MIIKKA MARTTILA
COLLABORATION MODEL FOR PROJECT BUSINESS BETWEEN
CHINESE JOINT VENTURE AND FINNISH PARENT COMPANY
Master's Thesis

ABSTRACT

MIIKKA MARTTILA: Collaboration model for project business between Chinese
Joint Venture and Finnish Parent Company
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Keywords: Joint Venture, trust, cooperation, information flow, communication
channels, process model, transparency of working

The target of this master's thesis is to develop cooperation between the target company
and the formed joint venture. Currently cooperation is based on communication be-
tween participants by using different information channels and preparing the sales and
delivery documents together. Thus the main focus of the thesis is on the communication
channels and on determining the responsibilities of the stakeholders.

The need for the research was created when the relating companies overlooked
standard cooperation practices and definitions of employees' responsibilities and tasks
during the launch phase of the joint venture. Due to this standard practices were not
performed, and this causes conflicts in everyday business.

Objectives of this thesis are to find out the responsibility related conflicts be-
tween the Finnish parent company and the Chinese joint venture and additionally to
provide solutions to these problems. Conflicts are figured out by using interviews and a
survey. Solutions are formed from precedents in literature and ideas from interviewees.
In addition, there is discussion, how the solutions could be implemented in the target
companies.

The results of this thesis are formed by combining the theoretical frame work and
results of the interviews. Based on interviews it can be said, that both companies have a
desire to cooperate but it is not working perfectly yet. Based on the results there are
several problems, but none of them is too serious. The biggest problems are the exces-
sive email traffic and lack of the standards in communication methods. Additionally the
long information chains and lack of transparency of information are seen as problems.
The main focus of problem solving is on communication related issues.

As results there are presented process models for sales and delivery projects,
which define the responsibilities for both companies and the required information flows
in the processes. Additionally there are two lists defined as a result, one of which col-
lects the documents that are currently in use and the other collecting the documents that
should be in use. The recommended communication methods to improve information
flow between the companies are also presented in the thesis.

Because the implementation of formed results cannot be explored in this thesis, it
would be recommended to make further research on this topic to improve the communi-
cation. The introduction of changes should be implemented organized in order to get
these in use in everyday business. In addition, standardization of documents and prac-
tices should be started based on this thesis.

TIIVISTELMÄ

MIIKKA MARTTILA: Yhteistyömalli projektiliiketoiminnalle kiinalaisen yhteistyöyrityksen ja suomalaisen emoyhtiön välillä
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Avainsanat: Yhteistyöyritys, luottamus, yhteistyö, tiedonsiirto, kommunikointikanavat, prosessimalli, tiedon läpinäkyvyys

Tämän diplomityön tarkoituksena on kehittää yhteistyötä kohdeyrityksen ja perustetun yhteistyöyrityksen välillä. Tällä hetkellä yhteistyö perustuu kommunikointiin eri tietoväyliä käyttäen sekä osto- ja toimitusdokumenttien valmisteluun yhdessä. Työssä keskitytäänkin kommunikointikanaviin sekä vastuiden määrittelemiseen.

Tarve työlle syntyi, kun yritysten standarditoimintatapojen ja työtehtävien määrittelyyn ei uhrattu tarpeeksi aikaa yhteisyrityksen käynnistysvaiheessa. Tämän takia toimintatavat jäivät määrittämättä, ja se aiheuttaa ongelmia yritysten arkipäiväisessä liiketoiminnassa.

Työn tavoitteena on löytää ongelmat suomalaisen emoyrityksen ja kiinalaisen yhteistyöyrityksen yhteistoiminnan välillä sekä tarjota ratkaisuja havaittuihin ongelmakohtiin. Ongelmat selvitetään haastatteluiden ja kyselytutkimuksen perusteella. Ratkaisuja näihin etsitään kirjallisuuden ennakkotapauksista ja haastateltavien ideoista. Tämän lisäksi tutkitaan, miten ratkaisut voidaan implementoida kohdeyrityksessä.

Työn tulokset saadaan yhdistämällä teoreettinen viitekehys sekä haastatteluiden tulokset. Haastatteluiden perusteella voidaan sanoa, että yritykset haluavat tehdä yhteistyötä, mutta se ei ole vielä saumatonta. Tulosten perusteella ongelmia on useita, mutta ne ovat vakavuudeltaan pieniä. Suurimpina ongelmina esiintyvät liiallinen sähköpostiliikenne ja puutteelliset standarditavat kommunikaatiossa. Tämän lisäksi esimerkiksi pitkät informaatioketjut ja tiedon läpinäkyvyys nähdään ongelmina. Keskeinen pääpaino ongelmanratkaisussa on kommunikointiin liittyvissä epäkohdissa.

Tuloksena esitettävät prosessimallit osto- ja toimitusprojektista kuvaavat molempien yritysten vastuita dokumenttien teossa sekä tarvittavan informaation siirtoa tietyissä vaiheissa. Tämän lisäksi tuloksissa esitellään lista dokumenteista, jotka tällä hetkellä ovat käytössä ja joiden toisaalta pitäisi olla käytössä. Työssä esitellään myös suositellut kommunikointikanavat yritysten tiedonsiirron parantamiseksi.

Koska työssä tarjottujen kehitysehdotusten käyttöönottoa ei voida tämän työn puitteissa tutkia, olisi jatkotutkimus tähän liittyen suositeltavaa, jotta kommunikointi saataisiin saumattomaksi. Muutosten implementointi tulisi toteuttaa organisoidusti, jotta ne todella tulisivat osaksi yrityksen jokapäiväistä toimintaa. Lisäksi työn tulosten perusteella dokumenttien ja toimintatapojen standardointia tulisi merkittävästi kehittää.

PREFACE

I want to thank all the people who have supported me during the working process of this thesis. First of all, I want to thank the target company for providing me to chance to do this thesis and for the interesting topic. In addition, I want to say thank you to my supervisor in the target company, and Eeva Järvenpää, my supervisor at the Tampere University of Technology. Thank you also to examiners of this thesis, Professor Kari Koskinen and Dr. Eeva Järvenpää. They sacrificed their time and gave valuable advice during my writing process.

I want to thank also Salla and Miro who read my thesis and gave great advice for it as well.

"An intelligent man is sometimes forced to be drunk to spend time with his fools."
- Ernest Hemingway

Tampere, 14.8.2015

Miikka Marttila

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TERMS AND ABBREVIATIONS

BPM	Business Process Modelling
CRM	Customer Relationship Management
ERP	Enterprise resource planning
FL	Front Line
HR	Human Resource
HRM	Human Resource Management
IDEF-diagrams	Integration DEFinition, a common information flow diagram
JV	Joint Venture
KPI	Key Performance Indicator
L/C	Letter of Credit
LLC	Limited Liability Company
LLP	Limited Liability Partnership
LP	Limited Partnership
MS	Microsoft Office
OECD	Organization for Economic Co-operation and Development
PDM	Product Data Management
PRC	People's Republic of China
R&D	Research and Development
SAP	A common ERP-system
UML-graphs	Unified Modeling Language, a common information flow graph
US	United States

1. INTRODUCTION

During the last few decades increasing number of companies, especially European and US companies have externalized their manufacturing abroad. Asian countries and particularly China have been the most popular location for externalizing. China "opened its doors" in the early 1980's and after that a significant number of foreign companies and investors have entered into the Chinese industry through formation of joint ventures with local firms. (Shen et al. 2001) Joint ventures are coalitions of two different companies and they have become common business form also elsewhere than in China (Waggoner 2015).

Popularity of forming joint ventures is caused surely by their potential benefits for parent companies. The potential benefits of forming a joint venture include business expansion, development of new products or moving into new markets, particularly overseas. A joint venture can give for example missing resources, capacity or technical expertise to parent companies.

Despite joint ventures' growing popularity in Asia and elsewhere, they have proven to be notoriously difficult to manage. Joint ventures can be challenging to manage because they are owned by two or more parent companies from different cultural environments. (Beamish & Lupton 2009) Much of this difficulty has been attributed to the cultural differences between the partners and distance between the parent companies (Kaufmann & O'Neill 2007).

This chapter is about presenting the premises to this thesis. First the need for the research is presented. After this in the next section the need for the research is formulated as research problem and research objectives. Scope of this thesis is presented in the third section and the structure of this thesis in the last section.

1.1 Need for the Research

Company B, for which this thesis is made for, suffers from the difficulties described above. Company B's business strategy includes externalizing manufacturing abroad and company has done agreement to form a joint venture with a Chinese company, here referred as Company A. Because of the request from the thesis' subscriber to remain anonymous and to protect their trade secrets, the companies will be called Company A and Company B in this thesis. The company which was a result of cooperation between these corporations is named Joint Venture.

Regarding the established joint venture an agreement was concluded which is called Joint Venture Agreement. This agreement determines rules, responsibilities and principles how to cooperate between Company A and Company B. Despite the agreement, things have not been proceeding as anticipated and there has occurred similar problems as in other joint ventures. This thesis aims to define and reduce these problems. The thesis is based on the joint venture agreement and on the interviews with employees of Company B and Joint Venture.

1.2   Research Problem and Objectives

The purpose of this thesis is to figure out what the problems are regarding the cooperation between Company B and Joint Venture, and how they could be fixed. The thesis consists of two objectives. The first objective is to find out how the joint venture agreement works in business nowadays and to sort out what kind of conflicts there occur. The second objective is to work out the solutions how the conflicts could be solved. To achieve these goals the current cooperation process model must be explored and then, based on the research and interviews possible drawbacks should be eliminated.

In addition, the current communication methods in transfer of project between Company B and Joint Venture are investigated in this thesis. The sales process in organization is handled in cooperation of these two companies, an consequently it requires much information exchange.

The research questions, formulated based on the objectives, are the following:

1) What are the responsibility related conflicts between Joint Venture and Company B and how the conflicts could be solved?

2) What information needs to be transferred from sales to project management for successful project delivery and how and when the information should be transferred between the parties?

1.3   Scope of the Thesis

The explored company of this thesis, company B produced multifunctional equipment until the operations were transferred to Joint Venture. The produced multifunctional equipment consists of several different parts and as a result it is very complex equipment. The whole production portfolio consists of several different types of multifunctional equipment and each type has its own quite independent organization. However, this thesis focuses only on one specific product line and only limited part of the organization, namely Sales & Delivery. Of course results and solution models which may arise during the work are available and may be useful to be used also in other product lines.

The thesis emphasizes how cooperation works in the everyday business but not the way how Joint Venture operates in China in general. Cooperation occurs in the operational interfaces between Joint Venture and Company B. The interfaces appear mostly in sales and in contract management. When the project is sold to the customer, sales managers of Company B and Joint Venture negotiate the terms and the price of the trade together led by Company B. Company B makes the final contract with the customer and after that they tell to Joint Venture all the details of the sold project. After that the contract management handles that the production and customer's requirements correspond to each other throughout the project. The production is handled by Chinese project manager and as a result contract manager and project manager are collaborating closely during the delivery of project. The interfaces between a customer and Company B have not been commented in this thesis.

1.4 Structure of this Thesis

This thesis is divided into three parts: introduction, theoretical part and research part. Introduction chapter is the first one in which existing problems and research questions are described. The theoretical part is presented entirely in chapter two. The theoretical part presents the basis for existing problems and theoretical and practical solutions to these problems. It consists of three sections. The first section will review the basic information about joint ventures. After that, in the second section cooperation within Joint Venture is presented. The third section of the second part presents basis of communication. After the theoretical part there is the research part. It consists of three chapters in following order: research methods and materials, results, and analysis of the results.

Research part starts with Chapter 3 presenting research methods and research materials which have been used in this thesis. First section of chapter tells about the background of forming Joint Venture. Next section will continue from this and present current operation practices between Company B and Joint Venture. In addition, at the end of this chapter research methodologies and implementation of interviews are described.

Chapter 4 presents the results of interviews. This chapter presents result of the implemented interviews. These results are the analyzed and also the possible solutions are discussed in the Chapter 5. Finally at the end of the thesis, conclusions chapter summarises the main topics and recommended solutions. Also some ideas for future research are proposed and additionally some cogitation about the future of joint ventures is presented.

2. THEORETICAL BACKGROUND

Before globalization, business was made by using local practices and methods. However, nowadays companies develop contacts increasingly with international stakeholders, which is why attitudes and practices need to be modified continuously considering an international and global approach (Roux-Kiener 2009).

To improve competitive advantage in the face of increasing global competition, both large and small companies have had a trend to internationalize and crack a foreign market. (Athreye & Kapur 2009) Internationalization is an increasingly common method to strengthen and secure the company's long-term position in the ever-changing competitive environment (Fintra 2001).

China has been one of the most attractive areas for internationalizing for Western companies for many years because China has had strong economic growth and therefore China's valuation and competitiveness has increased. Further many Western companies try to get a stake in the continuing strength of China's economy one way or another. (Bosshart et al. 2010)

This chapter will review the theoretical background of this thesis. This theoretical background is written closely related to cooperation and industry of China because of the formed Joint Venture locates geographically in China. The first section presents one way to crack a foreign market, forming Joint Ventures and the most typical types and features of joint ventures. Next section will review datum for cooperation. For example datum for project management, managing cooperation and human resources in Joint Venture. In the final section, basis of communication is presented.

2.1 Joint Ventures

One way to crack a foreign market and get a stake in strength of China's economy is to form a joint venture. Using a joint venture as a mode of international business operation is not new, but economic growth in China in the past decade of global competition has contributed to the increase in the number of joint ventures. (Schuler et al. 2004) Joint venture is a business agreement in which the parties agree to engage in and carry out a new entity. In a new entity, parties combine their property, capital, efforts, skill and knowledge. (McGovern 2015) Nevertheless the joint venture has its own independent assets and liabilities, and it pays taxes to the host nation (Yan 1999). As a result, joint venture is compared often to a marriage (Tichy, 1988). The simple basic structure of a joint venture is presented in figure 1.
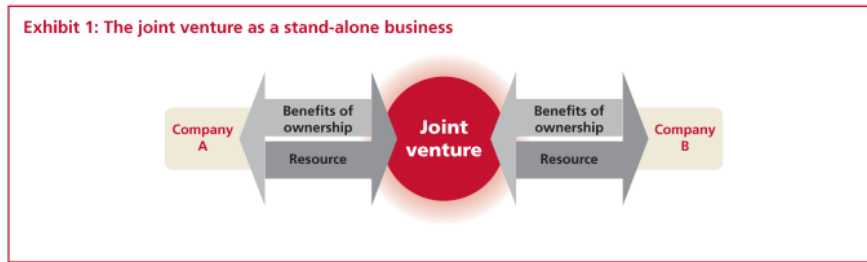
Figure 1.   *Structure of joint venture (Lee 2007)*

In the mid-1980s, joint ventures were defined officially first time by the Organization for Economic Co-operation and Development (OECD) (Vonortas 2009). About the same time China made applicable law to foreign direct investment (China Through A Lens 2014). Many foreign companies exploited this and started to expand their business to Asia to get access to cheap labor and raw materials (Tilastokeskus 2007). Since then the number of joint ventures and foreign direct investment in China has grown steadily to this day (Davies 2013).

In addition to low labor cost there are also other reasons why parties, usually companies, establish a joint venture. The most common reasons cited in the literature are as follows (Schuler et al. 2004; Fea 2010):

- improving access to new markets
- obtaining financial and technological resources
- spreading risks
- cost effectiveness
- host government insistence
- gaining rapid market entry
- increased economics of scale

Although there are several reasons for it, the very essence of joint ventures is to provide economic benefits for parties. The list of the benefits is also long, but still there is a great opportunity to fail. (Schuler et al. 2004; Fea 2010) These risks and failings are discussed later in this thesis.

2.1.1 Types of Joint Ventures

The term joint venture is defined as a separate organizational entity with two or more businesses as parents (Harrigan 1985). Still there are several different joint venture types. However, specification of types is not that simple. AbdulJaami (2011) presents three different types of joint ventures. First type is a contractual joint venture. In this type parties make a contract for their businesses. Contractual joint venture may be a good choice if the relationship will be focused on combined service, sales or marketing or if the contract is related to a short-term relationship. The second type is a corporate

joint venture. It involves the set-up of a legal entity that is separate and independent from the co-ventures' respective businesses. The last type is unincorporated joint venture. It differs from the corporate joint venture only in the type of legal entity. Unincorporated is structured as a limited liability company (LLC), or limited partnership (LP), or possibly a limited liability partnership (LLP). (Abduljaami 2011) Types are presented in the table 1.

Table 1. Types and features of Joint Ventures (Abduljaami 2011)

Types of Joint Ventures	Suitable for	Terms
Conractual joint-venture	Combined service, sales or marketing or short-therm business	Contract between companies
Corporate joint venture	global or long-term business	Separate from the co-ventures'
Unincorporated joint venture	global or long-term business	Separate from the co-ventures'

On the other hand, author Waggoner (2015) divides joint ventures simply to equity-based joint ventures and non-equity joint ventures. In equity joint ventures, all involved companies have invested capital into the joint venture. Mutual rewards, risks and losses are shared according to the ratio of investment. In this form the business structure is a separate limited liability company. (Houston 2014) Whereas, in non-equity joint venture, known as cooperative joint venture, the parties make a contract to provide an access for the participants into foreign markets. The parties operate as separate legal entities. (Service Beijing Leeo Consulting 2015)

In China, equity joint venture and contractual joint venture are only types of joint venture structures available. They are similar in many respects, but they differ in two important ways: A contract joint venture does not need to have a separate legal person under People's Republic of China (PRC) law and secondly contract joint venture parties' rewards, risks and losses are divided according to negotiated contract terms, whereas equity joint venture's similar issues are divided according to the ratio of investment. (Folta 2005)

2.1.2 Risks of Joint Ventures

Establishing a successful joint venture is not obvious and not every firm even should build joint ventures to expand globally. Failure rates are difficult to measure because of the criteria for defining success depends on the expectations of parties. Failure rates of joint ventures have been estimated to be approximately 50-70 percent depending on the source. (Schuler et al. 2004; Brechbühl et al. 2006) It means at least every second joint venture fails. Of course it is not simple to say when or why cooperation is failed, but

there exist several reasons for failure. Joint ventures are more complex than single organizations. Joint venture involves multiple inter-organizational relationships between partner firms. Managing of many relations is challenging and time-consuming. Poor relationships may result conflicts and this can lead to poor performance of the joint venture. In addition to the complex inter-organizational relationships, a joint venture has to manage also relationships in external institutional environments. Due to joint venture's global operating, the cultural environments may differ from each other. A joint venture has to hire local people to work and as a result, cultural issues complicate managing relationships further. (Schuler et al. 2004)

A successful joint venture needs a written joint venture or partnership agreement. The joint venture agreement should clearly set out the purpose and scope of joint venture's activities and any restrictions on the parties. Without this the conflicts are very likely because the parties' goals and benefits differ always a little from each other. (Rossi 1998) In the literature, following reasons for failure of joint ventures have been listed (Schuler et al. 2004; Bamford et al. 2004; Entrepreneurs 2009):

- wrong strategies
- weak management
- unrealistic or inequitable deals
- mistakes done at the launch phase
- renege on promises
- markets disappear
- transfer of technology fails
- differences in strategic goals
- local laws and regulations

Joint ventures should try to avoid and prevent these risks as well as possible. Of course, if markets disappear for example because of new technology, it is fairly impossible to avoid. However, most of these risks can be avoided. According to Bamford et al. (2004) the success of joint ventures is so elusive because companies overlook critical pieces at the beginning of the forming joint venture: the launch planning and execution. By sacrificing sufficient time and resources for these issues during the launch phase – beginning with the signing joint venture agreement and continuing through the first 100 days - the possibility to success of cooperation increases. (Bamford et al. 2004)

In addition, Lukas and Andrews present a few advices to collaboration success. They recommend following four key factors. They advise to clarify the purpose, to let form follow function, to involve the right people and to get it in writing. (Lukas & Andrews 2012) The last key factor is one of the most important. It is an effective way to avoid conflicts to create a collaboration charter also known as an operating agreement. An agreement should contain rules and responsibilities so that disagreement and uncertainty about operating norms wouldn't meltdown collaboration. (Lukas & Andrews 2012)

However, it is not possible to do contract which would prevent all the issues that may arise over time. Consequently, due to this it is common within companies to create a conflict resolution mechanism, which can be used to reduce the risk of unfavorable outcomes or for example costly and time-consuming litigation. (Johnson 2001)

2.2 Cooperation of Companies

Cooperation is a dynamic process that is essentially flexible. Cooperation requires always at least two partners or operators. A joint venture is a good example of cooperation between two partners which requires constant progress. Progress made in cooperation consists of a combination of different changes for the partners involved. These changes are both internal and external and that is why the partners' needs change as well. As a result, organizations must also renew their activities what leads continually to decision processes of activities. The organizational decision processes of joint ventures are complex and dynamic with iterative steps. (del Mar Benavides-Espinosa & Ribeiro-Soriano 2012)

To describe the cooperation of companies various different terms are used. "Alliances", "networks" and "teams" means cooperation between companies. Terms "partnering" and "partnership" are used by industrial cooperation between operating companies. The content of these terms is not precisely defined and thus there may be some confusion. However, the rights and obligations of the parties are determined in accordance with the contract between participants. In order to cooperation be successful, it is important that the involved parties trust each other and that they are commitment to cooperation. According to KPMG (2009) trust strengthens bond between partners and gives better premises to negotiation. In addition, it must be for sure that each party benefits the cooperation. (Kauppa- ja Teollisuusministeriö 2002) The following subsections present indispensable elements which are required by successful cooperation.

