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Analysis of the Categories and Strategies of Cross-Cultural Conflicts in the Operating Process of Chinese Multinational Enterprises in the United States

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ABSTRACT

This paper with its focus on Chinese Multinational enterprises operating in the United States has a threefold contribution to the existing literature. First, it summarizes the salient features of the 'Double Circulation"strategy. Part of it means Chinese enterprises "Going-out" by buying into firms and businesses abroad and by encouraging foreign investment ("Bringing-in"). Second, attention is drawn to importance of understanding the nature and scope of the cultural conflicts that can arise in the trans-cultural organizations that now have to operate in a new and different work culture and work place culture. Third, a typology of cultural dimensions to management are discussed to give the reader a better appreciation of the complexity faced by both Chinese multinational enterprises and the workers who are the subject of a 'take-over'. By analyzing the cultural differences between China and the United States and the cultural conflicts caused by the trans-cultural organizations, this paper proposes a solution to the cross-cultural communication and management of Chinese multinational companies investing in the United States.

Keywords: typology of conflict, cultural norms, management plans, supervision, double circulation strategy, professionalism, foreign investment

CONTEXT AND SETTING

The economic and political landscape of the world is, currently, facing an unprecedented centennial change.The COVID-19 pandemic has accelerated this change. In the face of the complex and ever-changing international situation and environment ,the Chinese government has proposed and promoted the"Double Circulation"strategy. This means Chinese enterprises "Going-out" and foreign investment is being "Brought -in". Although there have been recent trade frictions between China and the United States in this developing pattern, the United States is still the world's largest economy and an important investment target for Chinese multinationals.

With the further development of economic globalization, the world's economy has been undergoing unprecedented changes. According to the survey report, "'Two-Way Street: 2021 Update US-China Investment Trends" jointly released by Rhodium Group, an American economic research company and NCUSCR, **China's direct investment**[1] in the United States in

[1] Outward Foreign Direct Investment (OFDI) is an economic behavior in which investors of a country export intangible assets such as capital, equipment, technology and management skills in order to obtain effective control over the operation and management of foreign enterprises.

2020 had reached 7.2 billion US dollars -- compared with 6.3 billion in 2019. Due to investing in the United States ranking Top Four in the Chinese OFDI ranking, it means that the Chinese companies still regard the United States as an important place to invest.. Although the Chinese enterprises investing in the United States brings more opportunities for their own development, the key ideas of management and management model of multinational companies have been facing such big problems as acclimating to the local environments and integrating into local culture etc. Therefore, it is both timely and important to study the cross-cultural conflicts arising in the course of Chinese multinational enterprises operating in the United States and to come up with some useful suggestions about the solutions to cross-cultural conflicts so as to promote the sustainable development of Chinese multinational enterprises in the United States.

THE MAIN MANIFESTATIONS OF CROSS-CULTURAL CONFLICTS BETWEEN US-CHINESE MULTINATIONAL ENTERPRISES IN THE UNITED STATES

As we know, that multinational companies employ a workforce who are from different races and nationalities. Not surprizingly, cultural diversity, one of its characteristics，is significant. When multiple cultures are brought together at the same time and place, it is inevitable to cause some friction due to many potentially conflicting differences in background and experience. Certain difficulties related to cultural matters are not easily dealt with by the multinational companies and may prevent the company from achieving its targets and longer term goals. Generally speaking, the cross-cultural conflicts faced by Chinese multinational companies in the United States are mainly divided into three categories like cross-cultural interpersonal conflicts, cross-cultural substantive conflicts and cross-cultural institutional conflicts[1].

