Aalto University
School of Business

Communication in Supplier Relationships: The Case of Finnish Sourcing in China

International Business Communication

Master's thesis

Yanru Hou

2013

Department of Communication
Aalto University
School of Business

Yanru Hou

ABSTRACT

Communication in Supplier Relationships: The Case of Finnish Sourcing in China

Objective of the study

The objective of the study was to research the supplier relationship management in a case company from the perspective of business communication. The case company was a Finnish buyer organization and its supplier was a Chinese company in the health food industry. The study evaluated their relationship and investigated their communication through two research questions: (1) What kind of challenges can be identified in the relationship between the Finnish buyer and the Chinese supplier company? In what processes of sourcing do they emerge? (2) What communicative strategies do the Finnish buyer and Chinese supplier use to overcome the challenges? What are their perceptions of communicative compromises and communicative effectiveness?

Methodology and theoretical framework

The data in the qualitative single case study was mainly collected by conducting three semi-structured interviews with representatives from the buyer and the supplier company. As supplementary data, emails between two interviewees in a two-week period were sorted into a corpus for content analysis. The theoretical framework was established on the basis of Seppälä's supplier relationship research model in order to investigate the relationship status between the case organizations. Communication between the case organizations was examined from the cultural, language and interpersonal dimensions.

Findings and conclusions

The findings of the study indicated the challenges of the case supplier relationship. Firstly, the production time was not fully controlled by the supplier and the information exchange about the delivery delay cases was not efficient and timely. Secondly, the Chinese buyer's email communication on troublesome issues was indirect. Thirdly, managing the sourcing quality of product packages was challenging due to the different cultural aesthetics. Fourthly, BELF was not a barrier for daily communication but the Chinese supplier's inadequate BELF competence impacted the explanation on technical issues and the expression of emotions. Fifthly, the Finnish buyer committed to the relationship relatively less than the Chinese supplier.

The findings also showed that the Finnish supplier had made repeated efforts to communicate their requirements on email communication and package quality. In addition, the communication on time management was not effective and aroused temporary intensity in the relationship. It was also observed that both Chinese and Finns had compromised to the counterpart's communication style and culture to some extent. However, at a general level, effective interpersonal communication was a significant positive determinant for their relationship, especially for resolving business and interpersonal disputes.

Key words: communication with suppliers; cross-cultural business communication; sourcing in China; supplier relationship; international business communication.

阿尔托大学商学院 摘要
国际商务沟通硕士论文 2013年8月19日
侯彦如

摘要

供应商关系的沟通：基于芬兰公司从中国采购的案例

研究目的

本文目的是从沟通的角度来研究案例公司的供应商关系管理。本文引入了芬兰健康食品公司及其中国供应商作为案例，进而对其关系进行评定并对该采购商供应商的沟通进行分析。研究主要通过两个研究问题来进行：第一，在芬兰采购商与其中国供应商的关系面临哪些挑战？这些挑战是在哪些环节产生的？第二，针对这些挑战，两家公司实施了哪些沟通策略来克服？他们是否认为策略有效？

研究方法及理论架构

本文是定性的单一案例研究。研究数据主要来源于与三位案例采购商及供应商代表的半结构式访谈。同时对其中两位受访对象在某两周内的邮件往来作为补充数据进行了内容分析。理论框架基于芬兰学者 Seppälä的供应商关系研究模型从而对案例公司的供应商关系现状进行评定，以及从跨文化、语言、人际沟通三个维度对供应商与采购商之间的沟通进行分析。

结论

本文研究结果呈现出案例公司在供应商管理五方面的挑战。第一，供应商不能完全控制生产时间从而导致一些情况下交货的延迟，并且关于延迟的信息双方未能及时的沟通；第二，中国供应商在一些棘手问题的沟通上不够直接，有拒回复邮件或者问题的情况出现；第三，对采购产品的包装质量上的管理呈现出一定的难度，主要由于跨文化的审美差异存在；第四，英语作为通用语（Business English as a Lingua Franca）并没有对案例公司的日常沟通产生影响，但中方相对弱于芬方的英语技能影响了其对于技术问题的解释以及个人情绪的表达；第五，采购商关于双方长久关系的承诺相对少于中方作出的承诺。

研究结果还显示了采购商在往来邮件沟通方式以及外包装质量进行了重复的努力。双方在时间管理上的沟通低效并导致过暂时的关系紧张。另外，双方都表示理解对方并在实践中针对对方的沟通和文化差异进行妥协和调整。然而总体上双方良好的人际沟通极大促进了供应商关系的发展，尤其在冲突解决上起到了至关重要的作用。

关键词：供应商沟通，跨文化商务沟通，国际采购，供应商关系，国际商务沟通

ACKNOWLEDGEMENT

I wish to sincerely thank to my thesis supervisor, professor Leena Louhiala-Salminen, who gave me the chance to do the thesis research together with her. She actively provided essential feedback in different research phases with plenty of encouragement. Although I had limited time to complete the research, she helped to arranged suitable schedule for me with understanding and patience.

The teachers and fellow students from International Business Communication programme, Aalto School of Business, had inspired me a lot in many aspects of academic and practice knowledge. Particularly, my teacher tutor Dr. Anne Kankaanranta has encouraged me from the beginning of my study, which is supportive for me to overcome the study challenges in these two years.

I also wish to thank my director Mikko from the case company who offered the research case for this thesis and introduced the kind supplier representatives to me. He supported me in many ways in the work, and his excellent entrepreneurial thinking had inspired my thinking to future career.

Otaniemi, Espoo, August 19, 2013

Yanru Hou

TABLE OF CONTENTS

1 INTRODUCTION 1

1.1 Case background: case company and its supplier 2

1.2 Research problem and research questions 4

1.3 Structure of the thesis 4

2 LITERATURE REVIEW 6

2.1 Supplier relationship management in international sourcing 6

2.1.1 Global sourcing 7

2.1.2 Sourcing in China 9

2.1.3 Relationship management in the context of international sourcing 14

2.2 Cross-cultural business communication 21

2.2.1 Communication in Finnish and Chinese business contexts 22

2.2.2 Language use in Finnish- Chinese business communication 30

2.2.3 Cross-cultural interpersonal communication 34

2.3 Theoretical framework 37

3 METHODOLOGY 41

3.1 Methods 42

3.2 Data collection –interviews and email corpus 45

3.2.1 Semi-structured interviews 45

3.2.2 Email corpus 47

3.3 Data analysis 49

3.4 Trustworthiness of the study 51

4 FINDINGS AND DISCUSSION 53

4.1 Status quo: relationship between FS and CH 53

4.2 Communication between FS and CH 59

4.2.1 Cultural dimensions 59

4.2.2 The use of BELF 65

4.2.3 Interpersonal communication between FS and CH 69

4.3 Summary of findings 70

5 CONCLUSION 75

5.1 Research summary 75

5.2 Implications for Sino-Finnish supplier relationship communication 77

5.3 Suggestions of future communication towards an improved relationship 78

5.4 Research limitations and suggestions for future research 81

REFERENCES 82

APPENDICES 88

Appendix 1: Interview questions for buyer 88

Appendix 2: Interview questions for supplier 90

LIST OF TABLES

Figure 1. Challenges of sourcing from China 12

Figure 2. Offer from Chinese manufacturers vs. demand from Western SMEs............ 14

Figure 3. Classification of supplier relationship based on different levels of complexity 17

Figure 4. Relationship presentation scheme 20

Figure 5. Stereotypes of Finnish and Chinese managers as communicators................. 29

Figure 6. The convergent tendency of Chinese BELF and Finnish BELF communication 33

Figure 7. Theoretical framework: the communication approach to buyer-supplier relationship 39

Figure 8. FS – CH relationship components (1)... 57

Figure 9. Two basic relationship types 58

Figure 10. FS – CH relationship components (2).. 59

LIST OF FIGURES

Table 1. Key characteristics of each relationship type 16

Table 2. Use of the relationship research model.. 38

Table 3. Profile of interviewees.. 45

Table 4. Email corpus information 48

1 INTRODUCTION

Global sourcing is a practice that has been developed in international trade increasingly in recent decades. However, within the trend that centralized business processes have been seen as an organization's main competitive advantage, vertical integration along the supply chain has become less and less attractive (Spekman, Kamauff & Spear, 1999). When sourcing externally can bring noticeable advantages such as lower prices, shorter product life cycles and more professional quality (Towers & Song, 2010; Shook *et al*, 2009), multinational companies - not only the large ones but also small and medium-sized enterprises (SMEs) and start-ups, seek suppliers world-wide, especially from labour-intensive and resource-intensive economies.

China as one of the main labour and resource intensive economies naturally attracts buyers from all around the world (see e.g. Nassimbeni & Sartor, 2007, Towers &Song, 2010). A great many of large multinational companies have their own production bases in China through the way of direct or indirect investment. More organizations, especially SMEs, choose to source a part of product components or whole finished products from there.

Plenty of academic research on international sourcing and sourcing in China has emerged recently. Some representative researchers in this field, for example Nassimbeni (2007), Sartor (2007), Tower (2010) and Song (2010), investigate the motivations as well as the classifications of western companies sourcing in China. The challenges of sourcing in the Chinese business context is another frequently researched topic. However, most of the studies concentrate on sourcing as a global phenomenon or as an organizational behaviour, yet they seldom explore international sourcing at the individual level. This thesis attempts to explore the niche of communication on the sourcing relationship as a contribution to the international sourcing at the individual level.

As a Chinese International Business Communication student in Finland, the author has personal interests in investigating business communication between Finland and China. At the same time working as a procurement assistant in a Finnish buyer company (the case company), the author can take advantage of her knowledge on the organization context and the access to research data as a participant observer.

Generally International Business Communication research focuses on two levels: the macro level, which is concerned about an organization's formal, function-based communication; and the micro level, in which the interactions between individual employees are investigated (Louhiala-Salminen & Kankaanranta, 2011, p.245). The present study is positioned at the micro level as it examines interpersonal communication between sourcing practitioners.

Taking the position of International Business Communication research, the focus of this study is on business communication along the international supply chain, especially the relationship management between suppliers and buyers across countries. In this Master's thesis, a case buyer company is introduced to narrow down the research area. More specifically, the research will be done in the context of interaction between a Finnish buyer and its Chinese supplier.

1.1 Case background: case company and its supplier

Fine Shiitakes (pseudonym name), for short FS, is the food and beverage brand of a

Hong Kong-based company founded by a group of Finnish entrepreneurs in 2010. Currently there are 22 employees including partners, part-time employees and trainees working for it. The main products are beverage bags and supplementary powders that are made of mushrooms and plant (herb) extracts. Especially, most of the raw materials are extracts from herbs which have been used, researched and cultivated by Chinese medicine traditionally. Therefore, FS purchases its raw materials mainly from mainland China.

China Herb Biology Ltd. (pseudonym name), for short CH, is a trading company which specializes in mushroom extracts sales. Together with its parent company, China Herb researches, develops and manufactures mushroom extracts to provide customers with raw materials for food and medicine use. As the key supplier of Fine Shiitakes, China Herb also provides other services besides selling raw materials, include:

- Original Equipment Manufacturer (OEM) sale: In this case, the buyer company gets finished products in Fine Shiitakes labels from China Herb. In the process of buying OEM service, FS has developed the product recipes and designed all products packages. CH customizes packages for FS via a third company which specializes in producing packages. Thereby, CH and FS keep communicating on issues of product components, production processes besides raw materials buying.
- Logistics: The transportation of finished products from OEM's warehouse to resellers or FS's staff is delivered by China Herb. China Herb chooses suitable delivery methods and companies according to FS's requirements.
- Warehousing: Finished products stay in China Herb's warehouse before agreed delivery dates if needed.
- Quality analysis certification: in order to control product quality well and to

convince stakeholders, the buyer company requires China Herb to send finished product samples to third party authorities, e.g. Eurofins, for testing various quality indexes, such as microbiological testing and food irradiation testing. Customs in European countries are also interested in quality certificates occasionally.

1.2 Research problem and research questions

Based on the research gap (see p.1) in the field of communication on relationship management, the objective of this study is to analyse the case Finnish buyer's relationship with its Chinese supplier from the communication perspective. This problem will be researched in terms of exploring two research questions:

RQ1: What kind of challenges can be identified in the relationship between the Finnish buyer and the Chinese supplier company? In what processes of sourcing do they emerge?

RQ2: What communicative strategies do the Finnish buyer and Chinese supplier use to overcome the challenges? What are their perceptions of communicative compromises and communicative effectiveness?

The communicative challenges occurring in the supplier relationships in the case company's (FS) sourcing from China will be identified through the first question. Based on the insufficiencies, the corresponding behaviours will be examined by the second question, in order to give further discussion about a more strategic supplier relationship.

1.3 Structure of the thesis

This study is divided into five chapters. Chapter 1 presents a brief introduction to this thesis, includes the research motivation and the case background. The research questions are also listed.

In the second chapter, earlier literature is reviewed from two viewpoints: supplier relationship management in the context of international sourcing and cross-cultural business communication. A theoretical framework is proposed to guide the research.

Chapter 3 justifies the use of single case qualitative methodology. The research data is collected for two qualitative methods, semi-structured interviews and email corpus, and these are justified. The data analysis process is explained by introducing the design of interview questions as well as the qualitative content analysis on interview transcripts and corpus. Moreover, the trustworthiness of the present study is discussed.

The fourth chapter presents the findings on the relationship status between the case buyer and supplier as well as their communication. The findings are further summarized to answer the research questions separately.

In the final chapter, the whole research is summarized and the implications for Sino-Finnish supplier relationship communication are discussed. Suggestions on future communication for the case company towards an improved relationship are given on the basis of the research findings. Finally, the research limitations and corresponding suggestions for future studies are discussed.

2 LITERATURE REVIEW

In this chapter some of the existing literature in the fields of supplier relationship and cross-cultural business communication that relevant to the present study are detailed reviewed. The literature review is divided into three parts; the first subchapter 2.1 reviews the current context for communication in international sourcing, more specifically in the sourcing business in China, as well as the theories on international supplier relationship management. The subchapter 2.2 reviews the business communication theories in several cross-cultural dimensions, in which the cultural comparisons between Finland and China are emphasized. Finally, subchapter 2.3 integrates the reviewed literature into a framework which provides the theoretical basis for the present study.

2.1 Supplier relationship management in international sourcing

The first part of literature review focuses on supplier relationship management in the context of international sourcing. The section 2.1.1 is concerned with the business field of global sourcing in general. The theories about the definition of global sourcing and its inhibiting factors are essential to gain fundamental knowledge about the research context. More specifically, the section 2.1.2 reviews theories on the sourcing in China. It points out motivations, challenges, and typology etc. of sourcing activities in Chinese market context. The section 2.1.3 is concerned about the supplier relationship management theories. As the main objective of the present thesis, the components of a supplier relationship and the determinants that impact the relationship communication provide the study with basic analytical theories.

2.1.1 Global sourcing

Before having a deep insight into global sourcing as a phenomenon of economic globalization, it is necessary to know about development of the definition. Early research started from organizational buying aiming at helping organizations to design marketing strategy. As cited by Herbig and O'hara (1996, p.41), Webster and Wind (1972) defined organizational buying as: "the decision-making process by which formal organizations establish the need for products, and identify, evaluate, and choose among alternative brands and suppliers".

While many researchers and practitioners use the terms purchasing, sourcing, and procurement interchangeably, they are somewhat different from each other. From the strategic sourcing perspective, Trent and Monczka's (2003, 2005) distinction between international purchasing and global sourcing. *International purchasing* corresponds to commercial transactions between suppliers and buyers who are located in different countries, and it emphasizes on transactional features (Balkow, 2012, p.68); *global sourcing* refers to more than simple transactions but complex integration and coordination of sourcing and production activities across worldwide buying locations (Nassimbeni & Sartor, 2006, p.4). As Balkow (2012, p.68) summarized from antecedents, *procurement* refers the organizational buying process involves "striving for optimization of materials and logistics". It is a wider buying behaviour than purchasing but has narrower scope than sourcing.

