STUDY OF CULTURAL DIFFERENCES IN ENTERPRISE MANAGEMENT BETWEEN CHINA AND WESTERN COUNTRIES

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Abstract
The study, based on the definitions of multinational corporation and intercultural management, analyzes the cultural differences between enterprise management in China and foreign countries, probes into the relevant potential influences brought by intercultural management on multinational corporations, and therefore provide relevant suggestions to multinational corporations in terms of intercultural management in an attempt to promote the harmonious realization of business interaction.

Keywords: management, cultural differences, intercultural communication

1. Introduction

With the deepening of today's globalization, the number of multinational corporations is also growing in a considerable speed. The advanced intercultural management is the key to leading an enterprise to embrace success. Therefore, the analysis of intercultural management of multinational corporations through the analysis of the differences of cultural management in Chinese and foreign countries is of high significance. Through the analysis of the differences of cultural management in Chinese and foreign enterprises, this thesis will discuss the significance of intercultural management to further provide some fresh ideas to multinational corporations and promote the healthy and sound development of the trade activities between China and foreign countries; and through the analysis of the differences of cultural management in Chinese and foreign countries, this thesis will give advice in terms of intercultural management to Sino-US joint ventures.

Actually, the cultural management of Chinese enterprises is largely influenced by foreign enterprises because Chinese enterprises are learning from advanced cultural management method from foreign enterprises. However, due to the development of Chinese economy, Chinese enterprises also have developed their own features and Chinese enterprises have had some influence on foreign enterprises as well. Though the development history of Chinese enterprises is relatively shorter compared to the development history of some enterprises in more advanced and developed countries, the features of cultural management of Chinese enterprises are also prominent.

From the influences of cultural management of Chinese enterprises on that of foreign enterprises, we can see the most appealing features of cultural management of Chinese

enterprises. For example, in the 1970s, the management method of Chinese enterprises started to spread from America to Japan. And there was a common situation in the management field of Japanese enterprises, and that is the management level of Japanese enterprises was almost all familiar with Chinese classics such as *The Analects of Confucius*, *The Book of Changes*, *Master Sun's Art of War*, and so on. From this example one fact is clear that the cultural elements of Chinese classics are the features of cultural management of Chinese enterprises.

And among these features deeply buries in Chinese cultural classics is to convince other people by virtue. Compared with the tradition of using rules and regulations to convince other people with regard to enterprise management method in foreign, especially western countries, the tradition of enterprise management method in China is using virtue, which is the highest way to regulate people. This tradition is suitable to govern a country and is also applied in manage enterprises. In Chinese enterprises, it is of high recommendation that the management level and workers in an enterprise should treat each other as fathers and sons, and the workers themselves should treat each other as brothers.

However, As the largest economic entity in the world, America has the most advanced and promising enterprises of all kinds in the world. As the second largest economic entity of the world, China is also growing and developing with an extraordinary speed. From this it is clear that to discuss the topic of cultural management in Chinese and foreign enterprises, the American enterprises can not be neglected. Therefore, this thesis will choose America as an example to represent other foreign countries in the world.

As for the features of cultural management of American enterprises, like that of Chinese enterprises, the fact is that they are developed from the American traditional cultural background. Though the history of America is rather short, the cultural features are typical and worth mentioning. One of the dominating features of cultural management in American enterprises is that the members of the enterprises are thinking highly of freedom. The tradition of freedom is closely related to the principle of individualism in the heart of American people. American people respect every member in a community and this has nothing to do with one's social statues. Though this is an ideal situation for there is also discrimination in America with regard to the rich and poor people, people in the high and low social statues or even in different races, the principles of individual and equality are more important in the eyes of American people compared to that of most other foreign countries. Most American people deem the principle of individualism as a way of self-respect, from which the tradition of freedom is buried in American history. The very core of the tradition in the society of a country will surly influence every aspect of the society and this is also true in American society. The valuation of freedom in the society of America also has greatly influenced the cultural management in American enterprises.

2. Literature Review

Edward T. Hall (1973:115) expounded on intercultural communications based on the number of possessions of the agreement and the space.

