

Cultural Differences and Communication in the Internationalization Strategies of Multinational Enterprises

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Abstract: In the process of internationalization, multinational companies often face employees and customers from different cultural backgrounds. This makes cultural differences and communication major challenges. This paper analyzes communication patterns and values between different cultures and their impacts on business operations and teamwork, for instance, good cross-cultural communication can help a company to diversify, while poor cross-cultural communication can create conflicts, misunderstandings, and impediments to proper functioning. This paper also proposes effective cross-cultural communication strategies, increasing cultural awareness and sensitivity, providing employees with cross-cultural communication skills, creating an inclusive corporate culture, adopting a common working language, and using technological tools to promote cross-cultural communication. The paper concludes that cross-cultural communication is very important for Multinational Corporations (MNCs) and that MNCs may face more challenges in cross-cultural communication in the future environment, this paper hopes to offer some theoretical references for future studies.

Keywords: Cross-cultural management, cultural differences, internationalization strategies, multinational enterprises, communication models

1. Introduction

1.1. The rise of multinational enterprises and the importance of internationalization

In the past few decades, with globalization, the capital of multinational enterprises has been able to move smoothly. The size of those multinational enterprises has also grown, making them one of the major investors in a country's OFDI (outward foreign direct investment). This makes the Multinational Corporations (MNCs) internally extremely large in terms of volume, contributing a large number of jobs to the country while also creating a large amount of economic benefits. As far as the global economy is concerned, MNCs are important players, suppliers and demanders of capital, thus contributing greatly to the integrated development of the global economy.

The specific reasons why companies choose to operate across borders are varied, but none of them lacks some commonalities. First, the pursuit of broader markets. Due to the natural profit-seeking nature of companies, when they find that the domestic market is saturated or the competition in the market is too fierce, then choosing to go transnational to find new markets becomes a new way to generate profits. Secondly, because development is uneven across countries, the level of remuneration

for labor and the price of capital, such as land, are not uniform. These are important factors of labor that firms need to use for production, and they constitute the costs of the firm. Therefore, some multinational enterprises choose to operate across borders in search of cheaper labor and cheaper means of production. For example, a large number of textile and garment enterprises have piled up in Southeast Asia to enjoy the benefits of low labor costs.

1.2. Cultural differences and communication challenges in international business

Cultural differences are differences in the beliefs, values, customs, behaviors and practices of different societies or groups of people. These differences are reflected in various aspects of life, such as communication styles, decision-making processes, attitudes towards authority and work ethics. The reasons for cultural differences, however, are complex and varied, which include the influence of factors such as history, geography, religion, language and social structure.

Cultural differences play an important role in international business and can greatly affect the efficiency of communication and resolution between employees. It also has an impact on the management style, ethical behavior, and organizational structure of a company.

Since multinational corporations usually employ a large number of people of different nationalities and ethnicities, cultural differences are more prominent. As a result, they also face the challenge of many cultural differences. Misunderstandings, for example. A gesture, an action, or a word can have opposite meanings in different cultures. There may also be huge differences in the way different cultures express their ideas and logic, and these differences may combine to create misunderstandings. In addition, challenges such as conflicts, miscommunication, and low management efficiency are also posed by cultural differences in the operations of MNCs.

However cultural differences are not always negative. Sometimes, it can provide companies with more complex and diverse ideas. Since people's thought patterns are developed along with their growth, this also makes them tend to think in stereotypes. By communicating and sharing, people from different cultures can largely break down these stereotypes and stimulate more creative and possible ideas.

The importance of communication: Emphasize the importance of effective communication in a cross-cultural environment, and explore how to establish effective communication strategies and methods.

2. Cultural differences faced by multinational enterprises

2.1. Define culture and its components

Definition of Culture: Culture can be understood as the collective programming of ideas that distinguishes one group from another [1]. It encompasses both tangible and intangible elements that shape the way an individual perceives, interprets and responds to the world.

Components of Culture: Culture consists of various components such as language, values, beliefs, customs, and norms [2]. These elements serve as guidelines for behavior within a specific cultural context.

Levels of culture: As Schein [3] points out, culture operates at different levels, including national, regional, organizational and even team levels, each with its unique characteristics and challenges.

2.2. Main cultural dimensions and comparisons

Hofstede's cultural dimensions: Hofstede [1] identified different dimensions of national culture: power distance, individualism vs. collectivism, masculinity vs. femininity, uncertainty avoidance,

long-term vs. short-term orientation, and later indulgence and restraint. These dimensions provide a lens through which cultural differences can be analyzed and understood.

