Infiltration of the Multicultural Awareness: Multinational Enterprise Strategy Management

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Abstract

This study was to investigate the relationships between multicultural and management strategy issues. Globalization is a development of interaction and mixing among the people, corporations, and governments of different nations, a process driven by international trade and investment. In the present globalization economy impact the cross-culture management issues are readily apparent in international joint ventures, and often feature in examinations of joint ventures involving China in particular. As a marginal subject between enterprise study and culture study, we know enterprise is a basic element to composing our social economic substantiality. It will cause a serial of culture problem during the management process. This type of difficulty belongs to our study subject of enterprise culture. Firstly, this article introduces the assumption of multi-culture management and advances the methodology of the research and analysis of cultural influence on leadership style in McDonald; then in this research and finding it makes an introduction and analysis of the McDonald's corporation development; meanwhile it put forwards strategy of the cross-culture management of the McDonald. In the discussion of proposes different multi-culture management strategy according to the cultural clashes result from difference. Lastly, the paper also studies the tendency of the McDonald multi-culture management behavior in the Chinese market.

Keywords: Multicultural, Multinational enterprise, Management strategy, McDonald

1. Introduction

Glinow, Drost and Tegarden (2005) who conducted in globalization the area of training and development is moving toward soft management practices, such as team building, understanding business practices, and corporate culture, away from the usual individual training remains much more common in the Asia-Pacific countries. The movement toward economic globalization is making the global economy more closely integrated and much more interdependent. Many corporations are already multinational and multinational corporations, as business organizations, have become a new field of cross-cultural communication studies. Despite all the talk in the popular press about the globalization of world markets, the global village, the global product and the global factory, deep culture differences still exist and have a profound impact on the way business is conducted in different cultures, which mainly includes value systems, world views, and attitudes, exert a great impact on every aspect of a business organization (Fatehi, 1996).

This current wave of globalization has been driven by society and policies that have opened china economies domestically and internationally. The size and number of multinational corporations are increasing rapidly. Multinational corporations such as Mc Donald and coca-cola are more than just benefactors of this trend. By offering a standardized product worldwide, they are also helping to create a global market. This trend has reduced the cultural distance between countries and is bringing about some convergence of consumer tastes and preferences. On the other hand, very significant differences remain among countries in culture and the ways in which business is conducted because behavior patterns, values and attitudes that govern human interactions have remained relatively unchanged. Hesselbein (1999) has neatly summarized the main differences: Culture dose not change because we desire to change it. Culture changes when the organization is transformed; the culture reflects the realities of people working together every day.

Multi -culture accompanying with the globalization of the trade and manufacture, especially with the emergence and development of the international enterprises, has become a gradual cosmopolitan culture phenomenon (Bendixen and Burger 1998). People with different cultural background have different value judgments different thoughts and different behaviors. If these people cooperate in the same enterprises, in daily management of manufacture they may act according to their own cultural mode, which will inevitably cause cultural clashes, and thus lead to cultural friction in the international enterprise. However, Bartels (1967) was one of the first to relate the significance of culture, illustrating the idea and concept in decision-making and business ethics. Bartels identifies several criteria for the identification of cultural differences. Culture is essential for many aspects of hospitality industry especially with regard to the design, development and management of multinational enterprise strategy management protocols and infrastructure (Myers and Tan 1997). A corporate culture is the combination of the values and characteristics that define an organization. It influences the way employees relate to one another, to customers, and to business partners. It drives behaviors and unites employees around a shared set of values. It can lift our performance and improve our environment.

Partly due to the impact of Chinese culture and partly due to their resource scarcity, many Chinese prefer manage their corporations based on trust, relationships, shared entrepreneurial success, and market responsiveness. This type of entrepreneurial management model is prevalent among not only privately owned firms in China but also Chinese businesses in Taiwan, Hong Kong, Singapore, and Southeast Asia. This management approach is flexible, low cost, fast, and result driven because most key players have a strong stake in the firm's success. This management approach is prevalent in the start-up phase of many Chinese companies. The typical Chinese management approach has the following characteristics (Redding, 1993):

- Founder/owner as the glue of integration.
- Organizations are operated with powerful networks, not just formal structures.
- Career promotion and reward are tied to both relationship and performance.
- With very limited resources, the founder/owner cannot afford high base salaries for the core managers; however, they are treated as partners to create wealth through shared success.
- In terms of culture, firms operate more like adhocracy (things always change fast and very flexible) and clean (value people loyalty and harmony over systems and processes).
- Strategic planning is more opportunity driven than opportunity driving.

