



Study on Cross-cultural Conflict Management in Sino-foreign Joint Ventures in China

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ABSTRACT

Ever since the mid-1990s, with the rapid development of economic globalization and information, a new wave of transnational business operations has been engulfing the world .However, the operation of cross-board business is never as smooth as people think it might be. The common challenges that confront transnational companies stem from cultural difference, conflicts and unfamiliar cultural environment, pushing the science of transnational management into a new phase-Cross-cultural Management. In an era when China's economy has been burgeoning and its interaction with the rest of the international community has been on an unprecedented scale, cross-cultural management has become an inevitable and inescapable issue facing managers of Sino-foreign joint ventures. This paper aims at analyzing the plights such as cultural difference, cultural conflicts and cross-culture management patterns that confront Sino-foreign joint ventures, in the hope of providing some suggestions and implications for Sino-foreign joint ventures, particularly Sino-U.S joint venture operating in China and Chinese companies involved in international operations.

Keywords: Sino-foreign joint venture, Cross-culture management , Cross-cultural Conflict management ,Transnational operation

INTRODUCTION

As China is becoming more and more involved in the international community in terms of politics, economy, culture etc., cross-cultural interaction and communication with other countries have become a lot more common than ever. However, problems do emerge during the process of interaction among people from different countries with different cultural backgrounds. Sometimes we have misunderstandings that may result in unpleasant feelings, and sometimes we can expect conflicts that may exert serious consequences, ruin business, and even cripple Sino-foreign joint ventures as well as Chinese or foreign MNCs doing business in China or in another culturally different host country. As diverse workgroup pose several challenges (Egan and Tsui, 1992; Ayoko and Hartel, 2002), for managers who have businesses in a culturally foreign country, how to manage employees with different cultural backgrounds, ideologies, values and views towards conflicts well takes real patience, time, energy and most importantly tactics. This paper takes Sino-foreign joint ventures as target and tries to seek out some solutions to cure these headaches for managers managing in such companies.

THEORETICAL FRAMEWORK

Hofstede's National Cultural Dimensions

Geert Hofstede (1980) argues that people carry “mental programs” that are developed in the family in early childhood and reinforced in schools and institutions, and that these mental programs contain a component of national culture. And they are most clearly expressed in the different values that predominate among people from different countries. And it is exactly these different “mental programs” that complicate the cross cultural management business and practices and result in cultural conflicts. Hofstede (1980) identifies five main dimensions along

which dominant value system in the more 50 countries can be ordered and that affect human thinking, feeling, and acting, as well as organizations and institutions, in predictable ways.(Hofstede, 1980). And these five dimensions are power distance, uncertainty avoidance, individualism and collectivism, masculinity and femininity, and long- verse short-term orientation, which are yardsticks that can measure internal cultural differences in Sino-foreign joint ventures whose employees are often culturally heterogeneous.

Thomas's Conflict Resolution Approaches

K. Thomas applies the Management Grid Theory of behavioral scientists Robert R. Blake and Jane Mouton (1964) to the analysis and resolution of interpersonal conflicts. He proposes five conflict resolution options: forcing, avoidance, accommodation, compromise, and collaboration upon which managers can draw. The five resolution models are presented in the following figure.

