Cross-Cultural Management: The Case of Taiwan-Funded Businesses Entering the Mainland Chinese Market

Cheng-Wen Lee¹*, Hui-Hsin Hsu² and Yi Tang Hu³

Abstract

The purpose of this study is to examine the effective management of employees who originate from different cultural backgrounds by executives and supervisors. When situations are heavily influenced by many cultures, businesses should make an effort to comprehend the cultural norms of the market in which they are looking to become involved. This study employs an in-depth methodology to comprehend the viewpoints of Chinese and Taiwanese employees concerning stereotypes, values, ways of communication, leadership styles, decision-making methods, and interpersonal interaction. We collected 45 responses in total. The resultant finding offers some practical management implications and suggestions for future academic study based on our understanding of the conflicts in diverse cultural enterprises currently in existence.

JEL classification numbers: F16, F23, G18.
Keywords: Cross-cultural management, Leadership style, Decision-making method.

¹ Department of International Business, College of Business, Chung Yuan Christian University, Taoyuan City, Taiwan. *Corresponding author.
² Ph.D. Program in Business, College of Business, Chung Yuan Christian University, Taoyuan City, Taiwan.
³ Department of International Business, College of Business, Chung Yuan Christian University, Taoyuan City, Taiwan.

Article Info: Received: September 6, 2023. Revised: September 18, 2023. Published online: September 20, 2023.
1. Introduction
Nowadays, businesses recruit people from a variety of cultural backgrounds as a result of globalization. A significant difficulty for business managers is managing across cultures. Global companies with multiple cultural origins must be mindful of the differences in local consumption demands, staff values, and customer views across different geographic areas. Businesses should endeavor to understand the cultural norms of the market they are seeking to enter when conditions are strongly impacted by many cultures, which are designed to fulfill employees' expectations. As an illustration, multinational corporations face significant challenges in their worldwide operation centers as a result of cross-cultural disparities in the business environment. Thus, the success of corporate globalization is directly influenced by the effectiveness of cross-cultural management.

Managing individuals, things, and objects from various cultural backgrounds is referred to as cross-cultural management, sometimes known as cross-cultural management. It is a result of a company's global operations and represents a new management concept. Multinational corporations maintain member offices in various nations and areas. It includes a wide range of corporate cultures. The term "corporate culture diversity" describes the differences in corporate cultures among local and foreign enterprises from different nations and regions. Cross-cultural management is a practice that reflects the times. Because of the development of a global economy, people from various cultural backgrounds can now cooperate and participate in a range of commercial activities. The process of managing people from different cultural origins occurs when a business operates worldwide. The key to Cross-cultural management is the resolution of cultural conflicts (Zhang, et al., 2022).

Companies are becoming more and more independent from political or geographic constraints between nations as global economic and trade liberalization progress, resulting in the development of the so-called "borderless" business model (Kubik, 2013). The majority of Taiwan-funded enterprises are evolving toward diversification and internationalization, while the operations of multinational corporations are developing in the direction of localization, both of which are influenced by the fierce competition in the international industry and the company's pursuit of growth and development.

To increase business competitiveness in the face of cross-cultural barriers and cross-cultural disputes, this study focuses on multinational corporations and how effective cross-cultural management can be applied. Therefore, it is essential to have a practical grasp of how different firms approach multicultural management. In conclusion, this study has four primary goals including (1) cross-cultural issues in organizational management, (2) cross-cultural challenges in management and supervision, (3) cross-cultural issues in personnel management, and (4) cross-cultural problems in communication management. This study aims to help Taiwanese businesses advance their internationalization by reducing management errors, developing efficient organizational and personnel management systems, and
enabling them to consider cultural differences in various regions appropriately through a series of studies (Centobelli, et al., 2020).

2. Literature Review

2.1 Significance of Cross-Cultural Management

The Latin root of the term "culture" denotes the cultivation of "culture," which can be passed down through generations or developed via human activity. More than 164 definitions of culture have been compiled by academics. They contend that culture can be defined as a manner of doing, acquiring, and transmitting that is mediated by symbols. To provide cognitive direction or action plans, all symbols are distributed to various groups. As a result, their routines, methods of operation, or social interactions might be seen as an obvious manner for them to display their marks (Cheryan and Markus, 2020).

Individuals can be distinguished from one another by their respective cultural surroundings' unique economic, social, and political traits. In foreign business management, cultural variations are notably culture shock. Culture shock in foreign business is inevitable and calls for careful planning. The Concise Oxford Dictionary combines several modes of human wisdom's creative and other expressions. Knowledge, convictions, the arts, rules, morality, traditions, and other skills and routines that people pick up as members of society are all part of Edward Taylor's intricate totality. According to the findings of this study, identifiable groups can help people share, learn, and transmit a comprehensive collection of customs, beliefs, behaviors, institutions, and communication patterns (Oğuzhan Okumuş, 2020).

