

# Chapter 16

## Managing Talent in Global Environments: Effective Communication in Multinational Enterprise

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### **ABSTRACT**

*In response to the call to elucidate the conditions necessary for successful multinational organization, this discussion is centered on effective communications between a subsidiary company located in China and an American parent organization (multinational company, MNC) based in the USA. Semi-structured interviews were conducted with 37 participants including the expatriate managers and the local employees. The findings show that the challenges facing the MNC mainly include confrontation in the contexts of conflict based on cultural differences and supervisor-subordinate interaction, and collectivity reflected in two themes including group dynamics and collective activities. The MNC incorporates local knowledge systems into its administration schema when conducting business worldwide. The study shows that perceptions of both management and employees vary. The challenge is to increase understanding of the job and what needs to be done in different environment as antecedent to increased outputs.*

### **INTRODUCTION**

Since 2000, a growing number of multinational corporations have relocating to the inland cities where rent is affordable compared to the seaside locations. One of the major decisions the MNC has to make is whether to maintain their foreign identity and incorporate local knowledge in the organization of their subsidiaries. Some multinational corporations choose to integrate both cultures into a unique culture as the *modus operandi* for the subsidiary company. For some other multinational corporations, it could be an on-going process with both sides constantly negotiating their roles and ways of doing things. This study is intended to explore management communication issues in a U.S.-based multinational corporation in Chengdu city, China, in terms of cultural adaptation on the side of the management and the local

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employees' take on the issue. This study is unique in that (1) it is qualitative, thus, analyzes the MNC convergence-divergence in the process, and focuses on discovering the variables involved; (2) Both the managerial and the ordinary employees were interviewed to understand the perceptions of both sides on the managerial adaptation outcomes were obtained;(3) it looks into an MNC subsidiary in inland southwestern China, and thus, differs from most of previous studies that investigate the enterprises in the coastal cities of eastern China.

## **BACKGROUND**

Global markets are characterized by economic agents in any given part of the world that are more affected by events elsewhere in the world than before; the growing integration of the national economies of the world to the degree that we may be witnessing the emergence and operations of a single worldwide economy. In such a setting the best companies are those that succeed at meeting desirable goals regardless of their nationalities. Boyacigiller & Adler (1991) reviewed a selected global business literature and concluded that the understanding of multinational organizations by then was inappropriate and parochial. The companies focused on markets in which they had interest. It is part of a strategy to design and implement a market structure in which it could influence prices.

### **International Human Resources Management**

According to Jain, Lawler & Morishima (1998), after reviewing a series of articles dealing with international human resource management practices of MNCs in different countries, concluded that HRM policies and practices can impact developing countries more deeply than developed countries. Among this stream of literature, there exist arguments concerning the divergence vs. convergence approaches in MNC subsidiary HRM practices. To study the global practices of MNCs, one needs to look at the local subsidiary practices because the convergence vs. divergence dynamic is an on-going process at the local level (Geppert & Williams, 2006; Martin & Beaumont, 1998). Chen (2000) posited that for multinational corporations in China, problems exist regarding the local employees' understanding and acceptance of MNC management styles as well as management understanding of employees' cultural assumptions; thus, mutual cultural and organizational learning is imperative for both management and the local employees.

Culture has a significant influence on people's choice of communication patterns such as conflict management styles. For example, Ting-Toomey (1991) and her colleagues have found that Americans tend to use dominating style while Chinese tend to use avoiding and obliging styles. Since then, a number of scholars have conducted studies on the Chinese's conflict management styles in multinational organizations (e.g., Chen, Tjosvold, & Fang, 2005; Knutson, Hwang, & Deng, 2000; Liu & Chen, 2000; Peng, He & Zhu, 2000; Wang, Jing, & Klossek, 2007; Yuan, 2010), and found that the Chinese tend to be non-confrontational in conflict situations. They prefer using mediation or third party intervention in conflict management (Deng & Xu, 2014; Jia, 2002). Scholars have also identified harmony as a cardinal value in Chinese conflict resolution (Chen & Starosta, 1997; Kirkbride, Tang, & Westwood, 1991; Knutson et al., 2000).

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