

## **CHAPTER 2**

### **INTERCULTURAL CONFLICT AND ITS RELATED THEORIES**

#### **2.1 Relevant concepts**

##### **2.1.1 Cross-cultural conflicts**

So-called cross-cultural conflict refers to the process in which different forms of culture or cultural elements are opposite and mutually exclusive. It refers to the conflict between multinational enterprises operating in other countries and the cultural concepts of the host country. It also includes conflicts within an enterprise due to huge differences in values and behavior between management and employees.

When companies operate across borders, cross-cultural conflicts are objective and inevitable. Therefore, throughout the process of business management, business managers should correctly understand the cultural phenomena caused by cultural differences, adapt to and accept different cultures, and minimize the conflicts and impacts brought about by cultural differences. In general, cross-cultural conflicts have the following features:

##### **(1) Complexity**

Cross-cultural conflicts not only include ideological conflicts, but also conflicts of economic interests, making cross-cultural conflicts more complex.

##### **(2) Nationality**

Since the values and various cultural phenomena held by the employees of both parties are concrete manifestations of the national culture, the conflict also manifests itself with ethnic characteristics.

##### **(3) Dynamics**

We know that culture is not formed overnight – it is a long and slow process, and it is constantly changing. The same is true of cross-cultural conflicts. They are not static, but constantly being carried out and adjusted.

#### **2.2 Literature review**

##### **2.2.1 Overseas research status**

Malcolm (2004) believes that culture is a social ideology that reflects the values of people in the same region. Due to the different cultural and historical origins in different regions, cultural characteristics are different, thereby forming different cultural regions and cultural types. Since culture is regional, there are huge differences in the values, traditional cultures, religious beliefs, languages and habits of different nationalities. Corporate culture is an integral part of national culture, so the formation and development of corporate culture must be closely

related to the foundation of national traditional culture.

Conflicts in the workplace may erupt over any aspects of the organization process (Mead, 1998). Contemporary management literature underlines the positive influence of social conflicts and the innovative effect of conflicts on organizations, which enhances their effectiveness (Gladwin & Walter, 1980), and considers constructive conflict management the key to the effectiveness and survival of multinational companies. Understanding conflicts is a necessary first step in managing their impact on a multinational team (Joshi, Labianca, & Caligiuri, 2002).

One of the major topics in conflict studies is conflict management style, which focuses on strategic intentions and situational influences. A model of five conflict styles (Kilmann & Thomas, 1975) was built on the classical twin dimensions of the concerns for oneself and others in the leadership style (Blake & Mouton, 1964). According to this model, integrating style arises from high concern for both oneself and the other party in the conflict and is concerned with collaboration between parties. The obliging style is associated with low concern for oneself and high concern for others and involves smoothing over differences and focusing on areas of agreement to accommodate the other. The dominating style represents a high concern for oneself and a low concern for the other party in the conflict and manifests itself in forcing one's viewpoint at the expense of others. The avoiding style reflects a low concern for oneself as well as the other party and is characterized by withdrawing from the conflict situation. The compromising style involves moderate concern for both oneself and the other in the conflict, giving rise to a give-and-take sharing stance or a search for a middle-ground solution. More recent works (Rahim, 2001) further group the styles into two dimensions of integrative (integrating-avoiding) and distributive (dominating-obliging) and identify five factors that affect the style in organizational conflicts: personality, power base, organizational culture, referent role and gender.

#### Chinese and Westerners in intercultural conflict situations

A conflict style is also influenced by one's culture. The extant literature suggests that avoiding conflict is more prevalent in collectivist societies, commonly aided by bureaucratic and structural means, i.e. being regulative (e.g. Kozan, 1997; Ting-Toomey et al., 1991). Comparative research on the Chinese and on Westerners has attributed cultural differences in the conflict style to a few factors, including power, face and inter-relationship, also known as "guanxi" (e.g. Chen & Starosta, 1997–1998; Chen, Ryan, & Chen, 1999).

MU (2012) argues that the success of the joint venture, cooperation and ascension, is one aspect; it is more important among employees that they have enough sincerity, mutual tolerance and mutual understanding, build a happy business atmosphere, let employees with different cultural backgrounds in the same company find a sense of belonging, to inspire greater enthusiasm. Femenia (2012) found that successful joint ventures are based on mutual respect. If one side strongly suppresses the other, the business results are mostly poor.

