



Faculty of Education and Economic Studies

Department of Business and Economic Studies

**Title: Finding an Appropriate Means of Internal Marketing under
Differing Cultural Circumstances**
— *A Case Study of Swedbank (Sweden) & Minsheng Bank (China)*

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Second Cycle

15 Credits

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Master Thesis in Business Administration

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Jianghuai Zhang & Siqu Lin

Abstract

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Thesis Level: Master Thesis in Business Administration, Second Cycle 15 Credits.

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Date: 23rd May, 2011

Research Objects: we choose two banks as research objects. One is a Swedish bank, Swedbank, which was founded in 1820, the other is a Chinese bank, Minsheng Bank (CMBC), which is a new bank when compared with Swedbank.

Purpose & Aim: The 2008 financial crisis hurt banks badly, and consequently how they can become stronger to resist future crises and gain competitive advantages is a key topic for them. There is no doubt that there are many factors that makes a bank successful, but employees are one of the most important factors in a service industry. Therefore, this research study is focused on internal marketing in banks. In addition, this study will attempt to assess whether two banks can learn from each other through the comparison of their internal marketing efforts.

Research Methodology: this study will rely on the data collected from the interviews with a manager and an employee from two banks. Books and articles are also been used for secondary data collection.

Findings & Conclusion: The research revealed that Swedbank tend to do a better job in satisfying employees' needs, sharing value, having an appropriate organisational culture and being more conscious to treat the employees as customers, in comparison with CMBC. While CMBC need to make more effort in this regard, it does not mean that they must copy what Swedbank do, but rather to establish an appropriate organisational culture for their own internal market.

Contribution & Suggestion: In the end, the suggestions have been listed for both banks to improve their internal marketing programme.

Key words: organizational culture, internal marketing management, national culture, Swedbank, CMBC, differences, coordination, motivation, information, education

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1. Introduction

This chapter is an introduction to the research study. The background to two banks will be presented, and the research purpose and the research questions defined.

In the year of 2008, the failure of many banks and insurance companies resulted in an international financial crisis which hurt the global credit market badly. A lack of transparency between borrowers and lenders has resulted in a trust crisis (Trabelsi, M.A., 2011) and a large number of banks were bankrupted or debilitated by this disaster. Although the financial crisis first occurred in the US sub-prime market (B énard, 2008), it inexorably spread to world-wide financial markets through the derived products, securitisation of bank credits and allocation of credits (Trabelsi, M.A., 2011). It has been said to be the worst financial crisis since the US Great Depression of 1929 (Trabelsi, M.A., 2011).

Although governments intervened in the financial markets and helped banks to recover, in the long run, it still needs banks to help themselves to complete recovery and operate more effectively so that they could have the financial strength to resist future crises. As the banks and other financial institutions, attempt to gain competitive advantage, they will find that it is highly related to the quality of their service delivery, and to their employees, especially front-line employee performances.

In the manufacturing industry sector, employees may not be the most valuable resource in the companies, and it is therefore not necessary for them to spend lots of time or resources to create or enforce the organisational culture, as they can just outsource their products to another factory and use the local human resources, and it is all about cost reduction. However, in a service industry, especially in banks, most of their services cannot be outsourced, and therefore the employees are the most valuable resource in the banks. In order to retain the employees and let them working more effectively, it is important for the banks to establish a strong organisational culture which can share the core values with the employees and build up the correlation between the organisations' goals and employees' goals, and thereby truly motivate them.

This research study is mainly about the internal marketing within banks, and it is very important for the banks to have a good internal marketing style toward employees. Organisations can learn a lot from each other, especially if they have lots of differences. Therefore, Swedbank and China Minsheng Bank Corp (CMBC) were selected as the object of this research study, where one is a western country, Sweden, and one is from an eastern country, China. It would be interesting to compare the differences between these two banks management style in the context of cultural differences and see how they can improve by learning from one another.

1.1 Background of Two Banks

- *Swedbank*

Working close with the customers and the local community was the purpose for the establishment of Swedbank. It has 340 branches in Sweden and 220 branches in the Baltic countries as at 31 December 2010. The group is present in Copenhagen, Helsinki, Kaliningrad, Luxembourg, Marbella, Moscow, New York, Oslo, Shanghai, St. Petersburg and Ukraine. Swedbank was initially a savings bank. Today, it is an international group offering a full range of services for private individuals and corporates. Global Finance, the renowned international magazine, recently named the best banks in the Central and Eastern Europe markets. Swedbank won the title in both Estonia and Latvia. Swedbank goal is to promote a sound and sustainable financial situation for households and enterprises.

- *China Minsheng Banking Corp. LTD (CMBC)*

CMBC is the first national joint-stock commercial bank with shares mainly from non-public enterprises. CMBC's rapid development has ensured that it has received intensive attention and high recognition from the public and industry in China. In 2004 CMBC ranked 18th in China's Most Vigorous Enterprises Award, and 2005 ranked 22nd in Top 500 Chinese Enterprises and won the title of Best Internet Bank in 2005; As at 31 December 2009, CMBC had set up 29 branches in Beijing, Shanghai, Guangzhou, Shenzhen. It had also set up a representative office in Hong Kong and the total number of branches is as many as 434. CMBC displays its difference from the state-owned banks and other commercial banks, and thus attracts increasing attention from economic and financial circles both at home and abroad.

Swedbank was established in 1820 while CMBC only started in 1996. Although CMBC enjoyed a high rate of development, it is still far from perfect. Now that China has entered the WTO, Chinese banks must face to a lot of competition from international banks all over the world. CMBC's five year strategy is to become an international bank though improving management. There may well be significant benefits for CMBC to learn from Swedbank, which was successful as a savings bank before becoming an international bank.

Meanwhile, Swedbank has extended its branches to Shanghai in China. As a customer-oriented bank, Swedbank followed their customers and established an office there. The office is the first Swedish and Nordic bank office in China. As Swedbank has entered the Chinese banking market, it may be of great importance for it to understand China's culture, management, and their competitors. Therefore, we think it is interesting to compare to banks and help them learn from each other.

1.2 Research Purpose and Research Questions

The purpose of this study is to compare the internal marketing between these two banks, one from the west which has a long history (Swedbank) and another one from the east which is young yet which enjoys a high rate of development (CMBC). Then, try to find out their competencies in order to learn from each other.

Based on this research purpose, three research questions would emerge:

1. What are the management differences between Swedbank and CMBC in their internal marketing?
2. In what way does the difference of national culture and organisational culture influence the internal marketing in the two banks?
3. What could Swedbank and CMBC learn from the comparison that we made?

1.3 Disposition

In Chapter 2, the theories of national culture, organisational culture and internal marketing are presented, and we also establish a theoretical framework. In Chapter 3, the research methodology, the research philosophy, research approach, research strategy and how we collect the data are presented. In Chapter 4, the empirical findings are presented. The data is mainly collected from the interview with the managers and employees of two banks. In Chapter 5, the empirical findings are analysed by using the theories presented in Chapter 2. In Chapter 6, the conclusions drawn from the research are presented.

2. Literature Review

In this chapter, we are going to present the theories which are relevant to our research. They are mainly about the national culture, organizational culture and internal marketing management, and the theoretical framework will be given.

2.1 Culture Concept

Hill and Jones (2001) identified organisational culture as the selection of values and norms shared by people and groups, which control the way they interact with each other in an organisation.

Organisational culture is shaped by technologies and markets (Trompenaars and Hampden-Turner, 2010), therefore organisation culture would differ from organisation to organisation. However, Trompenaars and Hampden-Turner (2010) stated that organisational culture is also shaped by the cultural preferences of the organisation's members. Hofstede *et al* (2010) argue that if other factors are equal, people from a specific national background will prefer a specific type of organisational culture. Similar organisations in different countries would have different types of corporate culture because of different cultural preferences (Hofstede *et al*, 2010). Trompenaars and Hampden-Turner (2010) present a similar argument stating that national cultures help organisations determine the type of corporate culture chosen.

2.1.1 Hofstede's National Culture

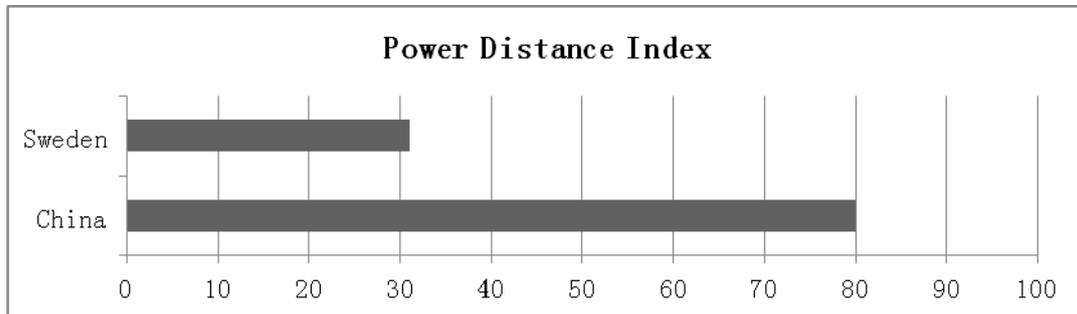
Hofstede's definition of national culture is about the dimensions of value (Hofstede *et al*, 2010). As this research study is about the differences between two banks in two different countries, it would be necessary to present some of Hofstede's national culture framework, and show the different indices between Sweden and China.

- **Power distance**

Power distance can be defined as a situation in a country, whereby the degree to which the less powerful members of institutions and organisations expect and accept that power is distributed unequally within the organisation (Hofstede *et al*, 2010). In this case, organisations are the places where people work. (Hofstede *et al*, 2010). In the workplace, it is inequality between superiors and subordinates in a large power distance culture, and the hierarchy of the organisation is based on this inequality (Hofstede *et al*, 2010) The power tends to be more centralised (Hofstede *et al*, 2010) and the subordinates seldom participate in the decision making process (Newman, K.L. and Nollen, S.D., 1996). In small power distance cultures, the hierarchy is just the inequality of roles. The organisations tend to be decentralised and have flat hierarchical pyramids. The subordinates expect to participate in the decision-making (Hofstede *et al*, 2010).

As Hofstede *et al* (2010) show in their book, the power distance index (PDI) in China is 80. It has a higher power distance score than Sweden at 31.

