Original Research Article

Cross-cultural management: Human resource management in multinational corporations in different cultural contexts

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Abstract: Transnational corporations (TNCs) are playing an increasingly important role in the context of globalization. How to carry out effective cross-cultural human resource management in different cultural environments has become a growing concern for multinational corporations. Due to the cultural differences of multinational corporations, internal management, especially people-oriented human resource management, has brought great influence, which makes enterprises from different regions present different enterprise management characteristics. Therefore, it is of great significance to study how to carry out human resource management of international enterprises in cross-cultural background, through adjusting the corresponding management policy and adopting effective management means, so that the enterprises, in the process of participating in the international economic competition, not only adapt to the economic environment among the main bodies of the international business activities, but also adapt to the cultural environment among each other, and obtain the competitive advantage and the initiative.

Keywords: Cross-cultural management; Transnational corporations; Culture; Human resource management; International enterprises

1. Introduction

At present, China's accession to the World Trade Organization has been practiced for more than 20 years, and with the continuous development of China's economy, the communication and cooperation between all walks of life and the world have become more and more close, and under this environmental background, some enterprises have chosen the mode of transnational business operation as a way to promote the development of the enterprises themselves[1]. However, in the context of multinational business, due to the cultural differences between different countries, there are a series of cultural obstacles in the process of multinational business, which affect the human resources activities and the normal operation of enterprises. If multinational enterprises cannot effectively deal with the impact of different cultural conflicts, it will inevitably lead to the failure of multinational business activities. From the current situation, due to the influence of historical and cultural factors, the business model and management concepts of the same country are very similar, while the business concepts and management modes of different countries are very different[2]. Therefore, it is important to analyze the similarities and differences between different cultures, and on this basis to break the limitations of cultural conflict and promote the growth of localization of multinational corporations, which plays an important role in the effective operation of enterprise multinational corporations and the promotion of multinational corporations' sustainable profitability.

2. Characteristics of cross-cultural management

2.1. Diversity of personnel structure

The personnel structure is generally categorized into home country employees, expatriate employees, local

employees and third country employees. These employees come from different countries or regions and have different cultural backgrounds, so there are great differences in language use, behavior and value orientation. Even after the formation of a new cross-cultural corporate culture, various national cultural patterns with different characteristics are still retained to a certain extent within this corporate culture. For example, the style of European and American managers is generally open and straightforward, yet Asian employees may find this style uncomfortable[3]. The same requirements and regulations are likely to be carried out by members of different cultures according to different behavioral styles, resulting in different outcomes. For example, the same silence may be used by members from one national culture as a sign of support and understanding, while people from another culture use it as a sign of indifference, and other cultures may well mean opposition. Therefore, as a manager, in order to communicate effectively with people from different groups, it is necessary to understand their cultural backgrounds as well as the differences that exist, and to adjust one's communication style and skills, otherwise, it will cause communication barriers and affect the development of the enterprise.

2.2. Complexity of the business environment

The business environment of cross-cultural enterprises is very different from that of other enterprises. In general, the business environment of an enterprise is relatively simple, and the members of the enterprise do not have differences in culture and values, or differences in politics, legal systems and customs, so it is easier to establish an enterprise culture and to reach a consensus on management styles, decision-making and implementation[4]. On the contrary, cross-cultural enterprises are faced with a much more complex business environment, in addition to the significant differences in social systems and other aspects, members of the enterprise in the expectations of management objectives, business concepts, management coordination principles, as well as the management style of managers have obvious differences. These differences invariably lead to confusion and conflict in enterprise management, making the implementation of decisions and unified action more difficult. Even after the establishment of a new corporate culture, such differences and difficulties will continue to exist to a certain extent. This makes the operating costs of the enterprise much higher, and to a certain extent will offset the advantage of cheaper labor prices and raw material prices.