Cross-cultural management is a management approach that emphasizes absolute respect, cultural knowledge, adaptation, integration, and relative tolerance in the country of the subsidiary to resolve any complex Cross-cultural problems. Additionally, it forge an efficient management procedure and a singular artistic enterprise. The purpose is to create practical structures and procedures for various cultural climates to accomplish organizational objectives. Successful multicultural management helps multinational corporations run more efficiently while boosting their competitiveness and market share. The goal is to maximize the potential and value of the firm's people resources as well as the overall efficacy of the company by using various cultural climates to optimize the allocation of corporate resources (Onyusheva, et al., 2020).

Multinational businesses are primarily those that have local investments, have branches or subsidiaries all over the world, and engage in worldwide trade and production. Their business strategy is built on cross-cultural management research that is targeted at worldwide markets, and several cross-cultural management models have been put forth to increase overall earnings. The Hofstede cultural value dimension model is the most well-known of cross-cultural studies that examine cultural variations in value dimensions using a variety of methodologies (Hofstede, 2011).
2.2 Effect of Cultural Conflict on Adaptation of Management

Research on the management of transnational cultural conflicts in multinational corporations has concentrated on overseas executives, primarily through the selection of suitable overseas managers and their proper training, to ensure that they will be fully effective, being headquartered abroad, in their managerial and operational capacities. We have access to a wealth of information in this area that the management and practice groups have acquired. A study on expatriate labor in US multinational businesses finds that 20-50% of expats leave their positions early due to poor performance or an inability to integrate into the community (Gopalan and Rivera, 1997).

Due to the various cultural contexts of various nations, the concerns of international regulators can also differ. For large Japanese multinationals, the top personnel concerns are children's education, returning home, and earning more than three times the salary of overseas employees at home, while the top concerns for US multinationals are the wife's job, returning to work, and earning more than three times the salary of overseas employees at home (Kopp, 1994). Compare significant elements that influence adaptation to living abroad, such as alterations in one's demographics, alterations in the environment in which one lives, alterations in one's personality, and the connection to adaptability.

Because strongly ingrained cultural identities or values are challenging to shift rapidly, individuals' enhanced self-reliance and self-awareness in overseas adaptation. Generally speaking, it is more substantial than other changes in values and ideology. The following main factors can be identified as contributing to the failure of overseas assignments after analyzing the findings of earlier studies on overseas managers: (1) issues with insufficient experience and professional competence, (2) issues with cultural and occupational adaptation, (3) issues with career planning, (4) issues with performance evaluation, (5) family issues, etc. The majority of academics blame "culture shock" for the failure of expatriates. In short, any behavioral, physiological, mental health, attitude, or emotional condition might be out of balance (Béné, 2020).

The following behavioral traits are typically displayed by such maladjusted individuals: they have a strong "ethnocentric" worldview and have strong stereotypes about other people; when they are around people from different cultures. When they become frustrated, they rush to avoid familiar people, events, and situations. They feel threatened and uneasy; they see themselves as saviors and refuse to adapt to the local culture; they are paranoid and superstitious about their professional competence and disregard the significance of cultural sensitivity (Jooss, et al., 2021).

The results of studies on expatriate task failure hint at underlying issues or difficulties in multicultural interactions. Results from this field of study can help us understand how multiculturalism affects society and can also help us improve intercultural interactions and relationships (adaptive reference). As a result of the current emphasis on teamwork in management, it can be difficult for foreign
executives to adapt to a new culture, which makes it difficult for organized work teams to effectively accomplish organizational goals (Fang, et al., 2018).

2.3 Cultural Conflict Focusing on the Analysis of Overseas Personnel

Currently, empirical study on the adaptation of expatriates overseas has been the main focus of domestic research on cultural conflict and management. In regards to the overseas adaptation of personnel, we summarize related survey viewpoints as follows. (1) Personality factors that are favorably connected with overseas adaption include "adaptability to cultural differences" and "interpersonal communication skills". (2) Ambiguity, conflict, overload, and flexibility are all substantially linked to success in adjusting to a foreign culture. (3) People who are married, have children or have lived abroad previously, tend to adapt to life there more readily. (4) People are more likely to adjust abroad if their traits could be matched to those of the expatriate's employment role. (5) Organizational traits influence how well people adapt to life abroad.