Nonetheless, Kaufmann and Hedderich (2005) pointed out that definition of global sourcing has two extremes in previous academic literature: one view looks at global sourcing just as purchasing items from different foreign suppliers; the other view sees global sourcing as a dominant business function which is similar to the development of marketing. They advocated global sourcing as "an integral part of a company's global strategy by enabling the company to leverage its own unique competencies and at the same time benefit from the locational advantages of various countries" (Kaufmann & Hedderich, 2005, p.125), which is a similar perspective to the strategic view of Monczka, Balkow and others. In this Master's thesis, the term "sourcing" is used to refer to all the buying behaviours related to the case company, since the focus of this thesis is on developing a long-term relationship with suppliers within the buying company's strategic perspective.

Antràs and Helpman (2004) explored organizational sourcing behaviour in the global context at the beginning of their empirical modelling study on sourcing between two virtual countries: North and South. Corporations could choose to buy its inputs at home to engage in domestic outsourcing; or choose to buy them abroad to engage in foreign outsourcing (2004, p553). Antràs and Helpman (2004) further pointed out that when a corporation buys inputs from abroad, there are two forms of outsourcing: foreign direct investment (FDI) and intrafirm trade (or arm's-length trade). The authors gave examples that if a corporation assembles its products in an overseas wholly owned subsidiary, it is FDI outsourcing, while if it subcontracts manufacturing in other countries' independent producers it is arm's-length trade behaviour (2004, p553). In context of this thesis, the corporation buying only covers the procurement from foreign independent manufacturers, which could be characterised as arm's length trade.

More studies have researched global sourcing, e.g. reasons of moving purchasing from domestic to international scope, integrating sourcing in strategic level, types of international sourcing, "best practices" for effective sourcing internationally, classification of global sourcing strategies, etc. While this thesis does not intend to discuss the evolution of sourcing, it is meaningful to review how an effective international sourcing has been addressed in academia.

Besides the advantages Nassimbeni and Sartor (2006) summarized the inhibiting factors of international sourcing (p.9-16):

- IS costs: international sourcing can exhibit many other additional costs compared to domestic sourcing
- IS lead times: the lead time extension varies and risks of delay and transport problems can occur
- Cultural and linguistic differences
- Knowledge/ technology expropriation risk
- (Political) instability of the foreign markets

2.1.2 Sourcing in China

China as well as other developing Asian countries such as Malaysia, Cambodia, Thailand and India has been an attractive sourcing basin for the past three decades. The low cost of human resources, the growth of product quality, the availability of infrastructures such as logistic platforms, and the shorter time of product development are the benefits that attract sourcing in China (Nassimbeni & Sartor, 2007, Towers &Song, 2010). An increase in global sourcing has also driven new interests in global sourcing in low cost countries as a research field (Balkow, 2012).

Besides the common benefits, sourcing practitioners consider sourcing in China to bring some extra benefits, such as an access to local markets which contain a huge number of potential consumers (Nassimbeni & Sartor, 2007, Towers &Song, 2010). However, for SMEs, the motives of sourcing from the Chinese market are different from those of large companies. For example, PriceWaterhouseCooper (2008) claimed that among German companies, small companies experienced higher cost savings by sourcing from China than larger counterparts. PWC interprets this phenomenon as follows: the larger companies' value gaining access to the Chinese markets so that they are willing to accept higher prices whereas small companies consider the cost saving to be the main purpose of sourcing from China. More specifically about small companies, after investigating Swedish SMEs' sourcing in China, Balkow (2012) concluded that the motives for Swedish SMEs to take the decision of sourcing from China in the first place (seen as *Triggers*) are external events, industry structure, management interest and global pressure. Later the motives of these SMEs maintain the decision of continued sourcing in China (seen as *Rationalisations*) include lower price, flexibility, the skills and resources available in the Chinese factories (p.241).

There are numerous studies focused on the typology of international sourcing. For example, Nassimbeni and Sartor (2006, 2007) did a case analysis of Italian enterprises which did sourcing in China and proposed a classification which relies on the nature of buyer-supplier relationship (Nassimbeni &Sartor, 2007, p.79):

- "*sourcing imposed*" by the need to legitimate the presence of an enterprise in the Chinese territory;
- ‘‘*sourcing intermediated*’’ by a third party at the purchaser–supplier interface;
- ‘‘*direct sourcing*’’ in its different forms: with or without operational collaboration between the parties, with or without shareholding.

(Nassimbeni & Sartor, 2007, p.339)

If we classify Fine Shiitakes' sourcing activities into one type, they are a typical direct outsourcing (without operational integration forms between the parties). According to Nassimbeni and Sartor's (2007) typology, some explicit characteristics of Fine Shiitakes' direct sourcing include: transferring most of its manufacturing activities to Chinese suppliers, maintaining the most value-added activities (marketing, product and prototype development, R&D) inside of the company, and its product does not have a particular technological complexity (2007, p.343).

Even though a number of benefits can be achieved from sourcing in China, there are many challenges and criticalities as well. E.g. sourcing in China has attracted some study interests related to the geographical distance and differences in the language, business environment and social-cultural dimensions (Nassimbeni & Sartor, 2006; Towers &Song, 2010).

Towers and Song (2010) researched sourcing in China within the context of a garment supply chain. However, some of their conclusions can also be applicable in other industries, such as food industry. Based on previous literature, they identified related challenges, which is comprehensive and includes both operational dimensions and cultural considerations (as shown in Figure 1). The figure indicates that on achieving operational objectives of delivery, flexibility, cost, quality and reliability are required (2010, p.529); challenges also include influences based on Chinese business cultural beliefs and behaviours (2010, p.532). Figure 1 also indicates the performances metrics within each challenge dimension.

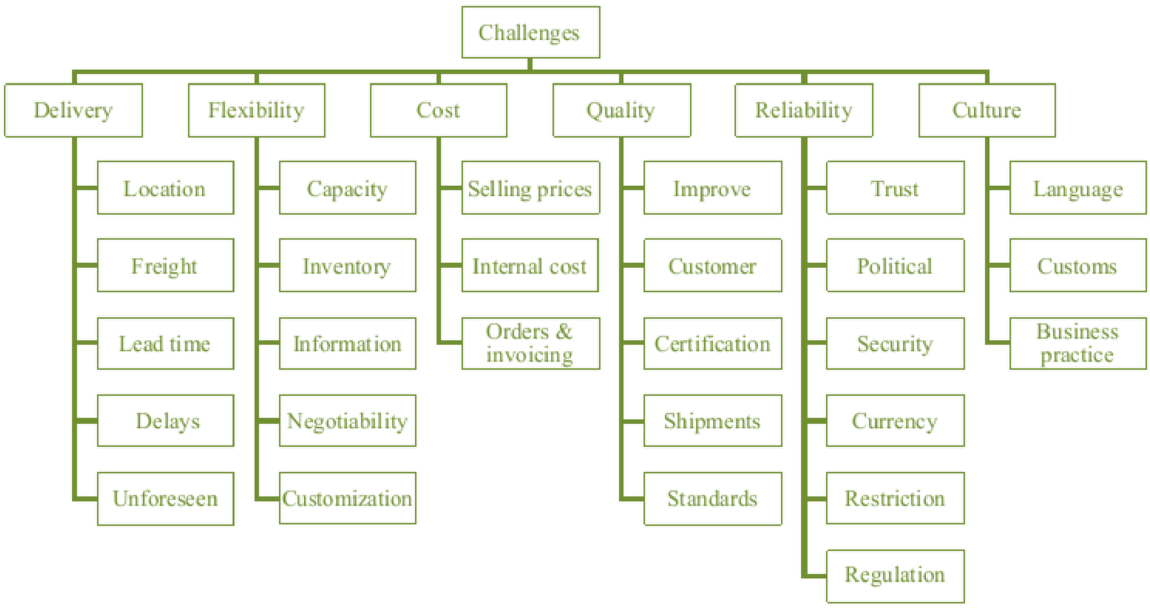

Figure 1. Challenges of sourcing from China (Towers &Song, 2010, p533; Note: adapted from Kaufmann & Hedderich, 2005)

Coincidentally, the Swedish cases examined by Balkow (2012) indicated that the SMEs faced two explicit barriers in practice: quality and on time delivery. Actually, the quality aspect of Chinese "world factory" has explicitly aroused attention from both industry and academia. Our case company also realized consumers' concerns of quality as the company website notes that "*there is especially a healthy skepticism about herbs from India and China*" (FS website, source: *International Botanical Trends 2012*). The quality challenge relates to quality of the products or services, such as supplier's certification, on time shipments, and customer service (Tower &Song, 2010).

It is necessary to realize and accept the reality that the quality management is incisive in China. According to the results based on 913 survey samples from 15 countries about their sourcing experiences in Asia by Kull et al. (2010), averagely it takes two to three times as many resources in China to get the same results as in South Korea or Taiwan. And a specific Chinese factory has all the quality practices or instruments (e.g. ISO, six sigma) does not mean that it will deliver quality products (p.235-236).

Communication challenges brought by language and other cultural indicators are emphasized and proposed frequently when doing business with Chinese, including sourcing activities. Nassimbeni and Sartor (2006) investigated 11 Italian buying organizations and their average ranking of communication challenges from high to low level impact are: cultural differences, lack of face-to-face communication, language, time zone, availability of ICT systems and their compatibility (p.70).

Relationships, or *Guanxi* (in Chinese context) is a theme related to this thesis, and another critical challenge that has being frequently discussed. Relationships are intertwined with trust, commitment, risk-sharing with supplier (Seppälä, 2001). And a long-term view and positive relationships are suggested in order to avoid or overcome other difficulties in Chinese business society (Fang et al, 2004; Nassimbeni & Sartor, 2007; Balkow, 2012). Detailed studies on communication and relationship management with Chinese suppliers are unfolded in sections 2.1.3 and 2.2.1.

Meanwhile, “hidden” costs is one of the obvious problems of SMEs when their sourcing in China are cost driven. The hidden costs may not be calculated at the beginning of making a sourcing plan, such as the costs on problems of forecasting demand of the products in Western markets, the costs on correcting quality issues even consumers’ skepticism to Chinese quality, and the costs on not getting products on time (BCG, 2005; Balkow, 2012). Figure 2 presents the gap between the offer from Chinese market and the demands of Western SMEs. It seems to present a challenge for Western SMEs to seek lower prices. Thereby many SMEs seek intermediary agency or person to overcome adversities.

The Chinese Sourcing Market:
- Low labour costs
- Large volumes
- Standardized goods
- Inflation

SMEs sourcing in China:
- Small volumes
- Built-to-order/ design
- Industry structures
- Follow customers
- Cost driven

Figure 2. Offer from Chinese manufacturers vs. demand from Western SMEs (Balkow, 2012, p26)

2.1.3 Relationship management in the context of international sourcing

According to Herbig and O’hara’s (1996) overview on international procurement, the decision-making process of choosing from a group of vendors is traditionally assumed from an economic orientation point of view. The assumption is that organizational buyers typically select a supplier which provides best products, best services or lowest prices (Herbig & O’hara, 1996, p.41). However, it is important to notice that the economic dimension is intertwined with the relationship with suppliers. As suggested by Harding (1986, p.76, cited by Herbig & O’hara, 1996, p.41), due to the fact that purchasing decision makers “remain human after they enter the office”, organizational buyers tend to choose the supplier which establishes a better relationship with the company or with the decision maker individually, when several suppliers’ offers are similar.

Seppälä (2001) pointed out that in contemporary marketing literature markets have been categorized into two basic types: consumer markets and industrial markets (e.g. Ford et al. 1998). While marketing in consumer markets targets at a customer group which is often very large, the interactions between buyers and suppliers in industrial markets are small scale and tend to be more continuous and stable. In this sense the relationships in industrial markets seem more significant than single transactions in consumer markets to succeed (Seppälä, 2001, p.37-38). From pure transactions at one end to fully integrated hierarchical firms in the other end, Webster (1992) illustrates the range of marketing relationship continuum (in industrial markets) as single transactions, repeated transactions, long-term relationship, buyer-seller partnerships, strategic alliances, network organizations, and vertical integration. Table 1 is Seppälä's summary to the key characteristics of each relationship type.

Table 1. Key characteristics of each relationship type

RELATIONSHIP TYPE	KEY VARIABLES				
	Commodity and focal areas	**Unit of analysis/ focal point**	**Jointly owned assests**	**Contract**	**Inter-dependence/ mutual commitment**
Single transactions	Non –differentiated (focus on price only)	Transaction (no prior or subsequent transactions)	No	Duration of the transaction	None
Repeated transactions	Differentiated (focus primarily on price)	Transaction	No	Duration of the transaction	Low
Long-term relationships	Differentiated (price, quality, technical support, delivery/ service)	Transaction and possibly relationship	No	Long-term (arm’s length perhaps even adversarial), detailed	Medium
Buyer-supplier partnerships	Highly asset specific (core competence)	Relationship Joint goal	Perhaps (e.g. in the Japanese context)	Long-term (collaborative), detailed	High
Strategic alliances/ Joint ventures	Highly asset specific	Relationship Joint long-term strategic goal	Often	Often temporary, but collaborative	High
Network organisations	A network of relationships (a range of commodities ranging from non-differentiated to highly asset specific types)	Network of transactions and relationships Focal company’s core- competence, competitive advantage of the whole network	Perhaps	Network consisting of a number of contracts	High
Vertical integration	Highly asset specific (core competence)	Firm itself Core competence	N/A	N/A	N/A

(Seppälä, 2001, p45, based on Wester, 1992)

Many researchers have explored the dimensions of effective supply chain management.

For instance, Spekman, Kamauff and Spear (1999) summarized the antecedents into principles for buying company to achieve strategic sourcing and supplier management. Since procurement as a business function has different dimensions, the supplier relationship has various categories accordingly. Based on levels of commercial and technical complexity, they can be depicted as Figure 3 (Spekman et al, 1999, p.115).

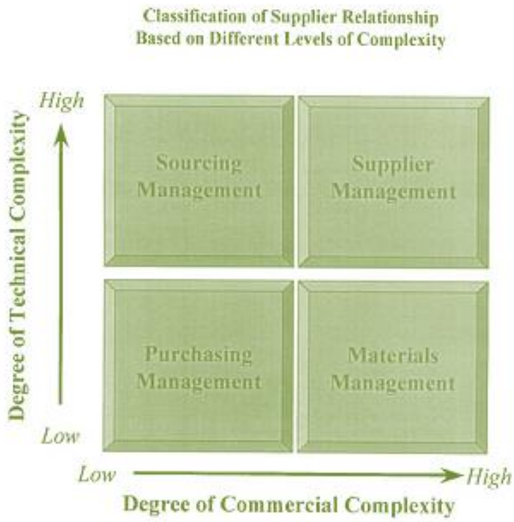

Figure 3. Classification of supplier relationship based on different levels of complexity (Spekman et al, 1999)

Certainly, the purpose of the antecedent relationship analysis is not to judge which relationship type is more superior to others. Instead, if we want to define what a good relationship is and how to establish a good one, we have to understand what variables influence the development of a relationship.

Herbig and O’hara (1996) established the factors within the buyer side that impact the formation of a procurement relationship. The factors are divided into three categories: individual factors, interpersonal factors, and organizational factors. Individual factors, or personal factors, for example, individual preferences, perceptions and personal motivations have profound impact on how the purchasing options are regarded and determined. Besides, individual characteristics such as age, income, education and work attitude help to develop a purchasing agent's own buying style. According to Herbig and O'hara (1996) interpersonal factors, or group dynamics within the buyer centre, are a collection of attributes of statuses, positions, authority and degree of persuasiveness, etc. of various individuals of the buyer organization. The composition of buyer members can dramatically impact how the organization deals with suppliers overseas. Futher, organizational dimensions also play an explicit role in the development of buyer-supplier relationship, since a buyer individual's behaviours are influenced by his/her organization's corporate culture, objectives, policies or procedures, and internal systems. Especially, a company's marketing strategy significantly impacts how the purchasing department operates (Herbig &O'hara, 1996, p.42).

In addition to these three kinds of internal factors, the variables outside of the buyer organization also affect the supplier relationship. These environmental factors which are beyond the control of purchasing decision makers include social/cultural dimensions, economic conditions, technological developments and political/legal systems (Herbig &O'hara, 1996, p.42).

From the perspective of the present thesis, it is relevant that the following five relationship components are selected to form the basis of Seppälä's analysis framework (p.54). Seppälä (2001) explained the evaluations of these five components under the context of buyer-supplier relationship (p.55-58):

- *Trust*: From the sense of short-term and transactional perspective, a certain level trust of a developed relationship is presented when both parties honour verbal agreements and do not require everything agreed in writing. In a long-time and relationship level, trust is closely associated with commitments from both, and how credible the commitments are considered by each other.