Hofstede (1980) analyzed the cultural differences of different countries, aiming to find a code of conduct of a specific nation .Besides, differences of European Union countries at the level of cultural dimensions are explained, which has thrown huge impact on later research. Adler (1983)put that it is just because of cultural diversity and geographic spread that caused intercultural communication is confronted with vast majority of constraints. Trompenaars (1993) pointed out culture differences as the solution to certain problems.

Laurent (1986) explained that the management of HR can be seen as a process of personnel management, and thus, human resource management is supposed to be placed in the background of social culture, education, religion, geography, law and history which are significant and non-ignorable in shaping cultural interaction.

Earley& Singh (1995) discusses the major methods and situation in intercultural management in enterprises in a relatively comprehensive way. The logic of the whole essay is very strict and the content is quite comprehensive, presenting what is intercultural management as well as the situation and the foreseeable future of multinational corporations all over the world from the macro perspectives. Triandis (1995) distinguished individualism and collectivism, the impact of which on staff's attitudes towards job is also illustrated in detail. Stone Romero (2003) held that an individual in one collectivism-oriented culture is undoubtedly to be managed by many other collectivism-oriented organizations. Peter Ferdinand Drucker (2003)probed into differences between different cultures from such aspects as the hierarchy systems and human nature.

While in China, Professor Yu Wen Zhao (1996:42) put that there exists "cultural relativity" or rather, the cultural differences in eastern and western world are acting as the fundament to lead to more detailed analysis in term of intercultural management in joint ventures, especially multinational corporations, touching upon the very specific the influences of cultural differences on joint ventures as well as the integration and management of eastern and western cultural elements.

The foreign culture and cultural conflicts' influence in the multinational manager's management style and mechanism are analyzed in a comprehensive way in *Multinational Management and Cultural Conflicts: On Cross-cultural Management in Foreign Culture* (Qin Bin 1996:02). The research further leads to the management cultural study from an implement aspect to a deeper cultural psychology level. Furthermore, it explains the topic in an all-round way covering a general scale.

Zhu Qisheng (2000) highlighted the importance of such factors as strategy, organization and control, communications and coordination in intercultural interaction. By making a brief introduction to various views on the issue of cross-cultural management from different perspectives, the relevant cultural management and interaction are also analyzed in an all-round way. He further proposed that enterprise's management in Chinese multinational enterprise should be in full swing on the higher levels and dimensions.

Hu Zonghua(2003:08) stressed the necessity of such aspects as innovative strategy and management method in the enterprise management culture. Huang Nian Gen (2003) illustrated how to improve and perfect cross-cultural management, that is, identification of cultural differences, business and cultural education and establishment of a common view of business and corporate culture. Liu Ke (2004) analyzed virtual enterprise's cultural differences and cross-cultural management.

Nevertheless, the above-mentioned research is relatively macro and general, and did not touch upon the cultural differences in different countries as well as analysis of specific examples and cases. So far, the number of foreign studies and researches relating to the cultural differences in enterprise management in China and foreign countries as well as intercultural management in multinational corporations is rather small. Therefore, some new analyses are highly necessary.

With the deepening of today's globalization, the number of multinational corporations is also growing in a considerable speed. The advanced intercultural management is the key to lead an enterprise to embrace success. Therefore, the analysis of intercultural management of multinational corporations through the analysis of the differences of cultural management in Chinese and foreign countries is of high significance. Through the analysis of the differences of cultural management in Chinese and foreign countries to discuss the significance of intercultural management to further provide some fresh ideas to multinational corporations and promote the healthy and sound development of the trade activities between China and foreign countries; and through the analysis of the differences of cultural management in Chinese and foreign countries to give advice in terms of intercultural management to Sino-US joint ventures.

3. Cultural differences between Chinese and American enterprises

Cultural difference plays an indispensable role in cross-cultural human resource management and there exists a close and innate connection between cultural differences and cross-cultural enterprises management.

