

## Conflicts Encountered by Multinational Corporations in Cross-Cultural Communication and its Solutions

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### Abstract

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With the continuous integration of the world economy and regional economy, many companies have become more and more aware of the potential of a multinational market – they can start or move branch offices or other parts of the organization across the globe, partly to seek new markets, and also to find cheaper workforce. This will create great opportunities for the expansion of the organization, and bring about a substantial increase of organizations, which will widen their geographical vista in future. However, there are many serious conflicts which may arise owing to the fact that there may be entirely different ways to run the companies and different opinions on how the employees should handle their work, especially the barriers between internal staff, hence cross-cultural communication conflicts. Therefore, it is pertinent to find solutions to the cross-cultural communication conflicts encountered by multinational corporations globally. This paper converse the major factors that can affect cross-cultural communication, cross-cultural communication conflicts in multinational corporations and cross-cultural management as a solution to cross-cultural communication conflicts. The methodology of this paper is predominantly based on information derived from secondary sources. This paper recommended that multinational corporations should provide opportunities for their executives to move overseas to engage in cross-cultural communication so that they will obtain the essential knowledge, skills and directions for managing the cultural divergence.

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**Keywords:** conflict, multinational corporation, communication, cross-cultural communication

### Introduction

With the globalization of markets, production, economies, and consumption activities it has become more and more imperative that managers at all levels develop understanding to decision making, intercultural negotiation and cross-cultural communication. Now the cross-cultural communication become important in many process such as making decisions, building consensus and in the process of reaching agreements (Tsui, 2007). As multinational corporations are setting up their contributory, shaping strategic alliances, and also creating the joint ventures in many countries, individuals in the managerial positions and professional levels must be well trained in the skills of cross-cultural communication competencies. The recent comprehensive movement and events are positioning cross-cultural communication and business manners as critical management concerns because of the rising number of businesses concerned in multinational ventures, joint ventures and strategic alliances. The environment of business has become uniformly complex and challenging as a result of conflicting standards, opportunities and cross-cultural communiqué and concerns linked with management ethics (Lather, 2010). As a result of the globalization and the rapid development of economics, multinational firms are more and more prevalent. Intercultural communication presents a new challenge to managers. Culture, as Hofstede (2007:4) states, is the “software of mind” that can influence people’s patterns of thinking and behaving. Mental programming influences people’s living and working all over their lives.

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Ambos and Schlegelmilch (2008) argue that one culture may support certain type (or types) of organizations rather than other types, and culture differences will eventually influence on the performance of company. In other words, national culture can influence the management and communications of organizations. For instances, the management style in the west is different from that in the east: Dutch management style is "approachable" and "assertive", while, Japanese managers are "high hierarchical" and "dictatorial" (Ybema & Byun, 2009:350). Poon, Evangelista and Albaum (2005) compare the management differences in China and Australia, and find that culture is a significant influence in management style in multi-culture perspective. Companies who extend their business abroad have to face a challenge of cross-cultural communication. Bennis and Nanus (2005) claim that communication is the only approach by which group members can cooperate with each other toward the goal of organization. Especially for multinational corporations with some subsidiaries in other countries, it is necessary that managers have frequent communication and sufficient understanding for organizational goal. Technical developments have removed most of the physical conflicts on communication. However, managers still encounter some cultural conflicts. In order to achieve success, managers working in global environments must be proficient in cross-cultural communication. Different characteristics of culture result in thinking, understanding and communicational diversity. These diversities obstruct organizational development and management more or less. Adler and Graham (2009) refer to Mishler (1965:517) and argue that "The greater the cultural differences, the more likely conflicts to communication and misunderstandings become." More and more managers have paid attention to the problem of cross-cultural conflict on communication. However, Cornelius (2004) defined culture as "people's same psychological procedure in the same environment". He believes that culture is a common psychological pattern which belongs to people who share the same background. In different areas, the influence of customs, education, values, and religion forms the different psychological patterns characteristic of different areas. The differences in the cultural and management modes of multinational enterprises may create conflicts to communication and cooperation. According to certain statistics, it is said that there are thousands of registered multinational corporations in Nigeria and millions of workers are hired to work for them (Okoro, 2013). Among these workers, some are from United States of America, Britain, India, and other corners of the world. Different countries, races, values, behaviors, and attitudes, therefore, come together within the traditional Nigerian culture. Without doubt, this situation will surely give rise to a great number of challenges, disagreements, and conflicts. The twenty-first century globally-interdependent market sturdily point out that multinational corporations are providing opportunities for their executives to move overseas to engage in cross-cultural communication so that they will obtain the essential knowledge, skills and directions for managing the cultural divergence. The global experience allows these executives to relate efficiently with peoples of other countries in an attempt to take benefit of the opportunities available in culturally-diverse marketplace (Nagar, 2011).