- *Communication and information exchange*: The communication and information exchange in developed relationships should be open and candid, to encourage joint problem solving, to reduce uncertainty and to enhance mutual trust. The face-to-face interactions between personnel from two parties are also important for a developed relationship.
- *Co-operation*: Co-operation refers to the joint activities, such as joint manufacturing process development, that go beyond traditional buying and selling. Developed co-operation involves both parties' joint planning to achieve mutual goals.
- *Risk/reward sharing:* In a developed relationship, risks are jointly taken and rewards as well as values are shared between two parties, on a win-win principle. The values can be shared in terms of many forms, like lower prices, technology, and market access.
- *Commitment*: A philosophy which encourages both parties to make a developed relationship work, also includes relationship-specific investments. Especially, commitment from top management puts the relationship forward.

Despite their distinct qualities, the five components are more or less interlinked to form the preconditions for success. However, in qualitative research, it is difficult to use exact measurement for each relationship dimensions; therefore, instead of an absolute scale for evaluating, a three-point scale is used in Seppälä's framework (Figure 4).

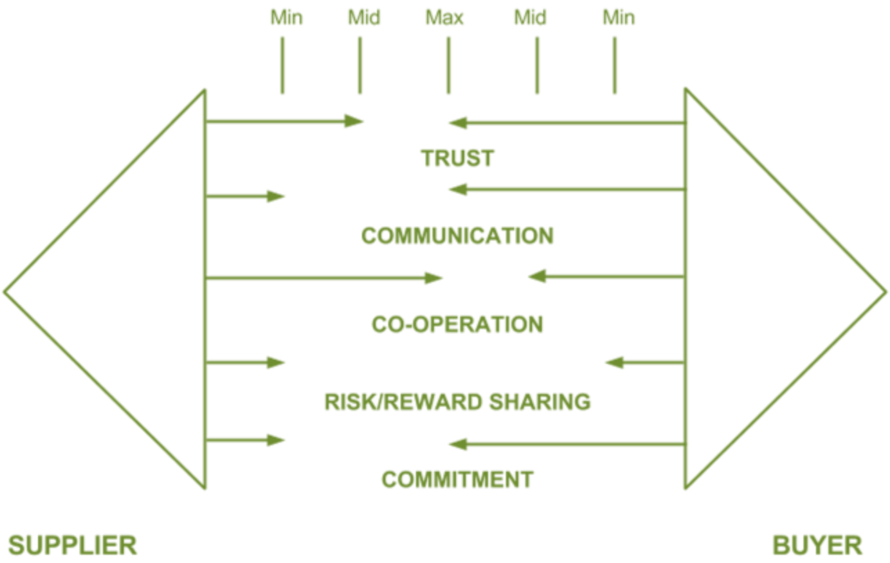

Figure 4. Relationship presentation scheme (Seppälä, 2001, p.59)

Three different arrow lengths represent three different scales of relationship component, and the longer the arrow the greater the relationship orientation. Thus the gap between a pair of opposite arrows indicates how close the business partners are in a relationship (Seppälä, 2001, p.58-59). More related explanations to the components and their scales are presented in section 2.3.

In the field of business relationships in China, some researchers have focused on the critical elements which are connected with social-cultural aspects concerning with business relationship with Chinese partners. The influence of relational networks ("*guanxi*") and Chinese culture seem to be important for managing local business activities (Cho &Kang, 2001; Nassimbeni & Sartor, 2007; Towers &Song, 2010).

2.2 Cross-cultural business communication

Cross-cultural is often used as a synonym for *intercultural*, but to be precise, cross-cultural involves explicit comparison between cultures (Vihakara, 2006, p. 27). In this study, cross-cultural is used to involve a comparison between Finnish and Chinese cultures. Researchers like Penkova (2012) and Vihakara (2006) provide profiles of Finnish and Chinese cultures to compare the cultural effects on the business communication practices, for instance, in a supplier chain or a joint-venture. Similarly, a brief introduction to essential cultural characteristics of both Finnish and Chinese business communication is presented in the present thesis in section 2.2.1.

Earlier discussions on cross-cultural business communication mainly focus on business practitioners' understanding of the other culture and his or her own culture. For example Victor (1992) discusses seven cultural variables which affect business communication: language, environment/technology, social organization, contexting, authority, non-verbal behaviour, and conception of time (as cited by Jameson, 2007). In the present thesis, especially, the use of language – Business English as a Lingua Franca (BELF) (Louhiala-Salminen, Charles& Kankaaranta, 2005) – which impacts communication significantly is examined. Although English is used as the business language in China, there still exist language barriers between European companies and Chinese suppliers (Towers & Peng, 2006; Towers & Song, 2010). BELF use is reviewed in section 2.2.2.

In addition, Jameson's (2007) new thinking on cultural identity provides a broader perspective on cross-cultural study. According to her, cultural research on intercultural business communication should go beyond the national identity study, but towards a more abundant cultural identity category, which involves more personal identities to play an integral role in interpersonal relationships. The present study agrees with Jameson's approach, especially since the young generation has gained more international experiences along with globalization, and thus the cultural identity in terms of nationality of an individual would not be as explicit as before. In the present case, the communicators from the buyer company were all born in the 1980s. Beside cultural features, other elements of interpersonal communication definitely impact their relationships significantly. Therefore, literature related to interpersonal communication is presented in section 2.2.3.

2.2.1 Communication in Finnish and Chinese business contexts

When cultural dimensions need to be examined in any context, the scope is extremely large. For instance, Jameson (2007) introduced six categories of cultural identity components (i.e. vocation, class, geography, philosophy, language and biological traits with cultural aspects) and numerous sub-categories need to be researched in intercultural business communication studies (Jameson, 2007, p.211). According to Vihakara (2006), eight groups of cultural elements (i.e. material culture and technology, language, education, aesthetics, religions and philosophies, values and attitudes, social organization, and political life) should be considered in the context of Finnish and Chinese managerial communication (Vihakara, 2006, p.87). However, the present thesis does not focus on the cultural approach and there is no need to review all aspects related to cross-cultural communication. Thus only some cultural aspects (in particular, contextuality, linear and non-linear language, reactive cultures and *guanxi*) which are explicitly different in the two cultures are reviewed. These cultural aspects are chosen because of their comparatively significant influences on individual's communication style as well as business practices.

The cultural context affects both verbal and nonverbal communication. For example, the communicative effectiveness of oral and written messages (language) is challenged by two completely different cultural characteristics: level of context (Hall, 1976) and linear/nonlinear communication (Chaney & Martin, 1995). This means that the features of a language are influenced by and influence the language users' cognition as well as thought patterns (Chaney & Martin, 1995; Brown & Lennerberg, 1954).

There are numerous studies on the interaction between language and culture, or interaction between language and language user's behaviour. For example, the doctrine of Linguistic Determinism refers to the idea that thought is determined by language (Boroditsky, 2001, p2; Chaney &Martin, 1995, p99). As an extension of Linguistic Determinism, the Sapir-Whorf Hypothesis, or known as Whorfianism, was firstly proposed by Whorf and Sapir in 1940s to describe that language functions as a way to shape a speaker's experience rather than as only a tool to "report that experience" (Chaney & Martin, 1995, p99). Chaney and Martin (1995, p.93) further point out that non-equivalent translation between two languages may exists, due to the fact that a word or concept may not have an exact duplicate in the other language.

High-context versus low-context culture

The concept of high-context and low-context communication has been researched by Hall (1976) and Hall and Hall (1990). According to their definition, "high-context communication or message is one in which most of the information is already in the person, while very little is in the coded, explicit, transmitted part of the message. A low-context communication is just the opposite; i.e., the mass of the information is vested in the explicit code" (Hall, 1976; cited by Hall & Hall, 1990). Chinese people are in the end of high-context continuum; and Finns are usually considered as having a typical low-context culture (see e.g. Vihakara, 2006; Lewis, 2005; Chaney & Martin, 1995).

The word meaning and sometimes nonverbal signals are subtle and elusive in a high-context culture. A typical example is "say *no*". When the Japanese or Chinese say *yes,* sometimes it may mean *no*, since the situation is not suitable for them to say *no*, e.g. they do not want to hurt the audience (Chaney & Martin, 1995, p.83). Team oriented, collectivistic cultures tend to use high-context languages; individualistic cultures tend to use low-context languages (Chaney & Martin, 1995, p.83).

High-context people become easily impatient when low-context people insist to give information they do not need. Conversely, low-context people are easily lost when high-context people do not provide enough information. Therefore, to find an appropriate level of information needed in different situations is one of the great communication challenges (Hall & Hall, 1990).

Linear versus nonlinear language

As a reflection of Sapir-Whorf Hypothesis, linear and nonlinear aspects of language involve different communication patterns and business practices; they indicate how people think and communicate in a specific culture (Tsunda, 1986; as cited by Chaney & Martin 1995, p86).

Linear language (e.g. English) usually has a clear beginning and end, is logical and objective. Non-linear language (e.g. Japanese, Chinese) is usually "circular, tradition oriented and subjective”. In intercultural business situations, people respond in a dialogue based on their linear or non-linear orientation. For example, linear explanations are given in the United States when replying to *why* questions. However, answers in China to the same *why* question are always indirect with long detailed explanations, and the details might be just slightly relevant (Chaney &Martin, 1995, p.86).

Chaney and Martin (1995, p.86) also point out that one obvious difference in two language contexts is that linear oriented business practices emphasize short-term planning, while non-linear oriented cultures in Asia traditionally consider from a long-term perspective (see also e.g. Vihakara, 2006, p.102).

There is no clear statement that the Finnish language belongs to the linear or non-linear category in earlier studies. However, because of the direct connection between time and linear/nonlinear language classification, it seems justified to argues that Finnish is a linear language, since the Finnish concept of time is linear and one-task-at-one-time (Nishimura, Nevgi& Tella, 2008). On the contrary, Chinese perception of time is rather cyclic than linear (Lewis, 2005; Vihakara, 2006), and the Chinese language is a typical non-linear one (Chaney & Martin, 1995).

Reactive cultures

Lewis (2005) classified the world’s culture in three large categories, which can bring comprehensive understandings to Chinese and Finnish culture:

- *“Linear-actives*: those who plan, schedule, organise, pursue action chains, do one thing at a time; (e.g. German, Swiss)

- "*Multi-actives*: those lively, loquacious peoples who do many things in one time, planning their priorities not according to a time schedule; (e.g. Italians, Latin-American and Arabs)
- *"Reactives*: those countries that prioritise courtesy and respect, listening quietly and calmly to their interlocutors and reacting carefully to the other side's proposals." (e.g. Chinese, Japanese, and Finns)

(Lewis, 2005, p.xviii-xix)

Both Chinese and Finnish have a reactive culture (Lewis, 2005, p.xix). "Finns are members of a reactive and listening culture. They are good listeners, rarely initiate discussion and do not interrupt the conversation. They wait a moment before responding and give very little feedback" (as cited in Vihakara, 2006, p.119).

Guanxi

A special aspect of Chinese business culture research is a phenomenon called *guanxi*, which has been considered as the Chinese version of relationship marketing or business networking (Wang, 2007, p81). According to Nojonen (2007), the conceptualization of *guanxi* has been researched from two perspectives: cultural and institutional. The cultural perspective regards *guanxi* as a particular and elementary part of Chinese traditional culture which is rooted in Confucianism deeply, whereas the institutional group claims *guanxi* is a kind of response to contemporary institutional conditions in China, in order to seek business favours (p.8 –15). Both perspectives embody the specialty of *guanxi* as a relationship in Chinese context. However, they are still broad conceptions. *Guanxi* can be understood more clearly by distinguishing it from the commonly understood concept of relationship.

Balkow (2012, p35) argues that the essence of relationships in a business network is transactional and evolves among companies, but *guanxi* is interpersonal. Wang (2007) explores the underlying differences between *guanxi* and relationship marketing by analyzing *guanxi's* personal and particularistic nature, as well as its two underlying components: *xinyong* and *renqing*.

Guanxi generally refers to relationships or social connections which are based on mutual benefits and interests (Yang, 1994; as cited by Wang, 2007, p.81). Compared to relationship marketing, *guanxi* goes beyond commercial nature and exists personally. It is a kind of particularistic relationship due to two sorts of Chinese social reality. Firstly, *guanxi* brings closer ties among an exclusive circle of members in a typical Chinese low-trust culture outside of the family. Secondly, developing *guanxi* can help an outsider become an insider of a group, since the Chinese have a tendency to divide people into "different levels of categories" (Triandis, 1989, as cited by Wang, 2007, p.83) and share resources inside of the own group.

The direct translation of *xinyong* is credit. And it is a counterpart of "trust" or "commitment", which is a fundamental block of relationship building. In the Chinese language, *xinyong* means one's ability to fulfill one's promise and obligation, thus it shows if the person is trustworthy. In the process of *guanxi* building, the level of one's *xinyong* is a kind of word-of-mouth reputation which makes oral agreement more important than legal document inside of a *guanxi* network.

Renqing refers to the exchanging of favours under Chinese social norms. *Renqing* has two layers of meaning: reciprocity and empathy. "People who share a *guanxi* relationship in business are committed to each other by the social obligation of reciprocity in that if an exchanging partner receives a favour, he or she owes *renqing* to the benefactor and should be ready to pay back once circumstances permit" (Hwang, 1987, as cited by Wang, 2007, p.84). Meanwhile, *renqing* can be paid back in the long run and Chinese people believe *renqing* exchange enables *guanxi* in future. In addition, in the high-context Chinese culture, a partner is expected to show empathy (or understanding) and offer help initiatively when someone in his *guanxi* network is in trouble (Wang, 2007).

Academic research admits the strategic role of *guanxi* in Chinese involving business processes. For example, in Nojonen's (2007) doctoral dissertation, he describes *guanxi* as "the third arm" when doing business with the Chinese. *Guanxi* is understood as a key determinant to companies' successful financial performance (p.29). Luo (1997, p.45-47) believes that *guanxi* partners are willing to share information to seek joint growth within the network circle. Comparatively, there are more institutional uncertainties and bureaucratic rules in mainland China. Effective *guanxi* network helps to gain flexibility of resource allocation and to get access to scarce resource, thus to reduce the transaction cost.

However, Nojonen (2007, p.34) argues that *guanxi* could also lead to a business failure, and even suicide. The reasons include improper behaviour when developing *guanxi*, failing to fulfill promises and inequivalent favours exchange, etc. Moreover, due to the lack of legal agreement among *guanxi* network partners when exchanging *renqing*, some cases of swindling, betrayal and cheating may happen. Luo (1997, p.46) also states that "the necessary formal constraints of a well-defined property rights-based legal framework have also been lacking" in the *guanxi*-based economy.

To conclude the discussion of communication in Finnish and Chinese contexts, Vihakara's (2006) summary of stereotypes of Finnish and Chinese managers as communicators (Figure 5) is presented. It gives a comprehensive comparison of cultural characteristics between typical Finnish and Chinese business professionals. Managers' communicative stereotypes in Figure 5 are adoptable to the present study, since the participants in the case are all decision makers in their own small-sized organizations.