Figure 2.1 PDI in Sweden and China

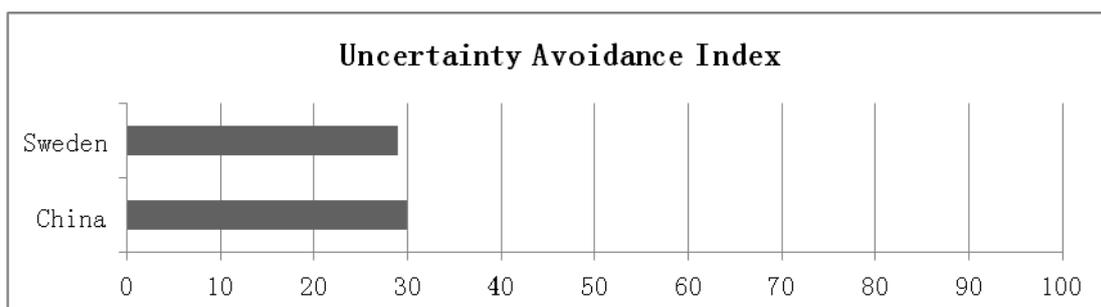


- **Uncertainty avoidance**

Uncertainty avoidance index (UAI) is about the degree of people's anxiety toward uncertain, unknown, or unstructured situations (Newman, K.L. and Nollen, S.D., 1996). Hofstede stated that UAI deals with society's tolerance for uncertainty and ambiguity (Hofstede, <http://www.geert-hofstede.com>). It is useful to help people reduce uncertainty through developing technology, laws and religion, so that they could alleviate the anxiety (Hofstede *et al*, 2010). In cultures with higher UAIs, they believe that there can only be one truth and we have it. It tends to be more about employees and employers looking for long-term employment. They have more rules to control the rights and duties of employees and employers. The need for rules is emotional, which means they feel comfortable in a structured environment and they have an emotional need to be busy (Hofstede *et al*, 2010). It is totally different in cultures with a lower UAI. They are more tolerant to different opinions. There should only be sufficient rules which are an absolute necessity. It tends to have more changes of employers. People work hard only when it is needed (Hofstede *et al*, 2010).

As Hofstede *et al* (2010) show in their book, the uncertainty avoidance index (UAI) in Sweden is 29, it is quite similar to China's UAI score 30. Both of them are belong to the low UAI culture.

Figure 2.2 UAI in Sweden and China

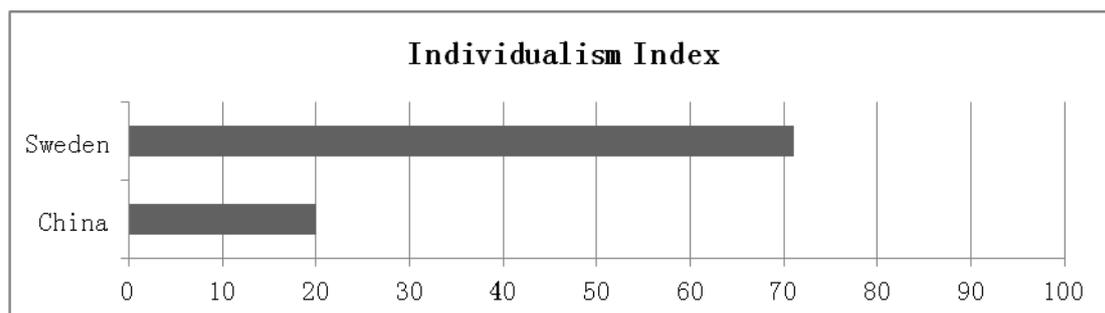


- **Individualism VS Collectivism**

This dimension (IDV) is about the degree of the individual units integrated into groups (Hofstede, <http://www.geert-hofstede.com/>). The ties between individual units are loose on the individual side. In contrast, people are integrated into strong and cohesive in-groups on the collectivist side. (Hofstede et al, 2010) In the workplace, the employed persons in individualist cultures are economic persons who care more about their own interests. Therefore, they will pursue the boss' interest only if they coincide with their own, and decisions are based on skill and rules. The relationship between employer and employee is a contract relationship. In collectivist cultures, an employee sees himself as a member of the in-group and pursues the in-group's interest. The hiring and promotion decisions take the employee in-group into account. The relationship between employer and employee is basically moral (Hofstede *et al*, 2010).

As Hofstede *et al* (2010) show in their book, the IDV score in Sweden is 71 and the IDV score in China is 20, which means Sweden tends to the individualist culture and China tends to the collectivist culture.

Figure 2.3 IDV in Sweden and China



2.1.2 Hofstede's Organizational culture

Hofstede's organisational culture is about the dimensions of practices, not of the value (Hofstede *et al*, 2010) They mentioned six dimensions of organisational culture which are process oriented versus result oriented, employee oriented versus job oriented, parochial versus professional, open system versus closed system, loose versus tight control and normative versus pragmatic (Hofstede *et al*, 2010). Four of the six dimensions will be included in this study.

- **Process oriented versus result oriented**

This dimension is about the choice of means (process) or goals (result). In a process oriented culture, people tend to spend limited effort on their work and try to avoid risk. Their daily tasks are the same. In a result oriented culture, people prefer unfamiliar situations and do their best when working. They feel that each day has new challenge (Hofstede *et al*, 2010).

- **Employee oriented versus job oriented**

This dimension is about the choice of people (employee) or the choice of completing the job. In employee oriented cultures, employees feel that their personal problems are considered by the employers. Organisations take responsibility for employee welfare and the important decisions are made by groups. In job oriented cultures, people complete the job under strong pressure. Organisations are only interested in what work the employee does, and not in personal or family welfare. Important decisions are made by individuals (Hofstede *et al*, 2010).

- **Loose versus tight control**

This dimension is about the internal structure in the organisation. In a loose control culture, people feel that no one thinks of cost. Meeting times are just kept approximately and jokes about the company are frequent. In a tight control culture, people are cost-conscious, meeting times are punctually kept to, and to jokes about the company are seldom heard (Hofstede *et al*, 2010).

- **Normative versus pragmatic**

This dimension is about the notion of customer orientation. Pragmatic culture is market driven. There is a major emphasis on meeting the customer's need. Results are more important than correct procedures. In normative cultures, employees perceive their task in relation to the outside world as the implementation of inviolable rules. The major emphasis is on following organisational procedures and it is more important than results (Hofstede *et al*, 2010).

2.2 Internal marketing

2.2.1 Concept of internal marketing

Internal marketing is of great importance in the company, and can offer a win-win partnering perspective between the employees and the company. Internal marketing can be defined as follow:

Treating with equal importance the needs of the internal market, the employees, and the external market, through proactive programmes and planning to bring about desired organisational objectives by delivering both employee and customer satisfaction (Woodruffe,H., 1995).

In internal marketing, the focus is on good internal relationships between people at all levels in the organisations. Internal marketing is a management strategy to achieve good relationships with employees. Otherwise, if employees are inadequately trained, have poor attitudes towards their job and towards internal and external customers, who get inadequate support from systems, technologies, internal service providers and their managers and supervisors, the firm will not be successful (Grönroos,

1990). Therefore, it is obvious that internal marketing is considered more than treating the employee as a customer, rather it required that the organisation should constantly develop programmes which enhance employee satisfaction. It should be as much as the external marketing plans which aim to meet external customer satisfaction (Woodruffe, H., 1995).

2.2.2 Internal marketing and service quality

In striving to gain and maintain competitive advantage, quality is of key importance. Service quality is hard to measure. There is a gaps model of service quality, which defines the gap as being between the expected service and perceived service (Wilson, A., 2008). Customer perceptions of service quality will be influenced by the customer-oriented behaviours of employees (Brady, 2001). In fact, all of the five dimensions of service quality (reliability, responsiveness, assurance, empathy and intangibles) can be impacted directly by service employees. Reliability, delivering the service as promised, is always within the control of front line employees. Meanwhile, through personal willingness to help and their promptness in serving customers, front line employees directly impact customer perceptions of responsiveness. The ability to communicate credibly and to inspire trust and confidence in employees, strongly influences on quality assurance. Empathy ensures that employees will pay attention, listen, and be flexible in delivering what individual customers need. Employee appearance is a significant driving factor to intangibles dimension of quality (Wilson, A., 2008).

In addition, service quality is a critical element of customer perceptions and a vital determination of customer satisfaction (Wilson, A., 2008). Satisfied employees make for satisfied customers. Internal service quality is necessary for superior external service quality (Richard, 1995). Heskett (1992) suggests it is the linkage between internal service quality, employee satisfaction, their productivity, and external customer satisfaction and organization performance.

2.2.3 Components of internal marketing programmes

A holistic management process is necessary and must operate within internal marketing and multiple other functions of the firm in two contexts. First of all, it make sure that employees at all levels in the firm, including management, understand and experience the business, its various activities, campaigns and processes in the context of an environment. It will possibly make a better customer consciousness. Secondly, it makes sure that employees will be better prepared and motivated towards a service-oriented manner. The efficiency of this management is vital in that it is driving element of success in achieving its goals regarding its external markets (Grönroos, 1990).

Internal marketing occurs among customer contact employees, support employees in

internal service processes, team leaders, supervisors and managers, so that adequate skills such as how to interact and communicate with customers are transferred among one another (Grönroos, 1990).

Internal marketing means two types of management processes, attitude management and communications management (Grönroos, 1990).

Attitude management is when the attitudes of employees and their motivation for customer consciousness and service-mindedness are managed.

Communications management is when managers, supervisors, contact people, and support staff need information to be able to perform their task as leaders and managers and as service providers to internal and external customers. They need information about job routines, goods and service features, promises given to customers. They also need to communicate with management about their needs and requirements, their views on how to improve performance, and their findings of what customers want (Grönroos, 1990).

The more information technology is automated and self-service systems are introduced in service processes, the more important will service orientation and customer-consciousness of the employees who remain be. Communication and training are important for all the organisation to gain quality service in internal marketing (Woodruffe, H., 1995).

All in all, there are four very important areas within the organisation's internal environment which are essential to an internal marketing programme as described by Woodruffe (1995) as co-ordination, motivation, information and education.

