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CHINA-MALAYSIA CULTURAL DIFFERENCES IN INTERNATIONAL BUSINESS RELATIONS

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ABSTRACT

Malaysia has been the most outstanding country for its profitable development. Meanwhile, China is the largest trade partner of Malaysia (Statics Bureau of Malaysia). Therefore, this research employed qualitative study is to analyze and discuss between China and Malaysia cultural differences in business relations by compared with cultural difference in business strategy, decision making, business negotiation and conflict management. By studying cultural differences between China and Malaysia, the results show that knowing another culture will be fundamentally an allowable concern of business activities. Moreover, it is indispensable for those who make the effort to understand another culture and gain knowledge about how to behave in that cultural condition. However, this finding also has a tendency to provide relevant information towards global managers who plan to do international business between China and Malaysia.

KEYWORDS

China-Malaysia, Cultural Differences, International Business, qualitative.

1. INTRODUCTION

In the Asian market, China is part of the greatest trade partners of Malaysia (Table1). In these years, the industries of China and Malaysia are reforming to become service and product industry oriented. In addition to China, In the past the last 15 years the economy, political, and social systems have undergone significant changes in the former Soviet Union, Eastern Europe, and China. While much of the trade between China and Malaysia is associated with manufacturing.

Therefore, the paper is based upon discussion and cultural differences between Malaysia and China in Business relations by discussing the cultural values regarding to the five cultural dimensions of a group researchers' implications particularly cultural differences among the process of business strategy, conflict management, decision- making and business negotiations [1]. Additionally, the findings of this paper together could provide such pertinent information to international managers who intend to do global business between China and Malaysia.

Since Jan 2010, the establishment of China-ASEAN Free Trade Area, which has brought a good opportunity for the development of China's economy

and international trade cooperation between Malaysia and China has also brought tremendous opportunities for business development were to build such a bridge between Malaysia and China on furthering development of economics and trade relations.

Therefore, understand correctly and cope with cross-cultural differences when conflicting between China and Malaysia that should be very significant especially for targeted selection of rational business strategy, which is essential to succeed in international business between the two countries. Thus, I am meant for discussion and expression of cultural differences for instance, styles of business negotiation and perspectives of cross-cultural awareness based on cultural context between Malaysia and China, to contribute business strategies to have win-win situation.

2. RELATED LITERATURE

Malaysia has been hit by the Chinese and Indian cultures on top of the Islamic culture, resulting in Malaysia's cultural diversity [2]. certain differences can be founded as for the research on differences among various cultures, the value / cultural dimension presented by Hofstede is the most recognized, the detail of the theory is given [3].

Table 1: The national cultural / value dimensions in comparison

country	Power Distance	Uncertainty Avoidance	Individualism	Masculinity	Long-term Orientation
Malaysia	High (100)	Low (36)	Low (26)	Middle (66)	NA (41)
China	High (80)	Low (30)	Low (20)	Middle (50)	NA (87)

Source: Culture's consequences, Comparing values, Behaviors, Institution, and Organization across nations thousand Oaks CA: stage Publications [3].

Malaysia is centralized according to the shown tendency toward decentralized power while China is relatively decentralized. In terms of power distance cultures, authority is inherent in one's position within a

hierarchy [4]. Adducing one of well-known definition is that strategy consists in formulating main missions. Intentions, and organizational goals, as well as employing particular policies and indispensable actions

to achieve the organizational goals [5]. Taking the most essential aspects of various definitions, strategy can be characterized as a concept of coherent activity, founded by company management. Strategy implementation is to ensure the accomplishment of long-term objectives in a chosen domain. The strategy of an enterprise consists of four fundamental elements: Domain of activity, strategic supremacy, goals to achieve, and functional programs [6]. Because entrepreneurs mature within a societal context, their attitudes toward cooperation are liable to be impacted by the underlying values of their society [7]. Chinese are inclined to pay more attention to relationships [8]. This study has to mention that the term “guan xi” which in English means relative or personal contact, is at the center of businesses in China. “Guanxi” is an interactive and intricate relational network that connects mutual responsibilities, trusts, and understanding with relevant people within social settings” [9]. The most important trait that Chinese executives have is not their education or experience, but the network of personal contacts (Guanxi).

Transcontinental executives who wish to adapt to the business culture in China must, first of all, choose a good Intermediary (Zhongjian Ren) who will give them the opportunity to benefit from a broad Contacts Network (Guanxi). According to a study, researching over the past fifteen years has determined that there are for two essential types of conflict in organizations [10]. Conflict can be a hypothetical point in the workplace. It may occur between manager and subordinate, teacher and student, doctor and nurse. Particularly in the medical field, according to a study, Poor communication can lead to compromising patient safety and has been identified as a root cause of 35% of anesthesia-related, sentinel events [1, 11,12]. This is why Confucianism is referred an “a social philosophy which emphasizes that the importance of interpersonal relationship and harmony, are predetermined and or voluntary, during the social life of human beings” [13]. Negotiation and compromise are determinant for them in this case. Contrary to them, Malaysia especially Malay race in particular managers like Europeans or Americans, will gradually confront problems and bring them out in the open. To resolve problems, everybody involved in order to bring rational arguments and statement to suggest solutions. We can notice that the Chinese avoid this method because for them that will create disagreement which is very undesirable [14].

