carefully.

Based on the findings discussed, it can be assumed that trust creation in China is strongly driven forth by the in-group heuristic that seems to facilitate the creation of the affective trust bond. Furthermore, the in-group is the primary gateway later on the basis of which cognitive bases of trust form and enhance after the affective trust has been formed. On the contrary, by showing strong performance and impressive resources without having established the affective dimension into the relationship, at least in the light of the findings presented here, they might lead the Chinese side to act in free-riding and engaging in opportunism. This seems to hold true in cases at least where the actors all come from China, thus this is to give further evidence on the power of the in-group and the establishment of the affective dimension as early as possible. (Chua et al. 2006; 47, 59.)

Consequently, it can be argued that the cognitive trust is based on similar criteria in the Chinese culture than in the West, but what is noteworthy is that it seems to emerge at a different stage than in the Western context. On the basis of the research done on the two types of trust and the managerial experience, a couple of points should be stressed. First, it can be argued that the trust dimension that is based on relationships and their welfare in terms of placing resources such as time and mutual identification are emphasized in China. Furthermore, time is put into relationships through the socializing events in one's inner social circle and in-group especially, and thus the social distance of the actors engaged in the trust game seems to play an essential part in the way trust is created in China. To summarize, it can be concluded that when studying trust creation in a Sino-Finnish collaborative context, the finding of the effect of Western and Eastern cultures on the importance and practical outcomes of affections and cognitions in intercultural trust creation becomes very important indeed. In light of these findings it might not be totally erroneous to presume that this has far-reaching consequences also in Sino-Finnish business as cognitive- or affective-based trust seem to work in opposite directions.

The strong emphasis in the context of culture and trust creation, which was shown in the above by using cognitive and affective trust as an example, obviously calls for a more rudimentary discussion on the relationship-based society that is still prevalent in

China. Hence, the following chapter is more focused on the practical implications of the prevalent cultural traits in light of trust creation through the use of the social network approach of *guanxi*.

4.5 The implications of *guanxi* on Sino-Finnish business relationships and trust creation

Now that the relevance of the collectivism-oriented society and the Chinese institutional environment have been presented along with the dynamics of reciprocation and risk as ingredients towards the creation of trust, it is time to focus on *guanxi* on a more practical level. The basic implications that the Chinese culture places on Finnish actors in China along with the social dimension of the culture have been discussed rather thoroughly. However, the last part of the chapter offers a more detailed analysis on *guanxi* per se and on the potential how Finnish managers can utilize the social network in their endeavors to create trust with their local business partners.

Two very often used concepts within the field of China-studies are, *face*, that is the projected social image and social self-respect of a person (Ting-Toomey 1999, 75) and *guanxi*, social relationships (Xin & Pearce 1996). This section has been devoted to a closer examination of *guanxi* and its implications on trust creation in the Sino-Finnish business context. The issue of face is to be discussed in the final part of the study, which is devoted to the analysis of communication and its role in trust creation in the Sino-Finnish context.

“Who you know is more important than what you know” (Yeung and Tung 1996, 54).

The quote is a famous Chinese saying that encapsulates what *guanxi* is about and what its meaning is in China. Thus, *guanxi* is all about connections, more specifically about connections between people. Everyone has tens, even hundreds of connections with the people around oneself. The importance of the social and interpersonal dimension of business has been underscored in this study numerous times already. Now, on the agenda is to clarify, why is it essential to have one’s own *guanxi* network in China and how can it be used as a mechanism in order to create trust in the Sino-Finnish business interface? Before the relevance of *guanxi* on business is brought forth, the concept of *guanxi* is introduced.

Guanxi has become essentially important in China for a number reasons. One of the reasons is structural and historical. The communist rule led to a case where most of the power and capital was in the hands of few people. This on its part created, or even better

to say, strengthened the importance of one's social position and status in the society. In other words, those who knew people who were in power could use their interpersonal ties as a way to get a piece of that power. (Tsang 1998.) The second way to view guanxi is to see its relation to Confucianism and to Chinese core values that stress family, reciprocity, harmony preservice among many other things (Yeung & Tung 1996).

Hence, the nature of guanxi can be seen at least in two different ways. *Blood guanxi* that is meant solely by familial relations and blood-related ties, and secondly, *social guanxi* that is related to common points of history between people in sharing similar education background, sharing the same workplace or hometown. This is an important watershed speaking of a focal ingredient of guanxi called *ganqing*. It means emotions and affections, and thus *ganqing* actually is the ingredient that determines the power and the effectiveness of one's guanxi with another person. *Ganqing* must be planted and nurtured in relationships that are based particularly on social guanxi. *Ganqing* is possible to be established by putting time into the relationship and showing reciprocity in terms of accepting the other one to do favors for you. This naturally calls for reciprocity also on the services one has received. In a situation where one fails or is unwilling to reciprocate, this might cause the other person to lose trustworthiness in one's guanxi network. (Tsang 1998, 65-6.)

In order for the affective dimension to take force, guanxi needs to be nurtured in a holistic way. It is obvious that instrumental gains are one important issue, but there are a lot more factors that need to be taken into account when the aim is for long-term relationships to be created. Guanxi is based also very much on trust and personal identification. Thus, it is imperative that time and effort is taken to know the other person. Guanxi is possible to be strengthened also by creating new relationships around the person one has established a relationship with in the beginning. The critical thing when thinking assessing the impact of guanxi in terms of further creating trust in China, is to make guanxi irreplaceable. This further underscores not to make the relationship the type that relies mostly on material exchanges and instrumentalities. (Yeung & Tung 1996, 63-4.)

Leung, Lai, Chan and Wong (2005) refer to a variety of social and economic studies when they discuss the issue of trust in the Chinese business context. They say trust is perceived, and also exercised in a profoundly different way in China in comparison to the Western world. This is in line with what can be inferred also on the basis of studies conducted on trust development in different cultural settings (Chua et al. 2009; McAllister 1995). One way of approaching guanxi as a trust mechanism it is useful to start with a practical example. As was mentioned, in the West trust is in general institutionalized for example in companies when talking about business contexts, opposite to the Chinese way of perceiving trust more as an interpersonal phenomenon. This means that trust should very much be regarded as a phenomenon that involves close interpersonal ties

and a very long time frame in order for these relationships to gain in strength. What makes the situation drastically different from Finland is that these issues are important when doing business in China. As has been shown, the Finnish managers realize this aspect about China. Next, however a look is taken on how the “institution” of *guanxi* can be used in business relationships in China to enhance the creation of trust.

Xinyong (信用) means a person’s “personal trust” as an individual. What makes it different from the Western way of seeing interpersonal trust, *xinyong* is loaded also with the person’s social status, which is also at times referred to as face (*mianzi*, 面子) as an ingredient of a person’s social status in the web of social networks, *guanxi*. Xinyong that consists of face and one’s personal networks and contacts is also an indicator of one’s ethical integrity to conduct business in China. (Leung et al. 200, 532.)

It is essential to make sense of how Finnish managers can bring about this kind of integrity to conduct business in the Chinese context. Ethical integrity in this vein can be seen as the formance of an affective tie that results from a relationship in which both sides are mutually committed. In light of what has been discussed in terms of the basics of trust development in Finland and China, the social aspect needs to be considered as a mechanism that affects greatly the creation of trust between people and thus, even indirectly, also the trust creation between companies. As one manager put it, to have a *guanxi* network in China is absolutely vital. He further stressed the fact that no one in China is going to take you seriously in terms of business if one does not have at least some amount of *guanxi*. This on its part shows well how important the social network is in China. Regardless it being a social phenomenon that has formed during thousands of years of history, it still has deep impacts on the business done today. Consequently, it can be said that in China, personal-level interaction is nothing but emphasized first and foremost since in a relationship-based society people are first seen as individuals and as a member of a particular group of individuals, than as a part of their corporations that they represent (see e.g. Ramström 2005). The Finnish managers who were interviewed shared this idea since many of them mentioned that in China it is important to present and sell you first as a person to the Chinese and then afterwards it is seen acceptable to start discussing blunt business. Furthermore, the personal traits and character were seen as very important that facilitated the creation of trust with the Chinese according to three of the interviewed managers.

Thus, due to the different and partly obsolete nature of explicit trust inducing institutions in the society, for example in regards to business associations and explicit registries for everyone to use, access to personal networks and consequently the establishment of firm emotional ties are significantly higher in importance in China than in the Western world in which people are more prone to “trust trust” in general since it is taught since birth that the trusting attitude is the proper and accepted way to treat the fellow man from the very beginning on. The case being that in China trust has not

reached nearly as a generalized “attitude-based” level than in the western parts of the world. (Li 2008; Boisot and Child 1996, Fukuyama 1995.)

Further, the thing that makes the creation of strong, interpersonal trust somewhat difficult for foreigners in China is that affective and emotional trust is very robust as a given factor within the Chinese inner circle such as one’s family and being a non-kin and even being a foreigner is a huge defect in terms of trust creation. The high importance of the social network in China is highlighted also in the sense that there are no significant differences in the disposition in bestowing trust in strangers between the Chinese and the Western cultures in general (Buchan et al. 2006), but the difference is particularly strong regarding a situation where there is some kind of a tie or even multiple ties between people. Even though this tie is usually structural as in based on familial ties, (blood *guanxi*) by using different means it is possible also for foreigners to establish this kind of affective tie between them and the Chinese as was discussed in theory and in practical terms (Chua et al. 2009; Bond 1991, 36-7).

Speaking of the accumulated networks of relationships, it actually renders a person very powerful and capable of having an impact on a great number of actors within one’s primary, secondary and tertiary networks. Next, some pieces of practical evidence are presented to illustrate in which ways the foreign practitioner can harness one’s interpersonal networks to work beneficially for himself particularly in the sense of facilitating trust creation. One manager illustrated this by referring to Linda Jakobsson’s book “*A Million Truths*”, where *guanxi* is symbolized with rings that enlarge on the water surface after a stone is thrown into the water. These rings not only symbolise different levels of *guanxi*, but also show that the rings are in constant interaction. This interaction on its part means that decisions, and more importantly their outcomes should be mirrored against the network they are made in.

“Well, the network (in China) is kind of based on the fact that you have several people looking at a certain thing from various perspectives. So as an example, let us say that if we wanted to set up a factory, I had to contemplate who wants us to set up a factory. Who wins, who loses in this scenario. Who will benefit from us, and from whom will we benefit, so I had to gather up a large amount of people from different sides and listen to them (before making the decision).”

This quote illustrates not only the relevance of *guanxi* and reciprocation to some extent, but more importantly the diverging construals of the self and the rather significant distance occupied on the individualism-collectivism scale in East Asia and in the West, and thus also by Chinese and Finns. The quote also gives a prime example of how this divergence actually has an impact on the emergence of trust in China in practice. This

might call for taking other people in consideration a lot more carefully than one is normally attuned to do in the home markets when the effect of how one's own actions affect the social status of other people is highlighted in China. It is clear that one must understand and see behind what is right in front of one's eyes and see the interactions and potential outcomes of a particular scenario within the guanxi network and even beyond (Chua et al. 2009).

“The network (guanxi) in China is actually a pretty good this kind of auditing and monitoring tool (...) I talked to quite many China veterans (...) and they said that one needs to stay there three years first and build the network before you can even begin to produce some value (in terms of business) and before things begin to run properly.”

Even though the Chinese business culture has built-in mechanisms for example in the form of guanxi to promote and enhance the creation of trust in the absence of the widely institutionalized mechanisms available for inducing trust in the West, still one can never be sure when is not enough to make the trusting relationship last.

“This (trust creation) is kind of risk management, so it really doesn't guarantee anything that after one has been trustworthy (acting in a predictable fashion) for a long time and there suddenly comes an opportunity, so what I'm saying is that the opportunity makes the thief (...).”

Hence, what one needs to pay attention to in China, is that guanxi alone does not guarantee the creation of trust. Moreover, it should be regarded as a step and a useful tool towards the process of building it. Also research on guanxi implies that it is a vital condition for creating interpersonal trust, but in order for strong form of trust to emerge also active interaction and reciprocation is called for (Kriz and Fang 2003 5-8). What should be mentioned once again is that without any risk there would be no need for trust. Trust is needed especially in cases where the possible bad outcome of the exchange is greater than the potential benefits (Luhmann 1988, 98). Risk and uncertainty are fundamental aspects of trust in general (see e.g. Li 2007; Nooteboom 2006; Mayer et al.1995; Lewis & Weigert 1985).

Trust entails risk in the form of dependence on something that is beyond one's direct control (Nooteboom 2006, 248). The fact is that complete monitoring is impossible and there is always the opportunity to misuse the trust established in a relationship. Hence, even though the relationship has been created and nurtured, one can never be sure about the true motives of the other. Then, when talking about trust in terms of business in China, guanxi has also another role to play besides being a vehicle to create affective

and reciprocal ties between people, namely that is the monitoring and auditing function. This means that one's guanxi network can be rendered into a source of information that one can use to bring about cognitions to assist and enhance trust creation especially in the early phases of the relationship, but it is also practical for monitoring purposes later on. This is a remark that has high value for the Western practitioner as monitoring has been pointed out as one of the basic conditions for "confirming the trustworthiness" of the other.

However, as a consequence, it seems that the Finnish managers have at least partially taken on the Chinese way of seeing trust. In Finland they claim to trust other people as a given disposition, but while in China they think that only by knowing the other person well can one really place trust in someone. However, in this vein it needs to be clarified that Finns necessarily do not think Chinese as persons to be untrustworthy, but apparently they see the vague and rather volatile environment and its characteristics to call for more of a calculative-cognitive and knowledge-based of an approach. This kind of a managerial behavior has been acknowledged also in the literature as in the fact that volatile business environments call for a solid cognitive trust between top-management (Luo 2001). On the other hand this coincides with the view on system trust as relying on familiarism and the fact that trust, opposite to confidence and trust in the system is a self-created phenomenon and remedy in the situations where the problems caused by risk are prevalent. (Luhmann 1988; 1979.)

One issue that must be brought forth in terms of guanxi and its implication on the creation of trust is referrals. Actually, to speak only about referrals would be misleading since it has been shown that in the Chinese context guanxi has a very strong direct effect on the emergence of interpersonal trust in general. In addition, what renders the network so powerful has got to do with one's social status within the network. This means that by asking favors and showing honor and respect for individuals who are higher in the social hierarchy, one is able to increase the level of personal trust between individuals. All in all, an individual's personal trust as in ethical integrity to conduct business is a powerful tool in China. (Leung et al. 2005, 536, 547.) The catch is to be clear on the issue who is respected and who occupies authority in the network and utilize this information accordingly. The following example on how a Finnish manager created trust so that the company was released from advance payments illustrates clearly what personal trust (xinyong) is about in practical business and in the Chinese social networks:

"(...) we showed them (customers) what we were doing. We went over that we have this and this kind of things (going on) and, if needed, we brought the bank director to help us to tell them that we have money (to pay for the orders)."

In China, due to its massive size and other cultural issues such as the rather undeveloped stage of institutionalization and the application of the rule of law in most parts of the country, it can be presumed that trust transference is a rather practical means to transfer trustworthiness to a third party within one's guanxi network (Doney et al. 1998). The transference of trust is an efficient means in cases where networks and interpersonal relations are close. This way the target's (trustee) trustworthiness can be confirmed and enhanced by an actor who is close to the target and the trustor and thus can act as an assurer of the third party's trustworthiness to the trustor. This is an established way to assist the start of the development of trust (Doney et al. 1998, 616). The Chinese society and culture being heavily dependant on personal relationships, trust transference might well be an efficient and purposeful means in order to induce trust in a stranger, also in an intercultural context involving a Finn and a local Chinese actor.

"(...) the Chinese person, he questions the trust for a rather long time, unless then there is some intermediary, who sort of, acts as a guarantor (of trustworthiness) on behalf of the both parties."

However, still many of the interviewees think first-hand personal experience about the other party is absolutely vital in order to bring about trust, especially in China.

"(...) there's no way you can trust someone before you've had experience about him (yourself)"

Still this shows that one's own guanxi network or contacts are very useful especially in China. Still, the use of networks and establishing large number of contacts does not completely diminish the central role of trust that must be created personally during close interaction, reciprocation and establishing a friendship with one's Chinese business partners. These examples given in this chapter on the interrelatedness of culture and trust have shed some light on what cultural forces can be seen to affect trust formation in general and also in the case of China and in Sino-Finnish business relationships. Secondly, some of these issues such as Chinese core values and the most prevalent cultural dimensions such as collectivism, familialism and guanxi were discussed in more detail to show the special character of the Chinese culture.

To conclude, it can be said that the fundamental ingredients of trust creation as such do not differ substantially between China and Finland as the same set of ingredients that are required to build trust between people exist similarly in both cultures. However the inverted interrelatedness of the cognitive and affective trust dimension and its practical implications on trust creation between actors from different cultures is still something

that requires further research as a whole, especially in the Chinese context, but it also needs to be acknowledged by the foreign business practitioners. In light of doing business in China it might not be sensible for foreigners to expect the Chinese to change the way they see trust and to expect them to entirely adopt the Western way. On the contrary, by adopting a less Finnish perspective and a way of seeing and accepting the most apparent differences between the two respective cultures should make it easier for Finnish managers and business practitioners as a whole to adapt to the local culture better and as a result for mutual, stronger trust to establish and grow in intercultural Eastern-Western business dealings.

All in all, *guanxi* has business relevance not only in terms of decreasing monitoring and transaction costs in light what was discussed concerning contracting as a means to trust creation. However, it is a crucial mechanism that foreign practitioners need to be aware of as an institution of closing the psychic distance between individuals especially, transmitting human feelings as in willingness of reciprocation as an example. The issues discussed here show that the traditional Confucian values that place great emphasis on individual-level relationships are still in effect in China and it is crucial to acknowledge their influence in everyday business. (Lovett, Simmons & Raja 1999, 144-5.) By saying this however, it is not implied that the Chinese culture had not changed at all in the course of time. One manager raised the issue that merely being a foreigner in China creates some challenges in view of trust creation and one needs to have patience and understanding and look behind what meets the eye.

