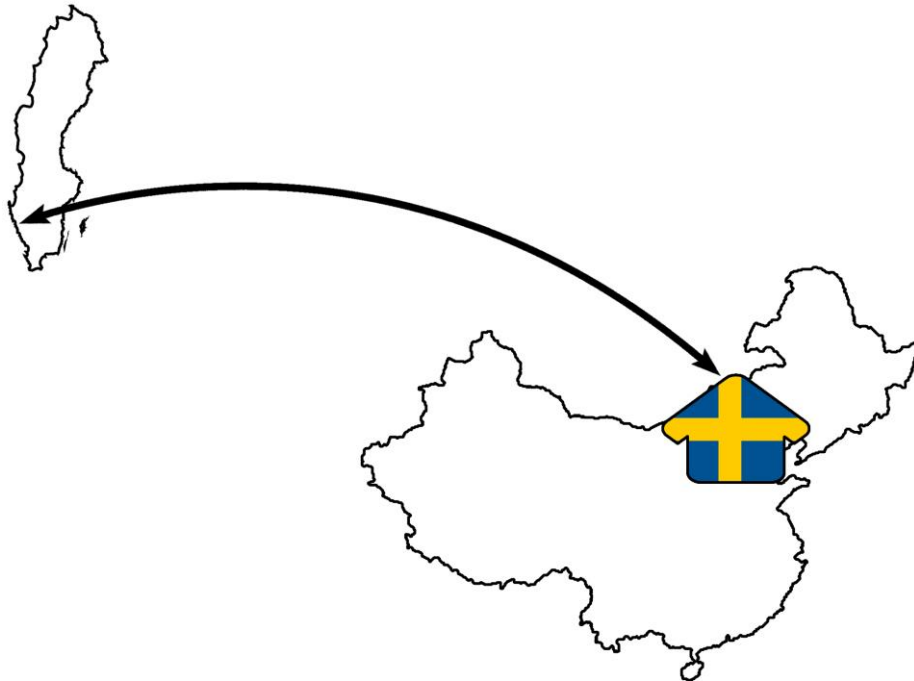# CHALMERS

An office in China

Cultural and communicative challenges for a small Swedish consultancy company

Master of Science Thesis in the Master's Programme Design and Construction Project Management

SARA LINDSKOG
ANTON OSCARSSON

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ABSTRACT

The increasingly globalized world has created opportunities for many companies when new markets are accessed. The consultancy company Wikström VVS-Kontroll AB have for five years worked with environmental and energy issues in the Chinese construction industry in order to provide Swedish knowledge and technology. Today, the work is done from Sweden but they consider starting an office in China to facilitate the work. Starting an office in another country can result in several challenges in different areas.

The aim of this study is to investigate which cultural and communicative challenges Wikström VVS-Kontroll AB might encounter during a startup of an office in China and what they should consider to be able to handle the challenges. To reach the aim a literature study and nine interviews was made. The literature study led to a theoretical framework about internationalization, culture, communication and trust.

To ensure that Swedish technology and knowledge about the Chinese construction industry is represented in the new office both Swedish and Chinese employees should work there. A collaboration between the offices in Sweden and China is also necessary to provide broader knowledge. Some of the cultural and communicative challenges with this arrangement might be that they have different mother tongues, ways to communicate and are located in different time zones. Getting all the employees to feel part of the organization and implementing an open culture in a hierarchical Chinese culture are other challenges that Wikström VVS-Kontroll AB might encounter. A well thought out recruitment process can ensure that the right competences are present in the organization which can be one way to handle some of the challenges. A management style that emphasizes openness could make it easier to apply a similar organizational culture in the new office as Wikström VVS-Kontroll AB have in Sweden. That could lead to a better dialogue which in turn can make misunderstandings more easily handled. In both the literature and the interviews it emerged that personal relationships and trust are important in order to do business in China. For Wikström VVS-Kontroll AB is it therefore important to devote time in building relationships and trust to be able to successfully do business there.

Key words: culture, communication, trust, construction industry, offshoring, offshored engineering, small enterprise, China, Sweden

II

Ett kontor i Kina

Kulturella och kommunikativa utmaningar för ett litet svenskt konsultföretag

Examensarbete inom Design and Construction Project Management

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SAMMANFATTNING

Den allt mer globaliserade världen har skapat möjligheter för många företag då nya marknader nås. Konsultföretaget Wikström VVS-Kontroll AB har under fem år arbetat med energi- och miljöfrågor inom den kinesiska byggbranschen för att tillhandahålla svensk kunskap och teknik. Idag görs arbetet från Sverige, men de överväger att starta ett kontor i Kina för att underlätta arbetet. Att starta ett kontor i ett annat land kan medföra flera utmaningar inom olika områden.

Målet med denna studie är att utreda vilka kulturella och kommunikativa utmaningar som Wikström VVS-Kontroll AB kan möta vid en uppstart av ett kontor i Kina och vad de bör beakta för att kunna hantera utmaningarna. För att nå målet genomfördes en litteraturstudie samt nio intervjuer. Litteraturstudien gav en teoretisk ram kring internationalisering, kultur, kommunikation och tillit.

För att säkerställa att både svensk teknik och kunskap om den kinesiska byggbranschen finns representerat på det nya kontoret bör både svensk och kinesisk personal arbeta där. Ett samarbete mellan kontoren i Sverige och Kina är också nödvändigt för att kunna tillhandahålla en bredare kunskap. Några av de kulturella och kommunikativa utmaningar som detta upplägg kan medföra är att de har olika modersmål, sätt att kommunicera och befinner sig i olika tidszoner. Att få alla anställda att känna sig som en del av organisationen och att implementera en öppen kultur inom en kinesisk, hierarkisk kultur är andra utmaningar som Wikström VVS-Kontroll AB kan möta. En väl genomtänkt rekryteringsprocess kan säkerställa att rätt kompetenser finns i organisationen vilket kan vara ett sätt att hantera några av utmaningarna. En ledarstil som betonar öppenhet skulle kunna göra det lättare att tillämpa en liknande organisationskultur på det nya kontoret som Wikström VVS-Kontroll AB har i Sverige. Det kan leda till en bättre dialog vilket i sin tur kan göra att missuppfattningar lättare kan hanteras. I både litteraturen och intervjuerna framkom att personliga relationer och tillit är viktigt för att göra affärer i Kina. För Wikström VVS-Kontroll AB är det därför viktigt att ägna tid åt att bygga relationer och tillit för att framgångsrikt kunna göra affärer där.

Nyckelord: kultur, kommunikation, tillit, byggbranschen, offshoring, offshored engineering, small enterprise, Kina, Sverige

Contents

Preface

This Master's thesis has been carried out during the spring of 2014 as the last part of our five years long education of Master of Science in Civil engineering at Chalmers University of Technology. The project is also the final part of the Master's program Design and Construction Project Management.

The study has been made in collaboration with Wikström VVS-Kontroll AB in Gothenburg and we would like to express our gratitude to Stefan Pettersson and Charlotta Berggren at the company who provided us with valuable information and support during the process.

We would also like to thank our supervisor, Christian Koch, at the division of Construction Management at Chalmers University of Technology who has supported and advised us throughout the work.

Finally, thanks to all the interviewees who spent their time and showed interest for the study.

Gothenburg, June 2014

Sara Lindskog and Anton Oscarsson

1 Introduction

The increasingly globalized world has created opportunities for many companies when new markets are accessed. Some companies choose to move parts of their operation to another country and the reason why varies (Bardhan and Jaffee, 2005). To reduce costs in the organization or to more easily be able to perform work in the other country are examples of reasons (CEO, 2008). Although the collaboration over national borders can result in advantages there are some problems that might occur. The fact that the culture differs between countries can lead to cultural clashes. Also the languages and the way to communicate may differ which can create communication challenges between people from the different countries.

One of the biggest economies in the world is China and they are therefore a large actor to take into consideration in this globalization process. China is the most populated country in the world and is going through an urbanization process that is predicted to increase in the future which creates a need for a lot of new construction in the cities (Zhou et al., 2013; Cai and Zhang, 2014). With more energy efficient technology in the construction industry China could reduce their energy use that today is the largest in the world (Zhou et al., 2013).

Wikström VVS-Kontroll AB are a Swedish consultancy company in the construction industry working with energy and built environment (further in this study the company are referred to as Wikström). For about five years they have worked with projects in China providing Swedish knowledge of energy efficient solutions. According to Pettersson[1] and Berggren[2] the company do this since they see that there today is a need in China for the technology applied in Sweden to manage some of China's environmental issues. The amount of work Wikström do in China have grown during the years and is expected to grow even more in the future. During their work with projects in China they have faced several problems including communication, time differences and differences in culture, rules and regulations. Therefore they are considering starting an office in China in order to facilitate some of the problems. Although an office in China may facilitate some of today's difficulties it can create new challenges for the company to deal with. This Master's thesis will investigate these challenges that can arise as a consequence of the new office with a focus on the cultural and communicative challenges. A deeper background about Wikström and the case is presented in Chapter 2.

1.1 Purpose

The aim of the study is to investigate which cultural and communicative challenges Wikström VVS-Kontroll AB might encounter during a startup of an office in China and what they should consider to be able to handle the challenges.

Research questions

- Which cultural and communicative challenges might Wikström encounter during a startup of an office in China?
- What should Wikström consider to be able to handle the challenges?

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[1] Stefan Pettersson (Senior consultant, former CEO, Wikström VVS-Kontroll AB) interviewed by the authors on February 7 2014.
[2] Charlotta Berggren (Marketing Manager, Wikström VVS-Kontroll AB) interviewed by the authors on February 7 2014.

1.2   Limitations

All factors that could be affected by a startup of an office in China are not treated in this study. The focus is put on the cultural and communicative factors. In addition to a theoretical framework interviews have been conducted with people related to the case. The empirical material received in those interviews is based on the individuals' experiences. As a result of this, the information gained only shows their view of the situation.

1.3   Disposition

This master thesis consists of seven chapters that shortly will be presented below.

Chapter 1, Introduction, gives an introduction to the study and includes the purpose together with the research questions.

Chapter 2, The case, contains a description of the company and the case investigated in the study.

Chapter 3, Method, describes the method used, which includes how the different parts of the study were done and why.

Chapter 4, Theoretical framework, provides a theoretical framework about the subjects: internationalization, culture, communication and trust. The framework is based on a literature study.

Chapter 5, Findings, contains a presentation of the empirical material collected during the interviews.

Chapter 6, Discussion, consists of a discussion of the empirical material presented in Chapter 5 and the theories in Chapter 4. The authors' thoughts are also added in this chapter.

Chapter 7, Conclusion, concludes what have been discussed in Chapter 6 and gives answers on the research questions. Finally recommendations for further investigations are presented.

2 The case

In this Master's thesis the company Wikström and their potential establishment of an office in China is studied. Wikström is introduced in this chapter together with other companies and organizations relevant for the study. After the company presentations the history behind Wikström's collaboration with companies in China and their business in China today are presented.

2.1 Company presentation

Wikström are a consultancy company in the construction industry working with HVAC, energy and built environment and provide services in project design, project management, energy declarations, education and more (Wikström VVS-Kontroll AB, 2014). Wikström were founded in 1954 and have the headquarters located in Gothenburg. There are 45 employees working at Wikström and they have a turnover of 45 Million SEK[3]. That categorizes them as a small sized enterprise according to the definition in EU law (European Commission, 2014).

2.2 Other companies and organizations

Below, all the other companies and organizations relevant for the study are presented in alphabetical order in order for the reader to better follow the case.

BCKJ, Beijing Bie Chu Kong Jian, are an architectural company with headquarters in Beijing. The company were founded in 2004 and have today around 15 employees. Dong[4] described that BCKJ since the start have had a strong interest in sustainable technology and focuses on sustainable architecture and environment design.