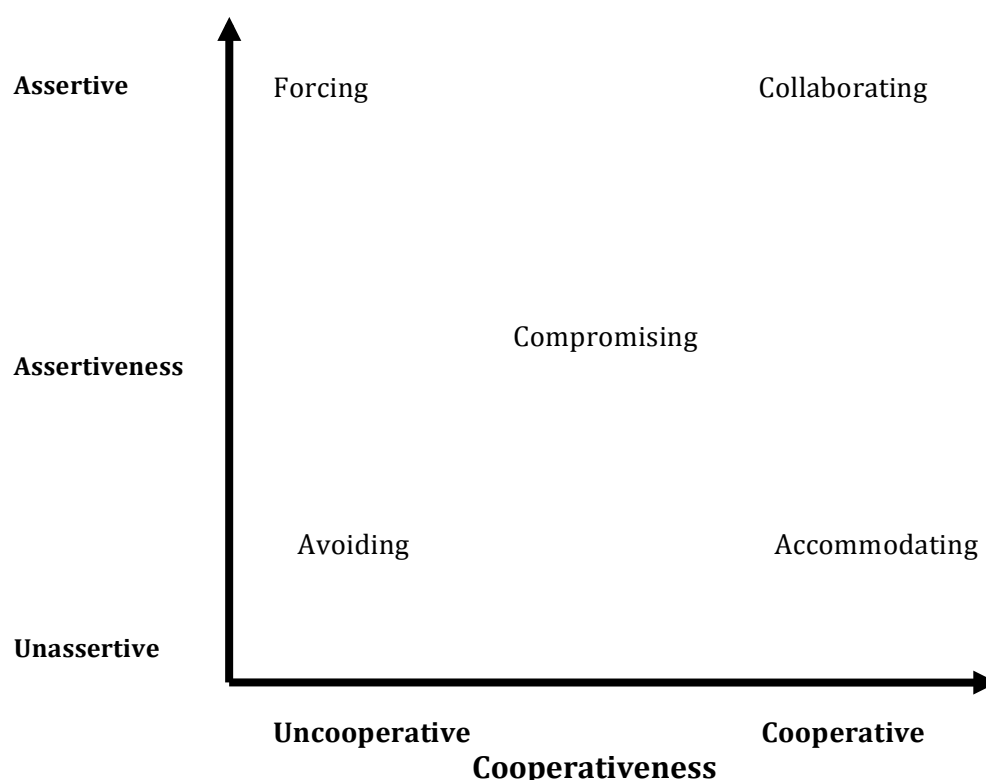


Figure 1. Thomas' Conflict Resolution Model

Source: K. Thomas, "Conflict and Negotiation Processes in Organizations," in Stephen P. Robbins et, al., *Management* 5th ed., 1997, Pg 635.

CULTURAL CONFLICT IN SFJVS IN CHINA

Introduction

Geert Hofstede(1980) argues that people carry "mental programs" that are developed in the family in early childhood and reinforced in schools and institutions, and that these mental programs contain a component of national culture. And it is exactly these "mental programs" in people from different cultural backgrounds that result in cultural conflicts in SFJVs.

The patterns of cultural conflicts in SFJVs are mainly demonstrated in the following aspects: Explicit cultural conflict, the commonest conflict in SFJVs, results from the differences in the symbol and signal systems of the parties involved, i.e. it is a kind of conflict stemmed from the

different connotations of the ways culturally diverse people use to make themselves understood. These ways of expressions are demonstrated by one's language and behavior. And language, as a communicative tool, not only divides human being into different groups but also makes them starkly different. Besides, language is the vehicle that carries people's thoughts which are the core elements that consist of and determine the characteristics of a culture, therefore language is the vehicle of culture and the conflicts result from lingual differences are important demonstrations of cultural conflicts. Evidence of language behavioral differences is convenient to grasp. For example, when two Chinese employees meet they usually grant each other by asking: "Where are you going?" or "Have you had your meal?" These questions are in themselves empty, and nobody really wants to know where you are going or whether you have had your meal, however there are indispensable. The reason lies in that the two want to maintain good relation and the asking of such questions is equivalent to saying Hello to each other. Strange as it is to foreigners, this is the Chinese way of granting. When it comes to Americans, such questions can be annoying, because they may take it as interfering others' private businesses. And they use "Hello", "How do you do?", "Nice to meet you!" etc. as greetings.

The collision of values is another source for cultural conflict. Kluckhohn (1951/1967) argues that a value is a conception, explicit or implicit, distinctive of an individual or characteristic of a group, of the desirable which influences the selection from available modes, means and ends of actions. As a result, people from different cultural background have different attitudes towards working targets, interpersonal relationship, wealth, time, risk etc. And investigations show that western people tend to work hard to gain more materials and satisfactions from their effort, and then they go to enjoy what they got; however Chinese workers lack initiatives, swiftness, and take working time as the time to interact with colleagues. These differences in working attitude may potentially give rise to conflicts. Western managers are usually innovative and willing to take risks, while Chinese managers usually lack such capability and spirit. In western enterprises employees have the right to make suggestions and comments on strategies formulated by higher management; however in Chinese enterprises such things are rare. All these and other differences in values form a sound breeding ground for conflicts.

Institutional culture demonstrates itself in the external operational institutional environment such as laws and rules and regulations, and internal organizational institutions of an enterprise. How can we forge a common standard for those culturally heterogeneous people working in the same environment to follow? Managers from developed countries usually manage in an environment with sound legal system and they usually act according to the items and provisions of law; however Chinese manager, particularly those in state-owned enterprises, usually act according orders and directives given by their superiors other than law. And it is no easy for managers of different cultural backgrounds with different managerial philosophies and experience to coordinate and cooperate when facing tough problems, creating another potential for conflict.

Apart from what is mentioned above, there are conflicts in thinking and management patterns, conflicts in human resource management, conflicts in working conditions etc., making cross cultural enterprises including SFJVs a conflict-ridden entity if not managed well.