Regarding the adaptation problems of Taiwanese managers posted to the mainland Chinese, some researchers discovered: (a) "Internal control personality" and "headquarters support" are significantly and favorably associated with overseas adaptation. On the other hand, "external control personality" and "poor job role characteristics" are strongly and unfavorably related to abroad transformation (Liu and Hung, 2016). (b) The majority of "overseas management policies" have little to no impact on adaption to a foreign culture (Lam and White, 1999). Taiwanese companies' investments in China as an example, the effect of hiring decisions and training on the performance of Chinese corporations' abroad assignees was explored. Additionally, many Taiwanese businesses do not offer managers based abroad the necessary pre-departure training.

2.4 Corporate Cultural in Multinational Enterprise Management

Multiple interviews with executives of well-known international corporations in China and abroad find that executives of internationally renowned organizations have very similar perspectives on multicultural management and team development. Nearly all CEOs are aware of the existence and significance of cultural differences and recognize them as a vital resource for the business. Furthermore, they take steps to comprehend them and learn how to incorporate various viewpoints and emphasize that the influence of corporate culture is more significant than that of national culture. Therefore, companies must establish a transparent corporate culture in team discussions/communication, and then share values as the cornerstone of both corporate management and employee behavior. Corporate values remain constant despite regional differences in management strategies (Muratbekova-Touron, et al., 2018).

The aforementioned survey of the pertinent literature makes it abundantly evident that cultural differences result in variations in effective management behavior and that managers' behavior is significantly influenced by the environment in which
they were raised or their cultural identity. Cross-cultural encounters increase in frequency as a result of multicultural work teams and a future trend in the management of global corporations. For academics in human resource management and organizational behavior, the question of how to make diversity an asset rather than a liability is crucial. Even though senior managers favor multicultural work teams, researchers have discovered that these senior managers play a crucial role in the successful cultural adaptation process.

3. Research Framework

This investigation is preliminary. In-depth interviews and surveys are the two main approaches used to systematically gather junior managers’ opinions about how work teams made up of various cultural combinations function in global corporations. For in-depth interviews, this survey focuses on Taiwanese businesses operating in China. Managers from Foxconn Technology Group, BenQ, Delta Electronics, and Gigabyte are among the middle- and lower-level managers who responded. Chinese and Taiwanese executives from each organization participated in extensive group interviews conducted by researchers. In each group, there were roughly six individuals. Ten to twelve middle managers from each business were questioned. The interviews took roughly one and a half hours. About 45 people were interviewed in total. The researcher targeted Taiwanese officials and friends who are members of the Truth University China Alumni Association in the questionnaire using a convenience sampling technique. Finally, we questioned their interactions with Taiwanese individuals and asked for details about their connections with friends from other countries. This study gathered 128 surveys. The research framework for this study is shown in Figure 1. Through interviews and surveys, this study gathered information on stereotypes, work attitudes, work communication methods, leadership and decision-making methods, and interpersonal interactions on both sides of the cross-cultural exchange.

![Figure 1: The research conceptual framework](image-url)
4. Result

4.1 Sample Collection

Our survey of mainland Chinese and Taiwanese regulators found that people continue to hold different opinions about their employment and their beliefs on each side of the Taiwan Strait. The results of the questionnaire survey are examined below. In-depth interviews were used in this study to elicit the opinions and experiences of Taiwanese and mainland Chinese cadres working in Taiwanese firms, as well as senior managers' viewpoints on multicultural interactions. Our survey of mainland Chinese and Taiwanese regulators showed that attitudes toward work and principles continue to diverge on both sides of the Taiwan Strait.

Executives from each firm who were Chinese or Taiwanese participated in extensive group interviews. There were around six individuals in each group. Ten to twelve middle managers from each business were questioned. The interviews took roughly one and a half hours. In total, 45 people were questioned. The researcher targeted Taiwanese officials and friends who are members of the Truth University China Alumni Association in the questionnaire using a convenience sample technique. Finally, they were questioned about their interactions with Taiwanese individuals and asked for details about their connections with friends from other countries. The following is only a summary of the 45 opinions including 20 Chinese people and 25 Taiwanese people of one another that we have gathered.

4.2 Interviews Summary

Our views on Chinese supervisors or colleagues (not trained in heterogeneous culture) are summarized as follows.

1. Stereotypes and values

Taiwanese employers leave their Chinese counterparts with the following basic impressions: closed-minded, expressive, bright and capable, choosy, adept at noticing language, good at surface skills, exquisite but not enough devoted (unwilling to work extra). On the other hand, Chinese people frequently comment, "There is a clear discrepancy between what you say and what you do," according to Taiwanese cadres.