Cross-cultural interpersonal conflicts

The cross-cultural interpersonal conflicts in the Chinese multinational enterprises setting up in the United States are mainly reflected in the following three dimensions. Firstly, it is the cognitive level. In the US, multinationals, employing both Chinese and American have different opinions on some specific work matters due to differences in thinking, values, status, and positions, which means cognitive differences cause interpersonal conflict within the organization. Secondly, there is also the emotional level. Due to cultural differences between China and the United States, American employees often clash with the Chinese management because they do not understand the situation of Chinese-funded enterprises and the Chinese culture.The third level is work communication. The conflict of work communication is related to the negative emotions of the employees. If the employees have no outlet and cannot release the negative emotions there is very likely a carry-over to bring such emotions into the work place and generate an atmosphere based on negative emotions., Such a situation affects the relationship among and between the employees and reduces the work efficiency of the employees.

Cross-cultural substantive conflict

The cross-cultural substantive conflicts in the Chinese multinational enterprises operating in the United States include the following three aspects. The first aspect is the allocation of working hours. Due to the cultural differences between China and the United States, American employees of Chinese multinational companies in the United States believe that working hours are fixed, and they will not work overtime to complete tasks because of urgency. They are very resistant to work overtime whereas the Chinese employees absolutely accept that as part of the

job.. The second is the way in which each side makes a work-plan and how it is implemented. Because of the existence of cultural differences between China and the United States, there is gap between the 'working way' and 'thinking way' between US-managers and their Chinese counterparts, Managements styles and supervisory roles are significantly different. Right from the outset it is clear that different attitudes towards how to make a work-plan and how to implement, will prevail. This often leads to substantive conflicts that have a negative impact on the business. The third source of potential conflict is the attitude toward completion of the work plan. On the one hand, due to the cultural characteristics of **high uncertainty avoidance**[2], it is usual (and expected) that Chinese employees will complete tasks on time as planned, and give priority to deadlines or milestones often at the expense of achieving a quality outcome[2]. On the other hand, Due to the **low uncertainty avoidance**[3] and American individualism, American employees often complete work plans following their own ideas even if it means deviating from the plan.They prioritize quality rather than speed but as result fail to meet the *management's* expected deadlines or targeted production quotas. The different approach of China and the United States towards completing work plans and tasks often leads to substantial conflict, causing degradation of departmental performance and exerting great pressure and frustration on line managers.

Intercultural Institutional Conflict

There are three aspects of the cross-cultural institutional conflicts in the Chinese multinational enterprises located at the United States. Firstly, it is about issues of management systems and policies. In US multinationals, American employees hope that the management system and process can be humanized. And they will take the initiative to put forward suggestions, and hope that what they suggest could be accepted into the workplan and become part of the policy and regulations. This will be extremely important in respect to occupational health and safety. However, once the management systems and policies are agreed upon and officially released, they will be strictly implemented by them. On the contrary, the Chinese employees are reluctant to participate in any management system-making, as they believe that it has nothing to do with the workers themselves. They trust that the implementation of the management systems will be appropriate and embrace some flexibility, even after the management systems and policies are formally issued. Secondly, in terms of security system and early warning systems the laws of the United States and China have such different requirements and standards for companies that it will naturally lead to conflicts between China and the United States. As highlighted in the movie "**American Factory**[4]", American employees from **Fuyao America Branch**[5] usually complain that there is only one exit in the operating room and fewer smoke alarms and inadequate fire fighting equipment, and managers require employees to overload their vehicles (often double the legal limit). Thirdly, the conflict is about the wage system[3].Before the advent of the world financial crisis in 2008, American companies provided higher salaries for their employees as a well-developed country, But the wage system provided by the Chinese companies as a developing country must be kept similar to those applying in the domestic one, and it has to be in line with the company's operating performance. Therefore, the paychecks of

[2] In a society with high uncertainty avoidance, people will feel anxious about uncertainty or ambiguous situations. In order to reduce pressure, people will build various rules and institutions to make the society present a certain structure and increase predictability.

[3] In a society with low uncertainty avoidance, people can accept uncertain situations calmly, show great tolerance for unknown situations, ideas and people, and yearn for a colorful life.