2.2.1 Process Modeling for Enchasing Cooperation

Process modeling describes how different activities are operated in a company. The term process modeling is used in various contexts. There are for example system engineering process model, software process model, business process model, etc. In this thesis the focus is on business process model. Business process model describes how the business works in an enterprise, or more specifically, how missions, activities or tasks are accomplished. The structure of process model is presented usually in quite a simple way although it can consist of many actors performing many tasks. Example structure of a process model is presented in figure 2. (Lean Business 2012)
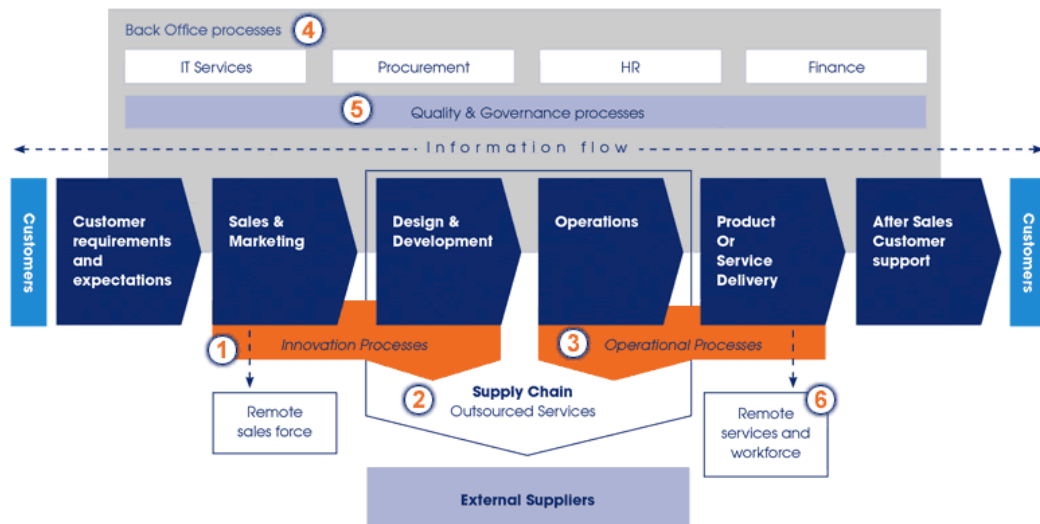
Figure 2. *Example structure of a process model (Lean Business 2012)*

In figure 2 a process starts and ends at customer. This is very typical for projects because usually business is done for customers. There are also exceptions, for example internal development projects are only for the company itself. In order to accomplish overall process, the actors have to perform specified sub-tasks in a certain order.

Business Process Modelling (BPM) aims to improve organizational efficiency and quality. BPM relates to several state of organization and its detailed technical nature links it closely with quality management and responsibilities. These issues make tasks of employees more clear and at the same time improve the quality. (Stanev & Grigorova 2012) Process modeling makes it visible what should happen in process. Unfortunately reality is often something else entirely. In addition, it is easier to identify opportunities for process improvements, when the phases of a process can be seen concretely. Process modelling is also necessary for standardization, which support managing of processes. (Kemsley 2007)

Processes can be presented in several levels depending on which level of detail they are desired to describe. The deeper the process flow is entered in, the more detailed the processes are described. The highest level, a process map, provides a general picture of the organization's activities and it describes activities as entities. The next level, operating model, describes hierarchy of processes and binds processes together. After that, process model describes principles of operation and operational functions and performers. The last level is the workflow, which describes operational work phases and presents the individuals tasks. (JUHTA 2012) Process models can be created using many different methodologies. Very generally flow charts or diagrams are used in process modeling. (Lean Business 2012)

In order to be able to process sub-tasks in a certain order, the information flow needs to be handled well throughout the project as well. In order get this work, there has to be

own channels and correct methods for information flows in the process model. The information flow is discussed in more detail in the section 2.3 Communication.

2.2.2 Project Management in Joint Venture

Project management is the application of knowledge, skills and techniques to execute projects effectively and efficiently. A traditional approach to project management is to identify a sequence of steps to be completed. Flow of one single project is presented in process model. However, project management involves much more than only following the process model. (PMI 2015)

The project managing is balancing with three issues: costs, time and scope (Chatfield & Johnson 2007). This is difficult, but is not enough. Managing has become during the last decades even more complicated because of globalization. Before globalization, management was operated locally by using own practices and   methods. But nowadays because of joint ventures, companies have more and more international stakeholders and it requires new approaches to manage projects. (Fintra 2001) If every separate organization involved in joint venture follows their own practices and rules, this may lead to communication problems and misunderstandings within joint ventures. (Hanif et al. 2011)

Project management in the joint venture is more complicated than domestic project management. Like usually in joint ventures, culture differences cause problems also in the project management of joint venture. Namely the Asian cultures differ greatly from Western style. One of the most important issues both in business and personal life is gaining the face. Face can be defined as person's value or reputation in front of other people. The more person has face, the more he has value, and it allows for example to create relationships easier. "Faces" can be gained or lost, they can be also given or taken of. For example Chinese people can lose face by being late for an appointment. Gaining face affects also to the way how Chinese people reacts to negative issues. Chinese people don't tell preferably negative issues, but they use euphemisms. This can make for example the negotiation very slow and long. (Upton-McLaughlin 2013)

In addition, geographical distance and time difference cause difficulties to communication. Usually the companies are far away from each other. Distances can be easily more than thousands of kilometers and stakeholders can be located in many time zones. When in one place the working day is just getting started, in another location people are already at the end of their shift. This leads to the fact that somebody is always working and thus working environment t is called 24-hour global operations. Because of time differences it is hard to for instance have real-time conversations between the companies. A 3 minutes issue can a delay of 24 or even 48 hours which may be problematic as usually the issue is urgent from the beginning. Additionally the time difference forces inevitably the other operator to work overtimes which increases overtime pays and re-

cruitment costs. According to the article of Entrepreneur these are not the only cons that may be caused because of working longer day. Additional lost is generated due to the factors related to extended-hours operations, including lost productivity, high absenteeism, greater employee turnover, higher health-care costs, etc. (Henricks 2006) However, working at different time zones is not always a negative issue. Well managed cooperation can give 24 hours effective uptime. (Suomen Akatemia & Tekes 2006)

To proceed a project without unnecessary conflicts, one of the best practices is to clearly define the roles for each employee involved in a project. Project management is team sport and every team needs a team leader. The team leader is commonly referred to as the project manager. Project manager's role is the principal role. Many organizations and project sponsors cause their projects to fail because they do not recognize how important the project manager role is in managing the project successfully through its whole life cycle. (Holland & Holland 2010) In addition project team involves other members. They are responsible for executing tasks and producing deliverables as outlined in the project plan. (Project Roles and Responsibilities 2011)

In case there is a new joint venture created the situation may be more difficult. A joint venture is a new organization and it requires new employees. Sometimes it is easy to persuade talent to move into a joint venture, but always it is not that easy. As joint venture is formed the employees may be unwilling to join the new entity. Employees can have a good position in the current company, and they always have a considerable risk what they would be leaving behind. (Hinkel & Gundy 2012)

In new organization there may also occur cultural differences. The team members, who are working for the joint venture, need careful guidance or training season to learn procedures of a new entity. Without any guidance, team members are likely to follow their own company procedures. As a result, if every separate organization involved in joint venture follows their own practices and rules, this may lead to communication problems and misunderstandings within joint ventures. (Hanif et al. 2011)

2.2.3 Managing Cooperation in Joint Ventures

As opposed to project management, managing the joint venture is not that hectic. Decisions making in senior management do not need to be made with that tight a schedule. However, when the failure rates of joint ventures (50%-70%) are compared for example to failure rates of other industrial projects, it can be said that managing of joint venture is still quite a challenging task. (Goatham 2009) To avoid being counted in failure rates, managing joint ventures needs to be handled correctly. Managing joint venture consist almost entirely of controlling cooperation.

Benavides-Espinosa and Ribeiro-Soriano (2012) introduced a study how the different features affect cooperative learning. Cooperative learning helps to manage the joint ven-

ture properly as required by environment. The best way to cooperative learning is by cooperating and usually the better the cooperation works the better the partners meet their objectives. The study compares hypotheses which are based on a sample of 74 international joint ventures. The results and relations of managing factors are presented in figure 3. Letters R (relationships) 1-3 and H (hypotheses) 1-4 present the quality of the relations between features. Characters +/- tell whether the relation is positive or negative. (del Mar Benavides-Espinosa & Ribeiro-Soriano 2012)
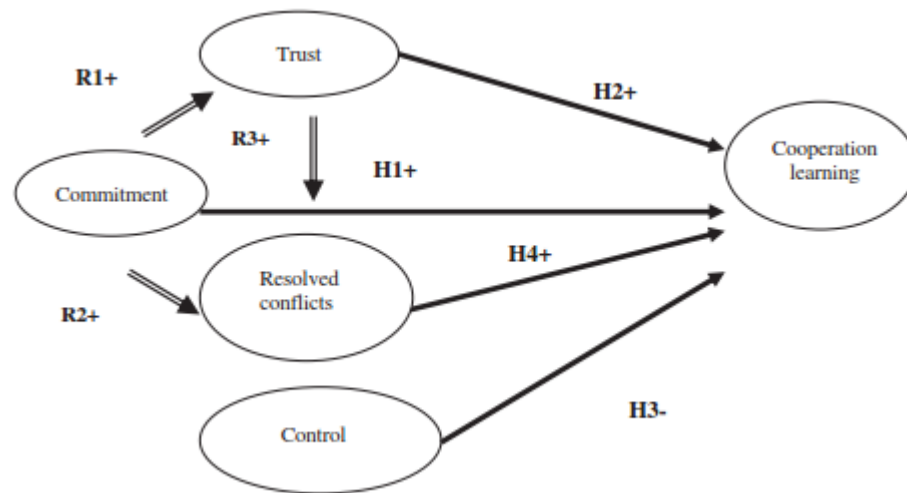
Figure 3. *Relations of managing factors (del Mar Benavides-Espinosa & Ribeiro-Soriano 2012)*

According to study of Benavides-Espinosa and Ribeiro-Soriano only control has a negative effect on cooperative learning. The control doesn't have any effect on the other elements. Authors such as Birnberg (1998) and Inkpen and Cural (2004) agree with this. They state that learning to cooperate with a partner is the opposite concept to control. They believe also that control is often a main source of conflicts. Cooperative learning with a partner is a mutual process which is based on an inverse relationship between trust and control in a joint venture. As a result, unnecessary control can be replaced by a greater level of trust. (Birnberg 1998; Inkpen and Cural, 2004)

On the other hand Schuler et. al. (2004) believe that issue is exactly opposite. According to them controlling the operations is important because it defines who is responsible for the everyday business. Operating control may matter more than how ownership distribution are apportioned. For example control can be achieved by having the right to appoint key personnel. The personnel who are loyal to their parent company may guarantee that control stays also in the parent company. A basic reason to weak control is usually that managers spend too little time on the joint venture. Beamish and Lupton (2009) agree with Schuler's opinion. According to them, management control should be shared according to the partners' functional expertise, in order to achieve the full benefit of

forming a joint venture. In addition to nominating managers, ownership of critical resources gives also power to control and manage joint ventures.

As presented in figure 3, the other elements except control are linked to each other in addition to cooperative learning. According to the study commitment affects positively to the cooperative learning and also to the features of trust and resolved conflicts. This means that bigger the level of commitment is, the more it increases trust and resolved conflicts between partners. Commitment is necessary, in order to cooperation agreement work in harmony. (Borys & Jemison 1989) Partners have to accept a certain level of risk, which increases if level of investments is raised. At the same time partners increase their chances to succeed. In other words cooperation requires a strong level of commitment to overcome the natural resistance to risk and to get a joint venture that operates effectively. (Arino and Doz, 2000) Stronger the level of commitment partners have, the better chance they have to make profit. Usually fifty-fifty ownership of joint venture guarantees equal commitment of partners. (del Mar Benavides-Espinosa & Ribeiro-Soriano 2012)

Trust between partners plays an essential role in cooperation. In order the cooperation to work, partners relationships must be based on trust. (Schuler et al. 2004) Trust is also strongly connected to human resources management and it is discussed more in human resources section.

Each joint venture has to admit that conflicts between partners are inevitable. That's why joint ventures have to focus to resolve and prevent conflicts. Biggest reasons of conflicts are business and cultural differences between partners. (Schuler et al. 2004) To avoid conflicts it requires a set of organizational and management processes to create trust and the ongoing capacity to collaborate. This means that senior managers have to provide tools to handle collaboration in each level. For example they must create structural linkages through the whole company, provide sufficient day-to-day coordination and communication and establish a win-win situation between partners. In this way the cooperation strengthens and becomes easier. At the same time this is often the biggest problem. Before the joint venture has standardized its operations, differing managerial styles are at odds with each other and this makes the process of decision making slow, which in turn affects directly working of employees on operative level. (Schuler et al. 2004) Besides trust and the ongoing capacity to collaborate, communication helps partners also to clarify conflicts, because it helps to identify the reasons behind the conflict. (Farinós et al. 2011)

In addition to elements mentioned in the study, in the literature common goals are mentioned several times as one element in successfully managing cooperation. Unfortunately this is realized rarely. It is likely that partners have differing goals when they operate in different places and the local partner uses strategy to match the local market. Also the cultural differences may affect strategy. For example the western way to do business

needs much more time for bureaucracy than the Chinese way. Same levels of commitment from parents may provide solution to this. The same level of commitment of each partner makes the projects equally important to both. Also in the text, Managing Joint Ventures and Alliances, it is mentioned that if joint venture has not a clear understanding of goals, the possibility of failure during the first hundred day increases. (Brechbühl 2006)

2.2.4 Human Resources in Joint Venture

Like in every other company also in joint ventures, human resource management (HRM) has a significant impact on the profitability of the organization. The HRM issues are especially important because they can affect to several stakeholder, like customers, suppliers, society and employees. In joint ventures human resource management is used to support employee development, team work and high skill utilization. (Schuler et al. 2004)

Business issues and HR issues are quite hard to separate from each other. Business of joint ventures needs cooperation learning to survive in global competitive and HRM issues are regarded as way to learning cooperation. Learning cooperation is described as ability to acquire and exploit new knowledge and skills from partners. So that organization and personnel would be able to learn, HRM activities must support these qualities. (Schuler et al. 2004)

The one issue which affects strongly to personnel management is trust between personnel. Trust in work community is based on openness of communication and the view, that members of community have a common interest. Trust feeds itself in organizations. Increasing confidence increases openness and braveness to look for a new solution to problems. This gives also opportunity to increase social and human capital of personnel. Thus the confidence is key issue to well-being at work and success of organization. (Mäkipeska & Niemelä, 2005)

However, the trust can be quite difficult to earn. Few decades ago the trust between European managers and Chinese staff was weak. European managers were still under the illusion that Chinese workers are unskilled and lack education. For example one French manager summarized views of Chinese staff and workers the following: (Zhu et al. 1998)

> *"It is amazing that there are so many employees with terribly low education and technical training…. According to local labor law and employment regulations, we have little flexibility or choice in recruitment. [Workers] are poor in discipline, weak in work motivation, and have little quality consciousness. We cannot easily hire good human capital or fire unqualified people. We face difficulties enforcing the company's reward and penalty system. Furthermore, the corporate*

recruitment system has been heavily eroded by corruption and negative influence from connections." (Zhu et al. 1998)

In the same source it is said, that according to European managers, the problem is that there were too many unqualified Chinese managers appointed to the joint venture, who support old ways to operate and are recruited from rural, military or political organizations. With these prejudices managers have difficulties to trust Chinese employees. (Zhu et al. 1998)

Prejudices of European managers can be exaggerated, for example Valerie Sartor who is an American living in China says that unselfish thinking of Chinese people combined with the willingness to work hard has given the Chinese a global reputation of having a stable and industrious work force. Sartor continues that reason of Chinese people's attitude towards hard-working originates from Chinese culture. Children grow up with values which stress importance of working hard. (Sartor 2006)

Rewarding is one way to manage human resources. Employee reward and recognition programs are one method to motivate employees to improve work habits. Also rewarding traditions differ from each other in different cultures. Rewarding has been used even to intensify communication. Some knowledge-intensive company is using competitive process, which rewards the most informative employees. (Sternberg 2006)

2.2.5 Brand Managing and Minority Share

One of the most important tools of companies to sell their products is a good brand. In joint ventures brand managing consist of operations of two different companies which make it more difficult. However, a joint venture between European and Chinese company, known as a Sino-foreign joint venture, is the common way to produce internationally branded goods for global market, consequently in spite of difficulties of managing, value of the brand is vitally important to maintain in a good level. (Zhao 2008)

After establishing, joint venture has few possibilities to continue their brand. They can operate co-branding or continue with other company's name as brand. Co-branding means that all participants' brand names are retained. Good examples of this are for instance Sony-Ericsson or Microsoft-Lumia. Co-branding is a potential choice when both parties have familiar brand. On the other hand when only one party has a valuable brand it is the best option to choose only one name. (Davis University 2010) For example many Chinese companies without familiar brand are looking for western parties to sell their ready branded goods for Chinese middle class. (Zhao 2008)