Built on the psychology literature concludes numerous ways to classify each type of decision makers. For example, Jung’s personality types spawned the Myers-Briggs Type Indicator testing. Most recently, scientist proposed a model of decision styles that recognise the affection of values and perceptions [15]. The model (illustrated in figure 4), suggests that decision makers are driven by the four forces.

Cognitive Complexity	High	ANALYTIC Strong need for achievement (in the form of challenges)	CONCEPTUAL Strong need for achievement (in the form of recognition)
	Low	DIRECTIVE Strong need for power Task Oriented	BEHAVIORAL Strong need for affiliation People Oriented
		Values	

Figure 4: Decision-making styles model

The four forces - directive, analytic, conceptual, and behavioral - can be tightly related to the typology of needs developed. McClelland initially proposed behavior is motivated by the needs for achievement, power and affiliation [16]. Subsequently, he realized that the need for achievements might be satisfied within two different methods, either by taking on new challenges or receiving praise and recognition.

Directive decision makers are powerful. They are kinds of result-oriented, but also wants to dominate others. They have a lower tolerance in terms of ambiguity and prefer lower levels of cognitive complexity. This preference limited the amount of information that they gathered and the number of alternatives that they have considered.

Analytic decision maker has strongly needed for achievement in form of new challenges and obstacles. They have greater tolerance in terms of ambiguity more than their directive counterparts. It comforted with cognitive complexity strongly and encouraged data collection. They make decisions very slowly because they want to test the situation thoroughly and consider many alternatives.

Conceptual decision makers are achievement oriented like their analytic counterparts, but crave extrinsic rewards, such as praise, recognition, and independence. They are comfortable with a high degree of cognitive complexity and also have a strong people orientation and typically gather information from multiple sources and consider many alternatives. They tend to take a long-term perspective, exhibiting considerable creativity and idealism.

Behavioral decision makers are driven primarily by a need for affiliation that has a low cognitive complexity, but a strong people orientation and tend to communicate easily be very concerned with the well-being of their peers and subordinates. They are typically receptive to suggestions willing to compromise and preferring loose controls. The DSI has been tested extensively for validity, including split-half and test-retest reliability studies, item analysis, and correlation with other instruments [17]. Item-factor correlations and other indices of model adequacy have been examined using both Western and Asian populations. DSI’s reliability and validity have been confirmed using the criteria [18]. It has “a very high face validity and reliability. Respondents have almost invariably agreed with their decision styles as showed on the test instrument” [15].

Chinese and Malaysian managers are different from their attitudes for risks and decision making when making decisions for their values regarding uncertainty avoidance. Chinese managers with high uncertainty-avoidance lack of adventurous spirit and the sense of risks [19]. Immediate decisions which make them lose the opportunity to compete in a market are avoided in the case they feel the circumstance is uncertain. Most of the time, they want to be safe by taking less risky decisions.

For Malaysian managers, middle and lower level supervisors are less willing to make decisions without deference to superiors. The result is that decision-making takes much longer than anticipated in and required more input from players of various social and professional levels. Uncertainty avoidance measures for Malaysia indicated low risk taking and a resistance to change which can further delay projects which encounter problems.

The decision-making process involves in making sense of ambiguity and taking risks [20]. The decision maker is working on the information available about what has already happened, and what is assumed to have happened or is happening. The second aspect is future oriented. A risk is being taken because one is applying a perspective based on knowledge from the past, and projecting this to what might happen in the future if a certain action is followed. Chinese managers or Malaysian managers have a different level of participation in decision-making. In China, decisions are basically participatory. Employees accept decisions handed down by their supervisors. Because of their unquestioning attitudes towards their supervisors, they resist participation in decision-making. In Malaysia, managers make individual decisions. They do not really consult with others but can defer to their supervisors, which valued by personal equality. Moreover, in China, since the Chinese political party is very influenced in the life of Chinese people, managers have to develop good working relationships with party officials and it dictates even the policies of foreign companies. They have to visit and talk to party officials on several occasions and know who the decision makers are at the official levels must know the “Boss”.