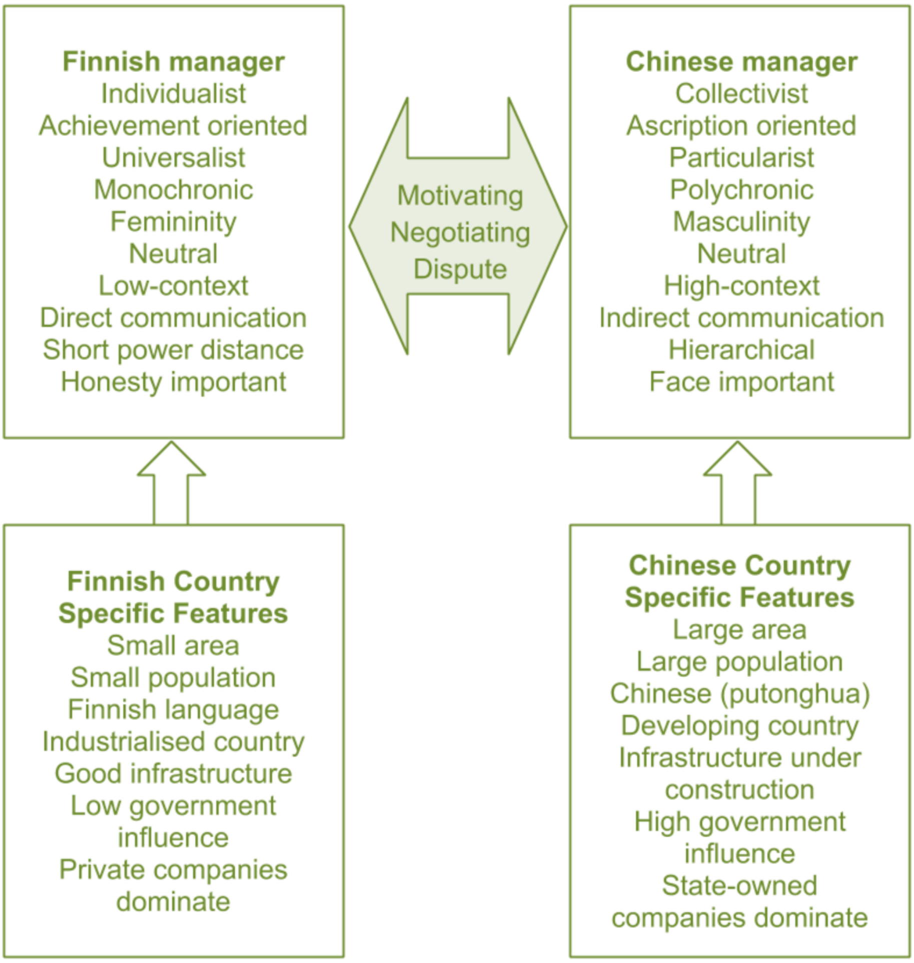

Figure 5. Stereotypes of Finnish and Chinese managers as communicators (Vihakara, 2006, p.122)

2.2.2 Language use in Finnish- Chinese business communication

The term BELF – English as a Business Lingua Franca (Louhiala-Salminen, Charles& Kankaaranta, 2005) – originates from English as a Lingua Franca (ELF). ELF has emerged as a way of referring to English as a shared language that can be used among speakers who have different native languages to communicate (Seidlhofer, 2005). Since only one of four users of English is a native English speaker (Crystal, 2003, as cited by Seidlhofer, 2005), most English language interactions happen among non-native speakers. Particularly, the term "Lingua Franca" refers to a third language distinct from both mother tongues (Gerritsen &Nickerson, 2009). Therefore, the target case groups of ELF research are mainly speakers that do not have English as his or her mother tongue. Naturally, when ELF is used for business purposes, the research focuses on business communication, including business issues (e.g. prices, recruiting, payment), roles of language users (e.g. supplier, agency, manager), communication channels (e.g. press release, business email, meeting) (Kankaanranta& Louhiala-Salminen, 2010, p.205), and global communicative competence (Louhiala-Salminen &Kankaanranta, 2011).

Research has shown that BELF discourse is a hybrid which is influenced by both English and the discourse practices of the speakers' native language (see e.g. Kankaanranta & Lu, 2013; Kankaanranta, 2006). Therefore, the BELF speakers' communication is differentiated by their mother tongue, and homogenized by the shared English language (Louhiala-Salminen & Kankaanranta, 2011; Kankaanranta & Lu, 2013).

According to Kankaanranta and Louhiala-Salminen's (2010, p.207) findings from survey respondents, three key characteristics for effective communication resonate among BELF communicators:

- *Clarity*: succinct and explicit messages, no doubt about what the speaker or writer means
- *Directness*: the main point comes early and is easy to find
- *Politeness*: to sound nice and friendly, interpersonal orientation

In the practice of communicating in BELF, challenges may emerge because of users' English language competence (Louhiala-Salminen &Kankaanranta, 2011). To sum up, for BELF communication to succeed, adequate competences on grammar, general vocabulary and specific vocabulary in a business field are sufficient, even though grammatical competence is perceived less important than vocabulary; understanding different accents and listening skills are expected, especially at the beginning of a business relationship (Louhiala-Salminen &Kankaanranta, 2011, p. 253-254).

In the present case, most of the employees in the buyer company are native Finnish speakers, and the employees from the supplier company are all native Mandarin Chinese speakers. In both Finland and China, English is the most commonly used second language (Vihakara, 2006). Naturally, English is their lingua franca for working together.

Kankaanranta and Lu (2013) investigated the effect of cultural identity (Jameson, 2007) of Chinese business professionals' BELF usage in Chinese and Finnish communication in Finnish subsidiaries, particularly the possible directness in the English communication of the Chinese. According to their findings, the Finnish interviewees perceived that their Chinese colleagues' messages were somehow implicit and indirect. Moreover, the reactions from the Chinese during a conversation were implicit as well.

The lack of acknowledgement brought more rounds of communication in order to e.g. check if the Chinese understand or have any problems (Kankaanranta & Lu, 2013, p.296-297). The findings resonate with the traditional viewpoint that Chinese oral communication has been perceived as indirect, implicit, and circular (see e.g. Vihakara, 2006). While the directness of communication is influenced by various dimensions of cultural identity (Jameson, 2007), the work context culture (under *Vocation* category in Jameson's cultural identity components) originating from the Finnish side, which is known as open and direct communication (Louhiala-Salminen et al, 2005; Vihakara, 2006), also influenced the Chinese to be more direct and open in the communication with the Finns than in their own communication (Kankaanranta &Lu, 2013, p.297). In addition to *Vocation*, the *Age* of people influences the perception of directness of BELF communication. Young generations were considered individualistic and less influenced by Chinese traditions and hierarchical positions in an organisation (Kankaanranta &Lu, 2013, p.299).

Noticeably, Kankaanranta and Lu (2013) note that Chinese professionals perceived that inadequate English language skills were a reason of indirectness of Chinese communication. The Chinese participants were in a dis-advantaged position compared to their Finnish colleagues when using English to communicate. Especially they believed that their lack of English vocabulary impacted the clarity of expression (Kankaanranta &Lu, 2013, p.298).

Interestingly, Kankaanranta and Lu (2013) further pointed out that there is a converging trend on the degrees of directness and hierarchy when communicating in a shared language between Finns and Chinese. As Figure 6 shows, Finnish BELF communication remained staying in the quadrant of directness-low hierarchy and Chinese BELF communication stays in the quadrant of indirectness-high hierarchy. However, both Finns and Chinese have moved towards each other as the arrows show when using BELF. Thus, the authors argue that the evolvement of BELF has proven the effectiveness of using BELF for international business communication (Kankaanranta &Lu, 2013, p.302).

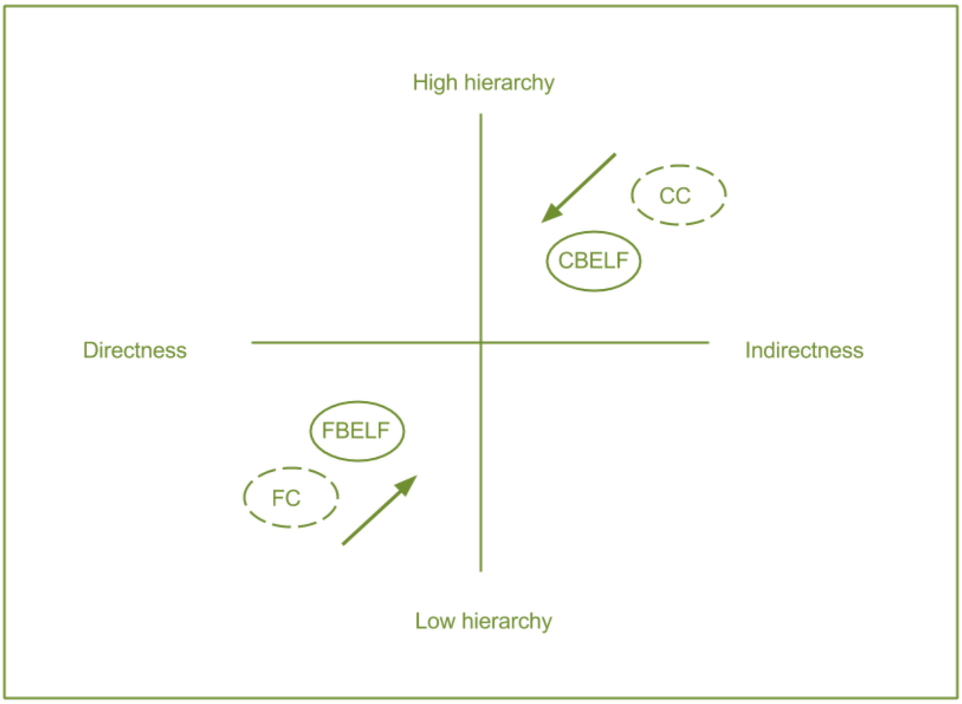

Figure 6. The convergent tendency of Chinese BELF and Finnish BELF communication (CC= Chinese communication; CBELF= Chinese BELF; FBELF= Finnish BELF; FC= Finnish communication) (Kankaanranta & Lu, 2013, p.302)

Besides oral communication, the use of BELF in written communication also impacts the effectiveness of business communication. In fact, when business is conducted globally, there is a high possibility that BELF users are located in different countries and work remotely, especially in the case of international sourcing. With fewer face-to-face meeting opportunities, the necessary document exchange for orders, invoices, etc. (Kankaanranta, 2006), and the importance of ensuring clarity makes email communicative effectiveness become essential in the international business communication context. There are only some studies that have focused on the communicative effectiveness of written messages among professionals who share different languages. Kankaanranta (2006) argues that for business practitioners, genre knowledge is more essential for BELF communicative success via email than perfect English language skills without an understanding of how the language works in a particular corporate context (Kankaanranta, 2006, p.222). She classified a case company's internal communication email corpus into three genres:

- "Noticeboard": inform recipients of corporate issues;
- "Postman": deliver other documents for information and/or for comments;
- "Dialogue": exchange information for corporate issues.

(Kankaanranta, 2006, p.218)

2.2.3 Cross-cultural interpersonal communication

Interpersonal communication is defined as "a situation in which two people or a small group exchange messages". In addition to the message conveying, interpersonal communication also indicates the nature of relationship between the communicators, i.e. how the message sender and receiver feel about each other (Vihakara, 2006, p.19; Gamble & Gamble, 2005, p.3).

In general, this study only focuses on the interpersonal communication. According to

Vihakara (2006), there are two general terms of social communication: interpersonal communication and mass communication (p.26). While in contrast the audience of mass communication refers to a mass group like consumers and media, it is not examined under the current context of sourcing. In this section the cross-cultural interpersonal communication is reviewed due to its nature of relationship so that the interactions between the case individuals and their personal relationships can be examined.

Interpersonal skills can be learnt (Gamble & Gamble, 2005, p.3). When interpersonal communication happens in cross-cultural context, developing cultural awareness would be an asset to create meaningful interpersonal relationships (Gamble & Gamble, 2005, p.22).

As stated in the section 2.2.1 and 2.2.2, the communication style of Chinese is usually perceived as indirect in high-context language and culture. The indirectness is certainly a part of their interpersonal communication patterns. Yum (1988) argues that the communication patterns and human relationships of East Asian have been impacted by Confucianism strongly. She summarized that individuals from China, Korea and Japan get used to communicate in the patterns of "process orientation, differentiated linguistic codes, indirect communication emphasis, and receiver-centred communication" (p.381). Meanwhile, in Confucian society there is a tendency to mix personal relationship with public relationship, i.e. people prefer the transaction occurs in a more personal, human level, even though the obvious purpose of a meeting is for business (Yum, 1988, p.380). According to Lewis (2005, p.59), a certain degree of closeness, or a satisfied sense of common trust, is necessary for Chinese for transactions.

There are relatively less literature discuss the interpersonal communication patterns of

Finnish particularly. Generally Finnish communication patterns are considered belonging to the category of Western Europe or Nordic patterns, i.e. most of the information in an explicit code (in words), get used to straightforward and succinct expression style without exaggeration and understatement (Vihakara, 2006, p.119). However, a distinct characteristic of Finnish is silence: usually they are good listeners and comfortable with silence (Vihakara, 2006, p.119). Compared to Anglo-Saxon world and Middle Eastern countries which believe speech is a critical tool of getting to know people and establishing relationships, Lewis (2005, p.333) points out that Finns display relative weakness in communication because of shyness.

Guanxi as an important cultural aspect of communication, it almost represents the Chinese understanding to the concept of interpersonal relationship. The business-based *guanxi* for Chinese is usually strong and lasts over the long-term, Finnish business relationship is relatively weak and for short or mid-term economic interests (Ramström, 2005, p.89). Correspondingly, the commitment to a relationship can be expected to be understood and managed differently under Finnish and Chinese contexts, since commitment indicates each other's intention to continue the relationship in future. Meanwhile, the trust (of a relationship) between two Chinese is considered as important in interpersonal level, while in the Finnish context trust exists foremost at organizational level (Ramström, 2005, p.87).

An important social function of interpersonal communication is to fulfil the needs for affection (Gamble & Gamble, 2005, p.16). In the practice of cross-cultural business communication, the ability of resolve personal disputes is a quality required from a successful practitioner (Vihakara, 2006, p.56). In the situations of demanding personal expressions of anger, disagreement or other personal affections, Asians tend to use indirect way even silence. However in most of the European cultures, people require direct and exact expression of events, and “evasive and dubious expression is understood as unreliable, possibly even dishonest” (Vihakara, 2006, p.73-74). Similarly, scholars like Ting-Toomey et al. (1991) indicate that Chinese (and Taiwanese) use higher degree of avoiding and obliging conflict styles than people from U.S., while U.S. people get used to a higher degree of dominating conflicts style (p.289; see also Gamble & Gamble, 2005, p.24).

2.3 Theoretical framework

As discussed in the Introduction Chapter, the objective of this thesis is to identify how communication between the buyer and the supplier impacts and possibly enhances their relationship.

As mentioned in part 2.1.3, Seppälä’s model illustrates how to analyse buyer-supplier relationship. Since the three-point scale is suitable for qualitative research, this thesis also uses the model as a basis. At the same time, the author defines the level of the three scales of each component for using the model (Table 2).

Table 2. Use of the relationship research model

RELATIONSHIP COMPONENTS	Min	Mid	Max
Trust	Verbal agreements are honoured. Trust limited to day-to-day transactions	Willingness to enter into co-operative arrangements and trust that the other party will not take advantage of our vulnerability.	Benevolence, willingness to re-enter into new co-operative arrangements.
Communication and information exchange	Limited to transaction specific issues.	Frequent and consistent communication about the business outlook and relationship issues (both technical and commercial aspects).	Communication, which supports building of trust, co-operation and mutual learning.
Co-operation	Limited to buying and selling	Early involvement in e.g. product design and joint manufacturing process development. Some joint problems solving.	Risks and rewards of the business are shared between partners in a win-win principle.
Risk/Reward sharing	No joint risk are taken, thus no risk/reward sharing are in place. Traditional performance metrics: costs, delivery accuracy and quality	Co-operative projects are initiated (i.e. risks are taken), yet risk and reward sharing principles and metrics are not jointly established. Each party aims to minimize its risks and maximize its profits in the short term.	Risks and rewards of business are shared between partners in a win-win principle.
Commitment	Involvement limited to operational level only (e.g. buyers/sales agents). Short-term perspective	Long-term perspective. Involvement from all relevant company functions (e.g. R&D and sales/procurement)	Serious top-management commitment to the business relationship. Relationship-specific investments possible.

(Seppälä, 2001, p.60)

Based on Seppälä's model, an expanded research framework is created as shown in Figure 7 for a further analysis via a communication approach. As Seppälä (2001, p.54) notes, "all the relationship components are more or less interlinked". The five components is applied in the context of buyer-supplier interactive environment (inter-organization).