In the aspect of cross-cultural conflict management, Wolf (2005) found that the

manifestation of conflict is related to its culture. Bangladeshi employees take a more direct approach to conflict (face-to-face), while the Chinese are more indirect (Patricia, 2008). A German scholar argues that the cross-cultural conflict of enterprises is mainly manifested in the following three aspects: 1). Exchange conflicts. Due to miscommunication of language information, communication barriers between employees are formed; 2). The management idea conflict. Western managers pay more attention to long-term interests and strategic planning, while China pays more attention to short-term behavior. Western managers pay attention to principles, and to the individual ability of employees, “only the good is to do,” while the Chinese are influenced by traditional culture, pay attention to human feelings, take into account “nepotism,” and more often “only the person is held” the management mode conflict. Under the influence of traditional culture, the Chinese side is deeply influenced by the concept of rank, and the preferences and intentions of the above level are the guiding principles for their own work, while Western employees strictly follow the open rules and regulations. Pay attention to principle 5) incentive mechanism conflict. China and the West are influenced by culture to hold different measures of wages and rewards.

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The French economist Iribarne (2005) studied cross-cultural phenomena through company analogy and found that in the multinational corporations of Bangladesh, a company’s management philosophy subtly penetrated into other cultures. Since ethnic cultures have inherited characteristics, communicating and understanding the characteristics of each culture is an effective way to resolve cross-cultural conflict management. After studying the cross-cultural conflict management of multinational corporations, Canadian cross-cultural management scientist Nancy J. Adler realized the importance of conflict management for the development of enterprises and believed that there are mainly three ways to resolve conflict management. Species: The first is the cultural outstrip. The strong internal culture of the company controls the weak culture and forms a corporate culture. This method is the most direct and effective, but in the long run, the long-term suppression of a vulnerable culture can easily lead to conflict. The second is cultural compromise. The various cultures within the company compromise each other and try to avoid conflicts as much as possible, creating a stable and harmonious corporate atmosphere. However, this method only stays on the surface and cannot fundamentally eliminate conflicts caused by cross-cultural. The third is the integration of culture. Under the premise of respecting each other’s cultural differences, a new corporate culture is formed through the understanding, integration and transformation of various cultures, complementing and coordinating each other. This method has strong stability and creativity and helps the company’s internal and external healthy expansion.

### 2.2.2 Domestic research review

Xu (2015), from the perspective of a cross-cultural management definition of culture, states that culture is formed by a specific group of specific values, which determines the different groups of different thought patterns and code of conduct, and affects members of the groups' behaviors.

Zhou and Luo (2017) think that there are several forms of corporate cross-cultural conflict management: the conflict of management culture, the conflict of corporate cultural values and the conflict of working style. In the conflict of management culture, they take the Zhuzhou Siemens Company as an example, and point out that because of the difference in the nature of a joint-stock company and the operating mechanism of a corporate governance structure, it can also cause cross-cultural conflict management. The German stock company operates strictly according to the company share law, which is the standard schema. Although China also has the company share law, its execution is flexible and often influenced by the leader's will, temperament, personality and leadership style, along with some informal factors. Germany fully respects the rights of employees and believes that employees have the right to enter the board of directors, encourage them to participate in corporate decisions and advise on business development, which is almost impossible for the Chinese.

In solving the problem of cross-cultural conflict management, many domestic scholars believe that we must start with the corporate system. Huang (2011) believes that the conflicts brought about by differences in values and religious beliefs are the most obvious. Because they are related to individual values and principles of handling affairs, enterprises should use mutual respect, mutual understanding and mutual accommodation as the preconditions for issuing relevant national solutions. The program of conflict and national integration will properly address the issue of cross-cultural conflict management. Luo (2016) believes that in addressing cross-cultural conflict management, we must first start with the system and combine human governance with the rule of law. Chinese people tend to talk about human feelings. They are often more emotional than rational people, and they are in short supply before the rule of law and principles. However, the sustainable development of enterprises must have a sound system and a strong enforcement of the system as a guarantee. Therefore, China and the West should fully respect each other's culture, complement each other's strengths, establish and improve a sound corporate system and legal system, integrate and communicate with each other, use the rule of law as a prerequisite and adopt a flexible and innovative cross-cultural management system. In addition, for the first time, this article proposes a combination of the "masculine" that Westerners seek to succeed in their careers and the "yin flexibility" that Chinese people pursue in terms of family happiness and happy lives. It creates a home-like working environment for employees and ultimately achieves "hardness and softness." The perfect realm.

Yang (2010), starting from the managers themselves, thinks that joint venture management not only needs powerful cultural knowledge reserves, but should also use verbal and nonverbal intercultural communication skills with employees to establish a kind of mutual respect and equal relations of cooperation, and create a harmony and common progress of interpersonal atmosphere, making the enterprise into a cohesive and competitive team, which

can be in any cultural environment and can maintain a vigorous upward momentum in terms of development.