2. Ways of communication

Chinese workers, according to Taiwanese officials, are ineffective at their jobs and make little development in terms of work habits and procedures. Usually, their manager must monitor them for them to do so. At work, they are not engaged and follow through on their promises, are used to using business resources as their own, disregard the law, place a premium on being people-oriented, and prefer to enter by the back door.

3. Leadership styles

Taiwanese cadres feel that Chinese leaders and managers frequently do one action at a time and have a strong sense of class. Typically, the superior exerts strong pressure and commands the subordinates. This is authoritarian leadership; it exists in the middle of the population. The Chinese management class lacks contemporary
corporate management concepts and frequently relies on people management as opposed to system management, but they are skilled at forming relationships to elevate their status. There is little interaction, and although the upper level frequently instructs the grassroots, they rarely listen to their opinions.

4. Decision-making methods
Taiwanese officials consider that most Chinese people are friendly and frequently talk irrationally when it comes to communication, expression, and decision-making conversations. However, they do not engage in active social interaction, are ignorant of outside information, and are sensitive to small amounts of data. Influence. When talking with Chinese people, we must be aware of the distinctions in Chinese terminology to prevent misunderstandings since information is deceptive and individuals in China are used to abdicating responsibility and unable to take responsibility for decision-making.

5. Interpersonal interaction
According to officials in Taiwan, when it comes to social and interpersonal communication, the Chinese frequently prioritize their interests. Interest is a common foundation for interpersonal interactions. They are more egocentric. They frequently enquire about the origin of the goodies and are endearing to strangers. They are good at making friends, are hard to make enemies of, and work well. They love face and act benevolently in front of people, but they are apathetic to outsiders, do not believe in others, and protect themselves.

6. Conflicts and management methods of multicultural work teams
The following problems, according to Taiwanese officials, must be taken into consideration while communicating with Chinese people to enhance the harmony of personal and professional relationships and lessen the possibility of miscommunications and conflicts: (1) Avoiding confusion brought on by cognitive differences and being aware of language expression. (2) Avoiding to bring up politics. (3) Avoiding to result in confusion, separation of powers, work instructions and employee rights must be precise. Chinese people are prone to cross-strait political concerns and have a strong feeling of national identity. (4) When engaging with Chinese people, employees need to actively join their social network. (5) Employees must be handled fairly, in consultation with one another, and equally. (6) Employees need to get equitable treatment when it comes to salary consideration.

The following is a summary of how Chinese people regard Taiwanese (without any instruction in diverse cultural nuances).

1. Stereotypes and values
Chinese people's basic perceptions about Taiwanese employers or coworkers are as follows: Most Taiwanese are assiduous, prompt in their responses, have a strategy, and possess adaptable business skills; they like flaunting their riches, utilize them to solve issues, and have a nouveau riche mindset. Everything is system- and management-oriented; there is a strong emphasis on social activities; a large social circle; and frequent use of free time after work to develop relationships. There is also a high level of education and a wide range of knowledge.
2. **Way of communication**
Chinese workers believe that Taiwanese workers are in charge of work stratification, with precise levels and top-down authorization, all by the system, especially the establishment of an accounting system; they prefer to use social media to forge business relationships with others; work strong mobility, frequent meetings; focus on work review; and important company secrets are not readily revealed to outsiders and the confidential.

3. **Leadership style**
Chinese people hold the opinion that Taiwanese cadres typically use humanized management and can be authorized at various levels; they place a high value on cost-cutting and boosting company profits; they also place a high value on individual performance based on performance and unique contribution to the company. Evaluate and promote; pay attention to terms, norms, and texts; contact employees and seek confirmation of disputed issues; used to working in a team; Taiwanese regulators are better at overseeing Chinese employees; and there are fewer managers per employee.

4. **Decision-making method**
The Chinese think that Taiwanese authorities cherish data and are used to explaining them using diagrams during conversations about communication and decision-making. Before making a decision, they can objectively hear several points of view; they appreciate internal communication and base choices on feasibility analyses.

5. **Interpersonal interaction**
Decision-making is hampered by non-business considerations; nonetheless, everyone is free to voice their perspectives throughout the debate and decide after effective internal communication. The majority of Taiwanese, in terms of social interaction and interpersonal communication, are thought to treat people more kindly and logically than the Chinese do. They are also said to have a vibrant nightlife and use money as a yardstick for everything. They prioritize interpersonal relationships over obeying the law and have a poor understanding of it.