3.1 Cultural background of Chinese enterprises

Influenced by the individualism from American enterprises, today's employees in Chinese enterprises are having a growing sense of identity. They are deeming the value of individualism dearer than the employees of the last generation in China. Moreover, paralleled with the importance that is attached to identity, the diversity also exists. The two sides are not contradicted. The tradition of China's attention to virtue is also left in the core of cultural management in Chinese enterprises. And due to the value of virtue and helping each other in the eyes of Chinese employees as well as employers, usually the boundary of the work is not clear, and more often than not, an employee or employer in Chinese enterprise still shoulders more than his or her responsibility and act with diversified roles. And that is the mix of identity as well as diversify.

Besides, it is very clear that Confucianism has always played an important role in every aspect of Chinese society, and it is also true in Chinese enterprises. Using Haier as an example, to let its employees to learn more, it built its own university, Haier University in 1999, which can reflect

the spirit of "learning without thought is labour lost, thought without learning is perilous." in Confucianism. Haier thinks highly of the work, also known as the labor, of its employees. And meanwhile, it also attaches considerable importance to the learning of its employees. Learning and labour are acting like a pair of friends in the development of the cultural management in Hair. Though the tradition of Confucianism has a relatively long history, some core principles in the ideological system are still spreading their rooted influences to Chinese enterprises. Therefore, the Confucianism plays an indispensable role in the cultural management of Chinese enterprises.

As for the attention to maintaining interpersonal relationship, it actually overlaps with Confucianism to some degree. As the old saying goes, the Chinese society is a society of interpersonal relationship. In Chinese enterprises, it is of high recommendation that the management level and workers in an enterprise should treat each other as fathers and sons, and the workers themselves should treat each other as brothers. Though some scholars deem this feature as an inefficiency way of cultural management in Chinese enterprises, it still exists deeply in Chinese enterprises, even in some most internationalized and advanced Chinese enterprises such as JD.COM, the founder of which is commonly known as a boss with the "sense of human", famous for creating intimate relationships with his employees. It is also true in many other Chinese enterprises where interpersonal relationship is very important.

3.2 Cultural background of American enterprises

Different from the employees as well as employers in Chinese enterprises, those of American enterprises have an especially strong sense of target and achievement. Instead of emphasizing on the virtue and interpersonal relationship among the employees and employers, American enterprises more commonly use reward and penalty system based on target and achievement to rule both their employees and employers. A case in point is the sanction method in Deloitte &Touché, in which most employees' bonus is largely influenced by their achievement and whether they have hit their monthly targets.

If we look deeper into the structure of American enterprises, a clear and highly organized and institutionalized structure can be founded. Deloitte is also suitable in this part, for it sets a clear position promotion standard for its employees. A third-or-forth-year university student with some relevant knowledge of background can start as an intern in Deloitte & Touché. And after his or her graduation from university, the person can continue his or her full-time employment in Deloitte & Touché and shoulders the very basic-level position of Associate Assistant. After some years of working, the person may be promoted gradually from Associate Assistant, Junior Assistant, Senior Assistant to Advisor and Partner, from which it is obvious that a clear organization is presented in the structure of Deloitte & Touché.

Except for the target and achievement as the center as well as the highly organized and institutionalized part, some attention will also be paid in terms of freedom-loving and self-reliance in American enterprises. As mentioned in the beginning part of the thesis, the principle of freedom is a typical feature in the cultural management in American enterprises. The tradition

of freedom is closely related to the principle of individualism in the heart of American people. American people respect every member in a community and this has nothing to do with one's social statues. Though this is an ideal situation for there is also discrimination in America with regard to the rich and poor people, people in the high and low social statues or even in different races, the principles of individual and equality are more important in the eyes of American people compared to that of most other foreign countries. Most American people deem the principle of individualism as a way of self-respect, from which the tradition of freedom is buried in American history. The very core of the tradition in the society of a country will surly influence every aspect of the society and this is also true in American society. The valuation of freedom in the society of America also has greatly influenced the cultural management in American enterprises. For another, the core principle of individualism also leads to another feature: self-reliance. Instead of relying on the interpersonal relationship as Chinese employees may choose, American employees are tending to rely on themselves during their work.