CENTEC, Centre for Environmental Technology, are a part of the Swedish Embassy in Beijing (Sweden abroad, 2014). They promote environmental technology from Sweden and support collaborations between companies and authorities in Sweden and China. The goal is to support China's work with reducing their carbon emissions and the environmental impact. CENTEC work close together with the part of the Swedish government working with issues regarding international export of environmental technology.

Hundred Group were described by Berggren[5] as a contractor and consultancy company selling HVAC products and the service of planning and installing them. Hundred Group have around 300 employees with headquarters in Beijing.

Liljewall Arkitekter AB (in this study referred to as Liljewall) are an architectural company with headquarters in Gothenburg (Liljewall arkitekter, 2014). Liljewall's projects are spread over Sweden but with focus on West Sweden. They also have a growing number of international projects.

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[3] Stefan Pettersson (Senior consultant, former CEO, Wikström VVS-Kontroll AB) interviewed by the authors on February 7 2014.

[4] Mei Dong (Chief architect, BCKJ) interviewed by the authors on March 4 2014.

[5] Charlotta Berggren (Marketing Manager, Wikström VVS-Kontroll AB) interviewed by the authors on February 27 2014.

The West Sweden Chamber of Commerce are a private, politically-neutral organization working to create growth and develop the future in West Sweden by helping companies to do more and better businesses (West Sweden Chamber of Commerce, 2014). Through their international network they support companies who want to pursue business internationally with information, business contacts and identify customers and suppliers. The organization consists of 2 600 member companies.

VBK Konsulterande ingenjörer AB (in this study referred to as VBK) are a consultancy company in the construction industry operating mainly in West Sweden (VBK, 2014). They operate in three main areas: construction planning, project administration and maintenance. VBK have about 80 employees with headquarters in Gothenburg.

2.3   The start of Wikström's business in China

During the first interview with Berggren[6] and Pettersson[7] they described the start of Wikström's work on the Chinese market (in this study the Chinese market means the Chinese construction industry with issues regarding energy and environmental technology). The information presented below is based on the information obtained in that interview.

By a coincidence Wikström met a Swedish architect who worked with projects in China. In November 2007 they followed him to a fair in China where they came in contact with Hundred Group, BCKJ and CENTEC whom the Swedish architect had prior contact with. At that time Wikström had an employee with Chinese background. She started to work together with the Swedish architect with projects in China since she had knowledge about both the country and the business. In the summer of 2009 the Swedish architect had downsized facing retirement and BCKJ and Hundred Group came to Sweden to meet with Wikström. The meeting led to Wikström's first project in China where they contributed with ideas and solutions to an office building that got a Green Building certification. Wikström asked The West Sweden Chamber of Commerce to do an investigation of the Chinese market in the fall of 2009, which showed that the market for sustainable design would grow in China. They also provided Wikström with short, medium and long term strategies for their work in China which included a growing collaboration with companies in China to create better relationships. The West Sweden Chamber of Commerce also concluded that Wikström should strive towards a presence in China since that would demonstrate commitment and increase the work.

During the time Wikström were working in China they had continuous contact with CENTEC who had gotten a lot of questions from Chinese companies about urban planning. To be able to do such projects Wikström contacted VBK and Liljewall, whom they had worked with previously. Their collaboration has led to many projects together with BCKJ and during the years they have for instance done pre studies and principal solutions for a hotel and a student house. The size of the projects has varied between 40 000 - 450 000 SEK.

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[6] Charlotta Berggren (Marketing Manager, Wikström VVS-Kontroll AB) interviewed by the authors on February 7 2014.

[7] Stefan Pettersson (Senior consultant, former CEO, Wikström VVS-Kontroll AB) interviewed by the authors on February 7 2014.

2.4   Wikström's business in China today

According to Berggren[8] Wikström deliver two different services to companies in China today. The first one, which also is the majority of their services, is pre studies and principal solutions that are done in an early stage in projects. The produced documents are handed over to Chinese HVAC-consultants who do the final drawings. Pettersson[9] added that Wikström today not have the precondition to do the final drawings since they lack knowledge in Chinese building codes and regulations. The second service that Wikström deliver today is education for Chinese companies about Swedish and European environmental technology according to Berggren[8].

Today most of the collaborations are with BCKJ according to Berggren[8]. Wikström do not work directly for the clients but do their work together with BCKJ. The work they have done have been for many different clients but they have continued to work with BCKJ since they have a good relationship with mutual trust.

2.5   What is going to be studied

There are a lot of things to take into consideration when planning for an establishment of an office in China. This master thesis will help shed some light on the issue by analyzing it from different perspectives that is given by interviews with the parties involved. The cultural and communicative challenges Wikström might encounter will be investigated. In the end a discussion and conclusion based on the theoretical framework, the interviews and the authors' own thoughts will be presented. The reasoning is based on the assumption that Wikström will start an office in China.

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[8] Charlotta Berggren (Marketing Manager, Wikström VVS-Kontroll AB) interviewed by the authors on February 7 2014.
[9] Stefan Pettersson (Senior consultant, former CEO, Wikström VVS-Kontroll AB) interviewed by the authors on February 7 2014.

3 Method

Using a qualitative research method this Master's thesis investigates which cultural and communicative challenges Wikström might encounter during a startup of an office in China and what they should consider to be able to handle the challenges. A qualitative research focuses more on words than on numbers while the opposite is called a quantitative research (Silverman, 2006). Silverman (2006) take a survey examining how people intend to vote in an election as an example of the latter. Statistics like that does not explain the reasons behind the numbers and that is where the qualitative method comes into play. It enables an understanding of what is going on by focusing on what is said and done (Gillham, 2010). The reason why a qualitative research method was chosen for this study is that it was deemed suitable for the case since it could provide a deeper understanding of the subjects, the companies involved and the possibilities for Wikström to start an office in China.

In the initial stage of the study an exploratory interview with two representatives from Wikström was held. During the interview the authors formed an understanding of the company's operations in China and the scope of the Master's thesis was discussed. This provided a basis for the continued work containing a literature study and interviews.

3.1 Literature study

After the first exploratory interview a literature study was conducted to achieve a thorough understanding of the subjects relevant in this study. The literature study was also necessary to be able to find relevant questions for the following interviews. Different databases were used to find material for the literature study, e.g. Scopus and ScienceDirect. Two methods were mostly used to find relevant articles and books. The first was to use keywords in different combinations to search the databases. Some of the main keywords used were: culture, communication, trust and offshoring. The other way to find material was to use the reference list in articles of interest to find new relevant articles and books. In addition to this, some articles were provided by the supervisor at Chalmers University of Technology.

3.2 Interviews

Apart from literature the study is based on empirical material collected during nine interviews within the period 2014-02-07 to 2014-03-31. The interviews were approximately between one and one and a half hour each. In order for the authors to have the possibility to listen to the interviews afterwards and complement the notes all interviews were recorded. The choice of persons to interview was made in consultation with representatives from Wikström. In order to obtain a broad perspective, multiple parties were chosen with different backgrounds. All the interviewees are shortly presented below.

Berggren, Charlotta is the marketing manager at Wikström and is the person who has worked most with the projects in China. She has been involved in all projects Wikström have done in China and in the projects she works as an assignment manager which means that she among other things manage most of the contact with the Chinese parties. She has been to China several times to visit for instance the embassy, BCKJ and Hundred Group.

Pettersson, Stefan is a senior consultant and the former CEO at Wikström. He works with strategic questions regarding the work on the Chinese market and has been involved since the start. Pettersson has previously worked with international issues at other companies including Swedish companies in the US. He has also been part of the visits to China described in the presentation of Berggren.

Falk, Torbjörn is a senior engineer at Wikström. For projects in Sweden he is an assignment manager that handles the communication with customers and has an economical responsibility. He has been working with one project in China where he did a pre study and principle solutions. The detailed design was then done by engineers in China and Falk reviewed the documents to make sure that the energy requirements on the building were met. He was working from Sweden and has not visited China.

Dong, Mei is the chief architect at BCKJ where she has worked since the start of the company in 2004. She graduated in 1989 and has worked with both interior design and housing projects around China.

Liu, Xiaochuan is a senior architect at BCKJ. He graduated from the same class as Dong in 1989. Both Liu and Dong have a strong interest for sustainable technology which is the reason why they started the collaborations with Swedish companies.

Henningsson, Martin is a marketing consultant at the West Sweden Chamber of Commerce and works with companies who do, or would like to do, business internationally. Earlier in his career he has lived and worked in China. He has for instance worked for a consultancy company who helped bigger Swedish international companies to start working in China and for a Chinese logistic company who had Swedish companies as customers.

Wollter, Anders is a minister counselor and the head of CENTEC. He lives and works in China and as the head of CENTEC he works as a manager for a multicultural team with employees both from Sweden and China. He has earlier experiences from different international projects as a diplomat within the trade promotion.

All the interviews were semi-structured, which means that the questions for each interview were prepared in advance but that there was time and space for further questions during the interview and a relocation of the order of the questions was possible (Bryman and Bell, 2011 p. 467). The interview questions were customized for each interviewee although some of the questions were repeated to all interviewees for the opportunity to compare their answers. The general impression was that all the interviewees were open and outspoken and did not hold back on any information even though some language problems occurred in the interviews with Dong and Liu since those were held in English.

3.3   Analysis of empirical material

The material from the interviews was compiled and sorted in accordance with the subjects studied. Only the relevant information gained from the interviews were put into the findings and the recordings were used to make sure that the answers were interpreted correctly. When the theoretical framework and the findings were compiled all the material came together in the discussion. By comparisons of the material and reasoning about the subjects a conclusion could be formed.

4 Theoretical framework

This chapter provides a theoretical framework of the areas brought up in the study. Wikström have plans to start an office in China, why theory about internationalization is presented. Then, the subject culture is presented since the cultural differences between Sweden and China will affect Wikström. Thirdly, communication is reviewed. This is done since it is a central part of the collaboration between people and an area where problems might occur. Finally, trust is presented since it affects collaboration between people and thereby a whole organization. In the end of the chapter a summary highlighting the most important parts of the theoretical framework is presented.

4.1 Internationalization

In sectors as the telecom equipment industry, parts of the manufacturing and other non-core functions have since long partly been performed in other countries (Bengtsson and Berggren, 2008). During the last decade relocation of engineering services to other countries has gained more popularity and is expected to be five times larger in 2020 than it was in 2010, despite the fact that many companies hesitates to move engineering work abroad (Sehgal et al., 2010). Moving parts of the operations abroad is known as offshoring which Bunyaratavej et al. (2011 p. 71) define as "*the transnational relocation or dispersion of service related activities that had previously been performed in the home country*". The offshored activities can be performed by an external company or internally by a branch office abroad (Doh et al., 2009). The focus of the case studied in this master thesis is on the latter where the company remains in control of the tasks offshored.

China is a big destination for engineering offshoring and the volume of offshoring there is expected to increase in the future (Sehgal et al., 2010). India is still the largest engineering offshoring country with 25 percent of the market. According to Sehgal et al. (2010) more than 800 000 engineers graduate every year in India and China in total and they are often willing to work for a lower salary than in most Western countries. However, an investigation made by Farrell and Grant (2005) shows that not all the engineers graduating in China are suitable for working in multinational companies. A too theoretical education result in engineering students who lack the capability to work in teams and achieve practical solutions. According to Farrell and Grant (2005) only ten percent of the young engineers in China are suitable for working in multinational companies.