2.3. Increased management risk

Labor relations issues are an important issue in the operation of multinational enterprises because the laws, management systems, and the context of labor relations differ from country to country, and therefore there is a risk of management failure when managers adopt management styles that are not accepted by their employees. □ In addition, multinational enterprises may also face organizational risk and communication risk. Organizational risk is the risk brought about by the dispersion and uniqueness of various sub-markets and branches that complicate the management, decision-making and coordination of the enterprise when it carries out international business operation; especially when the enterprise adopts diversified operation and the market is more different, the decision-making is more difficult[5]. Communication risk is the risk that managers face different cultures, languages and other communication barriers, causing communication misunderstandings, which leads to communication failure. At the same time, the cost of communication will be greatly increased.

3. Human resource management in multinational companies in different cultural contexts

3.1. Conducting cross-cultural training

Cross-cultural training is an effective way to prevent and resolve cultural conflicts. In addition to general training for employees such as skills, human resource managers of multinational corporations are also tasked with cross-cultural training for their employees, especially those who are stationed abroad. Through cross-cultural training, employees' sensitivity to different cultures and their ability to work in an international environment can be improved, and mistakes due to improper cross-cultural communication can be minimized. Specific training methods vary, but cultural differences are one of the decisive factors in deciding which training method to use. For example, an American moving to London does not need language training, but moving to China can present significant communication barriers. English is usually the language of choice for business, but European languages are also common in many parts of South America, Africa and South-East Asia[6]. Postings in these areas may require moderate language training. Business negotiations also require cultural adaptation to the social customs, legal systems and cultural patterns of behavior of the host country. In these cases, the affective training method may be the most promising, with components such as simulation exercises, role-playing, case studies, and drills. The three-tiered training system commonly used in corporate training is shown in Figure 1 below.
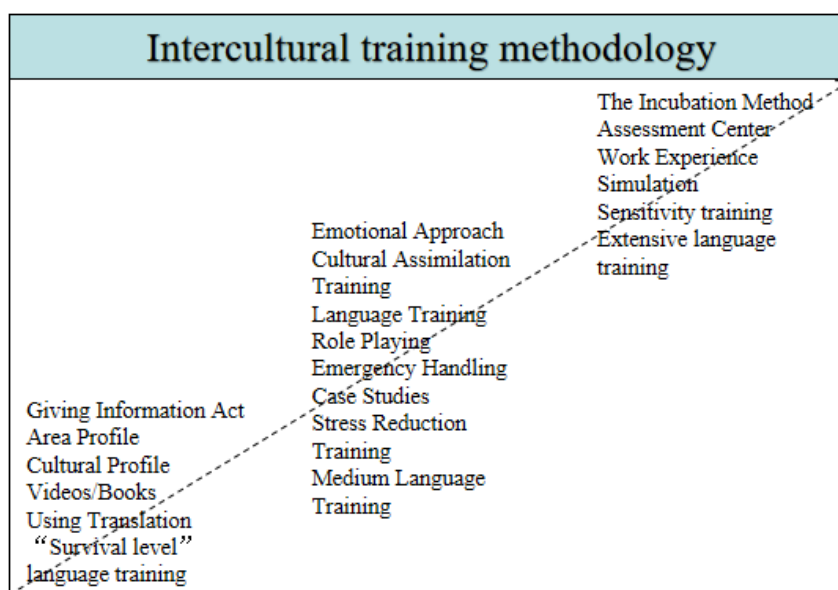

Figure 1. Intercultural training methodology.

3.2. Scientific selection of expatriate managers

Cross-cultural management requires managers to deal not only with employees of different cultures, educational backgrounds and values, but also with a variety of political, economic and legal factors. These factors are part of the external environment of the enterprise and have an impact on the way in which management functions are carried out. Therefore, one of the basic qualities that MNC managers need to possess is cultural awareness. Cultural awareness refers to the knowledge and understanding of TNC managers of the cultural traditions of the countries in which they operate and their impact on business activities. Specifically on human resource management, it is required that managers have a deep understanding of the cultural background, living