4. Intercultural Management of Multinational Corporations

The background of intercultural management can be traced back to the 1970s in America. And the definition of intercultural management is born under the background of globalization. According to the British scholar Leslie Scalar in University College London, to understand the definition of intercultural management, we should first understand the globalization under nationalism and multi-nationalism as well as the globalization(Laurent 1986). And with the understanding of three elements relating to globalization, the definition of intercultural management is easy to identify. And that is dealing with the management issue relating to cultural differences in an enterprise with members from different countries on a global scale. As for the definition of multinational corporation, a clear way to understand the concept is with direct investment in domestic as well as overseas branches, the production, selling as well as other operation activities are conducted on the international scale by an advanced and highly efficient enterprise.

As for the first and also the most obvious as well as direct influence of intercultural management on multinational corporations is the impact brought by multicultural management to human resources. Employees from all over the world are working together in a multinational corporation, and they will inevitably build working relationship with each other. Due to the different cultural tradition that has mentioned in the above part, potential conflicts among different cultural backgrounds are also gathering and gradually becoming a serious issue in term of management of human resources of an enterprise. Dealing with the human resource management is very basic for any enterprise, especially for multinational corporations in which employees from different cultural background exist. And this influence of intercultural management on multinational corporations can directly lead to the second major influence, and that is the influence of intercultural management on profits and achievement of the multinational corporations. The profits and achievement of a company are closely related to every working member in it. If the relationship among different employees can not be well dealt, then the efficiency of a company would be seriously damaged. And this is especially true and important for multinational corporations where the cultural background as well as relationship among

employees are much more complicated. The last influence of intercultural management on multinational corporations is the international view and scale. If an enterprise has a scientific and reasonable method of intercultural management, then it would immediately affect the way and the scale of internalization of an enterprise, which is especially important to multinational corporations.

From the influence of intercultural management on multinational corporations, it is considerably important for a multinational corporation to develop its own scientific and reasonable method to deal with intercultural management. Multinational corporations, especially the Sino-American ventures should learn more about the cultural differences buries deeply in their employees' countries and then develop the way and spirit of intercultural management that is closely aimed to the background of target countries of their employees.

Conclusion

As for the cultural background of Chinese enterprises, influenced by the individualism from American enterprises, today's employees in Chinese enterprises are having a growing sense of identity. And due to the value of virtue and helping each other in the eyes of Chinese employees as well as employers, usually the boundary of the work is not clear, and more often than not, an employee or employer in Chinese enterprise still shoulders more than his or her responsibility and act with diversified roles. And that is the mix of identity as well as diversify. Also, the Confucianism plays an indispensable role in the cultural management of Chinese enterprises. Moreover, the interpersonal relationship is especially dominant in the cultural management of Chinese enterprises and worth our special attention. Though some scholars deem this feature as an inefficiency way of cultural management in Chinese enterprises, it still exists deeply in Chinese enterprises, even in some most internationalized and advanced Chinese enterprises. As for the cultural background of American enterprises, different from the employees as well as employers in Chinese enterprises, those of American enterprises have an especially strong sense of target and achievement. Moreover, if we look deeper into the structure of American enterprises, a clear and highly organized and institutionalized structure can be founded. Finally, the principle of freedom is a typical feature in the cultural management in American enterprises. And instead of relying on the interpersonal relationship as Chinese employees may choose, American employees are tending to rely on themselves during their work.

Clear definitions with regard to intercultural management as well as multinational corporations are presented respectively, and they are: dealing with the management issue relating to cultural differences in an enterprise with members from different countries on a global scale for intercultural management; with direct investment in domestic as well as overseas branches, the production, selling as well as other operation activities are conducted on the international scale by an advanced and highly efficient enterprise for multinational corporations. Then, the influence of intercultural management on multinational corporations are given: the direct influence of intercultural management on multinational corporations is the impact brought by

multicultural management to human resources; the influence of intercultural management on multinational corporations in terms of human resources can directly lead to the influence of intercultural management on profits and achievement of the multinational corporations; and the last influence of intercultural management on multinational corporations is the international view and scale.

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