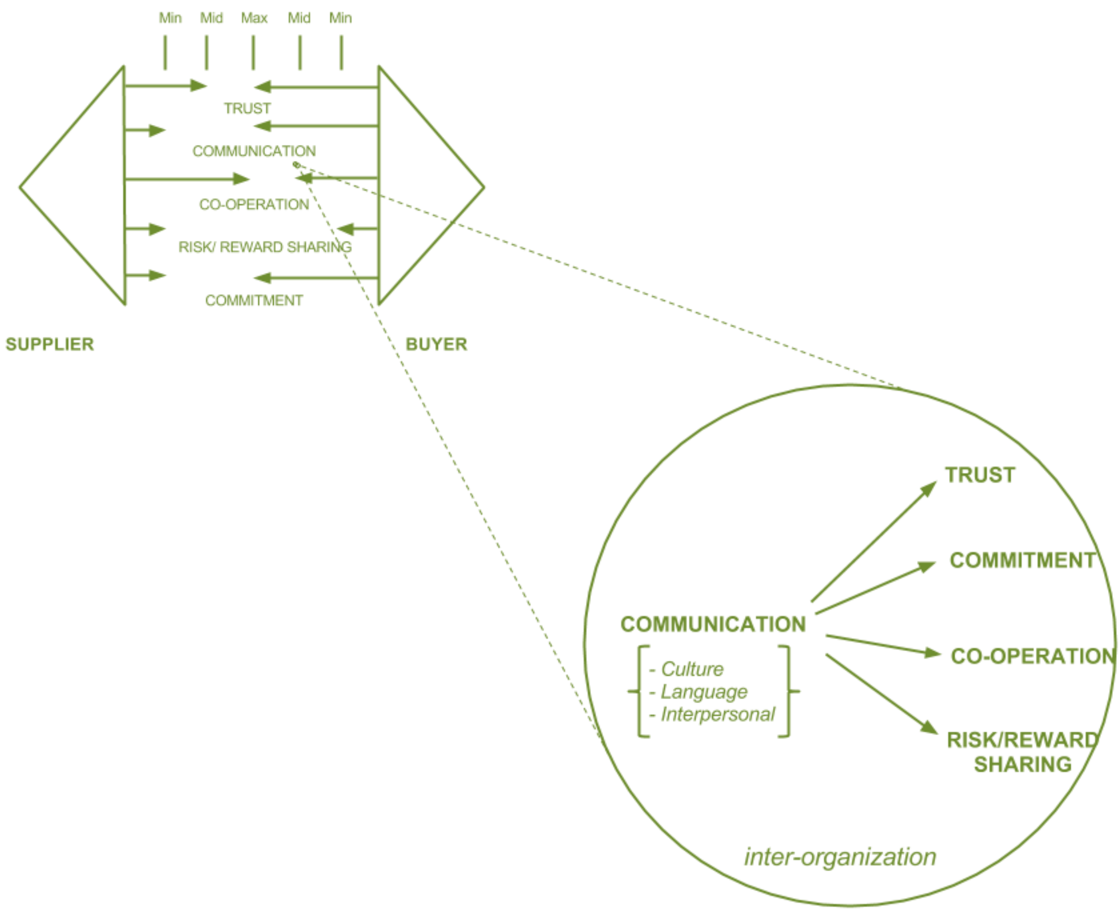

Figure 7. Theoretical framework: the communication approach to buyer-supplier relationship

The research framework (Figure 7) will be adopted to solve the two research questions as follows. Firstly, the scale of each component of the relationship model is identified, in order to know the case relationship status between the buyer and the supplier. Secondly, the way in which the scales of trust, commitment, co-operation and risk/reward sharing were communicated in the sourcing process is examined. Thereby the case company's challenges in relationships/communications with suppliers are identified. When using communication as the particular approach and perspective, the buyer and supplier representatives' corresponding actions and further suggestions for enhancing the relationship can be achieved through adjusting the communication component itself. This also means indirect adjustment to the other four components (i.e. trust, co-operation, risk/reward sharing and commitment).

3 METHODOLOGY

This chapter describes and justifies the chosen methodology and methods to answer the present research questions. The processes of data collection and data analysis are presented as well.

This study is conducted as a case study by involving Fine Shiitakes and its supplier as the case objectives. Yin (2003) argues that a case study should be considered when the contexts are relevant with research phenomenon. The research phenomenon of the present thesis is the communication in supplier relationship development, which is only considered when it occurrs in the context of organizational buying.

Furthermore, it is a single case study. According to Bryman and Bell (2007), a single case is selected when the case is typical or when the case provides an opportunity to observe and explore a phenomenon that few have considered before, even though multiple cases study may be preferable to ensure the practicability of research results (p.146-147). Based on the introduction of the thesis background information in section 1, the present thesis argues that the single case strategy is an appropriate choice for the topic of Sino-Finnish supplier relationship communication. Additionally it is a suitable choice based on the author's research ability and other limitations.

Qualitative methodology is chosen for the present research because the aim of this study is to research communication and relationship of business partners. Different from quantitative research, qualitative research usually emphasizes words rather than numbers (Bryman &Bell, 2007, p.282). The qualitative research is appropriate because of its three underlying features:

- *Inductivist*: the relationship between theory and research is inductive, which means theory is generated by research. In contrast, theoretical issues drive the formulation of research questions as well as the data collection and analysis with quantitative research;
- *Interpretivist*: from an epistemological position, the understanding of social world is realized through an examination of the interpretation of that world by its participants with qualitative research;
- *Contructivist*: from an ontological position, the social properties are the outcomes of interactions between social individuals, rather than natural phenomena which are separated from those who involved in its construction.

(Based on Bryman & Bell, 2007, p.280-285)

In detail, the rest of this chapter is divided into four sections. At first, the use of qualitative methods of semi-structured interview and content analysis are introduced and justified. Then the design of data collection of the present research is explained. Section 3.3 describes how the collected data is analysed. Finally the trustworthiness of this thesis is assessed.

3.1 Methods

As a case study, interviews and content analysis are chosen methods to obtain and analyse data. According to Bryman and Bell (2007), a case study strategy might need to use multiple data collection techniques within one study in order to ensure "the data are telling you what you think they are telling you" (p.146). Moreover, due to the nature of small organizations in the case, only three persons are involved in the sourcing process and can be reached as interviewees. As complementary to the interviews, the analysis on the email content of these sourcing specialists is necessary “in order that different aspects of an investigation can be dovetailed” (Bryman & Bell, 2007, p.154).

The interviews are conducted on a one-to-one basis with semi-structured questions. The interview method can help to gather valid and reliable data for research questions; on the other hand, interview data can help to formulate and reconsider research questions (Bryman & Bell, 2007, p.318). According to the level of formality and structure of interview questions, typically interviews can be categorized into three groups: structured interviews, semi-structured interviews and unstructured interviews (or in-depth interview) (Bryman & Bell, 2007, p.320).

A semi-structured interview is defined as:

> Wide-ranging category of interview in which the interviewer commences with a set of interview themes but is prepared to vary the order in which questions are asked and to ask new questions in the context of the research situation. (Saunders, Lewis & Thornhill, 2007)

Compared to structured interview, semi-structured interviews are “non-standardized”. A list of themes and questions may need to be covered in semi-structured interviews, and also may vary from interview to interview. The order of questions may be varied depending on the flow of the conversation. Additional questions may be required and some questions may be omitted in particular interviews (Bryman & Bell, 2007, p.320).

Semi-structured interview is chosen as the method of the present qualitative study. When adopting an interpretivist epistemology, non-standardized interviews provide the opportunity to “probe” the answers that will add significance and depth to the collected data. Interviewees may also lead the discussion into previously unconsidered areas (Bryman & Bell, 2007, p.324).

Krippendorff (2003) defines content analysis as:

> Content analysis is a research technique for making replicable and valid inferences from texts (or other meaningful matter) to the contexts of their use (p.18).

For example published documents, emails, non-standardized interview transcripts and organization's websites etc. are all sources for content analysis (Bryman & Bell, 2007, p.259, Figure 8.1). Content analysis enables a researcher to analyse unstructured data from the view of "the meanings, symbolic qualities, and expressive contents they have", and also from the view of communicative roles of this content in the research context (Krippendorff, 2003, p.44).

There are several advantages of adopting content analysis. Besides unforeseen discoveries and feasible longitudinal studies (Bryman & Bell, 2007, p269), content analysis could benefit communication research in the following ways:

- To disclose international differences in communication content
- To audit communication content against objectives
- To measure the readability of communication materials
- To identify the intentions and other characteristics of the communicators
- To reflect attitudes, interests, and values (cultural patterns) of population groups

(Berelson, 1952; as cited by Krippendorff, 2003, p.45)

3.2 Data collection –interviews and email corpus

In the present thesis three semi-structured interviews were conducted and an email corpus in a certain period between two interviewees was collected. This sub-chapter briefly introduces and justifies the background information of these data and their collection under the methods of interviews and content analysis.

3.2.1 Semi-structured interviews

Three semi-structured interviews were conducted in the supplier's office in mainland China during January, 2013. All the three interviews were conducted face-to-face. As Table 3 shows, three interviewees include one interviewee from the case company and two interviewees from the case company's supplier, China Herb.

Table 3. Profile of interviewees

Interviewee	**Mother tongue**	**Gender**	**Job title**	**Organization**	**Duration of interview**	**Interview language**
Mikko	Finnish	Male	Managing Director	Fine Shiitakes	33 minutes	English
Anna	Chinese	Female	Customer Manager	China Herb	44 minutes	Chinese
Mr Mao	Chinese	Male	CEO/Owner	China Herb	27 minutes	Chinese

The interviewees were selected because they were all involved in the buyer-supplier business. As the managing director and co-founder of Fine Shiitakes, Mikko is responsible for all business related to production. Moreover, he is the only formal personnel for sourcing in the company (while the other person who takes a part of sourcing job is the thesis author, who only works for short-term in part-time). China Herb is a small trading company with six employees. Anna is the only one who is responsible for international customers' business. Mr Mao is the CEO and the owner of CH, and he also has contacts with international customers when they visit CH. Additionally, he needs to come forward to make decisions or coordinate productions when the business with FS is not smooth.

The interview with the Finnish manager was conducted in English, while the interviews with two Chinese managers were conducted in their mother tongue, Chinese, which is also the mother tongue of the thesis author. This is the optimal interview language solution for interview participants. Since the Finnish manager is fluent in English while the Chinese interviewees' English was not fluent enough (for interview use), using mother tongue between interviewer and supplier interviewees enabled a more accurate description to phenomena than using English.

Interview themes were developed on the basis of the research questions, the author's knowledge about the case and literature work in the early stage of research. Noticeably, the author's participant observation also influenced the development of the interview themes and questions. According to Bryman and Bell (2007), gaining access to an organization means gaining access to intended research participants (interviewees), to secondary data which might be useful to research, and to the understanding of organization's business and background information (chapter 6).

The guiding themes for the semi-structured interviews can be summarized into three categories:

- Communication challenges that emerge in the key processes of international sourcing, including supplier selection, quality management (e.g. certifications, standards, technology), time management (e.g. lead time), services; as well as their corresponding communicative strategies
- Perceptions on relationship: trust, commitment, interpersonal relationships
- Business communication dimensions: business practices and customs, language (BELF) use, interpersonal communication, communication genres (of e.g. emails, face-to-face)

All the interviews were covered by the same themes, but the questions to each interviewee were with varied order and emphasis. For example, the interview questions for Mr Mao were slightly different to the questions for Anna by emphasizing less communication details but more about his business values towards FS, when the author realized he has and few conversations with Mikko during daily remote work.

3.2.2 Email corpus

In addition to the semi-structured interviews, an email corpus was collected for content analysis, in order to examine the participants' written communication and their particular genre.

The emails between Anna and Mikko from January 18th until January 31st, 2013 were collected and sorted into a corpus; 6 batches, 41 emails were covered in total (Table 4). Among them 22 emails were sent from Mikko to Anna while 19 emails from Anna to Mikko. Considering the confidentiality issue, FS and CH agreed the emails in which the thesis author had been cc'd can be used for research purposes. Therefore, the raw data in terms of email corpus is not shared with any third party besides research participants (Bryman & Bell, 2007, p.180). However, some texts might be quoted in latter parts when appropriate.

According to Krippedroff (2007), the universe of available texts as data are too large to be examined as a whole, so content analysis needs to limit their research in a manageable scope (p.111). Firstly, the chosen email conversations happened when the interviews were conducted; there should be comparatively high consistency with the interview themes. Secondly, a two-week period is considered an appropriate time length to provide sufficient data to perceive the participants' written communication. Thirdly, there was comparatively more information exchange between Anna and Mikko during January 18th to 31st than during other timeslots, since there was much business need to be arranged before Chinese New Year holiday (from Februry 9th until 15th).

Table 4. Email corpus information

Batch	**Amount of emails**	**Time**	**Topic**
1	5	Jan. 18th – 23rd	Seeking new supplier for particular raw materials
2	1	Jan. 31st	Require a package sample
3	7	Jan. 27th – 30th	New purchase orders
4	9	Jan. 30th – 31st	A shipment returning
5	6	Jan. 30th – 31st	Status of several purchase orders
6	13	Jan. 18th – 31st	Several purchase orders and their delivery status

In the process of organizing the above emails into a corpus, the emails sent from any other people were excluded. For example, the designer's replies regarding the package design were not covered, because the purpose of this content analysis is to detect the interviewees' communication as complementary to the semi-structured interviews. All the emails are written in English.

3.3 Data analysis

This part introduces and justifies the data analysing processes after the raw data were collected. In general, the interviews were recorded and transcribed into secondary data then categorized; the email corpus texts were directly categorized.

All the interviews were recorded with a digital recorder. Subsequently they were transcribed in English texts, including transcribed word for word from Chinese to English. Noteworthy, the interviewer's immediate impressions to the interviews were different: the Finnish interviewee's replies are informative, and his sentences were organized logically in a linear way. The Chinese interviewees tended to use repeated words and phrases to express their perception, and their answers were organized in a non-linear or circular way. Partly this is a result because of the different thoughts patterns under English and Chinese language contexts (see section 2.2.1). Therefore, these differences brought barriers when transcribed Chinese interviews. Many stutter and filler words were omitted, furthermore, many Chinese phrases seemed meaningless after directly translated into English because of the high-context feature of Chinese language. Correspondingly, when transcribing, the author considered the meanings combined with the contextual information.

Then the interview transcripts were categorized into several dimensions which kept consistent with the interview guiding themes, the research questions as well as the theoretical framework. For example, in the sourcing process dimensions, different key processes (i.e. supplier selection, quality management, time management, related services) were marked in different colours in the transcript texts, in order to analyse participants' communication and corresponding strategies towards different sourcing practices and tasks.

Overall, both the interview transcript and email corpus are qualitative data (texts). Thereby the same general set of procedures was adopted as a basis of qualitative analysis:

- Categorisation: classifying data into meaningful categories, which must be guided by the research purpose, theoretical framework and research questions, etc. And these categories are in the terms of effect themes and labels.
- "Unitising" data: the textual data are labelled into *units*. A unit of data may be a number of words, a sentence, a number of sentences or a paragraph that fits the category.
- Recognising relationships and developing categories: reorganising the units according to the categories. Key themes and relationships among the rearranged data can be searched.
- Developing and testing theories: moving forward to formulating valid conclusions and relevant explanatory theories.

(Based on Saunders, Lewis & Thornhill, 2007, p.479 – 484)

3.4 Trustworthiness of the study

This section evaluates the trustworthiness of this study. According to Lincoln and Guba (1985), there are four important criteria of assessing the trustworthiness of a qualitative research: credibility, transferability, dependability and confirmability (as cited by Bryman & Bell, 2007, p.288).

To ensure the credibility of findings means the data collection and analysis processes enable a good match between the researcher's observations and the theoretical concepts. In other words the researcher should have correctly understood the investigated social world (Bryman & Bell, 2007, p.289). One technique to improve the credibility is using multiple methods approach (*triangulation*) to corroborate research findings within one study (Bryman & Bell, 2007; Saunders, Lewis & Thornhill, 2007). In the present research, the research data are collected in the two qualitative ways of semi-structure interviews and email corpus. In the processes of analysing data, the findings based on the emails content have provided sufficient corroborations to the findings based on interviews, which is indicated in Chapter 4.

According to Saunders et al. (2007), the role of participant as observer enables the researcher to ask questions of his or her subjects to enhance his or her understanding (p. 294-295). In addition to multi-method approach, the author also works in the field of sourcing and in the case company network during the research process. Therefore, she has a good knowledge of sourcing as well as the business issues in between the case buyer and supplier, which enhance the credibility.

A trustworthy qualitative research requires the research results provide the possible transferability to other milieux (Bryman & Bell, 2007, p.289). While Bryman and Bell (2007) argue that qualitative findings tend to be oriented to the contextual uniqueness since qualitative research typically entails the study of a small group, a rich description about the details of the context is needed to enable others to judge the possible transferability (p.289). The present research is conducted as a case study with background characteristics description in the subchapter 1.1 which provides the space of transferability judgement. The results partially would be applicable to a larger context.

