

Cross-Cultural Management of Chinese Enterprises: An Analysis

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Abstract. In today's globalized world, the dynamics of managing diverse cultures have become essential for the success and longevity of businesses operating internationally. This study focused on the specific context of Chinese enterprises, considering their increasing importance in the global economy. Understanding how these enterprises navigated and adapted to different cultural environments was incredibly important. The analysis explored the unique challenges and opportunities that Chinese enterprises faced when operating in culturally diverse settings. It examined how traditional Chinese and American values, communication styles, and leadership approaches influenced organizational practices in an interconnected world. Additionally, the study investigated the strategies employed by Chinese enterprises to promote effective cross-cultural collaboration, manage conflicts, and foster innovation in multicultural teams. Through quantitative data analysis, the research highlighted successful strategies for enhancing cross-cultural competencies and achieving positive outcomes for Chinese enterprises. It also emphasized the potential pitfalls and cultural misunderstandings that could arise without culturally sensitive management approaches. Ultimately, this analysis contributed to the broader discussion on cross-cultural management by providing insights into the nuanced dynamics that shaped Chinese enterprises' interactions with diverse cultural contexts.

Keywords: Cross-cultural; Cross-cultural management; Chinese enterprises; Diverse culture; International companies

1. Introduction

Economic globalization emerged as an inevitable historical trend and a prominent feature of the contemporary world economy. In the 21st century, this trend facilitated the rational allocation of resources, technological advancements, and global capital and product flows, contributing to the accelerated development of the global economy (Kotabe & Helsen, 2020). With the

advancements in transportation, communication, and network technology, multinational cooperation became increasingly feasible. Transnational corporations emerged as key players in this global landscape, pursuing global markets, resource acquisition, and expansive business activities worldwide (Li, 2005).

In response, many multinational companies established overseas office centers or branches to expand their market reach and tap into foreign talent pools and industry knowledge, reflecting the rapid globalization of business operations. However, alongside the opportunities, multinational corporations encountered risks and challenges. The diverse cultural backgrounds, languages, values, and thinking patterns of employees from different countries often led to disagreements, misunderstandings, and communication barriers, impeding work progress and incurring additional costs for the companies (Dalluay & Jalagat, 2016). Cross-cultural management emerged as a critical issue, requiring effective strategies to address cultural differences, resolve communication barriers, and foster efficient teamwork. This study thus aimed to explore solutions to enhance cross-cultural collaboration and optimize work efficiency in multinational settings.

2. Methodology

The study used a descriptive research design. According to Walliman (2011), this strategy relies on gathering data to study circumstances in order to determine what "the standard" is. Descriptive research accurately and systematically describes a population, circumstance, or phenomenon. In this descriptive research, the researcher simply observed the phenomenon of interest as it is, making no attempt to change the individuals, conditions, or events (McCombes, 2019).

The study followed a survey research design, in which the data were gathered through survey questionnaires. This research method and design were suited to the needs of the study in analyzing the Cross-Cultural Management of Chinese Enterprises.

2.1. *Sampling Procedure*

The study employed purposive sampling to gather insights from key informants based on their knowledge and experience. This non-probability

sampling method allowed the researcher to select participants from the population based on judgment (Crossman, 2018), ensuring the inclusion of individuals who could provide valuable insights. The selection criteria included respondents who had a minimum of three years' tenure with the company, possessed relevant cross-cultural employment experience spanning three years, and were accessible and willing to participate in the study. Consequently, the sample comprised 236 employees from S Company in China, chosen to align with the research objectives and target individuals with specific qualifications and experience levels.

2.2. Respondents

The respondents of the study were two hundred thirty six (236) employees of S Company in China. They served as respondents to this study, which aimed to analyze the Cross-Cultural Management and to identify the problems encountered. This was the basis in formulating counter measures to enhance the cross cultural management.

2.2.1 Research Site

The study was conducted at S company, one of the world's largest software companies and a global leader in business intelligence and analysis software and services. Established in 1976, the company experienced steady growth in revenue and profits, achieving new successes in product development and customer support.

