CULTURAL INTERACTIONS IN SERVICE MANAGEMENT – HOW DO CHINESE COMPANIES CONDUCT SERVICE IN SWEDEN?

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ABSTRACT

Service management is important for any firms seeking to achieve success in foreign business environment. While the importance of managing service seems to be universally recognized the knowledge of how to do it is still relatively limited. Through a case study of how Chinese telecommunication manufacturers (ZTE and Huawei) develop business in Sweden it is discovered that although they are still in an early phase of orchestrating their customer support functions in local markets Chinese firms tend to outperform their competitors by offering speedy service to their customers.

• Purpose  The purpose of this paper is to arrive at a better understanding of how speed plays a role in service management in foreign business environment.

• Design/methodology/approach  Three Chinese service providers in Sweden i.e. ZTE and Huawei have been interviewed for the purposes of this research.

• Findings  Culture in general has a varied impact on service methods. Service speed which has not been emphasized in the literature is becoming essential for satisfying customers and creating an overall perception of high quality service. Our contribution is to add speed as a central element to help improve existing service management models.

• Keywords  China, Sweden, culture, service management, speed

1 INTRODUCTION

The first chapter of this thesis will be explaining our initial thoughts and summarize all pre-studies made. Hence, the following text consists of both academic resources, media views and our own conceptions.
1.1 Background

“Increasingly unable to compete from a production-oriented advantage, the Western economies are being transformed into “service” economies. We are at an historic crossroad where the age of customer orientation has arrived, even for businesses that have never before viewed themselves as service businesses.”

From “Moments of Truth” by Jan Carlzon (1989)

As Western economies were facing problems to achieve a competitive advantage through product-orientation during the 1980’s, Chinese companies are facing the same intense rivalry today. Currently it is not enough to only be productive, provide a wide range of products and deliver the mentioned. It is more or less understood that a firm also needs to consider its customer service for long-term sustainability.

Service management and service has been essential whether marketers have been aware of it or not. Interestingly, the traditional 4P’s of marketing, the P for product commonly referred to physical goods, occasionally services have also been included under the same P. However, this concept of dividing the marketing mix is claimed to be old fashioned and especially when the boundary between goods and services are yet to be clearly defined by the academic world.

According to Grönroos (1994) the term ‘service management’ was found in Swedish in 1982 and in English in 1984. The statement indicates that “service-minded thinking” was introduced slightly earlier in Sweden than in other countries. One can question if this also means that the Swedes also require better service and have higher expectations than, for example, Chinese customers. If this deem is correct, Chinese companies, operating in Sweden, are assumed to meet hardships, having to adapt and develop service management accordingly. On the contrary, this has yet not been fully explored, hence the focus of this study. Moreover, viewing from a broader scope, not only Chinese and Swedish cultures may have different norms and routines in services, other cultures should not be forgotten. It is notable that service quality not only has a matter towards private customers and their satisfaction. Services is also a central term and of great importance in business-to-business
(B2B) relations.

According to Financial Times, China’s growth has been remarkable for almost two decades; mass production and cheap labor costs have been main factors of the country’s growth. However, the boom is slowing down and the labor prices are increasing along with the Chinese consumers’ higher demand of quality and harder to be fulfilled satisfaction (Financial Times, 2011). Thus, it is believable that factors such as productivity and intense expansions are becoming less prioritized in Chinese firms. Instead keeping customers and establishing broad networks and creating bonds are more desirable, hence service conduction and management could be plausible key factors for achieving success and long-term sustainability.

1.2 Problems

Earlier studies have found that marketing in general refer to promotion of products (mainly goods) from a traditional manufacturer’s point of view. Today we have more complex distribution channels and different kinds of services can be found in these seemingly more advanced distribution systems. For example, it would be awkward if one would claim a statement that a staffing company manufactures people or that an airline manufactures traveling, instead it is their services, which are to be explained and recognized as a product of the mentioned businesses. In addition several situations proves the hardships of defining a pure service is, examples illustrating this phenomena are hotel establishments or treatments received form a waiter or waitress in a restaurant. In these cases the product not only consist of the treatment received but also the hotel room provided or the meal being served, hence objects that are obvious goods also contributes for the product and experience for the consumption made. (Vargo & Lusch, 2004)

Even though the border between a service and a good is unclear, we believe cultural aspects has a matter in terms of customers’ expectations and how “good service” can be defined. Results from a previous research concluded that service recovery might be interpreted differently depending on cultural differences (Ringberg et al, 2007). In general,
the underlying factors of culture; for example, norms and values, have a great impact on how business is conducted (Hofstede, 1994; Ringberg et al., 2007; Faure & Fang 2008). Seemingly, as Chinese businesses are rather inexperienced in service management in comparison to many Swedish equivalents, they are not only faced with cultural adaptations in services that have to be made. Additionally, a Chinese firm might be, along with adapting, creating a service policy or service-mind within itself.

Importantly, there are also certain discrepancies in expectations of service and its outcomes depending on the customers and its perceived satisfaction (Grönroos, 1984). Thus, it is questionable if satisfaction may also depend on the relation the customer has with the service provider. For instance, customers will surely be approached differently depending on the established relations; business-to-consumer (B2C) or business-to-business (B2B). It is also known that many companies also choose to have separate departments for services addressed to private consumers or businesses.

1.3 Purpose

This thesis aims to contribute and develop an understanding of how occurrence and conduction of services are exploited in Chinese-originated businesses while operating in Sweden. Hopefully, we will also contribute to a general theory from our findings.

An apparent and anticipated factor such as culture could be a settlement for international companies to arrange local business adaptations. Hence, the ambition is also to determine if this statement is applicable in Chinese companies with pursues in Sweden.

1.4 Research questions

From the discussions above, we have concluded our thoughts into the following research questions. These will be the basis for the thesis and mark the direction. The study will intermittently refer back to these enquiries:

*How does culture affect interactions in a service management context?*
and

How do Chinese companies conduct their service management while operating in Sweden?

1.5 Delimitations

The study will be limited from one perspective as the aim is to only investigate companies in Sweden. It is not relevant from our current position to accomplish a fair comparison study of how service is performed in China, since there is no given possibility to collect data from Chinese companies in their native market.

As service management and also service marketing in general are broad subjects, with the study’s objective is to mainly discuss customer service and in particular also service recovery. However it is not possible to only consider customer service and service recovery, nor is it possible to exclude service marketing or service management since the latter conceptions are highly important for the research. Therefore we kindly ask the reader to be considerate that the terms refer to separate concepts and not confuse them with one-another. Moreover, the thesis will delimit and discuss how Chinese firms aim to achieve loyal customers and from there elaborate more general assumptions regarding cultural affects. Further, the choice is to concentrate our study concerning service approach adaptations or any special changes in terms of services and not in the companies’ general management.

To avoid misinterpretation, we have chosen to not use an absolute definition of service throughout this study. The discussions of how to define service have developed many models and terms that this research will choose to overlook. For example; the key characteristics ‘intangibility’, ‘heterogeneity’, ‘inseparability’ and ‘perishability’ (IHIP) is probably one of the most famous theory of how to define service, yet it has been much criticized by various researchers (Gummesson, 2007; Vargo & Lusch, 2004). Briefly explained, critique that has been raised upon IHIP claims that the approach does not
separate goods from services. Even though this paper will not completely agree or disagree with previous attempts to define service, a broad view is chosen for the analysis and conclusion. Thus the statements will be elaborated in regards to the different definitions of service throughout this study.
2 METHODOLOGY

There is a wide range of different methods to choose among when conducting a research. In this section, the study's methodology will be presented. The approach is determined by the characteristics of the studied area and the overall quality of the research is explored.