One of the co-branding's forms is licensing. It means that a licensor may grant permission to produce equipment under their trademark. Licensing is very common in joint ventures and in such cases parties enters into a licensing arrangement for a use of its

proprietary brands or technology. The terms of the license agreement determines the rules and rights to use the name of brand within joint venture. All participants involved must carefully consider the rights and restrictions in using the brand. They have to take into consideration using of the brand names, technology, the basis of establishing royalty payments, and the renewal provisions of the licensing arrangement. (Johnson 2001)

Licensing happens usually such that the minority shareholder gives the right of the brand to the majority shareholder. When the parties make a license agreement using only one trademark, there might be a problem when another party owns trademark and another party produces the equipment under the brand. This leads the minority shareholder's point of view to difficult situation, where quality of brand is responsibility of others and brand's owner has not power to affect it directly. Then the managing minority share becomes an important fact. As a result the written agreement has a crucial role to ensure a harmonious relationship between companies. (Blackett & Boad 1999)

The greater the share of equity held by a parent company, the greater will be its overall control management in joint venture. However, Yan and Gray (1994) proved that equity structure is not directly equivalent to management control. After equity structure is agreed with by both participants, it is followed by negotiations over relative positions of the partners and both management and control. Rather, equity investment constitutes a source of bargaining power, which in turn contributes to management control. (Yan & Gray, 1994)

It is very common especially in China that the foreign partner has a minority equity position. It makes controlling even harder from approach of the foreign partner. However, controlling is often necessary, because foreign partner have often combined high technology or brand with its partner and in order to the brand to stay in a good level, the quality of the products must stay high. It is true also that the bargaining process in joint ventures occurs only when partners' opinions are in conflict. (Kelley & Shenkar 2013)

2.3   Communication in Everyday Business

Communication consists of sharing skills and knowledge and also both ability to create new knowledge and utilize already existing knowledge. Communication is closely connected to organization and its performers. Actually communication enables cooperation within organization and operation of performers within it. (Mendelson & Pillai 1999) Within organizational community, regardless of the position, task or rights of employee in an organization, people will communicate. Management of organization receives monthly reports and approval request from subordinates. Subordinates from numerous departments may have to keep status meetings to make the particular report and to follow also the progress of others respective departments. Different work groups and teams may communicate with each other. (Doss et al. 2014)

The transition from the industrial age to present time has affected significantly to firms' most important resources. Before the capital was the most important resource, whereas nowadays learning and knowledge-based resources are considered as the attributes of competitive advantage. Knowledge is presented as the most valuable resource and its transferability within and between companies has been determined as a key success factor. Communication is also key issue in implementing changes. With communication corporate's management can prepare the employee to changes. Open communication makes reacting to changes easier for employees whether the news are positive or negative. (Hajidimitriou & Rotsios 2009)

In multi-organizational community communication has a major role. In figure 4 is presented a multi-layered social network which demonstrates well, how much relationships each individual has in organization. Figure presents well the target of communication where the four layers should get into one. These social networks should be woven into the organization of day-to-day operations. (Badr et al. 2011)
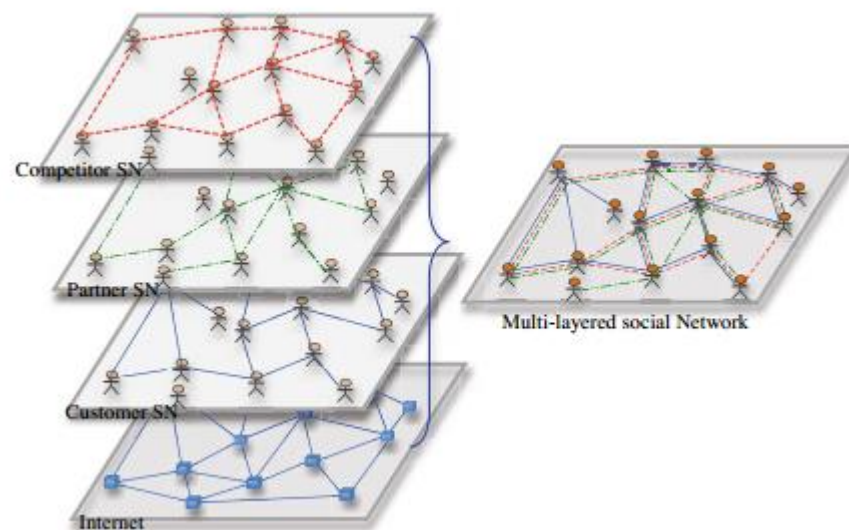
Figure 4.   *Multi-layered social network including competitors, partners and customers (Badr et al. 2011)*

Knowledge and skills are more easily transferred in joint ventures than through market transactions. This results to the fact that forming a joint venture is an efficient way to compensate for deficiencies in a firm's knowledge. (Machlich & Pascha 2012)

2.3.1   Exchange of Knowledge and Information

Exchange of knowledge involves sharing and transfer of knowledge. Exchange of knowledge consists of expectations of parties involved in, that participation will be useful and it will have a positive impact on cooperation. (Nahapiet & Ghoshal 1998) Sharing of knowledge is defined as an action where knowledge is given available either to a

specific target group or generally. Transfer of knowledge is in turn defined as an action, where the shared knowledge is transferred to the receiver by using some method. (Albino et. al. 1999)

Because of complex nature of knowledge there is not an unambiguous way of transferring knowledge between individuals or organizations. In addition to nature of knowledge, several other factors affect transferring of knowledge, for example social relations between individuals, features of communication channels and methods, and other cultural and environmental factors. Albino, Garavelli and Schiuma (1999) specify process of transfer of knowledge dividing it in two components, the actual transfer and handling the knowledge after transferring.

Exchange of knowledge within organization is not foregone conclusion. According to several researches (Dyer & Nobeoka 2000; Nahapiet & Ghoshal 1998; Blomqvist et al. 2006) there occur few critical issues which affect ability to exploit knowledge. These issues are motivation, identity of organization, opportunism, trust and business environment. Lack of motivation may appear passivity in transferring of knowledge or in the worst case as concealing information. Because of this participants involved in knowledge exchange must be motivated to exchange knowledge. Identity of organization affects also motivation of exchange of knowledge. When organization feels that its membership has common identity, cooperation strengthens. (Dyer & Nobeka 2000)

Opportunism is one of the biggest negative issues for trust and knowledge exchange between participants. This is based on worries that information and skills end up to competing operator. Denize and Young (2007) says that planned and clear communication reduces opportunistic behavior. Some internal factors of organization may also affect negatively to exchanging knowledge. For example such obstacle factors may be an inadequate organization structure or a negative attitude towards the exchange of information.

Exchange of knowledge is based on information logistics between companies. In order the information logistics to work between companies, it requires proper channels for it. Because of the strategy, organizational structure and functions differ across the companies; there is no single best way of transferring information. On the contrary, the way of transferring information has to correspond organization's and its internal units' capabilities to manage information. (Chini 2005) Transferring information can happen via four different channels. These are formal, informal, personal and impersonal channel.

Formal channels are organized and pre-approved methods and ways to communicate, which relates to the organization's communication needs. Formal channels are usually trainings, educations or meetings, where wide information sharing is quite easy. Disadvantage of this is however it may inhibit creativity. (Alavi & Leidner 2001)

However, most of the information between organization and individuals is transferred via informal channels. These channels are for example unplanned situations or meetings. In this channel social relationships play significant role. Trust and commitment are also normally in a high level in these situations, because information concerns typically both participants. (Alavi & Leidner 2001)

Personal channels, such as apprenticeships or personnel transfers, may be more effective for distributing highly context specific information, when participants of transferring information are able to exploit directly tacit information. Whereas, impersonal channels, such as repositories, are suitable to transfer information, that can be readily generalized to other contexts. Impersonal channels are generally created with an innovative way to use technology. (Alavi & Leidner 2001) The coordination mechanisms are listed in table 2 (Willem and Scarbrough 2002).

Table 2. *The coordination mechanisms (modified from Willem and Scarbrough 2002)*

Coordination mechanisms	Formal	Informal
Impersonal (programmed)	*Systems*: Planning, procedures, manuals, standard, rules, goals, policies, schedules, hierarchical decision making	*Norms*: Cultural values, implicit norms, routines, mental models, social identity
Personal (feedback)	*Formal Networks*: Teams, mutual adjustment, integration roles, liaisons, direct supervision	*Informal Networks*: Personal networking

2.3.2 Information Flow in Process Model

Information flow means running of communication between companies within process. In most organizations information is distributed unequally, and that is why information flows are critical factors for effectiveness and efficiency of company. (Nissen and Levitt, 2002) Information flows are necessary to transfer information from one person or organization to another. Information transferring and at same time information flow occur in many different levels: between individuals, between individuals and data warehouses, between groups, within them and also between groups and organizations. (Alavi & Leidner 2001)

Information flow can be presented in many ways. IDEF-diagrams, UML-graphs and data flow diagrams are commonly used in business. Each method presents the information flow with boxes and arrows. Arrows introduce the direction of information and boxes demonstrate the users between the information flows. Figure 5 reviews one example about information flow diagram. As can be seen in figure, information flows occur between each factor. An information flow diagram is a data model that shows a visual representation of the flow of information through systems, data stores, and actors, focusing on how information changes or is used through processes. (Sparx Systems 2011)
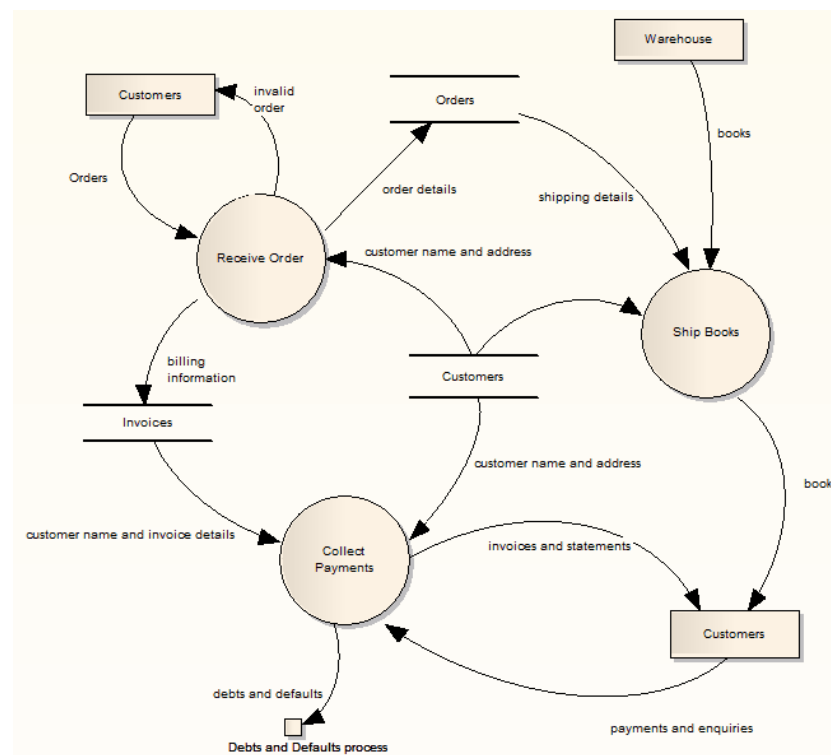
Figure 5.   *Information flow diagram (Sparx Systems 2011)*

There are three purposes for presenting information flows. Description of information flows creates a view to information exchange between processes and actors involved in the processes. In addition it enables to identify available information resources and to identify external factor which affect information flow. (Valtiovarainministeriö 2014) However, information flow diagrams do not show decisions and are not sequential processes (Chen & Beatty 2012).

Information flow can appear both as internal flow and as external flow. In joint venture there have to be both of these information flows in order to business to work. Internal flow means communication between people in the same business, in other words communication within organizations or companies. In turn, external flow means communication with people outside the business, like a customer or a subcontractor. Especially internal information flow is important in order to processes work in organization.

Namely information flows link together all the different actions to one business. (Riley 2015)

So that information flow would provide the maximum benefit, it demands also the transparency of information. Transparency means that the information is available for everyone and unnecessary usage restrictions are removed. In companies the benefit of transparent information is often understood only from their own point of view and the benefits for the entire supply chain are often ignored. Mostly production and capacity data is classified as strategic, and it is not revealed to other participants. However, transparency of information, purpose of which is to exploit the real time information in different phases of supply chain, decreases capacity problems, useless storage and availability problems. (Haapanen et. al. 2005)

Also David Gebler speaks on behalf of transparency of information. He says that transparency is a key to performance. Transparency is based on honesty and open communication because to be transparent to someone also means sharing information which is not so comfortable to share. Transparency reveals also whether the actions, which the company takes, are consistent with its values. (Gebler 2011)

2.3.3 Communication methods

Communication can be divided to two groups; direct and indirect. Direct way means that participants communicate face to face without any devices and indirect way on the contrary means communication with some device. Indirect ways to communicate are for example emails, phone calls, video conferences and fax and direct way is only face-to-face conversations. In some sources phone calls and video conferences also counted as direct communication. (Vivier & van Schalkwyk 1992)

There are many benefits to communicate directly, such as, things get done faster and nonverbal communication is visible. According to a global survey, 67 percent of managers say that their organizations would be more effective if their superior had more face-to-face conversations. (Martin 2007) However communicating directly is not always possible. Nowadays global joint ventures reduce the opportunities to communicate on direct way and keeping face-to-face conversations is almost impossible. However high technology provides effective way to replace face-to-face conversations by using indirect way. Video conferences are easy way to keep meetings via internet. (Keppo 2009) The problems still exist. In international joint ventures which operate around the world it is very likely that customer is in America, designer is in Europe and producer is in China. This results that live meetings are very difficult to arrange.

As a result of the impossibility of keeping face-to-face conversations, other indirect ways to communicate are introduced. Emails and phone calls are often most common ways to communicate nowadays. Emails and phone calls are also very effective ways to communicate. Both are easy to use and available almost everywhere: email anywhere online and phone calls anywhere with telephone network. Additionally via emails numerical data can be transferred easily and it provides a possibility to check the details, if participants forget some necessary info. However, there are also some disadvantages with these communication ways; Participants stay hidden. Facial expressions and body language of participants are not transmitted through phone calls and thus some important message can be missed. There are also limits to send files as attachment.

In addition all the previous ways to communicate have one common disadvantage. A knowledge which is transferred via these ways remains only participants' knowledge. Of course in email there is possibility to add recipients as "cc" to increase amount of information holders but then the dedication of the message to the right person is harder and more complicated. The fact that information remains only awareness of few persons, leads to the fact that if the receiver is for instance fired or he is unreachable for some other reason, the information is not available anymore. The easiness of adding receiver can lead to information overload. The loop of messages can be very long and most of people receive useless information and waste their time. Especially management who are attached easily to loop get information overload. Also as a result of global business, the biggest part of work is done offline. Due to this different information systems have been developed. With them several people or even the whole organization can "communicate" in one place.

A lot of different information systems have been developed to support sales and delivery process. Several information systems are nowadays very multifunctional tool. There are usually a countless number of properties from which companies choose the best to their purposes. Typical systems include Enterprise resource planning-systems (ERP), Customer Relationship Management system (CRM), etc. ERP-systems allow companies to collect, store, manage and interpret data from many business activities. SAP is one of the most common ERP-system. In this thesis ERP-systems are overlooked. CRM refers to practices, strategies, and technologies that companies use to manage and analyze customer interactions and data throughout the customer lifecycle. The biggest benefit of CRM is surely that all business data is stored and accessed from a single location and everybody can access there. Storing all data from all departments only in one location gives management and employees opportunity to handle it easily and rapidly. (Beal 2014) There exist also challenges, if system is managed poorly. Without a proper management a systematic using of CRM system can be hindered and the benefits will be lost. (Rouse 2014)

In addition, nowadays many other methods to avoid disadvantages of email and phone calls are presented. In following is listed few of these methods: Formal meetings and

briefings, Intranets, Wikis, blogs, podcasts, internal social media tools, informal meetings where employees can meet with senior management, conference call & webinars, internal newsletters, brochures, other printed material team briefing sessions, Message boards, and Training packs. (Riley 2015) Few specific methods are chosen from this list and their main advantages and disadvantages are collected to table 3.

Table 3. Main advantages and disadvantages of different communication methods

Communication Methods	Advantages	Disadvantages
Email	Documentation, low cost, shaping messages, available anywhere online, easy to use, easy to transfer numerical data	Amount of recipients, offline, documentation only to certain computers, limited files' size, misunderstandings
Phone conversations	Save time, easy to use	Participants stay hidden, time zones, non-documentation, non-verbal communication
Face-to-face conversations	Easier than sending emails back and forth, personal, non-verbal communication	time zones, non-documentation, travelling
CRM / ERP	Everything in one place, many features	Compulsory limited access
Network drives	Documentation, files' size, working in offline	Amount of versions
Meetings	Face-to-face conversations, non-verbal communication	Spend time of each person involved in the meeting, although issues do not concern, non-documentation, travelling
Team Sites	Everybody has access	Slow information flow

3. RESEARCH METHODS AND MATERIAL

The empirical material consists of mostly interviews. Interviewees are sales and contract managers. In addition, business line managers of both case companies were interviewed. In addition to interviews, author's own perception and experiences are used as a source. In the following sections basis of research methods and materials are presented. The chapter begins with an introduction about the background of the companies. After that the research methodologies and research material are presented. Research material consists of process models nowadays and communication currently. Finally implementation of interviews is described.

3.1 Background of Cooperation between Company B and Joint Venture

This thesis is made for Company B, which business strategy includes externalizing manufacturing abroad. Company B is a domestic enterprise that produces large multi-functional equipment. Until 2008 Company B produced equipment and handled the whole delivery project itself entirely from Finland and after that until 2011 through its Polish and Chinese assembly plants. However, in 2011 following the general trend Company B found a cooperation partner from China, Company A. This partner is a major Chinese company group and produces also large multifunctional equipment but on a bigger scale compared to Company B. Companies A and B made an agreement to form a joint venture. As a result of this agreement, the Joint Venture was established in China under the authority of Company A, owning 51% of the established joint venture. Joint Venture is an equity joint venture as its type, which means Joint Venture is a legal entity and separate from the co-ventures. Company B's rights to carry out operations in full value chain were transferred to the Joint Venture. After that, Company B's duties are only the sales (excluding the domestic sales in China) and the contract management. In addition, the brand of the trademark remained in Company B's ownership. The manufacturing and assembly of equipment is handled by Joint Venture. Parts and components are subcontracted from external suppliers and internally from Company A. Most of the people working in the Joint Venture are Chinese and working in China. In addition there is later mentioned so-called Front Line (FL). Front Line helps Company B and Joint Venture to make business. Every country, where Company B and Joint Venture make the business, has own Front Line. Front Line is an employee who deals directly with customer.

The joint venture agreement was made to avoid conflicts between Company B and Joint Venture and to ensure that the cooperation would be successful and economically efficient. However, because of unknown factors the agreement was done in a very general level. It means that the agreement works only to sort out the dissent between the top management of the companies. So the weaknesses of the agreement occur in the everyday business. The agreement overlooks the precise duties, rights and responsibilities of employees on operative level. As a result, the agreement cannot be used to efficiently manage the everyday business.

