

Cross-Cultural Conflict Management in Transnational Business Relationships: A Qualitative Study with Top Executives in Chinese, German and Middle Eastern Cases

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Abstract : This paper presents the outcome of a four year Ph.D. research on cross-cultural conflict management in transnational business relationships. An important and complex problem about managing conflicts that arise across cultures in business relationships is investigated, and conflict resolution strategies are identified. This paper particularly focuses on transnational relationships within a Chinese, German and Middle Eastern framework. Unlike many papers on this issue which have been built on experiments with international MBA students, this research provides real-life cases of cross-cultural conflicts which are not easy to capture. Its uniqueness is underpinned as the real case data was gathered by interviewing top executives at management positions in large multinational corporations through a qualitative case study method approach. This paper makes a valuable contribution to the theory of cross-cultural conflicts, and despite the sensitivity, this research primarily presents real-time business data about breaches of contracts between two counterparties engaged in transnational operating organizations. The overarching aim of this research is to identify the degree of significance for the cultural factors and the communication factors embedded in cross-cultural business conflicts. It questions from a cultural perspective what factors lead to the conflicts in each of the cases, what the causes are and the role of culture in identifying effective strategies for resolving international disputes in an increasingly globalized business world. The results of 20 face to face interviews are outlined, which were conducted, recorded, transcribed and then analyzed using the NVIVO qualitative data analysis system. The outcomes make evident that the factors leading to conflicts are broadly organized under seven themes, which are communication, cultural difference, environmental issues, work structures, knowledge and skills, cultural anxiety and personal characteristics. When evaluating the causes of the conflict it is to notice that these are rather multidimensional. Irrespective of the conflict types (relationship or task-based conflict or due to individual personal differences), relationships are almost always an element of all conflicts. Cultural differences, which are a critical factor for conflicts, result from different cultures placing different levels of importance on relationships. Communication issues which are another cause of conflict also reflect different relationships styles favored by different cultures. In identifying effective strategies for solving cross-cultural business conflicts this research identifies that solutions need to consider the national cultures (country specific characteristics), organizational cultures and individual culture, of the persons engaged in the conflict and how these are interlinked to each other. Outcomes identify practical dispute resolution strategies to resolve cross-cultural business conflicts in reference to communication, empathy and training to improve cultural understanding and cultural competence, through the use of mediation. To conclude, the findings of this research will not only add value to academic knowledge of cross-cultural conflict management across transnational businesses but will also add value to numerous cross-border business relationships worldwide. Above all it identifies the influence of cultures and communication and cross-cultural competence in reducing cross-cultural business conflicts in transnational business.

Keywords : business conflict, conflict management, cross-cultural communication, dispute resolution

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