# Study on the Cross-Cultural Management Mode of Sino-Foreign Joint Ventures

# Lin Fengyang

Bank of China Guangdong Branch, Guangzhou, Guangdong, China

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*Abstract:* At present, the cross-cultural conflicts between Sino-foreign joint ventures are mainly manifested in the conflicts between rule of man and rule of law, high power distance and low power distance, individualism and collectivism. Therefore, it is necessary to reasonably choose the cross-cultural management mode of Sino-foreign joint venture cultural management according to the actual situation, such as cultural grafting, crossover, cultural integration and cultural penetration, strive to narrow the differences between languages and cultures, respect other cultures, achieve equal cooperation, scientific and reasonable system management, and ensure the effectiveness of Sino-foreign joint venture management.

With the acceleration of global economic integration in recent years, the trade and economic exchanges between countries are becoming more and more frequent, enterprises are expanding, and more and more employees of different nationalities and ethnic groups gather in the same enterprise to work together. These members come from different countries and have different cultural backgrounds, so it is difficult to avoid the cultural conflict from the root cause, and the cross-cultural management work of enterprises will become more complicated. This requires that the management workers of both sides of the enterprise can correctly understand the cultural conflict, and resolve all kinds of contradictions in time, and build a relatively good cultural atmosphere for the sustainable development of the enterprise and the realization of strategic goals <sup>[1]</sup>.

## 1. Cultural Conflict in the Cross-Cultural Management of Sino-foreign Joint Ventures

# **1.1 The Conflict between the Rule of Man and the Rule of Law**

In western civilization, based on the perspective of human nature, people can be divided into many types, namely, cultural person, social person and economic person. At the same time, more emphasis is placed on the use of the rule of law to restrain people, and the use of material and money to motivate people. The management culture of enterprises focuses on the strict structure of the internal organization and the establishment of the implementation of means. Therefore, in western culture, more emphasis on individualism and maintaining the independence of people are needed through a stronger management system to achieve effective constraints on the internal employees of the enterprise and effectively avoid the excessive attention to and emphasis on themselves, the enterprise employees do their own things.

In China's traditional culture, the human nature is good, especially the enterprise management concept emphasizes people-oriented, enterprise management is based on the rule of people. Although our country enterprises in recent years in the process of its reform and development also began to emphasize the need to establish a perfect positioning and strict organizational structure, using perfect control means, but enterprise employees in the face of superior instructions, often appear on policy, the countermeasures, overstaffed, system consciousness is relatively shallow. Even if the system has been formulated and improved, but the implementation strength is often difficult to meet the ideal requirements, resulting in the internal organizational structure of the enterprise is very lax, and the management function of the enterprise cannot be effectively played.

Based on the differences between the rule of man and the rule of law, the process of joint ventures cannot achieve the expected management effect of the management system due to the conflict of ideas. And then causes the analysis and misunderstanding of the enterprise employees. The Chinese side will believe that foreign management staff have a rigid understanding of the system, while the West will believe that Chinese management staff have an insufficient implementation of the system.

#### **1.2 The Conflict between High Power Distance and Low Power Distance**

Power distance will directly determine the extent to which social groups can accept the unequal distribution of rights in the organization. The distance between rights is the most clear and intuitive cultural dimension to show the national cultural differences between China and the West. Different countries and ethnic groups also differ in terms of the power distance. Based on the high power distance from the country, the social hierarchy is relatively strict, and at the same time, the hierarchical concept is very emphasized. It is necessary to show the authority of the superior leaders through the organization, and the distance between the superior and the subordinate is very far away. However, based on the low power distance from the country, more emphasis is placed on the need to build an equal and harmonious relationship between people. The hierarchical consciousness within the organization is relatively weak, and the upper and lower managers only differ in the division of labor, responsibilities and authority.

China has always been a country of high power distance. For a long time, the relationship between the king and the minister, the father and son is more strict. From the family to the social organization, they are always deeply influenced by the official standard and paternalism, emphasizing the social rights that a person can have and his status and position in the society. The organizational structure of Chinese enterprises is a more traditional pyramid shape, and the decision-making procedure has been from top to bottom since ancient times. Although the flat structure has been continuously reformed in recent years, it is still a traditional pyramid decision-making system for large and medium-sized enterprises.

However, in western countries, especially the United States, people have always advocated the idea of equality, and the division of responsibilities and status of employees in enterprises does not have a direct impact. The organizational structure of western countries is a typical flat structure, and the decision-making process is relatively democratic <sup>[2]</sup>.