Features of Sino-U.S. Cultures and Management Patterns

Features of Chinese Culture and Management Patterns

The Chinese culture, as the representative oriental culture, and American culture, the representative western culture, do have some stark differences which are shown in people's thinking patterns, values, behaviors, organizations, management patterns etc. It is widely

acknowledged that differences create the potential for conflicts, and understanding differences is of great help to prevent and resolve conflicts. Therefore the author made a brief introduction to the differences and features of the two cultures and their different management patterns.

The Chinese culture is one of the most excellent cultures in human history. And it is a condensation of the brave nature and wisdom of generations of people of nationalities within its borders. The Chinese culture is essentially a hybrid culture with its backbones being the Confucianism and Taoism, and the former mainly finds its influence in political ethics and the latter in philosophies, literature and technologies. The characters and temperaments of Chinese people can find their sources in the two, i.e. Confucianism and Taoism combines to form the characters and temperaments of Chinese people, which demonstrate in the following aspects:

(1) Value people

The Providence that traditional Chinese culture values is in fact the value of people, this view places people in the center of universe and regards people as the most excellent creature. The act of respecting God is another way to prove the importance and credibility of people.

(2) Principle of feudal moral conduct

Chinese care much about their children, act over-subserviently to their superiors, and seem to speak too indirectly with perhaps too much "false" modesty. The Chinese value group loyalty, respect for hierarchy and age, and harmony. What's more the Chinese care more about the face stuff, and not preserving others' face is equivalent to insulting them.

(3) Golden Mean

The Chinese culture values the Golden Mean with its basic principle of 'doing too much is as bad as doing too little' and 'harmony'. This is not only quintessential of oriental thinking pattern but also an ideal personality.

Management patterns have their roots in the culture in which it forms, operates and develops, and are dominated by social values, traditions and customs. China is country with a long history and profound cultural foundation, and its people's mentality and behavior are formed under the influence of its culture. The oriental cultural accumulation and the philosophical thinking based on it give us enough confidence and reason to reflect on the unique characteristics of Chinese management styles. The paper summarizes the features of Chinese management styles based on relevant literature in the following:

- The government pays much attention to the control and regulation of the macro-economy;
- The value orientation of management philosophy always put people first;
- Moral education is much emphasized in corporate management; and
- Face plays a significant role in deal with relations inside and outside the enterprise. The following shows how Chinese employees are attached to their enterprises