The other reason why responsibilities and rights are unclear to employees is that the interfaces of the cooperation have not been described in process models. The process models were transferred from Company B to Joint Venture relatively successfully. The problem was that before this agreement there has never been this type of cooperation in Company B. This led to process models being incomplete for cooperation. Due to this and the too general agreement, any information is still not written up officially about employees' tasks and rights. This results in confusing situations and disagreements about who has the ultimate power of decisions.

The second problem that has arisen with the cooperation was the inadequacy of communication methods for a new type of organization. Before forming Joint Venture, Company B handled the communication with email and live meetings. It worked well in the one-company business but due to the Joint Venture and the whole new organization there are much more operators handling the business. This led to a position where email wasn't a sufficient method any longer to cover the whole information logistics. Threads and recipients in emails have been increased and the dedication of the message to the right person is harder and more complicated.

Different time zones and big time differences overshadow the cooperation and make it often more difficult than internal business. Time difference forces to do a lot of work in offline and makes the responding very slow at times. However, this is the obligatory hindrance and it has to be live with it.

All these small issues do harm to the effective business although every employee has the same target and they pull together to do better business. By improving these drawbacks, the business will become surely more effective.

3.2   Research Material

This section presents background information about companies' current organizations and process models.

3.2.1 Organizations of the Involved Companies

Contract managers and project managers are mentioned several times in the research part. To make clear who is working where, the business line organization of Company B is presented in figure 6 and the business line organization of Joint Venture is presented in figure 7. In Company B there are two contract managers and sales managers. As their immediate superiors are working senior contract manager and senior sales manager. Their superior is the manager of the whole business line. Joint Venture has quite similar organization with few exceptions. Instead of the contract managers and the senior contract manager, there are five project managers and one project director in Joint Venture. In addition, Joint Venture has more sales managers, in total five and business line manager is replaced by general manager.

Figure 6.   *Business Line Organization of Company B*
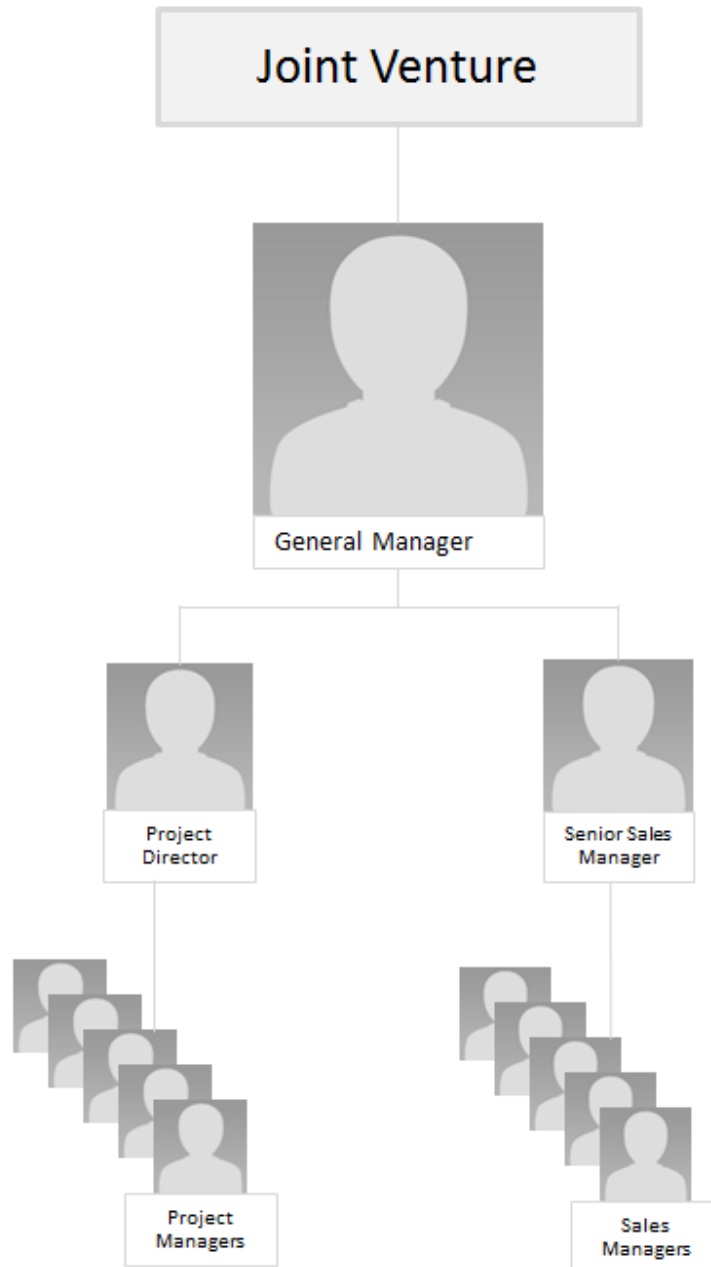
Figure 7.   *Business Line organization of Joint Venture*

3.2.2 Current Process Models

The implemented interviews for this thesis are each related to the sales and delivery process. The interviews are also based on the old process models. Due to this, there are presented also the current process models. It should be noted that the different people are handling sales and delivery process. Due to this there is the project transfer between processes. This is an important phase in order the project to continue without any gaps. The sales process is an approach to selling products of Joint venture and the sales process model is presented in figure 8. There are five head phases and they are:

1. Identify prospects
2. Evaluate opportunity
3. Build and price solution
4. Offer Solution and negotiate contract
5. Internal contract hand over
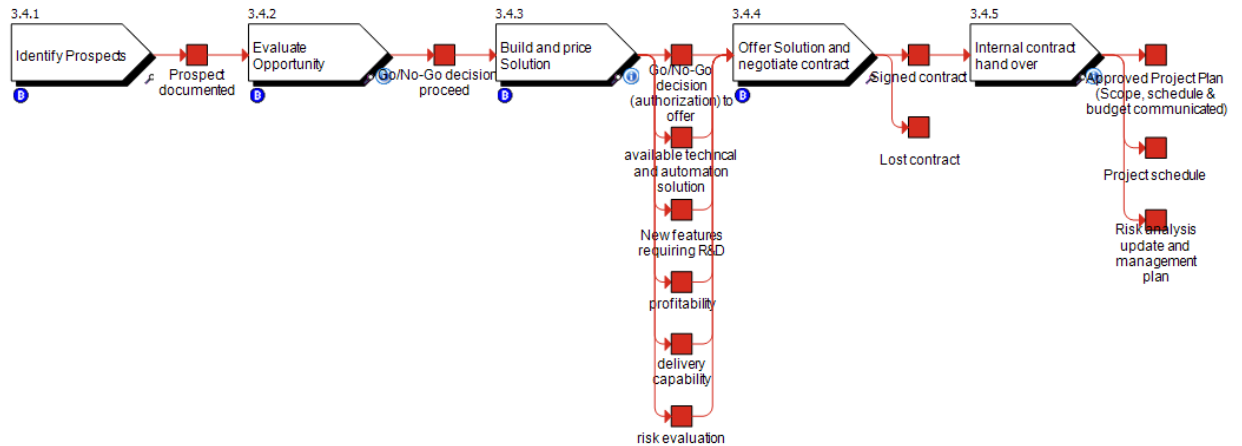
Figure 8. *Sales process*

Between the head phases there are gates and milestones, which should be achieved before moving to the next phase.

The delivery process is little bit wider than the sales process. In the delivery process there are in total 12 head phases and in addition gates and milestones. The delivery process model is presented in figure 9. The phases are:

1. Project Engineering – Hardware
2. Project Engineering – Software
3. Project Purchasing and Inbound Logistics
4. Project Shipping and Logistics
5. Prepare Site and Staff
6. Site Assembly
7. Commissioning and Integration
8. Optimize Performance and reliability
9. Close Punch List and Ramp-Down Site
10. Warranty Support (Manage Customer Care)
11. Engineering Support
12. Close Project
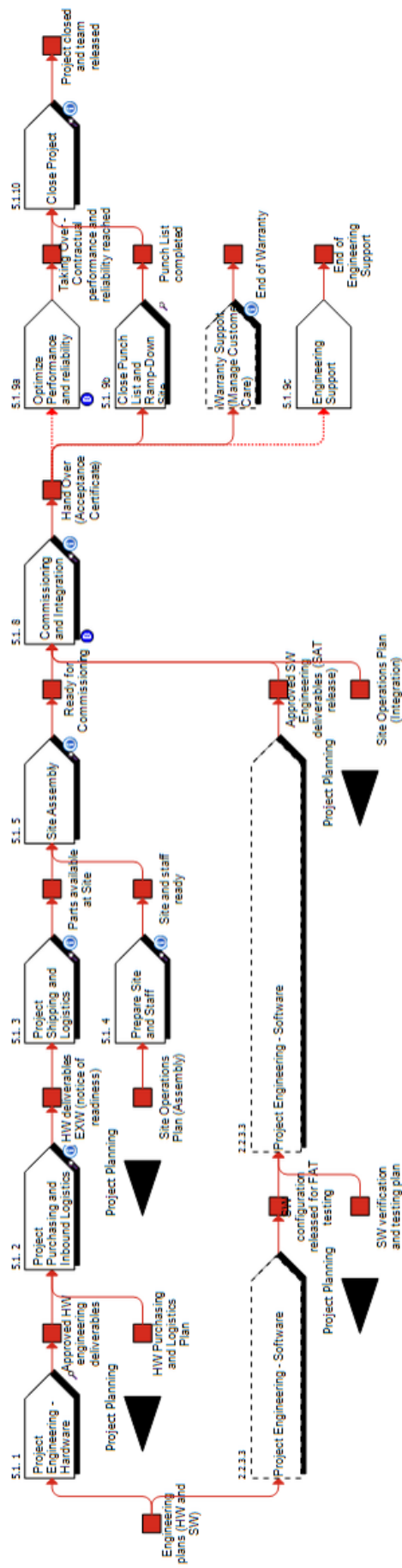
Figure 9.   *Delivery process*

3.2.3 Current Communication

After forming the Joint Venture the amount of communication between participants has increased considerably. Various different channels are formed for this increased communication. The common channels to perform communication within project are:

- Sovelia
- Networks drives
- Local drives
- Email
- Team Site/Project Lounge
- Sales Tool
- Communicator/Lync
- Weekly meetings
- Extra Net

Few of these are (at least now) only internal channel within Company B. Sovelia and local drives are only in the internal use and Sales Tool is used by Company B and Front Line.

Sovelia is product data and product lifecycle management system. There exists for example detailed drawings, product orders and quality documents. Joint Venture has changed the Product data management (PDM) program to another one and as a result only Company B is using Sovelia. However data exchanging between these different IT-systems databases is executed every day. Sometimes during the information exchange, all the information doesn't get transferred between the systems. This results from the integration problems between the systems with each other. Information disappearing may cause serious problems to projects.

Network drives and local drives are also common way to document project files. Company B and Joint Venture has their own network drives, where they store own files. Both companies have an access only to their own local drives. In addition to this, there is also one common network drive, known as extranet, which both have accesses to. But this is used so far only as a temporary store. For example when a new tender is formed, there exists much information exchange between Company B and Joint Venture. Both companies add to network drive drafts and then the other company downloads them from there and uploads it back after the editing. This loop happens so far that the both companies are satisfied with the tender. When tender is ready, both Sales Team and Joint Venture save the tender to their own local drive. In addition of exchanging the drafts, simultaneously there is much communication via email. As a result there are many different copies and organizing of files is difficult.

Sales Teams in Finland and China perform the editing of offers and contract via extranet. Sales Team in Joint Venture makes the first draft and uploads it then to extranet. After that Sales Team in Finland finalizes it and uploads it in turn to extranet. If Joint Venture is not satisfied with it, a new round will be done. This continues until both are satisfied. This leads inevitably to it, that both have many different versions of documents on their local drives.

Email is a common way to communicate both in sales and delivery processes. In contract management, issues which generate most email traffic are usually related to site operations. Issues in site are usually the most hectic, because equipment is operating there and if some halt comes up, employees do not have job. Halt may be caused for example by lack of resources, lack of parts, something breaking down or something getting caught in customs. In Sales Team disagreements in an offer or in a contract generate most email traffic between participants. Disagreement could occur in pricing, authorization, or terms of contract. Via email online working hours are still short. If employees in China and in Europe want to work online together, common working hours are from 08:00 am to 11:00 am.

Team Site, known as Project Lounge is a database where each department's employees of both companies have access to. There is an own folder system to each project and the purpose is to document the same documents from each project there. The project folder is presented in figure 10:

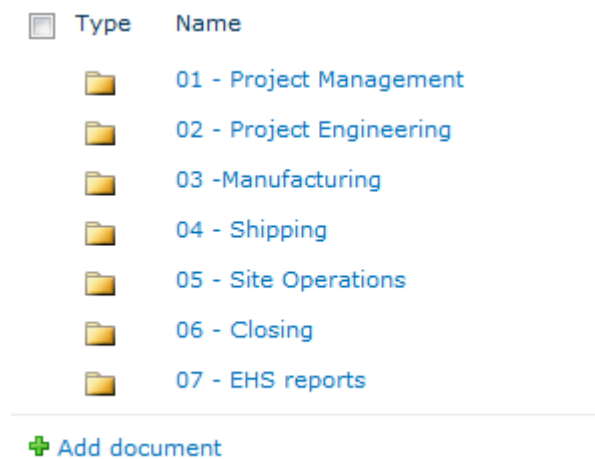*Figure 10.* *Folder system of projects in Team Site*

The folder system is same for each project but there are not procedures that everybody would add files there. As a result, with some project there is more information than needed and in some projects there is no information at all. This leads to the situation that although there would be all the necessary files, employees do not bother to search from there.

Sales Tool is a CRM solution and it was introduced only a while ago in Company B. At the moment only Company B and Front Line have access there. This is due to the fact that Company B wants to keep some information only for itself. Already part of the authorizations, approvals of projects and status updating are handled in the Sales Tool. However, most of the authorizations are performed nowadays as debates in corridors of the office. Because of this there is no documentation of these decisions. Currently reporting is also performed poorly. Biggest reason for this is the lack of time and common practices. Especially lessons learned and progress reporting are poorly managed.

MS Communicator and Lync are instant messaging applications which are used for internal communication. Company B uses Communicator and Joint Venture is using Lync. However, even today, programs are not synchronized together, so employees of Company B and Joint Venture cannot send messages to each other.

In addition to communication methods above, Company B and Joint Venture have "weekly meetings" every week. Sales Team of both companies have their own meetings and contract managers and projects managers have their. In these meetings new projects, hectic issues, etc. are gone through.

3.3   Research Methods

This research is implemented to find solutions to problems mentioned above and also to specify them more precisely. A research part of this thesis consists of interviews of employees. The main method of interview to collect primary data is open-ended interview. This means that interviewer usually doesn't know what the contents of the response will be. This is also reason why it is used in this thesis. Open-ended interview can lead interviewers and researcher in new directions and provide perspectives they have not considered before. (Thibodeaux 2015) In addition, one close-ended interview is implemented. It is implemented as a survey with the response options to support open-ended interviews. Although this survey possesses some features from open-ended interview, it cannot be included in open-ended because interviewer knows what the contents of the responses will be. In close-ended interviews respondents have a list of possible answers from which they have to choose. (Unite for Sight 2015)

Open-ended interviews are divided into three groups based on how structured they are. Types are structured, semi-structured and unstructured interviews. In this thesis a semi structured and structured interviews are used mainly. Semi-structured allows interviewees the freedom to express their views in their own terms and the questions do not control responses too much. In a semi-structured interview there is a clear question frame including structured open-ended questions. This gives the interviewer the freedom to ask questions spontaneously or to go to the other topics based on the responses of the participant. (Thibodeaux 2015) In structured interview the key feature is that all the questions asked are pre-planned and they are same for each interviewee. This ensures

that each respondent receives same interview stimulus and the responses are aggregated. (Bryant 2014)

A semi-structured interview involves in non-standardized interviews and structured interview in standardized interview. Non-standardized interviews are used to gather data, which are normally analyzed qualitatively. Non-standardized interviews are kept usually one-to-one or one to many. In this thesis it is used only one-to-one interviews both face-to-face and internet interviews. This guaranteed that no one affect others answers. In the standardized interviews the same questions are asked from all respondents. (Kajornboon 2005)

In turn close-ended questions are categorized depending on response options. The response options are 5 different types: Multiple choice, Likert Scale, Numerical, Ordinal, and Categorical. In this thesis Likert Scale is used. In the Multiple Choice-type the purpose is to select the most relevant response. Liker Scale is suitable when the researcher wants to know how respondents feel about a certain issues. Numerical type is used when responses are numeric in form. Ordinal is used when participants are asked to rank a series of responses and categorical when respondents are asked to identify themselves into a specific category. (Unite for Sight 2015)

Close-ended interviews are used to collect a lot of data, which is easy to handle after interview. Questionnaires and surveys are common example of structured close-ended interview tools. They provide data, which is usually easy to analyze, code and compare. Close-ended interviews are kept for example using internet-based or paper-based survey. (McLeod 2014)

Open-ended structured and semi-structured and also close-ended semi-structured interviews are chosen to this thesis because they are appropriate for objectives of this information retrieval. The first objective is to gather cases which directly affect cooperation and second objective is to gather the public opinion of cooperation and communication between companies. The structured interview is well suited to collect some specific information and thus it guarantee that specific cases are obtained from both companies. Semi-structured interview is used because then the subject of the conversation can be changed freely by both interviewee and interviewer. The close-ended interview is suitable to gather a lot of data and it guarantees that public opinion about cooperation is obtained from many people. Close-ended interview also allows researchers to categorize respondents into groups depending on the responses they have selected, and due to this, answers are easily comparable. (Penwarden 2013)

Interviewees are picked for semi-structured and structured interview by using "snowball sampling". Snowball sampling is discretionary sample, in which a researcher has first some key person, which leads researcher over to the next informant, which further leads the researcher over to the next one. (Puusniekka & Saaranen-Kauppinen 2006) Every

interviewed employee is somehow involved in sales process or delivery process, such as a contract manager or a sales manager. This is because the cooperation between Company B and Joint Venture happens only in sales and delivery processes and everything else is operated only in Joint Venture, which does not demand direct cooperation. Picking the interviewees is quite easy because the Sales and the Contract Management Teams are not that multiplied. For close-ended interview every employee from the contract, project and sales department of both companies is picked to the sample.

In addition to the interviews, the author's own observation from the period as an employee at the company are used a source. Author was working at the sales and contract management and this time gave a lot of experiences how the companies work together. These experiences are exploited in solving the problems.

3.4   Implementation of Interviews

There are three sets of interviews in total. Both open-ended and closed-ended interviews are used. The first interview is a structured open-ended interview and it is done to gather special cases from day-to-day business. Cases are gathered from both companies and they are related to issues where conflicts between Company B and Joint Venture have occurred. In Company B cases are presented by sales managers and contract managers. In Joint Venture cases are collected from the project and sales managers. The original purpose was to use the cases to compare views of Joint Venture and Company B in conflicts, which possibly will exist or have existed. However, most of the cases are presented from the Company B's point of view and therefore are maybe too accusatory. Thus they could cause even more unnecessary confrontations. Due to this, it is decided to replace the case interview with structured closed-ended survey and leave cases as back-up information to support the responses of the structured interviews.

