



**Cultural Influences on Decision-Making in SMEs:
A Cross-Sectional Study of Chinese and Western Firms**

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Abstract

In an increasingly globalized world, understanding cultural influences on decision-making is vital for small and medium enterprises (SMEs). This thesis uses a qualitative, multiple-case study design to examine how cultural norms in Chinese and Western contexts shape managerial practices, offering insights into the interplay between culture, decision-making, and organizational outcomes. SMEs provide a unique lens for this study due to their reliance on flexible management and interpersonal relationships.

The research compares decision-making practices in Chinese and Western SMEs through a qualitative, multiple-case study design. Semi-structured interviews with senior managers from ten SMEs revealed distinct cultural differences. Chinese SMEs, influenced by Confucian values, prioritize harmony, hierarchy, and relational trust. Communication is indirect, decision-making is centralized, and adaptability favors incremental change. In contrast, Western SMEs emphasize individualism, direct communication, and decentralized decision-making, fostering innovation and risk-taking but occasionally facing inefficiencies or conflicts.

A unique finding is the influence of personality-driven dynamics in SMEs, where individual traits significantly shape organizational behavior and decision-making. This underscores the importance of balancing relational and professional considerations, particularly in cross-cultural contexts.

The study provides actionable recommendations for managers, including adopting hybrid communication strategies and blending the strengths of Chinese and Western approaches. By integrating these insights, SMEs can navigate cultural complexities, foster innovation, and build resilience in global markets.

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1. Introduction

Decision-making lies at the heart of organizational success, influencing strategic direction, resource allocation, and overall performance. It is the process through which firms navigate challenges, seize opportunities, and align their operations with long-term objectives. While decision-making may appear to be a universal managerial function, it is profoundly shaped by the cultural context in which organizations operate. Cultural norms influence how authority is distributed, how teams communicate, and how risks are assessed, embedding societal values into every level of the decision-making process (Triandis, 2001). Understanding these cultural influences is critical for organizations operating in an increasingly globalized and interconnected world, where cross-cultural interactions are the norm rather than the exception (Trompenaars & Hampden-Turner, 2021).

Small and medium enterprises (SMEs) play a vital role in global economies, accounting for the majority of businesses and a significant share of employment worldwide (OECD, 2019). Unlike multinational corporations (MNCs), which often benefit from formalized decision-making frameworks and extensive resources, SMEs are characterized by their adaptability, interpersonal dynamics, and reliance on personalized management structures (Hofstede & Hofstede, 2005). These unique attributes make SMEs particularly susceptible to cultural influences, as their informal and resource-constrained environments amplify the impact of societal norms on decision-making processes.

For example, in China, decision-making practices are deeply rooted in Confucian principles that prioritize harmony, relational trust (*guanxi*), and hierarchical authority. These cultural values shape a centralized decision-making model, where senior leaders play a dominant role in guiding organizational strategies and maintaining stability (Zhou & Poppo, 2010). While this approach fosters loyalty and long-term relationships, it can also limit flexibility and hinder responsiveness in rapidly changing environments. In contrast, Western firms, shaped by cultural values of individualism and egalitarianism, often adopt participative and innovation-driven decision-making models. These practices encourage collaboration and creativity, empowering employees to contribute to strategic discussions and take ownership of their roles (House et al., 2004). However, such decentralized models can sometimes lead to inefficiencies or conflicts when clear decision-making authority is lacking (Meyer, 2015).

The impact of these cultural differences extends beyond theoretical interest, as they directly influence organizational effectiveness and adaptability in global markets. The ability to navigate cultural complexities has become a strategic imperative for firms, particularly SMEs, which often find themselves balancing local traditions and global pressures. Despite the growing importance of cross-cultural management, much of the existing research focuses on large MNCs, leaving a notable gap in understanding how cultural norms shape decision-making in SMEs. This gap is especially significant given that SMEs often depend more heavily on cultural flexibility and interpersonal relationships to remain competitive in their respective markets (Taras et al., 2023).

Exploring these dynamics is essential not only for advancing theoretical understanding but also for providing practical insights to managers and leaders. By investigating how Chinese and Western cultural norms influence decision-making in SMEs, this study seeks to investigate the ways in which cultural values shape organizational behavior, from communication styles and leadership practices to risk management and innovation. As globalization connects markets, these insights are key to helping SMEs handle cultural differences, work together, and succeed in diverse environments.

1.1 Problem Statement

Decision-making is not a culturally homogenous process but is instead deeply embedded in societal norms and values. Key cultural dimensions such as power distance, collectivism versus individualism, and uncertainty avoidance directly shape how decisions are approached and executed in organizations (Hofstede & Hofstede, 2005). For example, Chinese firms often centralize authority in decision-making, relying on senior leadership and relational networks to maintain harmony. In contrast, Western firms frequently decentralize decision-making processes, enabling broader involvement and fostering rapid innovation (Taras et al., 2023)

Existing research has primarily focused on decision-making in MNCs, leaving a notable gap in understanding how these cultural differences vary across different firm sizes, specifically SMEs. Addressing this gap is essential for improving cross-cultural collaboration and decision-making effectiveness in an increasingly globalized world.

This study explores the role of culture in shaping decision-making practices in SMEs, with a specific focus on the differences between Chinese and Western contexts. It seeks to uncover how cultural norms and values influence the way organizations approach decisions, interact within teams, and manage challenges. The research is guided by three primary objectives: first, to identify the key cultural factors that shape decision-making in Chinese and Western SMEs; second, to compare and contrast decision-making practices across these cultural contexts, highlighting their unique strengths and challenges; and third, to provide actionable recommendations that firms can use to navigate cultural differences effectively.

This study is guided by the primary research question:

"How do cultural differences influence decision-making practices in Chinese and Western SMEs?"

The study seeks to address the following sub-questions in order to answer the main research question:

1. What cultural factors shape decision-making in Chinese firms?
2. What cultural factors shape decision-making in Western firms?
3. How do decision-making practices differ between Chinese and Western firms?
4. What strategies can firms adopt to address cultural differences in decision-making?

1.2 Significance of the Study

1.2.1 Theoretical Contributions

This research contributes to cross-cultural management literature by extending established frameworks, such as Hofstede's cultural dimensions and Confucian principles, to decision-making processes. It provides insights into how cultural norms influence managerial practices in diverse organizational contexts, addressing an important gap in existing research (Martineau & Pastoriza, 2016; Zhou & Poppo, 2010).

1.2.2 Practical Implications

This study has the potential to provide managers with actionable strategies for navigating culturally diverse environments by bridging the gap between cultural norms and organizational effectiveness. For instance, Chinese firms might explore how participative

decision-making practices could enhance agility and foster innovation. By integrating more inclusive approaches within their traditionally hierarchical structures, these firms could better adapt to the demands of markets.

Similarly, Western firms could benefit from considering the value of relational trust-building strategies, such as the concept of *guanxi*. While Western organizational culture often emphasizes the importance of transparency and competence which form the pillars of organizational trust (Mayer et al., 1995), adopting relational approaches might help foster deeper collaboration with Chinese counterparts, creating stronger foundations for cross-cultural partnerships.

2. Literature Review

2.1 Introduction

In an era marked by increasing globalization, understanding the nuances between Chinese and Western management practices has become essential for multinational corporations and scholars alike. China's growth as a global economic force and the established influence of Western business practices offer contradicting views shaped by cultural, historical, and socio-economic factors. Chinese management practices are deeply rooted in Confucian philosophy, which prioritizes harmony, hierarchy, and relational loyalty (Luo et al., 2012). In contrast, Western firms generally adhere to individualism, merit-based systems, and democratic decision-making (Hofstede & Hofstede, 2005; Kirkman et al., 2006).

This literature review aims to explore key differences in management approaches. The aim is to provide a comprehensive understanding of the cultural factors influencing organizational behaviors and management practices across these two major business ecosystems, while simultaneously exploring gaps in the existing literature. Notably, while extensive research exists on management practices in large multinational corporations, there is limited focus on how these practices manifest in small and medium enterprises (SMEs), which often have more flexible and culturally responsive management practices compared to larger multinational corporations (MNCs).

2.2 Cultural Influences on Management Practices

2.2.1 Confucian Values vs. Individualism

Chinese management practices are significantly influenced by Confucian principles that have shaped social and organizational behaviors for centuries. Confucianism emphasizes collective well-being, respect for hierarchy, and loyalty within relationships, encouraging individuals to prioritize group interests over personal ambitions (Luo et al., 2012). This collectivist culture fosters loyalty and mutual dependence within organizations, creating an environment where employees view their roles as interconnected and supportive of a cohesive workplace (Chen & Lee, 2008). However, there is limited research on how these values impact the operational and strategic approaches within SMEs, where resource constraints and organizational flexibility may alter the traditional practices. For example, SMEs typically have fewer financial and staff resources, which can make traditional hierarchical structures less practical. Instead, they may rely more on relationship-based practices to manage operations efficiently (Zhu et al., 2013).

On the other hand, Western firms typically operate under a paradigm that emphasizes individualism and autonomy. Hofstede's cultural dimensions theory and subsequent studies show that Western societies, particularly in North America and Europe, value personal achievement and innovation driven by individual contributions (Hofstede & Hofstede, 2005; Kirkman et al., 2006). However, the extent to which individualism influences management practices often depends on the industry and type of company. For example, highly innovative industries or firms may prioritize team-based projects, leveraging collective creativity and collaboration to drive breakthroughs. This highlights the need to consider organizational context when examining how cultural values shape management practices. The focus on individualism translates into management practices that reward achievements and foster open communication, allowing for diverse perspectives and assertive participation in decision-making processes (Seibert et al., 2001). While this approach is studied extensively for larger corporations, more exploration is needed to understand how these practices are adapted in Western SMEs, where employee roles may be more varied, and decision-making is more collaborative.

2.2.2 Guanxi vs. Professional Networking

The role of networking in management practices reflects another key difference between Chinese and Western business cultures. In China, *guanxi* plays a central role in business operations. *Guanxi* refers to the maintenance of personal relationships and networks that facilitate trust, reciprocity, and loyalty, significantly influencing business transactions and organizational dynamics (Chen et al., 2013). While *guanxi* can promote long-term relationships and loyalty, it may also lead to favoritism or biases if not carefully managed. Research has largely focused on *guanxi* within large firms. However, the implications of relationship-based networking for SMEs remain underexplored.

In contrast, Western business practices place a greater emphasis on formalized, merit-based networking, which underscores professional achievements and qualifications (Wolff & Moser, 2009). Western managers often use professional networks to advance careers based on objective performance metrics, ensuring a clear boundary between personal and professional interactions. This distinction highlights the structural differences in relationship management between the two cultures, where Chinese firms may integrate relational dynamics deeply into their operations, while Western firms prioritize objectivity and professional separation (Seibert et al., 2001). There are few studies focusing on how Western SMEs use professional networks differently from larger firms, indicating a possibility for future research.

2.2.3 Harmony and Hierarchy in Organizational Structures

Harmony and hierarchy are integral to Chinese firms, where maintaining social order and organizational harmony is essential. This emphasis on harmony is reflected in the often hierarchical structure of Chinese companies, where authority is concentrated at the top, and subordinates are expected to follow directives with minimal questioning (Luo et al., 2012). This type of management aligns with the Confucian belief in seniority and respect for authority, creating a paternalistic leadership style where managers oversee both professional and personal aspects of employees' lives.

Western firms, on the other hand, tend to have flatter organizational structures that facilitate open communication and empower employees at all levels, particularly in SMEs, where such practices are more feasible and effective (Bloom et al., 2012). This structure aligns with the

Western focus on individual empowerment and collective input for decision-making. The egalitarian approach in Western management encourages employees to provide feedback and participate in strategic discussions, fostering a culture of innovation and adaptability (Dorfman et al., 2012).

2.3 Leadership and Decision-Making Styles

2.3.1 Leadership Styles

Chinese and Western firms exhibit significantly different leadership styles, shaped by their distinct cultural backgrounds. In Chinese management, a paternalistic leadership style is prevalent, where leaders adopt a nurturing, protective role, providing guidance and support to employees in both professional and personal capacities. This approach aligns with cultural norms of high power distance and collectivism, emphasizing hierarchical relationships where leaders are seen as senior figures, similar to parental roles (Ayca et al., 2013). Leaders in these environments foster loyalty and expect subordinates to show respect and adhere to the established hierarchy.

In contrast, Western firms often adopt a participative leadership approach characterized by collaboration and employee involvement. This approach reflects Western values of individualism and egalitarianism, where leaders encourage open communication and consider employee input during decision-making (Hofstede & Hofstede, 2005). The participative style supports innovation and adaptability by fostering a culture where diverse perspectives contribute to collective problem-solving (Kirkman et al., 2006; Dorfman et al., 2012).

Zhang et al. (2019) contribute to this understanding by examining servant leadership, which emphasizes the well-being and growth of team members, showing how cultural factors moderate the effectiveness of such leadership. In Chinese firms, where a collective and hierarchical culture is prevalent, elements of servant leadership may align with paternalistic practices, enhancing employee trust and loyalty. In Western contexts, servant leadership fits well with participative leadership practices that prioritize employee empowerment and collaboration. However, determining where servant leadership is more prevalent or effective requires a deeper examination of organizational size, industry, and cultural context. Further research specifically into SMEs could prove especially fruitful, since SMEs are characterized by more leader-employee interactions and greater flexibility. This makes SMEs uniquely positioned to offer insights into the prevalence of servant leadership between cultures.

2.3.2 Decision-Making Processes

Decision-making in Chinese firms often emphasizes a consensus-oriented approach, reflecting collectivist cultural norms that value group harmony and reduce conflict. Leaders encourage stakeholders to build agreements, fostering team cohesion and loyalty but potentially slowing the decision-making process in fast-paced markets (Pellegrini & Scandura, 2008). The incorporation of servant leadership elements, as discussed by Zhang et al. (2019), suggests that in cultures valuing hierarchy and relational harmony, decision-making that considers collective input can be especially effective in promoting trust.

Western firms often emphasize direct, data-driven decision-making. Leaders encourage open debate and critical thinking, using empirical evidence to inform choices (Ng et al., 2008). This method values individual contributions and promotes rapid decision-making, enabling firms to respond quickly to market demands (Bloom et al., 2012). While conflicts can arise, this

approach supports a culture of innovation, where different viewpoints are considered to produce optimal outcomes (Wolff & Moser, 2009).

2.3.3 Influence of Hierarchical Structures on Decision-Making

The hierarchical structure of many Chinese firms significantly impacts decision-making processes. Authority is often centralized, with leaders holding substantial power over final decisions. This top-down structure, rooted in cultural values emphasizing respect for seniority, ensures alignment with strategic goals. However, this approach may also slow decision-making in situations requiring rapid responses, as authority is concentrated at the top. Additionally, the lack of input from diverse perspectives can hinder innovation, though it ensures clarity in responsibility and accountability (Peng & Chen, 2024). The servant leadership model by Zhang et al. (2019), shows that leadership emphasizing employee development and trust-building can mitigate some limitations of hierarchical structures by fostering engagement even in rigid systems.