2.2.3.1 Coordination

2.2.3.1.1 Organization structure

Coordination is one of the most important objectives of organisation structure (Mullins, 2010). Organisational structure can be defined as a pattern of jobs and groups of jobs in an organisation. It is an important cause of individual and group behavior, and is clearly important for any organisation, whatever its size (Gibson *et al*, 2000).

Meanwhile, culture is a major determinant in organisational structure. The pervasive nature of culture in terms of both external influences and how things are done, common values, beliefs and attitudes will have a significant effect on organisational processes including the design of structure (Mullins, 2010). Watson (2006) claimed that many of the processes and practices observed in organisations could as readily be said to be part of the structure of the organisation as part of its culture.

Every person should know their position within the structure of the organisation. A clear line of authority and responsibility is necessary for the effective operation of the organisation. The chain of command establishes the vertical graduation of authority and responsibility and the framework for superior-subordinate relationships in an unbroken line down from the top of the organisation. Border spans of control and fewer levels of authority result in a flat hierarchical structure. On the contrary, narrower span of control and more levels of authority result in a tall hierarchical structure (Mullins, 2010). In Figure 2.4 interesting comparisons of Chinese and Nordic organisation charts can be seen. It obviously finds that the Chinese tend to a more high hierarchical structure while Nordic tends to be more flat and less hierarchical.

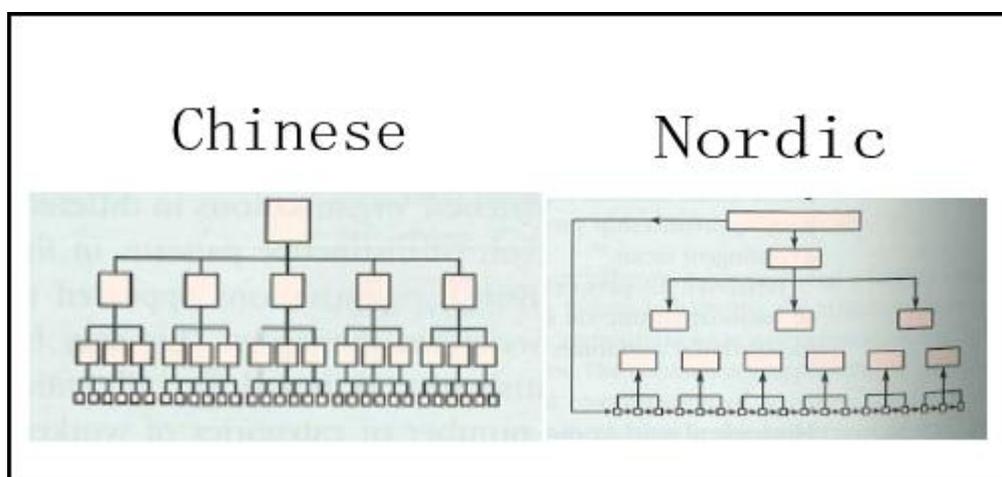


Figure 2.4 Comparative Chinese and Nordic organisation charts
Source: Reed Business Information

2.2.3.1.2 Communication

Communication is an important way to coordinate in an organisation. It affects and involves employees in the organisation every day. It is also the process by which things get done in organisations. Effective communicating is a critical skill because the manager's planning, organizing, coordinating and controlling functions only become operationalised through communication. Whether on a person-to-person or nation-to-nation basis, intra-organisation, or in small groups, breakdowns in communication are pervasive (Gibson et al, 2000).

Many studies have defined what communication is, and Boddy (2011) defined communication as the exchange of information through written or spoken words, symbols and actions to reach a common understanding. An organisation's structure has a significant effect on the flow of communication between units, and the same applies to the exchange of information between organisations. While technology enables easier communication, structures can impede the flow in practice. Figure 2.5

provides that how communications interact with technology, interpersonal skills and organisation structure.

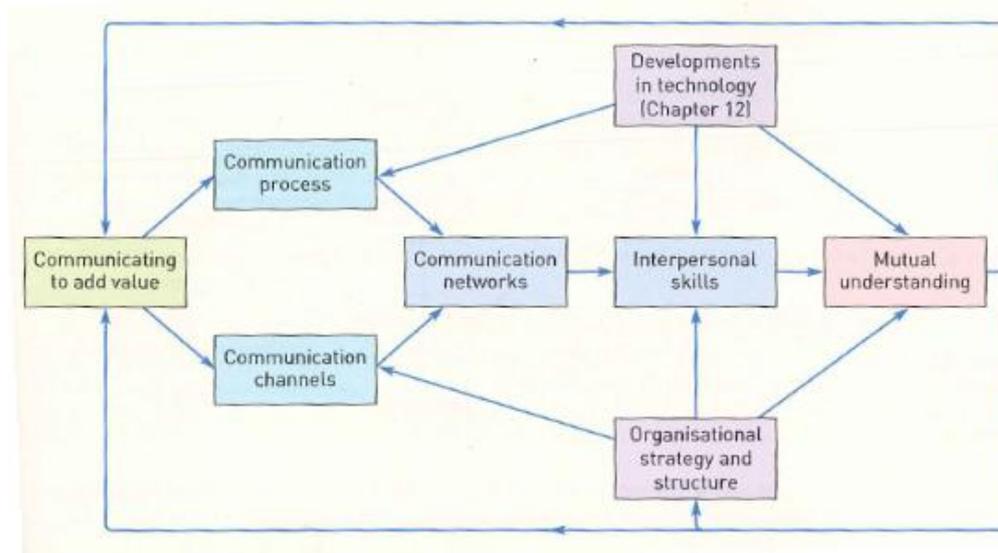


Figure 2.5 An overview of communication in organisation

Source: Boddy, D (2011), *Management: An Introduction*, Fifth edition, Financial Times Prentice Hall London

The ways in which people interact are subject to cultural differences and such differences may be misconstrued. The way in which words are used and the assumptions made about shared understanding are dependent upon an individual's culture and upbringing. In one culture it may be deemed normal to explain all details clearly, explicitly and directly, while in another culture they may find the spelling out of all the details unnecessary and embarrassing. There are many cultural variations in non-verbal communications, the extent of physical contact and differences in the way body language is perceived and interpreted. Cultures always influence how we communicate with our colleagues, boss and subordinates in the organisation. And those organisations that can create a culture that be more able for us to absorb new information and respond intelligently to change (Mullins, 2010).

2.2.3.2. Motivation

All businesses need enthusiastic and committed employees who work in a way that supports the achievement of organisational goals. This is clearest in service organisations where customers are in direct contact with staff. Culberton (2009) shows how employee satisfaction affects service quality. Motivation helps managers to manage employees to work well and occasionally to go the extra mile - doing more than usual to fix a problem or help a colleague.

The Chartered Management Institute defined motivation as the creation of stimuli, incentives and working environments that enable people to perform to the best of their ability. The heart of motivations is to give people what they really want most from work. In return managers should expect more in the form of productivity, quality and service.

Motivation arises within people, and managers need to ensure that people can satisfy their needs through work. As a result of many reasons, such as the impact of culture, people have different needs and motivations, so a reward that is attractive to one may not matter to another (Mullins, 2010).

2.2.3.2.1 Herzberg's Two-Factor Theory

There are many important theories of motivation such as Herzberg's two-factor theory (1959). The two factors are the dissatisfiers-satisfiers, the hygiene-motivations, or the extrinsic-intrinsic factors depending on who is discussing the theory. Herzberg's initial study resulted in two specific conclusions. One is a set of extrinsic conditions, known in the job context as dissatisfiers or hygiene factors. Another one is a set of intrinsic conditions, known in the job context as satisfiers, or motivators. Although, it is far from perfect and with certain weaknesses, it is helpful to study these factors as they relate to culture. The following Figure 2.6 illustrates this theory.



Figure 2.6 Herzberg's comparison of job satisfaction and job dissatisfaction
 Source: Herzberg (1987) One more time; How do you motivate employees? Harvard Business Review, vol. 65, no5, pp, 109-120 Harvard Business School Publishing Corporation

2.2.3.3 Information

2.2.3.3.1 Information system

Information systems gather data about inputs, transformation processes and output and feed the information to those working at different levels of the organization. Figure 2.7 shows how information systems support the fundamental management processes. It is obvious that information systems are the bridge between the input of people and the output of services in organisation, and organisational culture is also heavily influences the transformation which may increase the quality and speed. Computer-based information systems can make operations more efficient, change the way people work together, and offer new strategic possibilities and threats. Used well, they help managers to add value to resources. Used badly, they can destroy wealth (Boddy, 2010).

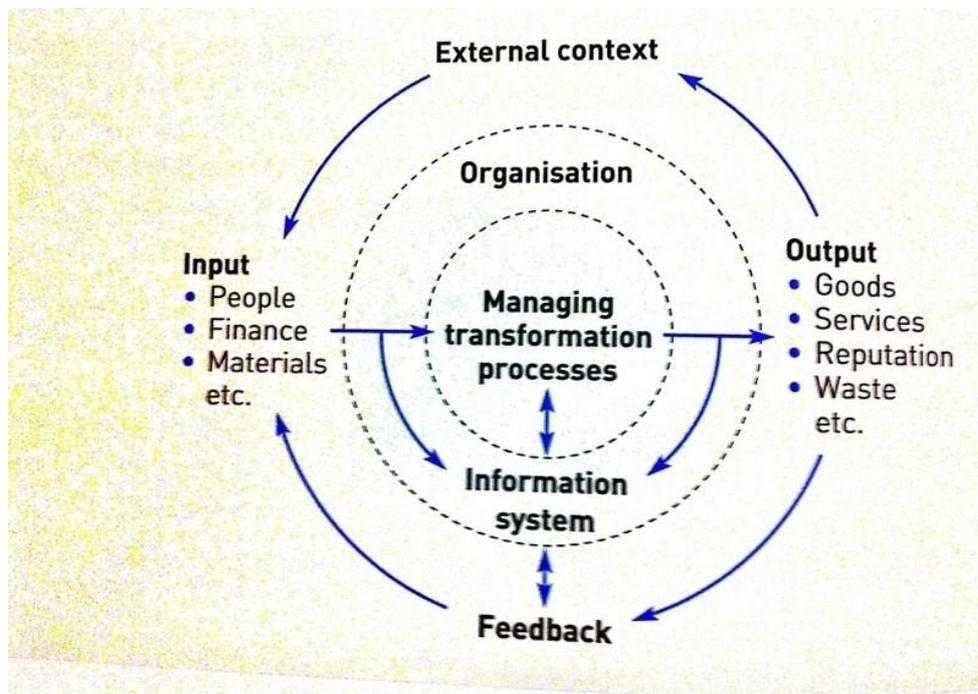


Figure 2.7 The role of information systems in organisations
Source: Boddy et al.(2005)

2.2.3.4 Education

Staff members are a crucial and expensive resource. To achieve economic and effective performance it is important to optimise the contribution of employees to the aims and goals of the organisation (Mullins, 2010). Education is intended to change individual behaviour or attitudes.