In consequence the second interview is the close-ended interview and it is based on these cases and the theory part. The structured interview consists of 10 statements. The response option is assessed at Likert Scale and it is 6 points scale from agree to disagree. All options are listed; Agree, mostly agree, somehow agree, somehow disagree, mostly disagree, and disagree. In addition to this, after each statement there is an empty box for free text if respondent wants to argue his/her responses. It is important to do as clear statement as possible because if the respondents do not understand the statement they are unable to answer it. (Kajornboon 2005)

The 6 points scale interview is chosen because it is most appropriate for this survey. According to Krosnick and Fabringar (1997) the 5-7 points scale is optimal. The better of these two is the latter. According to their research the benefit of 7 points scale comparing the 5 points scale is that the context affects not so much. In other words the previous question on a target question doesn't affect so much the next question in 7 point scale. (Krosnick & Fabringar 1997) In this thesis from 5-7 points scale is taken of the

middle point. The even point scale is selected because then everybody has to decide what direction they are leaning. (Taylor-Powell 2009) It is planned like this because Chinese people are known to choose easiest way to answer "I don't know" and due to that the differences of opinions will appear better.

The statements are formed to find out whether there is trust between Joint Venture and Company B and whether they agree on same problems. This is because trust and community makes it possible to do cooperation. The statements of survey are followings:

1. I trust my colleagues both in Joint Venture and in Company B.
2. We have same goals with Company B/Joint Venture. (depending on an interviewee)
3. My working is too controlled.
4. I feel that we are working in the same company.
5. The foreign culture makes harm to my work.
6. The information is transferred well between Company B and Joint Venture.
7. I am enough in touch with my colleagues in Company B/Joint Venture. (depending on an interviewee)
8. I am responsible for brand of Company B.
9. There are seldom conflicts between Joint Venture and Company B and problems are solved in harmony between Company B and Joint Venture.
10. I know the responsibilities and rights which Joint Venture agreement has set between Joint Venture and Company B.

The close-ended interview is internet-based, because this way it was easy to reach as many employees as possible. The interview was sent to 42 people, 12 people in Company B and 30 people in Joint Venture via internet. In Company B ten people responded and in Joint Venture 15 people responded to survey. The response rates were 83% in Company B and 50% in Joint Venture.

The third and final interview is open-ended semi-structured interview. The purpose of this interview is to find out information flows in the process, visualize responsibilities of companies and describe the current process model with documents. In the other words to find out what kind of information is transferred between Company B and Joint Venture and which channels is used to transferring. Interview is implemented in sales and contract management, because cooperation occurs in these phases of the process. Sales processes are presented in the previous section (3.2).

Table 4 summarizes all interviews, including interview methods, interviewees, amount of them and picking methods.

Table 4. Summary of Interviews

	First Interview (Case interview)				
	Method	Interviewees	Amount	Picking Method	Target
COMPANY B	Open-ended structured	Contract Manager, Sales Manager, Director of Business Development,	5	Snowball sampling	To find real life cases where conflicts have occurred
JOINT VENTURE		Sales Manager, Project Manager, R&D Manager, Product Support Manager	4		
	Second Interview (Attitude interview)				
	Method	Interviewees	Amount	Picking Method	Target
COMPANY B	Close-ended semi-structured	Sales and Contract Department	10	Everybody	To find out attitudes towards cooperation
JOINT VENTURE		Sales and Project Department	16		
	Third Interview (Information flow)				
	Method	Interviewees	Amount	Picking Method	Target
COMPANY B	Open-ended semi-structured	Sales and Contract Managers, Export Coordinator, Vice President	7	Snowball sampling	To find out responsibilities and process flow
JOINT VENTURE		R&D engineer and Product Support Manager	2		

4.   RESULTS OF THE INTERVIEWS

This chapter will review the results of the interviews. Results have been divided into two sections. The results of the first interview, the case interview, have been removed from the thesis because the interview was interrupted. However, some cases are used as background information to support other results. Due to this, chapter begins with the results of the second interview and after that the results of the third interview are presented.

4.1   Results of the Survey Relating to Employees' Attitudes

The results of the survey are presented in figure 11 by using a column chart. In figure the results are presented as mean values. Each response option is rated from one to six points such that "agree" –option is worth six points and "disagree" –option worth one point. Mean values are presented as average points. In other words values were calculated by summing up points from answers of each respondent and after that the sums were divided by the amount of respondents. Company B is presented with blue color and Joint Venture with red color.
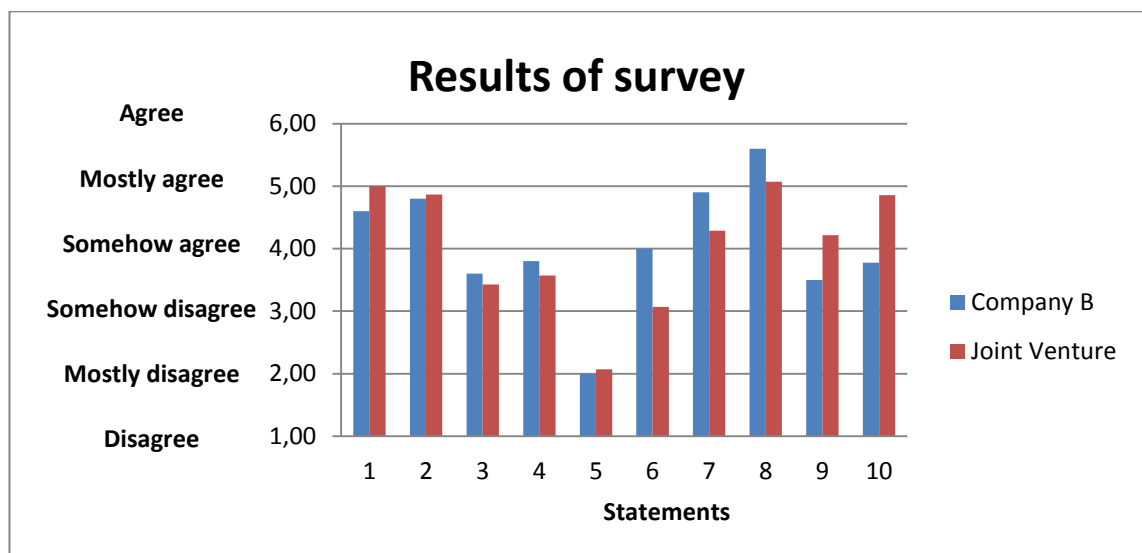

Figure 11.   *Results of survey*

Like mentioned in the section 3.3, the statements were:

1. I trust my colleagues both in Joint Venture and in Company B.
2. We have same goals with Company B/Joint Venture. (depending on an interviewee)

3. My working is too controlled.
4. I feel that we are working in the same company.
5. The foreign culture makes harm to my work.
6. The information is transferred well between Company B and Joint Venture.
7. I am enough in touch with my colleagues in Company B/Joint Venture. (depending on an interviewee)
8. I am responsible for brand of Company B.
9. There are seldom conflicts between Joint Venture and Company B and problems are solved in harmony between Company B and Joint Venture.
10. I know the responsibilities and rights which Joint Venture agreement has set between Joint Venture and Company B.

Principally the responses of both companies were very similar. This certainly does not mean that there would not be any problems but both companies agree with the problematic areas. The lowest points are gained by the statements 3, 5 and 6. Statement 3 resulted in 3,51 points, statement 5 in 2,04 and statement 6 in 3,54 points. However, the statements 3 and 5 were set in such a way that low result means that the issue is well in order. In any case, the statement 3 is closer to the negative line than statement 6. This leads to the fact that statements 3 and 6 are the biggest problems. Highest points were gained by the statements 1 and 8. Statement 1 resulted in 4,8 points and statement 8 in 5,34 points.

The differences in the height of the columns tell about dissents between the companies. The biggest differences appeared in the statements 6, 9 and 10. The differences were between 0,71 and 1,08 points which is approximately 15%.

4.2   Results of the Individual Statements

The following section presents responses of each statement individually. The statements and their results have been presented in figures 15 to 24 by using column charts. Column charts present how the responses are divided in each statement. In addition, below the charts there are presented opinions and arguments from respondents which they have written to the comment fields in the survey. One key issue which came out clearly was that Company B's employees were much more like-minded than the employees of the Joint Venture. Responses from the employees in Joint Venture were much diverse. Of course it can be caused by the fact that the amount of respondents was higher in Joint Venture than in Company B. The response rate was 10/12 in Company B and 15/30 in Joint Venture.

The survey began with the statement which relates to trust between employees. Statement was "I trust my colleagues both in Joint Venture and in Company B". The results are presented in figure 12. It is easy to notice, that responses from Company B are very like-minded and unambiguous. 60% of respondents mostly agree with the statement and

the rest somehow agree. On the other hand Joint Venture has much more dispersion in their responses. There 40% of respondents agree, 34% mostly agree, and 13% somehow agree. Only two respondents (13%) were negative and answered somehow disagree.
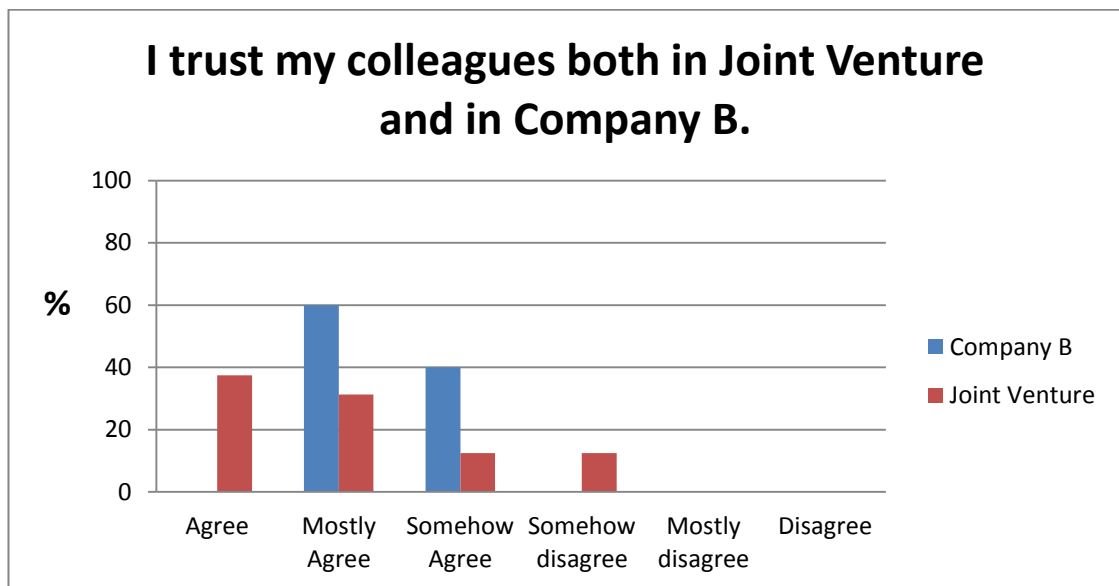
Figure 12. *Results to question "I trust my colleagues both in Joint Venture and in Company B"*

The respondents' distrust in Joint Venture is caused by the fact that they feel companies have different interests and due to that practises of companies can differ from eachother. In Joint Venture employees suspect also that the people in Company B do not tell the truth. In addition they feel that information transfer tends to break down due to the many levels of communication. However the respondents of Company B trust mostly to their colleagues. According to respondents of Company B, issues which decrease the level of trust are weak visibility into the costs of Joint Venture and poorly observed rules.

The second statement relates also to the integrity of companies. According to the statement the companies have same goals. Figure 13 presents that both companies have quite positive attitude towards common goals and public opinion is that companies have same goals. Only one person in Joint Venture has totally different view compared to the others. However, this may be due to the using the scale incorrectly. Everybody else both in Company B and in Joint Venture agrees, mostly agrees or somehow agrees with the statement.
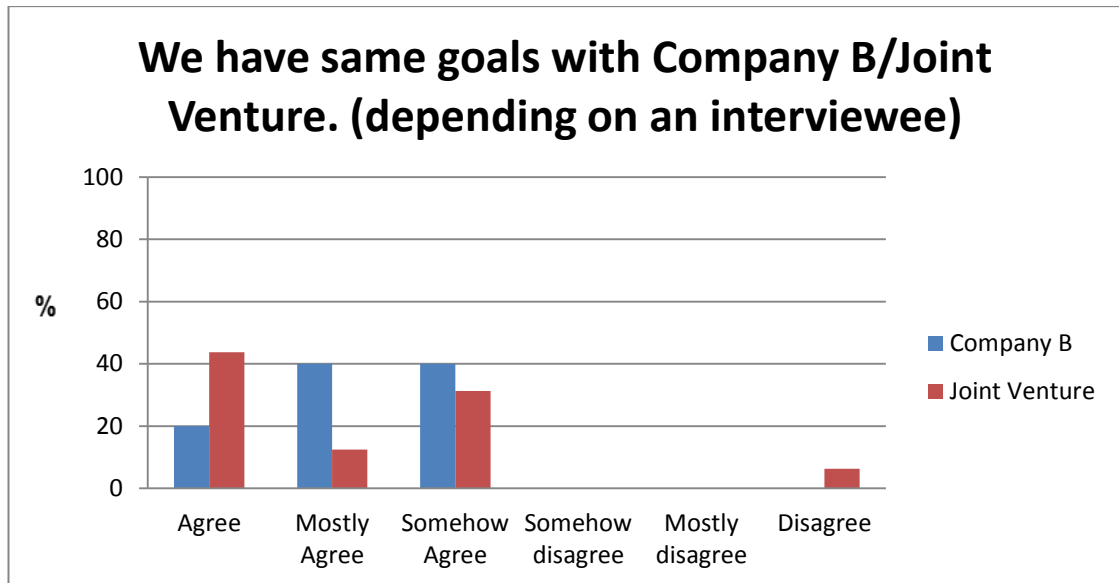
Figure 13. *Results to question "We have same goals with Company B/Joint Venture. (depending on an interviewee)"*

The comment fields also support the assumption that both companies think that the main goals are principally the same. However, especially Joint Venture sees that the sub targets and the working methods to achieve these smaller goals are different between the companies. For example the different cultures affect the working methods. Again only one in Joint Venture had totally different view than the others. Respondent says that the reason for this is that Company B and Join Venture do not yet have a common Key Performance Indicator (KPI) and sales target.

The third statement, "My working is too controlled", divides the responses most. This proposition provides two colorful column series as can be seen in figure 14. This means that responses of both Company B and Joint Venture include each option. The series shows that both of the companies' responses have been divided equally 50% - 50% between agree and disagree.
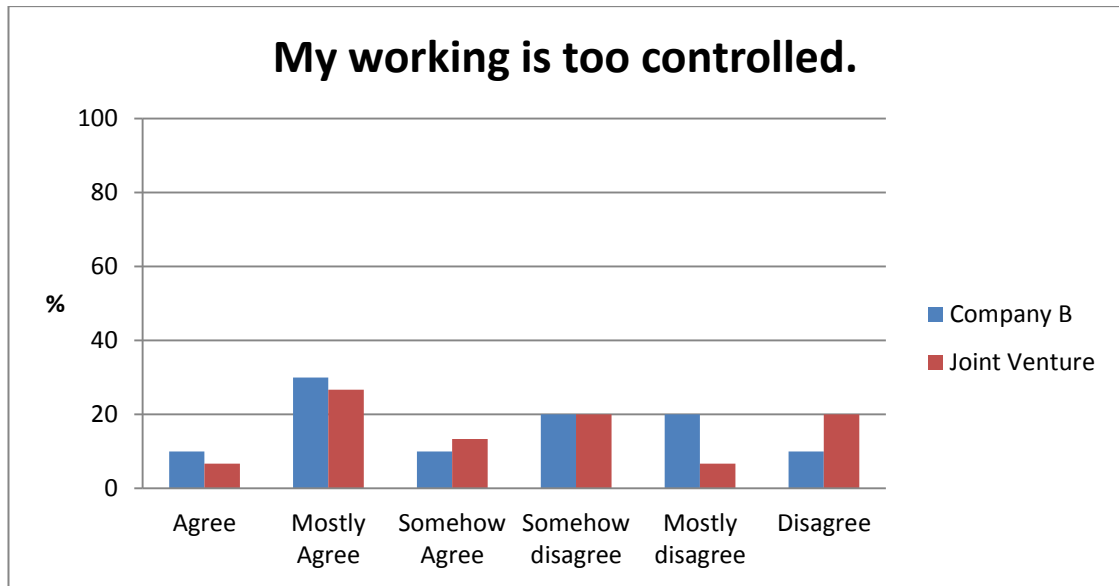
Figure 14. *Results to question "My working is too controlled"*

According to the responses of Company B, Joint Venture was seen as a retardant factor in their work. For example in the sales process, when Company B needs the authorization or a budgetary for an offer from Joint Venture, it often takes too long to get it. A respondent of Joint Venture sees that reason to work being too controlled is the process being too secretive.

The fourth statement relates strongly to the statements above. The statement, "employees feel that they are working in the same company" implies that employees in different companies trust each other and aim towards the same goals. Figure 15 shows that respondents of Company B are moderate and most of the Company B's employees accept this statement. 60% somehow agree and 10% mostly agree. The rest chose an opinion of somehow disagree. Responses of Joint Venture are much more at the extreme ends. Agree option got 14% and disagree option got 21% of the responses. In addition 22% mostly agreed, 29% somehow agreed and 14% mostly disagreed.

I feel that we are working in the same company.
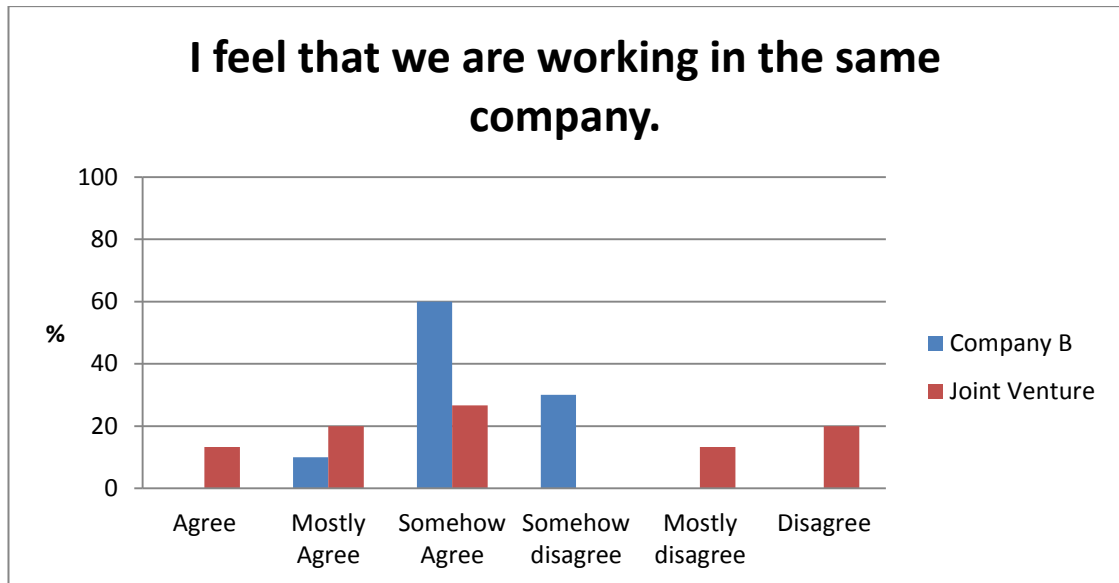
Figure 15. *Results to question "I feel that we are working in the same company"*

This statement was one of the most conspicuous statements. Arguments of Joint Venture why they don't feel working in the same company are linked to the previous statements. According to them, Company B and Joint Venture are still two different companies with different cultures, principles and geographical and information gap. Responses of Company B are more or less similar. They said that as long as Joint Venture owns 51% of shares, two different companies exists. In both companies there are also opinions that in both sides there are a few people who do not accept the other firm yet. This makes of course harm to the business. In addition Company B mentions also different objectives and scopes as a reason to isolation of companies.