2.1 Scientific Perspective

A qualitative approach with hermeneutical elements has been chosen when conducting this study. The methodology is suitable since the nature of the topic aims to gain a deeper understanding in how culture affects interactions in context of service. Using quantitative methods, such as surveys, would most probably lead to misses of crucial variables of interests. Moreover, quantitative methods are not suitable as it would result in failure to reflect the whole picture experienced by people’s subjective experiences. (Bryman & Bell, 2007)

Both of us have a Chinese background and have our upbringing in Sweden, thus we have gained an extensive experience and understanding of both Swedish and Chinese culture. Furthermore, we also have a significant amount of experience regarding customer service from working with customer support at different companies and industries. Supposedly, this is believed to give the thesis a deeper credibility. This practical basis in relation to the subject will aid us throughout the study, which is in accordance with the hermeneutic view.

2.1.1 Scientific approach

There are two different theoretical approaches that can be chosen when conducting social sciences research, a deductive or an inductive method. When using the deductive approach, existing theories in the specific research are used as a foundation when formulating one or several hypotheses. The inductive approach refers to creating theory on the basis of the observed data. (Bryman & Bell, 2007)
In this thesis, a significant amount of previous studies and theories have been studied at an early stage, prior to initiating the empirical work. This was seen as a necessity in order to both gain an insight in the specific research area and also help choosing which areas to work with further. Moreover, throughout the research process, an open relation to the theory was maintained, allowing an approach known as iterative strategy, where switching between existing theory, empirical data and interpretation of data was used (Yin, 2009).

As a reason, the usages of both deductive and inductive approaches have been used in this study, the method is considered to be abductive, which is a combination of the two basic approaches (Alvesson & Sköldberg, 2008). Additionally, the abductive method is appropriate due to the ambition to contribute with new theory, based on existing theories and gathered empirical data.

2.1.2 Qualitative interviews

In qualitative studies, interviews are regarded as one of the most vital sources of evidence (Merriam, 2009). As recommended by Yin (2009), the interviews were held with people that had relevant experiences of handling customer service within their own company. The sessions lasted between 30 and 60 minutes. When choosing the interview objects, people with different backgrounds were preferred. Thus, generating empirical data with a more faceted picture of how Chinese customer service is perceived from multiple perspectives, since each person would contribute with experiences from their own context.

In order to create a relaxed feeling for the interviewees, resulting in better discussions, the aim was for the interviews to take place in their respective office buildings. Moreover, it would further allow observation of the interviewees’ natural environment (Yin, 2009), which would generate more fair results and avoid pressure from external obstacles. However, not all interviews were held in the interviewees’ office buildings; two of the interviews were conducted in the offices of the companies, one was held in a café in Central Stockholm, while the interview with Asus was carried through a speakerphone, since this was the only option offered.
As planned, the interviews were qualitative and semi-structured. Even though the interview guide acted as a foundation, the interviews did not entirely revolve around it. Instead, the focus was directed towards the interviewees. The semi-structured interviews were complemented with open-ended questions. Consequently, the interview objects were given the opportunity to tell as much of their personal stories and experiences as possible. If requested, the interview guide was provided to the interviewee beforehand. However, the interviewed individuals were encouraged to lead the interview in the direction they found relevant for the topic discussed. It was therefore essential that we, as interviewers, were well-prepared with relevant knowledge of theories as well as information about the interviewee’s companies (Bryman & Bell, 2007).

<table>
<thead>
<tr>
<th>Company (listed by interview date)</th>
<th>Time (approximate hours listed)</th>
<th>Place</th>
<th>Interviewee and their formal title</th>
</tr>
</thead>
<tbody>
<tr>
<td>TeliaSonera</td>
<td>March 29th, 1pm-1.30pm</td>
<td>TeliaSonera’s office, Farsta</td>
<td>Mårten Sand, Global Buyer</td>
</tr>
<tr>
<td>ZTE</td>
<td>April 28th, 4pm-4.20pm</td>
<td>Café, Central Station, Stockholm</td>
<td>Håkan Assarsson, Program Manager</td>
</tr>
<tr>
<td>Asus</td>
<td>May 3rd, 3pm-4pm</td>
<td>n/a (telephone interview)</td>
<td>Michael Girgis, Nordic Service &amp; Support Manager</td>
</tr>
<tr>
<td>Huawei</td>
<td>May 4th, 3pm-3.30pm</td>
<td>Huawei's office, Kista</td>
<td>Jan Danielsson, Vice President of Services, Sales and Marketing</td>
</tr>
</tbody>
</table>

2.2 Research quality

To achieve a high level of research quality throughout the study it is essential to investigate our thesis potential to attain a deep reliability and validity. The following clarifies and explains this ambition.

2.2.1 Reliability
Reliability refers to the requirement that a conducted study should be replicable with similar methods and procedures by another researcher and generate the same results as a previous one (Yin, 2009). Given the fact that this research is qualitative, the reliability could be negatively affected (Bryman & Bell, 2007). However, in order to reduce those elements, several measurements were taken; the interviews made were recorded (if permission was granted by the interviewee) and later also transcribed. Thus, providing a fair picture and accurate quotations in the thesis’ empirical chapter. In order to minimize misconceptions from both sides, the interviews were held in a language that the interviewee felt fully comfortable speaking.

2.2.2 Validity

According to a Yin (2009), validity can be divided into construct validity, internal validity and external validity. Construct validity is defined as an attempt to establish correct operational measures for the studied concepts. Consequently, multiple sources of evidence have been used when gathering data collection. Moreover, the same interview guide was used throughout the thesis in all the interviews in order to cover the same topics.

Merriam (2009) describes internal validity as to what extent the research findings correspond with reality. By reason of the qualitative nature of the study, the emphasis is set to subjective constructed realities. In order words, the objective view of reality is of less importance for the study. A frequent usage of quotes is used in the empirical data in order to give a fair representation of reality. In addition, the questions in the interview guide are constructed in a way that they cannot be interpreted in more than one way. Thus, the aim is to achieve a higher level of internal validity.

External validity indicates to what extent results of a study can be generalized to other contexts outside the specific framework observed in the empirical data (Yin, 2009; Bryman & Bell, 2007). In order to increase the level of external validity, several interviews have been conducted with different companies, including both three service providers and a client to two of these companies. Apart from this, the cases are richly described with a great focus on detail in order to increase its applicability in other contexts.
2.3 Research ethic perspective

The Swedish Research Council’s (2002) four demands; the information demand, the approval demand, the confidentiality demand, the demand of usage, and their other recommendations, will act as an ethic foundation throughout this thesis. Our ambition is to preserve the integrity of our interviewees by following these standards strictly. All the interviews were held on a voluntarily basis and the choice to be credited anonymously was offered. The purpose of the thesis was thoroughly explained before the interview session; moreover the interviewee was free to ask questions to avoid misunderstandings. We will only publish our thesis after receiving an approval regarding the interview contents from our research subjects. Importantly, they will also be given the opportunity to change their statements after reading our transcription of their interview. It is of uttermost importance that any sensitive information that might have been discussed during the interview is handled with discretion. (Bryman & Bell, 2007)

2.4 Criticism of chosen method

The initial aim of the study was to focus on Huawei’s view on customer service and how it was conducted. As a complement, several of the Chinese telecom giant’s clients were contacted for interviews regarding their choice to engage their business with Huawei. Questions included how they perceived the service provided to them during the ongoing collaborations.

Huawei showed willingness to participate in the study at an early stage. Nonetheless, difficulties emerged when contacting their clients as all of them, except from Telia, either did not reply or simply rejected an interview request. As a result, it became a necessity to widen the research scope by including other Chinese firms regarding their customer service management, resulting in our contact with ZTE and Asus.

Moreover, we also admit narrowed views regarding customers’ perspective of services as
only one business client of a Chinese firm were interviewed. Additionally, since no private consumers were interviewed, the B2C scope of the thesis is also limited. Consequently, the conclusions drawn regarding B2C approaches were merely based on previous studies and from a service providers’ perspective of consumer demands.
3 THEORY

To gain a better understanding of the subjects this chapter is a literature compilation of previous research. Service management and marketing along with culture will be explored below from different perspectives in order to create a strong scientific basis.