2.2.3.4.1 Training

The purpose of training is to improve knowledge and skills and to change attitudes. Most service organisations are quite conscious of, and relatively effective at training employees in technical skills. These skills may be taught through formal education. Additionally, technical skills are often taught through on-the-job training, as when students work with experienced teachers in internship programmes or when service trainees listen in on the conversations of experienced employees (Mullins, 2010). Service employees also need training in interactive skills that allow them to provide courteous, caring, responsive and empathetic service. Successful companies invest heavily in training and make sure that the training fits their business goals and strategies (Wilson, A., 2008).

2.2.4 Self-service technologies

Self-service technologies (SST) are services produced entirely by the customer without any direct involvement or interaction with the firm's employees such as ATM and internet banking. It can benefit the company by saving costs and growing the revenue. However, when customers do not have the ability to use it or have a lack of knowledge, it may lead to their failure to use it. Often, adopting a new SST requires customers to significantly change their traditional behaviours, and many are reluctant to make changes (Wilson, A., 2008).

2.3 Theoretical Framework

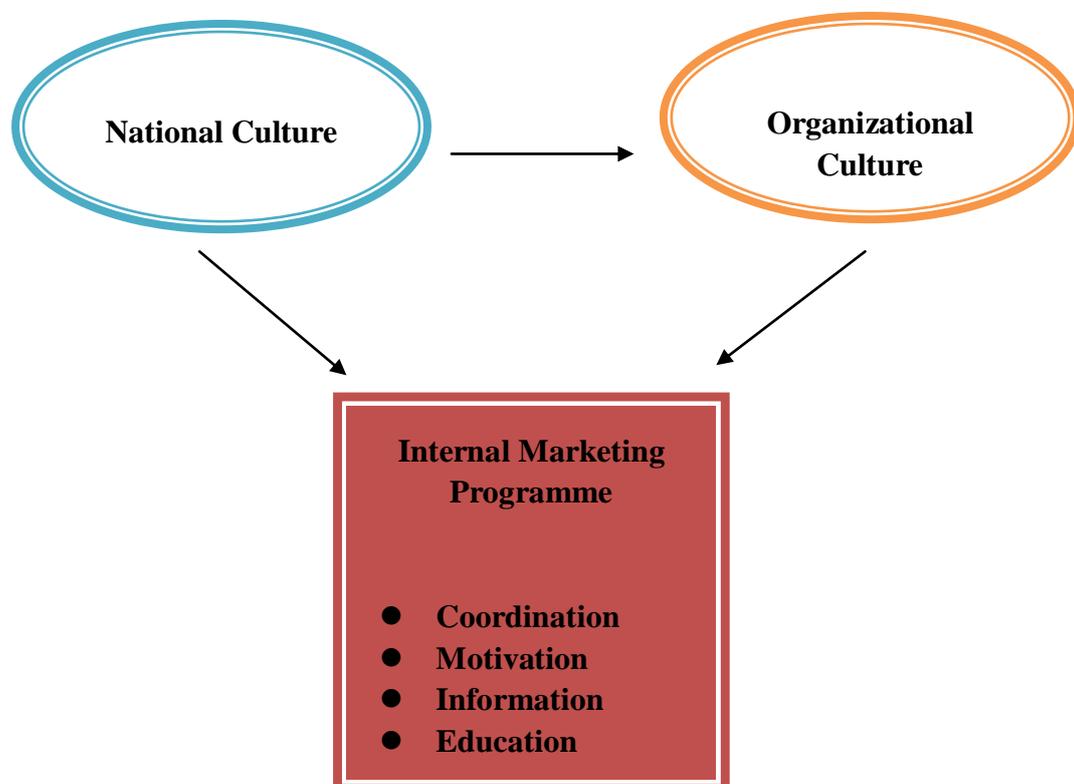


Figure 2.8: The model of how culture impact on internal marketing

Cultural issues were used to analyse internal marketing efforts. The study assesses what kinds of cultural differences exist between Swedbank and CMBC, and how they impact on the internal marketing of the two banks.

Three of Hofstede's national cultural dimensions and four of the Hofstede's organisational culture were selected. The relationship between them was showed in the beginning of Chapter 2.1. Furthermore, internal marketing theory based on four perspectives of an internal marketing programme was selected.

This model is shown to represent the relationship among the three main theories adopted.

3. Methodology

In this chapter, the methodological choice of this study is presented, the research philosophy, research approach, research strategy and how the data was collected.

The table below indicates the research methodology logic, based on Saunders *et al.* (2000)'s research process onion

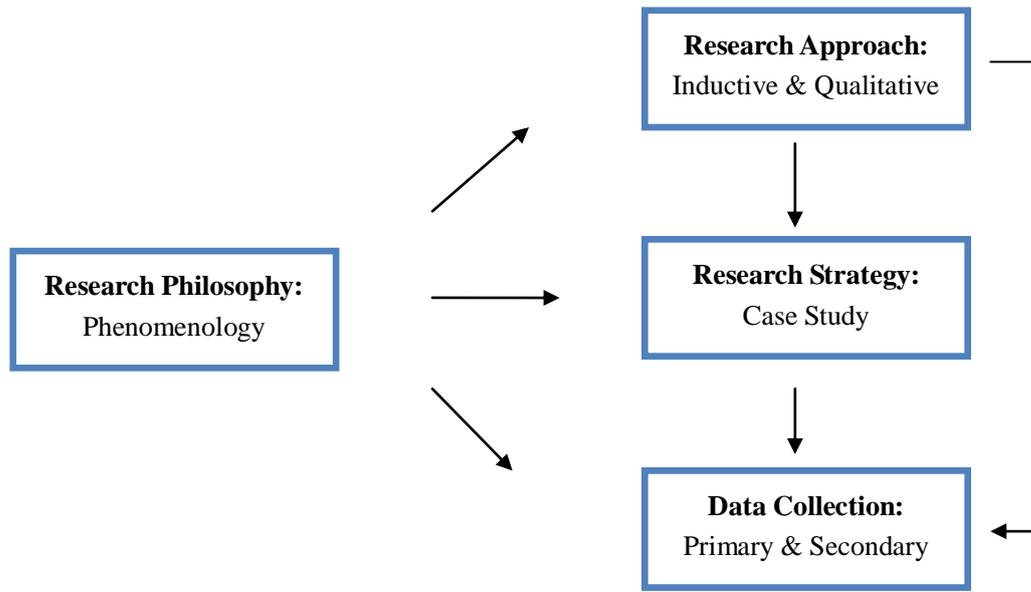


Figure 3.1

3.1 Research Philosophy

This study was done by following phenomenological research philosophy.

Saunders *et al.* (2000) stated that there are two alternative choices of research philosophy, which are positivist philosophy and phenomenological philosophy. Easterby-Smith *et al.* (1991) highlighted the different elements between these two philosophies stating that in phenomenological philosophy, people believe the world is socially constructed and subjective. In contrast, people under positivist philosophy believe that the world is external and objective.

Based on the research direction and the research questions which were presented in Chapter 1, it would be better to do the research under phenomenological philosophy. As it is based on Easterby-Smith *et al.* (1991)'s view, the research is more focused on the meanings hidden behind the phenomenon and not focus on facts, and try to understand what is happening within two banks management. Furthermore, the interpreted version is applied into the totality of each situation and not just in a single phenomenon.

3.2 Research Approach

Inductive scientific activity is adopted and qualitative research method to develop our thesis.

3.2.1 Induction and Deduction

The inductive approach has been defined as researching through the observation of empirical reality, and uses the individual observation to state the general patterns or laws (Hussey and Hussey, 1997). It is suggested that additional observations of the conditions, would more likely be the truth of the generalisation (Walliman, 2005). In contrast, when the deductive approach is utilised, research is guided by the theories which precede it, and these theories are tested by observation and experiment (Walliman, 2005). In order for the theories to be tested in deductive approach, it must establish the hypothesis (Walliman, 2005).

This research study is about the comparison of two banks in two different countries. Theories would be the tool used to analyse the empirical data. The inductive approach is used to develop a theoretical framework which is based on the empirical reality.

3.2.2 Qualitative and Quantitative Approach

Bryman (1988) mentioned that a qualitative approach tends to be associated with participant observation and unstructured in-depth interviewing, thereby allowing theories to emerge. A quantitative approach is taken to be exemplified by the social survey and by experimental investigations, and it is the approach that begins with theories and tests them in a structured fashion with the result that they are supported, amended or rejected. According to Hussey and Hussey's view (Hussey and Hussey, 1997), a qualitative approach tends to be subjective, and it includes examining and reflecting on perception in order to gain an understanding of social and human activities.

This research study applies the qualitative approach. In order to understand the different managerial style between two banks, the empirical data is collected through in-depth interviews with four people, who are managers and employees in Swedbank and Minsheng Bank. Furthermore, data was also collected through the observation of Swedbank's operation.

3.3 Research Strategy

The case study was adopted as the research strategy.

Different types of research commonly use five major strategies, which are experimental, survey, archival analysis, historical and case study (Walliman, 2005).

Yin (1994) defined the case study as the empirical investigation of a phenomenon which is within its real-life context. Furthermore, Stake (1995) mentioned that the case study is the study of the particularity and complexity of the case, and then its activity within important circumstances can be understood.

In this research study Swedbank and Minsheng Bank form the basis for the case study, in order to compare their different phenomena in management and find out the reasons why these differences exist. Base on Stake's (2006) view, through a case study strategy, the two banks can easily be analysed in-depth, and it is easier to compare the phenomena.