The dependability of a qualitative research requires "auditing" tactics and accessible records of all phases of the research process (Bryman & Bell, 2007, p.289). In the the present thesis, the data collections and analysis processes were recorded then are presented in the sections of 3.2 and 3.3. In addition, peer reviews have been conducted severally times through the commenting work from the thesis seminar student peers as well as from the thesis supervisor, which sustain to audit the research quality.

The fourth criteria confirmability refers to the conduct and findings of the research should not under the sway of the researcher's personal values (Bryman & Bell, 2007, p.289). In Chapter 4 the findings are presented by referring the quotes from the interview transcripts and email corpus, which require an objective logic to link the quotes with findings to explain the phenomenon, and also provide readers with the space to judge the confirmability.

4 FINDINGS AND DISCUSSION

According to the theoretical framework, findings are presented and discussed in two parts: first, the relationship and second, communication between FS and CH. The current situation of FS-CH relationship is defined by assessing the five components presented in the framework. Then their communication is discussed from three dimensions: culture, BELF and interpersonal communication. In sub-chapter 4.3, the findings are summarized to answer the research questions.

4.1 Status quo: relationship between FS and CH

In this section, the relationship status between FS and CH is identified by assessing the five relationship components: trust, communication, co-operation, risk/reward sharing and commitment. The components are assessed according to Seppälä's (2001) metrics in Table 2 in the section 2.3. Finally the relationship status figure is formed according to Seppälä's (2001) relationship model.

Trust

In general, both parties perceive each other as a trustworthy business partner. Some incidents on quality and time punctuality had occurred that brought some impacts on the personal relationship between Mikko and Anna. Even though Mikko described it as temporary, he does not trust CH on time management. Mikko believes that CH had not planned well so that "*there is always two to three days between when nothing is happened*" (Mikko). Otherwise, FS seems to trust CH very well in many aspects of the business, "*almost everything except the quality*" (Mikko). According to Mikko, he does third party quality testing for each batch of the OEM products since he wants to audit the quality by himself because the product involves people's health safety.

For China Herb, their trust in FS is reflected on looser payment terms for FS than for the other foreign OEM customers. And this is based on their long-term cooperation which has lasted for more than three years. According to Mr Mao, long-term foreign customers who will not take advantage of CH's vulnerability are trusted. Moreover, the word "*benevolence*" was mentioned many times in the interview with Mr Mao. However, Anna mentioned "*they don't pay off initiatively*" which shows that she does not trust FS's finances completely. And this is also a difference from Anna and Mao's interviews, while Mr Mao stated "*in general, basically, payments from FS are timely, and most bills can be paid before our (financial) settlements*".

Mikko, Anna and Mr Mao emphasized their close personal relationship and it influenced the trust. Both parties admitted that friendly interactions between them, even the "*friend and family like*" (Mikko) atmosphere when Mikko visited China Herb at mainland China, enhanced the trust between them.

Communication

Basically the communication between FS and CH is frequent and consistent, mainly happening via email. Anna pointed out that "*the communication between us is more frequent than with others*", and also the frequent communication is required as the FS product is complex and involves more components.

However, it appeared that the Chinese interviewees do not take the initiative to communicate. On the one hand, Mikko perceived his regular email communication with CH had to contain too much repeated contents – "*I have to explain the same things all* *over again*". Consequently, it seems CH did not have responsive acts according to his explanation – "*I don't know if they don't understand it, or don't like to follow it as they already know. They just do things in their way*" (Mikko). On the other hand, FS was not informed timely about the product status sometimes. He has to bears in mind to follow up the status by asking e.g. "*how these are done*", "*is everything okay*".

More findings on the communication component are unfolded in section 4.2, which supports the above argument here.

Co-operation

All interviewees described their co-operation by saying that they are willing to give suggestions for each other's business. However, there is no joint project yet between CH and FS besides traditional buyer-supplier transactions. Mikko said that he has given suggestions and recommendations on general practices to China Herb, in order to help China Herb to get used to western customs, or make western customers understand them better. However, the suggestions and recommendations here are a kind of value sharing (Seppälä, 2001), which does not target at any problem solving related to the sourcing business directly, nor is it for any mutual purpose between the buyer and the supplier.

Co-operation can be found to a certain extent in the process of package manufacturing. Since China Herb works as the intermediary between FS and the package manufacturer, many suggestions on the package design have been proposed to let FS to decide. But hardly any few manufacturing process on any product component was developed jointly.

Risk/reward sharing

Both risks and rewards are at least in principle shared between FS and CH. The personnel in both parties aim at jointly reducing the risks on costs, lead-time and quality.

The extent of sharing risks with CH was reflected in FS's certain sacrifices in small defects on quality. According to Mikko, FS can tolerate with some bugs in filling the bags or making the boxes. Mikko explained "*… they can't do everything we want to. But they are doing a lot. I think they are doing a good job*". China Herb also showed their belief that they care about customers' profits, and they would not hesitate to compensate customers' loss. But for the risks in terms of lead-time, both Mr Mao and Anna disclosed FS should know more about the situations in Chinese manufacturing sites and show more understanding.

It is to be noted that both parties indicated that their partner was willing to share risks with them. Mikko mentioned that China Herb had not done everything sufficient, but they were doing a lot and have been very helpful when the responsibilities were taken initiatively by China Herb. Correspondingly, Mr Mao thought that their foreign customers understand them better than local customers when provided supporting services (i.e. package), while numerous local customer deemed the package services highly profitable for China Herb rather than supportive efforts. Yet no risk or reward sharing principle was jointly established between both parties.

Commitment

One characteristic of a small company is that there are fewer employees thus with less hierarchy. For both FS and CH, their executive level (Mr Mao and Mikko) are involved in the day-to-day transactions so that it is easy to form top-management commitment. The managers indicated their commitments to the long-term business relationship in the interview. As an important value of customer relationship maintenance, Mr Mao stated "*we can even lose more to let the customer lose less…when there is product problem*" to show that they are concerned about the customers' profitability and business success. Towards FS specifically, both Anna and Mr Mao had committed to provide the most flexible payment time among all their foreign customers. In contrast, Mikko did not state corresponding commitments to CH's interests and profitability in the interview.

Figure 8 is based on the assessment of the five components discussed above. It depicts the relationship status between FS and CH.

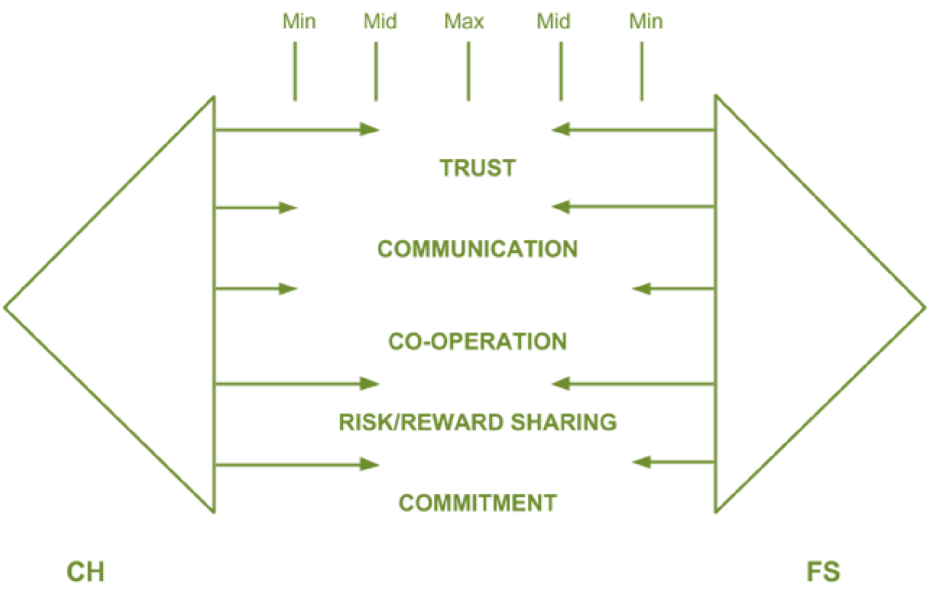

Figure 8. FS – CH relationship components (1)

In principle the closer together the two arrows are, the closer the relationship is (Seppälä, 2001, p.61). Comparatively, the levels of the trust to each other and the risk/reward sharing awareness between CH and FS are higher and enhance a close relationship. Then the gaps between “communication” and “commitment” components are longer than “trust” and “risk/reward sharing”. Furthermore, these two component gaps show that CH and FS have different engagements. In the communication activities, CH have not engaged as much as FS’s engagements to ensure the information exchange; about the commitment, FS are involved to the limited operational level while CH committed to a longer term perspective. The co-operation on joint projects or problems is seldom developed. However, compared to "communication" and "commitment" components, the co-operation is considered to have equal attention by CH and FS.

Figure 9 is Seppälä’s (2001, p.61) descriptions of two basic supplier relationships, arm’s length relationship and partnership relationships, which are presented in his model.

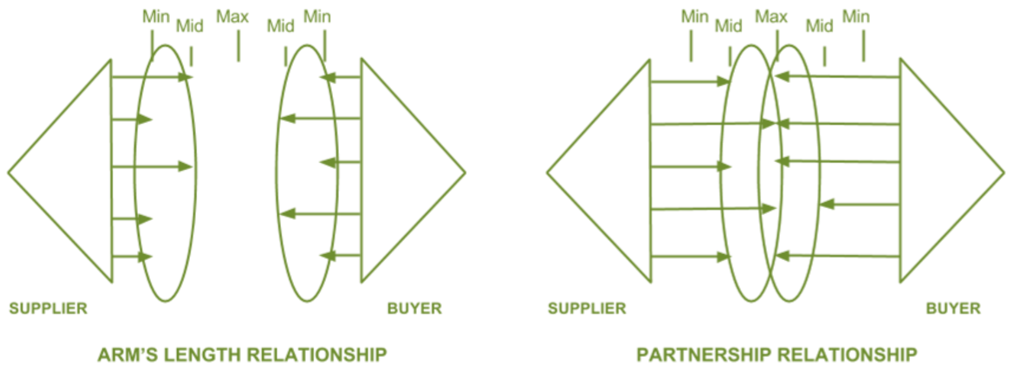

Figure 9. Two basic relationship types – arm’s length and partnership relationship – illustrated using the relationship analysis model (Seppälä, 2001, p.61)

According to the two different relationship types which are based on the different gap lengths and arrow lengths (Figure 9), the relationship type between CH and FS can be regarded as an arm's length relationship (Figure 10).

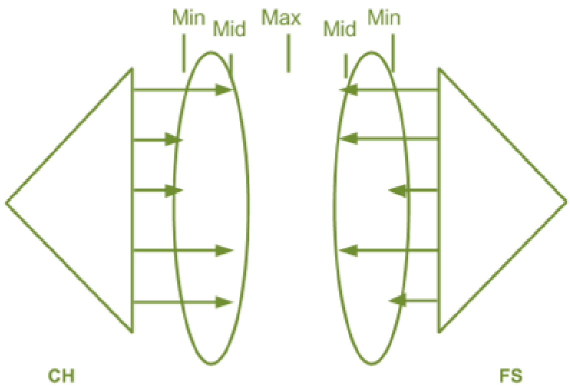

Figure 10. FS – CH relationship components (2)

4.2 Communication between FS and CH

In this chapter, the findings from evaluating communication between FS and CH are presented following the theoretical framework. Section 4.2.1 indicates some explicit cultural dimensions in which their communication was challenged. Then 4.2.2 discusses the language use in their communication. Finally, 4.2.3 explains the findings from Mikko, Anna and Mr Mao's interpersonal communication.

4.2.1 Cultural dimensions

The most obvious communication challenges which can been identified under the cultural dimensions emerged in the three notions discussed below:

1. Notion of time

Time management seems to be the most significant challenge between FS and CH's supplying business. In addition, different notions of time under Finnish and Chinese cultures are reflected and impact their communication. The supplier interviewees repeated the word "*urgent*" (急 in Chinese) to describe the business style of FS as well as other western customers. Correspondingly, all three interviewees believed that the time notion "*is the biggest difference between China and the West*" (Mikko). In detail, time management had raised a challenge due to the delay of a delivery, as well as the lack of instant information exchange in the context of a delay which had happened in a production phase.

In Mikko's opinion, China Herb had not planned the schedule well before they started producing, thus it took a longer time and impacted FS's later sales:

> *"I believe they wasted a lot of time with many things and they could have done with being much faster, not in terms of doing one particular process faster, but by planning well they could do so much more in the same time than they are doing right now."(Mikko)*

However, China Herb representatives pointed out that the accurate lead time of a particular process was unpredictable for them, especially when the production involves a third company, i.e. a package manufacturer. Both interviewers from China Herb indicated that the buyer did not "*know enough about the whole production chain and the whole processes*". It seems that in China the coordinating work among several manufacturers is very uncontrollable. "*We just really have no way to control it*" (Anna). Anna also pointed out that the lack of experience on package business is the main reason for unpredictable time. For a person like Anna who is not specializing in design or packaging, it is time consuming to exchange information with both the package manufacturer and FS. It may take several days to fix an unexpected problem.

Mr Mao also mentioned that sometimes FS cannot understand their situation well when the time delay is beyond CH’s control, even though FS was informed timely: “*When problems emerge, we need to communicate with FS. However, sometimes they cannot understand or accept, and they would think it is something easy and just shouldn’t happen.*”

The communication on the delay issues was reported to be problematic as FS had not been informed instantly every time when a delay happened: “*first I send emails, and I ask, usually I don't get any replies*” (Mikko). Anna also admitted that she had not reminded FS timely of these cases, since she did not “*think it is a big matter*”. In addition, there were several times that Mikko became a “*very annoying person*” (Mikko) to call China Herb “*angrily*” (Anna) to ask for replies in a way that Mikko described as “*tell me!*”(Mikko). Interestingly, temporary intense communication seems not unacceptable to the supplier: “*this is our way of communication*” (Anna).

2. Directness

According to the literature review in the section 2.2, the Chinese way of communication is described as typically indirect, and the Finnish way is just opposite. Generally the present findings support the previous theories.

Mikko perceived the fact that the Chinese were not straight forward enough as the most problematic communication challenge in their communication. This indirectness covered various issues and varied from the supplier selection with many supplier candidates, to the sourcing business with only CH.

In the selection process, most of FS's supplier candidates communicated with skipping questions in emails and they rarely said "*no*". Westerners are "*used to sending long emails with a lot of issues and topics, and they are well organized*" (Mikko). When he approached the possible suppliers to inquire about the details of their product, Mikko rarely got emails with a complete list of answers. "*They usually pick one topic, and answer that, and ignore everything else*" (Mikko).

It seems being direct is equal to being honest for Mikko in a relationship. Most of his Chinese contacts rarely said "*no*" to something. Here is a quote from Mikko that describes a phenomenon that happened in the quality management process:

> "*In Finland or Europe if something is wrong, you say no. ... But in China, they don't say yes, they say like "ok", or something like that which means "no", they don't do it. ...You need to know when it's "no", and when it's not.*"

Therefore, he needed a reason behind a "*yes*" to distinguish the real "*yes*" in order to be able to audit quality issues. He gave two examples which are convincing ways to say "yes":

- *"We can help you to do this **because**..."*
- *"This is the case, we want to do **like this**..."*

It is to be noted that CH was chosen due to their better communication than the rest of the supplier candidates. Mikko reputed that CH said "*no*" if they could not do something, and CH provided comparatively complete answers to Mikko's emails in the supplier selection phase.

However, as already covered in the above section of communicative challenges under the different notions of time, the indirectness was still reflected on CH's skipping or ignoring the emails "*when they don't know how to answer*" (Mikko), e.g. when product delays.

In contrast, Mr Mao and Anna perceived Mikko and the other western buyers' communication style as direct. However, both of them mentioned that communication among CH and FS is much more direct than with other customers with older employees because all participants are young; Anna said "*I don't need to worry about saying something wrong*".

Examples of indirectness in email communication are presented in section 4.2.2 as complementary findings regarding directness.

3. Finnish and Chinese different views of "good quality"

Another kind of challenge was formed from the difficulties of communicating about product components, mainly product packages. Overall, it was a challenge for FS to explain the requirements in appropriate ways for CH to understand the explanations correctly.