Wang (2012) argues that solving the problem of cross-cultural conflict management should start from communication, can communication platform through interviews, meetings, establishing company, strengthening leadership both among employees and between employers and employees. In order to solve the issue of intercultural conflict management, an emotional foundation should be laid. Wang (2013) holds the same view, DHC company: for example, he thinks the cross-cultural conflict must first to build an internal communication system, strengthen the communication between the project manager, project internal employee communication, good team spirit. Compared to other articles, this article thinks it should start from performance management within the enterprise, not only solving the problem of cross-cultural management, but strengthening the communication with foreign clients. There will be a lot of special customer culture, and each cross-cultural project manager before the start of the project can strengthen the communication and management skills. Project members, through training in the middle of the project, must also keep in close contact with customers in order to master the dynamic and for new members to keep communication channels open, so that we can try to avoid communication problems due to cultural differences.

Meng (1997) concluded from Foxconn's research that the solution to cross-cultural conflict management is to be people-centered and to address staffing, incentives and other related issues, fully mobilize the enthusiasm of employees, and bring their potential to work, so as to ultimately bring benefits to the company.

Zhu (2009) believes that those Chinese companies that operate transnationally overseas should be fully aware of the cultural differences between the host country and the home country, carry out cultural adjustments, and achieve cross-cultural training to achieve cultural integration and avoid the risks posed by cross-cultural conflicts. To resolve conflicts in cross-cultural human resource management, principles and strategies, as well as several major functions of human resource management, such as: selection of cross-cultural talents, cross-cultural training and career development, performance management, and compensation and benefits, etc. Resource management conducted in depth and systematic research and further demonstrated the content of the theoretical analysis section.

Liu and Jin (2016) believe that to eliminate and crack down on cross-cultural conflicts, we can proceed from the macro point of view and first construct a unified corporate value system. Second, we can broaden the channels of cultural communication, such as by putting together people of different cultural backgrounds as far as possible during personnel deployment. A department to promote cultural exchanges: When selecting transnational company personnel, try to choose overseas work experience to shorten the cycle of cultural integration. Third, each company must discover the cultural integration model that suits its unit. This is the most effective, scientific and longest way to resolve cross-cultural conflict management.

On the basis of continuous research, some scholars put forward a unique management

model for cross-cultural enterprises. Yu and Jia (1997), through field interviews and investigation of nearly 30 joint ventures, found that after the establishment of a joint venture, there are conflicts between Chinese and foreign managers because of the differences in management concepts and modes. In order to minimize conflicts and promote cultural integration, they put forward a new model of common management culture, which is a compromise management model acceptable to both sides of the joint venture, i.e. through cultural transplantation, cultural grafting and cultural integration. To achieve the goal of joint management of the enterprise.

As the research carrier, Irina (2014), proposed a unified management model, a standardized management model and multiple cross-cutting management modes at headquarters. This solves the cultural conflict, perfects the content of cross-cultural talents training from human resources, develops a reasonable system, respects each other's cultural differences and finally achieves the purpose of achieving equal cooperation, and provides a good working environment for the employees of the enterprise.

### 2.2.3 Evaluation of literature review at home and abroad

Generally speaking, the research direction of cross-cultural conflict management in Chinese-foreign joint ventures is consistent with the international direction, and a relatively standardized technical route has also been formed in the research methods (Luo, Wang, Zhu, Yu, & Jia, 2016). The research results of other scholars also fully proved this conclusion. However, with the continuous development and changes in the global economic situation, future research on cross-cultural conflict management in joint ventures will inevitably have more new problems. Finding how to solve these new problems also requires new ideas and methods. And each company also has its own background in the development of cross-cultural conflict management and will show different characteristics, so based on this consideration, in domestic scholars' existing research results there are still many deficiencies. How to study the issue of cross-cultural conflict management, combined with the characteristics of the times, and fully integrated with the characteristics of the company's own development, provide strong theoretical support for the healthy and orderly development of the company – this is the focus of this article in the study.

## 2.3 Cross-cultural conflict characteristics of enterprises

Employees of Sino-foreign joint ventures not only include Chinese employees, but also a large number of foreign employees. There are cultural differences between Chinese and foreign employees. Cross-cultural conflicts are inevitable. Judging from the actual situation of the cross-cultural conflicts between Chinese and foreign joint ventures, the following characteristics have emerged:

(1) Cross-cultural conflicts are manifested in various aspects. Due to differences in cultural backgrounds and differences in values, customs and languages, cross-cultural conflicts between Chinese and foreign employees are manifested in various aspects of corporate management. It is possible that there will be cross-cultural conflicts in daily behaviors,

exchanges, and the management and decision-making processes of enterprises.

(2) The impact of cross-cultural conflicts is extensive and far-reaching. Cross-cultural conflict not only affects the business decision-making process of the company, but also the mutual exchanges between the employees of the company. The scope of influence can be deep into almost every corner of the business.

(3) It is difficult to eliminate cross-cultural conflicts once they exist. Enterprises must face this problem squarely and take corresponding evasive measures. For a joint venture, the impact of cross-cultural conflict has a greater impact, and the main negative impact, the joint venture in the business, must be fully aware of the problems in cross-cultural conflict management and take targeted measures to address the impact of cross-cultural conflict on corporate governance.