“...I still think that we’ll still have to wait one or two generations in China before a Chinese will trust really significantly, like, long-nosed and round-eyed compared to Chinese themselves. I mean since there have been those bad experiences in the past (...) let’s say, non-Chinese have done some things over there that without a doubt have caused some distrust (in foreigners).”

The manager’s words show that globalization and international business and interaction with people from all over the world can even have a deep effect on cultures. The Chinese way of doing business in the world of today is unarguably somewhat different from the way it has been depicted in books for example in light of traditional Chinese culture that is related to social actions and not necessarily business that much. Some pieces of recent research has indicated that the Chinese culture has even become more assertive from the traditional view of preserving harmony for example in one’s social ties. (Fang and Faure 2008). This piece of evidence of the somewhat contradicting, and perhaps even confrontational behavior from the Chinese side might be caused due to westernization of the Chinese values and the more clear differentiation between the

work-self and the self that characterizes one's social interactions outside working relations. This kind of development would imply for example the increase of individualism and perhaps materialism that are prevalent traits in developed countries of the western world. (Leung 2008.)

In the final part of the study, in addition to the analysis of the aforementioned changing nature of the Chinese culture and its impact on intercultural communication in terms of doing business, the focus is on communication as it is brought forth as a relevant tool in trust creation. Still, obviously the intercultural aspect is highlighted in view of intercultural communication as well as for example intercultural communication competence is to be defined in the Sino-Finnish business relationship context. Naturally, also the relevance of intercultural communication competence in Sino-Finnish business relationships as a factor of trust creation is discussed. Thus, it is hypothesized that alike culture, Finnish practitioners, by understanding communication and its different roles and functions better, they can impose a tremendously contributory effect on the nature of business relationships resulting in increased mutual understanding and in enhancement of business competence in the Chinese markets.

5 COMMUNICATION AS A MEANS TOWARDS A TRUSTING SINO-FINNISH BUSINESS RELATIONSHIP

5.1 Communication and its bearings on trust over different contexts

Before a step into communication is taken, a short recap of what has been discussed up to this point is in place. In the first part of the study the construct of trust was discussed. It turned out that trust consists of many different criteria and various stages through which trustworthiness is evaluated, predictions are made and inferences about the motives of the other are confirmed. Normally the first phase is the calculative stage in which there is no trust as contractual forms are used to build predictability. Later, by gathering of information from different sources one is able to form cognitions on the other in order to build an image of trustworthiness of the other party. In some cases where common goals and similar ways of seeing things in addition to confirmed predictability have been built, the trusting relationship is important to both parties and it may have an affective dimension to it that creates even feelings of faith in the relationship. For a relationship to have certain degrees of faith and commitment should the parties feel intrinsically motivated to the upkeep of the relationship instead of seeking external, instrumental rewards from it.

In the second chapter the key points that define culture were presented. Strong differences were also found in the Chinese and Finnish cultures as the former was labeled as collectivistic, having emphasis on strong interpersonal ties that are based on reciprocity and established social structures such as *guanxi*, the networking system of Chinese. Finland as a culture, on the other hand was identified as more individualistic and self-driven, opposite to the Chinese culture that was identified as more “other-oriented”. In addition, a numerous other issues such as the level of institutionalization and values such as seeking and preservice of harmony versus seeking of absolute truth and long-term versus short-term orientedness were also identified to have practical implications on behalf of the cultures involved in the process of trust creation. On the basis of the issues discussed and inferences made, the following themes consist the core of the final chapter: intercultural communication and communication competence, collectivism and individualism as in defining factor of high- and low-context communication cultures, business communication and changing Chinese culture and its effect on trust creative communication.

To start the chapter off a brief discussion is in order to clarify, what communication is about in its essence. Later, the effect of the Chinese and Finnish cultures is added to the discussion. In a similar fashion like in the preceding chapters, the views of Finnish

managers compose the integral part of this chapter since the aim is to give a practical view how communication is applied in business relationships in China and particularly, how it can be used to strengthen Sino-Finnish business relationships in facilitating trust creation.

“Communication is a process involving the exchange of messages and the creation of meaning.” (Gudykunst & Nishida 2001, 60)

Communication¹² and its most basic functions can be divided into two. Bluntly put, the division can be made into *briefing* and *informing* and using communication as a tool to *disseminate* information. This view is related with the role of communication as a medium for knowledge transfer (Holden & Korzfleisch 2004). The second point of view to communication is to use it as a means to have an impact on other people, thus it underscores communication and its utility as a means of interaction, be the interaction between colleagues at work or strangers meeting on the street for the very first time. (Yli-Kokko 2005; Mead 1998; Smith & Williamson 1985). For communication to have an impact on people and their thoughts and behaviors in this particular case boils down to the creation of trust when the communicators come from different cultures. In other words, in which ways is it possible to use communication as a tool to enhance the formation of trust in an intercultural setting, more specifically in business between Chinese and Finnish. Later on the concept of communication competence is to be presented and it will be discussed also in the light of trust creation. Given not only the creation of trust independently, but also in terms of culture and differences between China and Finland, it can be expected that communicational events are somewhat problematic. This can be expected since people communicate all the time, whether they want it or not (Smith & Williamson 1985).

What is important is for the reader to recognize the centrality of the *message*¹³ as it is fundamental regarding communication. Furthermore, communication is multi-layered as communicated messages between people include three different levels of meaning. The *denotative level of meaning* refers to the issue, which the message literally refers as in its explicit content. However, the cultural context at hand influences the way the message and words in the message are actually defined and thus the second level is called

¹² The word *communicate* refers to making things *common* between people and organisms and in this way communication is closely related to relationships where communication is used to create shared meanings together. (see Smith & Williamson 1985, 2; Burke 1965).

¹³ “Messages are those selectively perceived behaviors to which each person in an interpersonal transaction adapts his or her own behavior.” (Smith & Williamson 1985, 75.)

the interpretive level of meaning. It refers to gestures of the body, mannerisms and tone of voice as a means to interpret the meaning of the message. The interpretations of the message can be influenced by choice of words in addition to non-verbal ways of communication. The final level of meaning is the *relational level*. It is about cues embedded in the communication between two people that define, as in solidify or redefine the relationship. (Smith & Williamson 81-5.) The two latter levels of meaning are about how the message, the information transmitted should be understood in the given context and in within the specific relationship. The first level of denotation relates to the message and its content. The focus in this section shall be more on the interpretative and the relational dimensions of communication as the focus is to make sense of the effects induced by culture and the tacit dimension of it on communication and thus on the creation of trust. This decision was also influenced by the issue of not having data of the actual communication between the Finnish managers and their Chinese counterparts.

Before moving on a few examples of how the interviewed managers defined communication as such and how they saw it to relate with trust creation in China. The most popular way of seeing communication was to underline its role in information sharing and telling others, such as business partners what is "*the way forward*" in regards to the relationship. Also when communication was discussed, the long-term nature of cultivating relationships and patience came up. One manager raised the fact that in China two-way face-to-face communication is a lot more important than in Finland. On one part this was since in China questioning superiors and even challenging others in front of other people is still regarded as sort of a taboo. Thus a few issues seem to be especially important in terms of communication with the Chinese. The interpersonal dimension needs to be there and also a sentiment and feeling of continuity and future-orientedness should be present in the communication. What was a surprise to the author was that most of the managers stated that no special attention was paid to communication concerning China in their organizations, at least at the general organizational level. Another issue that has come up in other studies on intercultural studies on communication, but was given minimal attention in this study was language and the barriers on communication resulting from using interpreters as interlocutors of communicational events (Vihakara 2006).

In the coming, a look is taken on the interconnections of communication and trust in view of business and in the interpersonal dyad. After this the implications of the intercultural context and China in regards to communication are analyzed more closely related to the creation of trust. This is necessary in order to get an idea what issues are highlighted in the interface of business and communication, before involving the creation of trust.

5.1.1 *Communication in business*

Communication as a research topic in business literature spans over a vast landscape of contexts. Perhaps the most commonly used way to classify communication research and different contexts in business research is to make a division between internal and external communication. As an example of internal communication are everyday staff meetings, development discussions between a superior and her subordinate and for example communication to motivate the company staff. On the other hand, external communication refers to business negotiations and other types of interactions between two separate organizations and their people, or marketing communications such as sales promotion activities etc. (Salo-Lee 2005, 62-89.) In this study, the external communication and especially communication on the interpersonal-level is to be the more focal theme to internal communication as the context in this study is limited to two separate organizations engaging in cooperative business operations in China.

However, some important research findings on internal organizational and business communication are used as well to showcase the vast importance of the concept in general terms. As an example, communication has been found to increase employee commitment within organizations and to be one significant factor in building trustworthiness in the management in the eyes of the subordinate (Whitener et al. 1998; Allert & Chatterjee 1997). In addition, different types of communication have differing bearings for various groups of people. As an example, the quality of information has been witnessed to have an increase in trust towards coworkers and superiors, but the quantity of information has been identified to have a more direct effect on the increase of trust in the organization as a whole and in its top management. Hence, it seems that timely, relevant and accurate information from other co-workers and supervisors is essential when communication is wished to be used in an organizational setting to bring about increased levels of trust. (Thomas, Zolin & Hartman 2009, 302-3). Similar issues are most likely to affect trust creation also in an external organizational setting as findings point that meaningful, two-way communication is vital as well as the use of harsh words and conflict should be avoided in the relationships to bring about trust and commitment. (Coote et al. 2003, 602.)

Actually, the vital issue in terms of communication that is targeted to bring about a trust-like state in others such as commitment for example, it calls for the communication to be somehow relevant and related to the situation at hand. Non-relevant communication in most cases does not lead to the emergence of trust and this is further highlighted in the business context, at least in the Western business context. (Cohen, Wildschut and Insko 2009.)

Speaking of the external organizational setting, communication has often been one of the central themes in studies on buyer-seller relationships or on supply chain manage-

ment (Dwyer et al. 1987) whereas other factors that have been studied are the role of communication on the emergence of trust and commitment (Chu & Fang 2006). In addition to being relevant in marketing and relationship upkeep and management in business (Duncan & Moriarty 1998), communication has been validated to be significantly correlated with trust in regards to buyer-seller relationships (Morgan & Hunt 1994) and in creating a trusting culture within an organization and also towards its external stakeholders in general (Allert & Chatterjee 1997). Thus, the issue of what is the impact of communication on trust has been researched quite extensively, but the question that is to be looked into more rigorously is, what should be communicated and how the message should be communicated in order to enhance trust creation specifically in the Chinese context between two separate organizations by their respective managerial level actors.

Lastly, one important note on the interrelatedness of communication is that trust and commitment have been the focal interest of researchers in many studies done on business communication. Coote et al. (2003) studied the relationship of these three variables in a non-Western industrial context and came to a conclusion that is somewhat contradictory to some of the past research on trust and commitment in business relationships that has been conducted mostly in the West (Morgan & Hunt 1994). Namely, the researchers' findings indicated that trust is not a compulsory condition for commitment to emerge in business relationships. This means that commitment, thus a willingness to see effort to the continuity and longevity of the relationships is possible to be established even directly through the means of communication. Hence, it is possible to establish a straight corridor towards the creation of robust affections with the use of communication (Coote et al. 2003, 601; de Ruyter, Moorman & Lemmink 2001). This further highlights the focal role and effect that communication has in regards to trust creation. This issue is to be discussed in this chapter especially in light of the Sino-Finnish business relationships. However, despite many cultural differences have been identified along with their immediate effect on the ways of creating trust in China, some of the fundamentals of communication at least in the business context are quite similar to Finland as the following remark illustrates:

“I think communication (...) our message when we went there (to China) to different stakeholders, were they suppliers, clients, personnel, it had to be transparent, clear and honest. This is how we built the trust to a large degree.”

The quote illustrates clearly that the same basics looked strictly from the Finnish viewpoint apply mostly also in China when it comes to running a business in terms of communication. Still, it should be presumed that cultural issues have their particular

effect on two-way communication and the interpretation and analysis of communication in the intercultural context. Speaking of “two-way” communication, one could in fact leave the word “two-way” out as communication refers to people coming together to create shared meanings together. This core characteristic of communication was not emphasized by the managers in general. What was more common, was the emphasis of the culture and its effect on communication with the Chinese. Regardless of this, the basic way to describe interpersonal communication should be addressed at this point. In the past interpersonal communication was seen as more as *an interaction* between the sender and the receiver of the message. However, this view is today seen as far too static as communication is argued to be a process where two people actively and simultaneously process the messages sent by the other communicator. Thus, communication is now labeled as transactional instead of interactional. (Smith & Williamson 1985, 8-14.) Before the intercultural dimension of interpersonal communication is discussed, in the next section the focus is on the interpersonal level as the role of the manager and the interaction with other managers in China is seen to be focal.

5.1.2 *Interpersonal communication*

The word “*interpersonal*” refers both to action that takes place between two people or in a “*dyad*” that is the smallest unit of social interaction and to actors with certain *roles* coming together in an interaction. A person can take on a variety of roles, but commonly a person has a social and a psychological role. Here, the social role occupies more of the discussion as this role portrays the values and characteristics of the society and culture that were presented in the previous chapter (Smith & Williamson 1985, 27-8.) Also the different roles of Finns and Chinese was brought up in the interviews as follows when the nature of the societies in Finland and China was discussed:

“(...) I believe that the greatest difference is that the Chinese are family-people, but not corporate-people.”

The manager continued to say that Finns are very much committed to the company, but this is not the case in China as for thousands of years the family has occupied the very core of the society. This issue was addressed from the point of view of trust creation, but it is also relevant regarding communication on the interpersonal-level as well.

This section on interpersonal communication is started off by introducing some of the ways how competence in interpersonal communication is seen. Martin (1993, 17) gives a comprehensive description on different possibilities how communication competence can be approached. She also treats intercultural communication competence that

is related to interpersonal communication competence. As an example communication competence has been in the past approached for example from the psychological, social, linguistic and socio-linguistic research domains. An illustrative way of defining communication competence starts off with the premise that the communicator is able to reach the goals she has set to reach by communicating with others. Wiemann (1977, 198) gives the following explanation on communication competence that suits well especially the interpersonal context:

“the ability of an interactant to choose among available communicative behaviors in order that he (she) may successfully accomplish his (her) own interpersonal goals ... while maintaining the face and line of his (her) fellow interactants within the constraints of the situation”

Thus, in this study communication competence is regarded as a set of behaviors that contribute to the attainment of one's goals set for the communicational event, which is the creation of trust. What Martin (1993, 18) stresses about the study of communication competence is the definition of the locus of competence. In other words, is competence related to cognitions such as information processing capabilities or perhaps solely on a set of behaviors. In addition, a valid question still is to pose is communication competence similar across places and time or is it more situation-specific? The evidence retrieved from the interviews in this case has steered the researcher to take the latter position of communication competence varying across contexts. This means that certain set of skills nor traits cannot be appointed to suffice to manage various communication situations successfully. Hence, what is in the limelight now is to make sense of what happens when two communicators, one from the Finnish and one from the Chinese culture come to interact. As communication is about creating shared meanings together it can also be applied to mean that messages sent to the other are meant to cause an effect and even a change in the behavior of the other person. In the following this point of view is elaborated.

Plenty of evidence retrieved from the literature shows that with interpersonal communication it is possible to have a deep effect on the other person, and even be able to change the way a person thinks about issues that she holds in high value and importance (Hovland, Janis & Kelley 1953). There are three approaches in order for one to go look for possible ways of persuasive communication. These are to focus on the role and status of the communicator, the message communicated or the role that the audience plays in the equation of persuasive communication. (Hovland et al. 1953, 269, 270, 276.) In regards to this study, all of these issues are likely to have their role to play also in interpersonal communication. As an example it has been argued that the higher the status of the communicator the more knowledgeable and thus more trustworthy his mes-

sage is usually perceived. Secondly, the way the message is communicated also has been seen significant in terms of efficient and persuasive communication. This means that either fear arousal or positive argumentation both can be used to convince the listener of the message communicated. Also the timing of conclusions and recommendations has been researched and it was witnessed that with the use of conclusive remarks the effectiveness can be improved significantly (Hovland et al. 1953, 99).

Thirdly, group membership and the norms and salient values of the group (audience) have been identified as determining the odds of successful persuasive communication (Hovland et al. 1953, 134). The groups which the individual is a part of on their part shape the motivations of the audience to learn the message. What is focal in this study is to take note that the stronger the individual is attracted to the group and the more he values the membership of the group in terms of feeling compelled to the following of the norms, the more cumbersome it is to use communication as a means to exert opinion change on him. In fact, the more the individual values to be a member of the group, counter-group communication brings about negative feelings towards the communicator and the message that is used as a means to opinion change (Hovland et al. 1953, 139, 144). This is to be borne in mind since it is likely that it has some implications also in the Chinese context. Let alone the Chinese context, the very basic relationship-related nature of communication and messages composing of relational information shared between people stress the usability and importance of group memberships in communication (Smith & Williamson 1985).

When only communication between two people has been in the focus of research some interesting findings have been inferred. For example, some researchers have found out that by meaningful and task-related communication in prisoner's dilemma games, where one can either place trust in the other and cooperate, or conversely withdraw and place mistrust in the other player, through the use of communication it is possible to have a very strong impact on fairness and trust norms that on their part in a powerful way inhibit the competitive action of the recipient. This inhibits the use of withdrawal mechanisms and thus facilitates the start of cooperation. This means that once the receiver of the communicational act has become aware that the sender of the message is willing to cooperate despite of the vulnerability regarding the potential malfeasance of the other. This brings about strong sense of reciprocation as it is seen immoral in a way to bite the hand that is willing to engage in a cooperative relationship with oneself. (Cohen et al. 2009, 44.) However, when the phenomenon of trusting a stranger and his willingness to cooperate is looked through the short-term economic cost and benefits there simply are no reasons to explain the cooperative behavior of the receiver of the task-related cooperative message. This is since, in blunt economic terms he would benefit more from taking a competitive stance and withdraw from the cooperation, thus from splitting the income, and to decide to gather all the benefits to himself. The researchers

argue that this has got to do with a culture's moral norms on trust and fairness that were pinpointed to be the ingredients leading to cooperative behavior. (Cohen et al. 2009, 48.) These pieces of information from tests and researches on the effects of communication on different phenomena give reason to expect that features associated with intercultural communication competence such as ability to deal with psychological stress (Hammer, Gudykunst & Wiseman 1978) and enduring uncertainty and emotional anxiety as a result of uncertainty also are relevant issues when talking about interpersonal communication and its relevance on trust creation.