The fifth statement relates to the effect of foreign culture on the employees' work. Figure 16 shows that employees of Company B have been very unanimous. Only one employee in Company B feels that the foreign culture makes some harm to working. Rest 90% mostly disagree or disagree that foreign culture harms the operational work. Also in Joint Venture the most of respondents (57%) disagree with the statement.
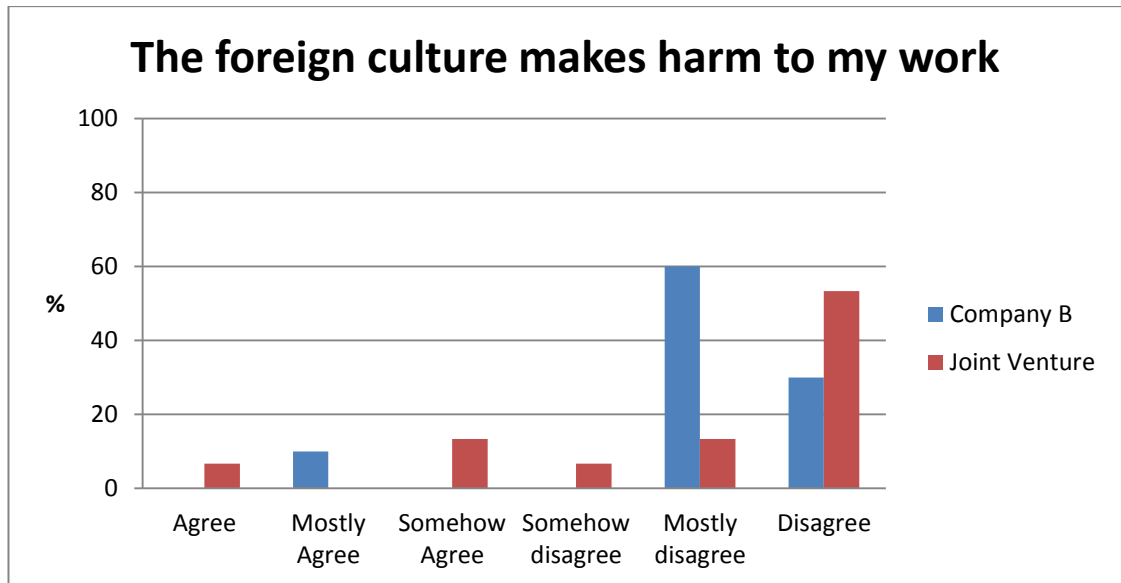
Figure 16. *Results to question "The foreign culture makes harm to my work"*

Although Company B has quite unanimous opinion that foreign culture does not make harm, Company B presents quite many issues, which could be improved in Joint Venture. There were mentioned English skills, internal rules and the spirit of contract. According to the comments somebody in Joint Venture has some problems with English skills, their internal rules makes them not to see whole picture and the contracts are not always respected. Whereas, Joint Venture sees micro management on a day to day operations as the most significant harm. In addition they think that everybody in Company B has not yet accepted the Chinese joint venture and this appears as a bad attitude towards Chinese engineers. Company B's respondents mentioned also the vacations as a harm caused by a foreign culture. Chinese people have for example long vacation during Chinese new year, and Finnish people have summer vacations.

The sixth statement is "the information is transferred well between Company B and Joint Venture". Figure 17 shows that Company B takes more positive attitude to the transfer of information than Joint Venture. In Company B 50% mostly agree and 10% somehow agree with the statement. The corresponding figures in Joint Venture are 14% and 29%. Rest of the respondents disagree with the statement, in Company B 30% somehow disagree and 10% mostly disagree and in Joint Venture 14% somehow disagree, 36% mostly disagree and 7% disagree.
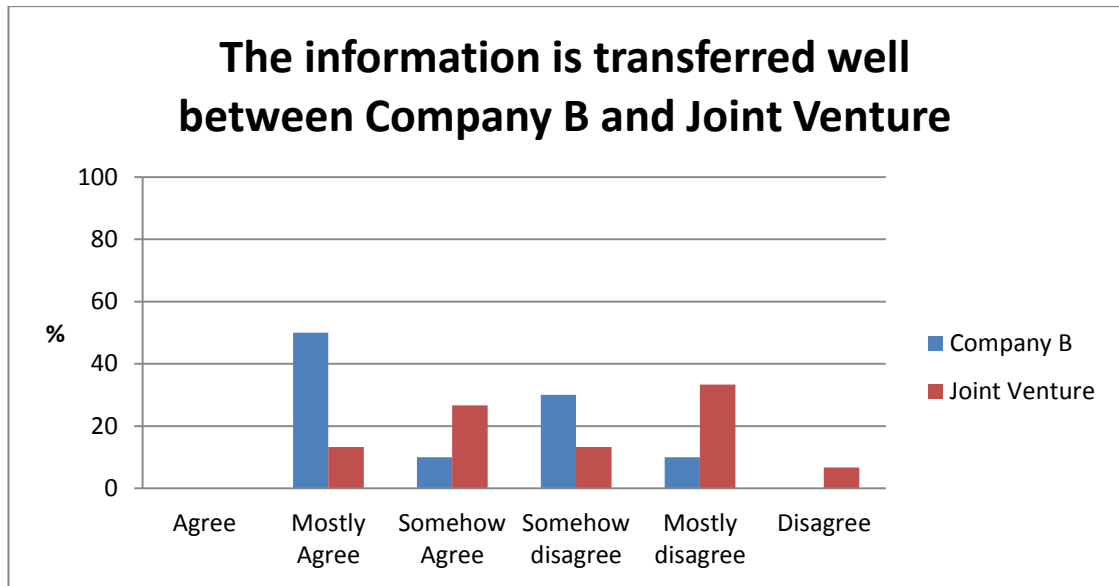
Figure 17. *Results to question "The information is transferred well between Company B and Joint Venture"*

According to the comment fields, dissatisfaction with communication of Joint Venture is due to fact that there are too many communication layers. When the information should move fast between participants, it goes first from buyer to dealer and then to Company B and only then to the Join Venture and the same to the other direction. This takes often too much time and companies waste their precious time. Time delay, non-direct communication, and quick-and-concise broadcast approach between companies were seen also as moderating factors by Joint Venture. Whereas Company B sees that the most significant problem is hiding information. They think that for example the real projects cost details are consealed even on purpose. Lack of detailed processes is seen also as problem. In addition to these, interviewed people of Company B think that reasons why the information is not transferred are the firewall in China, or the slow internet speed. Due to this the information simply can not be transferred.

The seventh statement relates to communication as well. The seventh statement says that respondent is enough in touch with his/her colleagues in Company B/Joint Venture. Figure 18 shows that Company B is (again) much more unanimous than Joint Venture. Even 90% of Company B's respondents agree at least somehow with this statement. The same number in Joint Venture is 72%.
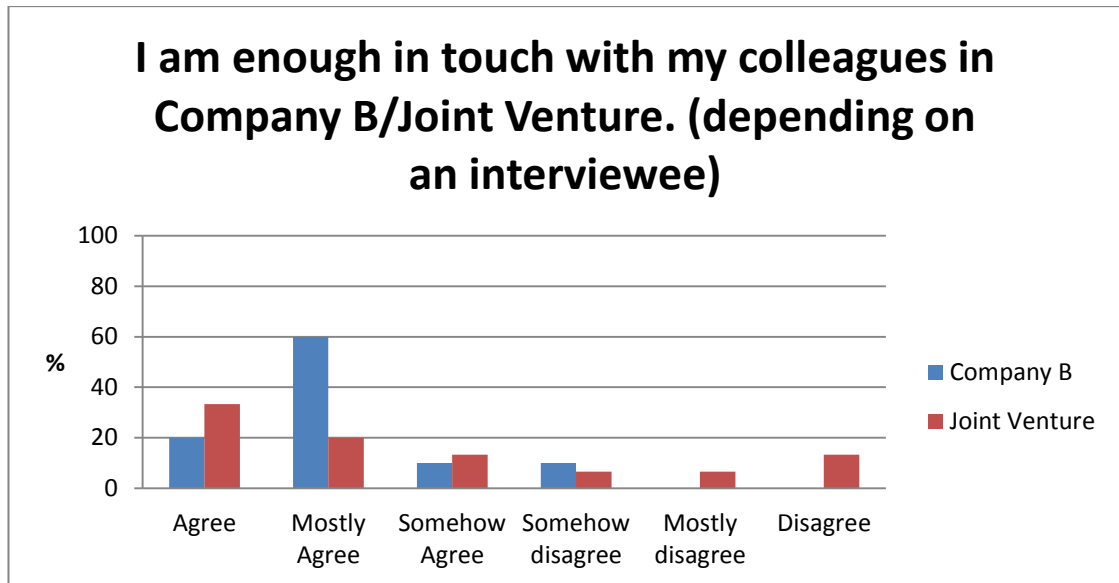
Figure 18. *Results to question "I am enough in touch with my colleagues in Company B/Joint Venture. (depending on an interviewee)"*

In this statement the reasons of unsatisfaction are quite same as in the previous statement. Part of Joint Ventures disagreeing is due to the fact that all the information and communication must go through Company B. For example they are not allowed to communicate directly with the frontline. In addition, for most people in Joint Venture the work is so compartmentalized that employees do not get much interaction with many of the colleagues in Company B. Company B sees as a problem only the different time zone, because due to that almost everything is done offline by email.

The eighth statement relates to the responsibility for the brand. In Company B the issue is very clear. Figure 19 shows that 80% of Company B's respondents agree and 20% somehow agree that they are responsible for the brand of Company B. Also the majority of Joint Venture somehow agrees that they are responsible for brand of Company B. 50% says agree, 29% mostly agree and 14% somehow agree. One respondent has again a totally different opinion about the statement and has responsed disagree.
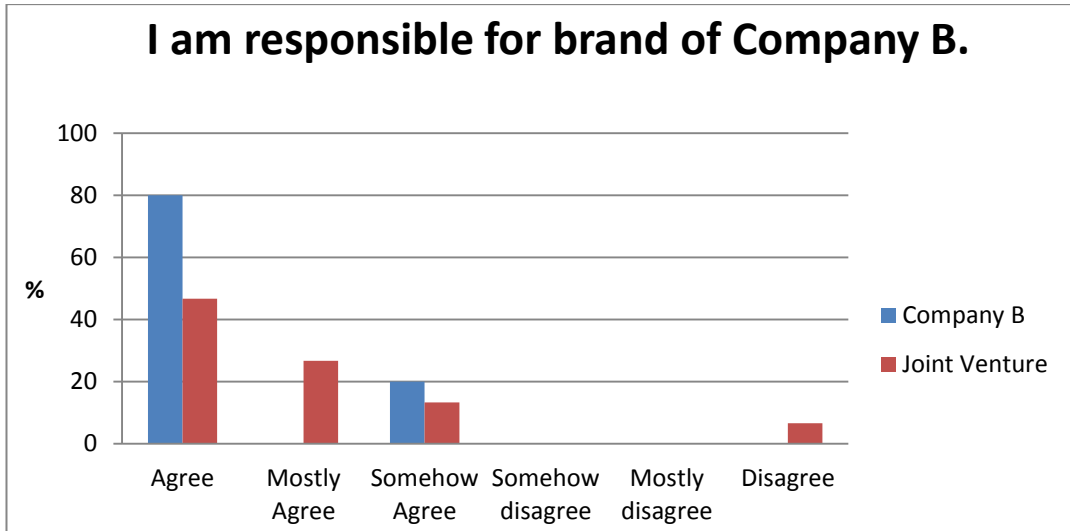
Figure 19. *Results to question "I am responsible for brand of Company B"*

The comment field says that only the random internal conflicts and pin pointing at each other cause loosing sense of responsibility for the brand.

The nineth statement is that "there are seldom conflicts between Joint Venture and Company B and problems are solved in harmony between Company B and Joint Venture". According to figure 20 responses are divided in both companies. In Company B 10% agree, 10% mostly agree, 30% somehow agree, 20% somehow disagree and 30% mostly disagree. In Joint Venture figures are pretty similar, 22% agree, 29% mostly agree, 21% somehow agree, 14% somehow disagree, 7% mostly agree and 7% diasgree.
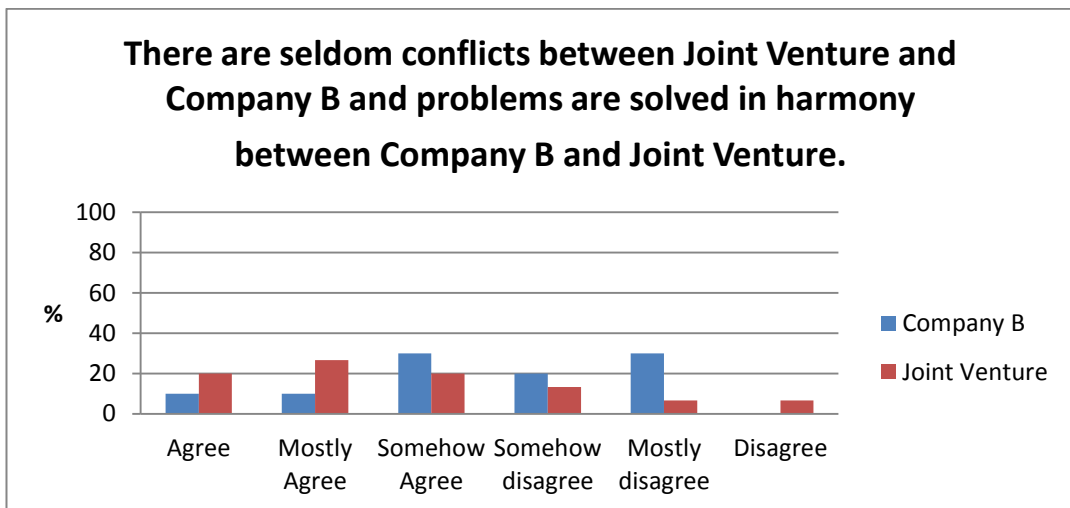
Figure 20. *Results to question "There are seldom conflicts between Joint Venture and Company B and problems are solved in harmony between Company B and Joint Venture"*

Based on the experiences conflicts escalate usually when it comes to money. Especially in business cases where it is uncertain who should pay possible extra costs. Warranty cases are an exception, as usually Joint Venture pays kindly, because they feel that they have failed with the quality and are ashamed for it. In the comment field, the excessive micro management, securing own targets and business were presented as reasons for the disagreement in Joint Venture. Company B says that sometimes they feel that Joint Venture is not on the same track. Joint Venture has also problems with customer satisfaction because of too aggressive attittude towards deviations of contracts.

The tenth and at the same time the last statement handles the terms of Joint Venture Agreement. This is the first statement where Joint Venture is much more unanimous than Company B. As the column chart below shows, in Company B there is quite much uncertainty about terms of Joint Venture Agreement. Only 56% agree that they know at least somehow the responsibilities and rights, which Joint Venture agreement has set between Joint Venture and Company B. In Joint Venture the Joint Venture agreement is clearly much more familiar because everybody has agreed at least somehow with this statement.
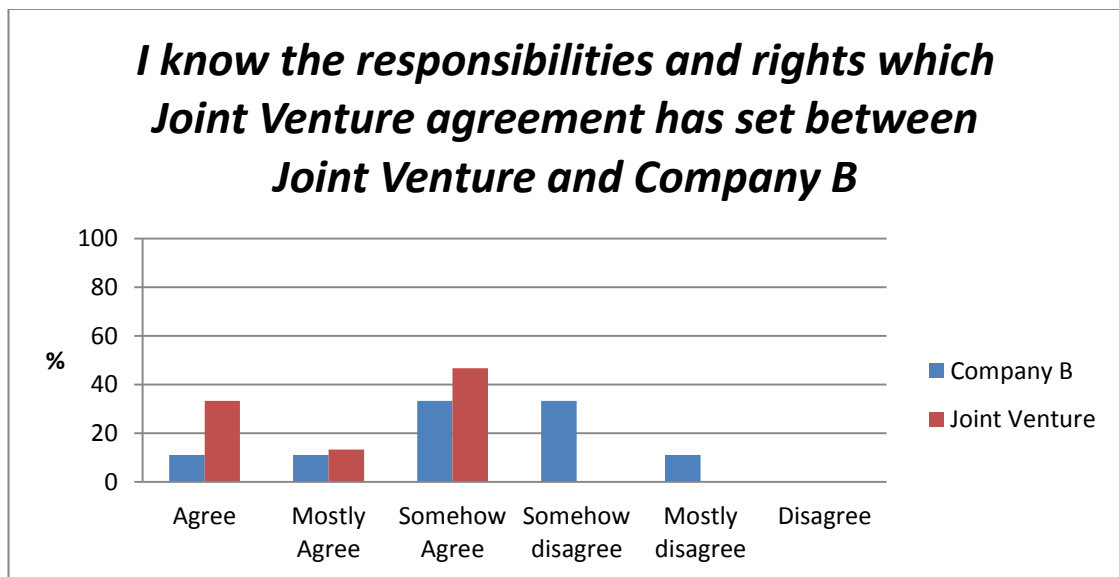
Figure 21.   *Results to question "I know the responsibilities and rights which Joint Venture agreement has set between Joint Venture and Company B."*

The biggest reason to unconsciousness in Company B is that the Joint Venture Agreement has not been shown to everybody. The same issue has been observed in the office of Company B. Many employee has said that they have never seen the agreement and due to that they don't know what is said in the agreement. Part of the employees said that they have also asked to see the agreement but have not got a permit. In engineering there have been problems for example in patent issues.

4.3 Results of the Information Flow Interview

The third interview was divided into two parts and it concerned information flows. The first part concerned the sales process and the second part the delivery process. The sections are divided in such a way that the current process models are presented first and after that problems within models are discussed. Information flows within the process model are strongly based on exchanging documents between participants and due to that information flow in the process model is described with the compulsory documents. The models are formed by asking from employees what documents they generate and which documents they want to receive in the ideal processes. The models are based on former models, due to this the phases and the gates are mostly with the same names and they are recited in the subsection 3.3.1. After forming of the models the interviewees were asked about present and about ideal communication ways. At the same time, problems which occurred during the process were discussed.

4.3.1 Information Flow during Sales Process

Because of the process model is based on the former model, sales process model consists of five head phases and two gates. Especially in the sales process, information flow is based strongly on documents. The phases and specific compulsory documents of the sales process can be seen in the table 5. There is also presented who is responsible for each document. In the table, a red color means responsibility of Company B, a green color refers to responsibility of Front Line, a lilac color to responsibility of Joint Venture and yellow color responsibilities of Company B's Automation department. In addition the phases have been set to a chronological order from left to right and from top to bottom. As can be seen, the amount of documents increases the further the process goes.