A global enterprise can always combine the different national characteristic, the cultural tradition with the –advanced management method organically, and can apply it to every aspect of the management. Therefore, engaging in multinational management in an increasingly fierce competitive environment, the management of multi-culture is still one of the biggest challenges that the enterprise faces (Adler, 1995).

Due to management models, culture differences, negotiation styles, and business protocols differ from country to country. Therefore, every nation has a unique way of doing business. Effective cross-culture communication skills are required to successfully conduct business with people from different cultures; otherwise misunderstandings, conflicts and even business failures cannot be avoided. Therefore an overlooked but critically important issue is to train staff members and prepare them for working in multicultural environment. Although cross-cultural awareness should not be overemphasized, without it multinational corporations won't have the competitive edge in the global market and even experience great losses in international business arena (Zaidman and Drury, 2001).

2. Background study

Under the globalization wave the multinational corporations need to consider more in cross-cultural management

process than in the single cultural pattern. Under the management more involved in the problems and factors in the Chinese market, it is often in the management of more complex and more challenging. Presently, the status quo of multinational companies' cross-cultural management in the Chinese market can be discussed in several inspections. Firstly, in the course of a sense of the natural and cultural exchanges and infiltration between the China and the foreign, the Chinese gradually recognize and accept other's culture, completing a foreign culture and the local culture from the resemblance to realistic, from the material to the spirit.

Multinational companies refer to the best management model in the cultural intermingling stage.   These include: first, to stabilize the business force to develop new management policies. In the early days of multinational companies, the staffs often fail to establish security and welfare system, so working in multinational companies was once seen as earning by youth. Later, enterprises have come to realize that wages leave and welfare measures are the major important factors to stability talents then began to establish the social security system for the staffs. According to its own corporate strength and market position, the enterprise has been adjusted staff wages and benefits in order to make salaries more competitive (Chaney and Jeanette 2002).

One of the great landmarks in the Chinese market is the change from foreign to localization management (Deresky, 2003). Through business organizations in the allocation of posts and the conversion adjustment, trying to achieve localization. Multinational companies send personnel, especially the Chinese management to ease cross-cultural problem in Chinese market, and, further, switch to the local community through the management staff to increase their cohesion, in order to eliminate cross-cultural issues, enhance management efficiency.

Besides, adjusting staffs' paid leave system, which requires apart from national leave, each can enjoy a certain number of days of paid leave. Meanwhile, the enterprises have also established various welfare systems and the insurance system, and also established a housing provident fund and medical reimbursement system. Second, to establish a system of long-term employment many large owned enterprises employ staff to implement the "indefinite" contract. Some enterprises also are recruiting staff implemented a "lifelong employment (Hofstede, 1982)". This system of indefinite contract plays an active role to stabilize the work force and to increase their awareness of corporate responsibility.   Briefly, enterprises are under cultural characteristics and adjusting constantly in cross-cultural management.

3. Methodology

This research was participated five McDonald restaurants in China. The number of personnel at each restaurant ranged from 20 to150. From this number, ten were randomly surveyed for this study. My friend, who is currently a Master's student in Chinese Academy of Social Sciences, helped me conduct this survey in China. With help from the managers at these restaurants, he chose ten subordinates at each restaurant and gave them questionnaires written in China. Questionnaire research is not common in China and respondents are always worried about their identifications being exposed. On the questionnaires of this survey, it was clearly stated that the answers from the respondents were confidential. However, some subordinates still left the sex, age and years of work questions blank and some subordinates even did not hand in their questionnaires.