This gives further evidence of the strong link of not only communication, but especially efficient communication to bring about strong emotions in the listener, but also leads the reader to realize that the foundations and structures how trust is seen to emerge in a given culture also is a crucial issue. The fact that the affectionate dimension and the relational and process-based issues in regards to communication such as personal compatibility between the communicators might be regarded in a different light in different cultures (Tominaga, Gudykunst & Ota 2002). This underscores the effect of the local culture on the effectiveness of communication and how it is interpreted in different situations. Thus, the issues that enhance the formance of affective emotions in the communicators in practice in Sino-Finnish business relationships needs to be discussed further.

Cohen et al. (2009, 49) bring forth also the research done by Moore, Kurtzberg, Thompson & Morris (1999), which was done on negotiation and the effect of socialization prior to the negotiation process. In this research contrary to the research of Cohen et al. (2009) also task irrelevant communication conducted by non-face-to-face method of e-mailing resulted in more cooperative outcomes when the actual negotiation took off in comparison to a case where no communication whatsoever took place. Cohen et al. (2009, 49) explain this by saying that in negotiations one can test the trustworthiness of others during the process of negotiation and one is not forced to choose to trust and cooperate or not to trust and withdraw as a one-off irreversible decision. Even though this chapter is not on negotiation per se the findings are useful for the purpose of this study as well. On one part this shows that all kinds of communication at least in general terms should lead or at least facilitate the creation of trust and cooperation more likely than not. Still, also in other studies the finding has been made that in situations that are more long-term oriented in nature compared to short-term exchanges and also in cases where the amount of communication has been great, the odds of cooperative actions and thus also the likelihood for trust creation to take place is greater (Good 1988, 35-6). However, the case can very well be different in the case of China, yet the long-term orient- edness of the Chinese culture can be understood as an issue contributing to the applicability of the presented idea in the Chinese context as well.

In the next part, the implications that are more precisely related to the diverging cultures of the communicators are discussed as the focus is shift on the effects the intercultural context places on communication. As was mentioned, also intercultural communication competence shall be elaborated and the premise on competence is to be applied from the sociological school on communication that stress the social skills and the context dependability of determining what is needed to actualize successful communication. (Spitzberg & Cupach 1984; Wiemann 1977)

5.2 Intercultural communication

The effect of culture and communication has been studied rigorously in the past (see e.g. Neuliep 2006; Kim & Gudykunst 2002; Tominaga et al. 2002; Ting-Toomey 1999; Triandis 1994, 181-206; Martin 1993; Gao & Gudykunst 1990). As the power of culture was discussed as a comprehensive force that affects the way people think, act and also the way people place trust in others, culture is also the starting point here as it is seen to play a pivotal role especially in how messages are transmitted and interpreted in different parts of the world. Culture-related communication research has thus been given great weight also in modern business studies since it is something that hundreds of millions of people come across everyday while doing business around the globe. However, the business aspect in not yet brought to discussion as first a more general look is taken on how culture affects communication.

When speaking of culture and communication in the same sentence, it should be of primary interest to differentiate the areas on which culture can have an effect on. Thus, in light of communication, culture can affect communicative practices in the following ways (Salo-Lee 2005, 301):

- The effect of culture on perceptions, interpretations and valuations
- Non-verbal communication
- Verbal communication
- Cultural values

In the following, these issues are to be brought forth and their implications on the creation of trust in the intercultural setting of Sino-Finnish business relationships are to be analyzed. The analysis is to compose of the dialogue between theory and practical examples and views of Finnish managers in a similar fashion like it was conducted in the first two parts of the study. The main focus shall be on the analysis of the impact of culture on the perception of communication and on what terms it is perceived as efficient and thus not so much effort is put on the spoken language used in the Sino-Finnish

dyads. However, before a step further is taken, a definition should be given what is meant with intercultural communication. Stella Ting-Toomey, a renowned researcher of intercultural communication gives a following definition on what intercultural communication is about:

“... symbolic exchange process whereby individuals from two (or more) different cultural communities negotiate shared meanings in an interactive situation.” Ting-Toomey (1999, 16).

Thus, the definition of intercultural communication includes a variety of concepts such as symbols, exchange process, culture, negotiation of shared meanings and interactivity (Ting-Toomey 1999). These issues are interpersonally interpreted by the actors involved in the communicative process and this on its part can bring about feelings of uncertainty¹⁴ and anxiety¹⁵. Also the likelihood of misunderstandings to take place in intercultural communication in the event of increased anxiety and uncertainty is common. This in turn leads to decreases in communication effectiveness as messages, be they symbols, gestures or utterances are interpreted using knowledge based on one's own culture. Hence, anxiety and uncertainty as well as predictors of communication competence and communication effectiveness in the intercultural dyad shall compose the core concepts of this section.

Next to speaking about uncertainties and anxiety also more practical approaches exist in intercultural communication. Consequently, it should be pointed out that, intercultural communication can be treated also as knowledge transfer. Holden and Korzfleisch (2004) argue that like in translation, in knowledge transfer in intercultural networks and social arenas the message sender needs to pay special attention to the languages used. By this they mean that for the message to be understood special attention needs to be given to ambivalence and lack of equivalence as well as to interference in the translation of the message. More precisely, words are not always translatable as such and even words can have totally different meanings. Thus, they underscore the fact that

¹⁴ Predictive uncertainty refers to the cognitive uncertainty that we have about predicting the behaviors, beliefs, values and attitudes of others. The opposite of uncertainty is attributional confidence (Berger & Calabrese 1975).

¹⁵ Anxiety is seen as the affective and emotional part of uncertainty. People feel anxiety when interacting with others and it is often related with one having negative expectations when one is communicating with others. Anxiety is usually perceived higher when communicating with strangers, but it is something that is always present and can increase also in later stages depending on the situation. (Gudykunst & Nishida 2001, 59-60; Turner 1988).

the nature of the cultural context especially in terms of the languages used in the interaction and knowledge transfer needs to be understood. In the case of the Finnish managers in this study and their interaction with the Chinese, the language used is mainly English. This on its part calls for special attention and sensitivity how native Chinese speakers interpret messages translated from Finnish into English. Even though here linguistics are not the point of departure, the reader should be aware that language next to being a medium for knowledge transfer also influences the interpretations of the messages sent over cultural borders.

As was said, the numerous pitfalls of intercultural communication lie in the issue of making conclusions of the behavior of the other based on the way we are taught and learned to think and make inferences based on the norms and values present in our own cultures. Hence, one should be conscious about the differences in the culture-bound values that have an effect also on the way people communicate (Gudykunst & Nishida 2001; Triandis 1994 181-2). In more detail, this means that when the perceived level of uncertainty and anxiety is high, one as a communicator is more inclined to resort in the use of simple means of information processing and this might for example cause to the increased use of stereotypes. Stereotypes are likely to affect the way people communicate and even result in the decrease of communication efficiency. This can be related with the managers views on the Chinese as cunning people and the way of doing business in China as very difficult and the managers saying that one can not trust anyone in China as a given starting point when operating in China. The effect of stereotypes is discussed more thoroughly later on. However, these kinds of comments also tell about strong categorization that does not facilitate the establishment of the social tie that was seen to be of vital importance in China and thus are likely to inhibit efficient communication and consequently render the creation of trust rather difficult. (Triandis 1994, 181.)

Obviously the deep seeded cultural differences that were identified earlier such as diverging social structures in the likes of weak degree of institutionalization in China, cultural dimensions such as collectivism and long-term time orientation and values stemming from the Confucian Five Cardinal Relationships emphasizing familial relations tend to increase the levels of perceived anxiety and uncertainty of Finnish business practitioners. In the case where the level of uncertainty is high, one is unable to place confidence in one's own interpretations about the attitudes, feelings and actions of the other person that comes from a different culture from one's own and in this way is unable to lower the perceived uncertainties (Gudykunst & Nishida 2001, 56). These problems then lead to misinterpretations, ineffective communication and to a case where shared meanings are not produced jointly in mutual understanding.

This is in fact an interesting case since Finnish managers in general seem to realize the cultural differences between the respective countries as the root cause that affect the

different ways of communicating between Finns and Chinese and how this affects trust creation within the Sino-Finnish dyad:

“What is with them (Chinese) is that, it is inherent in the culture that it is difficult to say all the negative things. They never say no! Promises are made, but the promises are not held.”

Still, despite of the managers acknowledging the difference in the established communication practices and the reasons for their divergence, there still easily remains the atmosphere of mistrust in the relationship. This is illustrated by the following quote that encapsulates the fact that trust is seen in a very different light in the two cultures, Finland and China. Furthermore, the evidence shows that one should not view the relationship of communication and trust in the same way as one would do in Finland. Hence, one needs to adapt the way one sees the interrelatedness of the context and the message. This is an integral issue of in the discussion on communication competence (Spitzberg and Cupach 1984).

“And then here (in Finland) what is said it is also meant, and in China it is not (meant what is said). If the Chinese say anything at all to you, basically you can't trust (what was said).”

From the quotes presented one can clearly infer that one's own culture and the way one has accustomed to do things has a significant impact on the way people think and communicate in a new environment. One issue that should be addressed at this point, as it is related to the peoples' behaviors in new and uncertain contexts, is intercultural adaptation. Intercultural adaptation is in touch with anxiety and uncertainty as by reducing uncertainty, thus the cognitive insecurity how to behave and anxiety, as in the experience of feeling lack of security, one is better able to adapt in an appropriate way in the given culture (Gao & Gudykunst 1990, 302-3; Gudykunst & Hammer 1988). Even though there has been some debate over the direct and indirect effects over the ingredients of intercultural adaptation, a few of them are highlighted here to be in an important role in affecting anxiety and uncertainty. A total number of 16 basic variables were identified to cause uncertainty and anxiety in intercultural events (Gudykunst & Hammer 1988; Gao & Gudykunst 1990, 302).

All of these are not discussed here in detail, but some reference to them is made during this chapter. Gao and Gudykunst (1990, 313-4) found out in their study on intercultural training that *knowledge of the host culture* as well as *favorable contacts* depict well also the characteristics of the other interrelating basic variables such as *second-language competence*, *stereotypes*, *motivation* that affect intercultural adaptation.

All in all, it is argued on the basis of these studies that by gathering knowledge on the host culture e.g. from mass media, books and from people that have been in the culture as well as through observation one is able to decrease uncertainty and anxiety, thus increasing intercultural adaptation. The same is seen to apply to favorable contacts, as in pleasant contacts with host culture actors, unlike unpleasant ones, should result finally in increased intercultural adaptation.

What is important to note however, is that there should be some amounts of anxiety as well as uncertainty in order for the communicator to be aware that she is in a different cultural context and attention needs to be paid in order for adaptation be successful (Gao & Gudykunst 1990, 312). This means that the foreign communicator should engage in anxiety and uncertainty management (AUM) in a way to control the levels of anxiety and uncertainty caused by the unknown environment below the maximum, but at the same time above the minimum threshold. This is explained so that in cases where anxiety is not in between the thresholds the person either is not motivated to communicate effectively or he resorts in the use of e.g. simplistic stereotypes that usually do not correspond with reality. (Gudykunst & Nishida 2001). When the level of uncertainty is too high, the individual is unable to place confidence in his interpretations about the communication situation. On the other hand, in a case when the level of uncertainty is below the minimum threshold, the individual has overconfidence in his predictions about the behaviors of others and thus also in his abilities to communicate effectively. (Gudykunst & Nishida 2001, 56; Gudykunst 1995.)

An issue that has been raised in communication research in general and should be seen focal in this study is the construct of communication competence. When the intercultural context is added to the construct of communication competence, it is not only about knowing the differences between cultures and social contexts, but also knowing how these issues reflect on communication and what can be done in different contexts to overcome the cultural pitfalls that create anxiety and uncertainty leading to inefficient communication. Hence, the model on communication competence does involve the same phenomenon as intercultural adaptation, but the approach is a bit different. Spitzberg and Cupach (1984, 74) define competence as follows:

“The ability to interact appropriately and/or effectively.”

Furthermore, researchers have labeled effective interaction and communication for example as communication satisfaction that matched the expectations of the other party (Hecht 1978). The other way to see effective communication is that engaging in a conversation with a competent communicator is seen as satisfying to the receiver of the communication. This on its part may also lead to feelings of interpersonal attractiveness as a result of the successful communication (Spitzberg & Cupach 1984, 140-1; Glasgow

& Arkowitz 1975). Thus, in this study intercultural communication competence is seen as the ability to distinguish the relevant divergences of cultures and the capability to see how they affect communication in a way that results in satisfaction of the receiver of the communication. In addition, to be a competent intercultural communicator one should be well aware when and how different types of communication (Hall 1976) (e.g. direct and explicit vs. indirect and tacit communication) should be used to bring about satisfaction and “interpersonal attractiveness”. In this vein it should also be brought forth that efficient intercultural communication can be seen to affect trust creation indirectly through enhancing the social and interpersonal tie and bringing about affections as an inherent component of trust as it was presented in the above. (Nojonen 2007; Chua et al. 2006; Ramström 2005.) In the following section the concept of intercultural communication competence is looked at each of its components at a time and their practical implications in regards to the creation of trust are discussed.

5.2.1 *Intercultural communication competence and trust creation*

As was mentioned in the beginning, the construct of communication is seen as a powerful means to exert a variety of emotions and perceptions on individuals. Communication can be used to affect directly the other person and even create strong emotions such as commitment and through the use of communication one is able to place an effect even on the cultural norms, for example affecting the norm of fairness in interpersonal communication. (Coote et al. 2003.) This on its part speaks on behalf of the fact that communication is a very strong mechanism that can bring about emotions and a change in behavior in the receiver of the message.

Hence, speaking of emotions, this brings the discussion closer to an important issue. As has become clear to the reader, in the Sino-Finnish business context, the creation of affections is one crucial element to bring about perceptions of trustworthiness and trust in the dyad opposite to the establishment of trustworthiness more prevalent in the West (Chua et al. 2009; Ng & Chua 2006; Ramström 2005; Tominaga et al. 2002). This further highlights the applicability of communication as a trust inducing means in collectivist cultures, but is also necessitates a thorough discussion on intercultural communication competence.

Speaking of trust creation, the robust form of trust is related to the close interactions with people and to the interpersonal relationships. As it was discussed, “real trust” is not about believing in the skills and competences of another or being sure that the partner is going to go through with the signed deal or a pledge made to another. Real trust in this case refers to a willingness to put oneself in risk and also having faith in the intrinsic motivations of the other in regards to valuing the specific relationship in which the ac-

tors are engaged. As an example of putting effort to build the relationship many of the interviewees referred to situations where they had put in lots of effort to invite Chinese customers to Finland and spent time together with them in person and getting to know them better. In some cases the managers had helped the Chinese to get their business up and running through investment. Hence, it is argued that by taking aforementioned actions, one engages in an exchange relationship, not only on the material level, but also on the mental and affective level.

A bit similar to the creation of trust, also communication and particularly communication competence emerges at different levels. In this case particularly relational communication competence is emphasized and it can be linked with the various levels of messages that were introduced (Smith & Williamson 1985). The relational meaning of messages and especially relational communication competence mean that the communicator not only as the sender, but also as the receiver and decoder of the message is aware of the social norms and rules that affect communication. In addition, one needs to be aware of the issues prevalent in the relationship itself that define what is appropriate, and thus, effective communication at different stages of the relationship. As an example of cultures that rank high in power distance such as China, role identities are an important factor in communication. This means that one needs to know one's social place and status as it affects appropriate communication behaviors (Neuliep 2006). In a nutshell, being a competent communicator should be associated with the fact that one is capable to monitor the environment and able to perceive what is and what is not appropriate in given situations in terms of reaching a set target and an outcome. This sort of capability is seen as using motivations, knowledge and skills together so that one not only understands himself the underlying processes of intercultural communication such as information processing, but also knows how to create a positive impact on the other communicator. (Gudykunst 1993; Langer 1989; Spitzberg & Cupach 1984.)

As an example, when operating in unfamiliar circumstances predictability of other people's behavior decreases when knowledge of the host culture is rather low (Gao & Gudykunst 1990, 314). This leads first and foremost in the increase of uncertainty when one is unsure what is the accepted norm of behavior. Uncertainty is also likely to affect one's motivation to communicate and thus result in a decrease in trust (Turner 1988). As a practical example of this are the views of Finnish managers, and the way their views on trust changed dramatically when the context was changed from Finland to China. In some cases the managers did even seem unmotivated to communicate with the Chinese in general as the attitude was that "one cannot trust what the Chinese say". Consequently as the level of trustworthiness in terms of unpredictable behaviors increase and hence, trust decreases, communication becomes more cumbersome as others are perceived to act in an unpredictable way (Turner 1988). Hence, it is argued that the perceived communication competence is closely related to the process of trust estab-

lishment and the ability to mold one's own and the other party's expectations and the way one adapts to the uncertainties in the unpredictable intercultural setting.

Stephan and Stephan (1985, 158) studied intergroup anxiety and they assumed that while interacting, different groups of people, are they ethnically or socially different, are likely to experience feelings of emotional stress and anxiety. They argued in their model that anxiety is created by three major issues such as prior intergroup relations, prior intergroup cognitions and situational factors. They brought forth stereotypes as a major part of the cognitive part of the creation of anxiety. Also knowledge about cultures and attitudes towards strangers add to the scheme of intercultural communication and competence regarding it. (Shapiro & Gudykunst 1996.)

Next, the widely used model on communication competence is presented with the added intercultural dimension. The original model on communication competence was developed by Spitzberg and Cupach (1984). The components of the original model are *motivation, knowledge, skills, outcomes* and *context*.