Western firms, on the other hand, typically employ flatter organizational structures, empowering employees to make decisions at various levels (Dorfman et al., 2012). This decentralization enhances job satisfaction and promotes rapid, adaptive decision-making (Kirkman et al., 2006). Yet, this system is not without challenges. The emphasis on consensus can delay critical decisions, particularly when opinions diverge. In such cases, it becomes essential to define who holds the ultimate authority to make the final call. However, employees are more motivated to contribute when they feel their input is valued, which aligns with servant leadership principles that stress employee growth and collective success (Ng et al., 2008).

The comparison of leadership and decision-making practices in Chinese and Western firms highlights the profound influence of cultural values on managerial approaches. Chinese firms' paternalistic leadership and consensus-oriented decision-making emphasize harmony and loyalty, aligning with hierarchical and collective traditions. Western firms, characterized by participative leadership and direct decision-making, prioritize individual empowerment and efficiency. The insights from Zhang et al. (2019) on servant leadership further demonstrate how culturally aligned leadership approaches can enhance effectiveness and trust in both settings.

2.4 Human Resource Management (HRM) Practices

2.4.1 Recruitment and Selection Processes

Chinese and Western HRM practices display notable differences, particularly in recruitment and selection. In Chinese firms, recruitment often involves *guanxi*, leveraging personal networks and relationships to emphasize trust and loyalty. This practice aligns with the collectivist culture that values long-term relationships and team harmony (Cooke et al., 2014; Zhu et al., 2013). While *guanxi* can strengthen team cohesion, it may also introduce biases that limit diversity.

In contrast, Western firms prioritize a competency-based recruitment approach, focusing on individual skills, experience, and qualifications. The selection process is typically standardized and structured to ensure objectivity and fairness (Collins & Smith, 2006). This method aligns with Western values of performance-based ranking and efficiency, fostering a transparent and competitive environment that supports innovation and adaptability (Farndale et al., 2010).

2.4.2 Performance Management

Performance management in Chinese firms often centers on group success and team achievements. Evaluations emphasize alignment with company values and are influenced by Confucian ideals that promote shared responsibility and harmony. Feedback is generally indirect, aiming to preserve relationships and minimize conflict (Zhu et al., 2013). This approach helps maintain team cohesion but may hinder clear communication.

On the other hand, Western firms emphasize individual performance metrics and direct feedback. Performance reviews focus on measurable outcomes, fostering personal accountability and career development (Collins & Smith, 2006). This system supports a culture where individual achievements are recognized and rewarded, aligning with Western values of self-improvement and personal success (Farndale et al., 2010).

2.4.3 Training and Development

Training and development practices between Chinese and Western firms also show significant differences. In Chinese organizations, training programs are often customized to reinforce loyalty and align with cultural expectations. These programs focus on integrating employees into the company culture and fostering relational bonds (Zhu et al., 2013; Cooke et al., 2014).

Western firms favor standardized training programs that align with global best practices and aim to enhance specific competencies. These programs are formal and structured, preparing employees for roles in competitive and dynamic markets (Collins & Smith, 2006). This reflects the Western emphasis on personal growth and career advancement, promoting individual development within a structured framework.

HRM practices in Chinese and Western firms reflect their differing cultural priorities. Chinese HRM practices focus on relationship-based recruitment, collective performance evaluations, and customized training programs that foster loyalty and cohesion. These methods align with a collectivist and hierarchical culture. In contrast, Western HRM emphasizes competency-based recruitment, individual-oriented performance management, and standardized training programs that promote performance-based assessment and personal achievement.

2.5 Strategic Orientation and Innovation

2.5.1 Long-Term vs. Short-Term Orientation

Strategic orientation in Chinese and Western firms also reflect their cultural and economic background. Chinese companies often adopt a long-term orientation, driven by cultural values that emphasize sustainability, strategic relationships, and collective growth (Xu & Meyer, 2013). This approach supports gradual expansion and investment that aligns with societal goals, prioritizing stability and fostering long-term partnerships.

In contrast, Western firms typically pursue short- to medium-term goals, influenced by market pressures and shareholder expectations (Lumpkin & Dess, 2001). Strategies often focus on rapid returns and high adaptability to maintain competitiveness. While this orientation enhances innovation and short-term growth, it can sometimes lead to higher risks and a reduced focus on sustainable, long-term objectives (Covin & Slevin, 2006).

2.5.2 Risk Aversion vs. Risk-Taking

Chinese firms often display risk-averse behavior, driven by cultural norms that emphasize harmony, collective decision-making, and protecting the firm's reputation (Li & Tang, 2010). This cautious strategic approach promotes incremental growth and minimizes potential failures. While beneficial for maintaining stability, it may restrict firms from making bold moves or adopting disruptive innovation.

Western firms, in contrast, exhibit a greater tendency toward risk-taking. This inclination stems from a culture that values individualism, entrepreneurship, and competition (Covin & Slevin, 2006). Western organizations frequently engage in ambitious strategies, investing in novel technologies and market ventures to seize competitive advantages. This approach encourages rapid adaptation and significant innovation, though it may also expose firms to higher levels of risk (Lumpkin & Dess, 2001).

2.5.3 Collaboration and Open Innovation

Collaboration in Chinese firms often emphasizes strategic partnerships rooted in mutual trust and collective benefit (Xu & Meyer, 2013). This approach is in line with the concept of *guanxi*, which facilitates shared resources and joint growth among partners. Such relationships support incremental innovation and steady development within domestic and regional markets.

Western firms are more inclined to implement open innovation practices, seeking knowledge from external sources to accelerate their innovation processes (West & Bogers, 2014). This model allows for partnerships across industries and borders, integrating new technologies and ideas to drive development. Open innovation enables faster progress and diverse problem-solving, fostering a dynamic and innovative environment (Covin & Slevin, 2006).

Strategic orientation and innovation practices in Chinese and Western firms demonstrate their differing cultural and operational priorities. Chinese firms focus on long-term, risk-averse strategies that emphasize sustainable growth and relationship-based collaboration. Western firms, however, prioritize short- to medium-term, risk-taking strategies, encouraging rapid innovation and global partnerships. Understanding these strategic differences is crucial for multinational companies aiming to navigate and harmonize operations across diverse cultural landscapes.

2.6 Communication Styles and Conflict Management

2.6.1 Direct vs. Indirect Communication

Communication methods within Chinese and Western firms differ significantly. Chinese firms typically use an indirect communication style, which is characteristic of high-context cultures where much of the information is implied through non-verbal cues, shared knowledge, and subtle implications (Luo & Shenkar, 2006). This approach aligns with the cultural importance of maintaining harmony and protecting face, which helps preserve relationships and minimizes overt conflict (Hofstede & Hofstede, 2005). Although this method fosters a harmonious work environment, it can lead to ambiguity and potential misunderstandings, especially in cross-cultural interactions. However, research on how these communication styles manifest within Chinese SMEs, where informal communication may play a larger role, is limited.

On the other hand, Western firms generally favor direct communication, which aligns with low-context cultures that value clarity and explicitness. This communication style supports transparency and quick decision-making, aligning with the cultural values of individualism and assertiveness (Ang et al., 2007). While direct communication ensures that messages are clear, it may come across as confrontational or harsh to those who value more nuanced interactions (Jehn & Bendersky, 2003). The current literature often overlooks how communication practices in Western SMEs might differentiate from larger organizations, especially when employee roles are less formalized and more multifunctional.

2.6.2 Approaches to Conflict Management

Chinese firms often use non-confrontational conflict management strategies such as avoidance and accommodation. These strategies align with Confucian principles that prioritize group harmony and the maintenance of stable relationships over direct conflict resolution (Gelfand et al., 2012). Leaders and employees may prefer subtle methods to address disagreements, fostering long-term stability. However, while effective for maintaining harmony, these methods can delay the resolution of important issues and limit open discussions.

Western firms typically employ direct conflict resolution strategies, such as open dialogue, negotiation, and collaborative problem-solving. These approaches align with cultural norms that emphasize assertiveness and transparency, viewing conflict as an opportunity for constructive problem-solving and growth (Jehn & Bendersky, 2003). Although effective in achieving clear outcomes and fostering trust, direct conflict management can increase tension if cultural differences are not considered (Luo & Shenkar, 2006).

The communication and conflict management practices in Chinese and Western firms underscore the influence of cultural values on organizational behavior. Chinese firms prioritize indirect communication and non-confrontational conflict management to maintain harmony and relationships, while Western firms favor direct communication and assertive conflict resolution for transparency and efficiency. Recognizing these differences is crucial for cross-cultural leaders, enabling them to create strategies that respect diverse practices and improve collaboration.

2.7 Theoretical Framework

This study explores the influence of cultural differences on decision-making practices in SMEs across Chinese and Western contexts. Drawing from broader organizational and cultural theories, the following dimensions are proposed as a framework for analysis in Figure 2.1:

Decision-Making in SMEs

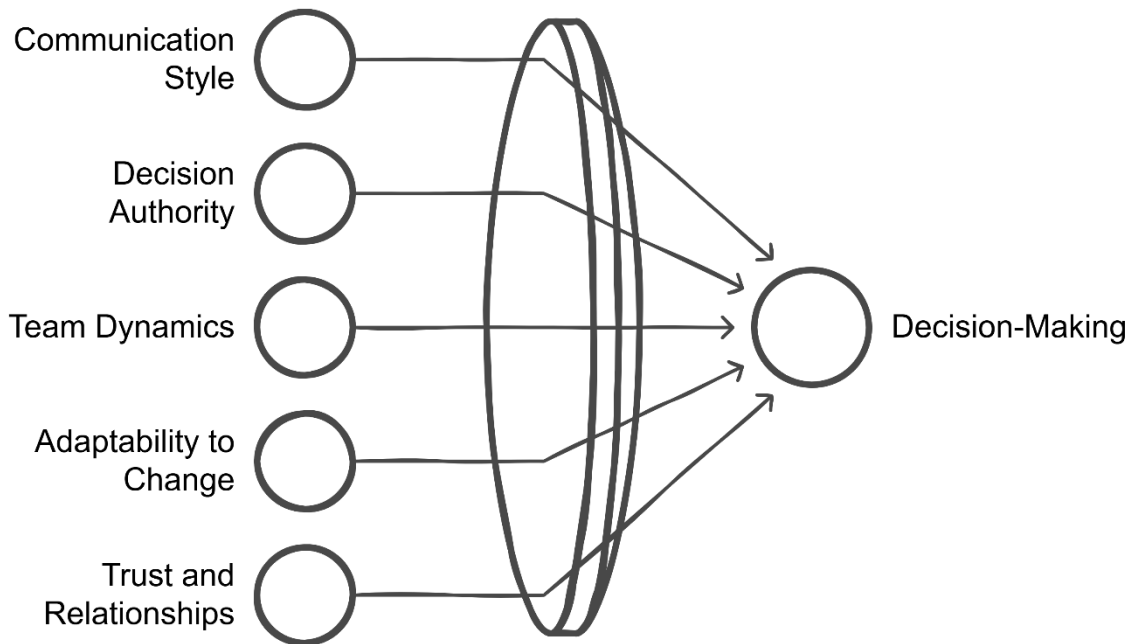


Figure 2.1: Theoretical framework

Since this framework is designed for SMEs in general, the following corresponding table as shown in Figure 2.2 presents the difference between Chinese and Western SMEs in a compact way.

Dimension	Chinese SMEs	Western SMEs
Communication Style	High-context, relying on implicit understanding and non-verbal cues.	Low-context, emphasizing direct, explicit, and formal communication.
Decision Authority	Centralized, with a strong focus on hierarchical structures.	Decentralized, with decisions often made collaboratively.
Team Dynamics	Collective, with emphasis on maintaining harmony and group consensus.	Individualistic, valuing diverse perspectives and open debate.
Adaptability to Change	Structured, often resistant to rapid shifts or experimentation.	Flexible, open to innovative approaches and quick adjustments.
Trust and Relationships	Relationship-based trust, developed over time and through shared history.	Transaction-based trust, often reliant on contracts and clear agreements.

Figure 2.2: Corresponding table

This framework offers a comparative perspective to analyze how cultural contexts shape decision-making in SMEs, emphasizing differences in communication, authority, collaboration, adaptability, and trust.

3. Methodology

This chapter discusses the methodology used in this study. Additionally, it provides justification for the choice of methods. Research design, data collection, sampling strategy, and data analysis will all be discussed in this chapter.

3.1 Research Philosophy

This study was designed as a qualitative, interpretive philosophy, which prioritizes understanding the subjective meanings and contextual influences that shape human behavior. An interpretive approach is well-suited to exploring how cultural values and norms influence decision-making practices in SMEs, as it allows the researcher to delve into the nuanced and often implicit factors guiding managerial behaviors (Denzin & Lincoln, 2005). In the context of this research, the focus is on understanding decision-making practices as culturally embedded phenomenon. By examining these practices within Chinese and Western SMEs, this study seeks to uncover how cultural phenomenon show in organizational contexts. An interpretive philosophy recognizes that cultural influences are not static but are shaped by individual perceptions, organizational structures, and societal norms. This approach aligns with the goals of the study, emphasizing the exploration of diverse experiences and perspectives to capture the complexity of cross-cultural management.

3.2 Research Design

3.2.1 Qualitative Approach

A qualitative research approach was chosen to investigate the research problem due to its ability to capture the depth and complexity of cultural phenomenon. Qualitative methods enable researchers to explore the subjective and context-specific nature of cultural influences, providing rich, descriptive insights that are often inaccessible through quantitative approaches (Denzin & Lincoln, 2005). The qualitative multiple-case study design ensures internal validity through the triangulation of perspectives across diverse SMEs. External validity is supported by purposive sampling, which includes SMEs from different industries and cultural contexts, allowing readers to assess the transferability of findings to similar settings.

3.2.2 Multiple-Case Study Design

A qualitative multiple-case study design was adopted to explore decision-making practices of Chinese and Western SMEs. This approach allows for a comparative analysis across diverse contexts, offering rich, detailed insights that would be less accessible through quantitative methods (Yin, 2018). This design facilitates the identification of both unique and common patterns across cases, offering valuable insights into how cultural rules and norms influence decision-making practices in SMEs. SMEs were selected because of their flexibility, informal structures, and smaller scale, which often allow cultural norms to manifest more visibly in decision-making practices compared to larger multinational corporations. To analyze the data the study will create a comparative framework that compares Chinese and Western cultural contexts, using established cultural dimensions such as collectivism versus individualism, high-context versus low-context communication, and hierarchical versus egalitarian leadership models (House et al., 2004).

3.3 Data Collection

3.3.1 Semi-Structured Interviews

Semi-structured interviews were selected as the primary method of data collection. This approach combines the consistency of a structured interview with the flexibility to explore participants' unique insights (Kvale & Brinkmann, 2014). Semi-structured interviews are particularly suited for cross-cultural research, as they allow respondents to elaborate on culturally nuanced behaviors and practices while ensuring that key topics are covered consistently across interviews. A pilot phase involving two participants was conducted to ensure clarity, cultural relevance, and alignment with the study's objectives. Feedback from the pilot phase was incorporated to refine the interview guide.

Interview questions (Appendix 2 & 3) were designed based on the theoretical framework and literature review. The key themes of the interviews are shown in figure 3.1.