### **The Problem Statement**

Before the ages of industrialization and globalization, most human beings around the world grew up and carried out their daily activities within restricted geographical confines, rarely coming face to face with others from different cultural backgrounds. However, due to various factors - e.g. (a) advances in and expansions of transportation and communication technologies and networks; (b) forced migration caused by wars, famine, and poverty; and (c) increased economic cooperation and collaboration of governments and multi-national corporations; such is not the case anymore. Recently, multinational corporations move their branch offices or other parts of the organization across the globe, partly to seek new markets, and also to find cheaper workforce. Hence, folks from different cultures in the world find themselves interacting and working with individuals and groups from other styles cultures, operating and communicating according to differing sets of cultural norms, values, and communication styles. Consequently, there is need for understanding other cultures and their people and what factors that causes conflicts to effective communication within an organization characterized by cultural diversity. The aim of this paper is to analyze the major factors that can affect cross-cultural communication, cross-cultural communication conflicts in multinational corporations and to propose several cross-cultural management strategies as a solution to cross-cultural communication conflicts.

## **Conceptual Analysis**

For the purpose of conceptual clarification and to limit the level of ambiguity, which as a rule is the hallmark of academic research, it is important to examine some of the concepts and terms that are used in this paper i.e. : conflict, multinational corporation, communication, cross-cultural communication.

### **Conflict**

Conflict refers to some form of friction, disagreement, or discord arising within a group when the beliefs or actions of one or more members of the group are either resisted by or unacceptable to one or more members of another group. Afzalur (2010) states that conflict can arise between members of the same group, known as *intergroup conflict*, or it can occur between members of two or more groups, and involve violence, interpersonal discord, and psychological tension, known as *intergroup conflict*.

### **Multinational Corporation**

Multinational Corporation is a corporation that has its facilities and other assets in at least one country other than its home country. Such companies have offices and/or factories in different countries and usually have a centralized head office where they co-ordinate global management. Very large multinationals have budgets that exceed those of many small countries. According to Investopedia (2014), nearly all major multinationals are American, Japanese or Western European, such as Nike, Coca-Cola, Wal-Mart, AOL, Toshiba, Honda, Microsoft, BMW among others. Advocates of multinationals say they create jobs and wealth and improve technology in countries that are in need of such development. On the other hand, critics say multinationals can have undue political influence over governments, can exploit developing nations as well as create job losses in their own home countries.

### **Communication**

Communication is a purposeful activity of exchanging information and meaning across space and time using various technical or natural means, whichever is available or preferred (Harper, 2013). Communication requires a sender, a message, a medium and a recipient, although the receiver does not have to be present or aware of the sender's intent to communicate at the time of communication; thus communication can occur across vast distances in time and space (Clark, 2011). The information conveyed can include facts, ideas, concepts, opinions, beliefs, attitudes, instructions and even emotions. Communication requires that the communicating parties share an area of communicative commonality. The communication process is complete once the receiver understands the sender's message. As the world is going to become a global village the communication process is becoming difficult due to difference in the language and cultural. Though companies are expanding their business in all over the world, they need skilled persons who have ability to communicate the ideas and the information of the company.