Motivation is the first component of the model on communication competence. Motivation to communicate encompasses the underlying reasons why a person wants to communicate with another person or other groups in the first place. According to Turner (1988) humans feel the motivation to communicate e.g. to feel a part of a group of people to establish a feeling of security and group inclusion. People want to communicate also since they want to increase predictability in their social dealings. The underlying generalization about motivation to communicate seems to revolve around social inclusion as well as enhancing one's self concept.

In business settings, one obvious reason for managers to communicate is to establish a lucrative venture that is set to yield financial rewards as was shown in the previous part of the study. Yet, as was brought up in the trust section of the study, it is imperative to bear in mind also the emotional aspects when the aim is at creating a trusting business relationship. Also there is some indication that too instrumental of an approach that focuses a lot on material gains might hinder the development of the relationship towards a situation where both sides to the relationship would portray a stronger emotional ingredient of involvement and place robust trust in the dyad. In the communication competence model, social learning was one factor that leads the communication of people in terms of their motivation. When people act in novel situations they might still act according to the same set of motivations in the new surroundings even though this may not be accepted in the context where communication takes place. Social learning affects the cognitions, i.e. the frame of reference of the actors and this also might bring about divergence in the way people are motivated to communicate with each other. (Spitzberg & Cupach 1984, 119-122.) In addition, when working in an intercultural context one needs to be aware of the motivations of the others since there is a chance they are somewhat different from one's own motivations. This implies that while in China it

might be appropriate to take one's time in the early stages of relationship development and prioritize the creation of the social bond.

Knowledge as the second component of communication competence by Spitzberg and Cupach (1984, 123) refers to information that the actor has or is able to acquire on the situation where the communication takes place, information for example in terms of appropriate and efficient strategies and tactics regarding to conduct a dialogue with another person. When communication knowledge is looked at in the intercultural context and in the case of China, the communicator is knowledgeable when the implications of culture regarding communication are known. In terms of effective communication, knowledge means that one knows what should be done in order to communicate appropriately and effectively in a given culture and in a given situation and context (Gudykunst & Kim 2002, 278). In the case of China particularly, being knowledgeable calls for gathering of information from a variety of sources to be able to determine the other's in-groups, issues relating to the personality and past as an example of things that should be taken into account. By talking to other people that know the person one is building a trusting relationships with, it is possible to make sense of dissimilarities and similarities in terms of groups and personality that need to be taken into consideration when communicating in a mindful way (Gudykunst & Kim 2002, 279-283; Hovland et al. 1953, 134).

Naturally, knowledge of the culture itself is a good basic tool to make sense of interpretations of the messages that are sent and thus adds in the increase of certainty (Gao & Gudykunst 1990, 114). Also three different cognitive processes are referred to when speaking about knowledge in intercultural communication. These are description, interpretation and evaluation. Gudykunst (1993) highlights the importance of description. This means that to be a competent communicator it is necessary to take in the information in a neutral fashion and not emphasize the social significance of the perceived behavior. The second stage of interpretation and evaluation is to process the message and analyze it to make assumptions on possible alternatives regarding the information received. Gudykunst (1993, 58) refers to Blau and Schwartz (1984) to point out that shared networks and communication networks are important not only in terms of information collection, but also in terms of reducing anxiety as the more people the communicators know in common despite of the two being strangers to each other, it will decrease the level of anxiety.

The third element of the model of communication competence by Spitzberg and Cupach (1984, 129) is skills. A set of communicational skills are needed and relevant when the actor knows what is needed in order to communicate effectively and also knows in what ways this knowledge should be used in practical communicational occurrences. Skills are also needed in order to be able to reduce anxiety to communicate efficiently as in minimizing the frequency of misunderstandings (see also Holden &

Hortzfleisch 2004; Gudykunst & Kim 2002, 285-293). As an example of communication skills in an Asian, collectivist culture could be a case where one should show honor to the other party by giving him face¹⁶, hence showing the other person honor and respecting his social status. Regarding skills, the communicator would also know in which communicational ways it is appropriate and efficient to give face to an actor who is from a foreign culture. Gudykunst (1993, 59-61) brings forth a number of abilities relating to skills such as ability to accommodate one's behavior as in changing ways of talking to better suit the ways of in-group. Also the ability to empathize was mentioned next to the ability to tolerate ambiguity. Actually, ambiguity is likely to be raised again later on as the indirect communication style in China should call for an increased need to tolerate uncertain messages, and thus ambiguity.

Fourthly, Spitzberg and Cupach (1984, 137) bring forth outcomes as one inherent ingredient of communication competence. This means simply that the impact the communication event incurred on the other party defines on its part the communicator's competence. Feelings of satisfaction and even attraction are signs of positive outcomes that indicate a high level of communication competence. As an example what might be regarded as characteristic concerning an outcome related to high communicational competency in China could be that a person is seen agreeable and amicable by the counterpart with whom the communicator is engaged in interaction with. This issue was highlighted by one manager also in the previous section where culture was in the focus. Furthermore, since in China business is seen to take place during a long period of time and the relationship building aspect is underscored, it is likely that the personality dimension in communication is further called for. (Ramström 2005.)

¹⁶ Face is a universal concept that refers to interpersonal events that result in the strengthening of one's self-esteem or social position due to e.g. others' acknowledgement of one's actions. In addition, face is seen to be more important in externalized cultures such as in the collectivist China than in individualist Finland. Losing face is associated with one's shame on the way others in the society see him and his immediate family (Worm 1997, 145-7). Giving face to others has also been related with being courteous and polite (Brown & Levinson 1987). There are two dimensions of face "mianzi" and "lian". "Lian" is more about one's ethical integrity as "mianzi" is associated with a unit of status and honor that can be exchanged between persons and for this reason is used interchangeably with "face" in this vein. Worm (1997, 154-161) gives practical examples on how Scandinavian managers rarely understand the power of face as many act in an assertive fashion towards Chinese employees and stakeholders. Thus it is imperative in light of face to remember that declining and even asking for instructions is difficult for Chinese in the fear of lost face. The managers have adapted to this by emphasizing the creation of informal relationships that facilitate open communication.

The final and fifth ingredient of communication competence is the context (Spitzberg & Cupach 1984, 142). The researchers quote Forgas (1979, 15) to depict the culture-relatedness of social contexts as follows:

“As cognitive representations of stereotypical interaction sequences, which are representative of a given cultural environment.”

Spitzberg and Cupach (1984) also refer to many other researchers regarding their way of defining context. However, the way Thomas and Bookwalter (1982) see context¹⁷ is in this case seen as the most comprehensive one. Their approach is rather comprehensive as it views the communication situation to consist of the time, place, people involved in the communication event both directly and indirectly, motivations, knowledge as well as skills. This further underscores the fact that communication capability is strongly a matter of being able to see the context as the fundamental determinant over communication.

In the coming section the idea is to turn the focus more on the context. First, the cognitions and the impact of cognitive perceptions of the communicational context on the way communication is seen in that environment is looked at. In other words, stereotypes and their role in defining communication and its perception is to be analyzed. After this a more practical approach is applied when the concrete ways in which Finnish managers see the Chinese to communicate is taken under discussion. In the few final parts of the chapter, the change of the Chinese culture and its effects are brought forth and a concluding synthesis including elements from all the three topical themes is presented.

5.2.2 *The effects of stereotypes on intercultural communication*

Stereotypes are a sort of mental representations of other groups. They include a cognitive as well as an affective ingredient and they are seen to include a negative and a positive dimension and their strength is defined by the context where the stereotypes are used as a way to ease our information processing. (Operario & Fiske 2001, 22.) Often people have a tendency to categorize strangers in terms of skin color, physical size and

¹⁷ Thomas and Bookwalter (1982) ask six questions to clarify the nature of contexts and the way they can differ in different times and places. The questions that define context, are: 1) What culture is this? 2) Where is this? 3) What kind (that is, type) of a situation is this? 4) How do I see myself in relation to the people around me 5) What is the purpose of my communication? 6) Do I see myself as able to enact the proper behavior?

the social roles in which they are engaged. One important aspect of stereotyping is that people tend to apply certain characteristics and stereotypes to a certain group of people as a whole and do not see them as individuals. (Gudykunst & Kim 2002, 127; Good 1988, 45; Stephan & Stephan 1985.)

“In negotiations there was usually our (Chinese) sales guys in all cases and they would interpret and translate ... But then again there is this kind of (feeling of) distance to the rest of us (Finns) anyways. One doesn't really notice it during the day's work, but I think it is still there.”

Stereotypes are seen to consist of different ingredients such as content, function and context. Operario and Fiske (2001) argue that stereotype content is an important point of approach to the relative meaning of the concept as it answers to the question what are the characteristics of a given group of people. One of the basic functions of stereotyping is to make distinctions between the in-group referred often to as “us” and the out-group as “them”. Hence, often negative traits, characters and experiences are emphasized when making these distinctions between different groups and it is also related to the social identification theories that underscore the need for people to see themselves as part of groups that share a common identity and thus the aim is to differ one selves from others (Operario & Fiske 2001, 24; Turner & Reynolds 2001; Triandis 1995). This point is of relevance in respect of Finnish businesses operating in China since according to Finnish managers they often exchange information with each other. Thus, it can be expected in light of the nature of stereotypes that more often than not negative experiences particularly are exchanged in managerial networks and this tends, at least in light of research to further strengthen more of the negative stereotypes and the division between them (the “cunning” Chinese businesses) and us (“honest” Finnish operators). This is then likely to add to the increase of anxiety and uncertainty and the inefficiency of intercultural communication. This issue is also likely to be in effect in practice when evaluating the partner's behavior in communicational events. When something is said on behalf of the Chinese partner that is not completely understood by the Finn in this case, this non-conforming and dubious behavior is easily strengthened by the negative stereotypes that are already active in regards to making confirming inferences on the out-group. In addition to this, also the way new information is interpreted is strongly affected by existing categorizations of people. For example, in the event the information would be disconfirming and in contradiction with the established stereotype, the person still would likely find new ways to interpret the disconfirming information. The effect of stereotypes can be reduced by being motivated to be sensitive of new information and to be active in changing categorizations towards smaller groups as in sub-categories and to individual-level categories instead of using stereotypes ranging on all of the peo-

ple. (Operario & Fiske 2001, 27, 34.) Thus, it can be witnessed that stereotypes make the division between groups more robust and on their part they are a significant contributor to the increase of intergroup anxiety and influence more often negative than not intergroup behaviors such as communication (Stephan & Stephan 1985).

Speaking of influencing others and the importance of social groups in this particular context, the study of Mackie and Wright (2001) should be mentioned. They see that members who are part of the same group share similar views on a variety of issues. As an example, the extent to which we acknowledge the people around us to see the social reality similar to the way we see it ourselves, strengthens the validity of the views of others belonging to the same group with ourselves. (Mackie & Wright 2001, 286.)

The potential implication of this might be that by establishing a tie with an in-group one previously has not been part of, one increases the trustworthiness of one's communication in the eyes of the group members to new heights. Further, relating to the trustworthiness aspect of communication, Mackie, Gastardo-Conaco and Skelly (1992) found out that one's group membership can take the role of a decision heuristic, but this depends highly on the timing when group-related information similar to the group-based views of the receiver are told. In a case where the group-related information of the sender was disclosed before the message was sent, the decision-making of the receiver was rapid and in most cases it was aligned with the opinion of the source. However, in cases where the group-related information was disclosed not until the message was sent, the decision-making process was significantly longer and this indicates that the quality of the message was evaluated more carefully and group-based heuristic on decision making was not used or at least its impact on the decision-making was minimal compared to the first setting. Similar indications of the strong effect of the group are also prevalent in China and this underscores the practical effects of the collectivist society on communication (Chua et al. 2009). This means that the effect of the group should become before the individual and this has been taken into account also by some of the managers in the way communication practices are executed. Namely in one Finnish company the manager decided that their own local staff should do a promotional campaign for the Finnish company in China, where the company's existing customers from the similar industry where the potential clients were engaged in, told their positive experiences about the Finnish company. This yielded in very good outcomes for the company, when they themselves as foreigners were not the ones tapping their own backs. Instead, their customers did the promotion for them in a concrete and sincere way.

So what is it possible to make of this? The fact that collectivist countries place more emphasis on group memberships and on the fact of sharing things in common such as a common background or a similar situation in life are likely to have effects firstly on social identification and conversely also on communication. This is because the distinction between in-groups and out-groups is very common for collectivistic countries.

Thus, to be a member of the out-group as in not sharing things in common with the member of the in-group in collectivistic culture, is likely to cause hindrances that likely affect communication as well. Actually it is likely to bring about at least two kinds of hindrances significant in this case. First, the member of the in-group is not likely to grant the out-group member in-group member status easily (Triandis & Trafimow 2001, 373), secondly the rigid borders and structures of social groups as a determinant of social identification shall affect how communication is interpreted and most of all on the focal issue whether communication is interpreted as high quality and persuasive instead of low quality and unpersuasive. (Turner & Reynolds 2001; Mackie et al. 1992.)

The point here is to state that stereotypes and strong social identification to groups especially in an intercultural setting involving individualist and collectivist cultures easily work in a detrimental fashion in the sense that they increase the perceived dissimilarities between different groups of people. On its part it is likely that also uncertainty and anxiety are increased as a consequence and communication efficiency is likely to decrease.

In the next section a look is taken on how, on the practical level the stereotypes and categorizations of people affect communication in the high- and low-context communicative interface. In addition, the rest of the study is aimed at to clarify to the reader, in what communicational ways is it possible to level off the anxiety and uncertainty for example caused by phenomena such as stereotyping.

One should also bear in mind in regards to what was discussed that stereotypes obviously work both ways in the minds of Finnish and Chinese people; however an interesting remark is that people in collectivist cultures are argued to resort more likely in the use of stereotypes (Triandis & Trafimow 2001, 376). This further calls for the need for Finnish managers not only to be aware of the effect of stereotyping on themselves, but they also need to pay attention to the power of culture and for example the important role of the communication context, skills and knowledge as a determinant of efficient communication and the creation of trust.

The idea in this chapter is to point out that by understanding the culture one is operating in and the impact it places on the communicators as well as the knowledge and skills to apply the information one has in practice, ultimately leads in communication competence in a different culture form one's own. Regarding culture and the context, the relationship itself is an integral definator of the appropriate communication to be used and this context should also be used when evaluating one's communication. Hence, communication competence as a means to decrease anxiety and thus enhance communication efficiency is seen as one integral ability to communicate in a way that enhances the creation of trust in the Sino-Finnish business relationships. One issue that one should take note off based on what was discussed is that how the perceptions

change in collectivist and individualist cultures when people evaluate effective communication.

It seems that in individualist cultures such as in Finland and in the United States communication effectiveness is by and large related to one being understood and what is more important, one needs to be understood as an individual. On the other hand, compatibility and a positive atmosphere in the dyad was emphasized in collectivist cultures such as China and Japan. As an example, to have plenty of things in common between people, be it background or some other issues, was considered to be an important factor as a predictor of effective communication in the case of collectivist communicators. This issue calls for an active stance on relationship development and getting to know the other as a person first. By establishing a personal relationship and noticing the commonalities it is easier to bring about feelings of compatibility between people, decrease the level of anxiety to facilitate effective communication and thus to establish an open and positive atmosphere. (Tominaga et al 2002; 16-7, 34; Gudykunst & Nishida 2001.)

Finally, what seems to be inherent in the differences in how communication is seen to be effective is that in individualist cultures communication is more outcome-based and it relies more on the cognitive aspect of communication. This means that in order for the communicator to be efficient he should communicate smoothly and clearly and make the other one understand his point and meaning of the message. On the contrary in collectivist cultures the affective and the relational side is underscored. In practice it means that the affective dimension and the process nature of communication are regarded more important than the cognitive and explicit approach. Thus, the compatibility and understanding of the feelings of the other are highlighted instead of understanding the meaning of the message per se. (Tominaga et al. 2002, 48.)

These, apparent divergences in the respective cultures call for further analysis on the effects of the intercultural context on trust creation. Further, the practical impact of the culture on communication is to be brought forth in the next section that is built around Edward Hall's (1976) seminal work on high- and low-context cultures. The theory is supplemented by enlightening examples how does culture, anxiety, uncertainty and stereotypes in fact affect communication practices of Finnish managers in China.

5.2.3 The interplay of high- and low-context communication in intercultural communication

The discussion is now moved a bit further away from stereotypes and more towards culture per se and its effects on communication. More specifically, the effect of the cultural context on communication practices is in the core in this part. As has been brought

up many times, the culture where one comes from is undeniably a strong force that makes people see things the way they do. Culture is the software that organizes our thinking and the way people interpret and give meanings to different phenomena and the way they see themselves in relation to others. (Hofstede 2001; Markus & Kitayama 1991.)

When people witness behavior that is dissimilar from what they are used to, stereotypes and prejudice along with emotional uncertainty often come to the surface as automatic cognitions to explain the ambiguities that are happening around us and confusing us (Stephan & Stephan 1985). These issues were presented in the section above, and now the impact that they cast on communication are discussed. The following quote serves as an illustrative example how in most cases of the interviewed managers perceived the Chinese to be like:

“The average Chinese is mistrustful, (and) prejudiced always towards foreigners.”

“I think that people are just the same over there (in China) than here in Finland), if we tell them what’s gonna happen or what should happen and we hold on to this. (...) but you need to show it piece-by-piece, step-by-step. The baseline is that no one trusts anyone that is the point of departure, always, this must be remembered in China (...)”

Unarguably this might well be the case, at least how Finnish managers view the Chinese people in regards to their disposition towards foreigners, but also the discussion on stereotypes and their effects in intergroup behaviors point in the same direction as the managers’ words. Here, the focus however is on clarifying the more practical reasons stemming from communication particularly why the Finnish managers think this way about the Chinese in general terms. The answer is searched from culture and more specifically its close relationship with how communication manifests itself in practice. The issues that were discussed such as uncertainties and the use of stereotypes also on their part are seen to be related in the views of the managers. Despite of this, the main division to communicational cultures is the division by Hall (1976) as he divides cultures to low- and high-context cultures and they composes the core of the discussion in this part.