6. **Conflicts and management methods of multicultural work teams**
The Chinese feel that Taiwanese managers or colleagues should pay attention to the following factors while engaging with Chinese employees to improve the harmony of interpersonal and professional relationships and decrease the likelihood of misunderstandings and conflicts: (1) Taiwanese authorities need to be aware that their country has a unique society. There must be a conceptual divide between the two sides of the Taiwan Strait, and they must openly acknowledge their respective cultures' distinctions. (2) Some terms have entirely distinct meanings in Taiwan and China. (3) To avoid misunderstandings, you must be mindful of your language. You must also be mindful of mutual equality and refrain from prejudice. (4) Taiwanese cadres should actively integrate into the social networks of Chinese people, especially when they exhibit odd habits.
5. Conclusion

5.1 Cultural Conflict by the Emergence of Diverse Cultural Norms

We may develop cross-cultural competence through comprehending and respecting cultural differences, as well as via coordination and integration while dealing with individuals from various cultural backgrounds. Understanding a culture entails being aware of one's cognitive model as well as the life reference frames of others with whom one comes into contact. Through cross-cultural training, people can increase their capacity for cultural adaptation (Liou, 2020). However, intercultural training entails more than only imparting knowledge of foreign nations and customs. People need to be inspired to rediscover their cultural values and the traits of other cultures, look for areas of agreement while reserving distinctions, and identify shared objectives. Alternatively, reach an agreement or consensus on matters of shared interest. In the absence of such training, prejudices about foreign cultures may even get stronger among participants (Xiaoxia, 2020).

Cross-cultural management professionals recognize the challenges involved in emerging from one's mound while encouraging the development of intercultural competency. All of us are byproducts of our respective communities and cultures. It is challenging to comprehend our blind spots. It is harder to learn to see outside ourselves because most individuals connect with and value their own culture. We merely want other cultures to accept our own in the intercultural communication process. They frequently claim to be superior due to their viewpoints and attempts to disprove those of the other. Underneath the apparent contrast may be a deep-seated worry and dread of foreign cultural invasion, which shows insecurity and doubt about one's cultural identity (Azzopardi, 2020).

To become inter-culturally competent, one must not only respect other people's cultures but also make an effort to comprehend and absorb other cultures. On the other side, one must have faith in their culture and not worry or dread the demise of their civilization. You must first identify commonalities between your own culture and the cultures you are surrounded by to appreciate cultural differences. You may appreciate and comprehend the psychology of different cultures once you are conscious of your cultural orientations, mental models, and frames of reference for life (Rowland, 2020).

It is feasible to reconcile and incorporate cultural differences when patterns and cultural trends are different. According to this survey, there are distinct cultural patterns among Taiwanese, Chinese, and Americans about work, relationships, communication, leadership, and management. They are aware of one another's occupations, connections, and social activities. Differences. Otherwise, in a climate of mutual mistrust, cultural incompatibilities simply encourage labeling behavior, leading to conflict and the breakdown of relationships (Zhou et al., 2021). Potential misunderstandings and conflicts can be eliminated, resulting in meaningful patterns of communication and interaction.
5.2 Implications for Multicultural Management

The majority of Taiwanese businesses are expanding yet struggle to keep up with the rate of skill development growth. Executives deployed to China may therefore believe that they lack appropriate managerial skills and knowledge of company culture, which is reflective of the majority. Companies don't consistently provide management training as a result (Wehrle et al., 2020). Therefore, Taiwanese businesses must be able to improve international executives' comprehension of cultural differences in China and pay closer attention to their words and actions. To help students grasp cultural differences, learn to appreciate other cultures, and converse with individuals from other cultures, they need to study China before visiting the nation. Because of the elevated position of cadres and the traditional taboos between superiors and subordinates, disagreements can readily arise from their words and deeds. As a result, cadres need to be more careful about their words and actions. Additionally, businesses can provide training sessions or seminars on intercultural leadership, team building, etc. so that Chinese cadres and foreign cadres can learn together and appreciate one another's differences and job expectations. Mutual understanding is the foundation of loyal professional partnerships (Laeheem, 2017).

The firm itself is a tiny community despite the cultural differences. A consensus may be reached inside the organization and HRM policies can be developed as a result by highlighting the business culture, vision, and shared values. To respect the company's values, senior management can also deal with conflicts or issues that may occur among workers and search out acceptable explanations or come up with effective communication strategies to let employees know in a way that minimizes misperceptions or rumors (Doz, 2020). Consider the scenario when a Chinese worker requests a Taiwanese worker to share in a payout. In that circumstance, the business might highlight the distinction between the two situations' general environments or mention that it is now in the investment stage. The business is also eager to share the anticipated outcomes with its personnel after it has achieved particular achievements in its operations (Brondoni, 2019).
References


