

# The Cross-cultural Factors in the Business Administration

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**Abstract:** With the integration of global economics, multinational corporations and joint ventures are springing up rapidly. Economic globalization has impact not only on the exchanges of technology and personnel but also on the management and smooth flow of different cultures. Business opening to international has become an irresistible trend. This paper analyzed cross-cultural conflict in business management and put forward effective strategies for cross-cultural management.

**Key words:** Cross-cultural management; Cultural conflict; Cultural integration; Business administration

## 1 Introduction

Cross-cultural management is the process of resolving contradictions and conflicts among different cultural groups in business-related interaction for cultural integration. Objects of cross-cultural business management involve groups with different cultural backgrounds, such as governments, nations, consumers, managers, employees, etc. The function of cross-cultural management is to provide effective enterprise management model for the interaction of different cultural groups with confrontations and conflicts.

Nowadays, the world has become a global village. The stable existence of deep-seated culture is an integral part in the operation and management of enterprises. Its individuality and divergence are not fundamentally changed in the tide of this convergence. In the global market, different cultural exchanges and conflicts are commonplace. An enterprise is the basic economic unit of production and management. How to maintain the advantages and characteristics of local culture while absorbing the essence of foreign culture is essential for the survival of enterprises in the era of globalization. Contemporary business managers need to become more culturally sensitive in a timely manner to switch roles and change perspectives for remodeling, so as to master cross-cultural management skills. Thus, the study of cross-cultural business management has become an extremely important task for business managers and entrepreneurs.

## 2 Influences of Cross-Cultural Factors on the Business Administration

In the global trend of economic integration, multinational corporations and cross-cultural enterprises are in continuous world economy development and play an increasingly important role in it. However, the overseas expansion of enterprises is always confronted with cultural and management differences in the host country, resulting in different perspectives and attitudes in some of the basic issues such as business objectives, management styles and the decision process. The cultural conflict in multinational corporations poses great difficulties in business and increase management costs.

### 2.1 Different modes of thinking

In business, the joint ventures are faced not only with personal conflicts and business sector conflicts, but also with clashes resulting from differences in sources of information, attitudes and values, as well as differences in personality, perception and ideology. Although conflict is a psychological and behavioral process of confrontation, if it is handled properly, there will be an effect on the high-quality work environment, management efficiency and even the survival and development of the joint ventures. Mode of thinking is characterized by a specific national culture. For example, the empirical significance of Western mode of thinking and the interpretation style of Asian thinking in the company's cross-cultural communication always constitute a cause of conflict, thus, business managers have to attach great importance to it. The formation of national culture brings about different solutions and patterns of behaviors to problems, so cross-cultural conflicts have occurred frequently. Behavior pattern is explicit in the form of national culture, which is a fixed structure and recognized by people in the same group in direct communication. Different cultures result in different behavior patterns.

In the same environment, different patterns of behavior may show a great conflict. Cross-cultural conditions exert great impact on corporate management in many ways. They often play a role without being noticed. When people do realize their influence, the consequences have already been formed. Many companies in the business management process ignore the impact and the role of cultural factors, which leads to management difficulties, and even business failure.

## **2.2 Problems in communication**

In a business with employees of different nationalities, the first problem people encounter is communication. People with different cultural backgrounds have different views toward the same issue because of different habits of thinking, which constitutes an objective obstacle to their communication. As mentioned above, China has a neutral culture, which values reservation in expressions. Many foreign countries respect emotional culture, so when they communicate with colleagues in China, there may be a trouble for them to grasp each other's genuine thoughts. Chinese colleagues may also have the same difficulty. For example, in a conference, it is a custom in China that the staff keep silence when a leader is giving a speech, while western companies are focusing on everyone to fully express their views. In this way, leaders from western countries may find it difficult to understand the silence on the side of Chinese employees, thinking that they do not have any ideas, which results in a misunderstanding. In order to reach a better communication, a good corporate culture is necessary for both Chinese and foreign employees, which is essential for unobstructed communication.