### **Cross-Cultural Communication**

Cross-cultural communication has become strategically important to companies due to the growth of global business, technology and the Internet. Understanding cross-cultural communication is important for any company that has a diverse workforce or plans on conducting global business (Jack, 2008). This type of communication involves an understanding of how people from different cultures speak, communicate and perceive the world around them. Cross-cultural communication in an organization deals with understanding different business customs, beliefs and communication strategies.

### **Major Factors that can Affect Cross-Cultural Communication**

There are some major factors which can affect cross-cultural communication. They are language differences, high-context vs. low-context cultures, nonverbal differences and power distance.

### **Language Differences**

The biggest issue dealing with cross-cultural communication is the difficulty created by language barriers. For example, a Nigerian who has flown to Japan to discuss a potential partnership with a local Japanese company does not speak Japanese, so he is concerned with his ability to communicate effectively with the Japanese. There are some strategies that he can use to help establish a rapport with the Japanese counterpart. He can explain himself without words by using emotions, facial expressions and other nonverbal cues. He can also use drawings and ask for an interpreter. Additionally, companies that have to deal with cross-cultural communication can hire employees with proficiency in other languages.

### **High-Context vs. Low-Context Cultures**

The concept of high- and low-context culture relates to how an employee's thoughts, opinions, feelings and upbringing affect how they act within a given culture. North America and Western Europe are generally considered to have low-context cultures. This means that businesses in these places have direct, individualistic employees who tend to base decisions on facts. This type of businessperson wants specifics noted in contracts and may have issues with trust (Biver, 2010). High-context cultures are the opposite in that trust is the most important part of business dealings. There are areas in the Middle East, Asia and Africa that can be considered high context. Organizations that have high-context cultures are collectivist and focus on interpersonal relationships (white, 2009). Individuals from high-context cultures might be interested in getting to know the person they are conducting business with in order to get a gut feeling on decision making. They may also be more concerned about business teams and group success rather than individual achievement.

### **Nonverbal Differences**

Gestures and eye contact are two areas of nonverbal communication that are utilized differently across cultures. Companies must train employees in the correct way to handle nonverbal communication as to not offend other cultures (Theodor, 2006). For example, American workers tend to wave their hand and use a finger to point when giving nonverbal direction. Extreme gesturing is considered rude in some cultures. While pointing may be considered appropriate in some contexts in the United States. Eye contact is another form of nonverbal communication. In the U.S., eye contact is a good thing and is seen as a reflection of honesty and straightforwardness. However, in some African, Asian and Middle Eastern cultures, prolonged eye contact can be seen as rude or aggressive in many situations. Women may need to avoid it altogether because lingering eye contact can be viewed as a sign of sexual interest.

### **Power Distance**

Power distance relates to how power is distributed within an organization. Typically, American companies utilize a low power distance and have more informal hierarchies that allow for interaction between executives and their subordinates. Managers ask for feedback from employees and will even socialize with subordinates. Companies with high power distance are typically very hierarchical in nature and have severe differences in authority. Some Nigerian companies may utilize this power structure.

### **Cross-Cultural Communication Conflicts in Multinational Corporations**

It is obvious that even with all the good will in the world, miscommunication is likely to happen, especially when there are significant cultural differences between communicators. Miscommunication may lead to conflict, or aggravate conflict that already exists. Cross-cultural communication conflicts exist in the whole operation process of multinational corporations. The following conflicts appear more, and thus, need more attention:

### **Personnel Management System**

For some past and present reasons, Nigeria, China, Indonesia, some other countries in Africa and Asia employ a system different from that of foreign countries in America and Europe in the area of personnel management, and salary and welfare system, which will surely lead to a great variety of conflicts (Anderson, 2004). For example, for decades, under the strict regulations of personnel records management, household management, and apartment allocation system, a personal file is opened for every Chinese from the time he or she starts primary school. Wherever a person goes or may be, whether for further study or job change, this file follows him or her closely. Household life is another issue that most Nigerians pay great attention to. The intimate relationship between individuals and their families requires every Nigerian to take his or her family to wherever he or she lives or works. In the eyes of many Nigerians, it is very reasonable to ask the company one work for to provide him a place to live. All these requirements are usually hard for most foreign managers to understand. They may think these requirements are somewhat going too far. Thus, these managers will doubt these job-seekers' motivation and even refuse to hire them just because a misunderstanding of this sort.