4.1.1 Drivers for offshoring of engineering services

The reasons for companies to offshore parts of their operation vary and might be different in different industries (Bardhan and Jaffee, 2005). A lot of service organizations offshore their processes and the number seem to be increasing (Dossani and Kenney, 2007). Greater possibilities of communication have made it easier and more practical to have a distributed organization which is a reason why more companies offshore today (Lampel and Bhalla, 2011).

COE (2008) presented a study aiming at finding the drivers for offshoring. It is based on surveys and interviews with companies from the EPC sector (Engineering,

Procurement and Construction) that focuses on large infrastructural and industrial facilities. The result from the study is presented in Table 4.1 below. The original table consisted of more points but only the top ten drivers of offshoring are presented here.

Table 4.1   Drivers of offshoring for EPC companies (COE, 2008).

Drivers of offshoring		Average score *(1=low, 5=high)*
1	Need to reduce engineering service costs	4.3
2	Competitors	3.2
3	Global customers or local customers	3.2
4	Need to locate services close to the project location	3.1
5	Need to reduce engineering schedule	2.9
6	Goal to expand detailing work for the same cost	2.8
7	Country, client, or funding source requirements	2.8
8	Need to understand / comply with codes and standards	2.7
9	Company policy, e.g. global procurement of services	2.6
10	Need to balance engineer workload between multiple offices	2.5

The drivers were in the survey ranked by the companies and "Average score" in Table 4.1 shows that the superior reason for offshoring among the EPC companies is the need to reduce the costs of the engineering services. Several other researchers including Bengtsson and Berggren (2008) and Sehgal et al. (2010) hold cost cutting as a motive for companies to offshore. Apart from cutting costs and thereby gaining an advantage over their competitors, the survey indicated that the globalization has an effect on the drivers of offshoring. Point number three, four, seven, eight and nine all touch upon global issues that drive the companies to offshore. These drivers indicate that the companies are working on the global market and that offshoring is a consequence of that. In a survey made by Bardhan and Jaffee (2005) similar results were found. The survey was made with small and medium sized companies in the industry sector in California and showed that the reasons for offshoring mainly are to reduce costs but that access to skilled labor also was a factor for them.

4.1.2   Reasons for hesitancy to offshoring

Although offshoring can result in advantages there are risks involved that should be taken into consideration when deciding whether to offshore parts of the operations or not. Routine operations like call centers have a history of being transferred abroad and are therefore well tested and understood (Lewin et al., 2009), but when it comes to transferring engineering many companies find it difficult or off-limits (Sehgal et al., 2010). In the study by COE (2008) some reasons why companies hesitate to perform offshoring are listed. The companies referred to in this list are active in the AEC sector (Architectural, Engineering and Construction) that are focused on the design and construction of residential facilities and buildings.

Table 4.2   Reasons for hesitancy to offshoring. Based on COE (2008).

1	High initial costs
2	Transmission of sensitive information
3	Communication problems
4	Differences in norms and standards

Table 4.2 shows that the first reason, according to COE (2008), why companies hesitate to perform offshoring is that the high initial costs for investing in another country can be too much for a smaller company to handle. The second reason is that secrecy surrounding a project is transferred across borders to service providers abroad. Thirdly, there are a lot of communication and interaction taking place with the professionals in a project which can become more challenging in an offshored project. Finally, COE (2008) describe that there are differences between countries to take into consideration. Local codes, norms and standards are examples of differences that can create problems and are one of the reasons why some companies are hesitating to offshore. The survey by Bardhan and Jaffee (2005) made with small and medium sized companies in the industry sector presented earlier also presented some concerns that companies had for offshoring. The main reason in that survey was the transmission of sensitive information, followed by high costs and exposure to the potential targeted host countries, which show that the reasoning is similar in different industries.

4.1.3   How to deal with offshoring

The difficulties in overviewing the projects in combination with communication problems and economic issues sums up some of the issues that companies are facing in their decision to offshore or not. One way to reduce the risks is to start to perform the most routinized activities in the new location; that will reduce the risk of failure (Dossani and Kenney, 2007). Depending on the managers, the attitudes and the existing knowledge in the location the operations can then develop as the organization learns. As the operation matures, more value adding activities can be offshored. To achieve this learning there are many aspects to take into consideration. The language, culture and other social reasons can cause problems for the organization (Dossani and Kenney, 2007). Culture and communication are two areas that is covered further in the following subchapters.

4.2   Culture

Culture is shaped through interactions and is therefore constantly reenacted, but is at the same time stable in the sense that it provides a framework for people of how to behave in certain situations (Schein, 2010). Through this framework, or these rules, social behaviors can be predicted which make it easier for people to get along. According to Jarvenpaa and Keating (2011) people see the patterns in their environment and learn how to behave within a culture, which includes the use of language, social codes, values, clothing and more. Novinger (2001) states that some

behaviors have been learnt ever since birth, like how to treat other people, how to address them, when and how to make eye contact, what tone of voice that should be used etcetera. Hofstede (1980 p. 25) defines culture as *"the collective programming of the mind which distinguishes the members of one human group from another"*. There are different categories that can be used to describe culture according to Schein (2010) and categories cover cultures from nations down to small teams in- or outside organizations. Hollensen (2007) has broken down culture in a similar way to see how an individual is affected by the surroundings. In the following section a deeper presentation of Hollensen's (2007) layers of culture is presented. Schein (2010) has made a deeper study of the culture within organizations which also is presented later in this subchapter.

4.2.1   Layers of culture

To understand how the surroundings can have an impact on a person's culture different layers can be studied. Hollensen (2007) describe four layers that are shown in Figure 4.1, namely national culture, industry culture, organizational culture and individual behavior.
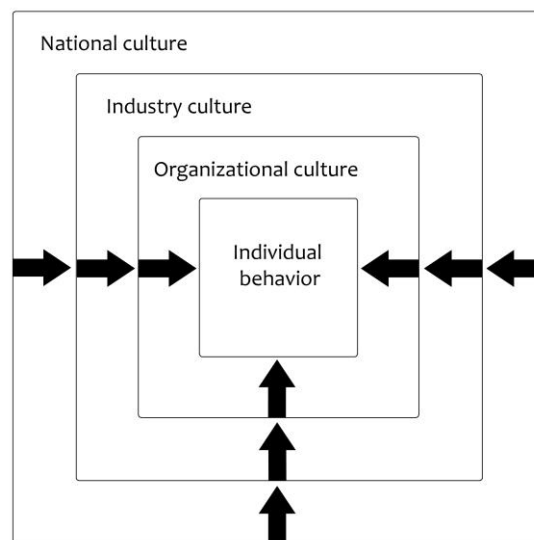
Figure 4.1   Layers of culture. Based on Hollensen (2007).

The overall framework for cultural concepts and legislation for business activities is provided by the national culture (Hollensen, 2007). The language, religion, values and more that applies in a country are examples from the national culture. An industry culture can be similar in different countries due to similar work processes. Although these similarities exist the industry locally work within a national culture and follow the norms there, which means that the industry culture partly is affected by the national culture. Organizations are affected both by the national culture and culture in the specific industry in which the organization works. The organizational culture includes the values, beliefs, meanings and behaviors in the organization although variations can occur between different departments providing subcultures within the organization. Finally Hollensen (2007) present the inner layer which is the individual behavior that is affected by all the other layers. As mentioned before Schein (2010) describes that a culture is shaped through interactions. The individual perspective is

therefore important because it is the individual who make the interactions, but all the other layers impact whom the individual will meet and what the circumstances will be like. The culture depends on the circumstances which means that a person can refer to different cultures depending on the situation and things can be done in another way at the office than at home (Jarvenpaa and Keating, 2011).

4.2.2 Levels of culture in an organization

When an organizational culture is studied some things that meet the eye can be observed, like what clothes are used, while others are more difficult to observe (Schein, 2010). Schein (2010) describes that a culture can be analyzed from different levels where the levels represent the visibility. The different levels are illustrated in Figure 4.2 below.
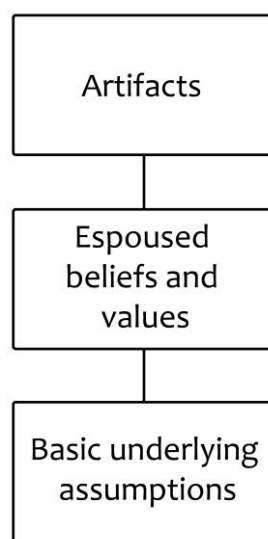
Figure 4.2   Levels of culture in an organization. Based on Schein (2004).

The first level that Schein (2010) describes is called *artifacts* which are all the things that can be observed, heard or felt in a culture. Office sizes, products and clothing are all examples of artifacts that can be seen, while language and stories about the organization are examples of cultural artifacts that can be heard. When it comes to the artifacts that can be felt it is not as easily observed. What is carried out in an organization and the climate of the groups working there are examples of this. Apart from that, controlling elements such as descriptions and organization charts are also part of the artifact level. The second level of culture in an organization described by Schein (2010) is *espoused beliefs and values*. The espoused beliefs are the ideas and goals that are shared in an organization and can be based on previous experience of what works and how to behave in a certain situation. Espoused values are the shared agreement of what is right and wrong in terms of behavior in the organization. Members of a group might come from different backgrounds and are used to different behaviors but over time a culture will be developed within the group and they will get their own espoused beliefs and values. The strategies and goals of the organization are also part of the second level. The third and last level is the *basic underlying assumptions*. Basic underlying assumptions refer to the things that are taken for granted and work as a mental map for individuals, a group or an organization in their

daily work. Activities that successfully have been used to solve a problem might have started as a hypothesis but will by time become incorporated in the daily work and be treated as reality. According to Novinger (2001) there are so many things that are learned in a culture that it would be impossible to keep track of how to behave in different situations if all actions would be a result of a decision. This results in that the behaviors become part of the level below our conscious thought, in the basic underlying assumptions.

4.2.3   Low-context and high-context cultures

Since there are many factors affecting a culture it might seem hard to generalize a culture for a country or a part of the world, but Hollensen (2007) presents a classification of culture where they are divided into low-context and high-context cultures. According to Hollensen (2007) the low-context culture applies to the Western Europe and the US. The high-context culture on the other hand applies to countries like Japan, China and Saudi Arabia. In Table 4.3 below are different characteristics of the cultures presented.

Table 4.3   General characteristics of low-context and high-context cultures (Hollensen, 2007 p. 220).

Characteristic	Low-context culture	High-context culture
Communication and language	Explicit, direct	Implicit, indirect
Sense of self and space	Informal handshakes	Formal hugs, bows, and handshakes
Dress and appearance	Dress for individual success, wide variety	Indication of position in society, religious rule
Food and eating habits	Eating is a necessity, fast food	Eating is social event
Time consciousness	Linear, exact, promptness is valued, time=money	Elastic, relative, time spent on enjoyment, time=relationships
Family and friends	Nuclear family, self-oriented, value youth	Extended family, other oriented, loyalty and responsibility, respect for old age
Values and norms	Independence, confrontation of conflict	Group conformity, harmony
Beliefs and attitudes	Egalitarian, challenge authority, individuals control destiny, gender equity	Hierarchical, respect for authority, individuals accept destiny, gender roles
Mental process and learning	Linear, logical, sequential, problem solving	Lateral, holistic, simultaneous, accepting life's difficulties
Business/work habits	Deal oriented ("quickly getting down to business"), rewards based on achievement, work has value	Relationship oriented ("first you make a friend, then you make a deal"), rewards based on seniority, work is a necessity

According to Kim et al. (1998) the classification of countries into low- and high context cultures is not easily done since it is more like a scale than two poles. In the high end of the scale countries like China, Japan and Korea can be found and in the low end are the Scandinavian countries like Sweden and Norway, but also Switzerland. France, Spain, African countries and countries in the Middle East is according to Kim et al. (1998) located closer to the center of the scale. Also Hall (1976) describes the concept of low- and high-context cultures in a way similar to the table above. In a high-context culture people are collectivistic, which means that they are very involved with each other. A result of the strong relationships a hierarchical structure has been formed where feelings are kept under control and information is shared in more simple ways, even if the messages can have a deeper meaning. The group is put forward the individual why a strong hierarchical system is accepted. People in a low-context culture are highly individualistic and have therefore relatively little involvement with others which leads to that there is no strong hierarchy forcing them to do something. Since the social bonds are not as strong people sometimes tend to withdraw if things not are going well.

