An Analysis on the "Going out Policy" of Chinese-founded Enterprises and Cross-culture Management

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Abstract

With the rapid development of globalization, seeking for the best development in either a country or in a territory needs the support of the globe resources. However, Chinais a country in resources shortage, thus Chinese-founded enterprises have chosen the "GoingoutPolicy".Achieving the goal of running business globally and participating into the competition in the global market are essential and urgent. On June 1stof 2012, the StateCouncil transmitted The Guidance for creating favorable advantages in international cooperation'sand competition, which was issued by the Eight Ministriesand that guidance noted enterprises at home should strengthen the competence to go out and promote the value integration in the world.International business management is needed in the fields of researching and developing, manufacturing, and marketing etc. Higher management level in international market and create some influential international enterprise. So as aresult, encouraging Chinese-founded enterprises to go out from china is highlighted as a national strategy. Under the guidance of the "going out policy", there will be more and more Chinese-founded enterprises are desire to go out to the global market.

Keywords: "Going out Policy" Enterprises, China, Cross Culture, International Business

1. Introduction

In the knowledge of management, global business management is referred to a process of well centralizing organizational resources, choosing and exploring sale opportunities for the good of overall development.

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Jack Welch, the former CEO of GE(General Electric Company) once delivered that "globalization is becoming a fact that cannotbe ignored,there is just one standard to evaluate the success of one company: international market share and successful companies are victories by positioning the international market". With the rapid growth ofeconomic globalization, domestic market is not a closed market anymore;clients are not only the customers of their own country. Enterprises are facing with an external environment which is beyond the borders of so many countries. Only being successful ininternational market, so that enterprises can be so-called success. The Going outPolicyand running international business nowadays are becoming inevitable trend for a greater development of enterprises.

However, achieving the goal of running international business, enterprises that follow the "going out policy "have to encounter a yielding environment with significant deference'sto run businesses, including economic environment, political environment, law environment and cultural differences, etc.Among them on the other hand, cultural environment has an impact of comprehensivesystematical and over-processing on Chines-founded enterprises which intend to go out. That is because culture is the aggregation of the social life, it comprises of commonbehaviors, beliefs, value, language, the living style of people in social life etc. And culture is one mirror which reflects the value of people, the characteristics and feature of behavior. Employees in anenterprise of different culture backgroundwill be a big obstacle to manage. So that cross-culturalmanagement is the key for enterprises to go out.

Cross-culture management is defined as compatibility of culture towards different races, different types of culture, and in different stages of development in international business, which enterprise'sbranch, subsidiary corporations may confronted with. It is also about overcoming the clash from heterogeneous culture under the condition of cross-culture, to create novel and unique culture thus it helpto form anextraordinary way of management. The intention is to design empirical organizational structure and mechanism of management

in different culture atmosphere. In the process of management, to try to figure out the objectives of enterprises themselves beyond culture clash.So that to find out the common regulations of behaviorfor taking the best of the potential and value of enterprises. Enterprises that are adept to manage cross-culture managementcan succeed in running business smoothly, accelerating the competence for competition and expanding the marker share.

1.1 Build up Correct Concept of Cross-Culture Management

At first, the Chinese-funded enterprises have to commit the fact of the existing of culture disparity among different countries, and try to get better knowledge of the language, culture of that country, which is necessity to strengthen the ability of cross-culture management. There are two meanings to understand the culture disparity: one is to know that how the culture of that country influence the behavior of that civilians; the other is to grasp that how the employees who have the knowledge of that own country's culture, toreact to the culture disparity, for example, the culture disparity dueto differentstyle of management, ways, techniques, etc., can be resolved through mutual imparting and learning from each other...... Only by a better understanding of different culture differences, can enterprisescome up with the best measures?