### **Organizational System**

Foreign enterprises use organizational structure, organizational regulations, and leadership styles that are different from those used in Nigerian enterprises. With this kind of difference in organizational styles, the interpersonal communication style will also be different (Armstrong and Baron, 2008). For example, Nigerian managers often say praise words to workers who put more time and energy into their work and workers who work forgetting to eat and sleep. Sometimes, they may even praise the workers who work when they are sick. On the other hand, the Westerners encourage working with full attention; when to work and relax should follow strict regulations. Nigerians think that it is a great virtue to help others and to spend more time doing other people's business. On the contrary, for the Westerners, there is a clear cut between everyone's responsibilities; everyone must focus all his or her attention on his or her own job and help no one. Nigerian culture lays emphasis on group and believes every achievement should be reaped by the group. If foreign managers ignore the strong sense of group, it would be difficult to encourage Nigerian workers creatively and actively.

### **Supervision System**

Nigerian and foreign staff may become estranged from one another or even refuse to communicate with one another because of cross-cultural communication conflict. If there is no effective communication method, different levels or departments in the same enterprise may meet a lot of problems in the process of management (Cao, 2004). Once there is a problem, different levels or departments may criticize or blame each other, delaying the solution to the problem. This way, production and management costs will increase and operation conditions will get bad, leading to the failure of the cooperation between Nigeria and foreign countries. Consequent upon this, an effective supervision system is needed.

### **Different ways of Cultural Communication**

As business goes on in an enterprise and people communicate with one another, there surely will be certain kinds of language or behaviors that may hinder the process of communication. In a similar vein, managers from Europe-funded or America-funded enterprises find some deep-rooted cultural behaviors which cause some problems when they communicate with the working staff in Nigeria. These deep-rooted cultural behaviors, which are different from those of the foreign managers, constitute communication conflicts. It is widely acknowledged that Western countries pay too much attention to the law, regarding the law as the most serious issue on earth. Therefore, everyone under the guidance of the law must abide by it, or else, suffer from it, if broken. On the contrary, Nigerians pay too much attention to etiquette, requiring that one should give the other "the face" he or she deserves because "face" is very important for most Nigerians. If someone is given "the face" he or she deserves, he or she will feel respected. Accordingly, most Nigerians think that foreigners do not show respect for them, meaning that they do not have "the face" before foreigners. Most Nigerians like to make use of their relatives or certain kinds of special relationships to accomplish things easily. With respect to this, foreigners are so prim to the extent that some Nigerians feel that the foreigners just follow rules and show no respect for others. If foreign investors lack such cultural values, the managers will surely fall into culture shock. Managers may be aware of the need to do something about it and may even try to do it, but they may fail due to lack of intercultural competence. If these managers cannot understand and overcome these blocks from race, emotion, and behaviors, they will measure everything from the point of view of their motherland's standard.

### **Cross-cultural Management as a Solution to Cross-cultural Communication Conflicts**

Cross-cultural management helps to go across the cross-cultural conflicts. Another significant role of cross-cultural management is precautionary work in multicultural corporations evading configuration of such conflicts. Cross-cultural management as a solution to cross-cultural communication conflicts encountered by multinational corporations may include:

**Knowledge Transfer and Dissemination:** Knowledge transfer and dissemination helps to attract new skills, knowledge, make informative interactions from professional view and from cultural view as well. Effective knowledge transfer is one of the most important tool for cross cultural management the successful transfer of knowledge includes the understanding that how human resources develop and manage communication. Knowledge culture of organization is essential and must be ensure that values are widely and extremely spread amongst the individuals (Greb, 2010).