## **2.4 The manifestation of cross-cultural conflicts in enterprises**

Judging from the manifestations of cross-cultural conflicts in Sino-foreign joint ventures, they mainly include:

### **(1) Conflict of values**

Values determine the employees' views on a particular issue. However, in Sino-foreign joint ventures, because Chinese and foreign employees have been producing in different environments for a long time and have formed different values, different values will inevitably affect their views on the issues and they will have a different understanding of the same event. As a result, in the course of business management, due to different values, different opinions may arise when making specific decisions, which may easily lead to disputes and frictions.

### **(2) Conflicts of explicit culture**

Explicit culture refers to the external manifestations of culture, including language, demeanor, gestures, expressions, behaviors and other aspects. From the actual situation, in a Sino-foreign joint venture, the explicit culture exhibited by Chinese employees and foreign employees may be quite different. There are differences in language, and there may be great differences in outward appearances such as demeanor, gestures, face expressions and behaviors; and there may be the same expression, but due to the different cultural backgrounds, the meaning is also very different. Therefore, in the case of explicit culture, it is also very easy to produce cultural conflicts.

### **(3) Conflicts in labor and personnel management**

Labor and personnel management is an enterprise's basic work. Doing a good job in labor and personnel management plays a great role in promoting business management and management. However, from the actual situation, there are many influencing factors in labor and personnel management. Both policy factors and cultural factors have a serious impact on labor and personnel management. In contrast to Sino-US, US employees are significantly more

receptive to performance work, while Chinese employees are relatively unaccepting; in addition, Chinese employees are significantly more receptive to overtime, while the US places more emphasis on rest time, once legal holidays do not deal with work matters. Therefore, this series of cultural differences also directly tests the level of labor and personnel management in Sino-foreign joint ventures.

#### (4) Conflicts in institutional culture

There is a big difference in institutional culture between China and Western countries. In the United States, for example, they have a very rigorous institutional culture. Not only do the companies establish a relatively complete system of systems, but employees also work in strict accordance with the system, forming a culture of acting in accordance with the system; and domestic employees in this area With great differences, not only the enterprises need to be improved in the system construction, but also because employees are not strict with the rules and regulations of the company, they often cannot strictly follow the rules and regulations, and sometimes they will be treated by the “emotional” approach. Break the rules of the system. Therefore, when Chinese employees and US employees are in the same joint venture company, cultural differences will inevitably lead to cultural conflicts. How to solve the cultural conflicts in this area is a challenge that must be met by the joint venture. It is also a problem that needs to be solved.

#### (5) Conflicts in interpersonal communication

In a joint venture company, there may be barriers in language communication between Chinese and foreign employees, which affect the interpersonal communication between the two parties, and based on the differences between Chinese employees and foreign employees, Chinese employees obviously pay more attention to human relations, like the United States. Foreign workers in other countries pay more attention to the quality of work.

### **2.5 The impact of cross-cultural conflict on the management of joint ventures**

The impact of cross-cultural conflicts on the management of joint ventures is obvious. Combined with the above analysis, we can conclude that this impact is mainly manifested in the following:

First, cross-cultural conflicts have an impact on the management atmosphere of the joint venture. In joint ventures, due to the existence of Chinese and foreign employees, there are different customs on both sides, and there are also many differences in behavior, which may cause communication difficulties for Chinese and foreign employees and make it difficult to establish a harmonious team atmosphere, which is not conducive to the management of joint ventures.

Second, cross-cultural conflicts have an impact on the operation and decision-making efficiency of joint ventures. Due to differences in cultural background, Chinese and foreign employees may have different views on the same thing. In this context, when the joint venture

needs to make corresponding decisions, the Chinese and foreign employees may take different positions and it is difficult to reach an agreement. This will inevitably affect the efficiency of the joint venture's operation and decision-making.

Again, cross-cultural conflicts have an impact on the human resources management of joint ventures. The human resources management of an enterprise is greatly affected by labor policies and cultural backgrounds. For joint ventures, when formulating corresponding human resources policies and systems, not only should the cultural background of Chinese employees and domestic labor policies be taken into consideration, but also the cultural background of foreign employees and the labor policies of their country must both be taken into account. Therefore, it will inevitably have a corresponding impact on the formulation of human resources policies of joint ventures and the daily human resources management.

In addition, cross-cultural conflicts have an impact on the system and process management of joint ventures. Chinese employees and foreign employees have different institutional cultures. Due to the conflicts created by the institutional culture, the joint ventures must consider different institutional cultures when formulating the company's management systems and processes to ensure that the systems and process management embodies the proper role. And in the process of implementing the system and the process, there will be differences between Chinese and foreign employees, which will test how the joint venture will implement the system and process management.