4.3   Communication

Communication is an information exchange between two or more persons (Clegg et al., 2011). The exchange can be intentional or unintentional where a written email is an example of the first and body language of the second. Communication can be divided into verbal and non-verbal communication and during face-to-face communication two-thirds to three-fourths of the communication is non-verbal which includes facial expressions, tone of voice, dress and body language (Novinger, 2001). The non-verbal communication allows persons to perceive information and meanings apart from the words (Daim et al., 2012). Contradictions in the tone of voice or facial expressions in comparison with what people are saying can then be identified and questioned. If the communication is virtual instead of face-to-face the conditions will be changed. If people talk by telephone only the tone of voice is conveyed of the things included in the non-verbal communication. When email, or some other text based communication method, is used none of the non-verbal communication is conveyed and according to Daim et al. (2012) this situation can lead to anxiety, confusion and misses in the communication. At the same time email may generate some advantages compared to talking directly to people (Grosse, 2002). A main advantage is that people can take their time to component the email and therefore make the message clear before sending it. In the same way the receiver have time to consider the meaning of the message. That might help people communicate more effectively in a language other than their mother tongue which can help overcome language barriers.

4.3.1   Communication between cultures

Behavior is a part of how people communicate and since behaviors are affected by the culture also the communication is affected (Silverman, 2006). People always behave in one way or another and even if a person tries to keep from communicating by sitting quietly, the body language, face expression and breathing can communicate a lot of things. The consequence of the constant behavior is that a person cannot not communicate and all behaviors create communication. Also how people perceive

behaviors are affected by the culture since perception is learned in the cultural context and is the process of what people select to hear and how it is interpreted (Novinger, 2001). A lot of behaviors are learned and used for a long time and are therefore perceived as normal why they are not often thought of in daily life until another culture is faced (Jarvenpaa and Keating, 2011). Since behavioral norms vary between cultures the communication between people from different cultures is more complex than communication between people within the same culture (Novinger, 2001). Verbal languages can be translated and people have an understanding of the fact that misunderstandings in verbal communication between people from different countries can occur. The non-verbal communication that is related to behavior on the other hand can cause problems in the communication since this mostly is performed and received below our conscious thoughts. People can misunderstand each other's motives and thereby think less of the other party, why Novinger (2001) concludes that there is also a need for a translation of the non-verbal language.

According to Novinger (2001) and Hollensen (2007) communication in high-context cultures rely more on non-verbal communication and behaviors, that need to be interpreted by the receiver, than in low-context cultures in which the communication is mostly focused on words. Due to the differences there is a risk that people in a low-context culture misunderstand people in a high-context culture since it can be difficult to perceive and understand the non-verbal language (Novinger, 2001). An example of this is the way of answering a "yes-or-no" question. To answer "no" at a question is in many high-context cultures considered as impolite and a "maybe" or "I will try" will therefore by a person who understand the culture be interpreted as a "no".

If the mother tongue between people differs the language may cause communication problems even if the same language, e.g. English, is used to communicate (Gibson and Cohen, 2003). Two problems that Gibson and Cohen (2003) point out are that everyone may not have the same vocabulary and that the same word can have different meanings in different locations which can lead to misunderstandings. Another problem is that there is a tendency among people not wanting to communicate in a certain language because of the risk of feeling uncomfortable and being embarrassed in a situation where they feel unable to understand or make themselves understood (Novinger, 2001). Since it is more difficult to interact with persons who do not speak the same language it can be a barrier for relationships to be built which might be a problem for companies since close relationships are important in many countries.

4.3.2 Virtual teams

In virtual teams the communication is mainly virtual, rather than face-to-face, since the team members are geographically dispersed and operate across space and time (Gibson and Cohen, 2003). Teams who also operate across time zones and geographical boundaries are called global virtual teams. Through virtual and global virtual teams an organization has the opportunity to gather individuals who are spread at different locations into one team and thereby take advantages of the skills, knowledge and perspectives that these individuals possess without them having to move (Greenberg et al., 2007).

By the development of methods for virtual communication the opportunities to operate globally have increased (Daim et al., 2012). However, apart from advantages

that a virtual team may entail some disadvantages need to be considered (Gibson and Cohen, 2003). Technology problem, communication difficulties and an ineffective working process are examples of disadvantages in virtual teams compared to teams who operate in the same location and have greater possibilities to meet face-to-face. Global virtual teams are exposed to special challenges according to Gibson and Cohen (2003). The most challenging thing that they point out is the different contexts that members in a global virtual team are living and working in. As mentioned in previous subchapter, the culture varies between contexts and things as formal rules and norms can vary greatly. The different cultures between team members may disrupt the team building process since the individuals can have a hard time understanding and accepting the other members' situation. The lack of understanding might therefore create problems in establishing trust between members.

Another challenge that may occur in global virtual teams is when the team operates across time zones and thereby works on different times which mean that the period of time when the team members can work together is limited (Gibson and Cohen, 2003). An example is if a team operates in Sweden and China. The time difference is then seven hours and if the team members work between eight in the morning and five in the afternoon the work day for the team members only overlaps for two hours. The opportunity to have direct communication by e.g. phone or videoconference is therefore limited. Figure 4.3 illustrates the difference in time between Sweden and China and the marked part is the time a team in the example above can work together.

Sweden	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23
China	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	0	1	2	3	4	5	6

Figure 4.3   Time difference between Sweden and China.

4.4   Trust

Trust is an important element in collaborations between people (Gibson and Cohen, 2003). A high level of trust between people results in an environment with more positive attitudes, better cooperation and a higher level of performance (Evaristo, 2003). It can also strengthen relationships, make the information exchange between persons more open, reduce conflicts and may decrease transaction and negotiation costs (Gibson and Cohen, 2003).

Cultural differences between people can make the development of trust more complex according to Gibson and Cohen (2003) who have presented a study which indicates that there is a connection between cultural differences in a team and the level of trust. A team which team members have greater cultural differences generally has a lower level of trust then a team who share the same culture. Also Greenberg et al. (2007) claim that the cultural differences can affect the building of trust and states that in a team where the members live and work in different contexts, which is common in for example a global virtual team, misunderstandings and misinterpretations can easily occur and a behavior that is normal for a person in one context may be disturbing for a person in another. Lack of knowledge about each other's different contexts may lead to lower trust.

According to Gibson and Cohen (2003) communication is the underlying mechanism for building trust. Proper communication between people provides important information about the other part, creates a basis for developing common values and strengthens relationships. In virtual teams the preconditions for communication differs from a team who operates face-to-face, why trust is more difficult to build. The opportunity to get to know each other is significantly smaller in a virtual team where brief interactions like talks in the hallway and at the coffee breaks do not exist (Greenberg et al., 2007). According to Greenberg et al. (2007) these interactions are important in the development of trust between individuals. In addition, Greenberg et al. (2007) argue that the opportunity for teams who operate face-to-face to discuss work and give direct response both verbally, e.g. by content and tone, and non-verbally, e.g. by facial expressions, also promotes the development of trust. Creating a cohesion that leads the team members to a collective identity is hard when the team only communicate virtually.

Since trust is hard to build in virtual teams, Greenberg et al. (2007) claim that it is important to start building trust early in a virtual team's life cycle and that it provides greater conditions for trust to be sustained during the whole life cycle of the team. Initially it is important to find the right team members. The members need to have the right competencies for the task but also the right personal characteristics and skills to work in a virtual environment. If the team members do not know each other before the start, the initial impression they get about each other will be based on external cues rather than own experience (Greenberg et al., 2007). By providing information with a relevant introduction containing information about the members' experiences, situation and roles in the team preconceptions between members can be avoided. Without a proper introduction the team members tend to assume things about the others, such as their knowledge level. These assumptions can lead to expectations that are not met, which could result in a reduction of trust. Further Greenberg et al. (2007) claim that norms about communication and interactions should be identified within the team. To have frequent communication, be explicit about what they are thinking and doing and keeping deadlines will reduce uncertainty and increase trust. Another thing that Greenberg et al. (2007) state is important in the start of a team's life cycle is to have team-building exercises. The purpose of the team-building exercises should be to let the team members identify the abilities of the other members and understand how they can be an asset to the team. The exercises should also result in the members getting to know each other both professionally and personally. This creates a greater sense of togetherness in the team which is a prerequisite for trust.

4.5　Summary

The first subject in the theoretical framework was internationalization and offshoring was defined as: *the transnational relocation or dispersion of service related activities that had previously been performed in the home country.* There are different reasons why companies choose to offshore where reduction of costs is the primary reason and some of the other reasons concern globalization.

The next subject presented was culture where different theories describing culture were presented. Layers of culture describe how the individual behavior is affected by the national, industry and organizational culture. Levels of culture in an organization represent the visibility of the culture in three different levels. The first level, artifacts, is the things that can be observed, heard or felt. Espoused beliefs and values are the ideas and goals that are shared in an organization. Finally, the basic underlying assumptions refer to the things that are taken for granted and work as a mental map for individuals, a group or the entire organization in their daily work. Furthermore, low- and high context cultures were presented with a table that shows general characteristics of the different cultures. The culture in Sweden is a low-context culture where people among other characteristics are individualistic, have a direct communication and are deal oriented in business. The culture in China on the other hand is a high-context culture that among other things is collectivistic, hierarchical and relationship oriented in business.

Thirdly, communication was presented where both verbal and non-verbal communication was described. Depending on if face-to-face communication, email or telephone is used different amount of information can be transferred which have advantages and disadvantages in different situations. Low-context cultures rely more on words while high-context cultures use more non-verbal communication to transfer and interpret messages. Different languages are another thing that hampers communication since many people are reluctant to speaking another language than their mother tongue.

The last subject reviewed in the theoretical framework was trust. A high level of trust between people results in an environment with more positive attitudes, better cooperation, stronger relationships, a more open exchange of information, fewer conflicts and more. Building trust between people that work separated can be hard, why it is important that focus is put on that process. Through a team-building process that is followed by frequent communication throughout the work can uncertainties be reduced while trust is increased.

5 Findings

In this chapter the empirical material collected during the interviews is presented. All the information that was given in the interviews is not presented, but only what is of interest for the purpose of this Master's thesis. Similarities or differences of the interviewees' answers are pointed out but not discussed. No thoughts of the authors are added and no comparisons with the theoretical framework are made in this chapter.

5.1 The situation for Wikström today

As described in Chapter 2 Wikström do some work in China today. In this subchapter the reasons behind why they have chosen to enter the Chinese market and what difficulties they encounter today are presented.

5.1.1 Reasons to work on the Chinese market

The main reason why Wikström are interested in doing business on the Chinese market is according to Berggren because it is a market on which they can make money. Because of the size of the Chinese market there are a lot of possibilities for Swedish companies to do business there. According to Berggren some of the bigger Swedish consultancy companies in the construction industry, like Sweco, Tyréns and Tengbom, are already working in China, but if only a small part of the market could be accessed by the smaller technical consultancy companies in Gothenburg it could provide work for all of them.