habits, ways of thinking and behavior of their employees, and be able to stand in the other side of the cultural background of the position to deal with labor relations issues[7]. Because many labor relations disputes, the intensification of labor-management conflicts is not simply an imbalance between the two sides in the economic interests of the game, a large part of the labor relations between the two sides of the main body due to the differences in cultural background caused by the cultural collision. And this cultural disharmony will bring great losses to the company. This requires that managers engaged in multinational operations should learn a great deal about the political, economic, legal and educational systems of this country, especially about its social and cultural environment. Most fundamentally, managers are required to abandon parochialism, not to have the prejudice of national arrogance, and not to look at the world through their personal eyes, but to respect the customs and market differences of other countries and foreign cultures[8]. Therefore, enterprises must adopt a strict selection procedure and provide training to selected expatriate staff in order to enhance their cross-cultural working ability.

3.3. Optimization of the remuneration assessment system

Hard, soft and situational objectives, which are the main components of the MNC's performance appraisal system for dispatchers. Hard objectives include market share and return on investment, which are characterized by objectivity and quantifiability. Soft objectives include the adaptability and sensitivity to the host country's traditional habits and values, the manager's personal style, social skills and so on, and it evaluates the focus of the relationship and characteristics. The last type of situational objectives refers to the environment in which performance occurs as a scenario to be calibrated[9]. Specifically, for the assessment of hard objectives, the weights of key indicators must first be determined, and the set weights need to match the company's development strategy. The assessment of soft targets is generally considered in an all-round way, adopting an all-round assessment method, which includes peer-to-peer, superior-subordinate, and customer relationship aspects. Among them, it should be emphasized that the superior evaluators should include the superiors of the company headquarters in addition to the local direct superiors. The evaluation of situational objectives is generally considered in conjunction with head office policies and the international environment, and the results are utilized to make effective corrections to the scores obtained from the evaluation of hard and soft objectives, in order to achieve the purpose of improving the adaptability of the appraisal system. In practice, if the results of the scenario evaluation show favorable results, the score will be subtracted, for example, 5 percentage points from the previous score; if the evaluation results show unfavorable results, the score will be increased by 10%. In other words, the scenario target evaluation is based on the previous score with certain corrections to ensure that the final evaluation result is more objective and accurate[10]. The subsidiary's country can directly follow the MNC's original performance appraisal system, which usually does not need to be reset. However, it is important to observe the principles of fairness and cultural adaptability when evaluating the performance of employees in the subsidiary's country.

3.4. Improvement of compensation and benefit system

The multinational company can set a basic salary according to a percentage of the salary in the home country, and then determine the amount of increase according to the salary level in the sending country, and add the two bases together to make the salary of the dispatched personnel. The bonus is provided to the dispatched staff in addition to the basic salary, which is a compensation for the dispatched staff and their families to make

up for the inconvenience caused by the dispatched staff working in foreign countries, and the composition of the bonus includes the mobility bonus, the completion bonus and the family visit bonus, etc., and the specific standards are as shown in Table 1 below.

Table 1. Components and criteria of the bonus.

gratuities	standard
Mobility bonus	This is usually 10-20% of the basic salary, and is usually paid when you are sent abroad.
Completion of work bonus	Payment is made after the expiration of the signed contract period, with the aim of encouraging dispatched employees to focus on their work throughout the contract period.
family visit award	It is used to cover the costs associated with sending personnel and their families when they return to their home countries for family visits and vacations, which generally last from 15 to 30 days per year.
subsidies	Subsistence allowance, children's education allowance, rent allowance, mobility allowance, etc.

4. Conclusion

Cross-cultural management is the core challenge of human resource management faced by multinational corporations in their global operations when facing the unique cultural backgrounds of different countries and regions. In this regard, multinational corporations should take into account their own development reality and enhance the efficiency of human resource management in multinational corporations under different cultural backgrounds through measures such as conducting cross-cultural training, scientific selection of expatriate managers, and optimizing the salary evaluation system, so as to promote the good development of the enterprise.

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