**Effective management of human resources:** Effective management of human resources avoids the cross-cultural issues. Employees with excellent skills may be competent to adapt to the situation in more appropriate way, particularly than problems are rising in multicultural surroundings. Good communication skills help managers to discuss problems and finding the suitable ways of solving them. Leadership theories when collectively used with knowledge of cross-cultural interactions drawn from social cognition can be useful in drawing important suggestion for managers about appropriate leadership behaviors (Okoro, 2013). Having explicit knowledge of another culture can also be useful as a task-relevant ability for some group tasks. Moreover, the expression of alternate opinion by culturally different group members can raise the superiority of group decision making and problems solving capability by increasing the interest of the group to the decision-making process.

**Bicultural skills:** Bicultural skills are acquired in bicultural families or spending part of life working and living in the other nation as resident country is. Bicultural skills are used as benefit in multicultural environment in multicultural corporations. Many researches reveals that the bicultural peoples do not just apparently adapt their behavior but also are able to grasp different conceptions of themselves as concurrently independent of others and interdependent with others (Nevins, 2009).

### **Methodology**

This paper is predominantly based on information derived from secondary sources. Hence much of the data were accessed through the review of relevant texts, journals, newspapers, official publications, magazine and the internet which served as a tangible source of insight into conflicts encountered by multinational corporations in cross-cultural communication and its solutions.

### **Implication**

In times of rapid growth, both in terms of economic development and globalization, an increasing number of firms extend their businesses abroad. A subsequent challenge of this development is the managerial implications of cross-cultural communication. The most important cross-cultural conflicts in multicultural corporations are verbal language, values, believes, traditions, nonverbal languages, and social system. The culture plays an important role in the shaping of managerial work which in turn influences managerial roles in multinational corporations. As globalization boosting the cross cultural contacts in managerial settings, the insufficiency of our present considerate of management to explicate and expect behavior in these settings becomes more obvious. Global managers face surroundings that are more dynamic, more uncertain, more difficult and more competitive than ever before. The challenges presented by legal, economic and political facets of the multinational corporation environment are complex. Every multinational corporation should pay enough attention to cross- cultural conflict and resort to the most suitable method for predicting, avoiding, and resolving the conflicts caused by these cross-cultural barriers. The management of multinational corporations is of great importance to the process of promoting the development of developing nations' economy. Therefore, more attention should be given to cross-cultural communication in these multinational corporations.

### **Conclusion**

The management of the staff in multinational corporations is a difficult problem every manager encounters. As result of different personnel management system, different organizational system and different supervision system, lots of troubles arise in these enterprises. In view of this, sound multinational corporations should build an effective system to promote healthy development, such as language training, foreign knowledge acquisition, and establishment of enterprise culture. Traditional companies operating only within the borders of individual countries are very rare these days. Culture and cultural differences play an important role in international companies, the work of multicultural teams, and at international meetings. Workers, who are ready to admit, understand, and respect the cultural differences of other nations and are ready to take helpful steps, have a great advantage in performing tasks in a multicultural environment. Intercultural management should not be considered as a marginal area but as a significant area for international as well as purely national companies, if they want to succeed in the demanding competitive environment. The development trend in this area moves towards the convergence of individual nations, and the communication and understanding of intercultural differences which represent a possible way of achieving mutual cooperation beyond the contemporary borders of individual states or groups.

## Recommendations

The following recommendations are made in the present study

1. Multinational corporations should provide opportunities for their executives to move overseas to engage in cross-cultural communication so that they will obtain the essential knowledge, skills and directions for managing the cultural divergence.
2. There should be an improved intercultural competence with the aid of language training and cross-cultural knowledge training.
3. Multinational corporations should establish a new enterprise culture on the basis of mutual understanding of culture and the requirements of the enterprises' development strategy.
4. Multinational corporations should concentrate on the mutual benefit of both parties; hence mutual benefit policy should be enforced.
5. There should be a cooperative team formation in multinational corporations.
6. Multinational corporations should organize and sponsor cultural programmes in their host countries periodically.

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