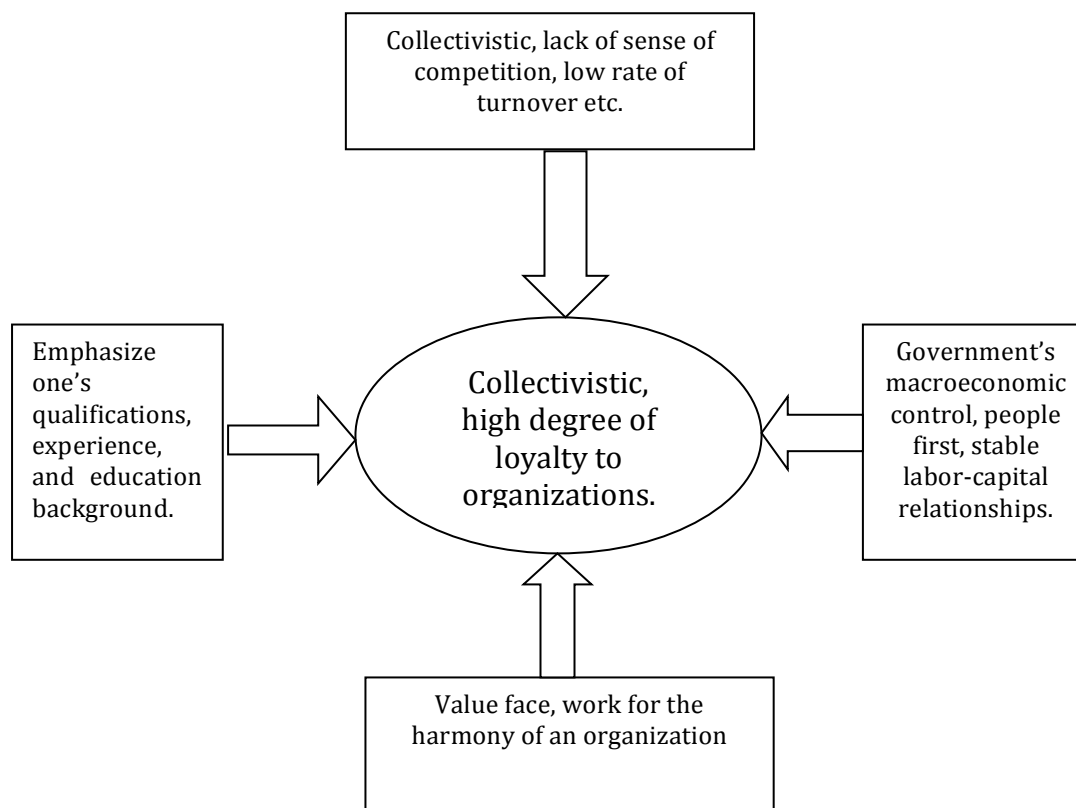


Figure 2. How Chinese Employees Attach to Their Organization

Features of American Culture and Management Patterns

The American culture is representative of western cultures with its materialism world view of dominating the nature, individualism and autonomous motivation based sense of self-worth, and equality of opportunity and adventure based social ethical orientation. The traditional American culture worships achievement and treasure, demonstrating a strong sense of utilitarianism and pragmatism. Besides, the U.S is a country which preaches pragmatism and emphasizes the maximization of profit, organizational effectiveness and productivity. And it is also individualistic oriented, low uncertainty avoidance, and high patience for risks; it adopts the achievement and demand pattern, asserts self-achievement, values democratic leadership, is prone to collective decision-making and participation, has low power distance, moderate masculinity and unilateral communication pattern is negated. Americans believe in self-decision-making which is based on spirit and precise data and reward institution based on performance is deemed appropriate.

(1) Emphasize the realization of self-value and values competition and adventure

Both entrepreneurs and ordinary workers think that personal interests are above all the most important thing, and enterprises encourage personal adventure and innovation, displaying a strong sense of individualistic characteristic.

(2) Values the constraint of rules and regulations and contract and promote tough management

The relationship between American enterprises and the employees is maintained and adjusted by a series of complete game rules in which the division of labor is clear and the working efficiency is high. The rules and regulations in the institutional frameworks of American enterprises are not only rigorous and stable but also flexible, and they also place much weight on the strategic goal of the business operation.

(3) In terms of leadership, American enterprises emphasizes the managers should be qualified not only in the traditional abilities but also in handling changes. When it comes to human resource management (HRM), American enterprises regard employee loyalty as the basis for the development of an enterprise.

(4) In terms of the relationship among owner, manager, and employee of an enterprise, the separation of responsibility, power and interest is criticized and the integration of the three is promoted.

(5) When it comes to stimulation of employees, American enterprises criticize material incentive while advocate the spirit incentive as the 'inexhaustible source'; in terms of the distribution form the traditional wage system is becoming less popular and the 'sharing system' is highly advocated.