3.1 Complications when defining services

“Most marketers have some idea of the term ‘goods’... but ‘services’ seem to be everything else” (Rathmell, 1966 in Vargo & Lusch, 2004:235). Defining the term ‘services’ have been discussed over decades, yet there is still no clear way to define what it is. The most famous approach to separate goods and services are found in the key characteristics ‘intangibility’, ‘heterogeneity’, ‘inseparability’ and ‘perishability’ (IHIP). The IHIP characteristics can be found in studies as far back to Adam Smith, although discussed and elaborated over decades, many have claimed that these are not enough to give services an absolute definition or to separate services and goods. (Gummesson, 2007; Vargo & Lusch, 2004; Zeithaml, Parasuraman & Berry, 1985)

Intangibility refers to how services are materialistically “lacking the palpable or tactile quality of goods” (Vargo & Lusch, 2004:236, italics in original). In other words the intangibility criterion assumes that services are not tangible in comparison to goods. However, opposing arguments claim that receiving a medical operation (clearly a service) is highly tangible since a doctor needs to touch the patient under an operation (Gummesson 2007). Vargo & Lusch (2004) also argues that one can invent tangibility among services management, an example is given; McDonald’s golden arches can be seen as a tangible representation of their service.

The heterogeneity criterion in services declares that all services are unlikely to follow an exact standard. Unlike goods, services are said to be non-standardized, instead every service is a unique occurrence. As the previous criterion, heterogeneity has also been criticized and seen as an insufficient assumption. Gummesson (2007) proves this by
mentioning credit cards, which easily is agreed as a service that hold an exact pattern.

Inseparability of services states that the production of a service and the consumption of it are performed at the same time, in other words suggesting that production and consumption cannot be separated from one another. The principle also implies that services can only be directly distributed by the seller (who also holds the position as the producer). Arguments have been raised as services that are based on finance or entertainment are most likely produced when being separated from the consumer (Vargo & Lusch, 2004). This can be illustrated when a bank produces documents for a certain transaction (a service) or while actors need to practice a play before a showcase.

Lastly, perishability among services explains that it is not possible to store an empty hotel room or in any way reclaim a lost slot (Zeithaml, Parasuraman, & Berry, 1985). However a hotel is a storage of rooms and a hospital is a storage of medical knowledge, if the rooms are not consumed or if a hospital has no patients, the time can be used for maintenance or administrations purposes, which can be argued to be perishable (Gummesson, 2007).

As IHIP has been analyzed throughout by several researches, services are yet to be universally defined. Nonetheless, the IHIP criteria can give a vague hint of how services can be viewed more simplistically and therefore create assumptions of certain theories easier to relate to. Moreover, the border between a service company and a manufacturer company seems to be blurry. According to Gummesson (2007) a service company could basically be defined as a company where 51% of the revenue comes from repairing goods, whereas a manufacture company has at least 51% of its revenue from selling goods. Agreeable, this fact is impossible to measure; the border is hard to draw with a single stroke, which again illustrates an unclear definition.

3.2 Marketing management

Traditionally marketers in a company are often referred as the people working in marketing or sales departments. Decades ago, other employees were not obligated to show any specific concern for marketing, however today this has changed. (Grönroos, 1990;
Gummesson, 2007) In addition, Gummesson (2007) divides traditional marketers into two categories; people employed in marketing departments are considered to be full-time marketers, whereas most of the other employees can be regarded as part-time marketers. For example a flight attendant might not directly be said to be a marketer, however the attendants’ behavior towards the traveler greatly affects the customer’s general opinion about the airline. Even though a full-time marketer has the right knowledge, the part-time generally is more often involved when the actual marketing effort is made. Additionally, Carlzon (1989) also strongly argues that the service quality is judged in the very moment it is provided, which he refers as ‘a moment of truth’.

A true definition of marketing and its use have been discussed for centuries. Grönroos’ has made an attempt to describe marketing in a relationship approach, in other words when marketing can be useful when “enduring a relationship with the customers” (Grönroos, 1990:6). As a result marketing can be seen as a tool to achieve long term profit from a customer, where promises are made and fulfilled accordingly. These promises can be divided into three stages; the purpose of promises made in the first stage is to establish a relationship, promises in the second stage maintain the relationship and lastly, the promises made in a third stage focus to enhance the relationship between marketer (for example service provider) and customer. Depending on how far the relationship is developed, the marketing situation and how to manage the marketing differs. (Grönroos, 1990)

Other researchers find marketing management as a “fuzzy” subject, stuck between reality and theory. General marketing management does not illustrate the practice well enough and it is not abstract enough as organizational theories to form a grand theory of its own. (Gummesson, 2007) Combining marketing management with an even more insecure term “service” creates even more confusing subjects; service marketing and service management.

3.3 Service marketing and service management

According to Grönroos (1993) service management emerged from at least six different
areas, which can be a reason for why it is yet to be considered as a solid subject. It is also explained that service management is created in a company only when internal marketing is prospering, meaning that a company with a good and well-rooted service culture externally also possess a successful internal marketing. The focus of internal marketing is to educate the employees to maintain a positive relationship and act customer conscious. This is commonly called a service-minded thinking within the firm. Along with this, we can see a linkage between internal marketing and the importance of Gummesson’s (2007) definition of part-time marketers.

Customer satisfaction is highly related to service and how well a customer can predict a company’s provided actions (Spreng, Harell & Mackoy, 1995). Word-of-mouth is a marketing tool hard to control; nevertheless it is believed to have a strong impact among new customers in terms of positive and negative impressions of a brand. Like in other business areas, a reputation spread with this marketing tool regarding a company’s service can either attract or neglect new customers. (Richins, 1983; Spreng, Harell & Mackoy, 1995)

Furthermore, there are studies that indicate that the marketing concepts regarding services should not be differentiated nor approached in other ways to goods as the basic separation of the two are inadequate. Zeitmaml, Parasuraman and Berry (1985) discuss the problems surrounding service marketing by using the IHIP as a base for implicating solutions; it is discussed that services might not be differently approached in marketing management in comparison to goods. Illustrating the failures to define services through IHIP problems are also found in marketing strategies concerning service. Nonetheless it is acknowledged that services management and service marketing has to be understood in an abstract approach as the term is growing.

3.3.1 Service recovery and its speed

As it is well-known for most marketers that keeping customers is just as important as gaining new customers, service recovery is an issue that cannot be ignored if maintaining customers is a general ambition. Studies have shown that if a service failure has occurred it
is the process after the failure, known as service recovery, which affects a customer’s overall satisfaction and impression of a brand or product. In other words, it is the latest provided service or treatment that the customer will bear in mind the longest. Therefore service recovery should be done in high consideration for creating a sustainable relationship with a customer. (Spreng, Harell & Mackoy, 1995)

If service recovery fails to satisfy a customer it is highly probable that the customer will not directly show dissatisfaction, instead it is more common that a dissatisfied customer turns their steering wheel and refuses to repurchase or return (Richins, 1983; Spreng, Harell & Mackoy, 1995). Hence an important factor to avoid misunderstandings or dissatisfaction, speed in service recovery shows its significance. However, not only providing service recovery will clear the flaws, usually a fast recognition of mistakes also generate positive customer reactions and can also extend time to for a remedy, admitting a mistake can make a customer perceive that the service provider is fair (Spreng, Harell & Mackoy, 1995).