Mikko's perceptions about the different mind-sets of "good quality" came from an aesthetic perspective. A typical case was the following: FS considered "good packages" to be ecological boxes and beverage bags, so they explained they required package materials as tough and not shiny in order to "*feel ecological and look ecological*" (Mikko). However, the suggested "good packages" materials from the Chinese side were always looked shiny and smooth, which were just opposite suggestions to FS's expectations. Thus the challenge for him was to explain detailed requirements "*in their language in terms of culture*" (Mikko). In addition, due to the different aesthetics on "good packages", there had been scarce resources for FS to find the expected materials from the Chinese supplying market.

CH's perceptions on the challenge came from communicating an unfamiliar business process. There was no experienced employee in Chinese Herb on package manufacturing. Thus when CH worked as an intermediately between FS and the package manufacturer, it was extremely hard for Anna to explain the process to FS: "*I haven't understood each step of package manufacturing well until now*" (Anna). She also pointed out that this was a mutual learning for both CH and FS – the FS designer and Anne were learning package producing knowledge from the manufacturer from scratch.

Additionally, FS has kept improving and adjusting products in the past three years, so "*every batch of products was different*" (Mr Mao). Therefore, these repeating processes of trial and error also impacted the delivery time.

Except for the communicative challenge on product packages, there was no barrier on communicating requirements on the quality of CH's own product, i.e. the raw edible materials. They had clear communication on FS's required quality at the beginning of cooperation. CH had self-tested for the quality of each product batch and also tested them by third party authorities as FS required.

4.2.2 The use of BELF

As mentioned in section 2.2.2, Kankaanranta and Louhiala-Salminen (2010) point out the three characteristics of effective BELF communication: *directness*, *clarity*, and *politeness*. In order to examine whether the English language is a barrier in FS - CH communication and influences their business or not, the levels of directness, clarity and politeness are identified.

1. Directness

In general, most of the emails were short (no more than a half page in the corpus) and all emails went to the point directly at the beginning. For instance, an email started with "*We need to get sample for FS Instants Big Box…*" (Mikko). Consequently, the main points came early and were easy to find in emails written by both Anna and Mikko.

As mentioned in section 4.2.1, it is found that Chinese people tend to skip questions when replying emails. The problem of skipping questions was not explicit by shown in the corpus. However, as mentioned in the section 4.2.1 "1 Notion of time", sometimes Anna didn't reply emails when Mikko was tough on the lead time delay issue. In the corpus with 41 emails, it can be also noticed that once Anna didn't reply Mikko. The email context was about Mikko asking Anna to cc the tracking numbers to two other colleagues, but she did this in another way. Then Mikko replied as:

"You should have SENT the tracking numbers to 1) A and me, and 2) A, R and me. Now you sent them only to me. Did you understand what I meant?"

Anna had not replied this email until eight days later and started with another new topic. It could be argued that the use of capital letters normally represents a strong tone, which made Anna feel stressful.

2. Clarity

There were some obvious non-standard usages of English in the written texts from Anna. However, they seemed to have little impact on readability. Some English grammar characteristics like verb tense, personal pronouns, plural nouns had not been paid attention to. It can be explained by the fact that there is no similar grammar in the Chinese language. When a Chinese sender writes emails in a hurry, she/he would pay less attention to using correct forms. Here are three example sentences from Anna's email:

- *"But it is still can use."*(1)
- *"Shaanxi Sciphar, they are trade for pine pollen powder, they have no it."*(2)
- *"And for all no irradiation pine pollen powder, the microbe is above 20000 or more and more."*(3)

It can be seen that the readability was not impacted because Mikko's emails in reply show that he understood the meaning in the certain context and the conversation flows were smooth. For example, he replied Anna's email as follows, which is regarded as a response to the above example (3):

"Anna, are you sure that microbe count is above 20000 if it's non irradiated? We have tested non irradiated pine pollen, which microbe count is significantly below 10000."

Bullet points were used frequently in Mikko's emails, for instance, when explaining action step or his requirements for a product. The bullet points made the information to be found explicitly. In addition, Mikko's written English seems to comply with English grammar rules. Overall, his emails can be assessed to have high clarity.

However, clarity was impacted when a knowledge barrier exists. For example, the participants may need more rounds of emails to clarify some "technical" issues, especially the issues on raw material production technology and the package design. A third person may join the conversation as an intermediary to communicate this issue. In this kind of a process of knowledge transfer, Mikko usually asked his procurement trainee (the thesis author) who speaks Chinese to discuss such issues as the production optimization with Anna. Then he could get the results with comparatively higher clarity and less misunderstanding.

3. Politeness

It may be a very subjective issue to measure if the tone of written messages sounds friendly or polite. When signals of basic politeness in email messages are examined we can note that both participants had used "*thanks*" and "*please*" (or "*pls*") fairly frequently in their emails. Anna had written 6 "*thanks*" and 8 "*pls*" out of 19 emails of the corpus; Mikko had written 8 "*thanks*" and 7 "*please*" out of 22 emails of the corpus.

> However in the research context, it seems that politeness is not as important as the other two characteristics for effective communication. According to the Kankaanranta and Louhiala-Salminen's (2010, p.207) findings, respondents ranked clarity higher than directness and politeness, and also the researchers claim that politeness "was conceptualized as interpersonal orientation overall". For our case, examining politeness between people who already had a good interpersonal relationship is should go beyond the basic lexical signals (e.g. "*thanks*") and is beyond the scope of the present thesis.

Additionally, the inadequate language competence seems to have an influencing of their interpersonal communication. For example, the Chinese interviewee's language competence sometimes impacts the expression of personal feelings. This happened when Mikko criticized Anna about the delivery delay, Anna "*kept silent*", since she "*didn't know how to react and I don't have that good of English to react*".

Another interesting aspect emerged from the email corpus: Mikko tended to express personal emotions more than Anna. He tried to encourage and to be friendly to the receivers with short sentences like:

- *"Thanks Anna for the update and proactively producing the template before CNY despite this issue."*
- *"Great Yanru and Anna. You two are great!"*

In practice, Mikko and Anna also used an online application (Skype) and phone calls as remote communication channels. However, it was a necessary to use emails more frequently, even though both of them reputed that emails aroused more misunderstandings than the other channels. Mikko thought that the Chinese would like to use chat applications (i.e. QQ, Skype) more after, but they can "*just handle one topic at a time*". Anna explained as "*email is helpful when we need to keep records for some details since FS products are complicated*". In this sense, emails are important for both parties to record informal agreements.

In general, both parties indicated that the language was not a barrier – at least it is not a realized barrier during their communication. For example, when Mikko was asked if the language is a barrier, he replied "*Yeah, to some extent, probably yes. But it's still not so big barrier that we couldn't do collaboration. Sometimes it would be easier if we have the same native language, but it doesn't matter, it's still ok*".

4.2.3 Interpersonal communication between FS and CH

The interpersonal interactions between FS and CH were significantly reflected by their personal relationships and informal communication. In general, the interpersonal relationship between CH and FS was much closer than it was between CH and the other foreign customers.

Mikko admitted that Chinese suppliers generally "*try to be more helpful than westerners*" when asked what the positive aspect was in the relationship with Chinese. "*Even though something is not their core business, they still do it for you because they think it's a good thing to do it*" (Mikko). He also indicated that besides product quality, the personal connection with CH in the pre-stage research was another reason for selecting them as supplier.

When Mikko occasionally visited CH in mainland China, they had face-to-face communication in an informal way. Mikko described the informal way as "*it's like a big* *family, and it's always being good with them… enjoy the work together*". Mr Mao agreed this informal way was "*we feel comfortable with each other in this not very business way*".

Anna described Mikko as "*a more easy-going person*" compared to the other Finnish people she had contacts with. And with "*others who just came here for three or five days, we only talk about business*" (Mr Mao).

Mikko had recognized the importance of *guanxi* or interpersonal relationships in Chinese business:

> *"If you have positive personal relationship of course it will bring positive thing, because the person who is like dealing with your products or your things or your asking. They will give you better services. They might give you better prices, or like delivery time or whatever, they make more efforts for you products or for you order."*

Another effect of a close interpersonal relationship is the fact that the participants tend to express unsatisfaction more freely. In a previous example covered in section 4.2.1, there were some communicative conflicts when Mikko's emails had not got replied, thus possibly affecting their personal relationship. But he thought "*it's not serious, just like temporary. I don't need to fix because nothing is broken, but it just like it would get better when time goes by*".

4.3 Summary of findings

In sections 4.1 and 4.2 the findings from the interviews and emails are presented separately. In this part, the findings are integrated and aim at answering the research questions proposed at the beginning of the present thesis.

RQ1: What kind of challenges can be identified in the relationship between the Finnish buyer and the Chinese supplier company? In what processes of sourcing do they emerge?

Overall, both CH and FS perceived the relationship between them was satisfactory and their communication was considered to be effective in general to enhance the relationship. However, there were several challenges emerged which include time management, directness of communication, quality management, inadequate English competence of affection expression, and FS's commitment to the mutual benefits

In the process of product manufacturing, mainly package sub-manufacturing, the time was not well controlled, which easily lead to a delivery delay on final products. The information exchange once the delay happened was not efficient. FS was not informed timely about the delay, and was not replied when asking the product status in sometime. There were several delay cases that lead to the interpersonal relationship become intensive temporarily. It was also reported that CH get communicative pressures on the time management issues which was aroused due to FS's lacking of understanding to CH's difficulties on time control among local manufacturers.

Moreover, another common problematic communication phenomenon emerged when Anna sometimes skipped questions or emails with troublesome issues, including the delivery delay issue. It was explained that Anna had no time to give time consuming explanations via email, and this might lead to some intensive relationship situations.

In communication between CH and FS they hardly reached an agreement about the "good quality" of a package material in the quality management process. On the one hand it was explained as a different mind-set between Chinese and Finnish on package appearance aesthetics. On the other hand, it also contained the reason that CH did not take the initiative to understand customers' business culture as well as the customer's requirements in detail. Moreover, the "good quality" package was not the only case that took FS repeated communication efforts to explain the requirements.

The English competence was not a barrier between Anna and Mikko on regular sourcing business communication. However, the inadequate English competence of Anna impacted her explanations on some technical issues, especially when the information from the package manufacturer needed to be reported to FS. At the same time, the language competence also may lead to an inadequate level of personal emotion expression when feelings of stress or pleasure need to speak out.

The commitment towards CH's long-term business profitability and interests was seldom expressed by FS, at least have not been observed from the present research data. However, CH had committed that they would like to support FS's long-term growth with flexible payment terms and other compensations. In principal mutual and more equal commitments were needed to enhance the relationship.

The co-operative level between CH and FS on joint problem solving was low but kept in a balance. There was space for both parties to kick off joint development on product design and manufacturing process. In general the effectiveness of each component (the length of each two arrows) was kept in a balanced status, from which the CH-FS relationship was considered to be stable under a long-term arm's length relationship.

RQ2: What communicative strategies do the Finnish buyer and Chinese supplier use to overcome the challenges? What are their perceptions of communicative compromises and communicative effectiveness?

Both CH and FS had made efforts to overcome the challenges in time management, quality management as well as cultural differences. However, the effects of these efforts were different and were considered to be effective or compromising.

When the time management on product manufacture and delivery was problematic, CH has to explain that the schedule was out of control for some reasons. However the effectiveness of this kind of initiative explanation on delay was low, CH got urging emails after several days or even the reasons were not acceptable to FS. When FS did not know about the status or the delay had not been explained initiatively, FS followed a route "email – more emails – Skype chat – Skype call – phone call" to get the information. This communicative route was considered as a compromise in short-term because the more time was used the participants became less patient. In the long-term active inquiry on product status was effective to a certain extent, since CH reported on the pressure that FS had higher requirements on time than the others, which would lead to more managerial efforts on FS's orders. In addition, FS's efforts to help to plan the production schedule had not decreased the delay frequency, which was the reason that was considered to be an ineffective strategy.

The findings revealed that the delays had made Mikko to express his decreased patience. For this situation, Anna tends to assume a compromise by keeping silent because of the limits on her language competence.

In the quality management process, firstly, FS had paid efforts to increase CH's understanding to another mind-set on “good quality” package. FS had tried to understand the quality difference under different cultural contexts and tried to explain things from the CH’s cultural perspective in various ways. CH’s ability of manufacturing a complex product had increased from scratch, even though these efforts were not always effective since the explanation on the package material still needed to be repeated. Secondly, the communication on CH’s own raw material quality management was highly effective and mature. CH and FS can reach an agreement on the identification of responsibility soon once the problems emerge. CH also showed the initiative to be responsible for their own product quality defects.

FS had provided general suggestions to help CH to get used to the Finnish or western culture or business customs, for example, to get used to westerner’s multi-topics email communication way. Partly this was successful but repeated work was needed. However, FS emphasized that they would like to compromise on some issues conducted in the Chinese business way.

Additionally, CH had paid efforts on interpersonal communication through their warm welcome and family-like organizational culture when FS members visited their premises. These efforts were not towards a particular process or challenge, but were effective on enhancing the CH-FS interpersonal relationship as well as the business relationship overall.

5 CONCLUSION

This final chapter completes the whole thesis by summarizing the study. The implications for Sino-Finnish supplier relationship and communication are discussed. Furthermore, the present thesis also presents suggestions that aim at an improved supplier relationship for Fine Shiitakes. Finally the research limitations and corresponding suggestions for future researches are discussed.

5.1 Research summary

The purpose of this thesis was to explore the communication in the buyer-supplier relationship between Finnish and Chinese companies. The research motivation mainly came from the research niche on communication along the supply chain. At the same time, the author’s job in the case company provided the opportunity to gain participant observation for the research.

This study established two research questions in order to research the main theme of the communication in a Sino-Finnish supplier relationship. The two questions explored the relationship challenges between the case supplier and buyer company and their communicative strategy separately:

1. What kind of challenges can be identified in the relationship between the Finnish buyer and the Chinese supplier company? In what processes of sourcing do they emerge?
2. What communicative strategies do the Finnish buyer and Chinese supplier use to overcome the challenges? What are their perceptions of communicative compromises and communicative effectiveness?

Earlier literature was reviewed in terms of two major parts, firstly, supplier relationship in international sourcing was focused on. The general global sourcing business and the particular sourcing business in the Chinese context were reviewed. Meanwhile theories on relationship management in international sourcing business were reviewed. The second part focused on cross-cultural business communication. Various cultural dimensions under Finnish and Chinese business cultures, theories of Business English as Lingua Franca and interpersonal communication under different cultures were covered. Moreover, a theoretical framework was designed on the basis of an earlier relationship model to be used in data analysis and help to solve the two research questions.

The research methodology of a qualitative single case study was justified in Chapter 3. The data was collected mainly through three interviews with the participants from the case company and its supplier. Also emails between the interviewees in a certain period were collected as complementary to the interviews. The interviews and the email corpus content were analysed in qualitative methods.

The findings of this study were discussed from two aspects: relationship status and communication between the case supplier and buyer; then they were summarized to answer the two research questions. Overall, the relationship between the case buyer and supplier is a typical arm's length relationship with comparatively balanced efforts from both parties on the components of trust, communication, co-operation, risk/reward sharing and commitment. Their communication on time management, quality management and general business customs brought challenges to their relationship. Their corresponding communicative strategies targeting at each challenge was identified as effective or a kind of a compromise. Their interpersonal communication is considered to be a positive determinant for their relationship

5.2 Implications for Sino-Finnish supplier relationship communication

In this section, the implications from the present case study are extended from a particular case to general practical theories for Sino-Finnish supplier relationship communication.

The present findings indicate that time management and quality management are the most challenging sourcing processes in China. Time is difficult to manage because of, first, the different notion of time planning between Finns and Chinese; second, the production schedule which cannot be fully controlled. Especially for products which involve more production processes, components or third manufacturers, accurate time is less predictable. Finnish buyers should keep frequent and consistent communication with suppliers about the production status and prepare enough buffer time. Different mind-sets on quality may exist, especially as in the present case on product appearance. Buyers should explain the requirements sufficiently to the supplier and ensure that the requirements are fully understood.

The findings related to cross-cultural communication with the Chinese are basically in line with earlier theories. The Chinese increased their directness when communicating with foreigners, but they are still not direct enough to provide explicit and complete information for buyers. In the supplier selection process, communication directness is the key determinant of whether a supplier would be selected, according to the case company’s experience. The tendency towards indirect communication is also reflected on email communication, e.g. skipping questions is common. For a long-term supplier, the buyer may need to promote the formation of a direct email communication manner.