[4] "American Factory" is a documentary film that tells the story of the Chinese company Fuyao Group taking over a disused factory site in the United States and bringing jobs to the local area. It reflects the plight of American manufacturing industry and the cultural gap between China and the United States. The film has received much acclaim and is used as teaching resource.

[5] In 2014, Fuyao Group established Fuyao America Branch, which mainly produces automotive safety glass and industrial float glass.

American employees paid by Chinese multinational companies in the United States cannot reach as much pay as before the Crisis. However, the American employees usually compare their wages with the paychecks at different companies and they are perceived that they have a raw deal, thus making a conflict with the company.

Table 1 Conflicts in management systems and procedures among Chinese multinational companies in the United States

Sino-American Cultural Clash	America	China
Differences in understanding and cognition of management systems	Pay more attention to the management system	Pay attention to the management system,but sometimes it will reflect the "ruling by man" more
Differences reflected in the process of compiling the management system	Fully express one's own opinions and promote the preparation of management system to be more perfect	Some employees feel that these jobs are not relevant to them and they are reluctant to participate in them
Differences manifested in the implementation of the management system	Strictly follow the official management system documents	During the executive process, prefer various objective factors as their excuses for poor performance.

ANALYSIS ON THE CAUSES OF CROSS-CULTURAL CONFLICTS IN CHINESE MULTINATIONAL ENTERPRISES IN THE UNITED STATES

This paper will mainly analyze, from three viewpoints, national cultural differences, the differences in management ideas, and in managing ways, and focus on the causes of cross-cultural conflicts in Chinese multinational enterprises in the United States.

National cultural differences

According to Hofstede's theory of cultural dimension[3], the national cultural differences and conflicts arising from Chinese multinational enterprises in the United States are mainly manifested as follows.

Differences and Conflicts on the Individual/Collectivist Dimension

As Hofstede's cultural dimension theory goes, the individualism dimension in the United States is scored 91, compared with 20 in China. Therefore, typically, it is individualism-oriented in the United States whereas it is collectivism-oriented in China's society. As a result, the American employees embrace personal values, freedom, and a belief in individualism. Many American employees in Chinese multinational companies located in the United States are not willing to work overtime to catch up with the busy calender, while the Chinese employees respect collectivism, attach importance to interpersonal relationships and emotions, both in work and in life.

Differences and Conflicts in the Dimension of Power Distance

The power distance is large in China, 80 points high. Due to the idea of "Official Ideology".Chinese people value power and often judge their social status from their positions.

In enterprises, there are pyramid-type organizational structure and top-up decision-making mechanism. In the United States,the power distance is relatively small. They believe that everyone is equal, but the division of labor is different, which means that the corporate organizational structure is flat and the decision-making democratization is carried out.

Differences and Conflicts in the Dimensions of Uncertainty Avoidance

According to Hofstede's cultural dimension theory, on the one hand, the American's attitude towards uncertain events is relatively relaxed. American managers and employees dare to take risks and innovations, and have the courage to meet the challenges brought by developing new products, new markets, and applying new methods. On the other hand, the degree of uncertainty avoidance is relatively high in the Chinese enterprises. Chinese managers and employees are more inclined to work in a calm and down-to-earth way. They prefer doing the work in an orderly way, following the regulations and plans without risk-taking and the spirit of adventure[5].

Differences and Conflicts in Macho Dimensions

The United States is a country with a **high level of Machoism**[6], and American employees are characterized by competition, success, performance, and courage,while China is a country with a **medium level of Machoism**. Chinese employees pay attention to family values, relationships with superiors, cooperation,and a friendly atmosphere.

Differences and Conflicts in Long-Term/Short-Term Orientation Dimensions

Based on the traditions from East Asia and other countries and regions that are deeply influenced by Confucian culture from this perspective, Chinese people pay attention to the long-term vision and goals of enterprises in the guidance for the long-term..Many enterprises are more concerned about achieving their goals by working hard continuously and constantly. By contrast, American enterprises focuses on short-term outcomes like the investment returns. And it is likely for them to meet the goals of economic growth and economic development by competition without considering any cost.