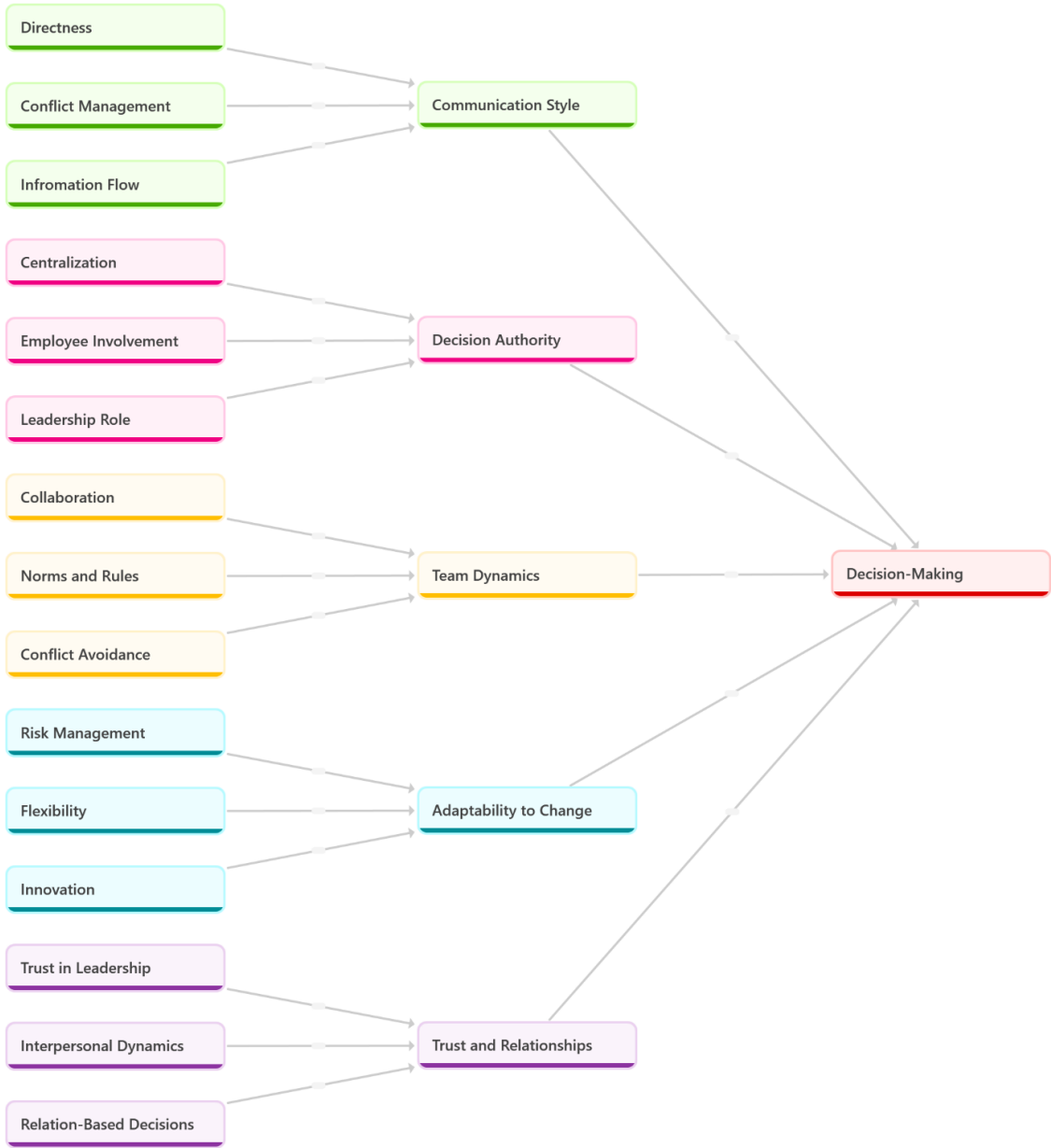


Figure 3.1: Coding Scheme

3.3.2 Participant Selection

A purposive sampling strategy was employed to identify participants with relevant expertise and experience in decision-making within SMEs. This was supplemented with snowball sampling, wherein existing participants referred additional individuals with similar qualifications and insights. The study involved 10 participants, with equal representation from Chinese and Western SMEs. Participants were senior managers or decision-makers who had extensive experience navigating cultural dynamics in organizational contexts. The Chinese segment of participants were drawn from diverse industries to provide a comprehensive perspective on cultural influences across different sectors. The industries of the Western segment of participants were later mostly matched with the Chinese segment to ensure a level of comparability across segments. Initial participants were identified through networks and industry contacts. Follow-up participants were recruited through referrals and recommendations. Participants were selected using purposive and snowball sampling techniques to ensure relevance and depth of insights. Senior managers were chosen as they are directly involved in strategic and operational decision-making, making their perspectives critical to understanding cultural influences.

3.3.3 Data Collection Procedure

The interviews were conducted via online platforms or in person, depending on the participants' availability and geographical location. The interviews were 60 minutes long to ensure sufficient depth while maintaining participant engagement. With consent of the participants, interviews were audio-recorded and transcribed to ensure an accurate data capture. Internal validity was reinforced during data collection and analysis through member checking, where participants reviewed preliminary findings to confirm accuracy. Additionally, thematic analysis was conducted through a systematic coding process to maintain consistency and ensure alignment with the conceptual framework.

3.3.4 Ethical Considerations

Ethical protocols were rigorously followed throughout the study to ensure participant confidentiality, autonomy, and informed consent. All identifying information was anonymized, and participant responses were carefully coded to protect their privacy. Before participating, individuals were provided with detailed information about the study's purpose, methodology, and their rights, ensuring full transparency. Written consent was obtained after participants understood the study's details. Furthermore, participants were informed that their involvement was entirely voluntary, with the assurance that they could withdraw from the study at any time without facing any consequences.

3.4 Data Analysis

3.4.1 Analytical Framework

The study used thematic analysis, a widely recognized method for identifying, analyzing, and interpreting patterns within qualitative data (Braun & Clarke, 2006). The approach enabled a structured exploration of how cultural dynamics influenced decision-making practices.

Steps in Analysis:

1. Familiarization: Interview transcripts were read and re-read to develop a thorough understanding of the data.
2. Coding: The data was coded both deductively (using pre-established categories from the theoretical framework) and inductively (allowing new themes to emerge organically).
3. Theme Development: Codes were grouped into broader themes, such as “Communication Style” and “Decision Authority”.
4. Comparison: Themes were analyzed across Chinese and Western SMEs to identify similarities and differences.

3.4.2 Data Organization

To enhance clarity and facilitate analysis, participant responses were organized into a data display (Appendix 1). The data display grouped responses under thematic headings, providing a clear and concise overview of the data.

3.4.3 Cross-Case Analysis

This study employs a cross-case analysis to compare and contrast the decision-making processes of Chinese and Western SMEs. The purpose of this approach is to explore how cultural and organizational contexts influence key aspects of decision-making, such as leadership, communication, and adaptability. By examining multiple cases across two distinct cultural settings, this method provides a nuanced understanding of the similarities and differences in organizational behavior.

A cross-case analysis is particularly well-suited to uncover patterns and contextual variations, allowing for a deeper exploration of how SMEs operate within their unique cultural frameworks (Stake, 2010). This approach also enables the identification of both culturally specific practices and universal principles of decision-making, offering valuable insights for managing diversity and fostering collaboration in international business contexts.

4. Findings

This chapter presents findings from ten interviews conducted with the leaders in Chinese and Western SMEs shown in appendix 4. The analysis focuses on the five key themes from the conceptual framework: communication style, decision authority, team dynamics, adaptability to change, and trust and relationships. and introduces a new theme: personality-driven dynamics. Each theme is explored through its respective subcodes, providing detailed insights into organizational practices and dynamics. Themes, subcodes, and data are visualized in appendix 1. The analysis links each theme to its impact on decision-making processes, illustrating how these themes influence the way decisions are made in SMEs.

4.1 Communication Style

Communication style shapes how SMEs exchange ideas, resolve conflicts, and manage information flow. Chinese SMEs emphasize indirect communication and hierarchy, while

Western SMEs value directness and transparency, reflecting distinct cultural approaches to organizational interactions

4.1.1 Directness

Directness in communication was characterized by clear distinctions between the Chinese and Western segments. According to respondents 1, 2, 3, and 4, indirect communication is often preferred to maintain harmony and respect for authority. Feedback and suggestions are typically framed carefully to avoid potential embarrassment or conflict. Respondent 3 explained: *“In China, people are boss-oriented, finding it hard to speak directly, which sometimes creates ambiguity.”* This approach is rooted in cultural norms that prioritize maintaining positive relationships but can sometimes lead to slower decision-making or misunderstandings when clarity is required. Some Chinese respondents noted a shift toward incorporating more direct communication in certain settings. Respondent 2 remarked: *“I think we’re different than normal Chinese companies; we try to be open-minded and straightforward.”* This indicates an evolving approach where traditional norms are balanced with modern organizational needs.

In contrast, respondents 6, 7, and 8 viewed directness as essential for ensuring efficiency and transparency. According to these respondents, open dialogue is encouraged, even when addressing challenging topics. However, this approach is not without its challenges. Respondent 9 observed: *“Sometimes, directness can come across as too blunt, especially in multicultural settings where people are not used to it.”* Despite this, direct communication was seen as a critical tool for fostering trust and promoting informed decision-making.

4.1.2 Conflict Management

Conflict management strategies also varied significantly between the two groups. The Chinese respondents (1, 3, 4, and 5) emphasized resolving disagreements indirectly to preserve harmony within the team. According to these respondents, conflicts are often addressed through private discussions or informal settings, such as post-work gatherings. Respondent 4 shared: *“We regularly sit down together after work to discuss and address issues.”* This approach minimizes public confrontation and helps maintain group cohesion.

Western respondents (6, 7, and 10), however, preferred a more direct approach to conflict resolution. They emphasized the importance of addressing issues immediately and involving all relevant parties. According to Respondent 7, *“We believe in addressing issues directly but respectfully, as this helps to find solutions faster and builds trust within the team.”* While this approach encourages transparency and accountability, it can sometimes lead to tensions, particularly when emotions are high or when cultural differences influence expectations.

Both groups agreed that effective conflict management relies on constructive communication and mutual respect, regardless of whether the approach is direct or indirect.

4.1.3 Information Flow

The flow of information within organizations was seen as critical to ensuring alignment and efficiency. Respondents 1, 3, and 4 described a structured, hierarchical approach to communication, where information is passed down through formal channels. This system ensures clarity and respect for authority but can occasionally limit flexibility. Respondent 3

noted: *“As a start-up, roles are broad and responsibilities are flexible, but we rely on clear reporting structures to communicate.”*

In contrast, Western respondents (6, 8, and 9) emphasized a decentralized approach, with team members expected to proactively share updates and take responsibility for staying informed. Regular team meetings and collaborative tools were commonly cited as methods to facilitate open communication. Respondent 8 explained: *“We rely on regular updates and open communication to make sure everyone is on the same page.”* While this model fosters innovation and inclusivity, some respondents acknowledged potential drawbacks, such as information overload or inconsistent updates.

Despite these differences, respondents across both segments recognized the importance of clear and timely communication for maintaining operational efficiency and minimizing misunderstandings.

4.1.4 Communication Style and Decision-Making

Communication style directly influences the speed, clarity, and inclusivity of decision-making. In Chinese SMEs, indirect communication and hierarchical information flow promote harmony and stability but may slow decision-making and obscure dissenting perspectives. On the other hand, Western SMEs' emphasis on direct communication and open information flow enhances transparency and efficiency, enabling quicker decisions and more inclusive discussions. However, these benefits come with challenges, such as the need to carefully manage interpersonal tensions and avoid potential pitfalls like information overload.

4.2 Decision Authority

Decision authority defines how power is distributed and decisions are made within SMEs. Chinese SMEs emphasize centralized structures, where authority is concentrated at the top, ensuring consistency and alignment with organizational goals. In contrast, Western SMEs favor decentralized approaches, fostering participative decision-making and empowering employees at various levels, reflecting differing cultural priorities in leadership and collaboration.

4.2.1 Centralization

The Chinese segment described a centralized decision-making process where authority is concentrated at higher levels of the organization. Respondent 1 explained: *“The general manager makes the final call, and everything else revolves around their decisions.”* This hierarchical structure provides clarity and ensures alignment with organizational priorities. Similarly, Respondent 2 remarked: *“Everybody knows their place on the corporate ladder, and that clarity reduces conflicts about decision-making.”* However, not all Chinese respondents supported a fully centralized model. Respondent 5 noted that while leaders hold significant authority, some flexibility is granted for decisions related to day-to-day operations: *“Employees are expected to follow directives, but small decisions within their scope are often left to them.”*

In contrast, three Western respondents (6, 7, and 9) highlighted their organizations' decentralized approaches to decision-making. For instance, Respondent 7 shared: *“We operate in a way where team leads have the authority to make decisions without waiting for upper management.”* This decentralized structure fosters quicker decision-making and

greater accountability. However, Respondent 6 acknowledged that some decisions still require senior management approval, particularly those involving significant financial implications: *“We inform employees about our plans and ask for their input and ideas. But the final call is made by management.”*

4.2.2 Employee Involvement

Employee involvement was described to be encouraged by all respondents of the Chinese section but limited to smaller decisions. For example, Respondent 2 noted: *“I want them to take the initiative if it’s the right call for their role.”* Similarly, Respondent 3 emphasized the value of employee feedback, stating: *“I regularly have one-on-one conversations with my team to gather their input on decisions.”* However, respondent 4 expressed reservations about granting too much decision-making power to employees. Respondent 4 explained: *“I try to stimulate initiative, but I notice that many employees are reluctant to act without explicit instructions.”*

Among the Western respondents, four (6, 7, 8, and 10) described a strong emphasis on employee involvement. Respondent 8 shared: *“We emphasize initiative at every level. Employees are encouraged to contribute ideas and take ownership of their decisions.”* However, Respondent 9 cautioned that this approach requires careful management: *“Encouraging involvement is great, but without clear guidance, it can lead to misalignment.”* This demonstrates the challenges of balancing inclusivity with consistency in decision-making.

4.2.3 Leadership Role

Leadership was universally seen as a critical factor in decision authority, though perspectives on its role differentiate. Respondents 1, 3, 4, and 5 described leaders as central figures who guide and support their teams. Respondent 1 stated: *“Managers often offer weekly support sessions to clarify decisions and ensure alignment.”* Similarly, Respondent 3 described how leaders are responsible for bridging the gap between employees’ respective roles and strengths.

Western respondents described leadership as an essential element in decision-making, with an emphasis on fostering collaboration and supporting employee initiatives. Respondent 6 noted the importance of maintaining open communication with their team: *“My day involves communicating with customers, suppliers, and my team to ensure everyone is aligned.”* This active engagement highlights how leaders in Western SMEs facilitate decision-making by involving their teams and creating clarity across different organizational levels. Respondent 10 backed up this sentiment, emphasizing how leaders balance guidance and employee initiative: *“Incoming requests from new customers are assessed collaboratively with the team to ensure we can deliver quality outcomes.”*

4.2.4 Decision Authority and Decision-Making

Decision authority shapes the speed, inclusivity, and clarity of decision-making processes. In Chinese SMEs, centralized decision-making ensures stability and clear oversight but may restrict employee initiative and slow responsiveness in dynamic situations. Meanwhile, Western respondents described decision-making as a collaborative effort, with leaders

actively supporting team contributions. However, fostering collaboration requires clear communication and well-defined roles to prevent misalignment.