3.3.2 Services in different contexts

A customer’s perceptions of satisfaction and value are highly important and have a significant effect on a business’ overall market share. To satisfy a customer, regardless of differences in expectations from a private consumer or a business, the customer needs to gain a feeling of obtaining noticeable value from a business exchange. Service management are approached differently in reference to which type of customer the business strive to satisfy, as in marketing, services differ in compliance to B2B or B2C. (Patterson & Spreng, 1997; Lam et al, 2004)

Setting a comparison between B2C and B2B, B2B-relations are more often viewed as business collaborations with mutual agreements established with negotiations. Services in a B2B context differ and are less noticeable and harder for outsiders to comprehend. Williams et al (2011) claims B2B-services to be more complex than B2C. A reason for this is due to the fact that B2B-interactions involve several individuals whereas B2C-services are more likely to set focus in satisfying a single consumer. Although more research has been made in consideration of B2C-services, similar attributes in both contexts have been
found to influence the perceived customer satisfaction. A research presents a model including variables in regards to B2B-customers to stay or reject an ongoing relationship. However, the study finds similar traits in B2C contexts. Hence generalization appears to be in accordance. (Williams et al, 2011)

3.4 Culture and its influences in business

It has been long known that culture can be an obstacle in many matters. Prominent studies have been made regarding local consumption cultures and the diverse consumption habits. Although globalization seems to erase the boundaries between nations and consumption habits, there are still some obstacles that are hard to overcome even for the most international enterprises. As culture has a significant influence over consumption and product modification, services are also approached in regards to the norms in cultures. (Jackson, 2004)

Cultural differences itself has been discussed and redefined over decades; Hofstede’s well-known theoretical approach where a culture can be illustrated with an onion is only one example. As an onion is layered, culture can be described in a similar way, where you have to peel of every layer and find deeply rooted core values in the center and lighter values further from the center. Hofstede’s cultural view has been criticized to be narrow-minded mainly because of factors as lacking in consideration of the dynamics between cultures. Cultural clashes or compromising between cultures cannot be reflected by his theory. (Hofstede 1980, 1991, 2001 in Fang 2006)

An approach presented by Fang (2006) has given another contrast where culture can be visualized by an ocean. Using an ocean as a metaphor, where the ocean consists of cultural values floating with equal importance, a culture can be seen as values plucked from it. As an ocean the values are transparent and for everyone to consider, there are no set boundaries and clear separations of where the values belong. In other words, Fang indicates that cultures are dynamic and rather transparent, further explained; cultures are results of values chosen by individuals. Different values are therefore a reason for cultural clashes, however
can be understood since waves in an ocean can float and thus there are possibilities to compromise and share values between cultures.

3.4.1 Similarities and differences in Chinese and Swedish cultures

Considering East Asian cultural norms and Scandinavian cultural norms, the former is considered to be a collectivist culture whereas the latter is known to be more individualistic. Moreover, Chinese culture is known to be higher context and Scandinavian and other Western cultures more low context. Particularly in negotiations, these cultural factors have a noticeable importance, as high context cultures require less verbal communication whereas people in low context cultures find more trust and dependability when sorting out problems directly through words. (Osland et al, 2007, Buttery & Leong, 1999) Regarding the collectivist aspects of Chinese culture, family-oriented hierarchy has a notable amount of significance. In business, it affects decision-making, where it is important to respect senior businessmen and divide the control accordingly (Haley & Tan, 1999). Confucianism could be considered a main reason for the collectivist approaches regarding businesses in East Asian cultures, especially in China where terms as guanxi and xinyong have a great affect upon business relationships (Leung et al, 2004).

Guanxi has a great influence over how Chinese businessmen approach negotiations and interpret relationships. A brief explanation of the phenomenon would be how people in Chinese culture seek mutual understanding and reciprocity (Leung et al, 2004). With regards to guanxi, personal relationships are important along with the basic familiarity society from Confucianism (Ghauri & Fang, 2001). Nevertheless, guanxi’s importance has been declining as professionalism and performance are gaining acknowledgement in today’s Chinese business environment. The principles of international bidding and open competition are gradually more widely recognized and accepted among the Chinese (Faure & Fang, 2008).

The term xinyong could be translated as “personal trust”, on the contrary it does not entirely have the same meaning as personal trust in general as xinyong implies trust in a hierarchical relationship. Despite only meaning to rely on another part of different rank, it also regards
factors such as integrity, credibility and reputation of character. Concluding, the amount of *xinyong* evaluates a part’s overall social credit. (Leung et al, 2004)

Although the concept of face (*mianzi*) is universal, it is particularly apparent within the Chinese and East Asian cultures. It may be considered as another occurrence in Chinese culture that may have its affect on customer service and business approaches in general. According to Fang (1999) it is used to hide emotions, which frequently leads to the Chinese avoiding to communicate in a straightforward manner. This is due to the belief that social harmony can only be attained by controlling one’s emotions, showing humbleness and avoiding conflicts. Moreover, it is suggested that excessive expression of emotion will disrupt this harmony. Saying “no” can be regarded as an indication that a person lacks good manners. Thus, face results in many misunderstandings in cross-cultural business communications in China. (Fang, 1999)

In general Western cultures are described as individualistic and low context cultures (Osland et al, 2007; Buttery & Leong, 1999; Birkinshaw, 2002 and Hofstede, 1994). In such cultures performances in firms are generally improved by giving direct feedbacks, both positive and negative (Hofstede, 1994). However Sweden has been an exception in among theories concerning Western cultures. Hofstede (1994) implies Sweden as a country that is considered to be less individualistic than most other Western countries. In groups and collaborations it is more common the help each other for achievements instead of setting the individual’s benefit as a first priority. Birkinshaw (2002) even choose to describe Swedish culture as a highly collectivist. Furthermore it is said that, hierarchy is more or less nonexistent whereas empowerment is encouraged along with the importance of femininity in Swedish culture. However being a low context culture, direct and verbal approaches for problem solving is used, however as feminine values are significant, approaches are subtle and words are chosen carefully, especially when announcing negative information.

Saving face also occurs in Sweden and is another evidence for its collectivism. A notable explanation for face saving behaviors in Swedish culture can be due to the high tolerance of uncertainty related to the phenomena. However the term ‘face’ is not as apparent as in
Chinese culture as a word for the phenomenon is not included in Swedish vocabulary. (Birkinshaw, 2002)

3.5 Culture’s importance in service management

It is apparent that service management inevitably has to be adapted according to cultural differences, simply because a customer’s expectations of service due to their upbringing and underlying cultural values differ. Cultural models have a substantial role in service management, let alone in service recovery. Understanding cultural models around daily interactions, problem solving or similar events can be useful for creating a successful service policy or mending a service failure. Studies have shown that cultural models themselves can be plotted into categories, relational, oppositional and utilitarian; accordingly attitudes towards service are approached differently among these traits. (Ringberg, Odekerken-Schröder & Christensen, 2007)

An essential difference identified by Hofstede (1994) in Western and Eastern logic is the qualification of how an individual include or exclude the opposite in a relationship. Western logic excludes the opposite (hence individualistic) whereas Eastern cultures never exclude the opposite (therefore collectivistic), thus face saving can again be found in this factor and the relevance of truth seeking. Consequently the cultures have different Western thinking excludes the opposite; the truth has to be revealed and proven for each individual, which is not found in Eastern culture.
4 MODEL

As previous studies are summarized in the theory chapter above, there are still research areas not investigated by the academic world. Understanding a customer’s expected and perceived comprehension of service are indeed regarded as core factors for implementing successful service transactions (Grönroos, 1984). However, as we believe culture and speed having important influences over general service management, these attributes are included in our scientific approach.

Based on the collected theory and with supervision of Professor Tony Fang, a model has been developed, which is found applicable for further research in this study. As mentioned, the aim is to investigate how culture has a significant influence on services management with Chinese companies as our primary exemplification; hence the model illustrates our conclusions taken from the given literature.
To clarify the starting-point, we have chosen to specify the model for customer service, hence service transactions that are made rather unidirectional without complications or general feedback are not considered in the illustration below, nor will it be further analyzed in the study. (To clarify a single-directed service: a customer receives a service from a business and has no negative or positive comments to directly communicate back to the service provider.) Instead the model suggests being applicable in extended customer services where an establishment of a relationship between the two parts becomes a necessity.