Table 2 Hofstede cultural dimension scores

Country /Dimension	Individualism /Collectivism	Right distance	Uncertainty avoidance	Masculine /Feminine	Long term /Short term orientation
China	20	80	60	50	118
America	91	40	46	62	29

Differences in management concepts

First of all, the Americans embrace the concept of institutionalized management, which means the problem of conflicting management concepts is faced by Chinese multinational companies in the United States where it is deep-rooted, institutionalized and standardized into management systems. Chinese, employees, on the other hand, pay little attention to institutionalized management. The American employees believe that it is necessary not only to establish a sound system,but also to strictly follow the regulations in order to promote the long-

[6] In a high level Macho society, people's values are achievement and success. The important symbol of people's success is to obtain a high position and rich material through competition.

term development of the company, The Chinese employees may agree to the importance of institutionalized management concepts, but they also need to consider "human feelings" apart from institutionalization, and lack the concept of strictly following the system. Secondly, when summing up this problem it can be seen that the American employees feel that formal rules and norms are effective and useful, while the Chinese ones believe that many unspoken informal rules are difficult to be described in an official way even though they have a important role to play. So, the Chinese approach is *ad hoc* and deals with matters as they arise often there is also a lack of respect and attention to formal rules and norms by the Chinese employees.

Differences in management style

In terms of management methods, the problems shown by Chinese multinational enterprises in the United States have also caused cross-cultural conflicts in daily operation and management. First, the conflicts in management methods taken by Chinese multinational enterprises in the United States lies in flow management. The American employees are accustomed to working in a relatively sound process system environment, and can carry out daily work step by step in accordance with the regulations of the process. They can strictly abide by the company's process regulations to ensure that the company's process system can be well executed, quality is assured and the efficiency of process operation is well maintained. The Chinese employees think that the process regulations-making is not reasonable and they have their own understanding about it and how to achieve the target of improving efficiency. Secondly, these conflicts are reflected in how the management plans are achieved. The Chinese employees do not pay enough attention to the plans. They often fail to establish a strict plan in advance, and it is easy to fail to work according to the plan in their daily work so that it can cause the lag of the plan. And the plan is adjusted by them at random, leading to making the plan management look disordered, and to failing to play the role of the plan management in the enterprise management. On the contrast, the American counterparts attach great importance to plan management. They are accustomed to establishing relatively strict plans in advance, and following it without adjustments. Finally, what the conflicts are in the management methods of Chinese multinational companies is on supervision and management. In terms of supervising and management, the American employees are very unaccustomed to strict supervision and as a result that they believe that the supervisor does not trust them. The Chinese ones accept the ideas of supervision and management. If there is no the supervision by managers, there would be slack of employees and inefficiencies at work.

SOLUTIONS TO CROSS-CULTURAL COMMUNICATION AND MANAGEMENT TAKEN BY CHINESE MULTINATIONAL COMPANIES IN THE UNITED STATES

Actively carrying out cross-cultural training aiming at cultural integration

Firstly, cross-cultural training for management.is common and firms hire American personnel as part of their management staff in the Chinese multinational companies in the USA. It is sensible to train them more about Chinese culture to ensure that the Chinese culture is known and well-comprehended,and to make them play an exemplary and leading role in transcultural communication and management. Meanwhile, it is also necessary to provide the Chinese management with American-related cultural training so that they can understand the differences between Chinese and American cultures so as to manage the American employees in a better way. In addition, cross-cultural training should also be carried out for the Chinese and American workers. On the one hand, it will enable them to recognize and understand the cultural differences between the two sides. On the other hand, it can improve their work

efficiency and promote the high-quality development of Chinese multinational enterprises in the United States[6].

