

## Chapter 82

# Communication (Intercultural and Multicultural) at Play for Cross Cultural Management within Multinational Corporations (MNCs)

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### **ABSTRACT**

*With the globalization of economy, multinational corporations (MNCs) and joint ventures are expanding across the world, and China's vast market is attracting more foreign enterprises. Hence, misunderstanding, or even conflicts in employees' communication and cooperation in these cross-cultural enterprises exist more often than not. Compared with the general management activities, cross-cultural communication is more difficult than the general communication. Therefore, how to overcome the barriers in cross-cultural communication and how to achieve effective communication among employees is a common problem of all cross-cultural aMNCs. Hence, the purpose of this chapter is on communication, intercultural communication and multicultural communication in MNCs. The chapter will cover the meaning of multinational corporations, as well as language and diversity, and the roles that language and diversity play in MNCs. The chapter will conclude with factors to be sensitive about when becoming effective cross cultural managers for MNCs.*

### **INTRODUCTION**

The United States is a country of immigrant and it is critical for the country to promote cultural diversity and appreciate different cultural heritages (Dong, 1995). Ethnocentrism is viewed as lacking

acceptance of cultural diversity and intolerance for outgroups (Berry & Kalin, 1995). This lack of acceptance of cultural diversity has a strong tendency to lead to negative stereotypes toward other cultural/ethnic groups, negative prejudice and negative behaviors against these group

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members. As the world becomes a global village and more and more people with diverse cultural backgrounds interact with each other constantly, it is imperative to investigate what factors could help overcome ethnocentrism, especially as multinational corporations (MNCs) are expanding overseas.

One of the challenges facing those MNCs is the increased diversity of the workforce and similarly complex prospective customers with disparate cultural backgrounds. After all, language barriers, cultural nuances, and value divergence can easily cause unintended misunderstandings and how low efficiency in internal communication in a multinational environment. It leads to conflict among employees and profit loss in organizational productivity. Therefore, effective communication by people from different cultures stands out significantly to American MNCs who want to make inroads into international markets, take advantage of multiculturalism, and avoid possible side effects.

Hence, the purpose of this chapter is on communication, intercultural communication and multicultural communication in MNCs. The chapter will cover the meaning of multinational corporations, as well as language and diversity, and the roles that language and diversity play in MNCs. The chapter will conclude with factors to be sensitive about when becoming effective cross cultural managers for MNCs. Emphasis will be placed on MNCs' communication between the East-and-West (China and U.S.). MNCs' communication (intercultural and multicultural) (Tran, 2008) between the East-and-West is an interdisciplinary concern at hand for MNCs due to a lack of current research that focuses specifically on the combination of three disciplines in "one": communication, business, and psychology.

Due to globalization, MNCs, commonly defined as a corporation consisting of a parent organization (headquarters) and at least one subsidiary organization in a foreign country, have made communication ever inevitable. As such, effective cross cultural management within an

MNC requires communication skills, especially communication skills in intercultural communication and multicultural communication. Such communication skills are derived from, historically, three different field of studies: communication, business, and psychology. The end product, according to Tran (2013, 2014a, 2014b, 2015), from these three field of studies when combined, and currently being housed in the field of psychology is, industrial and organizational (I/O) psychologists [close relatives of I/O psychologists are also commonly known as organizational psychologists (OP) and organization development (OD) practitioners].

In the field of communication (academic degrees and researches), focuses are commonly on rhetoric and interpersonal communication, and some higher educational institutions will offer business communication (commonly known as workplace communication), and fewer higher educational institutions will offer intercultural and international (business) communication. In the field of business, on the other hand, focuses are commonly on administration, accounting, economics, finance, management, and marketing. Thereafter, advertising and public relations, business information systems, corporate management, entrepreneurship, human resource management, operations and enterprise resource management, real estate management, and supply chain management started to make its presence in academics and research. The last to join the business field are industrial relations and organizational behavior (with ties to psychology). In the field of psychology, however, focuses are commonly on clinical psychology: clinicians, therapists, and counseling. Thereafter, common nonclinical psychology made its presence: abnormal, cognitive, developmental, social, and personality. The last to join the psychology field are industrial and organizational psychology [along with organization development (with ties to business)] and human factor [engineering psychology (with ties to engineering)].

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