The difference in power distance will also bring great challenges to the cultural management and organizational structure of sino-foreign joint ventures, which is also the main reason for the cross-cultural management conflict of enterprises. It may be expressed in the conflict between the use of power and the authorization of power. China puts more emphasis on centralized management, while the West puts more emphasis on authorization management. In a large number of

management practices, the foreign side may feel that the Chinese management staff has a relatively poor decision-making strength, while the Chinese side may feel that the foreign management staff has an excessive decision-making strength.

## 1.3 Conflict between Individualism and Collectivism

Individualism and collectivism are the main features distinguishing the different national cultures. Individualism and collectivism focus on the connection between social people and others. For nations and countries that follow individualism, the focus is on individual goals, personal values, and whether individuals are free. For the nations and countries that follow collectivism, the focus is placed on mass goals, mass interests and mass value labor. In order to achieve the group goal, group members need to realize individual interdependence, help each other and complement each other. Members place their collective interests in the first place and their individual interests in the second place. On the other hand, Chinese culture emphasizes more on collectivism, believing that the realization of individual value only has value in the realization of collective value and collective goals. However, in Western culture, especially the American culture, individualism is more emphasized, the realization of personal value orientation, and the supremacy of personal value and personal ability is more believed. In the cross-cultural management of Sino-foreign joint ventures, Chinese employees often focus on the interests of the organization, and hope that the team and leaders can make correct decisions, and at the same time, the leaders can lead the members to do things, so as to build a better and harmonious interpersonal relationship in the enterprise organization and form group organizational emotions. Western employees, however, will actively participate in the competition for leadership positions, and will also participate in the important process of organizational decision-making in order to achieve their personal goals and organizational goals. Therefore, on the one hand, Chinese employees may feel that the humanistic care of foreign management staff is lacking, and the relationship between people is very tense. On the other hand, foreign management staff will feel that Chinese employees' active and subjective initiative in practical work is insufficient, and their sense of responsibility is relatively weak<sup>[3]</sup>.

## 2. Construction of Cross-Cultural Management Mode of Sino-foreign Joint Ventures

# 2.1 Cultural Marriage Mode

Culture grafting mode is mainly the home country culture as in subsidiary under the condition of subject culture, the host culture grafting on home culture, which is the parent company organization and management policy, framework system as the basic condition, overseas subsidiary can be combined with the actual situation of the local, formulate targeted management measures and management policies. In terms of personnel allocation, the senior management staff of the parent company is mainly held by the relevant responsible persons of the home country company, while the managers of the subsidiary company are mostly held by the managers of the parent company, and some senior managers are held by the local people. Its advantage is that it can take into account the global unified strategic development plan of the Sino-foreign joint venture and the cultural background of the host country, and use different flexible management strategies. However, the disadvantage is that whether the two different cultures can achieve the expected success goal in the grafting process, just like the grafting of two plants, can succeed successfully needs to be considered based on multiple levels.

#### 2.2 Multi-Directional Cross-Culture Model

Multiple cultural cross-management modes are analyzed based on the perspective of human resource management, which can be identified as a combination of two strategic management methods of global central policy and mixed personnel policy. With the global development of international business activities in the new era, the speed of product innovation is accelerating, the product content is becoming more and more diversified, and the unprecedented integration between human beings and ethnic groups, a number of cross cultures have gradually evolved into a common human resource management system in sino-foreign joint ventures. In the specific application of many cross cultural management modes, it is possible to avoid the cultural conflicts due to the following cultural differences: first, to select the native people; second, to select the local foreigners who have studied in China or have work experience; third, to select the native people who have worked in the local area.

#### 2.3 Cultural Compatibility Mode

The mode of cultural integration can be divided into different levels according to the specific degree of cultural integration.

First, cultural parallel integration of culture. Integration is the highest form of cultural expression. In terms of specific cultural compatibility habits, it can be called cultural complementarity. It mainly means that the subsidiaries of multinational enterprises do not take the home country culture or the culture of another country as the main culture in the development process of the subsidiary company. Although there is a very large cultural gap and cultural differences in the culture of the home country and the host country, they do not exclude, but can achieve cultural supplement. At the same time, in the process of the operation and management of the company, it can further show the advantages and value of cross-cultural management. For example, when the Chinese government selected the most successful food company in China of the year, it was not the Chinese company, but the KFC in the US. Although China and the United States in political, cultural, economic, beliefs, customs and other levels there are very obvious cultural gap, but the advantage of cross cultural management is that very big cultural gap can always keep complementary advantages between different cultures, a culture of independent, can supplement to the deficiencies of another culture, avoid the monotony of cultural management. For example, the success of KFC in China is an example of cross-cultural management, and also a model <sup>[4]</sup>.