Another reason for Wikström to work on the Chinese market that Berggren described is that China is handling environmental issues where Swedish competences in environmental technology can help. In the interview with Dong she confirmed this and said that through the collaboration with Wikström new technologies are brought to China. Also Wollter talked about the environment issues that China is facing. He claimed that today more than 50 percent of the Chinese population lives in cities compared with around 15 percent 20 years ago. As a result of this whole cities are built at once and according to Pettersson Chinese companies sometimes use the same environmental technology as was used in Sweden around 30 years ago. There is therefore a demand for the knowledge and technology that Swedish companies possess.

5.1.2 Difficulties with projects in China

During the interviews with employees at Wikström they described some difficulties that Wikström have met during the time they have worked with projects in China compared to projects in Sweden. The five main difficulties are described below.

One difficulty that all interviewees from Wikström have encountered is the communication. The language is especially challenging since no one employed at Wikström today can speak Chinese and the competence in English in China is limited according to Pettersson and Berggren. In addition to language Falk also mentioned the time difference as a difficulty in the communication. More about communication is presented later in this chapter.

The second difficulty described by Berggren and Pettersson are the cultural difference between Sweden and China. In the start of the collaboration with BCKJ Berggren and Pettersson experienced some problems due to culture clashes, but claimed that they have learned to handle most of the cultural differences that exist. Even if they say that they can handle the cultural differences, they pointed it out as a difficulty when they work together with Chinese companies. Later in this chapter a deeper presentation of the cultural issues is presented.

Thirdly, Pettersson and Berggren mentioned the routines and rules for the construction industry in China as a difficulty since Wikström have limited knowledge in that area. The Chinese building codes and standards differ from the ones used in Sweden and Wikström have problems understanding them since much of it is written only in Chinese. The fact that this has been a challenge for the collaboration was also confirmed by Dong. She claimed that all the technology used in Sweden cannot be brought to China because of the differences in the rules.

The fourth difficulty regards writing contracts in projects and Berggren explained that Wikström have experienced that contracts in China need to be more thoroughly written than in Sweden. An example is that it is important that the price agreed in the contract is the same as what should be paid in the end of the project. In Sweden it is common that the final price vary from the one agreed in the contract due to unforeseen events in the project. This difference between the countries was also confirmed during the interview with Liu. According to Berggren the laws in China are strict regarding the transfer of money out of the country and the price in the contract is therefore used as "evidence".

The last difficulty described during the interviews was the geographical distance between Sweden and China. Berggren explained that lack of time and money hinders frequent visits which result in that they cannot visit the projects, clients and business partners as often as they would like to. Also the time to visit eventual new projects is limited. This difficulty was confirmed by Falk and he stated that the geographical distance make it difficult for the parties to meet as often as they are used to in projects done in Sweden.

5.1.3 Reasons for a presence in China

The reason why Wikström want to have employees in China according to Berggren and Pettersson is that Wikström should be able to facilitate the work they are doing today and the work they want to do in the future. Simplifying the invoicing and becoming more visible are some of the things they hope will be a result of the new office. Pettersson also described that Chinese people rather do business with people located in the country which means that Wikström might be more or less forced to start an office in China if they want to make business with new clients in the future. With an office there Pettersson anticipates that both the number of projects and the size of them could increase. Both Liu and Dong also stated during the interviews that they see a need for Wikström to start an office located in China. They both see a possible improvement in the communication as a big reason for the relocation. Liu questioned how the sharing of ideas work when the other part is located so far from China. Dong stated that even if there are technical solutions to use for virtual communication it is not enough since the personal meetings are important in order to

win a Chinese company's trust. To build trust is thereby another reason she sees for Wikström to start an office in China.

Berggren and Pettersson claimed that a reduction of costs not is the reason why Wikström should start an office in China. Wollter explained during the interview that a relocation of business to China for cost cutting reasons are not common today since the salaries in China has increased. When it comes to the establishment of an office in China for Wikström, Wollter was not as convinced as the other interviewees that it is necessary. He claimed that it is more important to find a partner that is trustworthy and collaborative and that smaller knowledge enterprises in that case can be operated from Sweden. If the small knowledge enterprises have the economic power and endurance needed then they can start an office in China.

Berggren described that it would be a big economic investment for Wikström to establish an office in China. Since Wikström is a small company they need to take small steps and carefully consider all decisions. Furthermore Berggren claimed that a small company has less capital and therefore cannot afford to invest as much money as a bigger company can at once.

5.2 Ideas about Wikstöm's future office

An office for Wikström in China can be organized in many different ways. During the interviews some different ideas and thoughts about what tasks an office in China could perform and how the organization may be organized were brought up. These ideas and thoughts are presented below.

5.2.1 The tasks the office in China could perform

When it comes to the tasks that Wikström could perform in a future office in China Pettersson stated that the company could step up a level from the tasks they are doing today. Today Wikström do pre studies and principal solutions for projects in China while they do complete building documents for projects in Sweden. For the future in China both Pettersson and Berggren stated that they see Wikström as project leaders during the planning phase and also a part of the process of completing the projects, similar to their project management work in Sweden. In that way Wikström can make sure that the solutions that have been planned are the same as the ones being performed in reality. Further Berggren and Pettersson want Wikström to have projects all over China in the future but states that it is important that they can find the right scale on the projects. Smaller projects, like parts of buildings or even entire buildings, could be suitable for them. According to Berggren these projects can be obtained directly by Wikström in the future through the many contacts they have gotten in China by e.g. their contact with CENTEC.

According to Berggren examples of tasks that an office in China can manage is: establishing customer contacts, maintaining customer relationships, obtaining projects and managing the economy. For the construction planning process solutions and drawings can be made with support from engineers in Sweden. Berggren sees a lot of involvement from the Swedish office both from the beginning and in the future although she hopes that the involvement from Sweden can be reduced and the Chinese office can grow and take care of more things by itself in the future. She added that even if the projects are run in China they will be run in a Swedish way. Falk shared

the idea of a collaboration between the Swedish and the Chinese office. He stated that if the designing and planning process were located in China it would lead to some big advantages since the knowledge about laws and regulations are bigger there. Further he added that the office in Sweden can help relieving them of some routinized tasks.

5.2.2 How the office in China could be organized

Berggren and Pettersson both agreed that Wikström could collaborate with VBK and Liljewall when establishing an office in China. Berggren added that more companies from West Sweden might be a part of this collaboration in the future and that it could be a way for them to build a bigger organization in China; something that might be hard for Wikström to do by themselves. With a collaboration the possibilities to find employees who are willing to work in China will increase. Like Berggren and Pettersson, Henningsson also stated that a collaboration can be a good strategy since it is easier for a bigger organization to work in China because small companies can be ignored by Chinese companies.

Falk explained that it can be hard to find the right Swedish employees to send to China. People might say that they are interested at first but then hesitates when the time comes. Further he explained that those with the right amount of experience for the task often have a family with children that are hard to leave for a longer period of time. The younger employees without a family are often too inexperienced, and the older employees whose children have moved from home can be overqualified to do that kind of detailed work. According to Berggren it is probably hard to find persons who are interested in working in China for a long period.

In the initial interview with Pettersson and Berggren they explained that a Swedish person probably should be the manager for the office in China. Falk's view was consistent with Pettersson's and Berggren's and he stated that the reason why it should be a person from Sweden is that the person should be able to represent Swedish knowledge. As it is Swedish knowledge Wikström is going to sell, Berggren and Pettersson stated that it is important to have Swedish people located in the office to make sure that the right technical competences are present. Also Liu stated that it is important for a Swedish company who work on the Chinese market to have Swedish employees located in China and he argued that if a Swedish company not have Swedish people in China, Chinese people might have a hard time trusting the company. Further Falk explained that the whole point of starting an office in China is to have Swedish people located there. For the outward appearance it is preferable if there always are Swedish employees located in the office. Another argument to have Swedish employees in China that Falk mentioned is that it will be easier to communicate between the office in Sweden and China. For instance misunderstandings that may occur during a videoconference can more easily be cleared up if there are people who talk Swedish in both offices.

Pettersson and Berggren further stated that there also should be a Chinese person in a leading position in the office who has a lot of freedom to make own decisions. Since that person would be well acquainted with the Chinese market and know the language and culture many of the difficulties that Wikström face today could be facilitated or solved. Falk stated that he thinks there should be at least one Chinese person in the office that, apart from knowing the business, should be on such a level that he or she can face the authorities in China. According to Pettersson it is important that the

Chinese employee or employees working in the office can speak English well and that one possibility could be to recruit Chinese people living in Sweden that would be interested in moving back to China. Apart from Chinese and English they might then speak some Swedish. Also Liu and Dong stated in the interviews that the communication and language competence is important for people working for Wikström in China. Liu said that he thinks it might be helpful if the Swedish people working in China can speak some Chinese.

Falk claimed that the number of employees working for Wikström in China will depend on which tasks the employees in the office will have, if it only will be representation for the company or if they will do the design for the projects. If the design will be done Falk reasoned that there should be at least two Chinese and two Swedish employees in the office. Further he stated that it may not be possible to start an office with a lot of employees at once. Wikström have to start in a small scale and might only have one Swedish employee working in the office at first. Thereby they will only have a representation in China and much of the design work need to be done in Sweden. Falk also explained that if a project that requires several employees is obtained they can send employees to work in China with the specific project for a limited period of time.

5.3   Culture

Culture differences between people in Sweden and China are something that was brought up in all interviews. In this subchapter the interviewees' experiences of the culture in China and what differs from the culture in Sweden are presented followed by the culture at Wikström. Furthermore experience of how to manage a multicultural team is presented.

5.3.1   Culture in China

Henningsson and Wollter both stated in the interviews that there are different cultures in China since it is a large country with different climate zones and languages, but even though these subcultures exist there is a national culture that most people refer to. In the interviews some Chinese culture issues that differ from Sweden and may affect Wikström if they establish an office in China was brought up.

When organizational culture in China was discussed during the interviews Berggren, Pettersson, Henningsson and Wollter all described a hierarchical climate with a top-down management where titles are important. Henningsson described that the employees cannot approach a manager as they want and that a manager do not take advice from the employees since a manager will not admit that he or she was wrong. Wollter shared this view and described that a Chinese employee follow the manager's command. Since all employees communicate with the manager they are not used to work in teams according to Wollter. Berggren stated that a result of the strong hierarchy is that it is important to have the right contacts within a company. If the boss does not agree with a deal an employee is trying to make, the deal cannot happen. But at the same time, there are individuals in China that are different from the crowd and Berggren explained that Dong is an example of that because she does not behave as most other managers in China. Dong is more outspoken and act more like a manager in Sweden. According to Wollter it is important to have knowledge about the

hierarchical system when working as a manager in China. Swedish managers usually say what they think out loud and since Chinese employees do not question the manager, they will do what they think he or she wants even if it might not be the best possible solution.

Henningsson and Wollter described some things that a company needs to take into consideration when doing business in China. According to Henningsson it is important to realize that it is not possible to make a quick stop in China and expect to make a deal since that will result in a unserious impression. Instead patience must be used to allow time for trust to be built before business can be made. Furthermore Henningsson stated that people from Sweden meeting Chinese companies for the first time often get the impression that it went well since the Chinese give a positive impression. In fact it is just a part of their culture to be polite, smile and say yes but their interest might not be as big as it seems. In the interview with Liu the Chinese perspective of this was given. He said that when he first met people from Sweden he found them to be very serious without a smile on their faces, but that he could see the real side of them after he had gotten to know them. Wollter described that another thing to consider is that China is a country where corruption is widespread which may lead to that companies from abroad have problems navigating. This is also, according to Wollter, confirmed by surveys that CENTEC do among Swedish companies in China. Further Wollter stated that it is important for a company to find a partner who they trust and to talk about issues such as corruption with the partner. Henningsson brought up the issue of patents and stated that people in Western countries are more accurate regarding patent than people from Asia and that it is considered as a wrongful behavior in Western countries to copy others ideas and get them to appear as their own. In Asia on the other hand it is a common way to behave. Henningsson gave the example that artists in China need to learn how to copy the big works of art before they can make their own.