Two sets of questionnaires were designed to test the American managerial leaders' leadership style in China cultural context: one was a Chinese version for American managerial leaders, and the other was a Chinese version for their employees. The two sets of questionnaires were designed in the two forms, based on the three cultural dimensions which have been discussed in the previous chapters and composed of many multiple choices each with four or five items to test the research object.

The questionnaires were distributed to two groups of participants respectively. The first group consisted of American managerial leaders in Mc Donald, and their leadership style in the Chinese cultural context was the central focus of the study. The second group was composed of their Chinese subordinates in McDonald, which was to some extent regarded as a reference group, because it was the Chinese subordinates that represent the Chinese culture context in McDonald; therefore, their expected and preferred leadership style was of great importance. Hofstede (1989) claimed that the most significant factor to decide the effectiveness leadership style lies in the subordinate's attitude towards their leaders.

Insert Table 1 here

Table 1 shows that one hundred copies of questionnaires (50 copies to American managerial leaders and 50 copies to Chinese subordinates) were sent by the author and his friends in McDonald through mail respectively to the two groups in many business units and corporate departments in McDonald. 27 copies of complete and valid questionnaires from American managerial leaders and 32 copies of complete and valid questionnaires from Chinese subordinates were collected. In the first group, all of the American managerial leaders have got their

bachelor's degree or above. Their average age is 38.2, with an age ranging from 29 to 48. They have 12.2 years of working experience on average. And 7 5% of them are male. In the second group, the average age of the Chinese subordinates is 23, with an age ranging from 19 to 35. These Chinese subordinates have an average working years of 3.5. 82.5% of them have got bachelor degree or above. And 54% of them are male. The following table shows the information about the participants of the two sides.

4. Results

The author used frequency (percentage) analysis approach to define leadership style of American managerial leaders and the preferred and expected leadership style of their Chinese subordinates from the influence of the three cultural dimensions, and then the author compared the similarities and differences of the leadership style of the two sides. If the results showed a kind of convergent cultural inclination in leadership style, it could be inferred that the American managerial leaders' leadership style in McDonald at present was suit for the Chinese subordinates' expectation which would in turn motivate and influence them effectively. If the choices of both parties were different, it could be inferred that they had divergent cultural inclination in leadership style. And the American managerial leaders should thus be aware of this divergence and both sides should better consider each other's cultural background. Mutual understanding was needed to decrease misunderstanding and promote work efficiency.

5. Discussion

Although saturated in the United States, McDonald's has great expansion capabilities in Chinese market. The international strategy focuses on high profile cities along with high populated areas and in some instances forming joint ventures with established companies in a particular country. McDonald's also realizes that it needs to diversify into others area of food industry would have the greatest potential for profitability. The key is not to become involved in to many areas of the food industry, which would increase the potential for liability to the company. This strategy created by Ray Kroc was ingenious and has increased McDonald's bottom line considerably adapt to the culture in the country in which the company does business.

Cross-cultural training has been proved to be an effective way to improve one's cultural literacy. Many scholars have worked out useful guidelines and approaches for trainees to follow. Besides, managers' cultural self-improvement pays a determined role and good cooperation between academic institutions and corporations also counts. Through training programs, both managers and employees might reach a high level of cross-cultural awareness.

Work on cultural dimensions in Chinese fast food industry is not yet complete, the outline of culture that is provided here illustrates the significance of culture, and the impact that each of Hofstede's dimensions has on is design, development and executive. Moreover, Multinational enterprise strategy management design needs to accommodate the cultural variances that exist around the world to provide a more homogenous solution and response.

This in turn will benefit corporations and lead to the goals of creating culture synergy, building corporate culture, and transferring management between cultures. Effective cross-cultural communication in multinational corporations, aiming at minimizing and eliminating misunderstandings and conflicts, will lead to accept differences and appreciate similarities. In conclusion, more research and food and beverage industry jobholders are needed to capture the variable cultural maps which are influenced by globalizations and information technology.

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Table 1. The related information about the participants

Object	American managerial leaders	Chinese subordinates
number	27	32
Average age	38.2	23
Average working years	12.2	3.5
Educational level (B.A. or above)	100%	82.5%
Male/female	75%/25%	54%/46%