## **3 The Construction of Corporate Culture in Cross-Cultural Environment**

Undoubtedly, cultural differences may not be a bad thing, for they are a country's unique characteristics. However, some differences have had negative influence on the social and economic development and they are intangible loss. Therefore, we need to reduce this difference. Firstly, the company's products to be sold in different areas in the country have to face different regional and ethnic sub-cultures, which involve cross-cultural marketing. Secondly, companies in the sale process are facing the impact of foreign products, which is in essence the actual competition of different cultures. Thirdly, companies export their products to foreign countries to participate in international competition. For products with cultural features, how to adapt to the demands of local culture and how to be accepted by local consumers involve cross-cultural management.

### **3.1 Cultural analysis**

People with different cultural backgrounds hold different values and codes of conduct. To manage employees from different cultural backgrounds, employers need to understand their needs and values, as well as behavior patterns. Therefore, the establishment of an effective cross-cultural business management is the first step, which is the base to analyze the coexistence of two or more cultures. Identify the cultural characteristics, so that relevant measures can be taken to reduce cultural conflicts and contradictions to promote cultural integration. The tool for cultural analysis is the cultural sub-dimensional system, which is beneficial to members from different sub-cultures working together. Their original cultures can have conflicts whether in formal or informal codes of conduct. Formal specific differences mainly refer to the different values for enterprise employees with different cultural backgrounds in the business activities. Informal difference is the habits and customs in the operation of enterprises. The management of joint ventures is essentially a cooperative co-existence of cultural values. The different forms affect the concept of management practices and lead to contradictions and differences in the establishment of common values.

Joint venture's managers must grasp the management skills for conflict and enhance capacities to deal with all kinds of cultural variation. Certainly, the solutions to conflicts are varied, and should embark from the special details and then choose the corresponding solution. The first step for the establishment of corporate culture is the choice of the unique culture. Respect the local culture fully, but this kind of respect does not mean compromise. A multinational corporation must first insist on its own core culture, based on this, then take into account the compatibility to the local culture.

### **3.2 Integration of corporate cultures**

To create shared values, it is critical to minimize cultural differences. Different cultures have different values. People are always proud of their own cultures and consciously or unconsciously regard their own culture as orthodox, and take the foreign cultures as strange. In fact, these seemingly strange behaviors and values are more than natural for their own people. Therefore, it is crucial to eliminate racial superiority as much as possible in order to make exchanges in an equal manner. On this basis, to find the combination of two cultures and to give full play to the advantages of two cultures will minimize cultural differences. Gradually the established unified values within the enterprise are formed, which determine people's behavior patterns, provide guidelines for communication and identify which is right or wrong, good or bad, love or hatred. American management scientist Peters Waterman noted that "we find that all good companies are well aware of what they claim for, and they carefully set up the standards of the company's values". In fact, if a company lack of clearness, we doubt whether it is

possible to obtain business success. Enterprises must form a collective force to ensure that they are invincible.

Enterprises establish common values, which improve staffs cohesion and centripetal force. When with a common goal, they often overlook factors that lead to conflicts. Corporate culture and shared values require long-term and sustained effort. The recognition and support of all employees and senior managers are crucial for the implementation of specific work. Management personnel should set an example for the practice of corporate culture and shared values, establish an open and relaxed atmosphere, and provide various forms of information to enhance the recognition of employees, so that personnel can integrate into the corporate culture.

### **3.3 To set up a visionary goal**

Set up a business goal beyond personal and cultural differences so as to increase mutual trust and solidarity, which enables employees to further eliminate bias at work. Setting such goals is the key to fairness beyond the narrow interests of cultural groups. To achieve corporate objectives, attaching importance to one aspect only can not accomplish anything. Only cooperation can achieve this target. For groups with different cultural backgrounds, communication can generate understanding and trust, and ultimately form a cultural integration. Construction of multi-level, systematic, formal and informal forms of communication, is to ensure the flow of information to protect the foundation of effective communication. For management personnel, 75% of the time is used for communication, including writing, talking, listening and non-verbal communication. The effectiveness of communication among employees and mutual understanding of employees' internal morale have great impacts. Cross-cultural enterprises hold two or more cultures, so two-way communication would be more effective.

### **3.4 To establish incentive system**

Cross-cultural business, based on the different needs of employees with cultural backgrounds, design appropriate performance management and incentive systems. In current multinational corporations, Chinese employees do not pay much attention to generous benefits offered by the company such as free health care, pension insurance, paid vacations, etc. What they concerned is the level of wages. This is different from the values of foreign employees who attach great importance to the level of benefits and working environments. This requires cross-cultural enterprises to provide targeted incentives to meet the needs of employees with different cultural backgrounds. But it is worth noting that both foreign employees and employees home should be given appropriate compensation according to different performance, to ensure fairness. Test whether cultural integration is efficient for management, whether it improves the competitiveness of enterprises, and then proposes amendments.