3.4 Data Collection

The research data were collected both from primary and secondary sources. This study is based mainly on the primary data.

Commonly, researchers collect the data from two sources which are the primary source and secondary source. Primary sources mean the sources where researchers can get data by direct, detached observation or measurement of the phenomenon in reality, and undisturbed by any intermediary interpreter (Walliman, 2005). Secondary sources are where data have been subjected to interpretation. As an example, the writings in books, articles, newspaper and other publications (Walliman, 2005).

The reason why secondary sources were not used as the main source of data collection is that as Walliman (2005) mentioned, the secondary sources is hard to be described as original and do not have a direct physical relationship to the current research. Therefore, it is better to rely more on our primary data collected mainly from the interviews with the personnel who work in the two banks. The primary data are more reliable.

3.4.1 Primary Data

The primary data was collected through face-to-face, e-mail and telephone interviews. The companies chosen for the study are two banks, which one is a local Swedish local bank, Swedbank, and one which is a Chinese bank, Minsheng Bank. One manager and one employee from each bank were interviewed. This design was deemed suitable for delivering different views of the same phenomenon, from the perspective of both the subordinates and the managers, and make the data more reliable and valid.

A questionnaire was designed (see appendix) as the medium for data collection and separated into three parts. The first part is common questions for both the managers and the employees, while others are the specific questions toward different positions. The semi-structured interview was used and the questions were designed more openly

so that the interviewees had more freedom in answering. The interviewees were encouraged to extend the answers from the questions. As the interviewees have more working experience and the researchers are more academic, the researcher version would be different. More interesting information and points came from the further discussion provided by the interviewees.

A face-to-face interview with an office manager of Swedbank was the first interview held. The bank is located in Gävle city center. It is a local bank branch which takes Gävleborg as its business area. The meeting lasted for nearly an hour and the discussion provided interesting data from the view of the Swedbank management.

This was followed by a telephonic interview with an employee who also works in Swedbank, but not a direct subordinate of the manager previously interviewed. The bank branch she works in is located in Halmstad. The telephonic meeting lasted about an hour. There are two reasons why the employee was selected from another Swedbank branch. The employee is a researcher's friend's elder sister, and it was easy to make connection and communicate with her. The second and the main reason is that the separation of allows the employee to talk more freely and not be affected by the manager.

Thirdly, we arranged an interview with the branch president of a Minsheng sub-branch bank also through a telephonic interview. The bank is located in Shenzhen City which is in southern China. The meeting lasted for nearly one and a half hours. The in-depth and extended communication helped develop perspectives which were not considered before, and it made the research more complete.

Furthermore, he helped the researchers to contact his subordinate, and a telephonic - interview with the employee. The meeting lasted for nearly an hour. The reason why a different methodology to Swedbank was used, is that it is not easy for us to make a connection with employees without this assistance from the manager. There is no doubt that these data would be affected, because the manager will pre-communicate with his subordinate prior to the interview.

Lastly, the primary data collection is not just from these four interviews. After the interview, further communication took place through e-mail. When further questions arose which related to the research questions, an e-mail was sent asking for further clarity.

3.4.2 Secondary Data

The secondary data are usually of limited value because the errors would appear when transferring the information from one to others, or the presence of intermediaries, or the period of time between the recording and the present (Walliman, 2005). However,

the secondary data was considered in this study.

3.5 Criticism of Sources

Two of the most important elements for measuring if the data is good enough for doing research are reliability and validity.

3.5.1 Reliability & Validity

Gibbs (2007) mentioned that qualitative reliability indicates that the researcher's approach is consistent across different researchers and different projects. Or it can be defined as following the same procedures as the previous researchers, getting the same findings and conclusions (Yin, 2003). Validity means that the researcher checks for the accuracy of the findings by employing certain procedures (Gibbs, 2007).

In this research study an attempt was made to ensure the data was reliable and valid. Interviewees were interviewed separately to ensure that people were not influenced by the thinking of the other interviewees. Each interview lasted over an hour and in-depth communication was held with the interviewees in order to obtain more detailed responses in order to find the paradoxes, so that the reliability can be improved. Each meeting was recorded so that information would not be missed. Furthermore, although the questions tended to be more open, the questionnaires were designed based mainly on the theories presented so that the focus would be maintained. Last but not least, when the secondary data was collected, only the newest information was sought and adopted, and where possible from the data made public by official internet sources such as the bank's official website.

3.5.2 Limitations

However as Robson (1993) mentioned, there are four types of error that could affect data reliability, being subject error, subject bias, observation error, and observation bias. Girden (2001) also mentioned that there are factors that could threaten the degree to which a conclusion is valid and justified.

Although the intent in this study was to be objective, subject bias cannot be avoided, because the data is being collected from people, who all have their own biases and opinions. The researchers also have a bias because of their academic perspective on the matter. The other limitation is language. Although there was no problem communicating in English with the Swedish and in Chinese with the Chinese, translating the Chinese into English would lead to possible problems in the translation process. Furthermore, the number of interviewees is limited and their own opinion might not be the same as that of other people in these two banks, and this is the main limitation of the research. Last but not the least, the employee interviewed in CMBC is a direct subordinate of the manager interviewed. It could have a bad influence on

the reliability of the data collected, because they would have had pre-communication and the things employee can say could be affected by the manager.

4. Empirical Study

In this chapter, the empirical data are presented. It also has a brief introduction to the background of our cases and how we get the data.

4.1 Background of our cases

- Basic situation of Swedbank and the interviewees

As mentioned in Chapter 2, the first interviewee selected was an office manager (kontorschef) of Swedbank. Her name is Eva Blom. She works in the Gävleborg ranch of Swedbank, which is located in Gävle city centre. She also has offices in other branches located in Bomhus and Skutskär, little towns near Gävle city. Her job is focused on private customers and the branch in Bomhus is only open to private customers.

She introduced the hierarchical structure of Swedbank, although it is incomplete, it can point out the hierarchical meanings. As the table show below:

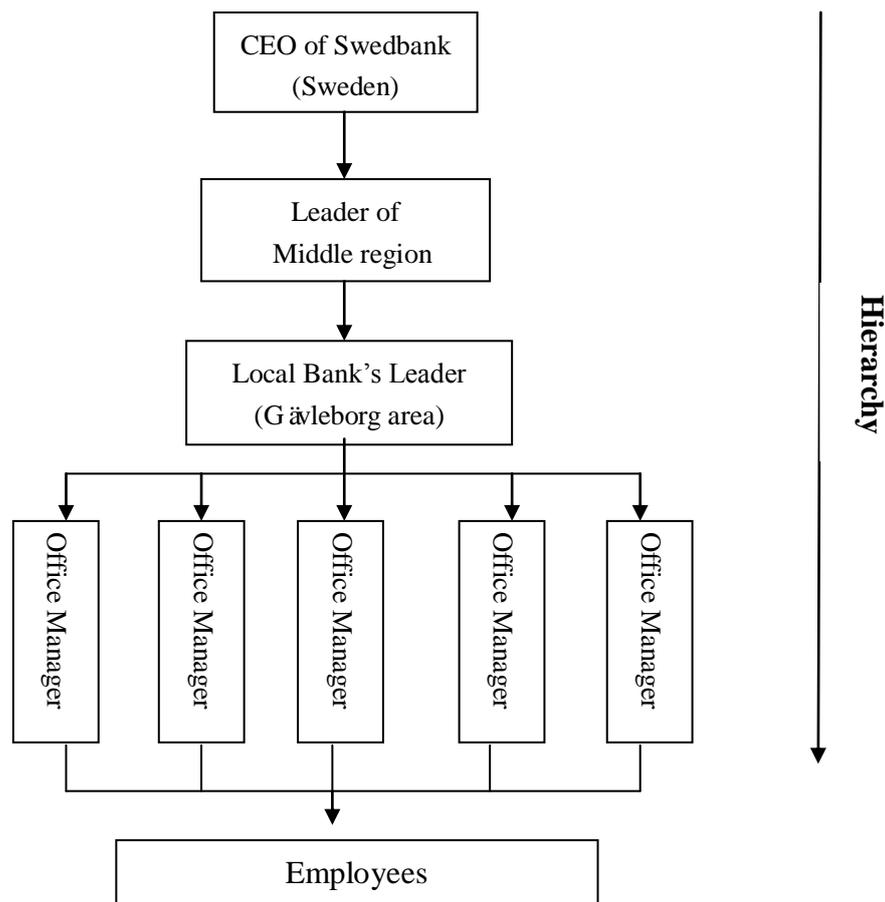


Figure 4.1 hierarchical structure of Swedbank

The other Swedbank employee interviewed works in Halmstad. Her name is Lan

Nghiem, and she is a Swedish born and raised Chinese. She has worked in Swedbank since 2007 and her job is a bank teller.

- Basic situation of CMBC and the interviewees

As a joint-stock bank, CMBC grew very fast. Its hierarchical structure is shown as below:

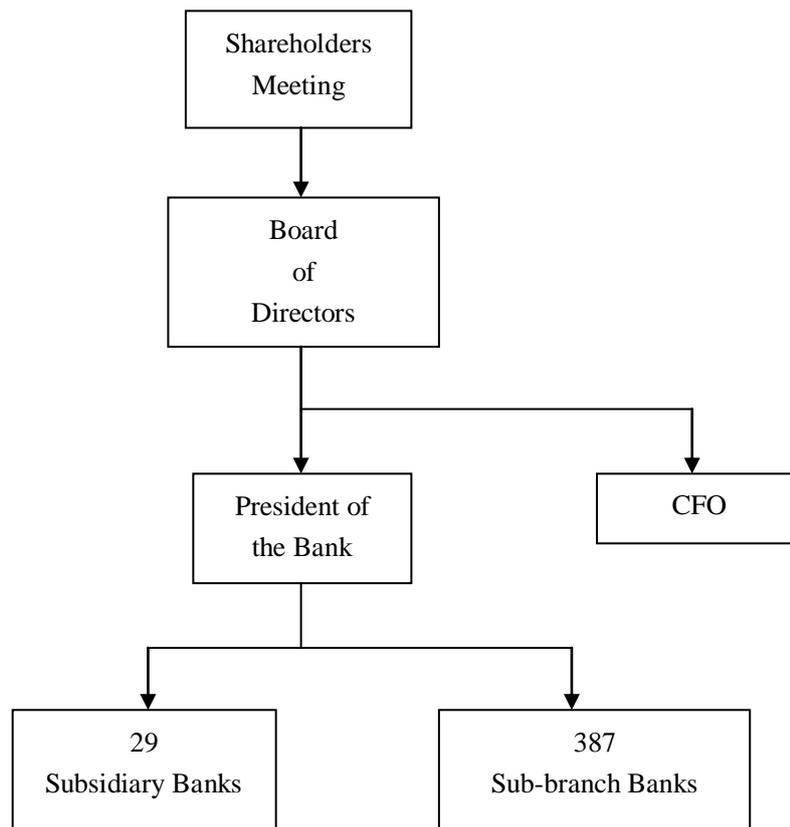


Figure 4.2 hierarchical structure of CMBC

Source: <http://www.cmbc.com.cn/about/zuzhijiegou.shtml>

One of the sub-branch banks of CMBC was used in this study. It takes Long'gang Qu, an area in the Northern ShenZhen City, as its business area. The first interviewee is the president of this sub-branch. His name is Bo Lee. He has been working in banking industry for 21 years and joined CMBC in 2003. The other interviewee is the direct subordinate of Bo Lee. His name is Qi Chen and he is doing marketing and customer development for company and private customers.