4.3 Team Dynamics

Team dynamics are a critical component of decision-making in SMEs, influencing how teams collaborate, handle conflicts, and adhere to norms. While both segments emphasize the importance of coherent teamwork and collaboration, Chinese SMEs tend to favor harmony, while Western SMEs favor a more open conflict resolution.

4.3.1 Collaboration

Collaboration was universally regarded by respondents as an essential element of organizational success. Both Chinese and Western respondents emphasized the importance of teamwork in achieving shared goals and ensuring operational efficiency.

Several respondents highlighted structured collaboration as a key factor in aligning efforts across teams. Respondent 1 described a recent project: *“This year, we launched a business Chinese class after market research. Departments collaborated over several meetings to finalize plans, gather feedback, and align timelines.”* This structured approach ensures that all team members understand their roles and responsibilities, creating a functioning and focused environment.

Respondent 8 stressed the role of teamwork in fostering a supportive culture: *“We’ve worked hard to bring departments together, fostering a unified team where everyone supports one another.”* This sentiment reflects the value of collaboration in building trust and mutual respect within teams.

Several respondents also emphasized that collaboration is most effective when combined with clear communication and a shared sense of ownership. Respondent 10 noted: *“When teams collaborate openly, they come up with ideas that one person couldn’t have thought of alone.”* This highlights how teamwork not only strengthens operational efficiency but also drives innovation by pooling diverse perspectives and expertise.

Whether through structured meetings or informal brainstorming sessions, respondents agreed that effective collaboration relies on a shared commitment to teamwork and the active participation of all members. Across contexts, it was recognized as a cornerstone of business success.

4.3.2 Norms and Rules

Norms and rules were seen as vital for maintaining team structure and consistency. Respondents 1, 2, and 4 emphasized the importance of well-documented procedures and cultural norms. Respondent 1 remarked: *“We have procedures in place for everything—how to manage projects, marketing rules, and company operations. All of these are well-documented.”* These procedures ensure order but may discourage adaptability in rapidly changing scenarios. Respondent 2 highlighted the existence of norms in Chinese culture: *“Traditional Chinese values naturally come into play due to the culture, but we don’t enforce them explicitly.”* While these values foster discipline, they may also perpetuate reliance on hierarchical authority.

Norms and rules were viewed by Western respondents (6, 8, and 10) as important for fostering a positive and productive team environment. While formal guidelines provide structure, respondents emphasized that the most critical norm is fostering mutual respect among team members. Respondent 10 articulated this sentiment clearly: *“One principle we uphold but can’t formalize is mutual respect—it’s what drives collaboration and ensures everyone feels valued.”* This highlights how respect is not merely an ideal but a practical foundation for teamwork, guiding interactions and ensuring that diverse perspectives are welcomed and considered.

4.3.3 Conflict Avoidance

Conflict avoidance was a recurring theme, particularly in the Chinese segment. Respondent 2 stated: *“I think the best is to try and avoid conflicts as much as possible.”* This perspective aligns with cultural values emphasizing harmony but can result in unresolved issues if disagreements are not addressed directly.

Respondents 6 and 9 advocated for a more direct approach to addressing disagreements. Respondent 6 shared: *“Like most companies, we try to prevent conflicts as much as possible. But disagreements happen, especially on the production floor.”* This open acknowledgment of conflicts fosters transparency but requires strong facilitation to ensure constructive outcomes.

4.3.4 Team Dynamics and Decision-Making

Team dynamics significantly influence decision-making processes. In Chinese SMEs, structured collaboration and well-documented rules create stability and ensure alignment with organizational goals, but conflict avoidance strategies can slow resolution and decision-making. Conversely, Western SMEs prioritize flexible norms and open collaboration, which enhance adaptability and inclusivity.

4.4 Adaptability to Change

Adaptability is essential for SMEs to remain competitive in dynamic markets. Chinese SMEs adopt cautious, incremental approaches to change, while Western SMEs emphasize flexibility and innovation to drive responsiveness.

4.4.1 Risk Management

Risk management was a central concern for respondents, with varying approaches described to mitigate potential challenges. Among respondents 1, 2, 3, and 5, careful planning and calculated risks were emphasized. Respondent 1 explained: *“Challenges are assessed for feasibility and resource needs. For example, we wanted an HSK test center but partnered with universities instead due to budget constraints.”* This illustrates how resourcefulness plays a key role in managing risks within constrained environments. Similarly, Respondent 2 noted the importance of maintaining reputation during crises: *“We covered 100% of a customer’s costs for damaged goods to retain their trust, even before resolving the issue with our supplier.”* This proactive approach to customer retention highlights the emphasis on safeguarding long-term relationships.

Respondents 6, 8, and 10 described a less risk-averse approach. Respondent 8 shared: *“Risk-taking is integral. For example, investing in a liquid egg production line was a major risk, but it strengthened our position.”* This proactive approach underscores the willingness to embrace bold decisions for growth. Respondent 10 emphasized the balance between caution and opportunity: *“We recognize risks are part of growth. For example, declining a project due to client instability avoided potential issues, while taking on a large project helped us grow.”*

4.4.2 Flexibility

Flexibility was highlighted as essential for adapting to change, though its application varied between respondents. The Chinese segment (respondents 1, 2, and 3) emphasized flexibility within structured frameworks. Respondent 1 noted: *“If someone faces family-related challenges or personal issues, we adjust their workload. For example, if a teacher has health concerns or family obligations, we reassign tasks or slow down their workload to support them.”* This reflects an adaptive approach to individual circumstances while maintaining overall organizational goals.

The Western segment (respondents 6, 8, and 9) described flexibility as a more proactive and dynamic process. Respondent 8 remarked: *“Everyone needs to be flexible enough to adapt when things change unexpectedly, such as when a project shifts direction.”* This adaptability extends beyond individual circumstances, emphasizing the importance of resilience in managing evolving priorities. Respondent 6 added: *“Processes become more flexible under pressure, and strategies are adjusted to meet deadlines. Team cohesion and mutual support help maintain focus.”*

4.4.3 Innovation

Innovation was described by the Chinese respondents as a central element of their strategy, emphasizing practical advancements and adapting to market needs. While their approach often involves careful planning, respondents demonstrated a forward-thinking mindset, focusing on both incremental improvements and new opportunities. Respondent 4 highlighted the organization’s commitment to staying ahead of market demands: *“Our ability to develop new products and adapt to the market is a source of pride for us.”* This customer-focused approach reflects a recognition of the importance of innovation in maintaining competitiveness and meeting evolving expectations.

Respondents 6, 7, and 8 described a more disruptive approach to innovation. Respondent 6 noted: *“We launched a sustainable product despite market uncertainties. It’s now gaining traction due to government policies on sustainability.”* This highlights how organizations leverage innovation to address emerging opportunities. Respondent 7 emphasized the role of experimentation: *“Mistakes are considered part of the learning process. Without them, we can’t improve.”*

4.4.4 Adaptability to Change and Decision-Making

Adaptability to change directly influences decision-making by shaping how organizations manage risks, respond to evolving demands, and foster innovation. The Chinese respondents emphasized structured frameworks and incremental improvements, which ensure stability but may limit agility in rapidly changing environments. On the other hand, the

Western respondents described a more dynamic and flexible approach, leveraging bold innovation and collaborative strategies to drive growth. These findings highlight the importance of tailoring adaptability strategies to align with cultural and organizational goals for enhanced decision-making effectiveness.

4.5 Trust and Relationships

The research highlights the significant role that trust and relationships play in shaping decision-making in SMEs. The findings suggest that while Chinese SMEs emphasize hierarchical trust and interpersonal bonds, Western SMEs appear to prioritize transparency and competence as key components of trust.

4.5.1 Trust in Leadership

Trust in leadership was unanimously described by respondents as a foundational requirement for effective business operations, especially in SMEs. Both Chinese and Western participants agreed that without trust, collaboration, decision-making, and long-term success would be severely compromised.

Among the Chinese respondents (3, and 4), trust in leadership was seen as essential for fostering security and aligning organizational goals. Respondent 3 highlighted this: *“Trust is the foundation of good teamwork. That’s something I find very important and always tried to reflect toward my team.”* This openness cultivates confidence and ensures that employees remain committed to leadership decisions. Respondent 2 further emphasized the critical role of trust in external relationships, noting: *“Contracts alone aren’t enough; trust ensures smooth transactions and reliability.”* This illustrates how trust is viewed not just as a desirable quality but as an essential component of doing business, ensuring both internal and external stakeholders work harmoniously.

All Western respondents also stressed the indispensability of trust in SMEs. Respondent 8 shared: *“Our company operates with an open-book approach, meaning we’re transparent about costs, purchases, and decision-making. This encourages employees to think critically and contribute ideas.”* By maintaining transparency, leaders build an environment where trust is both the foundation and catalyst for employee engagement and collaboration.

In both cultural contexts, trust in leadership was seen as a prerequisite for smooth business operations and long-term growth. Without trust, respondents agreed, achieving organizational goals would be significantly hindered.

4.5.2 Interpersonal Dynamics

Interpersonal dynamics were regarded as central to building strong teams and fostering trust. Respondents 2, 3, 4, and 5 described personal relationships as blending professional respect with personal connection. Respondent 4 explained: *“I try to keep it as familial as possible. With a family-like atmosphere, you can often achieve more and faster compared to a purely professional setup.”* This highlights the value of creating a supportive and cohesive environment.

Respondent 5 emphasized the cultural importance of interpersonal dynamics: *“In China, personal relationships definitely enhance results. Chinese culture places a strong emphasis*

on relationships.” This relational approach promotes teamwork and collaboration, though it may sometimes complicate objectivity in decision-making.

All five Western respondents mentioned the familial feeling of their respective firms. They simultaneously mentioned the importance of open communication in fostering interpersonal trust. Respondent 8 remarked: *“We interact with each other in a very approachable way— anyone can come to me, and I can approach anyone. This has led to a flat organization with no unnecessary layers.”* This approach underscores the role of transparency and collaboration in strengthening interpersonal dynamics.

4.5.3 Relation-Based Decisions

Relation-based decision-making was viewed as a natural outcome of trust and interpersonal dynamics. According to respondents 1, 2, and 3, relationships were often a key consideration in decisions, partnerships, and conflict resolution. Respondent 2 stated: *“You need to be able to be strict at times, and it's very difficult to do that when you have an intimate relationship with that person.”* This demonstrates how trust influences leadership decisions.

Additionally respondent 5 noted their view on the effect of personal relationships: *“In China, personal relationships definitely enhance results. Chinese culture places a strong emphasis on relationships. This approach is very Chinese and not something you commonly see elsewhere in the world.”* These interactions build a foundation for reliable and effective collaborations, ensuring smoother operations.

Respondents 6, 8, and 10 described a more balanced approach, where relational factors were considered alongside objective criteria. Respondent 8 remarked: *“Building personal relationships is important to me. Personal relationships help build commitment and inclusion in decision-making.”* This reflects how trust and relational dynamics complement measurable performance in guiding decisions.

4.5.4 Trust and Relationships and Decision-Making

Trust and relationships play a pivotal role in shaping decision-making processes by influencing how teams collaborate, resolve conflicts, and form partnerships. In Chinese SMEs, trust in leadership and relation-based decision-making ensure stability and reinforce loyalty, though they may occasionally prioritize relationships over efficiency. In Western SMEs, open communication and a blend of relational and objective criteria foster inclusivity and fairness but require careful management to maintain consistency. These findings highlight the importance of building trust at all levels to create an effective decision-making environment.

4.6 The New Theme: Personality-Driven Dynamics

A distinctive theme emerging from the interviews is the influence of personality differences in SMEs. Due to their small size, the personal characteristics of leaders and team members in SMEs play a disproportionately large role in shaping organizational culture, decision-making, and interpersonal dynamics.

4.6.1 Personal Relationships and Objectivity

Respondents frequently highlighted the dual-edged nature of personal relationships in SMEs. On one hand, personal connections were seen as enhancing trust and collaboration. On the other hand, they sometimes complicated objectivity in decision-making. In the Chinese segment, the emphasis on relationships was evident. Respondent 3 explained: *“I always tried to be a people manager, building those relationships alongside work so I could understand what was happening with the individuals on my team.”* This underscores how personal relationships strengthen alignment and cohesion within teams.

Western respondents echoed similar sentiments. Respondent 8 remarked: *“While personal relationships are valuable for building commitment, decisions must always prioritize fairness and organizational needs.”* However, respondent 9 noted the potential downside: *“Emotional ties with team members can influence decisions in ways that aren’t always best for the company.”* This reflects the challenge of balancing personal and professional considerations in SMEs, where teams resembling families can obstruct objectivity.

4.6.2 Personality Compatibility

The compatibility of individual personalities within teams was recognized as a crucial factor influencing organizational dynamics. Among Chinese respondents, compatibility was described as essential for avoiding conflicts and fostering collaboration. Respondent 5 shared: *“Employees from different regions often have distinct personalities, and understanding these differences is key to maintaining harmony.”* This highlights the cultural nuances within teams and the need for effective management to ensure compatibility.

Western respondents described compatibility as integral to creating high-performing teams. Respondent 7 noted: *“Strong personal relationships lead to better professional outcomes. When personalities align, communication and collaboration become seamless.”* This reflects how SMEs prioritize creating cohesive teams to enhance efficiency and productivity.

Respondent 6 added: *“Generational and personality differences can sometimes create tension, but addressing them openly helps build mutual understanding.”* This proactive approach highlights the role of adaptability in managing personality diversity within SMEs.

4.6.3 Role of Personality

The role of personality was particularly pronounced in shaping organizational behavior and decision-making. Respondents described how individual traits and preferences influenced everything from communication styles to strategic choices. Respondent 1 stated: *“Some team members are naturally direct, while others are more reserved. These personal differences shape how we interact and collaborate.”* This emphasizes how personality traits define team dynamics in SMEs.

Western respondents shared similar experiences, noting significant differences in employee involvement as a result of personality. Respondent 8 explained: *“Some employees just want to come in, do their work, and avoid extra responsibilities. Others are eager to contribute and think about the bigger picture.”* This highlights the direct link between individual traits and decision-making processes.

4.6.4 Leadership Personality

Leadership personality was identified as a defining factor in shaping the culture and direction of SMEs. Among Chinese respondents, the manager's personality often dictated the organization's overall approach. Respondent 3 noted: *"I'm a fairly direct person in how I provide feedback and manage people. I know this is different from Chinese culture, which can be more indirect, but I try to maintain a direct communication style while being mindful of cultural differences."* This illustrates how leadership traits can override broader cultural norms.

Western respondents described leadership personality as central to setting the tone for collaboration and decision-making. Respondent 8 shared: *"I lead with a hands-off approach within certain boundaries."* This demonstrates how leadership personality influences team dynamics and employee engagement.