Table 5. Documents and responsibilities within the sales process

Sales Process						
Identify Prospects	**Evaluate Opportunity**	**Gate 1. Go/No-Go**	**Build and price Solution**	**Gate 1A. Go/No-Go**	**Offer solution and negotiate contract**	**Internal Contract Handover**
	Solution proposal (tech. spec.)	Document, Profitability (draft), Risks	Sales project info package to JV (tender, spec, spare parts, automation, etc.), Preparing terms, insurances, risks (tax, PE), bid bonds etc.	Authorization	Offer document package	Salesorder, tax rules, project structure in SAP, Bonds, insurances, hedging, L/C etc. (alkup. Sopimuksen taltiointi arkistoon)
				Authorization		
	Financial Status of Customer				Finalize offer dokument package (quatation document)	Production order
			R&D items schedule, Delivery schedule, Table of contents (draft), Clarification sheet, Offer documents (cost calc, tech spec, spare parts, etc.)	Profitability, Price, Terms		Production order
	R&D requirements&approval, Delivery capability, Delivery schedule (draft), Risk evaluation				Contract A	spare parts & automation content clarified, Transfer from sales to PM / document
				Profitability, Price, Terms	Contract A approval	Shipment list, Project plan & schedule linked to payment milestones
			Offer documents			
					Negotiation	Invoicing plan (salesorder, billing plan), L/C plan / financing plan, Bonds plan, Document list, Proforma invoice list
			Final pricing of spare parts			
						Contract B
Company B						Contract B
Automation						
Front Line						Purchase order
Joint Venture						
						Joint Venture inovicing plan

	SALES FORCE					
Updating stage, Identify prospects	Updating stage					
		Document, Profitability (draft), Risks		Approvals, Terms, Profitability, Price		
				Equipment/price		

The first phase, Identify Prospects, consists of only the identifying prospects and it is entirely Front Line's responsibility. According to the interviews Front Line should collect all the information to CRM, known as Sales Tool. In the next phase, called Evaluate Opportunity, the prospects will be evaluated and the ones that seem profitable will become opportunities. In this phase Company B forms Solution proposal or receive it directly from a customer. Front Line's task is to check the financial status of a possible customer. In the same phase Joint Venture must prepare R&D requirements and approvals, delivery capability, delivery schedule, and risk evaluation. After this there is the first gate, called Gate 1. In this point it is decided whether to start the offering process or not. Sales person of Company B should gather the information of opportunity for the decision of Business Line Manager. Information should include at least profitability draft and risks and they should be gathered to Sales Tool or some other document.

After go-decision (otherwise the process ends here) comes Build and Price Solution-phase. There Company B forms a sales project info package which contains for example tender and specification of spare parts and automation. Joint Venture's task is to finalize drafts done in Evaluate Opportunity-phase. In addition to finalizing the R&D items schedule and the delivery schedule, Joint Venture must form a table of contents, a clari-

fication sheet, and offer documents. The offer documents include for example a cost calculation, a technical specification, spare parts etc. Automation department takes care of automation in offer documents. Front Line finalizes the pricing of spare parts. After this comes the second gate, Gate 1A.

In this gate the offer is ready and it should be decided whether to offer a project to the customer. Joint Venture should provide information about the profitability, price and terms for the final decision of authors of both companies. The price of the project defines the authors of project. The bigger the price, the higher author it requires. After the second go-decision Offer Solution and Negotiate Contract -phase starts. In this phase Joint Venture forms the offer document package, which is finalized by the Sales Team of Company B. After this the Contract A is done, which means the contract between customer and Company B. However, this requires also an approval of Joint Venture and negotiation in which also the Front Line is involved.

After this, there comes the last phase of the sales process. The phase is called Internal Contract Handover. In this phase the project is transferred from sales to contract and project manager. As a result, some of the documents which are required in this phase are also project managers' and contract managers' responsibilities. Sales Team of Company B should perform the following tasks:

- To create sales order, tax rules and project structure in SAP
- To ensure that bonds, insurances, hedging, etc. are performed
- To provide production order, which involves also content of spare parts and automation
- To transfer document from sales to contract manager
- To do Contract B

Project manager from Joint Venture should form a shipment list and a project plan & schedule linked to payment milestones. In addition, project manager is responsible for the invoicing plan of Joint Venture. The rest of documents are formed by Contract Manger. These documents are:

- Invoicing plan
- Letter of credit (L/C) plan & financing plan
- Bonds plan
- Document list
- Pro forma invoice list

A letter of credit (L/C) plan presents when L/Cs are supposed to send to the bank. In turn a financing plan presents customer invoicing dates.

Additionally, the block arrow of Sales Tool passes through the whole sales process. Within the block arrow there are mentioned tasks which must be done in Sales Tool. Front Line's tasks are adding the identified prospects to Sales Tool and after this updating the stage correctly. Company B's tasks are updating stages after the phase Evaluate Opportunity and adding needed information for manager's approval. This information is the profitability and the terms and price of a possible project. In addition manager's task is to approve the project. Automation department has to only add equipment and prices to Sales Tool.

4.3.2 Identified Problems during Sales Process

After the necessary documents were listed, problems related to transferring these documents between participants were asked in the interview. The interview revealed that the operation does not proceed completely according to the model. Problems occurred still and some of them are already mentioned in the previous interviews.

Already in the first interview it was mentioned that there are too many layers in communication. The first interview presents the chain from Joint Venture to Customer, and between them there are still the participants Company B and Front Line. According to the interviews, simultaneously there is another long chain exchanging information between Company B's Sales Team and R&D department in Finland managed by Joint Venture. Between these departments there are two other departments and in addition the Cost Accounting at the side of R&D China. The information chain is presented in figure 22.
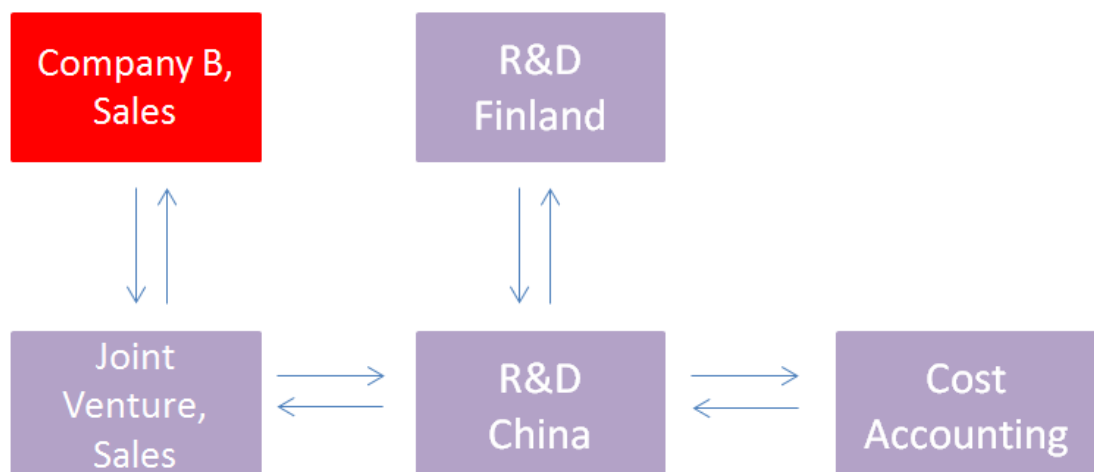

Figure 22. *Information chain from Sale Team in Finland to R&D, Finland*

According to interviews it takes too much time to process information. Due to the long information chain, information is easily prone to interferences and obstacles and always late.

One noted point which arose in few times during every interview was expertise of Chinese sales and project managers. According to the interviews, unprofessionalism and lack of market awareness cause problems when operating with the customers. In some way it is understandable that Chinese managers cannot be in the same level than Finnish Sales Team, because they are relatively new guys in this industry. However, low level of expertise influences on cooperation and also hinders it. For example market awareness is in a low level and due to that equipment offered to customers has been often overpriced. This leads to extra work within Sales Team in Finland. Quite often they have to finalize and fix offers before they are sent to the customer. Secondly Joint Venture's Sales Team also sends the offer just before deadlines. This leads to Finnish Sales Team doing over work all night and providing the offer to the customer only in a last minute.

Unprofessionalism occurs also in other activities. According to the case interview Joint Venture has promised to sell some features of equipment directly to customer in too low price. As a result, Company B, which is customer's immediate trading partner, had to deliver the promised features with that price and because Company B takes always its' own margin, Joint Venture makes losses. Reckless and irregular communication with customer leads also to think whether Joint Venture can be given rights to Sales Tool, where it would be possible to discuss directly with the customer.

During the interviews, a few wider problems related to communication were also identified. One problem in communication channels nowadays is surely that files are documented occasionally to different locations and there are no standards or common rules related to the document management. In addition, the problem is exacerbated by a dozen of different locations, where it is possible to file the documents. This leads easily to the situation that there are different versions of the same document in different locations. For example somebody downloads a document from Sovelia and edits it, then sends it via email to somebody else and after that doesn't remember to upload it back to Sovelia. Then a next person goes to Sovelia and supposes there is the newest version of the document. The person edits the currently old document and as a result, there are two edited versions in circulation. This may lead to serious problems.

In addition to the fact that documents are filed occasionally to different locations, there are also too many different documents and also too many templates for the same document. The processing of document is much slower when every document is separate and in different form. If documents were similar, a new reader would always know where to find specific information. One master document would make it much easier to control and monitor the projects. Also one master document is quite much easier to handle than nine different documents.

Interviews revealed also that employees think the communication channel is too often email. When all the communication is conducted via email, email traffic will increase dramatically. This leads to the important and urgent messages drown with junk mail. The higher management is concerned the more the problem escalates. Many people are

used to adding pointless receivers to distribution to share information and then email traffic usually increases. On the other hand if distribution is only for few people, information stays often only in the awareness of them. Then somebody who would need the information may miss it. This issue is related also to the transparency of information.

Lack of transparency of information causes distrust and hinders cooperation. According to interviews, lack of transparency is appeared also in the cooperation. Conversations with customer and other stakeholders are withheld, costs are concealed, sales departments have own network drives, etc.

One problem which occurred especially in Gate 1 and 1A is that many decisions are made in conversations in corridor. This is effective way to do decisions, but also problematic. Decisions which are made in conversation are not often documented anywhere and thus the transferred information stays only awareness of participants of the conversation. This leads to the fact that if authors of the decisions are later transferred to other task, information of made decisions will disappear. As a result for example the decisions in the gates, should be documented somewhere.

4.3.3 Information Flow during Delivery Process

The delivery process is much more Joint Venture's responsibility than the sales process. As a result the communication in the delivery process exists much less than in the sales process, simultaneously delivery process is also complicated because there are several tasks running throughout the whole process. The results of delivery process model are presented in the table 6. As can be seen most of the phases are entirely responsibilities of Joint Venture. Company B's responsibilities consist mainly of monitoring and shipping issues and small responsibilities in project engineering and closing the project. The rest of the phases; project purchasing, factory assembly, final assembly, commissioning, testing and hand over are all responsibilities of Joint Venture. The colors which indicate the responsibilities are same than in the table 5. Red is for Company B, lilac for Joint Venture and yellow for Automation Department of Company B.

Table 6. *Documents and responsibilities within the delivery process*

Project Engineering	Project Purchasing	Factory Assembly	Final Assembly	Project Logistics	Final Assembly	Commissioning /Testing	Hand over	Close project
Design review, Design freeze point				Site&final assembly contracts, invoicing and shipping documents				Lessons learned
Automation hardware review, Agree purchasing content								
Project spare parts review								

Progress report

Project report

Progress /project report

Triggers to CM/shipping

Invoicing and related documents

Offer for PCR

Approval and delivery to customer

Company B
Automation
Front Line
Joint Venture

If the tasks which last throughout the whole process are not taken into account, communication between Company B and Joint Venture occurs in the phases: Project Engineering, Project Logistics and Close Project. In the Project Engineering phase, Joint Venture's tasks are design review and design freeze point. Automation department tasks are automation hardware review and agreeing purchasing content. Company B's task is only to do project spare parts review. In Project Logistics Joint Venture has to do both site & final assembly contracts, and invoicing & shipping documents. In the last phase every participant's responsibility is to do lessons learned.

In addition to documents, there are also many other tasks that must be handle throughout the whole process. Reporting during the process belongs to everybody's duty. Joint Venture handles the progress reporting to customer. A progress report handles production issues, like manufacturing status as per-cents and pictures from the factory. Company B's task is the project reporting which includes contractual issues, like delays, and payment issues. Automation Department must do project and progress report about automation issues. In other words Automation Department is a totally independent unit.

Joint Venture has to form also a offer for project change request which customer might send still during the delivery process. Company B checks the offers and delivers them then to customer. Joint Venture's task also includes sending triggers to contract manager and Shipping Department according to departing shipments and upcoming invoices.

According to these triggers Company B makes required documents for customer and customs.

4.3.4 Identified Problems during Delivery Process

During the delivery process there was risen few problems related the communication. Firstly according to the interview, reporting is totally overlooked in the process. Reporting belongs to responsibilities of Company B, Automation department, and Joint Venture, but every department manages reporting poorly. According to the contract manager the biggest reason for neglecting is lack of time. Formerly when there were only few projects per contract manager, reporting was managed moderately. Though in that time there were not any rules or practices to make reports. This leads to the fact that every report was different compared to others. Secondly, relating to the same issue the closing of the project is neglected. There have not been done any closing report after finishing the project. This makes harm for example Company B's Sales Team because they don't receive any feedback about final project costs, problems, etc.

Between Shipping Department of Company B and Joint Venture there are also hindrances still. Joint Venture should send triggers to Shipping Department when the shipments are leaving. After that Shipping Department prepares the documents which are required by customs, by customer or by law of destination country. The problem occurs especially when destination country is close to China because that makes the travel time short. Due to this, time to prepare documents is also short. Sometimes, if contract requires for example a reimburse, there is also third participant involved, the customer's bank who handles the reimburse. Then the bank has five days time to check validity of the documents. As a result Shipping Department has less and less time to form documents.

In addition, in the delivery process the same kinds of communication problems appear than in the sales process. There exists unnecessary email traffic, various different document types, usage of "wrong" communication channels, etc. In the delivery process the project change requests cause most email traffic. An issue which makes this more complicated is that the channels used by Sales Team, like Sales Tool and common network drive, are not available to Contract and Project Mangers.

4.3.5 Documents in Process Models

In the table 7 there are presented every document mentioned above in the tables 5 and 6 and the information whether they are in use, not in use or should be in use. In the end there is also information if the document template exists or if there is various templates for the document.

***Table 7**. Documents of process model listed*

	Documents	In use	Not in use	Sometimes in use	Should be	Various different / Not exist
Identify prospects	Sales Force			x	x	
Evaluate opportunity	Solution proposal (tech. spec.)	x				x
	Financial Status of Customer			x	x	
	R&D requirements&approval		x		x	
	Delivery capability		x			
	Delivery schedule (draft)		x			
	Risk evaluation			x	x	
Gate1	Document?		x		x	x
	Profitability (draft, customer, market, etc)		x		x	x
	Risks		x		x	x
	Sales Force			x	x	
Build and price solution	Sales project info package to Joint Venture (tender, spec, spare parts, automation, etc.)	x				
	R&D items schedule	x				
	Delivery schedule	x				
	Table of contents (draft)			x	x	
	Clarification sheet			x	x	
	Offer documents (cost calc, tech spec, etc)	x				
Gate 1A	Authorization			x	x	
	Profitability			x	x	
	Price			x	x	
	Sales Force			x	x	
	Risks		x		x	
	Terms			x	x	
Offer Solution and	Offer document package	x				
	Finalize offer dokument package	x				
	Contract A	x				
Internal Contract Handover	SAP	x				
	Bonds, insurances, hedging, etc.	x				
	Production order	x				
	Project card	x				
	Production order	x				
	Spare parts & automation content clarified	x				
	Transfer document	x				
	Shipment list			x		
	Project plan & schedule linked to payment mil		x		x	
	Invoicing plan	x				
	L/C plan / financing plan		x		x	x
	Bonds plan		x		x	x
	Document list		x		x	x
	Proforma invoice list		x		x	x
	Contract B	x				
	Purchase order	x				
	Joint Venture inoicing & shipping plan	x				
Project Engineering	Design review			x	x	x
	Design freeze point		x		x	
	Automation hardware review / system design	x				
Project Logistics	Site&final assembly contracts	x				
	invoicing and shipping documents	x				
Whole delivery process	Progress report			x	x	x
	Project report			x	x	x
	Progress report			x	x	x
	Offer for PRC	x				x
	Approval and delivery to customer	x				
Close project	Lessons learn		x		x	x

As can be seen from the table there are many control points in "Not in use", "Sometimes in use" and "Should be in use". This means that the documents are used poorly. Same issue came to awareness also partly from the previous interviews. The documents which are not in use but there is neither a control point in the "Should be in use" – column, are unnecessary documents and these issues are managed by using other communication channels.

5. ANALYSIS OF THE RESULTS

Analysis of the results is divided into two parts. At first there is a short analysis of second the interview and after that a more detailed analysis of the third interview. The second analysis is divided into different problems and they are separated with subheadings. There are also some solutions provided to each problem.

5.1 Analysis of the Results of the Survey relating Employees' Attitudes

The results of the close-ended structured interview were quite unanimous. The most significant difference in one statement between parties was barely over one point. This doesn't mean that there are no problems but parties identify the same problems. According to the survey the biggest problems were the excessive controlling and poor information transfer between the companies. In turn, the issues with the best score were the trust and responsibility for the brand. This means that the trust and responsibility for the brand are in a good condition in the companies. However in this thesis it is focused to develop only the problems, so the issues in order are overlooked.

Regarding the statement 3, the biggest problem was the excessive controlling. This might be caused by the fact that the sampling consists of both directors and workers in lower levels of company. The disagree responses is surely given from them, who has less rights and responsibilities than the others. Unclear responsibilities can also cause this. The companies' point of view the controlling is not necessarily a problem. According to Schuler et. al. (2004), controlling the operations is important because it defines who is responsible for the everyday business. However, this problem is not considered further in this thesis.

According to the scores, the information transfer was the second biggest problem. The open fields in survey also support this result. They revealed many problems in communication. Many of these problems are somehow related to communication between the companies. There were mentioned too many layers in organization, hiding of information, slow information transfer, different time zones, etc. Also the total points present that the information does not transfer well between the companies. Problems in the communication were one of the reasons that another interview was implemented.

Compared to the theory, a surprising issue was the length of column which presented the statement five. Many author in the theory part said that the biggest reason that cooperation fails is culture differences. But statement "The foreign culture makes harm to

my working" got only two points, which means that people mostly disagree with this statement. The culture differences are seen only as a small harm. However, it is possible that reality is something else because the culture differences can affect the results of the other statements indirectly. For example problems in information transfer could be caused by culture differences.

However, according to the survey it was easy to notice that at least the desire to develop and improve the operations is on a high level. That is why the problems should be found somewhere else. After the result and comments about the weak communication and confusing responsibilities, it was decided to explore the information flow and responsibilities of each role in the each phase of the process model step by step.