4.2 Empirical Data

Interviews commenced with a discussion of national culture and organisation. Both the bank managers had a better understanding of it and could give a good definition.

They could also clearly describe their banks' organisational culture. Neither of the employees had a clear understanding of these issues. After the definitions were explained to the employees, they understood and could describe their banks' organisation in general. All of them agreed that the organisational culture could help to improve the business and help in achieving the business' goals to some extent. But all of them did not considered from this perspective much to relate to the business. However, for service delivery, all of them mentioned that a good organisational culture could lead to the achievement of better service. In respect of national culture, all of them agreed that it was of great importance, and that it influences both the internal organization customer and the external customers, especially for impacts on the value and behaviour.

Secondly, the topic of internal marketing was discussed with the respondents. The Swedbank manager and the employee had an awareness of it. And they thought that you if treat employee as a customer, it could enhance the performances of employees. To meet the satisfaction of employees is as important as to meet the satisfaction of customer. On the contrary, neither of the CMBC staff clearly understood internal marketing well. After we explained, they thought it was useful and reasonable, but they claimed that they would still use task-orientation instead of customer-orientation in management in China. Anyway, the manager of CMBC, Bo Lee, emphasised that meeting the needs of employee was of great important. And his employee also stressed that the manager should know and meet what he needs.

Even though Swedbank employees had a better consciousness of internal marketing, they still did not have a specific internal marketing programme, which was the same situation found in CBMC. Then they were all shown what an internal marketing programme might include. They answered that exactly their banks had set these kinds of programme and they all showed great interested in it how it worked to improve service and business.

4.2.1 Organisational Culture

For the topic which related to organisational culture, the following data was collected.

Lan, the Swedbank employee thinks that her daily work tend to be repetitive and she mentioned that it is because of her job itself, a bank teller. Eva, the Swedbank manager, expressed a similar opinion, albeit that there are different kinds of job, some tend to face different situations daily, such as marketing and the job toward private customers. But some others tend to deal with the same work every day, such as counters, bank tellers. This situation is similar with CMBC, Bo Lee also mentioned that it depend on what job you are doing. Qi's job tends to have more challenge every day. Both of the employees in Swedbank and CMBC prefer the job with more challenges, however, their willingness cannot be deemed representative for other employees.

Although both managers show that they would listen to subordinates' opinion before decision making in their banks, the extent of it is different. In Swedbank, Eva and Lan mentioned that a meeting would be held every month for the managers and the employees to discuss what can be improved and what the problems are. At that time, the employees can express their own opinion on the proposal. But the final decision is made by the managers. Lan is satisfied with that, and said it let her feel she was more a part of the bank.

In CMBC, limited discussion points would be raised with staff for their input. Qi said mostly, they are the ones who will just be informed, and they just take the orders. His attitude toward this is he does not care what kinds of business decisions the bank makes, but he does care about the issues which related to his own benefits.

Eva said that Swedbank tries to provide a relaxing working environment for employees. They work 8 hours per day from 10am to 6pm. Lan said that she also felt that she worked in a relaxing working environment and she enjoyed it. The CMBC employee, Qi, complains that he works over 10 hours per day and he said it is now very common in Chinese workplaces to work long hours with a lot of pressure.

Eva said that Swedbank try to meet customers' needs first and put company benefits into second position. Lan also said that when she meets customers' specific needs, she will consult the bank lawyer first to make sure it is legal, then she has been empowered from Swedbank enough to satisfy customers' needs. This situation is different in CMBC, where Qi said although he is working in marketing department where it is considered reasonable to have enough freedom and empowerment to meet customers' needs, he needs to follow a lot of rules in his daily work. Bo the manager said, as a joint-stock company, they put bank benefits first, because the bank takes responsibility toward the shareholders. Therefore, the mission executors should follow the rules which would benefit the bank.

4.2.2 Coordination

The coordination of organization structure, communication, national culture and organization culture was discussed.

In Swedbank, both the manager and employee agreed that Sweden enjoy a low power distance and so that had a flat hierarchal organisation structure. Lan Nghiem, the employee of Swedbank, mentioned that it was easy to exchange ideas and opinions in Swedbank. She could go to the office and talk to the manager and chat with her fellow workers freely. There was no obvious fear between the manager and her. Meanwhile, the manager, Eva Blom, also welcome her subordinates talking to her and giving their opinion to her directly. She would arrange a meeting at least one a week. On the contrary, Bo Lee the manager of CMBC preferred a higher hierarchal structure as he

believed that it could help him to select only the useful information, as in his opinion it can assist in avoiding situations where he receives lots of information directly which he does not have the time and energy to process. However, on the other hand, he also mentioned that he encourages subordinates who had specific ideas and opinions, or some emergency, to come to his office and talk to him directly. His subordinate though he may feel fear to talk directly to his manager and may not show his opinion freely. He wished his manager could accept his ideas and opinion more quickly and easy. He stated that it it takes a long time and process to deliver the message from a bottom employee to a top manager.

When choosing the communication channel, all of them preferred the face-to-face channel which they all thought this was the most effective and clear way to share opinions and ideas. Lan Nghiem, the Swedbank employee mentioned that she would use it to get documents signed and for other important questions. For the less important, she would use e-mail and mobile. And Eva Blom, the manager of Swedbank, had similar thoughts. At CMBC, the employee chose chatting software such as QQ and MSN, an indirect communication channel. Although he preferred the face-to-face channel more, he thought that a lack of time was a major obstacle. Bo Lee had the same thoughts, stating that it was not possible to meet all the subordinates unless it was something really important and urgent.

4.2.3 Motivation

For the motivation topics, managers and employees had to place the following list in order of importance to them.

- 1) Select the order which make your subordinate (for manager) or you (for employee) feel more satisfaction.
 - a) Feeling of achievement
 - b) Meaningful work
 - c) Opportunities for advancement
 - d) Increased responsibility
 - e) Recognition
 - f) Opportunities for growth

<p>The manager of Swedbank (Eva Blom) :</p> <ol style="list-style-type: none"> 1st) Feeling of achievement 2nd) Opportunities for growth 3rd) Meaningful work 4th) Increased responsibility 5th) Opportunities for advancement 6th) Recognition 	<p>The employee of Swedbank (Lan Nghiem):</p> <ol style="list-style-type: none"> 1st) Feeling of achievement 2nd) Meaningful work 3rd) Opportunities for growth 4th) Opportunities for advancement 5th) Increased responsibility 6th) Recognition
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<p>The management of CBMC (Bo Lee):</p> <ol style="list-style-type: none"> 1st) Opportunities for advancement 2nd) Feeling of achievement 3rd) Meaningful work 4th) Recognition 5th) Opportunities for growth 6th) Increased responsibility 	<p>The employee of CBMC (Qi C2hen):</p> <ol style="list-style-type: none"> 1st) Recognition 2nd) Increased responsibility 3rd) Opportunities for advancement 4th) Opportunities for growth 5th) Feeling of achievement 6th) Meaningful work
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- 2) Select the order which make your subordinate (for manager) or you (for employee) more dissatisfaction.
- a) Pay
 - b) Status
 - c) Job Security
 - d) Working conditions
 - e) Fringe benefits
 - f) Policies and procedures
 - g) Interpersonal relations

<p>The manager of Swedbank (Eva Blom) :</p> <ol style="list-style-type: none"> 1st) Working conditions 2nd) Policies and procedures 3rd) Pay 4th) Fringe benefits 5th) Interpersonal relations 6th) Status 7th) Job Security 	<p>The employee of Swedbank (Lan Nghiem):</p> <ol style="list-style-type: none"> 1st) Working conditions 2nd) Pay 3rd) Fringe benefits 4th) Policies and procedures 5th) Interpersonal relations 6th) Status 7th) Job Security
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<p>The management of CBMC (Bo Lee):</p> <ol style="list-style-type: none"> 1st) Policies and procedures 2nd) Pay 3rd) Status 4th) Fringe benefits 5th) Working conditions 6th) Interpersonal relations 7th) Job Security 	<p>The employee of CBMC (Qi Chen):</p> <ol style="list-style-type: none"> 1st) Pay 2nd) Status 3rd) Policies and procedures 4th) Fringe benefits 5th) Working conditions 6th) Interpersonal relations 7th) Job Security
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Besides these specifics of motivations, discussions continued about the salary and commission. According to Swedbank's manager, Swedbank do not have the mission and the commission for the employee. What they need to do is finish their duty. She mentioned that there were strengths and weaknesses. The strength was that their no big difference gap between employees that could offer a more equal and less pressure working environment. However, the weakness was that it could not distinguish between the high ability employee and the low ability employee. How to retain good employees becomes a problem in Swedbank. The Swedbank employee agreed. She felt dissatisfied with the salary and stated that the low salary makes her want to change jobs, even though the salary was not the main driver of her dissatisfaction. She stated that the salary of bottom occupations in the bank, are low compared to other industries in Sweden. In addition, she preferred to have a mission and commission to generate extra income so that she could get the salary from her ability. In most Chinese bank, including CMBC, the salary contains the basic salary which is always very low and the commission. The CMBC manager and employee both thought it was good in order to enhance the bank's profit and the employees' income. Meanwhile, they are satisfied with it. However, they both thought that to some extent it creates too much stress for them that the basic salary too low and did not cover their living expenses. The manager told us that the banking salaries including both basic salary and commission, is high in comparison to other industries in China.