4.6.5 Personality-Driven Dynamics and Decision-Making

The personality-driven nature of SMEs has a profound impact on decision-making. The personal traits of leaders and key employees influence how decisions are made, communicated, and implemented, often overriding cultural or structural norms. While personal relationships and compatibility foster collaboration and trust, they can sometimes challenge objectivity. Leadership personality, in particular, shapes organizational behavior, setting the tone for communication and decision-making processes. These findings emphasize the importance of understanding personality-driven dynamics improve SME performances.

4.7 New Theoretical Framework

After integrating the findings, a revised theoretical framework can be developed as shown in Figure 4.1. Since this framework is still for SMEs in general, a revised table explaining the differences between the Chinese and Western segment is also included, as shown in Figure 4.2.

Decision-Making in SMEs

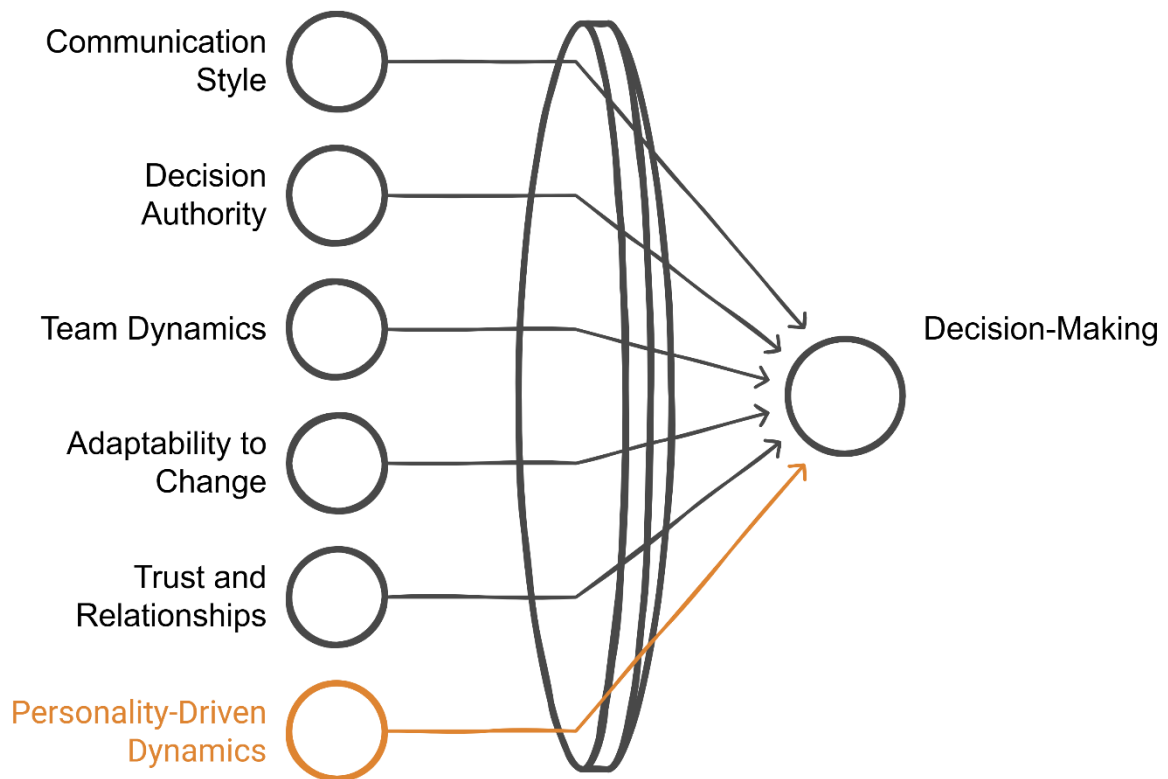


Figure 4.1: Revised theoretical framework

Dimension	Chinese SMEs	Western SMEs
Communication Style	High-context, relying on implicit understanding and non-verbal cues.	Low-context, emphasizing direct, explicit, and formal communication.
Decision Authority	Centralized, with a strong focus on hierarchical structures.	Decentralized, with decisions often made collaboratively.
Team Dynamics	Collective, with emphasis on maintaining harmony and group consensus.	Individualistic, valuing diverse perspectives and open debate.
Adaptability to Change	Structured, often resistant to rapid shifts or experimentation.	Flexible, open to innovative approaches and quick adjustments.
Trust and Relationships	Relationship-based trust, developed over time and through shared history.	Transaction-based trust, often reliant on contracts and clear agreements.
Personality-Driven Dynamics	Key individuals shape SME culture and decision making.	

Figure 4.2: Revised corresponding table

5. Discussion and Conclusion

5.1 Discussion

This study critically investigates the cultural influences on decision-making processes in Chinese and Western SMEs, exploring the roles of communication styles, decision authority, team dynamics, adaptability to change, and trust. The findings reveal both distinct and interconnected patterns across these dimensions, emphasizing the significant impact of cultural norms and organizational structures on SME decision-making. By comparing these insights, this discussion examines how these cultural factors interact, revealing opportunities for innovation and challenges for cross-cultural adaptation.

5.1.1 Cultural Dynamics in Communication and Decision-Making

The stark contrast between high- and low-context communication styles in Chinese and Western SMEs reflects deeper cultural concepts. Chinese SMEs rely on indirect communication, rooted in Confucian values of harmony and respect for hierarchy (Hofstede & Hofstede, 2005). While this fosters relational stability and minimizes conflict, it also delays decision-making by restraining critique and complicating the exchange of ideas. Leaders in Chinese SMEs must navigate this tension often by balancing traditional expectations with modern needs for clearer and faster communication.

Western SMEs, in contrast, emphasize direct, low-context communication, which supports transparency and rapid decision-making (Ang et al., 2007). However, the assumption that direct communication is inherently superior needs closer inspection. As noted by Jehn and Bendersky (2003), this approach can heighten tensions in multicultural teams, where such bluntness may be interpreted as insensitivity. Moreover, while direct communication often facilitates efficiency, it can also lead to information overload and contradicting priorities, particularly in decentralized structures.

These findings emphasize the need for SMEs operating in global or multicultural contexts to adopt hybrid communication strategies. Combining the clarity of low-context communication with the relational awareness of high-context approaches can enhance both operational efficiency and team cohesion, particularly in diverse environments.

5.1.2 Decision Authority and Leadership Across Cultural Contexts

The findings highlight divergent approaches to decision authority, shaped by cultural norms of hierarchy and collaboration. Chinese SMEs predominantly adopt centralized decision-making structures, where authority rests with senior leaders who ensure alignment with organizational goals. This approach reflects Confucian ideals of respect for seniority and structured harmony (Luo et al., 2012). However, the rigidity of centralized systems can hinder responsiveness and constrain employee initiative, limiting the capacity for innovation.

Western SMEs, on the other hand, exemplify decentralized decision-making, empowering employees to contribute to strategic decisions and fostering a sense of ownership. This participative model aligns with cultural values of individualism and egalitarianism (Dorfman et al., 2012). Yet, the findings also reveal potential inefficiencies, as decentralization can lead to conflicting priorities or delays when roles and responsibilities are not clearly defined.

Leadership emerges as a key mediator in both systems. In Chinese SMEs, leaders blend authoritative oversight with relational engagement, creating a delicate balance between

stability and flexibility. In Western SMEs, leaders act as facilitators, fostering inclusivity while maintaining focus on organizational objectives. Zhang et al. (2019) emphasize the importance of culturally adaptive leadership styles, a perspective supported by this study. Leaders who manage to successfully integrate hierarchical and participative elements are better equipped to navigate the complexities of decision-making in SMEs.

5.1.3 Team Dynamics: Balancing Harmony and Collaboration

The findings reveal significant cultural differences in team dynamics between Chinese and Western SMEs. In Chinese SMEs, team dynamics prioritize harmony and structured collaboration, reflecting collectivist and hierarchical cultural values (Luo et al., 2012). While this fosters cohesion and alignment, conflict avoidance may suppress diverse perspectives and leave underlying tensions unresolved. Leaders play a key role in maintaining harmony, but this often comes at the expense of individual initiative.

Western SMEs, by contrast, emphasize open collaboration and individual contributions, driven by egalitarian and individualistic norms (Kirkman et al., 2006). This approach encourages creativity and innovation but can lead to inefficiencies or conflicts when team members hold divergent views. Without structured processes, these dynamics can negatively impact team cohesion and slow decision-making.

The findings suggest that effective team dynamics require a balance of these approaches. Integrating the harmony and alignment of Chinese SMEs with the open dialogue of Western SMEs can enhance both creativity and cohesion. Leaders play a crucial role in navigating these differences, particularly in cross-cultural contexts, by fostering mutual understanding and setting clear frameworks for collaboration and conflict resolution.

5.1.4 Adaptability as a Competitive Advantage

Adaptability is a critical factor influencing SME decision-making, with Chinese and Western SMEs displaying contrasting approaches. Chinese SMEs prioritize structured, incremental change, emphasizing risk management and long-term orientation (Xu & Meyer, 2013). While this approach ensures stability and careful resource allocation, it limits agility and responsiveness, particularly in fast-evolving industries.

Western SMEs, on the other hand, exhibit a more dynamic approach to adaptability, embracing flexibility and less risk-aversion. This entrepreneurial mindset aligns with cultural values of individualism and short-term orientation (Lumpkin & Dess, 2001). However, this strategy increases exposure to operational risks, such as resource mismanagement or unsustainable growth.

The findings highlight the need for SMEs to balance these approaches. For instance, integrating the long-term planning and stability of Chinese SMEs with the innovative dynamism of Western firms could enhance resilience and competitiveness. However, the study raises important questions about how such hybrid strategies can be operationalized effectively, particularly in SMEs with limited resources or cross-cultural teams.

5.1.5 Trust and Relationships as Pillars of Decision-Making

Trust is a foundational element of decision-making, but its conceptualization differs between Chinese and Western SMEs. In Chinese SMEs, trust is deeply relational, built through *guanxi*

and long-term loyalty (Chen et al., 2013). This approach fosters strong interpersonal bonds and ensures stability, particularly in team-based decision-making. However, it also risks portraying favoritism and inefficiency, particularly when decisions prioritize relationships over organizational goals.

According to the literature, trust in Western SMEs is often described as transactional, grounded in transparency and competence. This perspective emphasizes measurable outcomes, accountability, and inclusivity as foundational elements of trust (Collins & Smith, 2006). However, the findings of this study suggest that trust in Western SMEs extends beyond a transactional framework and is more of an essential requirement for effective collaboration. While transparency and competence remain vital, building relational depth is also crucial for fostering enduring partnerships. This relational aspect of trust, often underemphasized in the literature, emerged as a critical factor in sustaining long-term collaboration, particularly in diverse or cross-cultural environments.

The findings suggest that SMEs navigating cultural diversity must integrate relational and transactional trust to maximize their decision-making effectiveness. However, achieving this balance requires intentional strategies, such as leadership training and the development of culturally aware trust-building practices.

5.1.6 The Influence of Personality-Driven Dynamics

The emergent theme of personality-driven dynamics reveals the significant role of individual traits in SME decision-making. In smaller organizations, where relationships are often informal and teams closely knit, leaders' personalities have an disproportional impact on organizational culture and decision-making processes. This influence can be both a strength and a vulnerability. Leaders with strong relational skills and a balanced approach to decision-making can foster cohesion and trust, even in cross-cultural settings. However, over-reliance on individual charisma or preferences risks undermining objectivity and consistency.

The findings also highlight the importance of personality compatibility within teams. In both Chinese and Western SMEs, harmonious relationships between team members were seen as critical to effective collaboration. However, the study leaves unanswered questions about how SMEs navigate personality clashes or address biases introduced by strong individual influences.

This underscores the need for SMEs to professionalize their decision-making practices, incorporating formal processes that mitigate the risks of personality-driven dynamics while preserving their relational benefits. Leadership training, team-building initiatives, and clear protocols for conflict resolution can all contribute to a more balanced approach.

5.1.7 Interconnected Insights for Cross-Cultural Management

The study's findings emphasize the interconnectedness of cultural dimensions in shaping SME decision-making. While individual themes such as communication or trust are important, their influence is most pronounced when considered holistically. For example, the interplay of hierarchical decision-making, indirect communication, and relational trust in Chinese SMEs creates a cohesive but rigid framework. Similarly, the combination of decentralized authority, direct communication, and transactional trust in Western SMEs fosters innovation but risks inefficiency.

The broader implication is that SMEs operating in globalized or multicultural contexts cannot rely solely on deeply rooted cultural practices. Instead, they must adopt flexible strategies that leverage the strengths of diverse cultures. This requires not only an understanding of cultural norms but also the flexibility to implement them.

5.2 Conclusion

This study provides a comprehensive examination of how culture influences decision-making in Chinese and Western SMEs, revealing significant differences in communication styles, decision authority, team dynamics, adaptability to change, and trust. While the cultural contexts of Chinese SMEs emphasize harmony, hierarchical authority, and relational trust, Western SMEs prioritize direct communication, decentralized decision-making, and transactional trust.

A key finding of this research is the emergence of personality-driven dynamics as a crucial yet underexplored factor in SME decision-making. Unlike larger organizations, where formal structures often dilute the influence of individuals, the smaller scale and interpersonal nature of SMEs amplify the impact of leaders' personalities and individual relationships. Personality-driven dynamics act as both a strength and a challenge: they can enhance relational trust and adaptability but also risk introducing biases or undermining objectivity. This theme underscores the importance of balancing individual influence with organizational consistency, particularly as SMEs grow or navigate cross-cultural contexts.

The study concludes that decision-making in SMEs is not solely determined by cultural norms but also by the interplay of structural practices, relational dynamics, and individual traits. For SMEs operating in an increasingly globalized world, integrating the relational depth and stability of Chinese approaches with the innovation and inclusivity of Western practices offers the potential to achieve greater effectiveness.

5.3 Limitations

While this study provides valuable insights into the cultural influences on decision-making in Chinese and Western SMEs, several limitations should be acknowledged. First, the relatively small sample size constrains the generalizability of the findings. Although the qualitative approach allowed for in-depth exploration of individual experiences and organizational practices, a larger sample would provide a more comprehensive understanding of cultural influences across a wider range of SMEs.

Second, the research focused on specific regions within China and the West, which may not fully capture the regional and cultural variations within these broader contexts. Cultural differences within China, such as those between urban and rural areas, or between Northern and Southern regions, could offer additional nuances. Similarly, Western SMEs in diverse regions such as Europe and North America may exhibit distinct cultural practices that this study did not explore.

Finally, the qualitative nature of the research, while effective for uncovering deep insights, lacks the statistical significance necessary for broad generalizations. A mixed-methods approach, combining qualitative and quantitative methodologies, could enhance the reliability and applicability of the findings by validating them across larger and more diverse samples.

5.4 Recommendations for Future Research

Building on the findings and limitations of this study, three key areas for future research emerge as particularly significant.

First, the theme of personality-driven dynamics deserves further exploration. This study highlighted how individual traits and leadership styles significantly shape decision-making in SMEs, particularly in smaller organizations where personal influence is amplified. Future research could investigate how personality traits interact with cultural norms, offering insights into how leadership and team dynamics can be optimized to enhance organizational effectiveness.