Implementing the walking-around management and creating an open communication environment

The construction of supporting infrastructure for enterprises should be updated and completed to better **the walking-around management**[7]. All Chinese multinational companies in the United States need to improve their facilities in the workplaces, such as playgrounds and canteens. It is good for the companies to provides their employees with a variety of food because of the establishment and improvement of canteens which not only enriches their dishes in the workplace, but also ensures employee's welfare and meets the needs of employees. At the same time, the employees may be organized in the place like that to share the Chinese specialties. On such occasions the enterprises can have many ways to acquire different opinions from the ordinary employees due to shortening the relationship gap between enterprises and employees, leading to forming a new corporate culture that is beneficial to the development of the company [8].

Good strategic communication

Strategic communication is part of strategic management. Good strategic communication is helpful to upgrade the strategy level of the enterprises and to obtain high-quality strategic resources. Chinese multinational companies in the United States should take the reasonable actions and strengthen the outcomes of planning and communication when they inevitably encounter strategic crises in their production and operation. For example in the movie, when Fuyao America Branch dealt with the problem that American trade unions involved in the enterprises, it was necessary to take the appropriate measures to strengthen the capability of its strategic communication, such as hiring a professional public-relations team, creating a favorable public-opinion environment, and strengthening the cooperation with the government. For American unions are different from Chinese labor unions. In essence, American trade unions are to protect the personal rights and interests of employees which is not in line with the one in the development of the Chinese industry.

Making the common value-system

Corporate values are the spiritual force for the survival and development of an enterprise. Once recognized by employees, corporate values will influence the way of thinking and behavior of employees. As for multinational companies, cross-cultural conflict within it originates, in nature, because of different values. Therefore, it is necessary for Chinese multinational enterprises in the United States to establish a common value system in the enterprise. First, it is the thing that a positive cultural atmosphere is made by allocating resources fairly to stimulate the enthusiasm of all employees. Secondly, a reasonable cultural integration mechanism is formed by placing the talents in the right position, training staff etc. to promote cultural integration.Finally, a fair unified system of assessment, reward and punishment should be institutionalized to form a positive corporate culture[8].

[7] The concept of the walking-around management originated from the famous book "In Search of Excellence" published in 1982 by American management scholars T.J. Tom Peters and R.H. Wardman, Jr. It is mentioned in the book that the walking-around management refers to a strategy that senior executives often take time to walk around in various offices to get richer knowledge of how the work is progressing and deal directly with employees' work problems and know their employees' work difficulties in a timely that allows early intervention.

CONCLUSION

The cross-cultural management of multinational companies is the process that the various cultures categorized races, types and the development stages should be tolerated, transformed and optimized. In doing so, it can be not only shown the conflict and separation, but also shown the intersection and integration between different cultures. Although the Chinese and American cultures have their own origins, they are not incompatible. Only based on the Chinese cultural context, the Chinese and American cultures can be blended together by cultural integration and innovation, forming a corporate culture that is inclusive and harmonious. Finally, the Chinese multinational corporations can work normally and achieve the expected goals and benefits.

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[7]. Yan Liguang.Research on the Essence of Cross-cultural Management and the Response of Chinese Enterprises,Henan Social Sciences, 2017(03):40-43.(in Chinese)——The author believes that Chinese multinational enterprises should establish the concept of cross-cultural management, attach importance to the coexistence and development of multiple cultures, and use cross-cultural management methods to prevent and resolve the crisis caused by cultural conflicts.

[8]. Lv Miao,Quan Xijian.An Analysis of the Effective Models and Tactics of Chinese Enterprises' Cross-cultural Management,Qilu Journal, 2017(04):110-116.(in Chinese)——Cultural fusion creates a new culture suitable for business development by combining the commonalities of two different cultures.Multinational enterprises should build their own unique corporate culture by identifying cultural differences, strengthening cross-cultural communication, carrying out cross-cultural training and establishing a common value system.