The second is to hide the main culture of the two, for peaceful integration. Although in multinational enterprises, there are very large cultural gaps and differences between the home country culture and the host country culture. At the same time, the two different cultures are also prone to cultural friction in the daily enterprise management work. However, in the daily operation and management activities, the managers deliberately blur the cultural differences, so that the subject culture that is most prone to conflict in the culture is deliberately hidden, and the relatively small details and relatively dull contents in the two cultures are retained. Due to the strong influence of different nationalities hidden in the main culture, the employees of different cultural backgrounds can get along peacefully in the same enterprise environment. Even if there are conflicting opinions, it is easy to appear cultural coordination and cultural compromise under the efforts of both sides.

#### 2.4 Cultural Infiltration Mode

Cultural infiltration requires long periods of observation and cultivation. For Chinese-foreign joint ventures, multinational companies assigned to manage workers may not try to make local employees obey the management culture mode in a short period of time due to the obvious difference between the culture of the home country and the culture of the host country. Instead, strong economic strength is needed to form a strong corporate management culture advantage, realize the penetration of local employees' culture, and make the family culture truly perceptible in people's minds. The employees of the host country will gradually adapt to the native culture and become the performers and operators of this culture<sup>[5]</sup> independently.

### 3. The Way of Cultural Integration in Sino-foreign Joint Ventures

#### 3.1 Minimize the Cultural Differences of Different Languages as Much as Possible

Language is one of the representative forms of culture, which can most show the differences between cultures. Although in recent years, investors do not have to understand the language of international trade activities, and can directly hire local foreign managers, which can reduce the language gap in international trade activities, this does not mean that there is no need to understand the local language. Using other languages, yes. Conduct smoother communication and communication to form a sense of intimacy. Therefore, in the cross-cultural management of Sino-foreign joint ventures, it is necessary to establish and improve the bilingual communication, learning and mutual assistance group to further improve the foreign language expression ability of domestic employees and improve the Chinese level of foreign enterprises. In enterprise management, it can not only effectively avoid misunderstandings caused by language differences, let the agreement and contract be reached more smoothly, but also eliminate the sense of alienation among employees, reduce language barriers, stimulate employees to provide work enthusiasm, and improve production efficiency.

## **3.2 Respect for Cultural Differences and Equal Cooperation**

There are obvious differences between Chinese and western cultures in the basic cultural values, which will also lead to huge ideological differences in enterprise management. Therefore, cultural differences need to be respected and equal cooperation should be achieved. It requires that Chinese and foreign management staff and grass-roots staff themselves should form cultural differences, solve various problems caused by cultural differences, and respect the management thinking of other countries' cultures. When necessary, training and education can be carried out for both employees related to each other's moral norms, language and customs, so that Chinese and foreign employees can more clearly and intuitively understand the cultural gap, arouse their interest in each other's culture, it is also necessary to build an equal and friendly communication mechanism. Various cultural activities can be held to enhance the friendship between Chinese and foreign employees, so that they can get to know each other.

#### **3.3 Appropriate Institutional Management**

Institutionalized management mode is the main way to unify different cultures and form a more unified management style. Specifically, system management can start from the following content: one is the need for the Chinese and foreign parent company system targeted investigation and analysis, clear system for the breakthrough point of integration, develop a more cutting-edge sino-foreign joint venture cross-cultural management system, ensure the normal operation of the enterprise, to ensure that the enterprise cross-cultural management work can realize standardization, procedural and standardization. Second, to carry out institutional culture education and training for Chinese employees, especially for Chinese upper management staff, it is necessary to form a deep understanding of the system and let them clarify the important value of the rule of law. For grass-roots employees, training and education are needed for system implementation and organizational discipline. For the employees of foreign enterprises, it is necessary to infiltrate them culturally, appropriately cultivate Chinese plots, so that they can learn to get along harmoniously with Chinese employees, respect each other's culture, and build an equal and friendly enterprise management atmosphere.

#### 4. Conclusion

To sum up, in a sino-foreign joint venture, the personnel composition is very complex, including employees from Chinese and foreign countries or even other countries. The more complex enterprise environment and the more obvious cultural differences will lead to more serious cultural conflicts in enterprises, which is also the main factor affecting the sustainable development of enterprises. Therefore, how to guarantee the rationality of the choice of cross-cultural management mode has become the main research topic for the management workers of sino-foreign joint ventures. Under the basic condition of analyzing the cultural conflict of Sino-foreign joint ventures, this paper puts forward the construction of cross-cultural management mode and the specific ways of cultural integration, aiming to provide theoretical reference for the development of Sino-foreign joint ventures in the new era.

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