Second, there is a need for sector-specific analyses to better understand how cultural influences vary across industries. Different sectors face unique challenges and opportunities, such as fostering innovation in technology-focused SMEs or managing risk in finance-oriented firms. Exploring these variations would provide a more nuanced understanding of how culture interacts with industry-specific dynamics to shape decision-making practices.

Finally, the dynamics of cross-cultural teams represent an important area for further research. As SMEs increasingly operate in global markets, understanding how diverse cultural backgrounds influence team interactions, collaboration, and conflict resolution is essential. Research could focus on identifying best practices for managing cultural diversity and leveraging the strengths of multicultural teams to enhance performance and innovation.

By addressing these areas, future research can build on the insights of this study, providing both theoretical advancements and practical solutions for SMEs operating in diverse and complex environments.

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Appendices

Appendix 1: Data display

Theme:	Communication style		
Code:	Directness	Conflict management	Information flow
Respondent 1	<p>I think it depends on the individual's character. Some colleagues are very direct—they think something and say it right away, like me. Others are less direct, so it really depends on the person.</p> <p>For example, one team member is very honest and frank, which helps when we need to address an issue.</p>	<p>When resolving disagreements, we focus on the purpose for both parties and their shared goals. Fairness is also very important to us.</p>	<p>Let's take Thursdays. In the morning, teachers have classes or tasks. From 2 to 3 p.m., we gather as a team. The hour has three parts: Updates on the company, Information about monthly events. Addressing teaching questions, like handling students with varying levels of Chinese in a class.</p> <p>Feedback is informal but frequent. Beyond teaching, we also have annual and mid-year meetings for strategic input.</p>
Respondent 2	<p>I think we're different than normal Chinese companies. We have a more western approach to managing our team and our company culture. We're not strict, I wouldn't say we relaxed. We're still results oriented, Straightforward</p>	<p>the superior should immediately get involved upon sensing that there is an issue</p>	<p>It falls upon each individual to be responsible to migrate the necessary information, or maybe condense that information and forwarding it to their colleague on another platform in a timely manner.</p> <p>Feedback usually happens once a week with the top employees.</p>
Respondent 3	<p>I would say direct. I'm a fairly direct person in how I provide feedback and manage people. I know this is different from Chinese culture, which can be more indirect, but I try to maintain a direct communication style while being mindful of cultural differences.</p>	<p>In China, people are boss-oriented, finding it hard to push back against authority. I fostered openness, encouraging feedback even if it contradicted me, though this was challenging.</p> <p>I aim to mediate, listen to both sides, and summarize the situation to find a way forward.</p>	<p>As a start-up, roles are broad and responsibilities diverse. The culture is open, with employees often working outside their primary roles.</p> <p>Mornings involve meetings with the local team to assess production and address bottlenecks. Afternoons are spent in calls with the main office in Eindhoven to align efforts.</p> <p>Now, with the new system, feedback can be shared both formally and informally.</p>

Respondent 4	Sometimes a more subtle approach is needed, while in other cases, direct communication works better. It's the same in our company.	We regularly sit down together after work to discuss things. This allows us to put everything on the table openly and honestly.	Language barriers are common but are mitigated through assistants. Feedback is managed through close collaboration with a Chinese spokesperson.
Respondent 5	Personally, I am direct, though Chinese culture leans toward indirect communication. I've adapted to balance both styles. However, within the company, and especially in China, communication tends to be indirect.	Disagreements happen, but they are usually resolved in small meetings rather than escalating into major conflicts.	Mostly, I spend time talking with one or two people about a small program, and then they take it further. Due to an employees mistake we experienced customer dissatisfaction. This taught us the importance of clear communication and accountability. Before making such decisions, we communicate with team members to create a sense of urgency and understanding about why changes are necessary. A factory worker identified a quality issue, leading to swift corrective actions. Feedback is essential for preventing larger problems. Feedback flows daily, encouraging open dialogue. Sensitive issues are handled privately to foster growth.
Respondent 6	I would describe myself as clear, straightforward, and normal. I don't place myself above others, but I'm firm in my expectations and direct in my feedback.	Conflicts are managed through discussions. Serious issues like racism or personal attacks are dealt with decisively, including issuing warnings or terminations if needed.	We prioritize transparency in our day starts, reviewing tasks and past activities, with meetings and reports filling the day. Feedback is often provided during day starts.

Respondent 7	Mostly direct and straightforward, but it depends on the person. Overall, it's informal and open, which helps address issues quickly.	Disagreements are common but managed constructively. If a team member feels unheard, they have other channels to discuss concerns. This ensures diverse feedback reaches me.	It varies. Some days I'm in the office, some days I work remotely or visit clients. My day is filled with meetings, addressing ongoing projects and challenges, and collaborating with department heads. Feedback is part of a formal review cycle and includes 360-degree evaluations. This helps recognize strengths and identify areas for improvement.
Respondent 8	My style is straightforward but considerate. Team communication styles vary, so I adapt to individuals' preferences.	Vocal employees make resolving issues straightforward, while quieter employees need one-on-one discussions to feel heard.	My day starts at 7 a.m. I talk with colleagues about the day ahead, check for issues, and handle meetings, plans, and reports. Feedback goes both ways. From management to employees, it's fairly structured, and we've put processes in place to facilitate open communication. From employees to management, feedback tends to be less frequent unless explicitly requested.
Respondent 9	My style is subtle, while newer leaders tend to communicate more directly.	Employees are generally straightforward with one another. The directness helps them resolve issues more easily at their level.	Feedback from employees to management is minimal unless we specifically ask for it, and even then, only certain individuals feel comfortable sharing their thoughts. Feedback from the management team to employees is much better. Managers have built trust with their teams and provide regular, informal feedback on a smaller scale.
Respondent 10	It's often subtle but occasionally direct. Some colleagues communicate very directly, which isn't always the best approach but is sometimes necessary.	It depends on the person. Some are proactive in expressing concerns, while others are more reserved, making resolution harder.	Yes, one team member struggles with communication, making collaboration difficult. I provide support to improve their skills. Feedback is given both formally and informally. For example, during toolbox meetings and in daily interactions, there is always room for direct communication.

Theme:	decision authority		
Code:	Centralization	Employee involvement	Leadership Role
Respondent 1	The general manager makes the final call, and even if some team members disagree, we support the decision as a team.	<p>This year, we launched a business Chinese class after market research. Departments collaborated over several meetings to finalize plans, gather feedback, and align timelines.</p> <p>Employees are encouraged to share ideas. Once feasible, we trial these ideas as projects. For example, one colleague proposed expanding to a training center in a nearby city, and now we are in the customer acquisition stage there.</p> <p>For time-sensitive projects, input is sought weekly. For non-project-related matters, discussions and feedback are planned every three to four weeks. For bigger topics, we have mid-year and end-of-year company meetings where employees provide feedback on broader questions, such as the company's development.</p> <p>But if engagement is important, we create space—either in meetings or informally—to hear more voices. For example, finding a middle ground, or a "Plan C," often works better than simply choosing "A" or "B."</p>	Additionally, managers often offer weekly support beyond these formal meetings to help with day-to-day issues.
Respondent 2	<p>Everybody knows their place on the on the corporate ladder.</p> <p>Not everyone has an equal say. But everyone's opinion is valued. Is valued. I am I also, I don't want to say I have the final decision. Well, I mean, practically, I do have the final decision. But I am not a dictator.</p> <p>I wish we could make</p>	<p>I want them to take the initiative if it's the sales team to approach new customers, if it's the procurement team to approach new suppliers, to get quotes and compare. I don't want to be the one who constantly asks people to do things.</p> <p>Many Chinese people in my experience, are not very used to this. They're very used to working on a you know, like check, but work according to a checklist, right? And this is something we try to discourage. We want people to take the initiative.</p> <p>An employee overcommitted our capabilities in a tender, leading to significant repercussions.</p>	<p>My day involves communicating with customers, relaying tasks to the team in China, managing suppliers, and resolving challenges in logistics.</p> <p>Each day brings something different. We decided to cut ties with a major supplier after three years due to quality issues that risked our reputation.</p> <p>I am results-oriented. Employees are given flexibility, like working from home, as long as results are</p>

	decisions faster without the need of going through too many people or a lot of considerations.	Employees are not often asked about their thoughts on the business. There is a big difference in the amount of involvement depending on the level of the employee.	delivered. We lost a customer because we delayed hiring a dedicated customer relationship manager.
Respondent 3	Important decisions are made in a structured way, starting with broader discussions in the extended leadership team (XLT) and refined by the leadership team (LT) for final decisions.	I also regularly have one-on-one conversations with employees to give them a chance to share their perspectives and to provide feedback on their performance. It's something we actively encourage, as it's often through trial and error that we find solutions. In technical areas, employees are often consulted. However, sensitive topics like buyouts are limited to leadership discussions.	I proposed moving significant testing operations from Eindhoven to China to speed up production. It required convincing both local and Dutch teams, with extensive coordination to ensure alignment. Yes, it's people-oriented and results-driven. I prioritize team members' well-being and match roles to strengths
Respondent 4	Employees should not make important decisions. It may sound arrogant, but it's my responsibility.	I try to stimulate initiative, but I notice that Chinese employees need clear guidelines. Yes, the group responsible for that task is involved. If it concerns you or your group, you're part of the decision-making process. You can ask for input often, but that doesn't always mean you'll get the perfect answer. Still, we frequently gather input. Employee input is always considered. For example, when we propose new items to supermarkets, we test them with a panel.	For example, incoming requests from new customers—whether they fit with our company or not. I prefer to ask questions. But I also sometimes find it difficult to address tough topics, and that can lead to procrastination. That's a weakness of mine. So, I believe we are partly responsible for their personal well-being. If they ask for help, we provide it.
Respondent 5	Locally, it's quite hierarchical. Over the past three years, I've built a relatively flat organizational structure. Despite the hierarchy, it's a very pleasant and fast-paced	Employees are given significant independence. We set the main goals on a weekly or monthly basis, but how they achieve these goals is up to them. It's not micromanagement. Employees are involved in the discussions, which helps foster acceptance and cooperation. We've made an effort to involve not just sales but	I give very few instructions—it's more about guiding and supporting them. Throughout my career, I've had to earn trust at every new company I joined, and that applies here too. To build trust, I spend a lot of time on the work floor talking with employees.

	<p>organization. For major challenges, the management team meets monthly to discuss and align on decisions.</p>	<p>also other departments like material planning. The goal is to ensure everyone feels their input is valued.</p>	<p>I restructured the company, separating functions like engineering and HR to foster collaboration and better reporting lines. This change involved leadership adjustments and overcoming resistance from older staff.</p>
Respondent 6	<p>We try to keep the hierarchy as minimal as possible. People know who the leaders are and who aren't, but we try not to make that too noticeable. Decisions are collaborative, involving team leaders and management. For example, long-term goals like sustainability and expansion are broken into milestones and achieved collectively. It's not like decisions come out of nowhere. We inform employees about our plans and ask for their input and ideas. But the final call is made by management.</p>	<p>Production staff follow fixed processes, but improvement initiatives are encouraged. In office environments, flexibility is greater, allowing employees to propose and trial changes. A staff member suggested adding delivery day and time slots to order confirmations. This improved clarity for clients, reduced calls, and created a calmer work environment. Feedback from office staff improved product traceability by adding information carriers like stickers under chairs, aiding customer communication. It's not like decisions come out of nowhere. We inform employees about our plans and ask for their input and ideas. But the final call is made by management.</p>	<p>My day starts with meetings with production leaders and procurement. We prioritize transparency in our day starts, reviewing tasks and past activities. It's always varied, with meetings and reports filling the day. I was closely involved to oversee everything, and by the end of last year, we had a new warehouse built.</p>
Respondent 7	<p>It's fairly flat. I report directly to the managing director. So, there's only one person above me. Below me is a small team dedicated to cybersecurity, which I oversee directly.</p>	<p>Independence is strongly encouraged. Employees are supported to take initiative and propose improvements, and this is valued across the company. There's mutual trust, and I get feedback from them that they feel included in the process. We hold team meetings where employees can share their thoughts on company goals and strategies. Additionally, we conduct employee</p>	<p>My day is filled with meetings, addressing ongoing projects and challenges, and collaborating with department heads. I don't make decisions lightly or based on incomplete information. If I don't understand the problem clearly, I'll keep asking questions—</p>

		surveys at least once a year to gather feedback on how we're doing and what we can improve.	sometimes to the point of annoyance—until I do.
Respondent 8	We interact with each other in a very approachable way—anyone can come to me, and I can approach anyone. This has led to a flat organization with no unnecessary layers. There's no hierarchy—they manage each other. If I'm away for two weeks, the work continues smoothly. Initially, I resisted the idea of waiting, but after reflecting on it, I realized they were right. This kind of feedback highlights the value of discussing ideas with colleagues before acting.	Employees are encouraged to take initiative. We've minimized hierarchy to promote accountability and responsibility. Our company operates with an open-book approach, meaning we're transparent about costs, purchases, and decision-making. This encourages employees to think critically and contribute ideas.	My day starts at 7 a.m. I talk with colleagues about the day ahead, check for issues, and handle meetings, plans, and reports. Two years ago, we decided to add a liquid egg production line. The decision involved every department and required input and collaboration from all branches.
Respondent 9	I usually take the lead, but in recent years, I've increasingly delegated decisions to the management team.	We follow a relatively fixed way of working because we are a manufacturing firm, though some employees take initiative. Production employees are rarely asked for their opinions on changes or new strategies.	Twenty years ago, I had to restructure the company due to a collapse in our primary industry. We pivoted to cabinet production, which required a massive shift.

Respondent 10	–	<p>Employees are definitely encouraged to take initiative. While we do have a fixed way of working, we're always open to suggestions for improvement. Encouraging employees to think creatively and contribute their ideas makes them feel valued and involved.</p> <p>We maintain an open-door policy, so employees feel free to discuss their thoughts or concerns at any time. We also encourage feedback among team members, ensuring that everyone has an opportunity to contribute and feel heard.</p> <p>An employee suggested hiring three additional workers to complete a construction project. We took the feedback seriously and acted on it.</p>	We declined a large project to avoid prioritizing one client at the expense of others, protecting our existing relationships.
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Theme:	Team dynamics		
Code:	Collaboration	Norms and rules	Conflict avoidance
Respondent 1	This year, we launched a business Chinese class after market research. Departments collaborated over several meetings to finalize plans, gather feedback, and align timelines.	We have procedures in place for everything—how to manage projects, marketing rules, and company operations. All of these are well-documented.	Some colleagues could work on being more straightforward, especially in disagreements or challenging situations.
Respondent 2	Teams collaborate but need clear boundaries to avoid dumping work on each other. Good synergy is essential. We hold all-hands meetings with relevant teams to hash out solutions when facing challenging tasks.	Traditional Chinese values naturally come into play due to the culture, but we don't enforce them explicitly. While we lack formal HR structures, unwritten norms like timely communication and professional relationships are expected.	I think the best is to try and avoid conflicts as much as possible.