Starting from the green box, ‘non-served customers’ refers to the customers (both
consumers and businesses) that have not received any service from the business. Following the arrows, expectations of service are made, regardless if they are positive, neutral or negative, they will advance into the model. Consequently, the customer will have a perceived service when an attempt of service transaction is made. In this part, we identify speed, as a crucial factor influencing the overall perception of the service received. After the service transaction, a satisfactory status will be set depending on the customers’ reactions. The satisfactory status can be divided into three general categories; satisfied, non-satisfied and satisfactory status after a service recovery (mended/attempt to mend service after previous service failure). The latter category of satisfactory status may be different depending on the service providers and customer’s relationship or previous attempt of service satisfaction. Continuously, the satisfactory status will affect the customer’s expectations of the next provided service session.

The cultural role and influence is suggested in the model to affect the expected service and perceived service of the customers and also the service transaction made by the business. It can be seen as a force and highly regarded as an underlying factor, however the manner of importance is yet unclear, thus our analysis will strive to sort this uncertainty and use Chinese firms’ customer service in Sweden as our main exemplification.
5 EMPIRICAL DATA

In this chapter, the gathered empirical data is presented. Findings from each conducted interview of the different companies are written separately in a unified manner to increase a level of presence and enhance the interviewees’ stories.

5.1 TeliaSonera

Telia, earlier run by the Swedish State (then called Televerket), enjoyed a monopolistic position for a considerable amount of time until the 1980’s when low thresholds for establishment and a developed IT environment facilitated for other actors to enter the market.

In 1993 the public-service company was transformed into a limited company and changed its name to Telia AB. Almost ten years later, in 2002, the telecom company merged with its Finnish counterpart, Sonera, resulting in TeliaSonera.

TeliaSonera is a global telecom company that provides network access and telecommunication. Their vision is to be a “world-class service company, recognized as an industry leader”. The company is widely regarded as a pioneer within the telecom industry. TeliaSonera puts priority in providing products and services that are cost-effective and sustainable. Currently TeliaSonera’s assortments of products (various electronic devices for example) are provided by many manufacturers, whereas Huawei and ZTE are listed.

Mårten Sand works at the global buyers department that is in charge of the Telia Group (Telia). He is in charge of buying products, such as mobile phones, modems, mobile modems. Currently, Mårten is also responsible for the range of laptops and tablet computers.

What Telia refers to a global market mainly include Scandinavia and the Baltic; nevertheless the telecom giant is also active in Asia, Spain and Turkey. The operators in Scandinavia and
the Baltic are wholly owned, while the ones in Asia are co-owned. Hence, collaboration setups differ depending on the countries and ownership structures. In Scandinavia and in the Baltic, Telia has full control over their operations. However, in the rest of the countries the telecom company has more of an advising role.

In order to create competition in all the product categories, thus giving Telia a better bargaining power towards the suppliers, the company started to purchase products from Chinese companies, such as Huawei and ZTE. Their ambition, when it comes to the modems, is that they want at least two suppliers and one product type.

Mårten explained that Telia chose Huawei because it was the Chinese company that was most established in the Scandinavian market. "They were one of the first (Chinese companies) that was big enough in order for us to buy products from them. And their prices are generally good since they are priced slightly lower than the European and Korean competitors", Mårten stated. His opinion was that the Chinese companies mainly compete with a low price strategy. Moreover, Mårten pointed out that he thought that the current Huawei has an advantage since they have been on the market for a longer time, thus giving them more experience when it comes to this type of advices; he describes Huawei as a "mature actor" within the business field.

Mårten stated that he does not feel any particularly distinct or large differences when it came to Huawei’s service management in comparison to Swedish companies since their closest Key Account Manager is Swedish. "He is experienced in the Nordic market and has worked at Sony Ericsson and LG in his earlier career", Mårten said. However after a brief thinking Mårten finds one significant cultural difference affecting business exchanges; he noticed that Asian firms generally are more hierarchical. "This means that decisions are taken on higher levels of the organization, which generally means that a negotiation takes a longer time. We can experience that this affects the service quality, longer lead times", Mårten explained.

Another situation that differentiates the Chinese suppliers is the presentation of products. In comparison to other companies products are first produced and introduced for Telia, whereas the latter simply chose the models desired. A Chinese manufacturer, however, use
another route. According to Mårten, if Telia decide to order a model, the Chinese firms need a project with specific requirements. Then it takes a couple of weeks for them to produce the unit. “What they actually want is an order before we start this project”, Mårten stated. Other mobile phone suppliers, such as Samsung, Sony Ericsson, LG and so on has a standard catalog where Telia can choose product models. “In order words, Huawei and ZTE do not produce anything without getting an order and a confirmed project”, Mårten said. This is a significant difference due to the fact that a project will take at least a couple of weeks. The lead-time from the Chinese companies can therefore reach duration up to 15 weeks instead of 5-6 weeks.

Henceforth, Mårten stated that in the daily business, when the different countries place orders and buy products, he did not think that the Chinese companies stood out in any way. “I think it works well and that I cannot see that the lead time is longer there”, he said. Additionally, for customers who require support on their products made by a Chinese manufacturer, the customer service is not equal to those provided by the competitors, according to Mårten. The majority of the Chinese firms have yet to establish a Swedish or Scandinavian call center. Instead, they commonly refer customers to its international customer support. Mårten’s view of this approach is that the customers are forced to use English instead of their mother tongue and maybe also communicate with someone who does not understand how customer rights are settled in Sweden or how the local subscription plans work. However, he concludes that Huawei at the moment has or is setting up a Scandinavian call center, although for example; ZTE still does not have.

One substantial culture difference when it comes to the Chinese companies, observed by Mårten, is the lack of being straight when communicating. Whenever Telia ask for support on a specific problem they receive a reply from the counterpart that it will be taken care of. “After 3-4 weeks and the problem still persist, they have not said that maybe they could not solve the problem or that it might take longer than expected.” He feels that the Nordic and also other European cultures are more straightforward and dares to state or clarify problems more direct. This is rarely seen from Asian companies, even if the represented employee is Swedish, according to Mårten.
5.2 ZTE Sweden

Founded in 1995 in Shenzhen, China, ZTE was one of the first Chinese telecoms equipments providers that expanded outside its home market. Today the company has about 10,000 employees working in approximately 107 offices around the world.

The telecom company has provided their products and services to 140 countries and regions, including Asia Pacific, South Asia, North America, Europe, Latin America, Africa and the Commonwealth of Independent States. ZTE began their Swedish industry in year 2002; currently their head quarter for Nordic Sales is based in Kista Science Tower, Stockholm.

ZTE puts emphasis on showcasing its efforts in developing innovative products. The company has 34% of their employees working with R&D and invests 10% of its annual revenues to this field. Their mission is to be a global communications leader, which provides the clients worldwide with satisfying and customized products and services.

For this study, an interview was held with Håkan Assarsson, who is overseeing all the projects in ZTE Sweden (ZTE) as the program manager. Among those, several service-related missions are included. He describes that services differs dramatically depending on whether the client is a telecom operator, company or private consumer. “They are totally different worlds, not comparable with each other at all”, Håkan stated when asked to compare them.

ZTE has an agreement with another company, located in Sweden, that handles their first line support for their consumer product department. Support is given through telephone or by email. Furthermore, the company provides support on products, mostly mobile phones and modems. When sourcing, ZTE educate the support lines for each product, having introductions with instructions of how to repair minor defects.
In order to take care of smaller reparations and to handle updating processes of the products, ZTE also has another supplier. To administrate products in need for reparation, an internal system is used to collect spare parts delivered from China. The different classes of defects on units determines where the products will be repaired, whereas the lighter ones will be taken care of in Sweden, while the more severely flawed products will be sent to China.

