

Impact of culture on cross cultural managerial practices:

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Introduction

In this study the researcher has chosen to compare and contrast the managerial practices of British and Chinese managers in relation to their respective cultures and how their cultures affect their management.

Amongst the nations of the world, the People's Republic of China stands out as an economic giant. Several decades ago the Gross Domestic Product of China had grown up to 10 per cent per year and in the twenty first century, China has become the third largest consumer in the world (The Economist, 1994; Davies, 1889; People's Daily, 1998). Thus as the significance of China in the global market is gradually increasing, the managerial ideology of the Chinese business sector have also started being well-documented so that Western businesses can refer to them when interacting with the communist-influenced managers (Weiss & Bloom, 1990; Tung, 1988). The cultural and societal values of China include individualism, Confucianism and collectivism, the reflection of which can be seen in the practices of Chinese managers in addition to their paradoxical struggle to keep a balance between traditions and modernity (Bond, 1991; Boisot & Child, 1996; Redding, 1990; Ralston, Yu, Wang, Terpstre & He, 1996).

China's coastal city Shanghai, has been an international trading and commercial centre for several centuries [Yeung & Hu, 1992]. Studies on economy, education and technology indicate that Shanghai was industrialized before the Communist revolution in 1949, Furthermore, the city also largely benefited from the economic reform in 1980s and is amongst the designated "fourteen open cities" of China. Shanghai and Beijing have the longest

heritage of University qualified managers and these two cities of China have the highest emphasis on education. A comparison of the two cities has been elaborated below:

TABLE 1

Summary of the Historic, Geographic, Economic and Educational Characteristics of the Two Cities

NORTH CENTRAL [Beijing] EAST CENTRAL [Shanghai]

1 LOCATION CHARACTERISTICS

- A. Coastal or inland location INLAND COASTAL
- B. Located on navigable water YES YES
- C. Opened to foreigners after the Opium War-1840 NO YES
- D. Foreign commercial and trading center over the past century NO YES

2 INDUSTRIALIZATION CHARACTERISTICS

- A. 1980s economic reform (one of the 14 open cities) NO YES
- B. Industrialized pre- or post- Communist Revolution POST-1949 PRE-1949
- C. Level of industrial output in the region (1990) MODERATE HIGH
- D. Increase in output per capita (1984-1990) MOD/LOW HIGH

3 EDUCATION CHARACTERISTICS

- A. Educational emphasis (students enrolled in college per 1, 000 inhabitants) 10. 97. 5

B. Beginning of educational emphasis (length of time that college education was available)1890s1910s

Table 1 (Ralston, Cheng and Wang 1996)

Based on these regional differences, and the focus of this report on the compatibility of regional values with Western values, a number of speculations can be made: the managers in Shanghai, due to their vast exposure to International markets have more probabilities of adopting Western-oriented styles of communication and negotiation, due to the higher level of technology, education, foreign trade and industrialization in Shanghai. Also, education has tended to make these individuals more inquisitive, and thus, more likely to be open to a new values orientation.

Chinese Versus British Managerial Practices:

Likemost of the Asian managers, the Chinese prefer establishment of a healthy working relationship while the main focus of their British counterpart is actually getting a contract signed (Pye, 1982). Due to the high amount of value placed in tradition and conformity, the Chinese managers tend to depend more upon an avoiding style, they tend to be indirect and formal in their speech and try to create a win-win situation while the British managers are frank and keep a light and open working environment (Salacuse, 1998). According to Liu (2000), the organizational commitment observed by the Chinese managers is a top to bottom social exchange between the employer and the employees with a focus on organizational development while according to Kanungo and Wright (1983) the British managers give more

significance to autonomy and individual achievement. In the following figure, the cross-cultural differences are conceptualized. As shown below, the development policy of Chinese comes in the dimensions of social exchange and staying developed while that of the British management is more inclined towards economic exchange.

Liu (2000).

The European and Chinese negotiation styles vary in accordance with their region, language spoken, nationality, and other situational factors. According to a research the British negotiators are aggressive in their dealings while the Orientals stay surprisingly calm (Brett et al., 2001). Bass and Eldridge (1973) noted that the successful manager from U. K. placed great emphasis on the motive of profit building whereas their Chinese counterparts gave more significance to ending the deal with a good note. While studying the numerous value differences between managers from different countries including the United Kingdom and China, Ralston et al. (1992) revealed greater intra-cultural variance than inter-culture.

According to the survey research conducted by Salacuse in 1998, a number of factors have been brought forward in his research, on the basis of which the cultural backgrounds of Chinese and British managers differ in their conduct namely:

Aim of communication(contract or relationship)

Personal style

Agreement building process

Communication style

Negotiation attitude

Time sensitivity

Emotionalism

In the same research the author has drawn a comparison between the negotiating styles of Chinese and British managers, which as depicted in the results are very opposite to one another. Following are some of the enlisted differences:

Chinese Negotiators British Negotiators

Negotiation goal: contract 45 percent 47 percent

Negotiation attitude: win-win 82 percent 59 percent

Personal style: formal 46 percent 35 percent

Communication: Direct 82 percent 88 percent

Time sensitivity: high 91 percent 94 percent

Emotionalism: high 73 percent 47 percent

Form of Agreement: general 27 percent 11 percent

Salacuse (1998).

International Negotiation and Communications:

According to Ralston et al. (1992), in a global economy, it is crucial to understand the values and behaviour of managers, since most of the time the business philosophy of a country depends upon the values and cultures held by the managers. In addition to this, Tung and Miller (1990) also noted that in order to build a healthy cross-cultural working relationship it is

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necessary to understand the values and attitudes of the counterpart. A recurrent idea in international business studies is that problematic misunderstandings arise when culturally differing managers get together to resolve a conflict (Adler & Graham, 1989; Maddox, 1993, Hofstede, 1991).

Negotiation may be defined as an exchange of signals, and since different nations have different signalling languages, the opposite party can easily misinterpret or misread a message. According to Pye (1982, pp. 20-23), the Western managers often have problems communicating with the Orientals due to their diverse cultural backgrounds:

“ Unquestionably the largest and the most intractable category of problems Sino-American (or European) business negotiations can be traced to the cultural differences between the two societies... Conscious efforts to take into account the other party’s cultural practices can eliminate gross misunderstandings but cultural factors continue to surface and cause problems in more subtle and indirect ways”.

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