Other models of culture: In addition to Hofstede's model, there are other models such as Trompenaars and Hampden-Turner's [2] Seven Dimensions of Culture and Hall's [4] concepts of high-context and low-context culture. These models provide alternative frameworks for examining cultural differences.

Cross-cultural comparison: Using these dimensions and models, cultural attributes of different countries can be identified and compared, providing valuable insights to businesses [5].

2.3. Impact of cultural differences on business decisions and strategies

Decision-making: Culture profoundly affects decision-making. For example, the degree of collectivism in a culture can influence consensus-driven decision-making [6].

Communication and Relationships: Hall's [4] theory of high-context and low-context cultures emphasizes the nuances in how information is conveyed and understood in different cultures.

Human Resource Management: The way an organization manages talent is deeply influenced by cultural norms. Adler [7] emphasizes the importance of understanding these cultural nuances, especially when it comes to recruiting, training, and team dynamics.

Marketing and Consumer Behavior: The work of De Mooij [8] illustrates how consumer behavior is embedded in culture, influencing everything from product preference to brand loyalty.

Ethical considerations: Different cultures have different ethical perspectives. As Donaldson [9] states, what is considered moral behavior in one culture may be viewed differently in another culture.

3. Cross-cultural communication model

3.1. Communication characteristics of low-context and high-context cultures

According to Edward T. Hall [4], there are five characteristics of low contexts, which are explicit expression, reliance on words, individualistic tendencies, rules and contracts, and concepts of time. While the corresponding high context tends to be implicitly expressed, context-dependent, collectivist, interpersonal, and more flexible in its conception of time. That is, low contexts require more clarity of information and emphasize rule-based systems, while high contexts have more flexibility and autonomy.

3.2. Advantages and Disadvantages of Direct and Indirect Communication

There are advantages and disadvantages to both direct and non-direct communication methods. A better understanding of the pros and cons can help organizations and individuals communicate better when faced with cultural differences. For direct communication, advantages include, but are not limited to, clear transmission of meaning, efficient information interaction and more certain semantic communication. In other words, direct communication facilitates unambiguous communication to save time and increase efficiency.

But direct communication has some drawbacks. For example, overly simple words may be offensive and may lead to misunderstandings due to cultural differences.

The advantage of non-directive expressions is that such expressions take into account cultural differences in as roundabout a way as possible and are therefore more polite. In addition, because of ambiguous expressions, the exact semantics conveyed are somewhat flexible and can be modified to some extent according to subsequent communication. But it is precisely because of the cumbersomeness of this expression that the exchange of information is considerably less efficient,

and it also makes the rhetoric seem less certain, exposing subsequent decisions to more potential controversy.

Overall, there are advantages and disadvantages to both, and it is needed to be flexible in choosing the right form of expression for the right situation.

3.3. The importance of non-verbal communication in cross-cultural environments

Non-verbal forms of communication also play an important role in intercultural communication from time to time. For example, we can simply express our needs through gestures while shopping, use a calculator to type out amounts for bargaining, and so on. This suggests that non-verbal modes of communication can somewhat replace or complement verbal communication, and that such expressions are usually common, i.e., cross-cultural. In addition to actions, expressions, tone of voice, and the intensity of actions can also reflect emotions and convey emotions [10].

4. Cultural values and their impact on business operations and teamwork

4.1. Causes of cultural differences within the team

The root causes of cultural differences within the team come mainly from different international, religious beliefs, educational backgrounds, professional backgrounds, gender, and so on. In the case of professional educational backgrounds, for example, since multinational corporations often operate in very diverse businesses, the business units are more complex to recruit specialized personnel to run them. As a whole, a large and diverse team, cross-departmental communication is inevitable. For example, if the product department designs a new product and needs to communicate with the IT department to implement the plan. Compared with the IT department, the product design department may not have a deep understanding of programming and other technologies, thus some of the features designed are impossible to be put into practice. This can be misinterpreted by the IT staff as a form of spite.