According to Håkan most of ZTE’s competitors also source their service function to other companies as “it is too expensive to have it in-house”, he explained. Similar to ZTE’s own service management structure, support and call centers are therefore not directly provided to customers.

“A lot of things are happening right now within the service area”, Håkan explained. He brought up ZTE’s work of exploring opportunities to use social media more extensively when communicating with their customers as an example. Facebook was first and foremost mentioned as a tool that the company was seeking to develop, but discussion forums were also of big importance.

“The discussion forums have a large significance since mobile phone owners usually are more technically advanced, especially in Sweden where so many people have iPhones”, Håkan concluded. Regarding the 4G modem customers, the customers are even more ahead and are considered by him to be the “high-end users”. He stated that these are the kind of people who like to use discussion forums as they prefer a more interactive approach by learning more about their products, thus gaining more knowledge, when solving problems. Interestingly, Håkan said that the customers are never really satisfied with the service that ZTE provides. “They always want more”, he underlined.

Feedback and complaints are received through their service partner first. If the first line partner cannot provide sufficient remedy, ZTE has an own support club in-house. The support club works back office towards their first line service partners as they have more expertise and knowledge about the product range. If the first line is unable to give
sufficient help to a customer, the support club has an obligation to offer additional assistance. It can be regarded as a sort of second line service and which is larger than the first line support.

Regarding the problems in dept, private consumers often asks support related to Android, Google’s operating system, which is not a part of ZTE’s actual product assortment. Consumers have a hard time telling the difference between the software and hardware. “If we can help, we will help but everything has gone too fast with certain things”.

Håkan described the world of telecom as multicultural. Ericsson is Swedish but Sony Ericsson is Japanese and Swedish. He could not think of any example of any cultural-related obstacles. On the other hand, Håkan noted that he had been in the business for fifteen years, which may affect his reactions, he “just do not notice those things anymore”.

When asked about whether they could learn from their competitors, Håkan said that there probably are a lot to learn and that it is only a matter of fantasy of what to absorb. He considers the service between ZTE and their competitors to be exceedingly similar, not having anyone in particular standing out in a positive or negative way.
5.3 Asus

Asus is the world’s largest producer of motherboards for computers. The firm was founded in 1989 in Taiwan and opened their Swedish office in 2005. Starting their business by providing motherboards they have now expanded their product range and also manufacture other components as well as laptops.

The company name Asus are derived from Pegasus, a horse included in the Greek mythology. Pegasus is a symbol for creativity and knowledge; hence Asus sets its marketing with a slogan; “Inspiring Innovations – Persistent Perfection”.

A telephone interview was held with Michael Giorgis who is managing Asus’ service and support operations, which is one of the major departments in their Nordic organization.

In the call center and mail support industry, everything is relatively standardized. The methods are the same. As an example every producer provides telephone support, according to Michael. The difference lies instead in how that telephone support is carried out. Asus’ Nordic call center officially gives support on six different languages. Consumers are connected to different sections depending on their language preferences and what kind of product they have purchased.

The firm puts a great effort as it is highly prioritized that the time it takes for the customer to have their call answered as fast as possible. Asus has set a goal that says that the customer should hear a human voice within 60 seconds, not including a welcome desk who takes an errand number, but hearing a voice belonging to an employee who can (and will) solve the problems identified by the customer. Michael expressed that this is rather unique in their industry.

“The difference lies in the quality”, Michael explained. What Asus refers to as good quality is everything from a call center experience, a reparation- and delivery time to the quality of
reparation. Michael knew for certain that Asus stands out among their competitors in their service management. “Asus are extremely obsessed with customer satisfaction”, he stated; they work hard to develop and satisfy customer and uses different quality measures in order to constantly improve results.

At times, Asus’ call centers also receives calls from other companies’ customers, even if the customer is suggested to call the right company, it has happened that the customer still insist, asking for help. When a customer buys a product and encounters a problem he does not care where the problem lies. “Since it has been bought from Asus, they expect us to solve it, no matter what kind of problem they encounter”, Michael said. Examples were given as Asus sometimes receives questions regarding mobile internet and expects installation support from Asus (which by right is a question for respective mobile operators). Michael enjoys hearing about those kinds of calls. He said that Asus’ do their best to try to help them anyway, if they have the possibility. Moreover, Michael regards customers contacting their support as something positive and says that they do their best to help their customers no matter what the problem is about.

Customers are encouraged to answer five questions and leave their own comments after a repair session. Consequently, the feedback provided is analyzed every week for finding flaws and achieving greater service quality. “We cannot force them to participate but every customer who has turned in their product for service has a voice”, Michael said. The participation rate, however, is fairly high.

Asus emphasizes the importance of listening to the market and the consumers in order to understand views of how their service differentiates from competitors. If the same kind of suggestions many times from different customers they will definitely do their best to find measures of implementing them. Michael explained how Asus is trying their best to meet complaints in order to satisfy a customer. “Every producer has policies but sometimes you have to make exceptions to make customers satisfied”, he stated. An example was told; not long ago consumers were of the opinion that Asus’ prices on spare parts were too high. The firm conducted a study, which proved the statement to be false. On the contrary, to satisfy their
consumers, Asus’ still lowered the prices to meet the customers’ demands.

When discussing cultural aspects of the service management Michael said: "If you want to do business in Sweden you have to do it the Swedish way, if you want to do it in Taiwan, you have to do it the Taiwanese way". He underlined that no matter how Taiwanese the company is and how good service Asus has in Taiwan, it does not affect anything in Sweden since the issues are completely unrelated. The nationality of the company is therefore irrelevant for the customer. If the customer has bought a product in a local store in Sweden, he expects service according to Swedish standards. Also, since all of their employees are locals in the service and support teams, there are no cultural obstacles in that sense. However, a cultural difference does exist within the company, mentioned are the power distances found within the company. “How it works internally and outwards do therefore not affect the customer”, Michael stated.

Michael thought that the only way of measuring and comparing customer service between competitors is to have independent publications. Unfortunately, there is no such publication in Scandinavia at the moment, according to him. He brought up the United Kingdom and France as examples of countries, which have such publications. In those papers, a product’s service is also included when being graded. Michael has tried to contact different publicities regarding this matter. However, there is a lack of interest for the subject at the moment. Although there are surveys in Sweden, they are seldom independent; “It is like comparing apples with pears”, Michael explained.

A new initiative from Asus is their current work on developing a system on Facebook that helps bridging the gap between marketing and service support. The customers can ask questions through Facebook and receive support online. Michael explained this initiative as following: “the industry is developing because the customers’ needs are developing”. Further, he said “the concept of service has changed in the last decade to something catchier and with a far bigger importance than before”. A main reason for that is because customers are more aware of their rights and their new possibilities to communicate with other people via blogs and forums, and share
opinions in a lot bigger scale compared to before. Michael regards this change as something positive since it makes it more inspiring to work with. “Otherwise this industry would not have been even fifty percent of fun as it is today”, he stated.
5.4 Huawei Technologies Sweden AB

Huawei’s first Swedish office located in Kista opened for business in 2003, although the Chinese firm started activities in Sweden as early as in 2001. Being a telecom company Huawei produces a variety of products, they provide solutions for wireless communications; build telecom network infrastructures as well as manufactures software and mobile devices to their customers.

Jan Danielsson serves as Vice President of Services, Sales and Marketing, his main chore is to manage Huawei’s customer relations with operators. He described himself as the “face outwards” towards operators. A notable issue; Jan has also had a rather long experience as an employee at the Swedish telecom firm Ericsson.