The basic features of collectivist and the individualist cultures were discussed earlier in this paper. The same approach when dividing cultures is the most common one also when the impact of culture on communication has been studied (Gudykunst & Kim 2002, 90). Now it is time to focus on the effects that this cultural dimension has on communication in the case of Finland and China and also in this case the basic division of cultures into collectivistic and individualistic is used.

The collectivistic culture is often labeled as high-context culture, and conversely the individualistic culture as low-context culture. The different emphasis that is put on the social contexts has profound effects for example what meaning is given to verbal and non-verbal messages and how communication should be constructed in terms of what is regarded as appropriate communication and what is not. When the low-context cultures stress straightforward, direct and clear argumentation based on facts and seeking the truth, the high-context cultures value the avoidance of extensive use of words and thus emphasize the use of non-verbal messages and place heavy importance on the role of the receiver as the interpreter of the message, and not the sender of the message like in low-context communication cultures such as Finland. (Triandis 1994, 184-6; Gudykunst & Ting-Toomey 1988; Hall 1976.)

Hence, communication in low-context cultures such as Finland is often characterized as factual and absolute instead of seeking harmony between the communicators. Finnish managers also pointed out that this type of communication is vital when the target is in enhancing the creation of trust as was shown in the quote for example. In China on the other hand, emotional quality and the seeking of virtue as in the establishment and upkeep of harmonious relationships is traditionally called for when communicating. The cultural division between collectivist and individualist cultures has often been labeled as particularistic and universalistic cultures (Trompenaars 1993). This division is of use in the case of communication especially. Basically the idea is that in particularistic cultures interpersonal relationships and status in each context affect the norms of appropriate communication. In universalistic cultures on the other hand a universal and a more explicit communication style is used across over a variety of situations and relationships. (Gudykunst & Kim 2002, 62; Gudykunst & Ting-Toomey 1988, 389.)

When in low-context cultures communication is normally based on undeniable facts, in high-context cultures too explicit argumentation can even be regarded as embarrassing and thus too open and straight-forward of an approach to communication is not valued in cultures such as China. (Hall 1976; Gudykunst & Ting-Toomey 1988). In addition, people often refrain from the use of confrontational messages and aim at preserving harmony and non-confrontational atmosphere. Thus, in light of communication it might even be so that it acts as an enhancing agent concerning negative stereotypes that create anxiety and distrust. Westerners might come to the conclusion that for the most part Chinese are not willing to tell the truth since their agenda is seen to hide the facts for their own advantage, but in fact the Chinese communicator is inclined to communicate in a fashion so that the atmosphere stays non-confrontational. Also on the basis how trust has been characterized to be an incremental process of testing the assumptions of trustworthiness and cognitive clues in the beginning, the issue of communication can very easily prove out to be detrimental to the creation of trust in intercultural interactions. (Lewicki & Bunker 1996; McAllister 1995.) Further, as the Finnish managers said

that trust is about keeping one's word and acting on what was promised, the disparity of the communication practices indicates that foreign managers need to be aware of the issue.

“but we (Finns) are a lot more straightforward, (...) but traditionally one can generalize (to say) that Finns are frank and Chinese are sinuous (...)”

This shows that the issues that have been mentioned very often in the literature regarding low- and high-context communicators seem to hold true also in practice. The pattern of one's communication has also been related closely with the effect that culture places on the way people communicate. Communicators from collectivist cultures are usually seen to “beat around the bush” and not getting straight to the point unlike communicators from individualistic and low-context cultures. The Westerner is more precise in his argumentation next to being more outcome and goal-oriented in the way he communicates and the Chinese often places emphasis on the building of the relationship and places more meaning on the process of communication. This leads to the high-context communicator to refrain from asking questions about a task that has been given to him since it is expected that inferences are available in the communicational environment such as status and the wider context at hand and they should be taken advantage of. Nevertheless, it is also about preserving harmony and face. In other words this means that the subordinate does not want to imply that his utterances were unclear and thus refrains from asking clarifying questions. The foreign manager who deals with local people of equal status should also bear this issue in mind. Hence, without the relationship, everything else is in vain at least how high-context communicators see it. (Mead 1998, 152-4; Gudykunst & Ting-Toomey 1988.) The essential feature of the Chinese culture that is related to the contextual side of communication is the preserving of one's face in terms of giving and preserving social status and harmony in one's relationships. The high-contextual way of communication is in opposite to the personal way of communication as it stresses status and prescribed roles and hierarchy (Neuliep 2006, 266). One manager said the following about face:

“(...) saving face is more important than any other thing (in China). The saving of one's own face and giving an answer like “I don't know” are usually not given (...) In a situation when you are about to lose your face, it is accepted to tell so-called white lies in order to protect the face.”

These issues are more likely than not to result in forming severe hindrances in trust creation between Finnish and Chinese in the business context unless they are made ex-

PLICIT and acknowledged by the foreign practitioners., in this case the Finnish business managers. In a situation where the foreign practitioner does not pay attention to the communication context, he might feel that the Chinese are hiding relevant information from them and this on its part enforces the very negative stereotype of mistrusting and cunning Chinese that was brought up in the previous chapter. This on its part easily results in uncertainty and feelings of anxiety in the Western communicator. It has become apparent that there are many innate issues that in addition to the different ways of seeing trust as well as its development and resulting in the use of stereotypes shall add to the increase of the perceived dissimilarities between the cultures.

An issue that came up in the interviews as well as in the literature, which is of relevance here when speaking of trust creation, is the amount of communication. The volume of communication has been found to correlate with the creation of trust in the business setting in the West. Traditionally, for example in trust-related studies it has been argued that the more one communicates, the better the odds are for cooperation and trust to occur (Good 1988, 35). However, this does not necessarily apply in China the same way. In high-context cultures the communicators actually underscore the role of what is not said and tend to think that too many words uttered might even indicate that the speaker is untrustworthy (Gudykunst & Kim 2002, 71). Actually in this aspect there might even be some coherence in the cultures of China and Finland. One Finnish manager agreed with this view as follows:

“(...) maybe mistrust can come from (...) one’s own communication, but the fact that you start to trust someone who’s been a convincing communicator, I mean those (kind of people) can often be the worst of them all.”

Despite of what has been said about the Chinese culture and the strong divergence with the Finnish culture and most of all the effects they place on communication, it should be borne in mind that the business context and the business case in question has its effect on the communication used. This corresponds with the high contextual relatedness of communication in general (Spitzberg & Cupach 1984). In addition, obviously the attitude and disposition of the Finnish side to the relationships and its meaning is significant as well. For example in a case where only short-term business is sought, the likelihood of trust creation beyond the cognitive stage towards affective trust is very likely to be close to minimal. This means that the entire utility of communication in terms of trust creation is not acknowledged either and maybe it is not even needed. On the contrary, when long-term cooperation is sought then communication should be given more emphasis as it can be used in many ways to assist and supplement the trust creation process. However, this calls for understanding the fundamentals of the Chinese culture not only on the general level, but in more detail relating to the situation at hand

as well. This calls for the manager to be able to see the potential connections between the salient divergences in the social context relating to trust, business and communication.

As the study nears to an end, in the following an illustration is given how trust, culture and communication are possible to be seen as an interrelated entirety in regards to doing business. The aim of the final discussion is to underline some of the ways communication can be used as a trust inducing mechanism in the Sino-Finnish business relationships. The discourse is colored with examples on how communication, trust and culture all play their part in Sino-Finnish business relationships in real life cases.

5.3 The effect of the changing and paradoxical nature of Chinese culture on communication

When the aim of communication is to bring about trust, the point of departure in this study is that the groundwork for establishing affection-based ties should be made also with the use of communicational means. Furthermore, in the light what has been discussed, communication needs to be adapted to the new context for it to be efficient in changing surroundings. The different cultural-context with its values, traditions and institutions bring about uncertainties and anxiety, and consequently the detrimental effects of which are enhanced by the use of stereotypes that bring about negative cognitions in vain. Strong stereotypes about a culture such as China are more likely than not to lead the foreign actor in difficult situations not only in terms of creating a negative image and expectation of the environment, but the expectation is not necessarily in line with the situation in practice. In the following the rapid and profound changes witnessed in regards to the Chinese culture are discussed as a potential hindrance to the establishment of efficient communication in regards to Sino-Finnish business relationships.

As has been mentioned, the traditional view on Chinese communication has its origins and fundamental logic in Confucian thinking. The main principals of Confucius' teachings in terms of the importance of filial piety and taking care of one's own family and relatives, preserving harmony in one's interpersonal relationships and maintaining and giving face as in social status to one's in-group have been in the center of communication studies limited to the Chinese context. (Fang & Faure 2008; Gao & Ting-Toomey 1998.) Despite of this, during recent years the immense and profound change in the Chinese society has brought about criticism against the traditional view on Chinese communication. Thus, the tendency in the more modern literature on Chinese communication has been somewhat more towards emphasizing the trend towards westernization in China (Fang & Faure 2010).

Also traditional Chinese philosophical thought such as Confucianism has started to affect and renew the rather bipolar and conservative Western view on culture it being as either/or –type (Hofstede & Hofstede 2005) and this has changed also the view on Chinese communication adopted in the Western world. Consequently, a Chinese approach to culture and communication has emerged that underscores a paradoxical nature and reality of cultures meaning that contradictory forces and phenomena can be prevalent simultaneously in one culture, thus making it a both/and –type of culture. (Chen 2008.) This type of thinking challenges not only established culture typifications such as the one by Geert Hofstede (2001; 1980), but also the views of foreign practitioners operating in host cultures distinctive from their native cultures. Thus, the changing nature of the Chinese culture is also likely to incur some changes that have an impact on the way efficient communication can be seen especially in the Chinese context. Next, the changing communication practices in China are looked at and it is begun by taking a look at a study that has been used frequently in describing Chinese communication in Western academia.

Gao and Ting-Toomey (1998) devised a five-point model on Chinese communication. It is fairly traditional in nature as it relies heavily on the cultural dimensions such as individualism-collectivism modeled by Hofstede (1980). However, it assists the reader to make sense of the very basic views on communication in China. Gao and Ting-Toomey (1998, 37) divide Chinese communication into (1) *implicit communication* (hanxu 含蓄), (2) *listening-centered communication* (tinghua 听话), (3) *politeness communication* (keqi 客气), (4) *insider-communication* (zijiren 自己人) and (5) *face-directed communication* (mianzi 面子). Next, each of these classes of Chinese communication are discussed briefly.

Implicit communication means that the message as a whole is not put into the form of words, and the listener needs to make inferences from the context of the communication. In other words, the truth lies beyond words. *Listening-centered communication* over all underscores seniority, age and hierarchy in the Chinese culture and also the fact that listening is even more crucial than speaking. Secondly, often in Chinese culture it is said that one only can make mistakes when one is speaking. *Politeness communication* as the third category stresses the strong division to in- and out-groups in Chinese culture. According to Gao and Ting-Toomey (1998) in many instances within an in-group communication follows an extremely polite pattern. This however, does not necessarily hold true in dealings with one's out-group (Fang & Faure 2010, 3). *Insider-communication* also refers to the differences between in-group and out-group communication. In more detail, it has got to do with what is communicated with different groups of people and in what way the message is communicated within the group. The meaning of the group in China should be underestimated, and this applies also to communication.

One Finnish manager stressed the point that if one is aware of the groups that people belong to, one can tap into new information through information exchange. He continued to say that since information is exchanged openly within one's in-groups, one needs to be careful when disclosing potentially harmful information to others. *Face-directed communication* as the third form of communication is about a person's prestige and honor in one's in-group. Thus, face-directed communication is about preserving harmony and solidifying the status differences and hierarchies within the group.

As the reader has come to see, this categorization of Chinese communication is very much influenced by traditional Chinese values and ancestral philosophies such as Confucianism. In addition, all of the classes of traditional Chinese communication relate to focal themes that have been discussed in this study, such as power distance and hierarchy, collectivism, high-context communication and harmony preservation. Hence, these issues have been argued to play an essential role in defining the very basic traits of Chinese culture. Thus, without a doubt it is vital for the foreign practitioner to make sense of the foundations of the traditional communication practices in China, but also he needs to be aware that the changing business context along with modernization and westernization affect communication a great deal in China. This view can be very much seen to be compatible with the idea of communication competence and also the utmost importance of the context as a decisive factor on the way how appropriate and efficient communication needs to be defined. (Fang & Faure 2010; Spitzberg & Cupach 1984, 74; Thomas & Bookwalter 1982.)

Thus, great changes in the society and in the economic sphere of life in China have inevitably affected the traditional Chinese culture and its values (Fang & Faure 2008; 2010; Leung 2008; Ying 2000), and consequently neither communicational practices have not been left unaffected by the cultural transformations. This calls for an alternative view on Chinese communication to be presented in order to understand better why Chinese do not always communicate in a face-saving nor a polite way. Evidence of this kind of *neo-Chinese communication* is abundant as foreign business people have been quite amazed of the surprisingly straight-forward and sometimes even aggressive ways of communication in China.

Fang and Faure (2010) employ a yin and yang –type¹⁸ modeling on Chinese communication since they do not see Chinese culture pertaining to an either/or logic as anthro-

¹⁸ The concepts of "Yin" and "Yang" represent the two opposing, but in the same time complementary forces to a phenomenon, such as the feminine and masculine way of thinking. "...yin and yang, the two opposite but complementary forces of the universe with yin, representing the attributes of yieldingness and submissiveness and yang representing unyieldingness and dominance." (Chen 2008, 7-9)

pologists mainly from the West saw a few decades earlier. In contrast to former studies, they stress the paradoxical nature of the Chinese culture in the light of the same person engaging in contrasting behaviors in different contexts and situations. Behaviors can be extremely formal and, in a way very mindful to others, or then again they can be very informal and assertive in nature. This since the Chinese act largely based on the context. This means that the people and groups of people they are interacting with and where this interaction takes place form the proper way of communication (Fang & Faure 2010, 3, 5). In other words, foreign business people should be aware of the paradoxical nature and the deeply-rooted context dependency of the Chinese culture. One implication of this is that communication not only should be seen as means to exert feelings of oneself being trustworthy or exert affections in people and enhance trust creation in this way, but it could also be seen as tool from which the creation of trust and its development can be assessed and evaluated. One manager highlighted this aspect of communication that in China it can be used also as an evaluative tool in terms of the development of trust. As the communication becomes more open, then the Chinese feels that the foreigner is worthy of his trust.

The paradoxical nature of the Chinese culture in terms of communication can be seen to have plenty of common points of contact with doing business in China. The Chinese negotiation culture as an example has been argued to operate at different levels. The Chinese people have been said to be very pragmatic and this has been seen to affect also intercultural business negotiations where details are bargained sometimes by the Chinese taking extreme positions. But on the other hand, the deeper emotional level can also be found that strives for cooperation on the longer term, making friendships and the seeking of mutual benefits as well as harmony. (Buttery & Leung 1998; Weiss & Stripp 1998, 66.) This is one issue that came up in the interviews as in the holistic way of seeing relationships in China. Negotiations are only one part of the upkeep of a relationship and there are many other levels involved such as the emotional and social level of interaction.

“No, you shouldn’t do it immediately (talk about business), I think it’s a long continuum so that here things take time, if you start talking about big things in the first meeting, it’s not really, I mean that there needs to be more interaction in the background and (...) that later on might lead to the situation in which doing some business (together) is possible.”

Other managers also said that negotiation with the Chinese is very difficult as the Chinese are very much used to bargain a lot also in every day situations. As has been said negotiation per se is not the focus in this study, but it brings out some valuable points regarding communication in China. This is since negotiation should be consid-

ered as one part of the whole communicative process and relationship with the Chinese. The key is not to confuse it with the relationship itself. The foreign practitioner can easily misinterpret what is said in the negotiation room to affect also the relationship out of the negotiation room. This can lead to losses while doing business, if one sees business negotiations to affect too much the relationship as a whole.

“We’re talking about negotiation culture, so it is on an entirely different level (than in Finland) and Chinese have had to negotiate for their lives for thousands of years. So that makes them (Chinese) a whole lot tougher (...) (than us Westerners are).”

“If we did so that you’d make an offer (to me), I’d say, ok, take five per cent off, you’d say, ok, I’ll take five per cent off, then (we’d) sign it. One can’t do business like that in China. There you need to bargain, it takes time, it’s like art (making a deal).”

The quotes indicate that still in the business context, even in China that traditionally ranks high in harmony preservation among other issues regarding mindful communication, business is still the main agenda and these “supplementary” communicational issues are often downplayed nowadays. This is an important point to bear in this vein as it inevitably also has an impact on communication and how it is used and analyzed in different circumstances. Thus, what different implications does the contradictory and paradoxical yin and yang –nature of the Chinese culture in fact have on communication, this is to be discussed next. The study of Fang and Faure (2010) is used in this aspect to depict the change of the communication practices in China. They add a contradictory, but at the same time a complementary dimension to the traditional model on Chinese communication practices devised by Gao and Ting-Toomey (1998). The model looks as follows (Fang & Faure 2010, 7):

- Implicit-communication vs. explicit communication
- Listening-centered communication vs. speaking-centered communication
- Polite communication vs. impolite communication
- Insider-communication vs. outsider-communication
- Face-directed communication vs. face-undirected communication

Often in cases where trust is high, Chinese speak very frankly, candid and in a direct way and this type of communication is common between friends. In addition, in informal circumstances as an example in after work get-togethers people act in a much more loose way compared to their business role. In cases of low trust, Chinese might very

well communicate in a self serving matter communicating as a strategist watching out for nothing but his own back. As an example, the researchers interviewed a foreign manager who said that in China trust is built to a large extent outside the negotiation room and outside of the official and formal happenings regarding doing business. (Fang & Faure 2010, 5.) Relating to this, as the Finnish manager said, there needs to be “interaction in the background” along with the actual business dealing itself. This on its part shows the “double edged sword” –nature of Chinese communication practice and the fact that the Chinese change their communication like a chameleon depending on the context. This type of situation was that portraits some of the issues regarding the value change in China, was depicted by one manager where he said that in the beginning of a relationship both sides, the Chinese and the Finnish, want to get as much as possible by giving in as little as possible. Hence, the low level of trust in the dyad in beginning likely affects the fact that very little information is disclosed. This can be seen as a situation that is in fact quite troublesome in light of trust creation. Due to the negative and mistrusting dispositions of both, the Finnish and the Chinese, the atmosphere in the dyad seems to lean more on making a winning on the shorter-term and in this way it is likely to become a relationship based more on calculative and instrumental motives than on inherent motives striving for the cooperation on the longer-term.