4.2. The impact of cultural values on decision-making, leadership and teamwork

The impact of culture on work permeates every aspect. In terms of Decision-making, individualism versus collectivism can greatly influence the direction of decisions. Those who advocate collectivism usually show more harmony and tolerance, but at the same time will lose some innovation and breakthroughs. Individualists, on the other hand, lose some of the diversity of the team's ideas, which may lead to endless arguments among team members due to their own opinions. And the avoidance of uncertainty also affects decision-making. A team with a more conservative decision-making culture may be able to operate more smoothly in the long run, but it will also lose many opportunities for breakthroughs. For example, for an investment team, investing in a company that is already recognized by the market and believing that its share price will return to value is less uncertain than investing in a start-up and betting that it will become a giant in the future, leaving less margin for profit [11].

5. Cross-cultural communication strategies

5.1. The importance of increasing cultural awareness and sensitivity

In order to improve the effectiveness of intercultural communication and to avoid as much as possible the problems produced by cultural differences, it is first necessary to be aware of the existence of cultural differences themselves. In other words, there is a need to enhance cultural awareness and sensitivity. Since many misunderstandings and miscommunications stem from a lack of familiarity

with each other's cultures, this makes it essential to raise the level of cultural awareness. Specifically, multinational companies can organize different kinds of cultural activities to help people of different countries, races and genders to understand each other better.

5.2. Education and training: Provide employees with cross-cultural communication skills

It is equally important to educate employees on soft skills. In the context of multinational corporations, this includes cross-cultural communication skills. MNCs can improve their intercultural communication skills by educating each other internally, or by hiring experts from outside to give lectures. It is clear, however, that the former, i.e., spontaneous, in-house education, is better in the long run at developing employees' ability to communicate across different cultures. This is because an inherently diverse team represents a lot of potential intercultural communication knowledge, which, when educated mutually, can lead to significant bilateral development.

5.3. Create an inclusive corporate culture

In terms of the company's overall cultural policy, inclusion needs to be taken into account. Since the company's values attract employees and customers who identify with them, and in a multinational context this means different cultures, multinationals need to build an inclusive organizational structure and team atmosphere to better absorb the opportunities of different cultures.

5.4. Language strategy: adopt a common working language

From a management and communication point of view, it is necessary to adopt a mutually familiar language as a working language. In general, multinational companies use English as their main working language because it is the most widely spoken language in the world. However, some local languages may be required for specific work scenarios. For example, a multinational company with a branch office in China will do most of its work in Chinese, with only summaries and reports in English. A localized language can help multinationals better reach local customers and facilitate the entry of local talent. Instead of recording all work in English, Chinese is used to comply with local regulations on the one hand, and to reduce the time and labor cost of translation on the other.

5.5. Use technological tools to promote cross-cultural communication

With the development of technology, a wide range of translation software and artificial intelligence tools are available. These technologies can be used to a large extent in cross-cultural communication in companies to improve the efficiency of employees and reduce communication costs. For example, people can use translation software to copy uploaded files into multiple languages and send them to different employees or customers. It must be acknowledged that, at this point, these programs are not 100% accurate. However, they do significantly enhance the efficiency of human's work.

6. Conclusion

Overall, cultural differences are a challenge for multinational corporations to face. On the bright side, inclusive cross-cultural communication can help multinational organizations improve efficiency and attract talent with a sense of common values, which can provide the company with different solutions, break some mindsets and create new profit points. However, we also need to be alert to the negative side of cultural differences and eliminate or avoid misunderstandings, conflicts, etc. within the team due to cultural differences through various means. Therefore, this article points out the need to improve the level of employees' understanding and awareness of cultural differences from various aspects. First of all, corporate governance needs to create an inclusive cultural atmosphere. Secondly,

in terms of specific means, the article suggests that a uniform working language can be adopted and lectures, internal training, technology and other means can be used to reduce the cost of cross-cultural communication, improve the overall operational efficiency of the company, and reduce the management costs arising from cultural differences.

It is worth noting that intercultural communication faces some new challenges in the future. For a long time in the past, the overall global political situation has been relatively harmonious and globalization has developed more rapidly. However, after the epidemic, many developed countries relocated their factories originally set up in Southeast Asia back to their home countries because the industrial chain between countries was affected. At the same time, anti-globalization ideas emerged, geopolitical instability erupted, and the Russian-Ukrainian and Palestinian-Israeli conflicts broke out. This makes it possible for multinational corporations to face even more intense cultural conflicts in their international operations. Therefore, MNCs need to pay more attention to cultural awareness, improve cultural sensitivity, and fully respect the cultural practices of each group to avoid conflicts caused by cross-cultural exchanges.

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