5.3.2 Culture at Wikström

In the interviews with Pettersson, Berggren and Falk, all three described the culture at Wikström as an open culture where all employees are given the opportunity to ask questions and express their opinions. This goes for everyone and all employees have the possibility to talk to the CEO and express their view on things. The climate between employees is also open and all of them take advantage of each other's knowledge according to Pettersson. Berggren described that at Wikström it is important that all employees are visible outside the company. She explained that one way they work with this is that all employees are assigned responsibility for the contact with customers and clients.

According to both Berggren and Falk Wikström have a flat organization. Berggren described the relationship between the CEO and employees as a "friend relationship" that is open on both sides although Pettersson, as the former CEO, adds that the relationship between employees and the CEO always becomes a bit special. Regarding managers at Wikström Falk explained that they are also working in projects and not always as a manager. Since all employees know which competences their colleagues have the title is not important and Pettersson stated that no one is trying to get higher in the hierarchy on another employee's expense. Furthermore Berggren explained that at Wikström, and at most Swedish companies, questioning things is seen as something positive. This, she think, is a cultural thing that people in

Sweden have since the childhood and school. Swedish people today are brought up to question things and ask "why?".

5.3.3   Meeting the Chinese culture

According to Falk the real differences and difficulties will be shown after a while when the employees in the new office have worked together for a number of weeks. These difficulties can be hard to predict based solely on emails, videoconferences or visits to China. Falk also stated that there is a difference between working with the engineers in the office and facing authorities outside of the office. The Swedish and Chinese engineers working together in the same office will probably create a culture of their own that will be a mix of the two national cultures, why it probably will work out well in the office. Learning the culture in the rest of China is going to be harder and take more time according to Falk.

5.3.4   Experiences of multicultural team

Wollter claimed that even if there is a culture difference between Sweden and China it is possible to establish a Swedish organization and management culture within an organization with people from China. Further Wollter stated that the Swedish culture and the Swedish society are highly valued among many people in China that he has come in contact with. He mentioned that in Sweden it is a strength that a horizontal responsibility is applied. Swedish people take responsibility, interpret frame instructions and do not await orders. Wollter's experience is that Chinese people become motivated and proud when working in a Swedish organization and he stated that they get positive energy when they get responsibility and feedback which they are not used to. However he considered that it necessary to be accurate in the recruitment of employees. He pointed out that it might be good to have persons who have experience of the Swedish culture. Wollter also stated that it is important to decide upon which organizational culture that should exist and that building an organization upon Swedish culture with employees from China is not made at once, it will take some time. To exemplify he described that when he started to work as a manager for his team, with both Swedish and Chinese employees, he acted too much like a manager in Sweden. The first thing he did was to talk to each employee one at the time. When he talked to the first one he asked about her job and what she did, but she did not know what to answer since she did not know what he expected her to answer. This, he meant shows that it for a Swedish manager is necessary to understand what the Swedish management culture implies. What he then did was to be clear about how he wanted the employees to act. He explained that he expected them to collaborate with each other and not compete. Furthermore he told them to question him and have an own opinion that they express to him. It took a while for the Chinese employees to accept this but Wollter thinks it has created a security among the employees that is positive and has given them energy to work.

5.4 Communication

To communicate is a challenge when people from different parts of world will collaborate due to the fact that different languages are spoken, but also due to different cultures and that people sometimes not are at the same geographic place. In this subchapter the interviewees' experiences of communication between Swedish and Chinese people are presented followed by their experiences of virtual communication.

5.4.1 Different languages

Berggren and Pettersson have met difficulties in their work together with Chinese people since many of them have a hard time speaking English. They have seen tendencies of a barrier for Chinese companies when it comes to collaborating and doing business with companies who do not speak Chinese. Pettersson and Berggren have e.g. noticed that many Chinese people avoid doing phone calls to people who cannot handle the Chinese language. Falk stated that some employees in Sweden feel the same way. They do not want to work with international projects since they do not feel that their English is sufficient. Falk claimed that it is when technical terms are going to be discussed that the difficulties and misunderstandings are the greatest. Berggren and Pettersson believed that it was necessary for Wikström to have the employee with Chinese background at the company in order to enter the Chinese market, which also Dong pointed out during the interview with her. Dong also stated that the communication worked very well before when Wikström had that employee, but that it still works well since BCKJ now have an employee that speaks English in a sufficient way.

According to Henningsson more people in China master English now than before and he sees two contributing factors for this: education and internet. More people study English nowadays and the new computer habits help increase the level of English which have resulted in a new generation of English speaking people in China. Liu and Dong agreed that English is widespread among younger people, but that the older generation still have a hard time speaking English. Today almost all the new graduated students in China can speak English. Dong also stated that English is more widespread in the technical fields and that almost all the managers can speak English.

5.4.2 Differences between communication in China and Sweden

The way that people communicate is different between Asia and the Western countries according to Henningsson. One example of this is that in Sweden and other Western countries people say what they mean straight out. In China and other Asian countries that frankness can be perceived as uncomfortable. He described that it can be looked at as arrows going from A to B where the arrow is the way that a person (A) communicate with another person (B), see Figure 5.1. The Western way to communicate is direct while the Asian way is indirect where the arrow follows a squiggly path which can lead to frustration among Westerners. In the interview with Wollter he confirmed that the Chinese way to communicate is indirect and said that this is something that Swedish persons who work in China have to learn to handle.
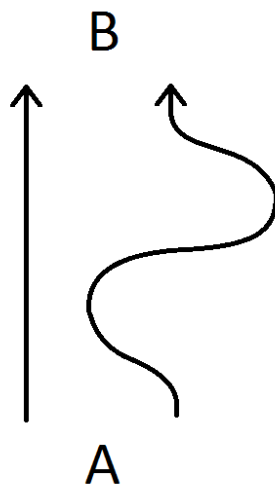
Figure 5.1 Ways to communicate: direct and indirect.

Another thing that Henningsson mentioned as a difference in the way that Swedish and Chinese people communicate is the usage of the word "yes". In Western countries a yes means yes but that might not be true in China. Saying no to someone as a Chinese is perceived as confrontational and can make the other part lose their face, why they prefer to say yes. In some cases the word yes should therefore be interpreted as "Yes, while I am trying to come up with a way to handle the situation".

5.4.3   Experience of virtual communication

To the question which way of communication that is most commonly used between Wikström and BCKJ all the representatives from both companies answered email. Falk claimed that he always used email in the project he was involved in. According to Berggren that is the way of communication that works best due to the time difference between Sweden and China. She added that it is also easier to be clear when writing emails compared to the misunderstandings that might occur during phone calls. Pettersson agreed and said that misunderstandings can occur in emails as well but that time is given when reading emails to try to clear out the misunderstandings. Also Falk's opinion complied with Berggren's and he claimed that there were times when misunderstandings occurred in his communication with representatives from Chinese companies but a reformulation usually solved the problem. One disadvantage with email that Berggren explained is that the answers take time which can lead to a choppy communication. Pettersson stated that he never have faced a situation where the difficulties of communication through email not has been possible to sort out.

Apart from email Wikström and BCKJ use telephone or Skype sometimes to communicate. Pettersson prefer Skype over telephone since it is easier to communicate when the two parties can see each other. As described in Chapter 2, when Wikström started the collaboration with BCKJ they had an employee with Chinese background who could speak Chinese, English and some Swedish. According to Berggren verbal communication was used more when Wikström still had that employee at the office in Gothenburg. Now, Pettersson described that it is harder

since the level of English varies, even though it has been made easier by the English speaking person that has been employed by BCKJ in China. Further he claimed that the communication is better with those whom he has met in person since that gives him an understanding of their way to communicate.

Videoconference is a possible method to use for virtual communication, but it requires that all people involved are engaged for it to work according to Falk who has experience of that from previous international projects. It also requires that everyone have the right technology and that all know how to talk in these situations. Videoconferences save both time and money and give the opportunity to have meetings more often compared to face-to-face meetings, but Falk explained that it never flows in the same way. It can easily happen that people talk at the same time and there is a risk that participants miss information if they do not perceive what is said. Also the opportunity to feel the atmosphere is limited in videoconferences. Even if there is a screen it is hard to see how the other persons react. Falk claimed that it is particularly difficult when there are cultural differences between the participants in the meeting. Furthermore he thinks that experience and practice will help and if videoconferences is regularly used it will improve the communication further on. He also stated that a personal meeting before the videoconference will facilitate the communication. For example it will give a greater opportunity to recognize voices. Further Falk stated that it in all situations is easier to talk to a person who is familiar.

5.5   Trust

During the interviews with the two representatives from BCKJ, Liu and Dong, trust was emphasized as the most important factor for them and other Chinese people when collaborating with other companies. Dong stated that persons from Sweden think that it is enough to show the technology and competence of the company to be able to reach an agreement of collaboration. According to Wollter Swedish people are characterized by having a strong trust to everyone. Further, Swedish people take trust for granted which can result in them seeming naive in the eyes of people in other countries around the world. For Chinese companies on the other hand Dong described that business starts with building trust. The parties should meet and first after trust between them have been established a discussion about a deal is relevant. This image was also shared by Henningsson and Wollter. Henningsson described that many Chinese preferably do business with family and friends and that it is important to be friends and feel trust for each other before business can be made. A result of this is that it is harder to do business with Chinese companies on a distance since it is harder to build a strong relationship which increases the risk that the Chinese company will end the collaboration.

Wikström have understood how important the personal relations are in China according to Berggren and they have gotten to know BCKJ very well during the years they have worked together. The feeling is mutual from BCKJ according to Liu. He described that they felt trust for Wikström after they had visited them in Gothenburg in 2009 since the people they meet felt honest and shared their ideas with BCKJ. Pettersson claimed in the interview that the openness and honesty between the companies have continued throughout the years and he trusts them as much as the Swedish companies that Wikström collaborate with.

5.5.1 Trust in virtual teams

Wollter described that it is important not to assume that a virtual team will work at once. Trust does not come by itself why a team must be formed first. Further he describe that people in Sweden often assume that everything will work out, but that it is different in China. For a virtual team to form with Chinese people Wollter stated that a strong team building should be held in the initial phase. This should be done by physical meetings to enable trust to be built. Only when the trust has been established, the team will be able to function well. In the interview with Henningsson he confirmed that it is important to meet when working with Chinese people. A well-established friendship in the early phase can result in a reduced need for meetings in the future. Wollter stated that e.g. a videoconference will work better when trust has been built. Furthermore he described that the need for a buildup of a team is dependent on the individuals, what authority the employees are going to have and to what extent they have the capability to work on their own. If they are supposed to take initiatives but lack the ability to work on their own it may result in them sitting around waiting for orders.

6 Discussion

In this chapter the information presented in the previous chapters is discussed. The empirical material presented in Chapter 5 is compared with the theories in Chapter 4 and the authors' thoughts are added. Firstly, the discussion concerns Wikström's situation today and the necessity of an office in China. Secondly, different phases of the process of starting an office is handled before the cultural and communicative challenges are discussed. In addition, a discussion about trust is presented since it emerged as an important factor during the interviews. Further, factors affecting the organization in China are discussed.