According to Jan, the service work in Huawei is rather traditional. This mainly refers to routines when delivering products, in other words installing and integrating the ordered technical equipment, Huawei’s main operation. The company also has professional services that are not directly related to the deliveries, which have gained an increasing attention within the last years. These services consists of technical support; managing services (taking over its client’s operating processes), educating operators, consulting services and network performance improvement (helping customers optimizing networks).

When working out at construction sites, Huawei often collaborates with other suppliers since it is more cost-efficient. However, regarding the technical support the firm is in need to use their own employees since knowledge about the company’s specific products is required.

Considering the consumer segment, Huawei frequently directs consumers to Swedish multimedia resellers as intermediaries. Consequently, resellers (or other partners) use repair stations that have either been certified by Huawei or by actors that have gained the product
knowledge elsewhere. To conclude, the larger a customer base is, it is more likely involving intermediaries handling the customer support. Furthermore, Jan explained the vice versa: “If you take Telenor and Tele2 who bought LTE, they have direct contact with us.”

The service between Huawei and Ericsson, that Jan knows well, does not differ in a significant manner. “Whether it is Huawei’s, Ericsson’s or Alcatel’s equipment, it is pretty much the same”, he said. Moreover, similar kinds of errors still occur as examples are given in the technical service, where they often have to deal with software- or hardware-related errors. In any case, regardless if Huawei or Ericsson delivers the service, the operators have to learn how to use provided equipment, thus receiving training from Huawei. Huawei’s and Ericsson’s product portfolio look relatively similar, according to Jan. “They might be called different things, but they are basically the same”, he continued.

When discussing customer satisfaction improvement, Jan mentioned that a major focus was put on what they already knew by collecting client reports. It is a matter of how fast problems are given remedy. ”A whole lot focus is put on making sure that clients’ problems do not last too long”, Jan said. It is stated how long it should take before certain types of problem should be solved in a service level agreement (SLA). Therefore, these agreements act as a foundation on how Huawei behaves when approaching client’s issues. These are strictly followed by their service technicians and look different depending on the client.

Concerning the feedback from their clients, Jan expressed himself in the following way: “You are never better than your last delivered service. That is what the client remembers. Everything that has been delivered before is already forgotten”. Further he exemplifies; a couple of weeks ago Jan met with a company trying to convince them to buy Huawei’s manage services. Nevertheless, at the same time as these discussions took place, Huawei was also in the middle of a delivery process to the same client. Unfortunately, Huawei’s delivery had certain performance problems. Given this situation, Jan’s starting-point for negotiations dramatically lowered when he tried to sell even more services to the business customer. Jan believed he would have had a significantly better outcome if only the delivery had been handled according to the customer’s expectations. The feedback varies and both positive and negative voices are
raised from customers. "I must say that often it is very good, but sometimes there times when we do not solve a problem as fast as the customer expect us to do", Jan said.

Although services are approached in a rather local sense of style, there are some "obvious cultural differences" within the company according to Jan. As an example he brought up that his Chinese colleagues sometimes have difficulties rejecting requests, both from customers and from colleagues. A risk of not fulfilling the request may be results of these tendencies. Another big difference is that the Chinese has a more "pushier manner when it comes to sales" and tend to bring up sensitive subjects even in inappropriate situations that may affect the general services.

Jan stated that speed and the amount of transparency of the services offered are the most essential factors for determining high service quality. Even though it is important for the clients that the problem are to be fixed as fast as possible, it is also crucial for the client to be given the information on how long it will take for Huawei to solve an obstacle. For a customer, it is would be frustrating to hear: “we will solve it by Monday and then it turns out to take two months”, Jan said. “It is better to be open because of the simple reason that it allows the client to plan”, he continued.
6 ANALYSIS

In this chapter, core findings of the empirical data are analyzed and compared with existing theory presented in the thesis. Thus, analyzing will enable us to answer our research questions. Our developed model will be utilized as a base throughout this analysis.

6.1 A comparison of theories and empirical data

As mentioned in the beginning of this thesis, the term ‘service management’ was introduced in Swedish slightly before the word existed in English. Setting the statement in comparison to Chinese customers may spin contradictions. Perception of management is different not only due to culture but also the developed and matured service establishment in the two nations. Sweden is exemplified as a veteran in the business (Grönroos, 1990) whereas the study’s empirical material indicates that Chinese firms only recently started to recognize service management and its importance for sustainability.

6.2 Service and business relationships

Before putting priority on establishing service management, the Chinese companies’ perception of the area was regulated by the concept of *guanxi*. Faure and Fang (2008) described how the concept today is slowly starting to lose its influence. This is in accordance with the gathered empirical data as no company did explicitly express anything that could be interpreted as a *guanxi*-related mindset.

Referring back to the theory chapter (see 3.3.2), B2B-relations are seemingly made through mutual agreements and negotiations between the parts prior to establishing a collaboration. Huawei explained for example how service level agreements acted as a foundation to solve different problems if they were to happen during a business exchange. However, Jan Danielsson emphasized that if it came to the point that one part started referring to the service level agreement during discussions, the relation between the two companies had
already been damaged. This can be further related to the theory of *xinyong*, damage to personal trust created between two businesses.

Manifesting Grönroos’ (1990) three stages of relationship marketing; transparency is also of uttermost importance. Clarifying the phases of establishing, maintaining and enhancing a relationship between marketer and marketeer, a service provider and receiver can be connected to relationship marketing. Thus, advocating the view of service as an ongoing creation of strong relations, based on trust and reliability. Agreeable, transparency was also discussed during the interviews and all interviewees concluded that the subject was first and foremost important to achieve a strong long-term profit. Huawei’s Jan Danielsson emphasized this point when he stated, “it is better to be open because of the simple reason that it allows the client to plan”.

As customer demands are undoubtedly in constant change, methods also have to adapt to create high satisfactory outcomes. Håkan Assarsson at ZTE underlined the fact that customers “always want more”, which indicates the importance to understand the customers’ demand and respond accordingly, in other words attaining customer satisfaction by creating a relationship with reciprocity. To summarize the significance of relationship establishments for service marketing, all the companies that participated in this study admitted its greater value. Fostering a good relationship with their business partners allows successful achievements in service expectations and creates positive perceptions surrounding the service provided.

6.3 Cultural impacts set in different perspectives

Considering cultural influences, the providers, Asus, Huawei and ZTE, did not acknowledge any major differences in their methods of approaching service management due to cultural obstacles. An explanation could be seen as most of the employees in the interviewed companies are locally hired, thus cultural hindrances does not appear or can be considered to be naturally avoided in their internal management and organization. Instead, it is the market’s demand that is assumed to be diverse due to cultural values in the external environment. In other words the market and customer requirements in Sweden are
different in comparison to the Chinese market, thus leading firms to make adaptations in
services approaches on account of external cultural impacts. Furthermore, Asus signified
that adaptations in service implementations are to be made locally as an effect of the
market demand and revisions of previous services. Again, underlying this to be indifferent
to internal factors, highlighting the importance of understanding the local market’s
demand and in that sense; culture has its impact for service management.

From a business client’s perspective, Telia on the other hand experienced that East Asian
companies tended to be slightly slower in finalizing their processes, stating the hierarchical
influences as the main reasons. In contradiction to the service providers’ apprehension of
cultural influences; the interviewed business client interpreted internal management as an
effect of Chinese-originated firm’s service quality. Mårten Sand believed “that decisions are
taken on higher levels of the organization, which generally means that a negotiation takes a longer time. We
can experience that this affects the service quality, longer lead times”, however pointed that there is no
specific difference between the Chinese or example given, the Korean suppliers. In depth,
Telia therefore pointed services to be different from the majority of East Asian companies
stating culture and internal factors as weighing factors. Supporting Telia’s perspective, in
the collected theory, it is known that Chinese-originated companies are influenced by
family oriented norms, which has an effect of a more hierarchical organizational structure,
tending to push decision making upwards.