4.2.4 Information

For the information topics, the information systems were discussed.

The Swedbank manager, told us that they had a perfect information system, and that the bank always required information quickly. She demonstrated the functions of the information systems and how to use it. Everyone in the bank can share and get the information in respect of an account. All the contact ways are showed there, which make it possible for you to contact all the employees and managers. All the functions are encouraged to be used freely and frequently. She believed that it is useful. However, when we chatted with Lan, she mentioned that herself and other employees do not use it frequently. Although her manager had encouraged her to use it, she did

not get used to it. On the other hand, the manager of CMBC also told us that they had a perfect information system and that lots of useful and significant information is shared everyday through this system. His subordinate was frequently using it too, as it can save time.

When discussing the knowledge management and its system, both the Swedbank manager and employee were willing to share the information and knowledge. However, the manager and the employee of CMBC both mentioned that the commission and their own benefit may make them less willing to share the information and knowledge.

4.2.5 Education

For the education and training topics, the Swedbank manager focuses more on the software training such as the communication. Eva told us that they selected people for employment who had enough skills. Furthermore, she told us that they had a part-time education and training programme with the university in summer time. Then, the students from the university can spend their -time learning to work in the bank. After they completed their education, they can work in the bank directly without extra training. The employee wanted more training about the working skills and was a member of the programme when she was in the university. She thought it was good that helped her to gain the working skills and acquainted with the working environment. Both of them stressed that the training was job-based. In CMBC, both the manager and the employee paid more attention to the basic working skills. And they also mentioned that because of the salary related to the mission, the employee focused more on the training than the manager. The manager said that they did not have the same kind of programme as Swedbank. He told us that they thought it was not secure to use a part-time employee. And his subordinate thought that it was good and may help him to save time to get enough skills to apply for the occupation.

For the self-service topics, both of the two banks have the internet bank and telephone bank. The Swedbank manager and employee were advised of the researchers' personal experience, and were surprised when they both indicated that they were willing to spend one morning teaching us to use interbank. The manager answered that it could save time and money, and encourage people to use internet bank and mobile banking. Students are not the potential customers. Therefore, they had educated their employee to teach no potential customers that they should make use of the self-service offerings by themselves.. She continued that it might require one morning to teach the researchers, but it meant that they would not come to the bank, and thereby save the time and money needed to service these no-potential customers. Lan, agreed to it. She had been educated to teach these no-potential customers by initiative instead of waiting them to ask. Now, less and less of them go to the bank, and she can have more time to service the potential customers which gives her more

satisfaction. In CMBC, the manager told us that they only would teach a large number of one company's employees to use interbank and mobile by initiative. And his subordinate hoped he could have more time to pay attention to the potential customers.

5. Analysis

In this chapter, the empirical data is analysed by using the theories presented in Chapter 2, and used to answer the research questions. An attempt is made to benchmark the advantages of Swedbank and then used as a yardstick for Mingsheng Bank to learn from.

Differences between understanding of national culture, organisation culture and internal marketing

Both of the managers had a better understanding of the national culture and organisation culture than their employees, and only the Swedbank employee could explain their bank's organisation culture clearly. The fact that the CMBC employee could not may lead to a gap between the manager and the employee. Managers will build a cross-cultural awareness that increases self-awareness, sensitivity to differences, questioning their own assumptions and knowledge, and lessening ignorance, prejudice and hatred. In adopting a cross-cultural approach, management helps to manage people more generally (Mullins, 2010). There was a gap between the management-stated culture and the firm's actual working conditions and practices. The organisational culture was too artificial and was not taken seriously by employees (Gibson, 2000). Therefore, it is important for managers to establish a strong organisational culture which is able to attract, develop, and retain top quality employees because of the firm's stability and the pride of identity that goes with being a part of the firm (Gibson, 2000).

All of them treat employees as important resources in the bank. However, only Swedbank realised that it is important to treat employees as customers to satisfy their needs.

5.1 Coordination

- **Decision making**

According to the data collected and displayed in Chapter 4, the extent of the decision making issue is different between two banks, because the power distance index is different with Sweden at PDI 31 and China at PDI 80. In large power distance cultures, less powerful people should be dependent and in small power distance culture, less and more powerful people are interdependent (Hofstede, 2010). The leaders of CMBC might think that they are smarter than the employees so that the employees should depend on them and just follow their instruction as most of the decisions are made by manager. Managers ensure coordination by directly supervising their employee to work as expected. However, a span of high control is no longer sufficient for coordination (Boddy, 2001). The employee of CMBC seems dissatisfied with this situation and wants to discuss more, or at least the issues that are highly relevant to himself. Maybe it is time for CMBC managers to change their attitude

toward it. In Swedbank, managers and employees tend to be interdependent with each other and the employee is happy with it. In this case, Swedbank is meeting employees' needs more than CMBC do.

- **Normative culture vs pragmatic culture**

Rules and procedures are important to ensure coordination in the organisation, but can also be greatly impacted by culture (Boddy, 2001). Swedbank tend to empower the employee more and the employee tends to have more flexibility in their work compare with CMBC. Therefore, Swedbank tend to adopt the normative culture and CMBC tend to adopt the pragmatic culture. The reason for this is the conscious of the power distance differences between China (80) and Sweden (31) deep in manager's mind. In large power distance cultures, subordinates expect to be told what to do and in small power distance subordinates expect to be consulted (Hofstede, 2010). However, the CMBC employees seem dissatisfied with this situation and want the work to have more flexibility. The reason is the low uncertainty avoidance index of Chinese employees (China UAI:31). In weak uncertainty avoidance cultures, there should be no more rules than strictly necessary. (Hofstede, 2010) Maybe it is time for the CMBC manager to change his thoughts and choose the right culture, in this case, the normative culture to fit the employee needs.

- **Organizational structure**

Swedbank tend to adopt a flat organisation structure. CMBC tend to adopt a hierarchical organisational structure. Through the findings, both the employee and manager in Swedbank belong to small power distance and both the manager and employee in CMBC belong to large power distance. In this case, CMBC cannot use the flat structure like Swedbank does. Again, it cannot be said which structure is best. It is not suitable for CMBC because even if the bank adopts the flat one, the employees would not get used to it because they themselves also live with high power distance and accept the inequality. In addition, because of the variety of the organisational structures, it may lead to the difference in communication and the sharing of information. Coordination is ensured by good information systems which help people who need to work in a consistent way to have common information (Boddy, 2001).

- **Working environment**

As the working environment influences most of the coordination activities in the organisation, it is discussed here. According to the data, the employees in both Swedbank and CMBC want to have a relaxing working environment. Swedbank tend to succeed to provide a place that lets the employees feel relaxed. But it seems that CMBC's manager did not realize this issue and pushes the employees with long working hours. The employees are treated as a tool to make money. It is because the values of the two banks' leaders are different. Swedbank tend to adopt a loose control culture but CMBC adopt a tight one. The manager of CMBC thinks employees can

work more effectively through high pressure and long hours. It is hard to say which culture is better to adopt. Some do fit by the tight one. However, the employees of CMBC would prefer a loose control culture. Although CMBC can get profit through this method in short time, it is not the correct culture for CMBC for their long-term development, to meet employees' needs.

Conclusion

Coordination includes a wide range of components that choosing the right culture ensures success. Internal marketing should add coordination into decision making, rules and procedures, working environment and organisational structure in order to meet employee satisfaction.

5.2 Motivation

- **Satisfaction**

Figure XXX showed that the gap between manager perceptions of employee satisfaction and the employee's perceived satisfaction in Swedbank is not as big as in CMBC. The gaps between the manager's perception of employee satisfaction and the employee's perceived dissatisfaction are much narrower in both Swedbank and CMBC. The interview and the annual report of Swedbank (2010), show that Swedbank has taken employee's needs into consideration. As indicated above, the core value of Swedbank's organisation includes caring about its employees, and it has succeeded in responding quickly and effectively to changes in employee needs. They take responsibility not only for shareholders and customers, but also for employees (Annual report of Swedbank, 2010). Hofstede (2010) mentioned that Sweden is a low power distance country so that they take achievement seriously. The interview result for motivation clearly indicates that Swedbank has paid attention and managed both the driving of satisfaction and dissatisfaction, even though it is only a small gap. As they understand the national culture of their employees well, they pay attention to the achievement.. It is obvious that the thought of internal marketing helps them create a strong organisational culture, including meeting employee needs so that it can enhance employee satisfaction and reduce their dissatisfaction.

- **Dissatisfaction**

In CBMC, the manager still only focuses on the driving of dissatisfaction. Their organisation culture is still based on solidarity and trust. The gap of satisfaction is too big that it cannot lead a strong organisational culture. They have a lack of consciousness of the importance of increasing employee satisfaction. Berry (1981) has claimed that internal marketing is attracting, motivating and retaining qualified employees through job-products that satisfy their needs. Internal marketing is the philosophy of treating employees as customers and shaping job-products to fit their needs. Only when organisational culture takes employee needs into consideration, can they share a strong culture with the same values and goals. Aiming only on decreasing the dissatisfaction is not enough to retain good employees and stimulate productivity.

A strong organisational culture is required to meet employee satisfaction, while successful internal marketing demands a strong enough organisational culture to guide for.

- **Salary and commission**

From a more specified aspects (salary and commission), this is really different between Swedbank and CMBC. Swedbank does not have a commission-based salary while CMBC have a high rate of commission and a low salary. Both the banks are faced with the problem that they cannot the meet employee needs. As pay is the dissatisfaction driving in Herzberg's two-factor theory (1959) it should be connected to the recognition which is the satisfier. Herzberg also stressed that the pay is important for the motivation, but pay alone cannot make the employees feel more satisfied. Therefore, Swedbank can add more reward or recognition. Organisational culture should contain more about the internal competence that not only salary or commission allows employees to feel a sense of achievement.