The reasoning in the discussion is based on the assumption that Wikström will start an office in China. Some of the difficulties that Wikström face today could probably be facilitated or solved through other solutions than by an office in China. If for example a person with background from the Chinese construction industry would work in Wikström's office in Sweden, this person could help overcome some of the language and cultural difficulties. With this person's knowledge about the Chinese market some of the difficulties regarding rules and laws could hopefully be facilitated as well. Yet, even if some of the difficulties would be solved, others would still remain. The communication would still be virtual with the time difference to deal with. Doing business face-to-face, which is important in the Chinese culture according to Hollensen (2007) and several of the interviewees, would also be hard since it is such a long way to travel to China. In fact, the Chinese culture more or less requires that a company who want to make business in China have a presence there in order to build trust. These arguments strengthen the thesis that Wikström should have an office in China.

6.1 Working with offshoring

Offshoring is, according to Bunyaratavej et al. (2011), *a transnational relocation of activities that previously have been performed in the home country,* which is what Wikström is going to do. Some of the activities that are going to be moved to China are according to Berggren maintaining customer relations, obtaining projects and more project specific activities like the planning process and making of drawings. The definition by Bunyaratavej et al. (2011) describe that it is activities that previously have been performed in the home country that are relocated which creates a problem when a project organization like Wikström are studied. Some of the relocated activities are ongoing, like maintaining customer relations, but new projects bring new activities since new plans and drawings have to be made. When those activities are performed in the new country from beginning to end the definition is not sufficient to determine whether it is offshoring or not. It depends on if the work tasks in the new projects are interpreted as new activities or a continuation of the engineering work where projects come and go. In this study the latter interpretation is used where the activities relocated to China are seen as ongoing engineering work.

The superior reason why companies in the EPC sector (Engineering, Procurement and Construction) offshore is according to COE (2008) to reduce costs. That is according to Berggren not an argument for Wikström in their decision to start an office in China. As a small sized enterprise, Wikström are better described as a company working in the AEC sector (Architectural, Engineering and Construction) than in the EPC sector, but since it mostly is bigger companies within the construction industry that are

located in China today a comparison with the EPC sector is relevant. Also, the survey made by Bardhan and Jaffee (2005) showed that the drivers are similar for small and medium sized companies. One reason why Wikström do not see cost cutting as a reason for starting an office could be that they do not have enough routinized work to offshore to recoup the costs that an office would entail. Although it might not be relevant right now, there is nothing stopping Wikström from also using the office in China to, in the future, do some routinized work that Swedish engineers otherwise would have done. Some of the other factors presented by COE (2008) concerning global issues, like the need to locate services close to the project location and the need to understand and comply with codes and standards, are more fitted to the Wikström case. This shows that, apart from the economic factors, the reasons for offshoring can be similar for companies of different sizes.

6.2 Phases of the organization

During the last five years Wikström have come a long way with their work on the Chinese market and have established a lot of contacts with other companies in China according to Berggren and Pettersson. During this period the process has been characterized by Wikström doing everything in their own pace. Berggren described that by taking small steps they have managed to find their way at a rate consistent with their capacity. It is therefore not reasonable to think that Wikström can start an office in China with a lot of employees right away. One reason for this is the high initial cost that Berggren stated a new office will require. To reduce the initial cost and be able to startup the office it would be wise for Wikström to continue to take small steps. In the initial phase it is more important for them to have a presence in China than performing all the work related to projects in China there.

The interviewees from Wikström and BCKJ agreed that there always should be at least one Swedish employee present in the office since it is a Swedish company that is represented. In the initial phase it may be sufficient with only one Swedish employee at once. Apart from the Swedish employee, a Chinese person should probably also be involved in the initial phase to help navigate through the Chinese market. Pettersson and Berggren want Wikström to have a bigger influence and control over the entire process of the projects they are involved in. By attending meetings during the entire process the two employees can manage this as well. Engineers working for Wikström in Sweden will at this time be involved in the projects to contribute with their knowledge of environmental technology.

If Wikström's turnover in China increases there will probably be a need for a bigger organization located there and much of the work performed in Sweden could be moved to engineers in the Chinese office. The fact that the engineers then are closer to the projects will probably increase the understanding of what should be done and how. The employees in the organization in this second phase should consist of a mix of Swedish and Chinese engineers where the Swedish engineers are needed to contribute with their expert knowledge in environmental technology and the Chinese engineers will contribute with their knowledge about the Chinese market. The number of employees will depend on the workload but Falk stated that there should be at least two Chinese and two Swedish employees in the office in order for them to do the work needed in a project. The Swedish office will therefore not support the Chinese office to the same extent in this phase as in the initial phase.

6.3 Cultural challenges

China is as big as Europe and covers different climate zones and languages which have led to different cultures in different parts of China according to both Henningsson and Wollter. Although these differences exist Henningsson and Wollter claimed that there is a national culture in China that most people live by which is positive for Wikström since they want to be involved in projects all over China. What is included in the Chinese culture is a subject too big to describe in detail and the examples from the interviews of corruption, politeness, use of patents, trust building and the way to communicate are just some examples of things that Wikström are going to encounter in China.

When the interviewees working at Wikström described the culture within the company they provided a unified view of an open culture where people can speak to each other regardless of their titles. Further they described that the organization is characterized of being flat with a low distance between the employees and the managers. Berggren said that the office in China should be run in a Swedish way similar to the office in Sweden, which might create some difficulties since Hollensen (2007) and a lot of the interviewees described the Chinese culture as hierarchical where the employees do not speak freely to the managers. Wikström have to consider these cultural contradictions in order to find a way to implement a similar culture in the Chinese office as they have in Sweden. A management style that emphasizes openness could make it easier to apply an open climate in the office.

Even if Wikström manage to implement a similar culture in the office in China as they have in the office in Sweden, cultural challenges will still remain. This is due to the fact that they operate on the Chinese market whose culture is not going to change because Wikström establish an office there. In the literature by Hollensen (2007) a table of characteristics of low- and high-context cultures is presented. A lot of the differences in the table have been mentioned during the interviews which confirm a cultural difference between Sweden and China. The reason for the differences between the Swedish and the Chinese culture probably has to do with the fact that the two countries are located on opposite ends of the scale of cultural contexts according to Kim et al. (1998). A certain level of caution should nevertheless be taken into account when making general assumptions about a culture. For example, Berggren explained that Dong at BCKJ does not behave as other Chinese. This might have made their collaboration easier than it would have been otherwise. Even if there are variations among people it is clear from the literature and interviews that there are general differences between the two countries cultures to be dealt with. Since these differences exist it is not going to be possible for Wikström to work exactly in the same way as they do in Sweden. An example is that employees in Sweden manage some of the client contacts by themselves while it in China, based on Berggren's experience of how business are made, is more important that the boss is involved in the decisions concerning business deals. It may not be seen as something strange at Wikström to let the employees make deals of their own but there is a risk that it will give an unserious impression toward other Chinese companies if the manager is not the one having contact with external companies and is involved in the deals. For the same reason it might be wise to let a manager in the office handle the contacts with authorities.

Hollensen (2007) describe four different layers of culture. In Figure 6.1 below the theory applied to this case is presented.
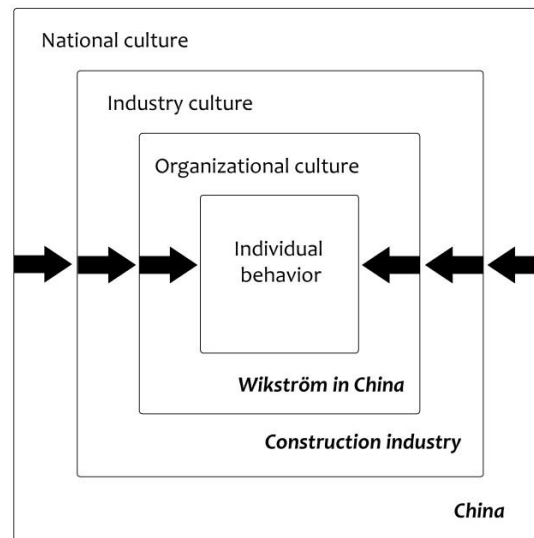
Figure 6.1 Layers of culture applied on the case in this study.
Based on Hollensen (2007).

Despite the fact that there are a lot of differences between the Swedish and Chinese culture Wikström will mainly meet companies within the construction industry and since the culture in an industry can be similar in different countries, according to Hollesen (2007), the cultural barrier can be reduced for Wikström. These similarities can be used as a point of departure for the collaborations with other companies since it may be easier to feel trust for someone who shares something with the company. Even though Berggren stated that the office in China should be run in a Swedish way it is important to realize that the organizational culture is affected by more than just the management. The office will be located in China and work within the construction industry, so the organizational culture will therefore be affected by those layers as well. In the middle of all the layers are the individual behaviors. To what extent each employee in the office will be affected by the different layers is individually based and can depend on how interested the person is in the new culture and how easily affected the person is. Either way, the Swedish employees coming to China will face a new culture and have to learn to deal with it and in order for them to be prepared these things should be discussed before they leave Sweden.

Berggren and Pettersson stated that they experienced some cultural differences in the beginning of their work in China that led to some problems but that they have learnt to handle most of it. Since Berggren and Pettersson have not worked in China side by side with Chinese people it is possible that the cultural differences that they are referring to are the one Schein (2010) define as artifacts since it is the most visible and obvious cultural differences. That would correspond with Falk's view that the real differences and difficulties will be showed when the employees have worked together for a while. Berggren and Pettersson have probably met some cultural differences from the two other levels described by Schein (2010), espoused beliefs and values and basic underlying assumptions, but there are likely a lot more for them to discover. It is important that the employees in the new office are aware of that the differences are more than faces the eye. If Wikström manage to create an open culture the cultural

differences between the employees can hopefully be discussed as they occur in order to avoid conflicts and misunderstandings. The manager has to pay close attention to the development of the group and coach them in order to make sure that an open dialogue is held. With time, the employees in the office will have created a culture of their own and share some parts of the culture in all three levels.

6.4   Communicative challenges

The employee's mother tongue will probably differ in the office in China since there will be a mix of people from Sweden and from China and a likely result of that is that the employees will communicate using English. The majority of the interviewees mentioned that language is a barrier when it comes to communicating with people from other countries, which also is confirmed by Gibson and Cohen (2003) and Novinger (2001).

It is not only the verbal language that differs between countries. According to Novinger (2001) behavior and body language are a part of non-verbal communication which differs between cultures and especially between low- and high-context cultures. Every employee in the office will be unique and have its own background, but the differences will be especially distinguishable between the Chinese and the Swedish people since they are used to different contexts. Wrong interpretations may lead to misunderstandings which can create irritation. During the interviews and the literature study some things that differs between the way to communicate in Sweden and China were brought up and in summary it describe that Chinese people do not always say what they mean out loud. Instead they think it is important to be interpreted positively, while people from Sweden may be more outspoken. Therefore, both Swedish and Chinese people might feel uncomfortable when communicating with the other part since they are unfamiliar with the situation.

Over time, the communicative challenges between the Chinese and Swedish employees in the office will probably be evened out and the employees will learn to communicate better with each other. Even if it will be easier to communicate in the office the fact that the way to communicate differs between Swedish and Chinese people will still have an effect when the Swedish employees communicate with other parties in China. It is then important that the Swedish and the Chinese employees collaborate. As previously mentioned, the idea of having Swedish employees in China is that they will represent Swedish technology which also results in that it is important that the Swedish employees are visible in the contact with clients. With the help of the Chinese employees the communication will be facilitated. Apart from facilitating the language barrier the non-verbal communication can more easily be interpreted by a Chinese employee than by a Swedish one. However, for this to work the communication between the employees must work in a desirable way which make it an important aspect for Wikström to work with.