3. Results and Discussion

3.1. Profile of the Respondents

The profile of the respondents reveals that the majority were aged between 41 to 50 years old, comprising 33% of the total, while only 4% were below 20 years old, indicating that employees at S Chinese Enterprises were generally experienced. In terms of gender, 61.5% were male and 38.5% were female, indicates a male-dominated workforce. The distribution of nationality was evenly split, with 50% being American and 50% Chinese, indicating a diverse workforce. Regarding educational attainment, 49.5% held a master's degree, while only 16% had a doctorate, indicating a majority of master's degree graduates. In terms of tenure with the company, 40.5% had worked for 11 to 20 years, while only 13% had been with the company for less than 5 years, indicates a significant number

of long-term employees. Finally, in terms of position within the company, 66.5% were employees, while only 12.5% were part of higher management, indicating that the majority of respondents held lower-level positions within the company.

3.2 Cross-Cultural Management of S Chinese Enterprises

The following data shows the cross-cultural management of S Chinese Enterprises.

3.2.1. Power Distance

In terms of power distance, the cross-cultural management of S Chinese Enterprises demonstrated a strong adherence to hierarchical decision-making processes, as indicated by the high mean scores for statements regarding the observation of formal authority positions and seniority/professionalism. This hierarchical approach promotes objectivity in decision-making by leveraging the specialization and expertise of superiors to guide operational tasks. In connection, Knudsen (2018) stated that hierarchical structures facilitate division of labor and provide decision premises for lower-level employees. Considering Hofstede's Power Distance dimension, China, being a communist country where government control is prevalent, aligns with cultures characterized by high Power Distance, wherein respect for authority is deeply ingrained.

3.2.2 Uncertainty Avoidance

Based on the results, the Cross-Cultural Management of S Chinese Enterprises demonstrates a strong adherence to risk management practices, as indicated by the high mean score for the statement regarding the observation of risk management. Additionally, respondents also agreed that compliance with company rules and policies is observed, although with a lower mean score. Some organizations may adopt a reactive mindset, only addressing documentation of policies, procedures, and processes when issues arise, assuming that smooth operations indicate no need for concern (Amadei, 2016).

3.2.3 Individualism/ Collectivism

Based on the results, respondents strongly agreed that there was observance of cooperation and collaboration among employees and departments in S Chinese Enterprises, indicating that these enterprises valued and practiced cooperation and collaboration similar to non-cross-cultural enterprises. This

collaborative approach fosters joint work and common values, enhancing commitment among employees (Toprak & Kumtepe, 2014). Additionally, respondents agreed that the company observed proper and flexible work schedules, a common management practice not exclusive to cross-cultural enterprises.

3.2.4 Masculinity/Femininity

Based on the results, in terms of masculinity/femininity as part of the Cross-Cultural Management of S Chinese Enterprises, respondents strongly agreed that rightful benefits were provided for employees, indicating fair compensation and treatment. This aligns with Chinese labor laws mandating fair and equal treatment of employees, as supported by Young (2023). Additionally, respondents also agreed that the company provided work positions based on qualifications and expertise, reflecting professionalism and fairness in promotion and recognition practices. This adherence to employment laws, such as the Employment Promotion Law of the People's Republic of China, underscores the importance of equal employment opportunities and non-discrimination in job assignments. These findings indicate that a cross-cultural company should prioritize providing employees with entitled benefits while fostering an inclusive and equitable workplace that respects cultural diversity.

3.2.5 Long/Short Term Orientation

Based on the results, in terms of long/short term orientation as part of the cross-cultural management of S Chinese Enterprises, respondents recognized that the company attached great importance to long-term development goals and profits, rather than temporary benefits. This holistic perspective in enterprise management, especially for cross-cultural enterprises, emphasizes achieving long-term objectives for greater and lasting benefits. Evidence implies that focusing on long-term goals generates more shareholder value and contributes more to economic growth. Addressing the interests of employees, customers, and stakeholders is crucial, particularly in cross-cultural enterprises, where employee satisfaction is paramount (Koller et al., 2021). However, respondents disagreed that the company provided challenging work for employees to gain opportunities for future development. This implies a potential lack of motivation

in management style, as employees perceived a lack of motivational career pathing.