BELF is not an explicit barrier to communicate issues on the transactional level. However, when discussing technical issues in a particular field between non-professionals of that field, the Chinese supplier's vocabulary competence limits his or her expression and thus may to cause misunderstandings. Similarly, the Chinese supplier's inadequate English competence is a significant inhibitor to affection expression, especially in the situations of anger expression when there is a conflict. The Chinese supplier tends to keep silence is not only because of the Asian's high degree of avoiding and obliging interpersonal conflict styles.

A good interpersonal relationship enhances the supplier relationship greatly. In the present study, the efforts paid by China Herb on *guanxi* building somehow compensated the other insufficiencies. It is necessary, even mandatory, to develop a close interpersonal relationship or friendship with Chinese suppliers. Most of the close interpersonal relationship is built through face-to-face communication in an informal way during a long-term period. Having developed *guanxi* with the Chinese means your business is their priority and can bring added value.

5.3 Suggestions of future communication towards an improved relationship

Because of the nature of this case study towards a specific company, some recommendations for an improved relationship are proposed for the case company in this section as a part of the research scope. According to the communication and relationship challenges which are identified in the section 4.3, the present thesis recommends communicative practices for quality management and FS's commitment to the supplier relationship.

Quality management on the product package from a third-party manufacturer should learn from the effectiveness of quality performance on raw food material management. While different aesthetics are embodied in different cultural mind-sets, it is more realistic to communicate to let the Chinese package supplier understand FS's requirements. Due to the knowledge barrier on packaging technology exists in CH, it is necessary to develop direct communication between FS and a package manufacturer. Since the product appearance is a critical part of user experience, it may deserve particular efforts to select a package manufacturer with satisfied quality by FS itself. Similar to managing the quality of CH's raw materials, FS should visit potential package manufacturer sites, gain package material knowledge in the Chinese supplying market, and invest communicative efforts in explaining own requirements. In this process, the FS designer should involve in it more proactively than the other FS employees to ensure the directness of managing quality.

In section 4.2.1 it is to be noted that trial and error processes were repeated that lead to several iterated versions of package for each batch of product, which implies that FS mainly concentrates on the package's outgoing quality assurance. For a complete quality management chain, incoming quality assurance and process control are also significant. Therefore, it is required to have communication on the package material selection and information exchange in the package producing process.

However, except for the quality issues, the other communication responsibilities with the Chinese package manufacturer (e.g. managing package orders) still can be implemented by CH as the intermediary since they share the same language and culture.

FS may consider increasing its commitment to the long-term relationship with CH. A committed relationship means participants show willingness to committing resources in the form of time, money, facilities etc. towards co-prosperity (Monzcka et al., 1998, p.557). In the present case, FS could share network with CH by introducing the other western customers, since Chinese believe that providing favours within a network circle is a strategic level commitment from the *guanxi* perspective.

Most of the literature (e.g. Monzcka et al., 1998; Seppälä, 2001; Trent & Monzcka, 2005) of supplier relationship claim the critical role of top management in the commitment. Therefore, direct strategic dialogues with Mr Mao should be conducted in spite of Mao’s lacking of English competence. Meanwhile, it is also essential to get the commitment from the CH executive directly on the quality performance, including the time management.

Additionally, the effective interpersonal communication between FS and CH works as a success determinant of which should be taken advantage to achieve an enhanced relationship. More face-to-face interactions are always encouraged in the Chinese business context. Not only the interviewed manager himself, but also the other sourcing related employees from FS are encouraged to develop close relationships with the Chinese suppliers, even to meet them face-to-face. Moreover, FS may consider respecting the gift-giving culture in China to show the initiative of making friends with suppliers.

5.4 Research limitations and suggestions for future research

The use of BELF is only examined in the written data, i.e. emails. The present research argues the corpus is valid in the case context in which the participants' daily remote communication is carried out through emails. However, the case participants also have regular oral communication like Skype talk, phone calls, and occasional meetings at CH's premises. In international sourcing business, there are more complex communication occasions, such as negotiations and formal meetings, in which the use of oral BELF is another determinant for effective communication. Later research in the field of communication in international relationship may consider involving oral BELF data if possible.

Another limitation of data is that the email corpus does not cover the phenomenon of their written communication totally. As a participant observer who is often cc'd in emails, the author noticed that the email writer's way to formulate the message affects the response. An explicit example was that Anna tended to imitate when she noticed Mikko got used to answer questions by commenting on the original email, which a practice clearly improved the clarity and the directness of the use of written BELF. Therefore other data collection ways, for example, organizing the corpus by selecting emails manually, should be considered for future research.

REFERENCES

Antràs, P., & Helpman, E. (2004). Global sourcing. *Journal of Political Economy, 112*(3), 552-580.

Balkow, J. (2012). *In the middle: on sourcing from China and the role of the intermediary*, Jönköping International Business School.

BCG. (2005). *Avoiding supply chain shipwrecks: navigating oursourcing's Rocky Shoals.* In: INC, T.B.C.G. (ed.).

Boroditsky, L. (2001). Does language shape thought?: Mandarin and English speakers' conceptions of time. *Cognitive psychology*, *43*(1), 1-22.

Brown, R. W., & Lenneberg, E. H. (1954). A study in language and cognition.*The Journal of Abnormal and Social Psychology*, *49*(3), 454.

Bryman, A., & Bell, E. (2007). *Business research methods*. Oxford university press.

Chaney, L. H., & Martin, J. S. (1995). *Intercultural business communication*. Prentice Hall Career and Technology.

Cho, J., & Kang, J. (2001). Benefits and challenges of global sourcing: Perceptions of US apparel retail firms. *International Marketing Review, 18*(5), 542-561.

Fang, T., Olsson, D., & Sporrong, J. (2004). Sourcing in China: the Swedish experience. In *IMP Conference*.

Gamble, T. K., & Gamble, M. W. (2005). *Interpersonal communication in theory,* *practice, and context*. Boston: Houghton Mifflin.

Gerritsen, M., & Nickerson, C. (2009). BELF: Business English as a lingua franca. *The handbook of business discourse*, 180-192.

Hall, E.(1976). *Beyond culture*. New York: Doubleday

Hall, E. T., & Hall, M. R. (1990). *Understanding cultural differences*. Nicholas Brealey Publishing.

Herbig, P., & O'Hara, B. (1996). International procurement practices: A matter of relationships. *Management Decision*, *34*(4), 41-45.

Jameson, D. A. (2007). Reconceptualizing cultural identity and its role in intercultural business communication. *Journal of Business Communication*,*44*(3), 199-235.

Kankaanranta, A. (2006). “Hej Seppo, Could You pls Comment on This!”—Internal Email Communication in Lingua Franca English in a Multinational Company. *Business Communication Quarterly*, *69*(2), 216-225.

Kankaanranta, A., & Louhiala-Salminen, L. (2007). Business Communication in BELF. *Business Communication Quarterly*, *70*(1), 55-59.

Kankaanranta, A., & Louhiala-Salminen, L. (2010). “English?–Oh, it’s just work!”: A study of BELF users’ perceptions. *English for Specific Purposes*,*29*(3), 204-209.

Kankaanranta, A. & Lu, W. (2013). The evolution of English as business lingua franca: signs of convergence in Chinese and Finnish professional communication. *Journal of Business and Technical Communication*, 27(3), 288 – 307.

Kaufmann, L., & Hedderich, F. (2005). A novel framework for international sourcing applied to the emerging Chinese supply market. *Perspektiven Des Supply Managements–Konzepte Und Anwendungen.Berlin, Germany: Springer,* 123-150.

Krippendorff, K. (2003). *Content analysis: An introduction to its methodology* – 2nd ed. Sage Publications.

Kull, T. J., & Wacker, J. G. (2010). Quality management effectiveness in Asia: The influence of culture. *Journal of Operations Management*, *28*(3), 223-239.

Lewis, R. D. (2005). *When Cultures Collide : Leading Across Cultures (3rd Edition)*. Nicholas Brealey Publishing.

Louhiala-Salminen, L., Charles, M., & Kankaanranta, A. (2005). English as a lingua franca in Nordic corporate mergers: Two case companies. *English for Specific purposes*, *24*(4), 401-421.

Louhiala-Salminen, L., & Kankaanranta, A. (2011). Professional communication in a global business context: The notion of global communicative competence.*Professional Communication, IEEE Transactions on*, *54*(3), 244-262.

Luo, Y. (1997). Guanxi: principles, philosophies, and implications. *Human systems management*, *16*(1), 43-51.

Monczka, R. M., Petersen, K. J., Handfield, R. B., & Ragatz, G. L. (1998). Success Factors in Strategic Supplier Alliances: The Buying Company Perspective. *Decision Sciences*, *29*(3), 553-577.

Nassimbeni, G., & Sartor, M. (2006). *Sourcing in China: Strategies, Methods and Experiences*. New York: Palgrave Macmillan.

Nassimbeni, G., & Sartor, M. (2007). Sourcing in china: A typology. *International Journal of Production Economics, 107*(2), 333-349.

Nishimura, S., Nevgi, A., & Tella, S. (2008). Communication style and cultural features in high/low context communication cultures: A case study of Finland, Japan and India. In: Kallioniemi, A., *Renovating and developing subject didactics. Proceedings of a subject-didactic symposium in Helsinki Feb. 2, 2008. Part 2,* Helsinki: University of Helsinki Department of Applied Sciences of Education, pp. 783–796.

Penkova, A. (2012). *Cultural synergies and challenges in the context of Supplier Relationship Management: Finnish-Chinese interaction.*

PriceWaterhouseCooper. (2008). *Sourcing and logistics in China. Costs, processes, and strategies of German companies procuring in the Chinese market*. Frankfurt: PriceWaterhouseCoopers.

Ramström, J. (2005) *West Meets East: A Study of Cross-Institutional Business Relationships between Finnish/Swedish and Overseas Chinese Firms*. Åbo Akademi University Press: Turku.

Saunders, M., Lewis, P., & Thornhill, A. (2007). *Research Methods for Business Students*. Pearson Education India.

Seidlhofer, B. (2005). English as a lingua franca. *ELT journal*, *59*(4), 339-341.

Seppälä, T. (2001). *Buyer-supplier relationships and sourcing of strategic components*. Turku School of Economics and Business Administration.

Spekman, R. E., Kamauff, J., & Spear, J. (1999). Towards more effective sourcing and supplier management. *European Journal of Purchasing & Supply Management, 5*(2), 103-116.

Ting-Toomey, S., Gao, G., Trubisky, P., Yang, Z., Kim, H. S., Lin, S. L., & Nishida, T. (1991). Culture, face maintenance, and styles of handling interpersonal conflict: A study in five cultures. *International Journal of Conflict Management*, *2*(4), 275-296.

Towers, N., & Song, Y. (2010). Assessing the future challenges in strategic sourcing commodity from china: A case-study analysis. *Asia Pacific Business Review, 16*(4), 527-544.

Trent, R. J., & Monczka, R. M. (2003). International purchasing and global sourcing -- what are the differences? *Journal of Supply Chain Management, 39*(4), 26-37.

Trent, R. J., & Monczka, R. M. (2005). Achieving excellence in global sourcing. *MIT Sloan Management Review, 47*(1), 24-32.

Vihakara, A. (2006). Patience and Understanding, A Narrative Approach to Managerial Communication in a Sino-Finnish Joint Venture. *A Dissertation, Publications of Turku School of Economics and Business Administration, Series A-1*.

Wang, C. L. (2007). Guanxi vs. relationship marketing: Exploring underlying differences. *Industrial Marketing Management, 36*(1), 81-86.

Webster Jr, F. E. (1992). The changing role of marketing in the corporation. *The Journal of Marketing*, 1-17.

Webster Jr, F. E., & Wind, Y. (1972). A general model for understanding organizational buying behavior. *The Journal of Marketing, 36*, 12-19.

Yum, J. O. (1988). The impact of Confucianism on interpersonal relationships and communication patterns in East Asia. *Communications Monographs*, *55*(4), 374-388.

APPENDICES

Appendix 1: Interview questions for buyer

1. What factors influence you select a supplier in China? Besides rational factors, what factors under relationship or communication perspective are considered? Can you list 3 to 5 most important factors? What made you choose China Herb as the supplier?
2. In the process of finding a supplier, did you contact numerous to figure out a suitable one? In what way did you contact them? How you explain your demands and do you think they understand well? Can you summarize in what we do they reply you?
3. As you are also cooperating with suppliers from other countries, in general, how Chinese suppliers are different from them in communication style, for both positive and negative aspects?
4. In what ways, do you like or dislike speaking with China Herb?
5. About the quality management, since FS requires high standards for own products and gets regulated by European countries, how easy do you feel to let Chinese suppliers understand your demands in quality? What are the challenges? What do you think could be the reasons of these challenges? Can these challenges be fully explained and overcome with suppliers? Did these challenges impact later processes? If yes, what did you do to solve these impacts?
6. How about the technology or certificates from the supplier side? Do you satisfied with them? Do you think Chinese suppliers can fully understand what you need and meet your requirements on technology and certificates?
7. About the time management, how their performance is compare to the suppliers

from the other countries? If there are some problems, can you summarize what are they? How you noticed there are problems of something cannot be delivered on time (, you ask them, or you be told)? How you communicate with them when problems happen?

8. Besides the main business about the products, China Herb also plays a role as the middle man of getting other related business, like warehousing, logistics, packages, etc. How do you evaluate these supporting services from China Herb? Do you feel supporting services issues are more difficult to be communicated? If yes, what are the challenges and what do you think the reasons could be?
9. About the business trust, to what extent or in what aspects do you think Chinese suppliers really worth to be trust? What are not?
10. In most times you use English to communicate with China Herb, do you think language is a sort of barrier to understand each other? If yes, what are the challenges of communication in English? Can you rank the level of misunderstanding of three different ways: face-to-face, phone call or online call, and emails?
11. In what processes and procedures do you think Chinese suppliers do not understand your business culture well? How do you deal with these situations?
12. Is there any time that either you or supplier has misunderstanding or different understandings to one thing/concept then leads to a result you would not want? If yes, what are they and what do you think the reasons could be? How you and supplier deal with the result?
13. Can you discuss something about your informal communication and the interpersonal communication between you and suppliers? How the informal and interpersonal relationships affect your business relationship and communication, in both positive and negative ways?

14. How do you feel Mao and Anna are different from others in this sourcing business? What are the differences?

Appendix 2: Interview questions for supplier

1. Please briefly introduce your position and tasks in the company? Where do the other foreign customers come from?
2. What are your main tasks when collaborating with FS? What processes are you responsible for?
3. Compare with local customers, how the foreign customers are different in terms of business processes, communication style and customs?
4. Compare with other foreign customers, in what processes or what communication style, or customs that FS are different? For both positive and negative aspects? For negative aspects, how you overcome it?
5. About the quality management, we all know that Nordic countries have strict quality control standards, while FS require higher. So in the process of meeting the standards, what kinds of difficulties have you ever meet? Can these difficulties be fully explained? How did these difficulties impact later processes? How you overcome the impacts?
6. How about the production technology and certificates? Do they meet the customers' requirements?
7. About the time management, can you meet FS's requirements fully? What are the difficulties to meet them? How you deal with the difficulties?
8. Besides the main business, China Herb also plays a role as the middle man of getting other related business, like warehousing, logistics, packages, etc. Do you feel supporting services issues are more difficult to be communicated? If yes, what

are the challenges and what do you think the reasons could be?

9. About the business trust, to what extent or in what aspects do you think your FS customer really worth to be trust? What are not? Do they reliable?
10. Do you think language is a sort of barrier when you communicating with FS? If yes, in what process does this barrier emerge? How did you overcome them? How do you feel the differences of using different methods, i.e. face-to-face, emails, and phone calls?
11. Is there any moment that you feel the customer doesn't understand Chinese business culture or customs well? If yes, in what process does it emerge? How to overcome it?
12. Is there any time that either you or supplier has misunderstanding or different understandings to one thing/concept then leads to a result you would not want? If yes, what are they and what do you think the reasons could be? How you and supplier deal with the result?
13. Can you discuss something about your informal communication and the interpersonal communication between you and the customer? How the informal and interpersonal relationships affect your business relationship and communication, in both positive and negative ways?
14. What else problems do you have when communicating with FS?