Since the employees in the office in China should have support from Wikström's office in Sweden, especially in the initial phase, virtual communication cannot be avoided. Email, telephone (or Skype, Viber etcetera) and videoconference are three different alternatives that Wikström could use. Pettersson's, Falk's and Berggren's experiences of the advantages and disadvantage of using email for communication with people in China are consistent with what Grosse (2002) and Daim et al. (2012) states in their articles. Today most of the communication between Wikström and

BCKJ are made through email and the main reason for that is the time difference according to Berggren. Even with an office in China it is likely that much of the communication will be done using email since the time difference still is a factor. Daim et al. (2012) claim that in all communication that occurs virtual instead of face-to-face there may be misunderstandings since the non-verbal part of the communication becomes limited. The amount of non-verbal communication that is lost depends on the method, where email is the method where most is lost. It would therefore be an advantage for Wikström if they use telephone and videoconference to a larger extent.

To have regular contact between the offices in China and Sweden will be inevitably in the initial phase when only few employees from Wikström are represented in China, but it will also be important in the second phase when more employees work in the office. By regular contact the employees will learn how to communicate virtually which will improve the communication over time. According to Greenberg et al. (2007) regular communication also increases trust between people. This could for example be achieved by having videoconferences at regular intervals as a complement to email. Falk stated that he in previous international projects have used videoconference as a method of communication and sees some difficulties with it but claimed that through regular use the participants learn how to handle it. Using videoconference gives an opportunity for more people to attend a meeting and some of the non-verbal communication that goes lost in for instance emails remains. Since the time difference between Sweden and China is a factor to take into account it is important for Wikström to manage their time well and be effective the hours that the offices can work together.

6.5   Trust

A consistent view in almost all interviews was that trust is more important and more difficult to build in China compared to Sweden, which is one of the main reasons why Wikström feel that they need to have an office there. It is also easier to create and maintain relationships with a presence in China, which complies with several of the interviewees' views. That building relationships have a more important role in the business sector in high-context cultures than in low-context cultures is described by Hollensen (2007), which confirm the reasoning from the interviewees. According to Henningsson people from China often do business with family and friends since they already have a relationship and thereby feel trust. As a Swedish company Wikström may therefore face problems with building relationships and trust with Chinese companies. It is important for Wikström to spend time and commitment to build relationships with potential clients and partners. Wollter claimed that Swedish people often take trust for granted and that it is not possible to do in China, which for Wikström means that they need to think differently from what they are used to. It is therefore important for Wikström to not take for granted that companies in China will trust them. In the same way it is also important for them to understand that they not always should trust everyone.

Trust in virtual teams is hard to build according to Greenberg et al. (2007) and it is even harder if the team consists of people from different cultures according to Gibson and Cohen (2003). That in combination with the fact that Chinese people have a hard time building trust with someone they have not met physically might make the building of trust hard between the employees at Wikström in Sweden and other parties

in China. Trying to work on the Chinese market using only virtual teams is therefore something that should be avoided. This is as mentioned earlier a strong motive why Wikström should have an office in China with employees working there, but even with an office there some virtual collaboration will still be made between China and Sweden and it is important that trust can be built in that process as well.

With employees in both China and Sweden it will be a challenge for Wikström to create a sense of being one organization due to the geographical distance. The employees in China need to feel a connection to the employees in the office in Sweden. A lack of togetherness may result in a lack of trust within the organization since togetherness, according to Greenberg et al. (2007), is a prerequisite for trust. In the initial phase of the establishment of the office they will work like a virtual team where the employees in China will be dependent on the employees in Sweden, although there will be communication between the countries in the second phase as well. Wollter argued that in a case where a team consists of Swedish and Chinese people it is necessary to have physical meetings in order to build trust. An indication of this is also that Liu said that trust between BCKJ and Wikström were built when representatives from BCKJ were in Sweden and visited Wikström. One way to create togetherness and build as well as maintain trust would be to let all the employees in the Chinese office visit Sweden during regular intervals and let them meet the employees in Sweden who work with the projects in China. Falk's experiences that through physical meetings the understanding of each other will increase and future virtual communication will be facilitated is also an argument for these types of meetings. Furthermore the meetings might entail that the Chinese employees get a deeper understanding of Wikström's entire organization.

One thing for Wikström to take into consideration, since people from both China and Sweden will work in the office, is to ensure that not all communication between the offices goes through the Swedish employees. It could create a segregated office where the Chinese employees have a hard time feeling like a part of Wikström's organization. It could also lead to that the atmosphere will not be as transparent as desired.

6.6   Employee characteristics

Wikström want to implement a similar culture in the office in China as they have in the office in Sweden and a way to accelerate that process could be to find Chinese people to employ who already have experiences of a low-context culture. The experiences could have been obtained through work or studies in Sweden or a country with similar culture. Previous collaborations with companies from a low-context culture could be another way for the experiences to have been obtained. These experiences would likely help the person understand the organization culture that Wikström want to implement and probably make it easier to adapt and accept it. Another thing to take into consideration when recruiting Chinese employees is Farrell and Grant's (2005) statement that only ten percent of the Chinese engineering students are suitable for working in multinational companies.

The Swedish employees who will work in China will be exposed to the Chinese culture by their Chinese colleagues, but also to a large extent through contacts with other parties in China. It would thereby be advantageous if the persons have previous experience of a high-context culture which could be obtained in a similar way as

described above. No matter if the Swedish employees moving to China have experiences of a high-context culture or not it is important for them to have an interest in learning and adapting the Chinese culture.

To have employees that master the communicative challenges that may occur between cultures is important for Wikström. All employees who work with projects in China need to feel comfortable speaking English since it probably will be the main language both in the office in China and in the communication between the offices in the two countries. All employees also need to understand that misunderstandings may occur and dare to question eventual misunderstandings to clarify them. The office in China will have a lot of interaction with the office in Sweden and the communication will then be virtual. To have employees who have previous experience of virtual communication will then probably facilitate the communication.

Due to the hierarchy that exists in China, in contrast to what Wikström are used to in Sweden, it is important for them to reflect on which personal characteristics the manager for the office should have. The manager will probably be the one who has most of the contact with other parties in China such as clients. Since it is very important to build trust to do business in China an important part of the manager's job will be to create and maintain trust with other people. Another task for the manager, which will be most significant when several employees work in the office, is to emphasizes openness in the office so that a culture with an open climate between all employees including the manager can be created where everyone have the opportunity to express their opinions.

There are both advantages and disadvantages of having a Swedish person as the manager for the office. The fact that it is a Swedish company and Swedish technology and knowledge is being represented and sold a Swedish manager may be beneficial, which also Berggren, Pettersson and Falk stated. If Swedish culture will be implemented in the office it can probably be more easily done with a Swedish manager who will be the driving force of that implementation. However, a person from Sweden might have a harder time building trust with other Chinese partners due to language barriers and there is a risk for cultural clashes. These two things could properly be avoided if the manager is Chinese.

6.7   Consequences of replacing employees

Berggren mentioned that there might be a problem finding Swedish employees who are willing to move to China for a longer period of time. Instead the employees could work in China for a limited period of time. This solution will probably create a larger number of people who are willing to work in an office in China which will make the recruitment of people with the right competencies and characteristics for the assignment easier.

To replace employees may result in some challenges and problems. Several of the cultural and communicative challenges that Wikström's employees will encounter if they start an office in China are things that they likely will learn and get used to over time. For example, the more a person is exposed to a culture, the more the person learns to adapt and accept the culture. It is similar with the communication since the employees in the office will learn to communicate with each other over time. Berggren stated that Wikström want to bring the Swedish way of managing an organization to the office in China. Wollter's experiences of implementing a Swedish

organization and management culture in an office with Swedish and Chinese employees is that it can be done but that it takes time. To interrupt the process by replacing employees might be a disadvantage and will probably make the process longer, especially if the manager who will be the driving force in the process of implementing the culture is replaced. Another thing that may cause problems if the employees are replaced is that trust is built between individuals. If employees are replaced it is important in the beginning of the employees period in China to spend time on building relationships, both with the Chinese employees and with other parties, such as clients and partners. Henningsson mentioned that it is not possible to only make a quick stop in China and think that business can be done; then Chinese people think that the company might be unserious. This could be a sign of that it may be difficult to have employees for a too short time in China if they want to build a strong relationship with clients and partners.

The most beneficial for Wikström had probably been to have employees working in China for a longer period of time. If the only alternative for Wikström is to have employees working for a limited period of time the company should work hard to do the best of the situation. In the initial phase when it might be only one Swedish employee in the office at once, it could be a good idea to make a time overlap when the shift of the employees will take place. Then knowledge sharing can be made between the two employees and the employee who has worked in China can introduce the new person to relevant persons such as clients and partners. During the second phase, when more than one Swedish employee works in the office, the shifts could be done at different times. Then all employees will not be replaced at the same time and the knowledge sharing will be facilitated since there always will be some employees present who have worked in the office for a while.

7 Conclusion

Using a qualitative research method this Master's thesis aimed at investigating which cultural and communicative challenges Wikström might encounter during a startup of an office in China. Further, the purpose was to investigate what Wikström should consider to be able to handle the challenges.

Many of the cultural and communicative challenges that the employees might face will be facilitated when they are given time to learn. The most beneficial for Wikström had therefore been to have Swedish employees working in China for a longer period of time. If this cannot be achieved Wikström should develop a strategy for the replacement so that time for knowledge sharing is provided.

Wikström are not used to working in the hierarchical environment that exists in China and they would like to bring their Swedish way of working to the new office, which can create tensions and contradictions. A management style that emphasizes openness is therefore important. Focusing on recruiting persons with the right experiences to the office and letting the process of implementing an open culture take its time to avoid irritation is also important. Since the office will be located in a country with a different culture from what Wikström are used to, it is not going to be possible to work in exactly the same way as in Sweden. Wikström will therefore have to adjust to the Chinese culture in their external contact and let the manager be involved in most of the contacts.

Chinese rather do business with people and companies they know and feel trust for which can be a challenge for Wikström. It is important for them to continue to find business partners in China and spend time on building relationships with them since it can lead to more business in the future.

The employees in the new office in China will have different mother tongues which will hamper the communication. Apart from that, the different backgrounds have provided the employees with different ways to communicate non-verbally which can lead to misinterpretations and irritation. To minimize the misunderstandings in the office the manager should try to create an open climate where the employees continuously can discuss eventual misunderstandings. When communication occurs between Wikström and other parties in China a close collaboration between the Swedish and Chinese employees can enable them to present the Swedish knowledge and correctly interpret the other parties simultaneously. To interpret the politeness that many Chinese people show in the right way, whether they mean it or not, is an example of a situation where Wikström will benefit from having Chinese employees complementary to the Swedish.

Making all the employees in both countries feel that they belong to the same organization is another challenge that Wikström might face. That can be helped if the employees in China visit the office in Sweden regularly. Ensuring that both the Swedish and Chinese employees are part of the communication between the offices can also help all employees feel like a part of the organization.

Since employees in two different countries will collaborate the communication between them will mostly be virtual. Wikström might therefore face problems in the building of trust between the employees. An initial physical meeting and a lot of communication throughout the work will increase the level of trust between the employees.

Today, the time difference between Sweden and China is a challenge for Wikström and it will continue to be a challenge after the office is established. The communication between the offices in Sweden and China might therefore continue to be choppy. By being aware of this and trying to use the time window where both offices work at the same time effectively this challenge can at least be reduced.

7.1 Further investigations

The aim of this study was to investigate the cultural and communicative challenges Wikström might encounter during a startup of an office in China. Before an office can be started, an investigation concerning the laws and regulations in China for a foreign company starting an office should be done. Starting up a new office may be expensive for a small company as Wikström, which according to literature studied is a reason why companies hesitate to start an office abroad. Therefore there is a need for an accurate financial calculation of the costs surrounding a startup in order to ensure that Wikström can manage the financial costs.

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