As the reader has come across during this study, it is apparent that the modern Chinese society is evolving at a rapid pace and this has brought forth an increase in various individualistic behaviors that were noted to involve more the Finnish culture rather than the Chinese one (Hofstede & Hofstede 2005; Doney et al. 1998). However, things are changing. As an example of this, people expect good compensation for their hard work and challenging tasks in order for them to be able to develop their skills in today’s China. Thus, the younger generation is demanding more and put less emphasis on abiding by the old hierarchic nature of the society. As an example of the changes, speaking up one’s mind is expected in certain situations and it is not frowned upon like before. (Fang & Faure 2008). Relating to business communication, the Chinese might employ courteous words and engage in a sort of a theatre to make the negotiating party feel that trust is being created. However, this can be a trap that foreigners are sometimes lured into. Today while doing business in China Chinese can be very direct and to the point. Here one should mirror the relationship with the Chinese to the communication that is used. This is a possible way to make inferences about the motives and dispositions of the Chinese side. Thus, communication is a versatile tool that can be of great advantage when assessing the real motives of the Chinese counterpart.

Regarding the Chinese communication model by Fang and Faure (2010) and the direction where the quotes have pointed to, it leads the reader to believe that as an example in business negotiations one should not necessarily depart from the assumption that everything is how it appears to be like. On the other hand, one should not feel surprised

to see that the Chinese communicator acts in an assertive and even in an attacking fashion. In light of what has been discussed, this can happen for example in circumstances where one's social relationships and *guanxi* do not play a significant role within the Chinese party's in-group. This could perhaps mean that the Chinese feel that there is also no personal trust between the actors. This could lead the Chinese to look out for his short-term interests when cooperation on the longer-term is not very likely. Consequently, the communication is conducted mainly in an assertive fashion and the approach to communication becomes more instrumental. Hence, the Chinese way of communicating might well be also "impolite", including signs of anger, disappointment and this it is not aimed at constructive relationship building on the longer-term. (Fang & Faure 2010, 9-10.)

Speaking of the importance of *guanxi*, in modern China the traditional insider information networks based on strong *guanxi* have occasionally been taken advantage of in pursuit of economic gain. This is a piece of evidence that the underlying assumptions on the importance of *guanxi* and social networks might be diminishing in some respect. Thus, one should not always blindly trust the established ways of doing things in terms of culture and in light of how things have been done in the past. It is vital also to consider what possible effects the wider context, in what has happened in the background, holds regarding the situation at hand (Fang & Faure 2008).

According to Fang and Faure (2010; 2008), and many other China scholars, the preservation of one's social status and prestige is in the very core of Chinese culture. This is seen as one of the root causes why it is so hard to get a "no" in China. This means that preserving face is seen even as more important than seeking the truth in China opposite to the West. However, nowadays it is quite common in a business meeting even for a foreigner to get a straight and blunt "no" from the Chinese. This is especially common at a stage in the business dealings where the perceived level of trust is rather low from the Chinese side. The case might be opposite when the Chinese see that there is a high level of trust between the negotiating parties and some amount of trust has been established. In other words, the Chinese seem to have recently, as a consequence of internationalization, played down the emphasis on the saving of face when the perceived level of trust is low. (Fang & Faure 2010, 11.)

In this light the Chinese communication practices have become more Western as they have changed to be more straightforward and explicit. This brings the discussion towards a focal point. This is the fact that the foreign practitioner needs to be aware that the Chinese are skilled in using different kinds, and even contradicting ways of communication, but on the other hand the managers should not over-emphasize and mystify the Chinese way of doing business. As an example of the communication strategies in China, sometimes even in the beginning of a relationship the foreigner is granted the status of "a friend". However, this can be seen as a way of using the paradoxical Chi-

nese communication practices towards one's own advantage. On the other hand, in a situation where one is shown respect and hospitality, it obviously necessarily does not mean that the foreigner is being trapped.

When the interaction of two people is looked at away from the business context per se, also other type of evidence of the concept of communication in China was retrieved. This finding gives reason to believe that particularly in cases where the foreigner has been accepted as a close friend and he has become a part of the in-group so to say, the ways of communication change, and what is important, the change seems to be quite dramatic.

“(...) that even difficult issues can be discussed without seeking the harmony all the time. That's in my opinion one obvious sign of trust or then the Chinese opens up and tells about problems in his own organization, in his own life or whatever. I've been in these situations many times. He (the Chinese person) has said that he can talk to me about the kind of issues, which he can't bring up with any Chinese person.”

This evidence is valuable in the sense that it shows that not only can communication be a means towards building trust and commitment, but it can also be harnessed as a tool to monitor the development of trust. This shows where the issue of doing business with friends can lead to. It also sheds light on the fact there are different levels at work when business is done and the point that the social relationship must not be undermined especially in China. This reflects also to communication and its usage within the relationship. The way one goes about running one's business has also direct implications on the social aspect of interpersonal relationships and also the other way around. The managers should realize that the dual nature of Chinese communication is a fact. Further, the dual nature of communication practices and the potential problems that arise from it are not necessarily done to distract and cheat the foreigner, but the underlying factors and the context around need to be paid attention to and their potential effect on the way Chinese communicate need to be acknowledged. (Fang & Faure 2010, 12.) This underscores the holistic view that is prevalent in China regarding the interrelatedness of business and people.

5.4 Coupling theory with practice – the way towards a mutually trusting Sino-Finnish business relationship

In this final part of the study before the whole study is to be summarized, a synthesis is presented that brings the issues together and shows in a practical way how trust, culture

and communication come together in a way that business practitioners could have value from comprehending the functioning of the gestalt.

When it comes to trust and how it can be seen to emerge and grow, some distinctions need to be made. Even though the seeds of trust looked from the individual perspective are planted early in one's life in the sense that one learns how and on what grounds to place trust in others, still one has possibilities and tools to control the use of one's trust later on as well. However, this calls for awareness how trust actually functions as an interpersonal phenomenon.

As the reader has come to realize, the way to define trust is a bit confusing at times since trust can be seen in so many different ways. As was discussed in the early part of the study, the focal division should be made between confidence or "system trust" that are not related to specific situations and secondly there is the relationship-specific trust (Luhmann 1988). This division is important since in this way one is able to somewhat reduce the effects of one's culture on the expectations and predictions on the behaviors of others. Hence, a sort of unlearning is called for. Still, unlearning attitudes and behaviors that one has been accustomed to use is naturally difficult. Still, the focal argument is that by being able to acknowledge the reasons why it is frustrating for oneself to operate, build trust and communicate in a different culture is vital. When the process of adaptation fails, it is likely to bring about hindrances in seeing behind of what one hears and sees.

"I have the kind of impression that no cards are revealed. Not having the kind of straightforward, honest approach like we do in Europe and especially in the Nordic countries. But there (over in China) it's (trust creation) more like a game."

When the foreigner goes to a culture that differs from what one is used to in many fundamental ways such as values, norms and institutions that all affect trust in some way, uncertainties arise and from insecurity stems also emotions of anxiety. Anxiety increases when one interacts with different groups of people from what the actor has used to and one's cognitions, as in predictions are challenged as one can not anymore rely on what is familiar as a source for confidence. (Stephan & Stephan 1985; Luhmann 1988.) This on its part leads to a situation where the proper function of "system trust" is questioned in the new surroundings where the use of trust is called for in an increasing degree due to the uncertainties. This was clearly visible in the way the practitioners thought of trust once it was placed in the unclear and vague cultural context of China. Mistrust was prevalent and a calculative approach to trust was underlined drastically. This gives reason to believe that confidence in the greater system of trust was close to nil as far as Finnish managers were concerned.

“in general one should always place trust (in people), but there (in China) you cannot count anything on it (trust), so one cannot really trust in its essence.”

Given the fact that Finnish practitioners turned rather mistrustful in the Chinese context does not predict success in the creation of trust in light of trust theory that has been presented in this vein. The mistrusting attitude on its part indicates the tendency to resort to the use of explicit contracts. This attitude on its part has led to the increase of arms length transactions that are negotiated on an explicit contractual basis and are based on short-term time span more than on the longer-term. Even though the Finnish managers do understand the cultural differences quite well, yet there still exists an attitude of mistrust and prejudice that might prevent to tackle the issue of trust creation in an efficient way. The managers have in a way adapted to the local environment as they see business in China as a strategic battle. Still, the question looms, what can be done to make the business and interpersonal relations more attuned to trust creation?

“Well, sort of, the Chinese conception of time is different as they can wait significantly longer for the completion of the deal (...) it's like waging a war (to say) that we won this time and got the money. And then it starts all over again, the whole process (...) it doesn't automatically guarantee that you will close the next deal.”

As the interpersonal dimension is highlighted in China, it calls for a “softer” approach also on business. Thus, one should not take one's own idea and strive for its penetration as a too straightforward fashion. The effects of this kind of behavior in the Chinese context is rather scarce, but there is some indication that for example the use of contracts, the importance of which was emphasized by the managers, inhibit the creation of relationship-specific trust (Molm et al. 2000). In addition, the depicted short-term-natured and Western approach to business that some managers have is in fact in controversy at least with the traditional view of Chinese values and thinking that emphasized long-term orientedness (Leung 2008; Child 2001; Ying 2000).

Furthermore, how one sees the relationship itself to affect business and vice versa has to do a great deal also with trust. This argument is based on the attributions that the parties base on the inferences made of each other's behavior. One might for example see courteous behavior sometimes as deteriorating to trust and this issues is related to expectations and projections about one's own culture as well. In the Chinese context one vital issue is that how reciprocal actions are seen as attributions of trust or are they perhaps seen as malicious. (Weber, Malhotra & Murnighan 2001.)

Consequently, trust as a result of interpersonal, interdependent behavior has been raised in this study as a pivotal theme in light of creating robust and emotional trust. As has been argued, this calls for taking risks, acting proactively and placing emphasis on reciprocity. Yet, this is problematic in the sense that it is difficult to bring about trust in a case where inputs as in taking risks are minimal and there is strong reliance on contracts, at least on the foreign side. However, also when the process of trust creation is looked at from the other side of the coin the situation poses some difficult issues for the trustor as well. In the opposite case, when the initial input in the trust relationship is significant, this conversely puts the trustor in a position of great vulnerability. (Pillutla, Malhotra & Murnighan 2003, 454.) These issues on their part facilitate the reader to comprehend why some of the managers are of the opinion that it is better to give as little as possible, but then on the other hand to try to get as much as possible. Still, when business is looked at solely from the point of view of trust creation, then some adaptations in one's behavior are absolutely called for.

According to the conclusions that were made in the trust section, one should be everything but mistrustful if one wishes to bring about trust in the other party. Not the mere acceptance, but also the willingness to take risks, thus the willingness to trustfulness on one's own behalf were identified as the key issues in planting the seed of trust in a relationship. This is one way to show in practice, and more vitally in behavioral terms, and not as an superficial attitude nor general confidence that one is motivated in the upkeep of the relationship and that one is committed to it and next the welfare of the other party. (Li 2007, 430-1.)

Hence, the question to be asked is, how is it possible to bring about trust in China, how as a foreigner should one go about changing one's behavior and dispositions towards the creation of trust? The way that seems to be one possible answer to the dilemma is that one moves the focus away from placing emphasis on only focusing on the perceivable traits and skills as the criteria against which trustworthiness is traditionally evaluated as a given starting point towards the creation of trust (Child 2001; Mayer et al. 1995). This might imply that one may need to play down the knowledge-based approach to trust a notch or two when operating in the Chinese cultural context. What issues are highlighted in the Chinese context are in fact the social structure and the social networks as largely determinant factors in terms of what the disposition to trust development is regarded to be on the Chinese side of the dyad. Hence, this should be kept in mind since there are ways to use this for one's own benefit. The social network or *guanxi* is a local institution of embedded interpersonal relationships. In this way it is an efficient means to engage in reciprocal actions and bring oneself an image of being a trustworthy operator in one's line of business. As was shown in the culture section of the study, it takes time to establish oneself in the *guanxi* network, but when this is done everything becomes more simple and business is easier. This on its part is related to the

distinction between the Western world and China in the sense that in China the emphasis is on what one has done previously with others, and the effect is likely to be stronger concerning trust if one can show results within the same *guanxi* network.

Now communication is taken into the discussion along with the differing structure of the society as determinant, yet interrelated factors are brought forth more explicitly. To start with, the meaning of communication as a source of information is one basic approach towards contributing to the creation of trust and commitment (Friman, Gärling, Millet, Matsson & Johnston 2002). Furthermore, the relative importance of relationship-specific information has been witnessed to play a dramatic part as a further facilitator of trust creation in the Chinese context opposite to the West (Gelfand, Spurlock, Sniezek & Shao 2000). This calls for the heightened emphasis on the interpersonal relationships as they seem to play a pivotal role also in the way trust is granted to people. This brings us to a very salient point that was underscored by the managers. This is that the very fundamental nature of trust is different in China from what it is in Finland. This is validated also in the literature and it should be regarded separately from the mere fact that the foreign practitioners feel anxiety and uncertainty in new contexts. The issue on trust is that in China the emphasis is on the earning of trust and not on the immediate confidence of the image of trustworthiness that to some extent is a lot more prevalent in Finland than in China. As a Finn and a foreigner come together for example to work on business, this type of approach is the only gateway to the establishment of trust in China. It is hence argued that if and when the foreign actors realizes this, the change for the better in terms of trust creation is possible and some of the pitfalls can be avoided when trust is created within the Sino-Finnish dyad.

As a consequence, one finds herself asking the question how can trust be earned and to what issues in the domain of trust creation should one place extra attention in China? It seems that in light of the theory on Chinese social networking, *guanxi*, the contact is of utmost importance, thus the foreigner needs to at least know someone who has the contact to the person that one needs to establish a trusting relationship with. The use of intermediaries and third party referrals are one efficient and often used means in this sense (Neuliep 2001, 444). Put bluntly, referrals and intermediaries are likely to decrease anxiety and uncertainty and hence increase the adaptation needed when operating in a different culture. Still, even though the contact had been established this still does not mean that one is in the clear. Socialization and the friend-making stage takes a relatively long time in China and comes as a surprise to foreigners. This period also involves the exchange of favors and this is the time when the trust is earned in practice. The following example is a great illustration how one manager sees the creation of trust in a practical manner in China:

“(...) if you witness that someone, a potential partner, is not in trouble per se, but in need of something, he won’t necessarily come to you and ask of you (for anything), but you need to be responsive concerning what they might have on their agenda. You can go there and even spontaneously suggest that we could help in this matter, it originally doesn’t have to involve you or your organization in any way, (...) (but it involves the idea of) the favor and the return of the favor, so that you go and do favors either spontaneously or then by asking others (if they needed help).”

Hence, to be sensitive to what the potential partner might need and then afterwards also acting on this issue and delivering something that is valuable to the other is seen crucial in China when the aim is to bring about trust. This issue was covered when the culture of reciprocation was conversed. Reciprocrative acts could also be seen involving risk as there is no guarantees that the other one shall return the favor as was mentioned. Actually, just because of this it is a purposeful and an efficient way to show one’s willingness to trustfulness in a concrete manner and sow the seed of trust into the relationship (Yuki et al. 2005; Molm et al. 2000). However, even the willingness of vulnerability and risk taking is called for, it does not have to mean that one should be utterly powerless and be left at the mercy of potential opportunism. One should take use of the network mechanism in China as the local players do and use it to observe what is going on around oneself. Even though the relationship-specific trust is created mutually in close interaction, also a look a bit further into the future can help in making sense of the potential developments of the relationship and prepare oneself of what might be lurking around the corner. In this vein the concept of optimal trust can also be helpful for the business practitioner (Wicks et al. 1999). The focal point is that careful analysis about the compliance of the companies engaging in cooperation and trust creation should be made in order to avoid over or under investment in trust development. Basically, this point is in line with the arguments made that if there is no risk, trust is not needed and by increasing the level of risk higher levels of trust are possible to be established.

Child (2001, 284) points out that when dealing with partners from developing countries one needs to unlearn the ways one has used to evaluate trust. On one part the refers to unlearn to trust the system. This on one part calls for an approach that is mistrustful in the sense that a profound assessment and an appraisal should be conducted on one’s prospective partner. This view also calls for the utilization of calculative and cognitive means. However, when operating in s context such as China, a mindful approach is needed in order not to give a mistrusting picture to the partner as this might be seen in a trust deteriorating attribution (Weber et al. 2003).

Now that responsiveness and the importance of reciprocity have been shown to resonate with the inherent nature and functions of trust in practical terms, a few words on

communication and its potential implications on the creation of trust need to be discussed. Thus, a remark is on point in this vein, that it is obvious that it is cumbersome and even impossible to say for sure that a limited number of issues alone have certain impacts on the behavior of people. For example, regarding communication it is not possible to make difference on the issue how personal character and cultural dimensions such as collectivism or individualism affect the behavior of people for example in business dealings. This is since every one of us thinks in a unique way even though we are constantly under the influence of our own culture (Gudykunst & Kim 2002, 63-5).

Still, some evidence indicate that there are some ways of communication that should be efficient in view of trust creation in the Sino-Finnish business interface. The way managers see efficient and appropriate communication in China and in view of trust creation, some common features is possible to be delineated. What is absolutely noteworthy, is that these issues on the whole have common characteristics with the issues that have been identified as being vital in terms of creating trust as such and also in when the phenomenon is put in the intercultural context.