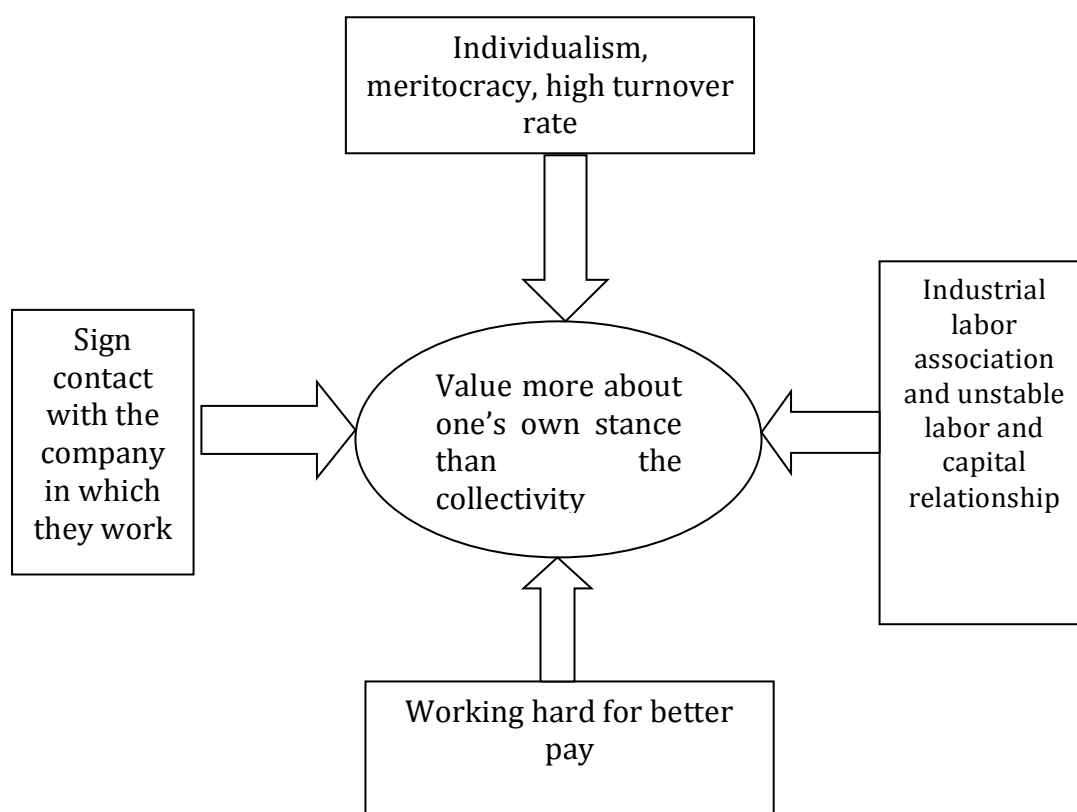


Figure 3. How American employees attached to their organization

Through the above analysis, it becomes clear that there are substantial differences existing between the Chinese and American corporate cultures, which will undoubtedly pose great challenges to Sino-U.S cooperation. In fact, an investigation on cross-cultural management of SFJVs shows that cultural difference is the convenient cause for some cross-cultural communication problems such as misunderstanding due to language barriers and imprecise translation or interpretation; a lack of understanding of the other party's social environment and cultural self-awareness; inadequate knowledge on the marketing environment of the other party etc. As a result, analyzing the Sino-foreign cultural differences and the factors that influence cross-cultural conflict management in SFJVs becomes an issue of great importance. The diversity of cultural patterns and organizational philosophies determines the diversity of management patterns and as each nation has its own development history, cultural tradition, values, organizational philosophy etc. which are premises for the formation and development

of management patterns, the development of management patterns in turn consolidate the differences of national cultural and organizational philosophies. Therefore analyzing the differences of management patterns from the perspectives of cultural patterns and organizational philosophies provides a better way to study the cultural differences of SFJVs, which may help accelerate the cultural recognition and integration process.

Influential Factors on Conflict Management

Culture's influence on conflict management strategies can be extremely great, and Sino-foreign cultural difference can lead to different comprehension and management strategies of intra-organization conflict. Thus to achieve harmony and success, Chinese and foreign employees must have some knowledge about what kind of behaviors is acceptable to the other party and the reasons in conflicts. In this chapter the author will focus on the four interactive factors in the process of conflict management, and will take American employees representatives of western culture as examples to analyze these elements.

(1) Attitude towards Conflict

The first stage of conflict management is the attitude toward conflict and how one views conflicts influences what strategies s/he will employ to deal with them. The Chinese believe that man is an integral part of the nature and value the principle of living in harmony with nature. As a result, for the Chinese conflict is regarded as detrimental to harmony and therefore should be avoided. In addition the traditional Chinese management pattern honors the principle of avoiding interpersonal conflict and creating social stability by maintaining a harmonious social environment. In China the development of an organization is deemed as depending on the unity of its members, thus without harmony people cannot unite and there can be no development of the organization. In all, the Chinese value harmony and unity, try to avoid conflict and disagreement and regard conflict as threat and undesirable. However, the Americans may think differently and in fact they believe they can conquer and guide nature's power to their own use. As early as the immigration to the U.S, the American thought that nature can and must be conquered and controlled, thus they believe intra-organization conflict is a natural phenomenon instead of a threat. Besides, the U.S is a low uncertainty avoidance country which tends to tolerate and accept different and uncommon views and they may even regard conflicts as opportunities to exchange different views and create innovative ideas, thus is beneficial to the development of an organization.

(2) Comprehension of Conflict

Ting-Tomey (1999) argues that people from individualistic cultures can separate "conflict from individual", which means for Americans conflicts are not necessarily people-oriented. And they will not regard conflict as personal problem instead they will consider it for a relational perspective. However Ting-Tomey (1999) also points out that people from collective cultures tend to attach conflict as personal problem, which means collective cultures do not distinguish conflicts and personal factors clearly. America is a typical individualistic country and China is a typical collective country as indicated by Hofstede's research. This may mean that when it comes to conflicts American managers may tend to separate conflict from the person causing the conflict while Chinese managers may tend to seek reasons from the person whom they may deem as the "trouble maker", thus showing fundamental differences of opinions due mainly to cultural differences.

(3) Conflict Resolution Strategy

Though different kind of conflict resolution strategies are referred for actual conflict, the author employs Hofstede's national cultural dimension and other relevant theories to try to make prediction of the common strategies that manager may refer to when conflict emerges.