5.2   Analysis of the Results of Information Flow Interview

The previous chapter confirmed that employees have good attitude towards cooperation, consequently this phase tries to answer the research questions. The first question was "What are the responsibility related conflicts between Joint Venture and Company B and how the conflicts could be solved?" Tables 5 and 6 review who is responsible for each task during the sales and delivery processes. However the responsibilities are still confusing for both participants and problems still occur. The same tables (tables 5 and 6) review also the information that needs to be transferred between the companies during the processes. This was subject of the second research question. The question was twofold and the second part was concerning the method how information is transferred. Companies have dissenting opinions about the best practices. This causes also problems. The conflicts and problems which arose during the interviews and are still valid are separated one by one below. These problems mostly relate to responsibilities of employees and information transfer between companies. In addition, the possible solutions are presented in the same context.

The biggest problems were clearly quite similar in sales and delivery processes. In the both processes, excessive email traffic and lack of the standards in communication methods increase operational complexity and slow the cooperation. In addition the long information chains hinder the communication. Besides many participants, locations in different time zones and operation in offline mode take inevitably a lot of time.

Email traffic

Email traffic between participants is due to many issues. Communication about offer documents, contracts, production order, etc. generates inevitably email traffic. When most of know-how and production are in the different companies, the decision making is not easy and there must be conversations. At the same time unnecessary email traffic is caused by, for example wide distribution, new people, unprofessionalism, etc. This excessive email traffic brings out disadvantages of using email which are discussed in

the theory part. As a result, it would be better that part of the conversations would be handled via other channels. Possible channels could be for instance Sales Tool and Team Site.

Sales Tool keeps all the information and communication in the same place. Thus everybody who needs the information knows where it can be found. Using of Sales Tool guarantees also that the conversations are also documented somewhere else than only at someone's email. To avoid information ending up in the wrong hands, accesses to the system can be limited to those who need the information. Also the visibility of information can be limited. In this way the access can be handed over to external participants as well. As mentioned above, it is also typical for the project business that different persons handle the sales of project and on the other hand the delivery of project. That's why much information must be transferred also internally. Sales Tool allows also this internal data transmission easily. Sales Team can upload relevant files to Sales Tool and from there files are available for downloading for contract manager, for project manager, etc. If Joint Venture would be admitted the accesses to Sales Tool, it could also give some other benefits than communication. Depending on how wide accesses are given to Joint Venture, there would be possibility to make reports, monitor using of resources etc. Sales Tool provides various different reports, so it could ease for example Joint Venture's resources planning.

However the use of Sales Tool is still very limited but the objective is to increase the level of usage. Below there is presented a list of issues which could be handled via Sales Tool. Currently these are done via different channels and with various documents:

- Communication within project
- Authorizations
- Progress reports
- Process reports
- Everyday communication
- Approvals
- Updates
- Stages of project
- Storage of documents
- Project transferring from sales to Contract Management

Related to communication in Sales Tool, it would be also good to give limited access to customer, Front Line and Joint Venture. Hence they would be able to participate in the conversation there and as a result email traffic would decrease. In addition if the communication would be implemented in Sales Tool, it would be documented automatically and it would be available for everyone who needs the information sooner or later.

In addition to these, the operations through the whole process would be facilitated if the Sales Tool would be introduced also in the delivery process. In this way, every document which is related to the process would be easy to file to Sales Tool and the transfer of process from sales to contract management would be simplified. From there anyone could check all the documents related to specific project. Nowadays after the sales process, documents are occasionally in different locations and this increases a risk that some important documents will stay only in one employee's email.

However, according to the interviews, history has generated prejudices of using only Sales Tool to communicate. The previous version of Sales Tool in Company B was used few years and then the program and the files within system were removed. Based on this it is understandable that the Sales Team uses also their favored network drives where they file needed documents.

To avoid the email traffic focusing on trust between the employees could make things easier. When the participants trust each other, the smallest changes of offer or contract don't need to be sent for approving and process becomes faster and useless email traffic will decrease. But which are the small changes? Some limits have to be agreed, for example some amount of euros.

Standard methods

A great part of the communication problems are caused by lack of common practices and rules. As can be seen in table 5, quite many helpful documents are not yet in use or are only sometimes in use. This is caused partly by the fact that there are no standard practices or rules to fill these documents. It makes situation even worse, that everybody has own version of documents. This issue is discussed more in the next section.

The statement of missing standard methods is supported also by findings during the second interview. It feels that everyone has own style to work and standard traditions are missing. Utterances like "At least I'll do it like this" or "Hmm… a good question, who is responsible for it" support this statement.

The lack of standard methods appears also in using communication channels. There are many relevant channels, (at least 10), and each is used occasionally. One employee uses one channel and another employee uses another channel. For example Team Site –page is formed so that whole business line department can storage information and communicate there. The level of usage is however very low, because there is only few documents. This leads to the situation that people do not trust that documents are there and they ask them directly from each other.

One good example about lacking of standard methods is reporting. Regular reporting would help surely also in email traffic problem because it would reduce confusing situations. As a result, the number of questions would reduce at the same time.

The solution to all of this would be to determine rules to use specific channels. Everybody should be aware of these rules. This should be a common decision in order everybody to have the desire to follow the rules. In order the new practices to be introduced, superiors have to support them and complicate the usage of the old practices. For example the management should control and monitor all the time whether employees make reports and if not, directors should demand reports from them.

Standard documents

After the standard methods and channels have been settled, the documents must be developed as well. Currently the first problem is the number of documents. To be successful in stabilizing the practices, it demands standard documents and few standard master documents. For example information related to shipping has been shared to 5-10 different documents. So that monitoring of shipments would be easier for Shipping Department, all the documents could be gathered together. For example invoicing plan, Letter of Credit plan, financing plan, Bonds plan, Document list and Pro forma invoice list could be merged in only one document. Thus the Shipping department would need to monitor only one document instead of 6 documents. The below described cloud service could be beneficial also here. This way information would be up to date easily and data transfer interruptions would not delay the projects. Also the searching of information would be facilitated and thus it would become faster.

Another problem is that the same document can occur in many different forms. If documents were always similar, the treating of information would get easier and faster. This becomes more important with longer documents. Furthermore Standard names and standard place of documents should be settled. For this a folder systems, etc. have already been done. In addition, it helps that every document has standard name. Solution for this is developing of common documents and making sure, that everybody uses the same documents.

Sales Documents in network drives

The problem in using network drives is the amount of versions of documents. Sales Teams use three different network drives and every time when users make some edit in the document, it creates a new version to storage. The problem does not occur with documents, which are not edited after signature, like offers and contracts. Sales Team can share this kind of documents to common location after the finalizing. In turn documents which are edited during the whole process, generate problems. If document is located in many locations and is edited during process, the changes have to be modified in every location. As a result if some location is overlooked or forgotten, old information is used. This can lead to serious problems, if changes have been significant.

To avoid this, the possible saving locations must be decreased. Solution for this could be a cloud service. In the cloud service editing could be done online. Like mentioned

above editing is done nowadays in network drive. Cloud service would work ideally with the documents and drafts transferred and edited in every project many times between Company B and Joint Venture. In the cloud service document would be located in only one place and everybody would have an access there. In cloud system it is possible to update the files directly online or second option is loading the file to the computer, then edit it and finally upload it back to the cloud. In these ways a path is formed within the file, where the other users can check who has edited the file and how. This facilitates the editing, because users can always trace the person who has made edits compared to nowadays when files are added to interim storage and are loaded from there. All the edits are in the same document, so the employee doesn't need to check previous versions. This is surely more simple, faster and easier. However, according to interviews, professionalism and the desire to learn new things can be obstacles to this. Everybody must use the communication systems in order to get some benefits. In addition, the slow internet connection in China is one obstacle in using cloud system. If you can't connect to internet, it is impossible to use it.

It is however somehow understandable that Sales Teams use networks drive. There is lot of information about old projects. From there it is easy to upload information of many projects for travelling, etc. Under certain circumstances Sales Team is allowed to continue using Network drive to storage their own files there, but they should edit documents somewhere else and **also** transfer the relevant and most important documents to Sales Tool.

Documentation

According to the interviews there is a lot of information which is not documented yet. This may lead to confusing situations in the future when employees don't remember anymore who has done the decisions and why. Especially Gate 1 and Gate 1A are quite important decisions and it would be important to document them for future. Sales Tool is one solution to this, but in addition the required information would be good to be added also for example to the cost calculation. Adding required information to the cost calculation does not demand any extra works and in any case the cost calculation is checked by management. In this way there would be more valuable information on tap at once. A separate form for documentation is useless, because it causes extra work. In addition, it is impossible to make neutral evaluation from profitability and due to this it will not be the absolute truth. However some documentary would be necessary. If some conflicts are occurred, decisions and terms can be checked again. Documentation is related strongly to making documents. When conversations in corridor are transferred to paper or Sales Tool, documentation increases automatically.

Transparency of information

One problem which was already touched in the second interview is the transparency of information. There was mentioned few times that the transparency of information between companies is on a low level. This occurred also in the third interview. The interviews revealed that many issues are concealed by both of the companies. Firstly both of the companies have their own network drives which other company has not access to. Companies restore their own files and drafts of the files. In addition Joint Venture has not access to the CRM tool, consequently they can't see what information is stored there. There exist also two versions of production orders, production order with prices and without prices. The document with prices is only to usage of sales and project management and every other participant like Automation Department receive the document without prices. Using of only one document would improve the transparency. In addition, it would remove also problem related to editing two versions that was discussed above.

In addition, when Joint Venture makes a cost calculation they share only the final calculation, not the breakdown of the calculation. As a result, Sales Team of Company B cannot know if some activity, like shipping, is priced too high and this may lead to a lost case. The concealing of information decreases the level of trust and makes cooperation slower. It creates immediately questions: "Why do they not tell the information to us? Do they have something to cover-up?" On the other hand, information, which others do not know, gives power and control to the information holder. For example cover-up of information of shipping costs does not give opportunity to Finnish Sales Team to edit the prices of shipping.

Ironically, transparency of information is at the same time a disadvantage and an advantage of Sales Force and Team Site. According to the interviews some employees suspect sharing information to everybody and are worried about spreading the information. Worrying about it is understandable because the reason for this is the mobility of labor between companies. Nowadays it is quite likely employees change their job and when information is available for everybody it is transferred easily to competitors. However, cover-up creates mistrust and confusing issues between participants which affect directly the success of cooperation.

Information chains

There are two long information chains in sales process. The first is Joint Venture – Company B – Front Line – Customer and the second is Sales Team in Finland – Sales Team in China – R&D Team in China – Cost Accounting in China – R&D Team in Finland. Due to the long information chain, information is easily prone to interferences and obstacles. The solution for first long information chain is already mentioned above. CRM Sales Tool makes it possible that Joint Venture, Company B, Front Line and cus-

tomer can communicate with each other without long information chains. Second chain is more complicated. Because of no layers can be removed, one way to shorten the chain is changing the formation of participants. Solution to internal chain is presented in figure 23. In this figure Joint Venture's Sales Team in China has a central role in communication. Sales Team in China has conversation with each participant and in this way long chains are avoided. In this way Sales Team of Company B can focus on the selling full time and they are not overburden.
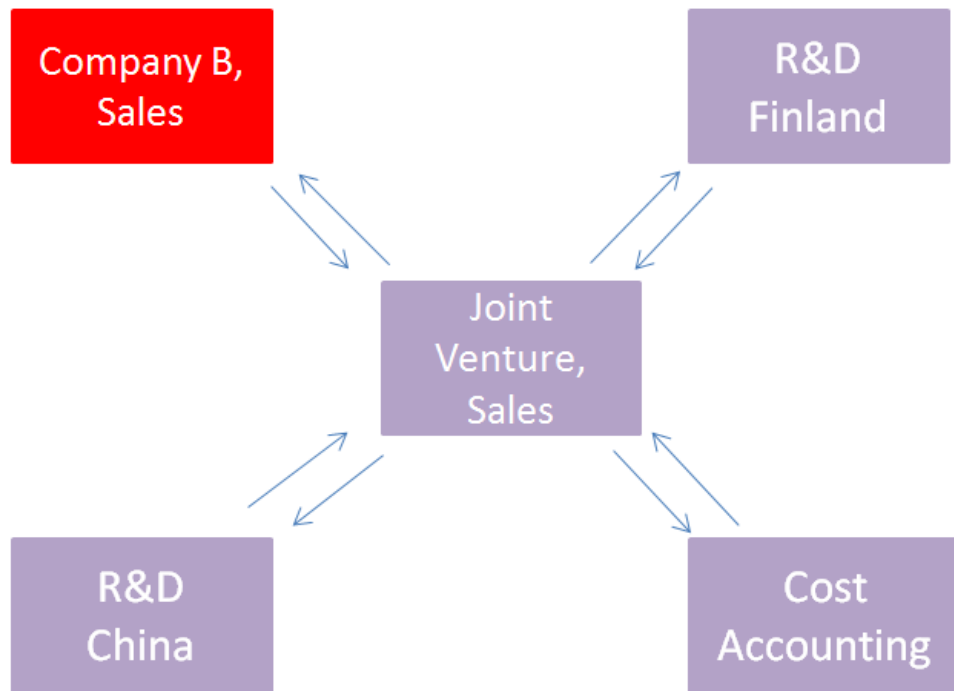

Figure 23.   *New formation to internal communication*

On the other hand, according to the interviews, Chinese employees have so little experience on the business of this equipment that they are not able to control every department yet. This forces Sales Team of Company B to be strongly involved in communication with other participants.

Level of expertise

In addition to above, according to interviews unprofessionalism of Chinese employees seems to hinder also other operations. For example part of unnecessary email traffic is caused by the pointless questions by Chinese employees. However, in future Communicator and Lync are synchronized and as a result the minor issues are treatable via that channel. Unfortunately this does not decrease the amount of information traffic, but via instant message system it is faster to handle the small issues. In addition, in the results there were already mentioned unconsciousness of market and poorly made offers, which causes overtime for Sales Team in Finland.

Trust is strongly related to expertise. Trust is one key factor to success in cooperation. It is sure that trust to others decreases if they make mistakes. Distrust paralyzes the organization's ability to work. (Kalliomaa & Kettunen 2010.) However, level of trust increases likely in the process at the same rate than the level of expertise.

To decrease overtime of Company B, Joint Venture should have own deadlines which would be few days earlier than real deadlines. Of course it would be preferred, that the offers would be correct already when send to Finland but this way the Finnish Sales Team would have at least possibility to check it properly with time and make the possible corrections.

Unprofessionalism is somehow understandable because Joint Venture is relatively young company and employees are quite new people in this kind of business. It is clear that Finnish Sales Team knows better markets and customers. One reason to this is surely the lack of training and rules of communication. The process of forming Joint Venture was relatively fast and due to this also the training season left incomplete. Instead of Chinese learning by doing, learning could become faster, if there would be organized for example some training. However, according to interviews, expertise has been increased much after forming Joint Venture. Due to this, it can be started that unprofessionalism is not one of the major problems. It only takes some time that expertise increases.

6. CONCLUSIONS

Nowadays business demands more and more competitiveness from companies. To this requirement companies have responded by forming joint ventures. It is a common trend to form a joint venture with Asian companies in the hope of cheap labor and cheap production costs. However, globalization also leads to the situation that conflicts appear easily, caused for example by time and culture differences. Thus there has always been some difficulties in forming a successful joint venture.

The target company of this work formed a joint venture with Chinese industrial company in 2011 and made for this the Joint Venture agreement. The need for this thesis was born when for one reason or another, the agreement was done in a very general level. Due this the certain standard practices and operating rules are missing. The processes and practices of business were overlooked. The practices were slowly configured to everyday business but there still are some drawbacks. Despite of small conflicts occurring time to time, business is still doing quite well.

This thesis focused on developing a cooperation model in project business between Finnish Mother Company and Chinese joint venture. This gave two main objectives to this thesis. The first was to find out 1) what are the responsibility conflicts between the Joint Venture and Company B and how the conflicts could be solved and the second was to discuss 2) what information needs to be transferred from sales to project management for successful project delivery and how the information should be transferred between the parties. Finding solutions to these problems hopefully makes cooperation more flexible and seamless compared to the current situation.

To achieve these main objects three interviews were implemented in this thesis. The first one was ignored to avoid unnecessary conflicts between companies. Two other interviews were implemented successfully. First one was made by all relevant employees in order to define how the employees react to co-operation. The second one was made only by specific people in order to define how the information flows and what kinds of conflicts have occurred. The theoretical examination was presented in the first part to support the analysis of the interview results.

Results from the interviews were encouraging. Namely, the first positive result was that they prove both companies want the cooperation. After this it was easy to do the research about conflicts and remedies. Firstly sales and delivery process models were formed with the sales and contract managers. These process models presented each company's responsibilities and information flow required in each phases. In addition, a list of documents which are required in cooperation was formed. After this, prob-

lems which companies still have were discussed. The one of the most significant result was that definitely too many communication methods exists currently. Due to this introducing Sales Tool wider would be preferable. Sales Tool could combine several different data to the one place. The second issue worth mentioning the research revealed was that standard practices and documents must be developed in the future.

This work provides many benefits for the target company. Recognizing the problems in the processes and in the cooperation helps the company to start the development process. The thesis gave the basis to improve the practices. Based on the formed figures and tables, it is easy to improve for example the templates when it is known what kind of documents are currently used. Additionally the current situation was documented and if the position of company will be changed dramatically, the company can get back to current situation more easily. Thesis helped to show also how many unnecessary information channels the companies have. This hopefully opens also their eyes, who don't like the changes and prevent them.

The thesis succeeded well and it presented well the approach of Company B to cooperation. On the other hand every issue was not maybe valid, because of the biggest part of interviewees were employees of Company B. To improve the results, a bigger part of employees from Joint Venture should be interviewed as well. Some results could be impossible to achieve because of foreign culture. For example a need of Chinese people to keep their faces prevents them to be totally honest and this may slow down the problem solving.

As important as to find out problems and solutions for them, is to introduce these solutions to everyday business. New practices don't remain in use if they are not supported. Firstly new practices have to be presented to everyone clearly and simply and they have to be admitted by everyone. After this it is vital that requirement to changes comes from upper management. For example in reporting, management has to demand the missing reports if they are not done via practices. Other methods to get new practices introduced are training, rewarding, audits, feedback and supporting new practices by making the new methods easier to use than the old ones.

An additional research about how these new practices are getting to use could be reasonable. In addition, additional research would be preferable when the first changes have been done and Sales Tool program has been introduced wider. After that new kinds of problems will be surely occurred and new answers and solutions are needed.

On the other hand, an additional research could be interesting about the viability of Joint Venture in the future. Due to the fact that global business develops all the time, also the business forms progress. It is not obvious that joint ventures are the optimum business form for the target company in the future. Namely economists have estimated that Chinese workers' wages are increasing during the economic growth (Tiilikainen 2012). According to Kangasoja (2014), wages of Chinese people reach Finnish employees' wages in 2025. This means automatically that production costs increase, which means

that final prices of equipment increase and profits decrease. Does this mean that joint ventures might be transferred to next location for example to Southeast Asia, where most likely the wages are not increasing so much? Or is the production coming back to Europe in the future? Location for producing of multifunctional equipment has changed few times in history and I do not keep it impossible that it is changed once again.

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