Secondly, enterprises are suggested totreat culture disparity objectively: not only know the good points of that different culture, but also can see through the otherside of that culture. And at the same time, take full advantages of culture differences exposed to create more opportunities for their companies. For instance, a general manager of GuangzhouHonda motor company once said "there are so manycontradictions in the internal of our company;however, it has good side. Because we often hire Chinese with a lot of disagreements against usin china, so that to create a new Hondaculture in especially china."so according to his words, if enterprises can take a positive attitude towards differentcontradictions and disparities, those problems will not any be issues to hinder the development of companies, on the contrary, these contradictions and disparities may become the motives to push for better development and a great innovation.

Thirdly, the key to better manage the cross-culture is to manage people properly, and to manage well all staffs about the cross-culture management. First reason is the object of management ispeople, which means including all employees. The objective of cross-culture management is to mergeinto different culture and then to form a new culture for the company itself. And through implanting that new culture into all the employees of that company, and through the expression of theideas of employees, the value and behavior thus can trulyrealize the purpose of cross-culture management; second, the subjects of cross-culture management are also about people,namely, the operators and managers of one company.

In the Chines-funded enterprises that are running international business, expect products, business pattern etc., have been shifted to abroad,mostly, managers who are familiar with managing cross-culture have been transferred to abroad. Beside the wealth, managers are frequently moved to outside. Given that both the object and subject of an enterpriseare about people. So that enterprises that are "going out"should better emphasis on the management about people. Be careful to pick out managers to shoulder the responsibility to go out to managecross-culture well, enhancing the ability to manage all employees of branch companies and subsidiary companies about cross-culture management. To show the value of a new culture in abroad so that to leave enterprises take anadvantageous position in foreign countries.

2. Strategicchoices of Cross-Culture Management

Many researchers have already done research on the cross culture management but on Chinese enterprises research is not enough. While not necessarily representative, some recent examples of such literature relate culture to work values(Ralston, Holt, Terpstra, and Yu,1997) productivity of R&D units(Kedia, Keller, and Julian,1992) preference for innovation roles (Shane,1995) perception of ethical problems (Armstrong,1996) ownership preferences (Erramilli,1996) economic performance (Franke, Hofstede, and Bond,1991) performance of brand image strategies (Roth,1995)human resource management (Laurent1986; Schneider1998,) constraints on technology transfer across nations(Kedia and Bhagat,1988) and performance fit (Weber,1996).

Cross culture management is one of the key area and challenging issue in the current business world, due to globalization.

2.1 Localization Strategy

According to the principle of "thinking globalization and actionlocalization"to manage cross-culture.

Chinese-founded enterprises with business abroad want to hire some parts of staffs in the local country for their branches and subsidiary companies. Because the local workers know well of the local culture, dynamic market, as well as series of local laws and regulations, and the local hired workers can help to reach agreements with theircustomers. As a result, that can save a lot cost, help to expand the market, and is good for the stability there.

For avoiding the problem that led by the culture crash from individuals, enterprises should be more likely to recruit employees like Chinese with theirlocal nationality, local people there with Chinese nationality , foreigners who worked or studied in China before, or Chinese who worked and studied in the local foreign country.

2.2 Culture Compatibility Strategy

Thisstrategy can be divided into twotypes in terms of the extent of compatibility: firstly, it is the cultural parallel compatibility strategy. It is the highest level of culture compatibility, and it is usually called "cultural complementation". That means the primary culture of Chinese-founded enterprise that are running business outside is not Chinese culture. So although there are so many differencesbetween Chines culture and foreign local culture, but they will not oppose to each other, instead, they can supplement each other, then apply the new culture to Chinese branches and subsidiary companies. Secondly, peaceful culture compatibility strategy with de-emphasis of relevant two main culture. Namely, the Chinese companies outside deliberately obscure the culture differences, especiallywhere there are obvious culture clash. And just keep some common and indistinctive parts between two cultures. That can help staffs from different culture background can get along with each other so well. Although disparities will appear, it is easy to coordinate and resolve.