3.2.6 Indulgence Restraint

Based on the results, most respondents exhibited a high degree of indulgence, as they appreciated the initiative provided to them by Enterprise Management. This is evidenced by the strong agreement with the statement "the company allows employees greater freedom and personal control." According to Huang and Kumar (2020), indulgent societies believe themselves to be in control of their lives. Additionally, respondents agreed that "the company values the satisfaction of employees' needs and aspirations," indicating that they perceived the enterprise management to manifest concern for their employees' desires and goals. This is further indicative of an indulgent approach, where the enterprise prioritizes employee satisfaction and allows for the free gratification of natural human desires (Harvey, 2021).

3.3 Problems Encountered on Cross-Cultural Management of S Chinese Enterprise

3.3.1 Differences in Customs and Habits

Based on the results, it was observed that S Enterprises Management encountered problems related to differences in customs and habits among employees. The highest mean was for the statement indicating that employees' national holidays differed from those of colleagues from different countries, indicating a strong agreement among respondents. This discrepancy in holidays can affect employee benefits and work schedules, necessitating adjustments in enterprise policies to comply with labor laws while respecting cultural traditions to avoid allegations of discrimination (Hahn & Molinsky, 2015). Conversely, the statement regarding employees stereotyping, which interferes with the integration of multicultural teams, received a lower mean score, indicating agreement among respondents.

3.3.2 Religious Beliefs/ Differences

Based on the results, it was evident that S Chinese Enterprises encountered problems related to religious beliefs and differences among employees. The

highest mean scores were observed for the statements indicating discrimination among employees based on value differences and hostile views on colleagues' faith and values, both of which were strongly agreed upon by respondents. These findings indicate that issues stemming from differing faiths and values are prevalent within the organization, possibly due to the significant impact of personal values on individuals' perceptions and interactions. Such disparities in values can lead to clashes and misunderstandings, particularly in cross-cultural settings where norms of communication and behavior may vary (Burgess, 2017). Conversely, the statement regarding employees' refusal to follow company dress codes due to value differences received a lower mean score, indicating disagreement among respondents.

3.3.3 Values Differences

Based on the results, it was evident that value differences significantly impacted communication efficiency within the organization, as indicated by the high mean score for the statement regarding poor communication efficiency. This finding highlights the challenges associated with navigating value disparities in cross-cultural settings, where individuals from diverse backgrounds may interpret messages differently due to variations in customs, traditions, and cultural norms. The theory of cultural diversity emphasizes how factors such as geography, history, religion, language, and social interactions shape the unique customs and traditions of different nations (Boas et al., n.d.). In cross-cultural enterprises, these differences in values, norms, and communication styles can lead to misunderstandings and misinterpretations during communication.

3.3.4 Cross-Cultural Communication Barrier

Based on the results, it was evident that the S Chinese Enterprises encountered problems related to different comprehension of duties and responsibilities, leading to varied implementations of work tasks. This challenge may stem from communication barriers within the cross-cultural environment, where language differences and insufficient knowledge of the language could result in varied interpretations of instructions or terms used in communication. Different cultural methods of thinking, analyzing, and interpreting information provide individuals with diverse perspectives, which can lead to discrepancies in understanding and implementation of tasks. For instance, the same words or gestures may have

different meanings for individuals from different cultures, such as those in the United States compared to China (Delecta & Raman, 2015).

3.4 Proposed Counter Measures to enhance Cross-Cultural Management

The proposed counter measures aim to address the challenges faced by S Enterprise in China regarding cross-cultural management. These measures encompass various aspects, including administrative difficulties related to national holidays and work schedules, non-compliance issues stemming from religious beliefs, conflicts in cultural values, and communication barriers. Each counter measure is designed to target a specific challenge, with the overarching goal of creating a fairer, inclusive, respectful, and efficient work environment conducive to cross-cultural management. Expected outputs include guaranteed national holidays, clear and fair work schedules, promoted religious diversity and inclusion, reduced value conflicts and misunderstandings, and improved comprehension of duties and responsibilities.

Conclusions

The research findings highlight important aspects of cross-cultural management in S Chinese Enterprises. It reveals a workforce mainly consisting of middle-aged males with a master's degree, significant tenure, and occupying employee-level positions. While the company generally follows cross-cultural management principles, challenges such as differences in customs, religious beliefs, and communication barriers exist. Proposed solutions aim to address these challenges by ensuring fairness, inclusivity, and efficiency in the workplace. Overall, effective cross-cultural management is crucial for navigating cultural diversity and improving organizational performance in multinational enterprises like S Chinese Enterprises.

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