6.3.1 Contradictions

Although culture may affect service management, the collected empirical data interestingly
provides slight contradictory results. Further analyzing, the speed in service transactions
are perceived differently by the service providers and customer. Culture was stated to be
affecting negatively by Telia however was not seen as a highly influential factor by the East
Asian companies. In addition, Asus claimed to provide faster customer service (i.e. short
telephone queues to their support lines) than many of their competitors; however their
success was not seen as a result of cultural impacts in their organization management.
Instead a simple explanation of an overall strong management was given as a factor for
successful service speed and satisfied customers. Moreover, Michael Girgis enhanced the importance of adapting firms to local demands. If an agreeable point was to be drawn between Telia and Asus, the latter did explain that adaptations were not only made externally (for the market) but also internally within an organization, however it was not referred to be in depth connected to their general service management.

On the contrary, Huawei mentioned a minor internal obstacle where theories of high and low context cultural behaviors could be applied. Examples were given where Chinese employees had a slight harder time to communicate negative information in a verbal and straightforward manner, an attribute particularly apparent in high context cultures. This way of indirect communicating can be connected to the concept of face (mianzi) having its significant role in high context cultures, which is also concluded by previous studies (Fang, 1999). It is believable that an avoidance of rejecting client’s social harmony can be attained in the business relation. Moreover, in China, delivering negative information can be regarded as a lack of good manners. However, the behaviors cannot be drawn as a conclusion for any direct impact in offered service transactions.

As the theory-based model illustrates (see 4 Model) cultural influences are affecting three variables, expected service, perceived service and service transaction. Given the empirical data, cultural impacts are more apparent in customers’ expectations and perceptions, whereas the actual service, which is transacted by the service provider, does not have a direct cultural influence. Instead the service is already adapted and conducted differently depending on the market, this is also proven to be true and exemplified by several interviewees, quoting Michael Girgis “If you want to do business in Sweden you have to do it the Swedish way, if you want to do it in Taiwan, you have to do it the Taiwanese way”.

Henceforth, if a conclusion is to be drawn between consumption culture and demands for service approach adaptations, adaptations is made due to external factors and customer requirements. Therefore, it is also possible to state that if services and its implementations are made differently, they are independent from internal management in Chinese-originated organizations.
6.4 Speed and service

Continuously, all interviewed firms emphasized the importance of service speed as a major factor that affected the perception of the general service quality. Collected from the empirical data, a number of problems occurring in services were related to speed even if the actual word was not mentioned explicitly. Negative reactions among customers were often a result of slow service support or lead times.

Likewise, negative reactions among customers were also given a generalized and interesting view by Huawei, as Jan Danielsson argued: “You are never better than your last delivered service. That is what the client remembers. Everything that has been delivered before is already forgotten”. Seemingly, regardless of culture, customers’ perceptions of a service transaction contribute to the next expectation of the service. As the theory chapter summarizes; a fast confession of service failure can provide a better customer perception, even if a service failure occurs. Huawei argued that transparency and recognition of problems is of substantial importance for high service quality, therefore it is a requirement to reckon and admit problems fast for a customer to avoid confusion and dissatisfaction. Speed is therefore important not only in the actual service transaction but also if problems occur, quick confessions of flaws tend to be accepted better by a customer than complicated explanations.
7 CONCLUSION

In this section, the thesis’ research questions are answered and its results further discussed. The chapter also includes a critical evaluation of this paper and suggestions for further research.

7.1 How does culture affect interactions in a service management context?

Standardized service tools, such as call centers, mail support and different forums are used regardless of culture when conducting customer service in most businesses. In addition, locals are hired as employees in the customer support sections, which further reduce the cultural influence in the service area towards consumers. However, culture has its impact when prioritizing the approaches and routines in how to provide better customer service, although the impact varies from one organization to another.

Considering B2B services and customer services regarding consumers (B2C), cultural impacts are interpreted relatively similar. Nonetheless, as B2B relations generally involve more equal parts and seemingly negotiations are common methods for services, businesses tend to seek a mutual understanding of cultural norms. In comparison, consumers rarely seek reciprocity with businesses, instead the service provider has to investigate consumer demands and apply services accordingly.

Interactions are not affected by culture significantly; the service providers make adaptations before any service transaction is made. Adaptations and differences in implementing services are therefore not made due to internal factors. Instead, cultural adaptations that are made in an internal environment by service providers are applied only owing to the external environment. Expected service from the market and requirements for how to gain positive perceptions of services offered by a firm are settlements for local differences in service applications. A conclusion can therefore be made; culture affects
service customers more than it affects service providers, hence the latter have to make adjustments.

7.2 How do Chinese companies conduct their service management while operating in Sweden?

As mentioned earlier, Chinese companies are relatively new on the Swedish market. In comparison, the Swedes are considered to be more experienced regarding service management, both in an organizational level and on a market level. Of nature, the Chinese and Swedish customers’ expectations of how to conduct service are seemingly different due to dissimilar cultural values and norms (both in B2B and B2C contexts). However, methods to conduct customer service and the general conception of providing high quality service are used in similar manners regardless of cultural dissimilarities.

Arguably, related to the statements above, Chinese-originated companies are not as far developed when reacting to customers’ responses or providing service in a routinized manner. An explanation for this can be given since the establishments of Chinese companies in Sweden have yet to fully reach maturity and gained sufficient acknowledgement in the general market. Thus, being reflected in service management approaches. As Chinese firms operating in Sweden prioritize a steady development of existing customer service towards private consumers, contributions of innovative service offers are not seen as a strong feature in their service management regarding B2C. Even though launching services online, none of the interviewed service managers introduced new ideas; another implication for their focus on compiling a steady customer service using standardized methods.

In the B2B contexts, East Asian companies sometimes tend to lack transparency, although the concept is familiar among the firms, the practical implementations are not fully explored. Culturally speaking, Confucianism and a high context culture are the main reasons affecting the business approaches; cultural norms where individuals tend to conceal feelings. Internal examples of cultural misinterpretations were given by
interviewees and may also result in negative effects for business interactions, especially when facing a deliver of negative news to business clients or partners. This problem is recognized by both the East Asians firms as well as by business customers, which also indicates a seeking for mutual understanding. In addition, it is believable that those cultural misinterpretations can be avoided if a long-term relation is established. Although B2B services include fairly more mutual agreements than service context in B2C, findings of standardized approaches are also visible as there are no particular variations in services offered.

7.3 Why service speed is essential

As a result of the study, service speed has been discovered to be essential for satisfying customers. Slow processes have a negative influence over a customer’s expected value and perceived value, hence affecting the overall impression of a company’s service, in particular combined with low transparency when communicating.

A conclusion made while collecting empirical data and setting comparisons with previous research and theories, the thesis’ results prove that fast service in combination with good service quality produces a higher level of satisfied customers. Although speed is not only applicable in such a unidirectional approach, a fast speed in admitting problems or flaws from a service failure can also increase positivity among customers.

7.4 Critical evaluation the study

As our initial aim were to study Huawei’s and its service management towards B2B relations, broadening our scope also made the research more applicable to other fields. However, since the majority of the interviewed firms were service providers, the conclusions drawn regarding a customer perspective are merely based on one company’s view, hence these results should be carefully grasped. Moreover, due to time deficit no consumer interviews were held, which would have been interesting as well as strengthening for the study’s outcomes. (Please see 2.4 Criticism of chosen methods for a critical evaluation of the methods used when conducting our research.)
7.5 Future research

As service management still is a fairly new business subject, future research and within this field is broad. This thesis has mainly focused on cultural impacts, setting Chinese-originated companies in a Swedish business environment as an example; thus we believe more investigations regarding other cultures can be made. Interestingly, as the importance of speed in service management was discovered, a highly suggested examine would be to seek knowledge regarding service speed and its cultural attributes.
8 REFERENCES

8.1 Literature


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