2.3 Culture Innovation Strategy

Ingrateefficiently with the foreign local culture, and try to know well of that culture, adjust and merge through severalof sources. So that Chines-funded enterprises can create a new type of mixed culture in foreign countries, and also treat that new culture as fundamental culture to run business. The new culture not only has Chinese enterprises'characteristics,but also it adapt to the foreign local culture. In addition, it is a new one different from both

Chinese culture and the local culture, instead it is a great combination of both culture. So for Chinese-funded enterprises,they can adapt themselves in different countries, so that it can improve the advantages in competition.

2.4 Culture Avoidancestrategy

Whenthere are a lot of differences between the Chinese-funded enterprises'culture and the foreign local culture. Although the culture of Chinese-funded enterprises regard their own culture as primary culture, they cannotignore theirlocal culture, so managers there should avoid the distinctive differenceswith local one, to try to avoid culture clash, especially in some palace people there has a strong belief.

2.5 Culture Penetration Strategy

Culturepenetration is a long-term process which needs alot of inspection, observationand cultivation. The Chinese-founded enterprises send managers to branch companies and subsidiarycompanies cannot let the foreign local culture to obey Chinese-founded enterprises'culture in a short time,given that there may be have so much culture difference. So that is why, they have to penetrate culture of Chinese enterprises into foreign local workers step by step, to change them into the execute and protector of Chinese culture.

2.6 Taking help from the Third-Party Culture Strategy

When Chinese enterprises are going out to do international business, they find a big differences between theirlocal culture, but cannot adapt themselves into the strange environment quickly, so they can ask help from the third-party culture which is more neutral and to some extend can reach some agreements with our own culture, which can relive the sharp culture difference more or less indirectly. For example, if Chinese companies want to set up some branches, and subsidiaries in Canada, then can at the beginning, they can set headquarters in America to managethe foreign business outside, thus, through the headquarter to manage all other branches and subsidiaries in North America. Another example: if they want to run business in South America, so they can firstly set a headquarters in Brazil where the international thought and economic pattern is close to that of China, to take charge of other branchesand subsidiaries in South America.

This strategy which is turning to the third-party culture to mage branches and subsidiarieswill help to save a lot money and time, and it is helpful for achieving yields.

3. Effective Measures of Cross-Culture Management: Cross-Culture Training

The most fundamental and effective way to solvethe problems of cross-culture is to have cross-culture training to employees of foreign branches and subsidiaries, especially to train managers there.

3.1 Culture Education

Thatis hire experts to introduce some basic knowledge of the foreign country, introducesome relevant books and materials, and let Chinese employees working there with good mental preparation.

3.2 Environment Simulation

Imitatethe environment of foreign countries through different angles of imitations and ways. Presenting possible problems they may face in that country, and teach them how to solvethose problems, meanwhile, try to train employees there to view things and take actions based on the foreign local characteristics thus for improve the adapting ability into a new environment.

3.3 Study on Cross-Culture

Hold some relevant academic symposiums and culture exchanges to discuss the classics and essence of that foreign country, which will have positive impact on the managers 'thinking, style of management, and decision making. This training will facilitate them to learn the foreign culture there actively, and will strengthen their ability to solve problems under the mixed cultural environment.

3.4 languagetraining

Language is a very important part of culture. Communication and exchange are very effective and helpful for adapting into a new environment, language training is not just teaching a foreign language, but it is also a way to let them be familiar with the special expression of communication, e.g., gesture, symbol, etiquette and custom, etc.

4. Conclusion

Itis inevitable for Chinese enterprises to go out for international business.That follows the trend and tide of the world nowadays. For the Chinese-funded enterprises that want to go for international business should realize the fact that employees from different countries have different enterprises culture background, so that there must have culture clash. As a result, the top task of Chinese companies is to solve culture disparities, culture clash, and culture barrier. Andfor the successful culture management,it is should be integrate and combine people, objects and affairs properly and ingeniously under different culture background, and solve culture class and culture barrier efficiently, thus to favor enterprise there to achieve goals of international business. Therefore, it can be seen, the success of cross -culture management is the key to Chinese enterprises to go out for international business. They should investigate and research enough on different culture, apply the most appropriate pattern, be adept to making changes and innovation during the process, improve the cross-culture management.

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