Respondent 3	<p>As a start-up, roles are broad and responsibilities diverse. The culture is open, with employees often working outside their primary roles. Teamwork is absolutely important, especially in start-ups. When you're in a phase where many things are still unclear or not yet defined, you need to be able to work well together and have a strong team to operate with. That's crucial. In Asia, there's also quite a focus on teamwork</p>	—	<p>I usually let discussions unfold and observe, especially if the disagreement is between team members.</p>
Respondent 4	<p>No, we work together. The group is divided into departments. I want us to improve each other and grow together. Yes, the group responsible for that task is involved. If it concerns you or your group, you're part of the decision-making process. We support each other and maintain good communication to keep morale high and stay productive.</p>	<p>It can be challenging because, for example, the Chinese always want answers within 24 hours. The communication atmosphere, for example. Everyone is curious and wants to do things well.</p>	<p>We support each other and maintain good communication to keep morale high and stay productive.</p>
Respondent 5	<p>There is much more teamwork now than in the past. The Chinese employees enjoy sitting together to discuss and solve problems as a team. This new setup is aimed at improving communication and teamwork across the company.</p>	<p>For example, the communication style within the company stands out. This differentiates a lot across different personalities.</p>	<p>In China, indirect communication is more common, which can help avoid hurt feelings.</p>

Respondent 6	<p>Familiar. It's a small company. We try to be there for one another. It's not a department culture. Together, we try to get the job done.</p> <p>Absolutely. Teams are essential across departments like Sales, Finance, and Production. Team leaders guide processes and ensure collaboration. Decisions are collaborative, involving team leaders and management. For example, long-term goals like sustainability and expansion are broken into milestones and achieved collectively.</p>	<p>If someone is on leave or sick, there's an unwritten rule that others try to step in and fill the gap to ensure the team continues to function smoothly.</p>	<p>Like most companies, we try to prevent conflicts as much as possible. But disagreements happen, especially on the production floor.</p>
Respondent 7	<p>Teams are small, focused, and flexible, ensuring objectives are met.</p> <p>I guide the team after thoroughly understanding the issue. Adjustments to resources or priorities are made as needed. If a solution fails, we revisit and try a different approach.</p>	<p>We have an understanding that everyone pitches in when a team member is overwhelmed. It's not something we've formally written down, but it's part of how we operate.</p>	<p>—</p>
Respondent 8	<p>About four years ago, the departments operated more like isolated silos. We've worked hard to bring them together, fostering a unified team where everyone supports one another.</p> <p>Decisions are always made collaboratively. I involve the relevant people in discussions beforehand, so everyone feels included.</p> <p>Employees handle pressure differently. Some reflect before acting, while others take immediate action to resolve issues.</p>	<p>Most things are documented in our company regulations, as we don't fall under a collective labor agreement. However, one principle we uphold but can't formalize is mutual respect.</p>	<p>—</p>

Respondent 9	We have several departments, like logistics and customer service, which consist of groups that work closely together. While there may not be distinct teams, we emphasize working as one large team to achieve our goals.		Both the operational manager and I frequently walk through the factory, greeting employees and maintaining constant contact. This helps us quickly identify and address any small issues before they escalate.
Respondent 10	When people collaborate, they can achieve more than working alone. Colleagues often call on each other for help. We hold biweekly meetings with office staff and the two key team leaders from the field. During these discussions, we review ongoing projects, upcoming challenges, and how best to approach them.	For example, employees are expected to bring treats when it's their birthday, return promptly after breaks, and greet each other. These small customs have become part of the company culture over time.	–

Theme:	Adaptability to change		
Code:	Risk management	Flexibility	Innovation
Respondent 1	Challenges are assessed for feasibility and resource needs. For example, we wanted an HSK test center but partnered with universities instead due to budget constraints	If someone faces family-related challenges or personal issues, we adjust their workload. For example, if a teacher has health concerns or family obligations, we reassign tasks or slow down their workload to support them. Yes, especially before deadlines. For example, in China, working overtime is common during busy periods. When I was in the marketing department, I often worked overtime to respond to customers and find new channels or resources. In marketing, deadlines bring stress and overtime. Processes change, and we focus on achieving targets.	–

Respondent 2	<p>We decided to cut ties with a major supplier after three years due to quality issues that risked our reputation.</p> <p>We covered 100% of a customer's costs for damaged goods to retain their trust, even before resolving the issue with our supplier. We balance caution and boldness, taking calculated risks to build relationships and reputation.</p>	<p>we offer very flexible working conditions for most of our employees, especially the ones working at the office.</p> <p>Tight deadlines can lead to higher risks, like incurring unexpected costs, so we aim to under-promise and over-deliver.</p>	<p>I think we're quite innovative too, especially we're offering the business model. The complete package of services we offer is quite different to our competitors</p>
Respondent 3	<p>I proposed moving significant testing operations from Eindhoven to China to speed up production. It required convincing both local and Dutch teams, with extensive coordination to ensure alignment.</p> <p>Selecting a production partner in China was a lengthy process due to assessments and travel requirements.</p> <p>Financial risks are carefully managed, balancing investment and operational costs. On the technical side, calculated risks drive process improvement.</p>	<p>Working in China has its advantages because people are very diligent and action-oriented.</p> <p>That's the advantage of working there—things can be scaled up quickly when needed.</p>	<p>It's very open and free, I'd say. That's partly because we're a research-oriented start-up developing a product for the market. We're still in that final phase, so we actively encourage freedom and creativity.</p>
Respondent 4	<p>Staying ahead in the market and identifying trends in China, where product cycles are shorter, is a constant challenge.</p> <p>Logistics times between Europe and China have increased significantly in the past year, requiring us to plan months ahead.</p>	<p>Many delays occur due to holidays or other disruptions, particularly at the end of the year, making it difficult to establish the right contacts.</p> <p>Working with southern Germany slowed progress due to cautious attitudes.</p> <p>I'm proud of our ability to develop new products and adapt to market needs.</p>	<p>Employee input is always considered. For example, when we propose new items to supermarkets, we test them with a panel.</p> <p>I'm proud of our ability to develop new products and adapt to market needs.</p>

Respondent 5	<p>I tend to take calculated risks to push the organization forward. While risk-taking can be challenging, it encourages creativity and growth.</p> <p>Chinese employees, however, are often more hesitant to take risks due to cultural and educational influences.</p>	<p>I restructured the company, separating functions like engineering and HR to foster collaboration and better reporting lines. This change involved leadership adjustments and overcoming resistance from older staff.</p> <p>However, when we need input from Europe, the slower pace can cause delays. This misalignment is a significant challenge.</p>	<p>For example, when a team successfully overcomes a risky project, it boosts their confidence and willingness to innovate.</p>
Respondent 6	<p>The rushed approach caused a lot of stress for everyone, and it missed its intended purpose. So we decided to go back to the beginning and take a more thoughtful approach.</p> <p>We launched a sustainable product despite market uncertainties. It's now gaining traction due to government policies on sustainability.</p> <p>We have a balanced risk approach. However, risk fosters creativity. Thinking out of the box often leads to good ideas, though not always successful ones.</p>	<p>The rushed approach caused a lot of stress for everyone, and it missed its intended purpose. So we decided to go back to the beginning and take a more thoughtful approach.</p> <p>Processes can change, but not always. For example, with tenders or bids, deadlines are strict, and we may need to deviate from standard procedures to meet them.</p>	<p>We launched a sustainable product despite market uncertainties. It's now gaining traction due to government policies on sustainability.</p>
Respondent 7	<p>Mistakes are considered part of the learning process. Without them, we can't improve. Decisions that move too fast are rare. We usually prefer to take the time to ensure quality and thoroughness.</p> <p>We balance caution with boldness, encouraging out-of-the-box thinking for innovation.</p>	<p>Each team handles specific tasks, and there's often overlap to ensure flexibility. Proposals for clients can take too long due to multiple review steps, slowing agility in a small company.</p> <p>Processes are streamlined during tight deadlines to focus on the most critical aspects, with reviews after to improve future approaches.</p>	<p>Mistakes are considered part of the learning process. Without them, we can't improve.</p> <p>We balance caution with boldness, encouraging out-of-the-box thinking for innovation.</p>
Respondent 8	<p>Risk-taking is integral. For example, investing in a liquid egg production line was a major risk, but it strengthened our position.</p>	<p>Everyone, however, needs to be flexible enough to adapt when things change unexpectedly, such as when a project shifts direction.</p> <p>A company is never static, and neither are</p>	<p>We are quite an innovative company with various branches.</p>

		the people within it. Our sector is constantly evolving, and our team needs to adapt to these changes. I greatly appreciate how flexible and resilient our employees are in the face of these challenges.	
Respondent 9	There's a generational divide—older leaders prefer a simpler, less regulated approach, while younger employees are more cautious and systematic. I offered a retirement settlement with a transition bonus to an employee. It was bold but necessary to maintain fairness.	Twenty years ago, I had to restructure the company due to a collapse in our primary industry. We pivoted to cabinet production, which required a massive shift. Employees handle tight deadlines daily, particularly in production and supply chain roles. Processes are adapted as needed to maintain efficiency.	—
Respondent 10	We recognize risks are part of growth. For example, declining a project due to client instability avoided potential issues, while taking on a large project helped us grow.	Processes become more flexible under pressure, and strategies are adjusted to meet deadlines. Team cohesion and mutual support help maintain focus.	—

Theme:	Trust and relationships		
Code:	Trust in leadership	Interpersonal dynamics	Relation-based decisions
Respondent 1	Last year, we lost a very important employee. They had a challenging task and felt unsupported by the company at the time. Everyone was overloaded with tasks, and we didn't act quickly enough to address their concerns. He's a great example for the company, and as the current general manager, he's doing a very good job.	Our company culture is passionate. Each of us has a passion for teaching Chinese language and culture, which drives us. Because our company is mostly female, it's different compared to a mixed company of men and women. Most of our teachers and staff are female, so the working environment is more friendly. A few keywords I'd use are friendly and professional.	Employees are encouraged to share ideas. Once feasible, we trial these ideas as projects. For example, one colleague proposed expanding to a training center in a nearby city, and now we are in the customer acquisition stage there. If someone faces family-related challenges or personal issues, we adjust their workload. For example, if a teacher has health concerns or family obligations, we reassign

			tasks or slow down their workload to support them.
Respondent 2	Now we have a good synergy in the team, but it was definitely not always like that. Also, maybe I didn't have a strong management background back then	My assistant and myself have a very personal relationship, but most of our Chinese employees, they view me as their boss, and we it's a more professional sort of relationship. I'm also invested in my employees and colleagues' personal well being	You need to be able to be strict at times, and it's very difficult to do that when you have an intimate relationship with that person. Trust is crucial, particularly in supplier and customer relationships. Contracts alone aren't enough; trust ensures smooth transactions and reliability. Relationships naturally develop over time, but I'm mindful not to show favoritism. Maybe it's a Sunday and we're still talking about work, and I cannot expect everybody to do that, but I can expect my closest colleagues to do that. And I will trust them with more sensitive issues.
Respondent 3	In China, people are boss-oriented, finding it hard to push back against authority. I fostered openness, encouraging feedback even if it contradicted me, though this was challenging. Trust is the foundation of good teamwork. That's something I find very important and always	I believe personal investment in team members enhances results. By understanding their personal lives, I built trust and rapport, which was appreciated, especially in China. The biggest challenges are cultural and communicative. For example, breaking the ice with people can be difficult because of certain expectations.	Close relationships can complicate objectivity, so I try to ensure professionalism and clear agreements to maintain fairness in decisions.

	tried to reflect toward my team.		
Respondent 4	If there's no trust in a colleague, then there's no point in working together.	<p>I try to keep it as familial as possible. With a family-like atmosphere, you can often achieve more and faster compared to a purely professional setup. It fosters harder work compared to just being colleagues.</p> <p>I would describe my relationship with employees as a mix between friendly and professional.</p> <p>So, I believe we are partly responsible for their personal well-being. If they ask for help, we provide it.</p>	<p>I think this way of working—what I call familial and less hierarchical—makes communication easier, and improves results</p> <p>Yes, building relationships is one of my strengths. These relationships play a significant role in achieving company goals.</p>
Respondent 5	A factory worker pointed out a quality issue. I immediately involved the quality and production managers to investigate.	<p>I would describe my relationship with my employees as friendly and on the same level.</p> <p>Externally, with suppliers, trust is built through regular interactions.</p> <p>Yes, I put significant effort into building personal relationships. It's one of my strengths. This approach is crucial in a small team, as it helps us provide the best possible solutions to our customers.</p> <p>We don't offer much extra support, but we acknowledge significant events and provide minimal support for serious issues. Focus remains on professional development.</p>	<p>In China, personal relationships definitely enhance results. Chinese culture places a strong emphasis on relationships. This approach is very Chinese and not something you commonly see elsewhere in the world.</p>

<p>Respondent 6</p>	<p>Trust is critical. A promise is a promise, and trust eliminates the need for excessive protocols in a small company like ours. Yes, I help employees facing personal issues. For example, I supported a team leader with lung COVID by fostering understanding among staff and offering personal support. Of course, managers and team leaders are always available to provide support. Because we have an open company culture, help is always offered when needed.</p>	<p>Familiar. It's a small company. We try to be there for one another. It's not a department culture. Together, we try to get the job done. We try to keep the hierarchy as minimal as possible. People know who the leaders are and who aren't, but we try not to make that too noticeable. Yes, I help employees facing personal issues. For example, I supported a team leader with lung COVID by fostering understanding among staff and offering personal support.</p>	<p>Personal relationships have an influence on decision-making, but from a business perspective, it's not always the best choice.</p>
<p>Respondent 7</p>	<p>Trust is crucial, especially in cybersecurity, where mistakes need to be openly communicated to address and resolve them effectively.</p>	<p>I would describe the company as a close-knit, family-oriented culture. I would describe relationships with employees and colleagues as collegial, with an emphasis on collaboration and mutual respect.</p>	<p>When you build strong relationships, it's easier to communicate and collaborate effectively. People are more likely to trust your decisions, and projects tend to run smoother because everyone understands each other better. Yes, I involve HR when personal challenges arise and ensure employees have the flexibility and resources they need.</p>
<p>Respondent 8</p>	<p>Trust is very important. I've learned that trust is good, but verification is better. For example, employees are more flexible when they see that management prioritizes</p>	<p>We maintain a reasonably familial atmosphere. We interact with each other in a very approachable way—anyone can come to me, and I can approach anyone. This has led to a flat organization with no unnecessary layers.</p>	<p>Building personal relationships is important to me. Personal relationships help build commitment and inclusion in decision-making.</p>