- **Process oriented vs result oriented**

In the context of the organisational culture being, process-oriented or result-oriented (Hofstede, 1990), which is related to the motivation driving of satisfaction (meaningful work), Swedbank employees tend to work under a process oriented working environment and CMBC employees tend to work under a goals-oriented working environment. It is not because of the organisational culture differences between two banks but the job itself. Both banks have different departments for different working tasks, therefore, their working styles would be different for achieving the task more conveniently. For example, it is better for some jobs to adopt a process-oriented working environment such as bank teller as it appears impossible for them to build up a goal-oriented environment because there is not many unfamiliar situations occur in their daily work. However, as the empirical data shows, both the employees would prefer more challenging jobs. It is probably because both Sweden and China have low uncertainty avoidance indexes, Sweden (UAI:30) and China (UAI 31), that the same process of daily work would bore them. Both of them are goals-oriented people who hope for a job with more meaningful challenges. In this case the CMBC employee works in the marketing department (full of challenge) which meets his need more than Lan's. People would work more efficiently if doing a job they prefer. Therefore, it is important for the companies to know their employees' needs, job preference in this case, and if it is possible, put them into the department they prefer.

Conclusion

Motivation plays a critical part in meeting employee satisfaction. However, most of the Chinese banks and other industries only focus on decreasing employee dissatisfaction which is not appropriate for development. Internal marketing thoughts help organisation to raise employee retention and employee productivity and emphasises meeting employee satisfaction (Wilson, 2008).

5.3 Information

Information systems make coordination easier by supplying common information through computer systems and internet applications to work together (Boddy, 2001). Most of the coordination is when people talk to each other directly where there is so much uncertainty the information systems cannot cope, and only direct personal contact is able to make personal commitments across business units (Sull and Spinoas, 2005). Both of the banks have supportive information systems, but the frequency of use is different. Sweden enjoys a high IDV while China gains a low IDV (Hofstede, 2010). While Swedbank's manager encourages their employees to use it, employees prefer the individual communication channel (Hofstede, 2010) So, in fact, they use face-to-face communication channels more frequently. One reason is that they use it to sign papers. Another reason is that the organisational structure in Swedbank is flat and the organisational culture is open. They can talk to face-to-face to their manager freely and open. On the other hand, with the low IDV, people in CMBC are more willing to share the information through the collective way. Additionally, the power distance index in China is high. And the CMBC's organisational structure is highly hierarchical and the organisational culture is not strong enough. Therefore, employees would choose to share information in the information system instead of through individual channel, unless they have something important and urgent. However, the commission influences the sharing of information. Employees may hide valuable information to protect their commission.

Conclusion:

A strong shared value organisational culture is significant to both of two banks. Swedbank should add more value, belief which is the same to the employees to enhance their involvement to the information system. CMBC should add openness and transparency to the organisational culture that decreases the power distance and collectivism.

5.4 Education (Training)

One of the biggest differences in training is that Swedbank has a part-time training programme which hires undergraduate students. That can help them to recruit the right person and the right person then chooses the right bank. Under this programme, the part-time employee can find out if they like the organisational culture of this bank or not. If they choose this bank after they graduate, it means that they agree and like the culture in this bank. Therefore, they share a strong culture with the bank related to their goals and strategy. In CMBC, the manage feels reluctant to hire the part-time employee because of the security of information. Swedbank also helps to train the students get the technical skills in advance.

As mentioned in the theory, the customer may feel reluctant to use the new self-service technologies (SSTs), such as the interbank. Swedbank is successful in

training employee's interactive skills which enable make them be more proactive in teaching their customer to try to use the new technology, even the mobile banking. On the contrary, CBMC still pays more attention to the technical skills and knowledge.

Conclusion

Both interactive and technical skills are significant in training the service employees. Interactive skills allow them to provide courteous, caring, responsive and empathetic service (Wilson, 2008). Training programmes not only enhance the technical and interactive skills, they also foster a strong organisation.

6. Conclusion

In this chapter, conclusions regarding the research are drawn and suggestions have been given.

6.1 Main Conclusion

In this research study, the culture concept and the four parts of internal marketing, coordination, motivation, information and education are used to analyse two case study companies: Swedbank and CMBC. As shown in the Chapter 1, Swedbank was established in 1820. Compared with it, CMBC was established in 1996. Prior to the data collection there was an expectation that CMBC as a new bank could learn from Swedbank and cultural issues must be considered between two banks from two different countries.

Benchmarking was done and try to find out whether the management differs in their internal markets. Swedbank was used as a yardstick, and it can be seen that CMBC can learn from Swedbank on how to establish a strong organisational culture for the internal marketing. However, it does not mean CMBC should learn from Swedbank directly. The national culture is different between two countries therefore the employee needs and behaviours are different between the two banks. CMBC should establish an appropriate culture for its own employees and share the core values with them, and the most important thing it needs to learn from Swedbank is the attitude and the recognition towards an internal marketing programme.

Overall, in internal marketing the main idea of the research study was that staff should treat the employees as customers. The organisation should choose the correct culture which can satisfy the employee needs in order to improve the working effectiveness and increase employee retention. Furthermore, when a strong organisational culture has been established, share the core value with the employees and let the employees have a greater sense of belonging and let the employee feel that company's goal is also their own goal.

6.2 Suggestions

6.2.1. Create customer-oriented consciousness

All levels of managers and employees should change their attitude to treat employees as customers. If employees feel valued and their needs are taken care of, they are more likely to stay with the organisation (Wilson, 2008). Swedbank has adopted the idea that employees are also customers of the organisation and determine whether the job and work-life needs of employees are being met. CMBC should raise their consciousness about it from top to bottom in the organization. Both internal and

external are a requested customer-oriented consciousness.

6.2.2. Make internal surveys

Success comes only when the organisational culture fits both organisation and employee goals. In order to meet the needs of employees, organisations should execute internal surveys to know about their employee needs and goals. Sometimes, banks only focus on the external marketing and ignore the internal marketing. To have a strong customer-oriental organisational culture, encouraging supportive internal surveys, which measure employee satisfaction are required.

6.2.3. Create customer-oriented organisational culture through internal marketing programme

After creating a consciousness, it should shift customer orientation to the centre of all the organisation's activities and a core part of the organisational culture. Organisational culture should include both organisation and employee values that meet their goals. Because cultures evolve over many years and are usually deep-rooted, they can be difficult to change. Some commentators have observed that it is easier to change behaviour by changing the processes and system in an organisation than it is to change people's attitudes (DTI, 2004). Therefore, it is simpler to create a customer-oriented organisational culture through an internal marketing programme.

6.2.3.1 Coordination

Especially for CBMC, managers should encourage employees to be involved in decision making, and rule and procedure making. The working environment should be more comfortable to enable free communication. It seems that it still not the right time for CMBC to change its organisational structure to be flatter that has less control in it. However, the manager should keep an eye on it because nowadays Chinese people tend to need more equality. Meanwhile, Swedbank makes an effort to be perfect from this perspective to satisfy employees.

6.2.3.2 Motivation

Try to understand the motivation through internal surveys. Not only focus on decreasing the dis satisfaction but also focus on increasing the satisfaction. In addition, for employees to remain motivated and interested in sticking with the organisation and supporting its goals, they need to share an understanding of the organisation's vision. A clear vision and direction should be showed to employees. It means a clear organization culture should be showed to employees. Measure and reward systems should be strong to motivate employees which match their needs.

6.2.3.3 Information

To do their jobs effectively and efficiently, service employees need much more information. A high level of transparency and open information sharing that can encourage a strong organization culture is also required. Managers should share their information through the internet first to encourage their employees, while CMBC should give rewards to employees who are willing to share information which they would otherwise hide to protect their commission.

6.2.3.4 Education

Organisations should attempt to understand the needs of their employees and then attempt to satisfy those needs, implying a degree of consultation with employees. And CMBC should add more education programmes that change employee behaviour to have a customer-orientated organisation culture.

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8. Appendix:

Questionnaire:

1. Do you know organization culture and national culture? How do you understand organization culture and national culture?

(If not, ask about is that you bank share the same main value, relief, attitude and behavior. Tell interviewer what is organization culture and national culture. Ask about now, what they think about)

2. Do you know what internal marketing is? How do you think about it?

(If not, ask about how they think the role employees in service marketing. Tell them the definition of internal marketing. And ask that do you think employees should be treat as customers as consumers?)

3. Does your organization culture support enough efficacies to your bank' business and business goal? How you change the organization culture to improve efficacy?

4. Do you bank have an internal marketing programme? (If have, ask more about the details from the four most important areas we described in theory about internal marketing programme. How they practice. If not, described the four areas, overall ask about how they think about it, and which willingness.)

5. Does the job tend to be the same daily in your bank? (manager)

Does your job tend to be the same daily? Do you satisfy with it? (Employee)

6. How your bank organize "decision making"? (manager)

How much can you participate into "decision making"? Do you satisfy with it? (Employee)

7. Do you think you organize a tight or relaxing working environment? (Manager)

Do you think you work in a relaxing environment? Do you satisfy with it? (Employee)

8. Do you think you empower your subordinates enough? (manager)

Do you think you get enough empower from your boss? (employee)

9. Coordination

1) How you coordinate with your managers, employees, boss and fellows?

2) What is the your bank's organization structure? What do you think is the determination of it? As we know, China is with high PDV/ Sweden is with low PDV, do you think it is a main determination to influences your organization structure? Do you think this structure make easier and more effective to communicate or more

difficult and less effective? Show them the picture.

3) How organization structure and communication influence your bank's coordination?

4) Which communication channel do you prefer? Face-to-face,

10. Motivation

1) Select which one you prefer that make you more satisfaction

Achievement, recognition, work itself, responsibility, advancement, growth

2) Select which one you make you more dissatisfaction

Company policy and administration, supervisor, relationship with supervisor, work conditions, salary, relationship with peers, personal life, relationship with subordinates, status, security

3) Salary and mission (What is the salary system in your bank?)

11. Information (What the information system in your bank? How it works? Do you use it fluently?)

12. Education

1) Education, training, self- service, training the employees to teach the consumer to use the intert bank.

2). Which kinds of training are important to you?