The purpose of cultural integration and the establishment of a new management model in cross-cultural management is to improve enterprise efficiency, but not for one-sided pursuit of the reduction in cultural conflicts and contradictions. Reducing cultural conflicts and contradictions is the means to achieve efficient operation of business. Cultural integration after the setup of new business ideas and management goal is to stand the test of the market. Therefore a new feedback system should be set up. Macro feedback system can be conducted and evaluated through the enterprise's output, profits and social effects, etc. Micro feedback system can affect the functions of corporate management for measure and appraisals.

### **3.5 To conduct cross-cultural training**

Cultivate a large number of high-quality cross-cultural personnel. Multinational enterprises, in the host country's culture and environment, have to face two different adaptation strategies. The first is to be changed by people: a cultural strategy to follow. The second is to change people: a cultural strategy for innovation, which shifts from passive adaption to dynamic change. Of course, the former is a more friendly policy. This result means that transnational business becomes the "localized operations" in the host country. In the process, the most important part is learning process, which is the way, to be familiar with the host country's culture, so following cultural strategies are also known as learning strategies. The main cross-cultural training includes cultural sensitivity training, language learning, cross-cultural communication, conflict management, and environmental simulation. The purpose of cultural sensitivity training is to help employees have an insight into their own behaviors, and cultivate better skills for judging and solving problems. It is important to conduct cultural training for people with different cultural backgrounds as well as to increase the adaptability of staff to different cultural environments, and enhance integration between different cultures.

It is crucial to conduct cultural sensitivity training through lectures, role plays, situational dialogues, case studies, small group discussions and field trips, in order to enhance staff's response to different cultural environments and enhance their ability to adapt, thus promoting mutual understanding between

employees from different cultural backgrounds. It is also necessary to establish common business values, which helps to reduce cultural conflict, so that each employee can integrate their creativity into the company's business objectives. This will set up a good reputation in the world market and improve response capability and core competitiveness, which will result in an invincible position in fierce competition in the rapidly changing international and domestic market.

### **3.6 To interact and communicate**

In a global environment, managers should have the capacity to interact with a variety of people. In order to better achieve this, it is essential to be multi-lingual and have a higher level of cross-cultural understanding. Good communication skills not only have impact on colleagues and customers, but have a positive influence on cultural diversity. Good interpersonal skill is to build trust, and common understanding, so that people can build a common global value system focused on a strong corporate culture. Therefore, an effective cross-cultural communication for the expanding international exchanges and the ever-shrinking "global village" is very important. It is known that effective management of business is inseparable from effective communication. The above identified business ideas and management models are to be adopted to implement the functions of corporate management to establish a unique cross-cultural management of the enterprise culture.

Oral and written communication should be equally important. Different cultures require different forms of communication. Some business executives are accustomed to verbal communication in instructions, and some place more emphasis on writing. Some employees love graphics, tables, which are easy to grasp and to visualize the task. These should be paid special attention to. Communication skills are important: in a conversation, to relax, to be honest, and to be equal in terms of personality. The proper use of humor will also have a positive outcome. In non-verbal communication, to pay attention to intonation, facial expressions and body posture, to pay attention to dress, and to maintain an appropriate distance. In short, through effective cross-cultural communication cultural conflicts can be resolved.

## **4 Conclusion**

A successful company's management is not only to seek common ground in differences, but also to seek integration. The real sign of a mature business is mutual adaptation and integration on the basis of cross-cultural traditions and cultivating a common corporate culture accepted by all employees. It is critical to promote the entrepreneurial spirit which transcends cultural differences. Entrepreneurial spirit, is highly concentrated corporate culture, in other words, entrepreneurship is the essence and the soul of enterprise culture in most central part. Once the spirit is widely accepted by employees with different cultural background, the enthusiasm of all employees will be mobilized so that enterprises have the vitality and infinite momentum. Therefore, advocating the entrepreneurial spirit which transcends cultural differences, in essence, is to stimulate employees' motivation and creativity.

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