Malaysia is a very macho determined country. For instance, Malaysia is female dismissive society when negotiating that is the reason why man who are Malays and Indians will not shake hands with women when meeting. The latter will provide a nod, followed by a smile [21]. It has to keep in mind that Malaysians are very indirect when negotiation begins,

they will beat around the bush and give vague replies. Being alert of the counterpart's body language will serve to read the meaning of the message. When a question has been called upon, Malaysians might be paused before giving an answer. This is to demonstrate that the answer has been carefully considered before a question is responded to. In negotiations, it is of utmost importance to know to whom one is talking to as titles are crucial. The sitting order reflects the titles as it indicates power. Thus, observing who is sitting where and when assists in determining the hierarchical ranking. At the end of the negotiation, a contract will be drafted, stating everything that is agreed upon.

In Malaysian business culture, it is common that this is the basis from where discussions begin. The contract is not an agreement it is merely a document of both parties' interest. Expect many changes in the contract on a regular basis. This might also redound in one's own advantage as both sides are allowed to change initial promises [7].

3. CROSS-CULTURAL AWARENESS FOR INTERNATIONAL BUSINESS NEGOTIATION

International business negotiation amounts to pointing out international business activities. The party is concerned at the fact that the business activities in different countries or regions in order to satisfy certain needs through communication and negotiation, compromise with each other and cope with the behavior of the process [22]. In domestic business negotiation under a distinct cultural background, the negotiating process is currently under controllable. As predictable and accurate grasp of the results of the negotiations.

The international business negotiation that is cross-cultural negotiations with different cultural background. Because business negotiations and culture are respectively inseparable, business negotiation is an active process, and culture is the lubricant of the activity. To understand culture each other makes negotiation, to achieve twice the result with half the effort. Business negotiation along with cross-cultural factor. Business negotiation is people with different cultural background coming from different countries, also may come from the same country. It should be uncertain and full of challenges. China and Malaysia have diverse ethnic and cultural background, a changed social environment, customs and political system, leading to its singular values, behavior, communication mode, and a different mode of thinking.

This results were brought by the cultural differences, different regions must bring both sides of negotiation for the language obstacle, communication, interaction, and the key for the success or failure of the cross-cultural negotiation lies in whether the negotiations from both sides to understand mutual culture, and to realize the impact of cultural differences for business negotiation and function. As the saying goes that 'the enemy and must know yourself, and fight.' To be able to achieve the desired effects in the cross-cultural business negotiation, it has to master of the professional knowledge and skills, to understand the business negotiation and flexible use of negotiation strategy, deepen the understanding for each other with its countries culture. It has also to have cross-cultural awareness, and to promote international business negotiations indispensable premise and foundation for success.

4. RELIGION DIFFERENCES MAY INFLUENCE ON BUSINESS NEGOTIATIONS

Malaysia is a diversified country with strongly religious color society. Islam is Malaysia's major religion. The Quran in chapter 7, 57 says ": He (Allah) forbid you to eat the unclean." Islam believed that pork is dirty and filthy, so they fasted pigs, donkeys, dog and other animals in terms of its flesh and blood. Tabooed foods are comprised of flesh and blood at a Muslim restaurant or at home. Do not permit the testimony of Allah, because Allah is obtained. At the same time the Muslim society cannot drink alcohol, the Chinese side considered that Chinese culture is the wine-table negotiations can serve as a catalyst of success and use, but actually it's self-defeating, leading to the business negotiations got stalled at the end.

Business negotiation strategy can be understood as according to the requirement of targeting the negotiation strategy and the change of the negotiations, the flexibility of the sum of the measures has taken to implement the negotiation strategy. In the process of business negotiations, the situation is actually complex and fast changing. "You always want to dominate in the complex situation with smoothly when the negotiation process and achieve goals required negotiators situation to develop and use the corresponding negotiation strategies.". In order to ensure that the China-Malaysia in the commercial negotiations will overcome and understand about cultural differences to make the obstacle smoothly. I believed that this can be taken on the following strategies.

5. RESULTS AND CONCLUSION

Firstly, understanding other cultures is quite vital and powerful in business relations. When we consider that people from the diverse economic conditions, political, and cultural background have problems with communicating effectively, we can appreciate the obstacles and challenges that people from diverse cultures face when attempting to communicate. Misunderstandings will be part of artistic aspects within international business.

Therefore, the objective of this paper is intended to minimize misunderstanding through an awareness of the priorities and expectations of cross-cultural business partners. In this period of Globalization, examination of cultural issues and the subtle ways in which culture affects on business practice and patterns among market behavior should command increased attention from businessmen. Companies are required outside the proverbial box when formulating business strategies, collaborating and forming business partnerships.

Sometimes companies always want to move the business in other countries, a greater sensitivity towards culture will be needed and an understanding of cultural differences should facilitate business relations. To sum up, knowing another culture will be fundamentally a legitimate concern of businesses activities. More than that, it is indispensable for those who seek to understand another culture and gain knowledge about how to behave in that culture condition. Otherwise, if you figure out what people value towards their attitudes, you will intentionally do anything offends and diminishes your chances for business success.

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