Individualism & Collectivism and Conflict Resolution Strategy

As has been discussed earlier, America and China are two countries with substantial differences in terms of the relation between the self and others. The U.S is an individualistic country and its people tend to consider things from the perspective of the 'self' and for them personal interests are always more important than others' or the collectivity's interests. As a result, they rarely adopt compromising strategy to deal with conflict, the reason of which can be traced to an individualistic culture. Besides Americans value competition and action and they usually regard life as a kind of contest in which everyone is supposed to take part and to compete with others in order to win. Thus during conflict Americans tend to assert their own opinion and stick to their own ideas, and they want to make their own ideas understood clearly. What's more Americans regard 'Avoidance' as somewhat pessimistic and thus undesirable. They thus tend to publicly discuss the conflict subject and get their views and ideas across to others, and they also tend to use their knowledge and expertise to gain persuasive power to influence others. Viewed from this perspective, it can be said that Americans tend to employ autocracy strategy to deal with conflicts.

While on the contrary China is a collective country and its people tend to think things starting from the concept of 'We'. For the Chinese the harmony of interpersonal relationship is a symbol of its collective traditional culture and they believe a sound relation between managers and the employees will play a positive role in resolving conflict. As a result conflicts are to be avoided and even if they become irresolvable they should at least be minimized. As a result Chinese managers usually choose to avoid direct confrontation when it comes to conflict management. In addition the value of interpersonal relationship also dictates the Chinese to ignore their own short-term interests to maintain interpersonal relationship that may potentially generate long-term benefits. So it is safe to say that Chinese managers and employees tend to resort to compromise and accommodation strategies to deal with conflicts.

Power Distance and Conflict Resolution Strategy

Power distance is yet another significant element when it comes to opting conflict resolution strategy. In most U.S companies which cherish the principle of equalitarianism superiors and subordinates regard one another as equals, the cast system is in fact a system that designated the different roles of the members of a company. Besides the roles are not set once for all, which means today you are my boss and probably tomorrow you will become my subordinates. Thus the value of equalitarianism results in the fact that each party of the conflict has the opportunity to voice their own different ideas and views. However in stark contrast with the cases in the U. S, the Chinese society is a typically highly hierarchical one in which inequality among individuals is widely recognized and accepted. As a result Chinese managers usually adopt autocratic strategy while low level staff opt avoidance and submission strategies when it comes to conflicts.

Uncertainty Avoidance and Conflict Resolution Strategy

As conflicts stem from differences which in fact exhibit different degrees of uncertainty, people's attitude towards uncertainty influences the strategies they employ to deal with conflict. The Chinese tend to believe 'what is different is dangerous'. And when confronted with different opinions and ideas, they usually demonstrate a sense of worry and try to avoid confrontation. The Americans, however, usually put the dimension of uncertainty avoidance into a secondary place, which means they are more tolerable of uncertainty and for them 'difference signifies potential new knowledge'. And in fact they are willing to know others' views in order to obtain a more justifiable and comprehensive perspective. In the U.S people generally accept the public discussion of difference even if the result is unpredictable. As a

result American managers and employees tend to resort to integration strategy when dealing with conflicts.

Masculinity & Femininity and Conflict Resolution Strategy

According to Hofstede's investigation in the 53 three countries surveyed, America's masculinity and femininity dimension ranks the 11th which indicates that the American society is a male dominated one in which material success and achievement are mainstream values. Meanwhile equality and competition are encouraged among people. Besides "members of masculine cultures tend to resort to aggressive act to win over rivals" (Hofstede, 1997). Combining the above mentioned characteristics of Americans, it can be said that American managers usually resort to autocratic strategy when it comes to conflict management. While the Chinese society is more feminine than that of the U.S, and consideration and implication are considered virtuous. Man and woman are both supposed to maintain a good relationship with other. As a result Chinese managers and employees are more prone to adopt indirect strategies such as accommodation and comprise when it comes to conflict management.

(4) Face View in Conflict Management

Face is an universal concept, common social phenomenon and an issue related to culture. People from any country try to maintain and gain face during any social exchanges. For Chinese the term face has significant psychological and sociological implications. In a society which regards the value of harmony and collective interests as the standard social and moral value, face essentially reflects the fame and reputation one gains through others' comment on him. As a result the quantity of face one has is determined by the recognition of other people. Having no face means one has no weight to bargain in conflicting situations or simply the refusal windfall interest. Thus even in conflicting situations the Chinese are trying to maintain the other party's face to prevent further damage to the relationship because they believe preserving each other's face may potentially become their accumulated face resources in the future. The Chinese accumulate face resources the maintaining or establishing sound relationship with others, the Americans however gain face mainly through personal performance. For the Americans face lies mainly in self-realization, self-performance and the ability to accomplish missions, besides they also regard face as an independent concept, which indicate one's face has nothing to do with others'. As a result in conflicting situations the Americans tend to only concern about their own face while ignore others' face.

