Chapter 33

Cross-Cultural Adaptation Challenges to Management Innovation in Multinational Business Context:
Theoretical Model and Practices

Zhuojun Joyce Chen
University of Northern Iowa, USA

ABSTRACT

With economic development and globalization, many multinational enterprises have been established. Because of the cultural and economic context differences, traditional management strategies could not be effectively implemented in multinational companies. Therefore, management innovation is necessary for those companies to achieve business success. Various studies on multinational management seem focused on differences in business environments and cultures between countries and comparative management styles. However, few studies have paid attention to the process of cross-cultural adaptation and transformation through day-to-day practices in multinational enterprises. Therefore, based on the concept of management innovation and the integrative theory of cross-cultural adaptation, this chapter intends to begin building a model to explore management innovation in multinational enterprises from the perspective of cross-cultural adaptation. Qualitative data was collected from Chinese-owned multinational companies. The results support the model conceptually and provide suggestions for further studies.

INTRODUCTION

With rapid economic development and globalization, many companies have opened up overseas branches or established new businesses in foreign countries (Prasso, 2010; Wu, Lim, & Zhang, 2011), which are called multinational corporations, enterprises or businesses. Multinational corporations (MNCs) have been defined by United Nations (UN) as "enterprises which own or control production or service facilities located outside of the country in which they are based" (Mockler, 2002, p. 3).

In a multinational corporation (MNC), especially during its early stage, the top management and key positions are usually controlled by those from the owner's home country, and the middle level of management and staff/workers are hired from the locations where the company resides (Gong, 2003; Sekiguchi, Bebenroth, & Li, 2011). Because of the cultural and economic context differences between the owner's home country and the host country, effectively addressing the structural complexities and cross-cultural environments is more critical in MNCs than in domestic companies (Mockler, 2002; Silverthorne, 2005). Various studies show that traditional management strategies and operations could not be effectively implemented in MNCs, and demonstrate that when facing the challenge of management across national boundaries and cultures, management innovation is necessary to be adopted for those companies to achieve business success (Birkinshaw, Hamel, & Mol, 2008; Bloom, Genakos, Sadun, & Reenen, 2010; Mockler, 2002; Steger, Amann, & Maznevski, 2007). Management innovation is an integrative process encompassing political, economic, cultural, technological, and international relationship dimensions. Most of the existing studies on management innovations often emphasize MNC's economic, technological, and policy-making aspects (Birkinshaw et al., 2008; Bloom et al., 2010; Steger et al., 2007). Regarding cultural factors, the discussions are usually focused on differences of business environment and culture between countries, comparative management styles, the impact of cultural variance on management and business transaction, and the strategies used for accommodating the differences (Mockler, 2002; Silverthorne, 2005). Few studies have paid attention to the process of cross-cultural adaptation and transformation through day-to-day practices of MNCs. Therefore, this chaper intends to explore multinational business management innovations from the perspective of cross-cultural adaptation. Based on the integrative theory of cross-cultural adaptation (Kim, 1995, 2001) and management innovation (Birkinshaw et al., 2008; Rogers, 2003), this chapter, as exploratory research, employs a system approach (Infante, Rancer, & Womack, 2003) to building a Model for cross-cultural adaptation and transformation analysis in MNCs. In order to test the Model, qualitative data was collected from Chinese owned MNCs. The results support the Model conceptually and provide suggestions for further studies.

THEORETICAL FRAMEWORKS

Organizational Communication, Civility, and Citizenship

The concept of organization as a system presents the organization as a complex communication process involved with conducting on-going organizational activities, creating and maintaining social collectivities/identities within an organization, implementing interactions, cooperation, and transactions with other organizations and individuals—all in order to accomplish its organizational goals successfully (Modaff, Butler, & DeWine, 2012). With the rapid development of globalization, transnational, multinational, and global settings for organizations have brought great challenges to, and demands on, organizational communication. Studies on organizational communication have examined organizational effectiveness from various perspectives including individual communication competencies and organizational assimilation and socialization (Cheney, Christensen, Zorn, & Genish, 2010; Lutgen-Sandvik & Sypher, 2009). The findings demonstrate that "constructive communication contributes to individual satisfaction, workplace harmony, and organizational success" (Lutgen-Sandvik & Sypher, 2009, p. 123). Gill and Sypher (2009) stress that civility and trust is fundamental to ensure a highly productive organization. They define civility as "the act of showing regard, respect, and responsibility for the social demands of

Related Content

Ethics of Architecture or Ethical Architecture?
Hisham Abusaada (2019). *International Journal of Responsible Leadership and Ethical Decision-Making (pp. 1-15).*
www.irma-international.org/article/ethics-of-architecture-or-ethical-architecture/264436

Management Model for Dairy Production Based on a Business Ecosystem Concept
Andrei Bonamigo, Helio Aisenberg Ferenhof, Rafael Tezzaand Fernando Antonio Forcellini (2020). *Journal of Business Ecosystems (pp. 38-62).*
www.irma-international.org/article/management-model-for-dairy-production-based-on-a-business-ecosystem-concept/250363

Ethics and Education: A Markov Chain Assessment of Civilian Education in Air Force Materiel Command
Matthew C. Ledwith, Ross A. Jackson, Amanda M. Rebouletand Thomas P. Talafuse (2019). *International Journal of Responsible Leadership and Ethical Decision-Making (pp. 25-37).*
www.irma-international.org/article/ethics-and-education/227744

Human Resources Development Practices and Employees' Job Satisfaction
Choi Sang Longand Sia Shi Xuan (2018). *Social Issues in the Workplace: Breakthroughs in Research and Practice (pp. 380-392).*
www.irma-international.org/chapter/human-resources-development-practices-and-employees-job-satisfaction/192326

Users of Sharing Economy Platforms in Russia: Recent Changes in Consumer Behavior
Igor I. Saveliev, Marina Y. Sheresheva, Vera A. Rebiazinaand Natalia A. Naumova (2021). *Impact of Disruptive Technologies on the Sharing Economy (pp. 50-64).*
www.irma-international.org/chapter/users-of-sharing-economy-platforms-in-russia/280759