	<p>maintenance and preparedness. This mutual understanding helps us handle setbacks more effectively.</p>		
Respondent 9	<p>Internally, it's different. I make an effort to stay informed about my employees' circumstances. If I'm aware of financial or social issues, I try to intervene early, either directly or through the HR team.</p> <p>Yes, we help with financial or psychological challenges by offering resources or guiding employees through budgeting programs.</p> <p>Both the operational manager and I frequently walk through the factory, greeting employees and maintaining constant contact. This helps us quickly identify and address any small issues before they escalate.</p>	<p>We are very much a typical family business. We are deeply involved with our employees and strive to build a bond with them.</p> <p>With some, it's more of a director-employer relationship, but with others, we've built a reasonable level of trust.</p>	<p>Yes, we help with financial or psychological challenges by offering resources or guiding employees through budgeting programs.</p>
Respondent 10	<p>Trust is essential. We give employees trust initially, but there's some level of oversight to ensure accountability.</p>	<p>It's friendly, active, hardworking, and driven by a love for the trade.</p> <p>I feel they are good, and employees often stay with us for long periods, providing stability for the team and clients.</p> <p>It's important to me that our employees feel motivated, see the value in their work, and feel connected to the company.</p> <p>Yes, for example, helping an employee secure a</p>	<p>They enhance results up to a certain point. You need to get along, but relationships that are too close can lead to conflict or negativity. Input from employees helps assess the feasibility of tasks and builds support for completing them.</p>

		mortgage by reviewing salary details and making adjustments.	
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Theme:	Personality-driven dynamics			
Code:	Personal relationships and objectivity	Personality compatibility	Role of personality	Leadership personality
Respondent 1	Some colleagues are direct because they say what they're thinking, while others are not.	–	I think it depends on the individual's character. Some colleagues are very direct—they think something and say it right away, like me. Others are less direct, so it really depends on the person.	The general manager ultimately makes decisions. However, input from meetings and informal discussions is also considered.
Respondent 2	I want them to think on their own, but within our way of working. This can sometimes be challenging because many Chinese, in my experience, are not very used to this.	–	There is a big difference in the amount of involvement depending on the level of the employee.	I want them to think on their own, but within our way of working. This can sometimes be challenging because many Chinese, in my experience, are not very used to this.
Respondent 3	I always tried to be a people manager, building those relationships alongside work so I could understand what was	I tried to create a very open culture where I would also expect them—if I asked for something that wasn't possible—to push back. But they found that very difficult to do.	–	I would say direct. I'm a fairly direct person in how I provide feedback and manage people. I know this is different from Chinese culture, which can be more indirect, but I try to maintain a direct communication style while being mindful of cultural differences.

	happening with the individuals on my team.			
Respondent 4	–	Some people in the company are doers who act first and think later. Both types complement each other well.	–	I prefer to ask questions. But I also sometimes find it difficult to address tough topics, and that can lead to procrastination. That's a weakness of mine.
Respondent 5	Employees from northern China, for example, tend to be more sensitive and require more attention, similar to southern Europeans. In contrast, those from Shanghai are more business-focused	Employees from northern China, for example, tend to be more sensitive and require more attention, similar to southern Europeans. In contrast, those from Shanghai are more business-focused	–	Personally, I am direct, though Chinese culture leans toward indirect communication. I've adapted to balance both styles.
Respondent 6	A personal friendship with a colleague once caused issues at work and affected the friendship, disrupting both professional and private life.	Another issue is generational differences. There are distinct views on work ethics between older and younger generations, which can sometimes create tension.	A staff member suggested adding delivery day and time slots to order confirmations. This improved clarity for clients, reduced calls, and created a calmer work environment. In some office departments, there's a tendency to beat around the bush. Decision-making, results, and processes	I would describe myself as clear, straightforward, and normal. I don't place myself above others, but I'm firm in my expectations and direct in my feedback. Building personal relationships is not my strongest point. I try to maintain a family-like atmosphere, but as the company grows, I delegate more to team leaders.

			often take too long. It's partly due to the type of people working there.	
Respondent 7	<p>Personal relationships promote professional results, especially in the long term. Personal relationships foster alignment on shared goals and reduce internal politics. When you build strong relationships, it's easier to communicate and collaborate effectively. People are more likely to trust your decisions, and projects tend to run smoother because everyone understands each other better.</p>	<p>Mostly direct and straightforward, but it depends on the person. Overall, it's informal and open, which helps address issues quickly. Some team members prefer working from home, while others value the personal interactions of being in the office. This can complicate effectiveness. Recruitment is always a challenge in small businesses, especially finding individuals who can comply with the culture of the business.</p>	<p>A team member proposed a bold change to handling customer data. Although implementation faced challenges, we encouraged the employee to learn from the experience and tackle future projects.</p>	<p>Whenever there's a problem or a decision to be made, I focus on fully understanding the issue first. I don't make decisions lightly or based on incomplete information. If I don't understand the problem clearly, I'll keep asking questions—sometimes to the point of annoyance—until I do. Once I fully grasp the issue, I make a decision. I try to be approachable and supportive, respecting my colleagues. At the same time, I can come across as assertive when I feel strongly about something. I'm very conscious of this and work to maintain a balance. I encourage open discussions directly with me, but I understand that isn't always easy.</p>
Respondent 8	<p>Personal relationships can foster good results but should remain professional. For example, we celebrate work birthdays but don't socialize outside of work.</p>	<p>We value both types of employees. Those who prefer to focus solely on their tasks are just as essential as those who engage in broader decision-making. Within the team, communication styles vary</p>	<p>An employee proposed sourcing a liquid egg ingredient directly from the supplier, improving efficiency and cutting costs. Some employees just want to come in, do their work, and avoid extra</p>	<p>I lead with a hands-off approach within certain boundaries. Things need to make sense and align with our goals, but otherwise, I give people the freedom to do their work. We address both successes and mistakes openly. Building personal relationships is</p>

		<p>depending on individual personalities. Some are as direct as I am, while others take a more roundabout approach. Balancing these different personalities is a continuous process. It's important to keep the team aligned and ensure no one feels overshadowed. Right now, our staffing is stable, which is a significant achievement. However, there will always be individuals who require extra attention—whether due to performance issues or personal challenges.</p>	<p>responsibilities. Others are eager to contribute and think about the bigger picture. Employees handle pressure differently. Some reflect before acting, while others take immediate action to resolve issues.</p>	<p>important to me. Personal relationships help build commitment and inclusion in decision-making. My communication style is straightforward but considerate. I make a point to check in with employees personally before discussing tasks or projects.</p>
Respondent 9	<p>With some, it's more of a director-employer relationship, but with others, we've built a reasonable level of trust. Over the years, relationships have become less personal and more professional. In the past, a stronger personal connection often enhanced results. Emotional involvement with employees can sometimes lead to decisions that are less objective. While it can benefit the employee, it may not always be in</p>	<p>The biggest challenge right now is finding the right staff, which is a problem many companies face.</p>	<p>A temporary worker took ownership of operating a complex CNC machine, mastering it within months and impressing everyone. Only certain individuals feel comfortable sharing their thoughts.</p>	<p>I would describe my leadership style as social. It's often not very business-oriented.</p>

	the company's best interest			
Respondent 10	<p>Personal relationships enhance results up to a certain point. You need to get along, but relationships that are too close can lead to conflict or negativity.</p>	<p>Some colleagues communicate very directly, which isn't always the best approach but is sometimes necessary. Yes, one team member struggles with communication, making collaboration difficult. I provide support to improve their skills.</p> <p>The biggest challenge is finding skilled and compatible employees. While there is plenty of demand for our work, recruiting the right people has been difficult. This is a significant issue for us right now.</p>	<p>Without consulting anyone, the employee organized everything themselves, from renting the equipment to completing the task. Not all employees would have done this.</p>	<p>I would describe myself as normal, humane, and friendly. I address issues when necessary but in a positive, socially appropriate way.</p>

Appendix 2: Interview protocol - English

Company Culture and General Questions

How old are you?

What is your role in the company?

How many employees does the company have?

How long have you worked in the company?

How would you describe the overall company culture?

(traditional, innovative, relaxed, or strict)

Workplace Relationships and Dynamics

Can you tell me about a typical workday in your company? What are some specific practices that stand out?

How do you feel the company's way of working reflects traditional Chinese values such as collectivism and power distance(respect for superiors), if at all?

How would you describe your relationship with your colleagues and managers? Are these relationships formal, friendly, or a mix?

Do you think personal relationships at work help or hinder professional outcomes? Why?

How do teams here work together? Are partnerships and teamwork a big focus?

How does trust play a role in your collaborations, whether inside or outside the company?

Leadership and Managerial Style

Can you describe a recent major decision from your manager and the process leading up to this?

How would you describe your manager's leadership style?

Do you think managers here focus on building strong personal relationships with their teams? How does this affect the workplace decision making?

What kind of support do managers offer? Does it go beyond work, such as helping with personal challenges? Can you give an example?

Employee Autonomy and Voice

How much independence do you have in your job? Are you encouraged to take initiative or is there a set way of doing things?

Can you give an example of a time when you made a decision on your own that had a big impact?

Team Collaboration and Decision-Making

How does the team come together when facing a challenging task? How are decisions made in such situations?

Are there any unwritten rules or norms in your team that everyone follows but are not officially stated?

When important decisions are made, how involved do you and your team feel? Is it more about group discussions or final decisions made by top leaders?

Can you share a time when a decision process felt either too slow or just right? What factors influenced that?

Communication at Work

How would you describe the way people communicate in your workplace? Is it more subtle and indirect or straightforward?

When there's a disagreement or a problem, how does the team handle it? Does the communication style make it easier or harder to resolve issues?

Are there any gaps in communication that you have noticed? How do these affect the workflow?

What would help improve communication in the company?

Performance and Feedback

How does feedback usually happen?

How often are employees asked for their input on changes or new strategies? Do you feel this improves future decisions?

Can you think of a time when employee feedback was used to make an important decision?

Workplace Challenges and Improvements

What are some challenges you face in the current management and communication style?

If you could change one thing about how management or decision-making works, what would it be and why?

What are some common challenges that come up in your day-to-day work? How does the manager help in addressing these?

Have there been situations where the company's approach to handling a problem was either very effective or ineffective? Can you share details?

Handling Risks

How does the company usually approach taking risks? Are there any stories that come to mind where being cautious or bold paid off?

Do you think the company's approach to risk helps or limits your work and creativity?

Pressure and Deadlines

How does the company manage pressure during tight deadlines? Do processes change under pressure?

What strategies do teams use to stay focused and effective under pressure?

Appendix 3: Interview protocol – Dutch

Bedrijfscultuur en Algemene Vragen

Hoe oud bent u?

Wat is uw rol binnen het bedrijf?

Hoeveel werknemers heeft het bedrijf?

Hoelang werkt u al bij het bedrijf?

Hoe zou u de algemene bedrijfscultuur omschrijven?
(traditioneel, innovatief, ontspannen, of streng)

Werkrelaties en Dynamiek

Kunt u me iets vertellen over een typische werkdag in uw bedrijf? Welke specifieke praktijken vallen op?

Hoe weerspiegelt de manier van werken van het bedrijf, indien van toepassing, traditionele Chinese waarden zoals collectivisme en machtsafstand (respect voor leidinggevenden)?

Hoe zou u uw relatie met collega's en managers omschrijven? Zijn deze relaties formeel, vriendschappelijk, of een mix?

Denkt u dat persoonlijke relaties op het werk professionele resultaten bevorderen of juist belemmeren? Waarom?

Hoe werken teams hier samen? Is samenwerking en teamwork een belangrijk aandachtspunt?

Welke rol speelt vertrouwen in uw samenwerkingen, zowel binnen als buiten het bedrijf?

Leiderschap en Managementstijl

Kunt u een recent belangrijke beslissing van uw manager beschrijven en het proces dat daaraan voorafging?

Hoe zou u de leiderschapsstijl van uw manager omschrijven?

Denkt u dat managers hier sterk inzetten op het opbouwen van persoonlijke relaties met hun teams? Hoe beïnvloedt dit de besluitvorming op de werkplek?

Welke ondersteuning bieden managers? Gaat dit verder dan werk, zoals hulp bij persoonlijke uitdagingen? Kunt u een voorbeeld geven?

Medewerker autonomie en Inspraak

Hoeveel onafhankelijkheid heeft u in uw werk? Wordt u aangemoedigd om initiatief te nemen of is er een vaste werkwijze?

Kunt u een voorbeeld geven van een situatie waarin u zelf een beslissing heeft genomen die een grote impact had?

Teamwork en Besluitvorming

Hoe komt het team samen bij een uitdagende taak? Hoe worden beslissingen genomen in dergelijke situaties?

Zijn er ongeschreven regels of normen in uw team die iedereen volgt maar niet officieel zijn vastgelegd?

Hoe betrokken voelen u en uw team zich bij belangrijke beslissingen? Is het meer een groepsdiscussie of worden de uiteindelijke beslissingen door de top gemaakt?

Kunt u een voorbeeld delen van een besluitvormingsproces dat ofwel te traag of juist goed aanvoelde? Welke factoren beïnvloedden dat?

Communicatie op de Werkvloer

Hoe zou u de manier van communiceren op uw werkplek omschrijven? Is het subtiel en indirect of meer direct?

Hoe gaat het team om met een meningsverschil of probleem? Maakt de communicatiestijl het makkelijker of moeilijker om problemen op te lossen?

Zijn er communicatieproblemen die u heeft opgemerkt? Hoe beïnvloeden deze de workflow?

Wat zou helpen om de communicatie in het bedrijf te verbeteren?

Prestaties en Feedback

Hoe wordt er meestal feedback gegeven?

Hoe vaak wordt de mening van werknemers gevraagd over veranderingen of nieuwe strategieën? Denkt u dat dit toekomstige beslissingen verbetert?

Kunt u een situatie bedenken waarin feedback van werknemers werd gebruikt om een belangrijke beslissing te nemen?

Uitdagingen en Verbeteringen op de Werkvloer

Wat zijn enkele uitdagingen die u tegenkomt in de huidige management- en communicatiestijl?

Als u één ding kon veranderen aan hoe het management of de besluitvorming werkt, wat zou dat dan zijn en waarom?

Wat zijn enkele veelvoorkomende uitdagingen in uw dagelijkse werk? Hoe helpt de manager bij het oplossen hiervan?

Zijn er situaties geweest waarin de aanpak van het bedrijf om een probleem aan te pakken zeer effectief of juist ineffectief was? Kunt u details delen?

Omgaan met Risico's

Hoe pakt het bedrijf het nemen van risico's meestal aan? Heeft u verhalen waarin voorzichtigheid of durf vruchten afwierp?

Denkt u dat de benadering van risico's door het bedrijf uw werk en creativiteit bevordert of beperkt?

Druk en Deadlines

Hoe beheert het bedrijf druk tijdens strakke deadlines? Veranderen de processen onder druk?

Welke strategieën gebruiken teams om geconcentreerd en effectief te blijven onder druk?

Appendix 4: Table of respondents

	Function	Years at the company	Number of employees	Sector
Respondent 1	Co-founder, director of teaching development	9 years	20 employees	Education and training
Respondent 2	Founder, managing director	6 years	15 employees	Procurement
Respondent 3	Site manager	7 years	50 employees overall (10 in China)	Manufacturing and technology
Respondent 4	Founder, managing director	7 years	8 employees	Food
Respondent 5	Director	3,5 years	35 employees	Manufacturing
Respondent 6	Manager operations	32 years	45 employees	Manufacturing
Respondent 7	Information security manager	3 years	45 employees	Technology
Respondent 8	Founder, managing director	28 years	25 employees	Food
Respondent 9	Founder, managing director	44 years	24 employees	Manufacturing
Respondent 10	Director	25 years	18 employees	Construction