SUGGESTIONS ON CROSS-CULTURAL CONFLICT HANDLING

It is clear that substantial differences do exist in how Chinese and foreign employees view and comprehend conflicts and how they see things differently because of cultural differences. These differences can easily cause misunderstandings in this times when cross-cultural communications in becoming increasingly frequent. And it is just in the current situation where cross-cultural communication is on the raise we need to deal with cross-cultural conflict with a positive attitude.

Enhancing Cross-cultural Communication

Identifying Cultural Differences

Different measures should be taken to deal with cultural differences. Chinese and foreign employees are suggested to develop mutual understanding and recognize their respective differences. And conflicts stemmed from different management styles, techniques and expertise can be changed through communication and mutual learning. Though it can be a long lasting process, living style and custom differences can also be reconciled through cultural exchange. The fundamental value differences are generally difficult to change, and it is suggested that such differences should be sorted and then treated accordingly.

Strengthening the Cultural Sensitivity Training

This kind of training is aimed to enhance people's responsiveness and adoptability to a new environment. And the specific methods include gathering employees with different cultural backgrounds to receive professional cultural training, to do field work, situational dialogue, role play etc. to break the cultural barriers and role constraints in their minds.

Enhancing Communication and Cooperation

Mutual respect, trust and understanding, equality etc. are key factors in the smooth running of a joint venture, as a result after the identification of each party's cultural characteristics and differences frequent communication and coordination are required to avoid differences and seek common ground and interest between Chinese and foreign partners. Communication can enable the two parties to learn from the goods points of each other's culture, absorb each other's management philosophy, which may help to generate novel management techniques, eliminate misunderstandings and strengthen mutual trust. In addition communication is of great help in the generation of new managerial ideas and methods, in the release of the advantages of cultural diversification, in the improvement of an enterprise's management and in the enhancement of its performance.

4.1.4 Refusing Ethnocentrism

Strengthening communication will necessarily entail the rejection of ethnocentrism the essence of which is a prejudice and bias against other cultures and nations due to a lack of understanding of them. Ethnocentrism serves as an obstacle that impedes employees' willing to learn other nations' characteristics, thus is harmful to cross-cultural management. And what's worse ethnocentrism is generated under the influence of a nation's culture and is difficult to eliminate and get over. Therefore the prevention of the side effects brought by ethnocentrism and staying alert to the bad effects it brings in cross-cultural enterprises is primary priorities.

Establishing Normalized Institutional Management System

Establishing Complete Rules and Regulations

A series of complete rules and regulations are vital to ensure the daily management and operation of an enterprise. Rules and regulations on business behaviors, employee stimulus policy, vocation policy, punishment etc. can be passed on to the employees through employee manual. For enterprises which have no rules and regulations management personnel should formulate them according to the situation of their enterprise and discuss with foreign partners before their implementation.

Strictly Implementing Rules and Regulations

Once the rules and regulations are set, nobody can go against and those who do violate them must be punished accordingly. Meanwhile employees are given the right to give suggestions on rules and regulations which most of them think improper or unreasonable to help the management level make some modifications to accommodate to most of the employees' demands. Institutionalized management mode can ensure the smooth running of an enterprise and the stability of its production and operation. Particularly, this management method can bring Sino-foreign enterprises other benefits for their business operations. Firstly, this method can identify the responsibilities of each managers and such identification can help manager to do their work within their own responsibilities, thus conflicts stemmed from doing their job without clear borders can be avoided. Secondly, this can avoid the enterprise to be governed by 'people' instead of by 'law'. Once an enterprise adopts this method everything in the enterprise

is supposed to run by rules and regulations, which may help in enhancing its overall performances which include management.

Cultivating Qualified Cross Cultural Management Talents

The purpose of providing employees of Sino-foreign enterprises cultural training is to cultivate their cultural difference awareness, to impart them cultural factors that influence people's behaviors, to teach them how to deal with cultural differences and to enlighten their cultural sensitivity and skills to promote cultural coordination.

Cultivating Foreign High Level Management Staff

It is in fact unrealistic to demand an expatriate from abroad to possess all the elements required to carry out business operations in China. What's more, there are no effective and widely acknowledged criteria to determine whether a foreign manager or other working staff who is up to a position. However the success of a Sino-foreign enterprise has largely to do with the qualities, experiences and individualities of foreign management staff. And the qualities, personal experience and their familiarities with Chinese language and culture are also key elements. Generally ,expatriates sent to Sino-foreign enterprises are supposed to possess the following capabilities:

- Social Adaptability apart from working environment, foreign management staff in China has to face a different social environment. It is suggested that foreign management staff should learn about Chinese laws and policies to get used to the Chinese society and economic environment to facilitate their formulation of operational strategies to better run an enterprise. In the fiercely competitive environment enterprises should make adjustments according to their external environment change to their operational orientation to fend off external risks, seize opportunities and enhance their competitiveness.
- Working Adaptability high level foreign management staff in Sino-foreign enterprises in China must establish brand new working relations in the Chinese cultural and must learn about many characteristics of Chinese cultural environment. These cultural characteristics have direct influences on how these management staff make decisions on issues raised by local Chinese and how locals take orders and guidance from them. They have to deal with Chinese employees with different cultural backgrounds, languages, attitudes and values to accommodate their professional skills and management techniques to the Chinese environment and they have to cope with more complex political and economic problems compared with those of their own countries.
- Business Ability the purpose of the employment and appointment of foreign management staff is not geared at making them come to terms with local environment but to achieve the operational targets of Sino-foreign enterprises. As a result it is of great significance to assess their business operation capability. Generally, there are several criteria which include independence, expertise, educational background, working experience, management awareness, behavioral competence etc against which management staffs are assessed and selected.

Cultivating Middle and High Level Chinese Management Staff

It is suggested that enterprises should put some talented management staff on some positions to give them the opportunities to practice, and after sometime when they acquire enough cross cultural management experience these enterprises can consider putting them on some key positions to assume major tasks. This method can only be carried out step by step to cultivate

them into advanced management staff. The training of the Chinese management staff should always keep in mind to equip them with the following skills.

Innovative management skills.

In Sino-U.S enterprises, innovative skills refer to the skills for managers to accommodate new internal and external environment to achieve effective management performance. These skills include the capability to getting used to changing environment, the realization of the enterprise to which they are devoted, the resolution of problems with different skills in Sino-U.S enterprises, the capability and flexibility to continuously carry out operation and management while gaining more assistance and information from the other party etc.

Marketing Management Skills.

Managers of Sino-foreign enterprises should take the modern marketing concepts as their guidance and establish marketing and business management systems correspondingly, based on which strategies for enhancing productivity, lowering cost and ensuring product quality should be formulated to capture foreign and domestic market for Sino-foreign enterprises. Meanwhile specific marketing strategies should be devised on account of their international market and the actual situation of the early stage of the enterprises.

HRM Skills

The competition of among modern enterprise is in fact the competition of talents which is vital to the failure or prosperous of an enterprise. Due to the particularity of management mode in Sino-foreign enterprises and the complexity of market environment, cultivating talents with innovative and competitive awareness, professional skills and high degree of adaptability to international environment is the strategic guarantee to the long-term development and prosperity of Sino-foreign enterprises.

Conflict Management Skills

In the business operations of enterprises Sino-foreign enterprises are confronted with not only the common problems of interpersonal and interdepartmental conflicts of ordinary enterprises but also conflicts stemmed from the differences of information sources, attitudinal and value differences, individual and behavioral differences, and knowledge and thinking patterns differences. Conflict management is directly connected to the high quality working environment, the efficiency of management and even the survival of an enterprise, as a result management staff of Sino-foreign enterprises are supposed to possess high level conflict management capability.

Localizing Talents

In their initiating stage, a large number of Sino-foreign enterprises usually employ many foreign management staff, which is for the time being beneficial for the operation of such enterprises. However such HR policy is not without its deficiencies. Firstly, it may exert a serious blow to Chinese management staff, which is because such policy indicates that high level positions are closed for the local employees. And what this HR policy amounts to is an open and escalation of cultural differences and contradictions. Secondly, such HR policy may run the risk of letting high level foreign managers transplanting their own management methods in their own country to the enterprise, which may not be appropriate to the Sino-foreign enterprise. Thirdly, it may increase the operational cost. The payment of foreign managers usually tens or even hundreds of times more than that of Chinese managers, and sometimes only the payments for foreign managers may cripple the competitiveness of a Sino-foreign enterprise.

Currently localizing talents is a tendency for successful Sino-foreign enterprises, which has many evident advantages. Firstly, this strategy can largely eliminate language barriers and it is no longer necessary for enterprises to spend large amount of money on language training for employees, besides it can also resolve the problems of cultural differences and social adaptability which has been obsessing Sino-foreign enterprises. Secondly, retaining talents is a great challenge for Sino-foreign enterprises and localizing talents is a vital strategy to prevent this from happening. Viewing from the perspective of Sino-foreign enterprises this strategy helps in the reduction of operation costs, in the swift integration into the local culture, in the improvement of its internal and external environment and its further development. Many Sino-foreign enterprises in China has been adopting this strategy to localizing talents and established various training programs to accommodate different requirements. Such effects has achieved great outcome.

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