“First of all, what I think what creates trust is that all of the material is in Chinese. (...) Secondly, all of our seminar material is all in Chinese, so that we always communicate in that (local) language and I think that’s the baseline. (...) We publish this (magazine), which tells in general about our international operations, what we have done for our customers, (...) and also we’ve changed the stories a bit sometimes to make the magazine more Chinese (...) and the purpose is to bring about the kind of image and also strengthen (the image) that we genuinely are in China and we have come there to stay and that we have good cooperation with Chinese companies.”

“But, generally speaking we try to bring issues forth (to customers) in a way that this company does (things together) with Chinese people, in China, (doing) business in a Chinese way.”

What is possible to infer from the first quote is that, in China, it is essential not to use exaggerated language as this might lead in to an untrustworthy image to be created. In fact, it might be more useful to employ a more understating communication practice that stresses cooperation and building relationships with time as the manager’s company has striven for (Gudykunst & Kim 2002, 222). It also can be seen that the message that is sent to the customers in China should emphasize cooperation, long-term orientation and the will to be in China also in the future. This type of approach has been validated also in the literature in the sense that in collectivist cultures the value of relational in-

formation over individualist information is emphasized. This means that information that includes group-based information such as to which social groups the person belongs, with whom he has close relationships and what his social status is, instead of information on accomplishments, beliefs and interests is emphasized (Gelfand et al. 2000, 504). An additional remark about the research should be pointed out that the greatest difference was in fact in how the relational information was perceived as the usefulness of individual information was seen to be more or less the same across cultures.

What relates closely to the communicational approach of the Finnish manager that was depicted above, is that the Chinese see relational type of information as a useful means to increase trustworthiness and hence decrease the perceived uncertainties as well (Gelfand et al. 2000, 507-510). This should be a strong signal for foreign practitioners to concentrate even more on the use of relational information when the aim is on reducing uncertainties, increasing trustworthiness and creating trust. The concept of relational information and the affective dimension of communication share some commonalities with more informal modes of communication (Tominaga et al. 2002). One manager referred to this when he pointed out the issues that are underscored in China when communication is in the focus. He stressed the fact that communication and frequent interaction between people are required outside of the business scene as well. This is something that is not necessarily inherent to the Finnish practitioner as in the Finnish "system" business and time off are very much seen as separate, opposite to the Chinese way. This was also brought forth by a number of the interviewees.

When communication is looked at as people coming together and spending time and getting to know one another better, frequent interaction has been one principal issue in the literature on interethnic and intercultural socialization. Other issues that are vital in view of decreasing prejudice in intergroup encounters are to stress the equality of the participants as well as emphasizing the cooperative nature of the encounter instead of the competitive dimension. (Hewstone & Brown 1986, 7.) Hence, these issues can be easily planted in the communicational verbal- and non-verbal messages. Yet the aforementioned issues can be associated with the basic nature of communication as it is about sharing views and making opinions common. Communication in its basic nature is transactive in nature and messages sent and received have a significant relationship-based utility in positive and in negative terms (Smith & Williamson 1985).

Still, the managers often emphasized that the focus is on trust creation in the business context and business is business also in China and in terms of trust creation; thus money equals trust to a large degree:

"(...) if it's about business and money, so if you can point out a great financial benefit to someone, (...) then you bet you're in pretty good shape (in terms of trust creation). But, in addition to this there's good to have

other stuff as well (reciprocation and sensitivity what is going on with partners etc.)”

“Of course one needs to have that (the informal means of communication) as well, I mean that that makes things so complicated here, because this (China) is going through a change, in that you got all these possible methods (of communication) starting from the old, traditional ones all the way to the newer ones (...)”

Thus, at the end of the day everything boils down to business as it is the number one reason why foreign companies come to China, and hence why people come together in the first place. Still, in this study the aim has been to argue on behalf of the fact that also other issues need to be taken into active consideration and even be raised among the very top-level of decision-makers in a company that wishes to make the most out of their business potential in China. Furthermore, related to communication and its versatile nature in view of trust creation one issue needs to be addressed. In fact, it is quite an important remark as it needs to be understood that communication in intercultural arenas should be seen in a constructive light. This means that regardless of the fact that when different groups of people come together to work on the attainment of a common goal, communication is a means that has immense potential to be beneficial in terms of building a trusting relationship.

By making sense of the similarities and differences between people and the culture where they come, it is possible to reduce the drawbacks that stereotypes have in view of creating trust and cooperation inhibiting anxiety and prejudice (Hewstone & Brown 1986, 11).

Trust, despite it being complex and often vague and something even beyond definition, it still does not necessarily need to be regarded as a black hole that is beyond comprehension and thus should be entirely disregarded. In fact, on the basis of the findings presented in this study the researcher advocates an argument that not only by trust, but with culturally conscious ways of communication one is able to create better and more robust interpersonal relationships that can lead in significant competitive advantage in China. Through the means of understanding the basic elements of the Chinese context, in terms of culture, values and institutions one sees that adaptation and even unlearning of the established, culture-based ways of thinking is needed. Then again one needs to be aware and critical in regards to why one perceives situations to be the way they are. This type of critical approach is argued to facilitate in clearing some of the hindrances to efficient communication in intercultural contexts that are seen as detrimental to the creation of mutual understanding and the creation of interpersonal trust.

Furthermore, in view of communication per se, even though it has been validated to carry enormous potential in terms of trust creation it has an other function as well. This is underscored especially in high-context cultures such as China where hidden messages are embedded also in the non-spoken domain of communication. Finally, in case the foreign practitioner is not aware of the basics of different ways of communication in China and also the change in the communication practices, she can be looking at a serious deficiency in business capabilities regarding conducting sound and profitable business operations in China. An issue that became apparent during the interviews was that managers seldom give special attention to communication, and secondly, they usually did not see it contributing significantly to the creation of trust. These are some points that call for further attention and research. In light of the trustworthiness and validity of the research also the Chinese point of view should be incorporated into pieces of research that aim at making sense of how particular communicational situation affects actors coming from different cultures.

All in all regarding this study, be it admitted that the creation of emotional and robust trust requires time, effort and perhaps even tears in cases where the vital and needed risk reveals its bleak side. Nonetheless, the issues presented in this study such as understanding about the various dimensions of trust and culture along with communicational competence should be seen as one essential component of doing successful business in China in the future, even though Chinese are becoming more and more adept in regards to Western business practices and cultures.

6 SUMMARY AND CONCLUSIVE REMARKS

The study was inspired by unexpected events experienced by foreign companies and managers while operating in Mainland China and the fact that the attention trust has received in academia in regards to intercultural communication in the Chinese context has been rather limited. Further, what made this topic of special interest for the author was the fact that the nature of trust has been seen rather intricate and it has been often used to explain successful business without having gone deeper under the surface of trust. Also the fact that related to China, trust is often referred to as one of the key success factors for foreign companies. (Nivaro 2011; Ilmonen & Puisto 2009.)

Speaking of China, it seems that even though China is not the most exotic markets for international business practitioners today, it still poses a number of challenges for foreign players. There are a number of issues that speak on the behalf of this view. For example international business research underscores the fact that foreign managers take issues too much as given when entering the Chinese markets and they see too little effort to get to understand the way it actually works. (Kettunen et al. 2008.)

Before the integral themes of this study were taken under discussion the research approach of the study was presented. It was conducted as an explorative qualitative study so that the researcher was able to get as much information as possible on the ways the interviewed Finnish managers saw trust and its creation in the Sino-Finnish business interface. In addition some of the focal issues of data collection were disclosed along with an analysis of the themes involving the assessment of the trustworthiness of the study in light of the way it was conducted. Due to the fairly sensitive nature of the topic the adoption of the qualitative research approach was seen acceptable as the aim was to acquire a comprehensive and a personal view of the process of trust creation and communication from the point of view of business managers. What makes this study stray from the traditional outline of qualitative studies is the issue of putting the findings retrieved from the interviews and theoretical research in a dialogue. This was a challenging task, but on the other hand it should make the text more vivid and unveil the differences and similarities between academia and business in real life hand in hand in a creative manner.

This study has tackled the issue of trust as well as its interrelationship with culture and communication. By studying these three large themes the researcher has aimed at finding common points of resonance between them. In addition, the idea has been to show that culture as well as communication are anything, but irrelevant issues regarding the creation of trust between Chinese and Finnish who are doing business together.

The premise in this study has been to start off with trust and to pinpoint some of the ways it can be categorized and seen to function and operate mainly in the context of interpersonal relationships. This aim is determined by one of the sub-research problems

that is aimed at clarifying *what issues are relevant in interpersonal trust creation*. In order to be able to go about doing this, first and foremost the concept of trust had to be defined. In this vein, adjectives such as *reliability, honesty and fairness* were brought forth as indicators of trust as well as the *withdrawal from opportunism even in the absence of control and monitoring*. Other central issues that were discussed were the distinction between trustworthiness and trust as well as between confidence and trust. The latter discussion led the discourse onto the area of *system trust* and *trust*. Trust was argued to be relationship-specific rather than “having trust in trust” and having confidence in what was familiar that was labeled as system trust. (Perrone et al. 2003; Cummings & Bromiley 1996; Luhmann 1988.)

At this point, before different types of trust were brought forth, risk was mentioned to be an extremely important ingredient of trust that defines why trust is even called for in the first place. A more elaborate discussion on risk was conducted in the last part of chapter three and it is brought up soon again. Before that was done however, the typifications of trust were discussed and they were used to give the reader a picture how the process of the development of trust is often depicted to be like. Consequently, a division of trust into three different classes was made.

The first and also the most instrumental stage of trust is the calculative or the calculation-based trust. It is based on an *assurance* that the other person or company etc. is to act in a certain way. This behavior need not be beneficial or in any way positive or congruent with the goals and aspirations of the trustor. The point is that the trustor knows, thus is assured that the other is to take certain course of action. This is then to give a sentiment of trust, or better to say confidence, as one knows what to expect from the other actor, given that the conditions stay unchanged.

The second stage of trust was labeled as *knowledge-based trust*. It stems from the approach that without knowing anything about the other person or company it is difficult or even impossible to place trust. Knowledge is possible to be acquired from a variety of sources such as from other people who know the person one is establishing a relationships with. Other ways of getting information is to assess the actual physical composure of the other, but this is seen more to create mistrust than further facilitate the creation of trust as far as the Finnish managers were concerned. The knowledge-based approach on trust was argued to closely relate with the concept of trustworthiness. More specifically, trustworthiness was seen to consist of three areas: *ability, benevolence and integrity*. They show that trustworthiness is multi-dimensional and it consists not only of perceivable features like abilities, but it also has an emotional type of dimension linking it to affective type of trust as well. (Mayer et al. 1995.)

The final and third stage of trust was described to be the *affective or the emotional trust*. It can be seen to have common features with the benevolence and integrity features that were seen to affect trustworthiness as well. Affective trust was described as

something that is an inherent part of close personal relationships for example. It is characterized to be a state of trust where faith is strong and prevalent in terms of having a strong sense and belief in the uncertain future. More specifically, faith is emphasized especially relating to the relationship. Furthermore, in a relationship where the affective trust stage has been reached the relationship itself is of value to both of the parties and motivation for the upkeep of the relationship is not based on external rewards such as status or financial gains, on the contrary, the relationship for its own sake brings satisfaction to the people. (Lewicki & Bunker 1996; Rempel et al. 1985.)

In addition to the three categories brought forth, also the personality-based view was presented. According to this view on trust, people differ by their inclination to place trust in others and accept being in position of vulnerability (McKnight et al. 1996). This approach on trust has been brought up by other trust scholars also (Rousseau et al. 1998), but in the research of Li (2008) this type of psychological state –approach to trust was elaborated and it was labeled as the attitudinal form of trust.

In the final sections of chapter three the division of trust into attitudinal and to behavioral trust gained more ground as risk and its fundamental role in the use of trust was brought forth again. By understanding the nature and the different dimensions of risk in a more profound manner, the reader is able to grasp what trust actually is in practice. By looking at the antecedents and functions of trust it was possible to show the process how trust acts as a sort of an exchange mode in risky situations that are incurred by people themselves. The focal point and conclusion of chapter three was that when the case is about relationship-specific trust and not about confidence on the “system”, it is not satisfactory only to place oneself vulnerable and be at ease with the chance of being the victim of shirking and cheating. However, what is crucial is to embark on a proactive way to develop trust starting from one’s own behavior. This calls for not only expecting the other to act in a trustworthy way, but in addition to act in a trustful way oneself. By showing willingness to be vulnerable and making sacrifices and acting trustfully, through perceivable and concrete behaviors, one can make a difference in planting the seed of trust in the relationship. By depicting the process of trust creation starting from the fundamentals of trustworthiness as a basis for further elaboration on the path of trust creation, the calculative stage and in some cases reaching the affective stage a picture was established what kind of process it is when trust is created from scratch. (Li 2008; Rousseau et al. 1998; Lewicki & Bunker 1996; Mayer et al. 1995; McAllister 1995.)

Risk turned out to be the issue that did not come up in the interviews in a similar way than in the literature (Li 2008). The interviewed managers characterized trust as something that needs to be experienced by oneself and as a sort of a state of belief that one can rely that things are done the way they were agreed. Uncertainty and some degree of predictability thus were some issues that correlate with some of the themes that have

been discussed throughout this study, but the concept of risk called for further analysis. In addition some inferences could be made on the issue of *how Finnish managers see the creation of interpersonal trust*. As an example they stressed that one needs to keep one's word and hold on to the agreed rules of the game. Reflecting to the theoretical classification of trust, the managers in general said that for trust to develop strong as in affective, it takes time and trust can be breached at any time into the relationship. Yet, many issues relating to the effect of culture still remained unresolved and some of the questions were waiting to be answered in the coming parts of the study. The issue that did not come up in the interviews to a large degree was the essential role of risk in terms of trust and the need for trust. This issue on trust was highly stressed in the literature, but trust and its creation was more seen as matter of luck or coincidence than goal-directed action towards trust creation.

Consequently, in the fourth chapter the focus was shift on culture. The purpose of this chapter, along with introducing the traditional Chinese culture and its most salient differences with the Finnish culture was to give an answer to *what is the impact of the Chinese culture on trust creation in Sino-Finnish business relationships*. The discussion was started off by presenting the ingredients of culture, these were identified as *institutions, values and history* based on several seminal works on culture (Vihakara 2006; Hofstede & Hofstede 2005; Oyserman et al. 2002; Hofstede 2001; Triandis 1995; 1994; Terpstra & David 1985). These three themes were then discussed and their relevance and implications on trust was analyzed. The views of Finnish managers were also used comprehensively to make sense how for example the institutional nature of China was seen to affect trust creation from the Finnish point of view. Based on the knowledge that was retrieved on the ingredients of trust and their effects on trust between Chinese and Finnish, some themes were given more emphasis than others. As an example the *interpersonal view on trust* was further highlighted due to the low level of institutionalization and law enforcement in China.

In addition, the traditional Chinese values emphasizing social relationships and family as a way to avoid uncertainty and respect authority and status led to the more inclusive discussion on the *Chinese social network system – guanxi*. Related to guanxi, reciprocity was brought forth as one inherent function of trust and as a social component that is strong in China, on one part since reciprocity is one of the traditional Chinese core values based on the teaching of Confucius. Speaking of cultures and their differences, based on research and also on managerial views, the approach to trust seems to change dramatically when the cultural border is crossed between Finland and China. Many of the interviewed managers stressed that it is absolutely necessary and normal to place trust in others as a given in Finland. However, in China this type of attitude is changed entirely. When the managers referred to trust in China, often the answers were full of mistrust and skepticism. It seems as of Finnish manager turned on an entirely different

mindset when they were in China. Regarding the collectivist nature of the Chinese culture and the different institutional background it is still rather easy to see why there is the need to change one's thinking so rapidly. It was argued that in China often one's inner circle comes first and the benefit of the whole group is also emphasized (Doney et al. 1998). In cases where the foreigner is not considered in any way to be important in "social terms" so to speak, then one needs to be careful. This issue relates closely with the social network of *guanxi* where "blood *guanxi*" is seen to be the only factor to guarantee others to treat you as trustworthy. This is in high contrast to Finland and the rest of Scandinavia where one is regarded trustworthy in most cases no matter of who one knows or has done business with (Worm 1997).

This means that in China the process of trust development seems to run counter to the way it does in the Western world like in Europe and in North America (Rousseau et al. 1998; McAllister 1995). The results from the literature strongly suggest that the *guanxi* network, which one is a part of, determines to a large extent the degree one is able to create trust with others. Here, the emphasis needs to be on the creation of affective trust since in China social ties determine who is granted trust and who is not. (Chua et al. 2009; Ng & Chua 2006; Child 2001.) The managers' views on this issue were even surprisingly convergent as most of them agreed that personal relationships are the very much needed basis for trust creation in China. In addition, the research done between Nordic business practitioners in China supports the findings made in this study. For example Vihakara (2006) and Ramström (2005) both found out that it takes a lot of time for trust to emerge between Finns and Chinese, but it can happen. Still, on the way to establishing mutual trust many obstacles stemming from two different cultures slow the trust creation process down significantly. As an example, Vihakara (2006) found out that the particularistic relationships between the Chinese themselves define a great deal of the power structures and hierarchies among the Chinese. Hence, the comprehension of the social network in China is difficult to be overstated also when it comes to trust creation as was pointed out by some of the managers in chapter four as well.

In the end of the fourth chapter the implications of the differing structure of the social network in China on trust creation was highlighted. It got a lot of attention in the interviews as it was mentioned to be a good source of information as well as a monitoring tool. In addition to these functions of the *guanxi* network its inherent function in the Chinese society is to serve the purpose of an intermediary of trust as it can be used for trust transfer between parties who even do not know each other. Aside from this view, it seems that the social network composes many indispensable ingredients regarding the creation and sustenance of trust such as monitoring, knowledge acquisition and it also provides channels through which one is easily able to get to know new people and people of interest. In this light the findings of this study are in line with other studies that have for example associated *guanxi* equaling to competitive advantage (Tsang 1998).

To sum up the findings of the culture chapter, it is argued that Finnish managers change their way of thinking in regards to trust according to the context where trust is utilized. If they say that they are trusting as given in Finland, in circumstances they are accustomed to dealing with others, the same does not seem to apply to China. On the contrary, in China, on the whole the managers turn mistrustful and more calculative in the way they do business and the way they interact with people. On the basis of findings from the literature the causes for this are traced back to culture. For example, the great difference in the size of the market, the nature of institutions as well as values and business traditions all have a direct effect on the way trust is seen to be created. Not only, is it seen as difficult, but it was said to require plenty of time and patience. This finding is highly similar to findings of other studies on Finnish and Nordic business practitioners and their Chinese counterparts (Vihakara 2006; Ramström 2005; Worm 1997). In a nutshell it can be stated that on the basis of the findings the entire concept of trustworthiness as well as the creation and prerequisites for affective trust to form are fundamentally different in China than in a culture such as Finland. These cultural differences have their part to play also concerning culture. Further, a lot of indications was received at this stage that communication difficulties especially have resulted in the mistrusting attitude towards trust creation as a whole with the Chinese.

As a consequence, the final chapter was devoted to communication and to the analysis of how through the means of communication it is possible to bring about trust in the Sino-Finnish business context that is plagued by drastic cultural dissimilarities in addition with the challenging task of trust creation. Hence, an answer was sought to the question of *what is the impact of Chinese culture on communication*. The discussion was kicked off by briefly presenting some of the domains where communication has been studied previously. The section that has the most significant bearings on the study is undoubtedly the section that discusses intercultural communication and intercultural communication competence (Spitzberg & Cupach 1984). The points that were stressed were for example the fact that the communicator needs to adapt to the culture where one is communicating in. This calls for understanding the culture, its history, appropriate ways of behavior such as taboos, practices and traditions. (Gudykunst & Hammer 1988.)

Further, relating to efficient communication, by being sensitive about own reactions towards foreigners and unfamiliar circumstances were also underscored in terms of the use of stereotypes for example. Stereotypes in conjunction with the highly differing communicational contexts of Finland and China were stressed to have great potential to create hindrances in terms of efficient communication where the communicators become understood in what they are aiming at communicating in the first place (Holden & Kortzfleisch 2004; Gudykunst & Kim 2002; Hall 1976). These issues on their part advocate the point that in situations where intercultural communication is needed, one

needs to be aware not only of the fundamentals of the culture, but also on the micro-context where the communication is taking place, e.g. business vs. off-duty communication. On one hand this is vital since in high-context and particularistic cultures such as China a significant degree of the meanings communicated are hidden in the what is not said –part of communication along with the issues of status differences and the context where the communicational event takes place (negotiation vs. off-duty).

Throughout the chapter the views of Finnish managers indicate that the communication practices are very much different in China and Finland and this on its part is likely to result in the increase on misunderstandings, in the strengthening of stereotypes and as a consequence in increasing emotional anxiety that decreases communication efficiency (Gudykunst & Kim 2002; Gudykunst & Nishida 2002). Another issue that was brought forth is the fact that it is easy for Finnish business practitioners to be entrapped by the Chinese culture by accident and by not being aware of the issues in the background. This issue came forth more clearly when the change of the Chinese culture in view of communication was discussed. Also the points were stressed that Finns too easily trust the utterances of Chinese to word to word and in this way end up getting “cheated” and mistreated in business dealings with the Chinese. These issues are important for the foreign practitioner to be aware of in order to be able to rethink the whole process of communication in China. One piece of advice would be to say that in China one needs to be ready to deal with conflicting information and conflicting communication and this issue should be processed in an analytical matter and not letting it affect interpersonal relationships in which trust is necessary to be built.

An issue that was raised by the managers on numerous occasion was *face*. Face means a person’s social honor and status and even though the concept is used all over the world it is particularly integral to the Chinese culture. Its influence in communication with the Chinese is undeniably strong as preserving face and one’s honor is, at least, traditionally seen central to efficient communication with the Chinese. Practical examples of face are for example situation where even disputes and conflicts need to be handled in a sensitive and a constructive way and not pushing own views in a too assertive way. Hence, it requires an approach that always gives the other a dignified alternative for conflict resolution. Further, face is not relevant only in conflict circumstances, but it is also a core issue in relationship development regardless of whether the interactants come from the same cultural system or not. Thus, people always have a cultural identity and a relational identity. Face becomes important in intercultural events especially since people aim at confirming others’ identities and also faces. In cultural interaction this means that in cases of insufficient information on the other’s culture the use of stereotypes, positive and negative ones, increases. Facework and face management is an approach that combines the concept of face with identity management theories stressing that one’s behavior needs to be changed according to the stage of the relationship.

(Cupach and Imahori 1993.) This approach correlates with the finding that relationship creation in China takes time and mutual face management is likely to be one aspect leading to this.

Also theory and practical evidence both showed that in many cases traditional Chinese values such as Confucian thought such as the Five Cardinal Principles and modern, Western thinking are in a paradoxical flux with each other and the Finnish practitioners are not always aware of this as it further makes communication even more confusing. A new dimension on communication was also brought forth in the interviews implying that communication, aside from being a means to facilitate trust creation it can also be utilized as a monitoring tool to assess the development of trust as Chinese tend to alter communication towards being more straightforward along with the increase of trust in the dyad.

In the final part of the study on how the establishment of a high trust relationship can be facilitated practical examples were presented of the ways Finnish managers have adapted to the local culture in ways of incorporating culture-based issues prevalent in China in addition to various communicational means to bring about fruitful conditions for the creation of trust. Some of these results were that one needs to have patience to build solid social relationships in China that are built on friendship and reciprocation. In addition, a proactive stance towards communication and interaction with clients and associates is largely called for and it underlines the non-verbal dimensions of communication. This however, is something that does not come easy for Finnish business practitioners since over in Finland business and private life are to a large degree seen separately in contrast to China (Ramström 2005; Worm 1997). As said, these opinions voiced out also underline the non-verbal dimension of communication. It seems to be exceptionally important for the Chinese to know that above all they have a friend who is willing to help them when the need arises in the future. Many interviewees also stressed the fact that relationships need to be formed actually before they are needed and utilized.

In view of trust, it can be said that despite of the uncertainties and rather strong negative stereotypes about operating in China one should be open-minded and show responsiveness to the Chinese and their needs and in this way show the willingness to reciprocate and see an effort in the relationship to reach a mutual benefit. In cases where strange and new circumstances are regarded as a hoax or they are approached with a mistrusting attitude this is more likely than not to hinder the development of robust and affective trust with the Chinese. In practice this means that the relationship is likely to be based more on short-term profit seeking and it might render business more calculative and the Chinese might be less willing to be flexible in his dealings with the foreign counterpart. Also, by placing more emphasis on communication, both in terms of the non-verbal and the verbal domains one can set up an avenue that contributes to the es-

establishment of positive experiences and in this way leads to closer interpersonal relations with fewer misconceptions, anxiety and uncertainty and higher levels of trust that has been discovered to be beneficial to business in many aspects.

Ultimately, the underlying issues and relevant themes are brought forth that not only are noteworthy according to the author, but also are of relevance concerning other studies in the field of culture, communication and trust. This is done to shed some light how this study positions itself e.g. relative to a number of other studies done on intercultural communication. A study that incorporates lot of similar elements than have been brought up within this study was conducted by Ting-Toomey (1993) on resourceful communication and this theme was approached through *identity negotiation*. Ting Toomey's (1993, 73) approach on communication departs from the idea that communicational events always include some amount of novelty as time, place, people and culture change and they all affect the communicators' self-images and thus communicational identities. Also she points out that intercultural communication is not entirely different from interpersonal communication, as there are many similar elements in both cases. Communicative resourcefulness is divided into three components: *cognitive resourcefulness, affective resourcefulness and behavioral resourcefulness*.

First of all communication is about creating meanings and realities (Gudykunst & Nishida 2001, 60) and this has got to do with using communication to create a self-image of ourselves as in making distinctions and inclusions about ourselves as individuals, cultural beings and so on. Basically, by communicating we aim to reduce solitude, but on the other hand we wish to remain distinctive to others at the same time. Ting-Toomey (1993) refers to these needs as *identity security – vulnerability* and *inclusion – differentiation dialectics* and they differ dramatically between the Eastern and Western individualistic and collectivistic cultures as in the former in-group cohesion and in the latter people appreciate and seek self-reliance (Ting-Toomey 1993, 81; Markus & Kitayama 1991.) The intercultural communicator thus needs to be aware of how one's own cultural identity affects how one communicates and interprets messages. Consequently, this will assist him to communicate more efficiently and appropriately as he knows in what situations which identity should be given more emphasis. Similarly to the evidence retrieved in the course of this study, Ting-Toomey (1993) stresses that by understanding our "communicational identities" better we are able to affect our communication and change and even play down the cultural impact of our identities and render us more capable to build on the *relationship-specific identities*. This brings the discussion onto cognitive resourcefulness. In regards to successful identity negotiation it calls for reframing, open-ended categorization and mindfulness (Ting-Toomey 1993, 94; Langer 1989, 62). The researchers argue that being mindful is about creating new categories for information, accepting new information actively and increasing identity vulnerability meaning that in the face of increased emotional anxiety one should not resort to the use

of familiar ways of thinking and shutting out what is new and even threatening. Perhaps, bluntly said, being mindful is about putting oneself in the other's shoes and approaching the situation from this perspective rather one's own. In light of culture this means also that culture as the definator of established and acceptable ways of communication might even be possible to downplay a bit and focus more on the creation of the interpersonal, human aspect of identity negotiation (Ting-Toomey 1993).

Affective resourcefulness is linked with the competence relating to emotions. This is especially in intercultural communication as the way sentiments can be expressed differs significantly. This on its part also calls for observation and patience to understand how e.g. failures as in shame or guilt are processed and shown to others in a culture such as China. In order for the interactants to be able to establish a congruence between cognitive and affective dimensions of efficient communication cultural knowledge about the social identity structures as well as communicational context needs to have been acquired. These issues resonate with traditional arguments of the role and impact of culture in a holistic way in the behavior of people. In the domain of communication effects are not only limited to the cognitive and affective dimensions, but the behavioral side needs to be addressed as well. Lastly, *behavioral resourcefulness* is about turning the cognitive and affective knowledge into practice in the sense that one knows in what circumstances it is imperative to attune one's behavior to reach the needed congruence between the communicating intercultural identities. This means for example that one knows in what situations it is needed to emphasize individual identities and vice versa to create positive self-images to reduce uncertainty and anxiety.

Even though a lot has been said about the changing nature of culture and the extinction of national cultures, the study shows that, at least in the case of Finland and China, cultural differences exist. Findings on communication and intercultural communication competence further denote that in an intercultural setting that by nature is sensitive to the harmful and enforced use and effect of stereotyping, communication and trust are closely related. As an example of this goes the information aspect and the fact that too open and direct communication can result in harmful effects due to transferring information without the emotional bond within the relationship. This issue can also be looked at from another perspective as too careful of an approach of information sharing can also lead to the increase of mistrust in the relationship. Simultaneously, the parties need to bear in mind the issue of relationship development and interdependency as they have an impact on defining the optimal level of trust. Hence, the structural compatibility of the cooperating companies along with the targets they have set in terms of business are likely to affect the developmental path of trust creation as well.

Aside from business, the actors need to come together to find a fit not only by negotiating their identities to be compatible in terms of reaching efficient and appropriate communication to avoid misinterpretations and miscommunication. Furthermore, the

larger task is to find commonalities on the personal level to validate trustworthiness so that further trust development can be set off. This is one of the issues that needs further attention in the future related to this field of study. Still, the catch is how to go about executing the process of inquiry, knowledge gathering and sharing along with friend-making in a reciprocal fashion so that they all contribute to trust building for both sides. This is the key, and this study has given some answers to this issue from the intercultural and interpersonal point of view with an added emphasis on communication.

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INTERVIEWS

Inter- viewee	se x	Age	In Chi- na for	Company	Position	Date of interview	Place of interview	Duration of inter- view
Manager Alpha	M	67 yrs	25 yrs	Finpro Shanghai office	Founder and former ma- naging direc- tor	14.01.201 0	Turku, Fin- land	48 mins
Manager Beta	M	<50 yrs	20 yrs	Oilon Inter- national Ltd.	Managing Director	18.01.201 0	Helsinki, Finland	43 mins
Manager Gamma	M	38 yrs	6 yrs	Alfaram Oy	Sales Direc- tor	22.01.201 0	Kaarina, Finland	1h 04 mins
Manager Delta	M	56 yrs	16 yrs	Company Delta	Managing Director	27.01.201 0	Turku, Fin- land	1h 10 mins
Manager Epsilon	M	49 yrs	17 yrs	Rolls-Royce Oy Ab	Product Spe- cialist	28.01.201 0	Rauma, Finland	59 mins
Manager Zeta	M	41 yrs	11 yrs	Trafotek Oy	Managing Director	09.02.201 0	Turku, Fin- land	1h (estima- te due to failure in recording)
Manager Eta	M	47 yrs	4 yrs	Company Eta	Managing Director	17.02.201 0	Turku, Fin- land	1h 10 mins
Manager Theta	M	38 yrs	10 yrs	Finland at Expo 2010, Finpro	Vice Commis- sioner General, Communica- tions Mana- ger	12.10.201 0	Shanghai, China	53 mins
Manager Iota	M	41 yrs	16 yrs	MPS China Management Consulting Co., Ltd.	Managing Director	22.10.201 0	Shanghai, China	53 mins

APPENDIX 1 INTERVIEW QUESTIONS

1. What is trust?

- a. Please give a short example on what trust is in your opinion.
- b. What is your personal way of interpreting and assessing trust?
- c. Based on your work experiences in China please describe trust using five words at most.
- d. In what kind of work-related situations, and how have these issues you mentioned surfaced?
- e. How do you think that it is possible to categorize trust? What kind of different trust types have you observed? (for example, personal features, institutional trust, calculative trust, cognitive and knowledge-based trust etc.)

2. Trust differences?

- a. Please give an example how do you define culture?
- b. What are the most significant cultural differences between China and Finland?
- c. What are the most significant cultural differences between the Chinese and Finnish business contexts? Why? How do you see them affecting the creation of trust between Chinese and Finns?
- d. What different levels of trust (see section 1), organizational-level trust vs. personal trust) and qualities you think are important and thus are emphasized in Sino-Finnish cooperation? Why?

3. Communication as the creator of trust?

- a. What do you think increases trust and what decreases it? How working with Chinese people affects these issues?
- b. In cases where trust creation is sought, what kind of communication is used in your organization (for example in terms of message, channel, effectiveness etc.)? What kind of results have you gotten in your organization through communication? Please give examples on successes and failures.
- c. What issues affect the communication methods used in your organization? When the aim is on trust creation especially how do the aforementioned methods change?
- d. How is communication seen as a part of doing business in your organization? What has led to this?
- e. What is the role of communication especially as a part of creating trust? Please give some examples.

- f. *Why do you feel communication is or is not important when trust is created? What communicational issues are underscored in terms of trust creation what are not? Why?*
- g. *What special challenges do the Chinese business context and culture induce on the connection and interrelatedness of communication and trust? Please give examples.*

4. Free word for clarifications and complements

APPENDIX 2 LIST OF FIGURES

Picture 1. Ingredients of culture

APPENDIX 3 OPERATIONALIZATION CHART

Sub-research Questions	Theory	Themes & Interview Questions (in brackets)
<i>What issues are relevant in interpersonal trust creation?</i>	<ul style="list-style-type: none"> • Li (2008; 2007) • Molm et al. (2000) • Rousseau et al. (1998) • Lewicki & Bunker (1996) • McAllister (1995) • McKnight et al. (1995) • Mayer et al. (1995) • Luhmann (1988) • Rempel et al. (1985) 	<ul style="list-style-type: none"> • <i>what trust is in your opinion? (1a)</i> • <i>What kind of different trust types have you observed? (1e)</i>
<i>How Finnish managers see the creation of interpersonal trust?</i>	Managerial views used instead of theory	<ul style="list-style-type: none"> • Time, patience, uncertainty, information and experience, reciprocity
<i>What is the impact of the Chinese culture on trust creation in Sino-Finnish business relationships?</i>	<ul style="list-style-type: none"> • Vihakara (2006) • Hofstede and Hofstede (2005) • Ramström (2005) • Ng & Chua (2006) • Chua, Morris & Ingram (2009) • Oyserman et al. (2002) • Child (2001) • Doney et al. (1998) • Worm (1997) • Fukuyama (1995) • Triandis (1995; 1994) • Bond (1991) • North (1990) • Granovetter (1985) 	<ul style="list-style-type: none"> • <i>What are the most significant cultural differences between China and Finland? (2b)</i> • <i>What are the most significant cultural differences between the Chinese and Finnish business contexts? Why? How do you see them affecting the creation of trust between Chinese and Finns? (2c)</i> • <i>What different levels of trust and qualities you think are important and thus are emphasized in Sino-Finnish cooperation? (2d)</i>
<i>what is the impact of Chinese culture on communication?</i>	<ul style="list-style-type: none"> • Fang & Faure (2010; 2008) • Vihakara (2006) • Nojonen (2004) • Gudykunst & Kim (2002) 	<ul style="list-style-type: none"> • <i>What do you think increases trust and what decreases it? How working with Chinese people affects these issues? (3a)</i>

	<ul style="list-style-type: none"> • Tominaga, Gudykunst & Ota (2002) • Gudykunst & Nishida (2001) • Operario & Fiske (2001) • Gelfand et al. (2000) • Gao & Ting-Toomey (1998) • Worm (1997) • Gudykunst (1995) • Ting-Toomey (1993) • Gao & Gudykunst (1990) • Hewstone & Brown (1986) • Smith & Williamson (1985) • Spitzberg & Cupach (1984) • Hall (1976) 	<ul style="list-style-type: none"> • <i>In cases where trust creation is sought, what kind of communication is used in your organization? (3b)</i> • <i>What is the role of communication especially as a part of creating trust? (3e)</i> • <i>What special challenges do the Chinese business context and culture induce on the connection and interrelatedness of communication and trust? (3g)</i>
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