

A Study on the Cultural Conflict in Korean Companies in China

—— Based on Hofstede's Cultural Dimensions Theory

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Abstract: With the fast expansion of Korean investment in China, cross-cultural management is getting more and more important. This paper examined the cultural differences between China and Korea based on Hofstede's Cultural Dimensions Theory. This paper also analyzed the reasons why the cultural conflict happened between Chinese employees and Korean management staff in Korean companies in China.

1. Introduction

Since the diplomatic relationship established between China and Korea, the trade volume between two countries has been increasing. It is estimated that the total trade volume has increased 50 times than 1992. It is reported that the total investment from Korea reached over 60 billion USD by the end of 2016. China has been the second largest destination for Korean investment. At present, there are over 40 thousand Korean companies invested in China.

With the fast development of Korean investment in China, the localization of Korean companies is getting more and more important. The cultural conflict based on cultural differences has been the heated topic for Korean companies management, which will have major impact on the success of Korean investment and operation.

This paper is to compare the cultural differences between China and Korea based on Hofstede's cultural dimensions theory. Furthermore, this paper is to examine the reasons why his cultural conflict happened between Chinese employees and Korean management staff.

2. Cultural Comparison between China and Korea based on Hofstede's Cultural Dimensions Theory

2.1. Power distance index

It means the power distance index is defined as “the extent to which the less powerful members of organizations and institutions (like the family) accept and expect that power is distributed unequally.” [1]

The following table is the extent of power distance among different countries.

Table 1.Extent of Power Distance

Country	Grades
China	80
Korea	60
Japan	54
America	40

The above table showed that both China and Korea had very high grades in the extent of power distance. It showed that both countries tend to paternalistic management, paying attention to the concept of hierarchy, family style management system. However, due to the reform and open to the outside policy in the past 30 years since 1980s. China is getting more and more western cultural oriented. People value much on freedom and equality. Especially the young people have changed a lot. They dislike the paternalistic management, hierarchy and family style management. As far as Korea, it still valued a lot on paternalistic management, hierarchy and family style management.

2.2. Individualism vs. collectivism

This index explores the “degree to which people in a society are integrated into groups.” Individualistic societies have loose ties that often only relates an individual to his/her immediate family. They emphasize the “I” versus the “we.” Its counterpart, collectivism, describes a society in which tightly-integrated relationships tie extended families and others into in-groups. These in-groups are laced with undoubted loyalty and support each other when a conflict arises with another in-group.[1][2]

The following table 2 will show the extent of individualism among different countries.

Table 2.Individualism Extent

Countries	Grades
China	20
Korea	18
U.K.	89
America	91

Table 2 showed that both China and Korea had lower extent of individualism. U.K and America enjoyed a higher degree of individualism. Table 2 also showed that both China and Korea belong to collectivism countries. Korea seems a little higher than China in the extent of collectivism. However, due to past 30 years reform and open to outside policy, Chinese young people have been greatly influenced by western cultures and they behaved more individualism oriented rather than individualism. Korea is still a typical collectivism country which values tightly-integrated relationships tie extended families and others into in-groups and these in-groups are laced with undoubted loyalty and support each other.

2.3. Uncertainty avoidance index (UAI)

The uncertainty avoidance index is defined as “a society's tolerance for ambiguity,” in which people embrace or avert an event of something unexpected, unknown, or away from the status quo. Societies that score a high degree in this index opt for stiff codes of behavior, guidelines, laws, and generally rely on absolute Truth, or the belief that one lone Truth dictates everything and people know what it is. A lower degree in this index shows more acceptance of differing thoughts/ideas. Society tends to impose fewer regulations, ambiguity is more accustomed to, and the environment is more free-flowing.[1][2]

The following table 3 will show the extent of Uncertainty Avoidance among different countries

Table 3. Extent of Uncertainty Avoidance

Countries	Grades
China	30
Korea	82
U.K.	38
America	60

Table 3 showed that the extent of uncertainty avoidance of China is much lower than Korea. It indicated that Korean companies had higher extent of competition, valuing a lot on guidelines, laws, and rely on absolute truth. Korean people had strong consciousness of risk. Comparing to Korea, Chinese people had lower extent of uncertainty avoidance. Chinese society shows more acceptance of differing thoughts/ideas and it tends to impose fewer regulations, ambiguity is more accustomed to, and the environment is more free-flowing.

2.4. Masculinity vs. femininity

In this dimension, masculinity is defined as “a preference in society for achievement, heroism, assertiveness and material rewards for success.” Its counterpart represents “a preference for cooperation, modesty, caring for the weak and quality of life.” Women in the respective societies tend to display different values. In feminine societies, they share modest and caring views equally with men. In more masculine societies, women are more emphatic and competitive, but notably less emphatic than the men. In other words, they still recognize a gap between male and female values. This dimension is frequently viewed as taboo in highly masculine societies. [1][2]

Traditionally, both Korea and China belong to masculinity society. Men is regarded to have a high social status than women. There is a gap between men and women. Meanwhile, men is bond to have more social duties to have achievement, to be hero and to be assertive. However, China has changed a lot since 1980s. The whole society is becoming more and more balanced between men and women. Women have equal rights and duties as men. Women have to face the same competition as men. Women even have more authorities at home. Chairman Mao once commented that a woman can hold half the sky. Comparing to China, women in Korean society have less social duties than men. The social participation rate of men in Korea is 74.3%; however women social participation rate is only 49.9%. The percentage of female leaders in government and public organizations is only 1.5%. Therefore, Korean society is still a typical masculinity society which created cultural differences from modern China.

2.5. Long-term orientation vs. short-term orientation

This dimension associates the connection of the past with the current and future actions/challenges. A lower degree of this index (short-term) indicates that traditions are honored and kept, while steadfastness is valued. Societies with a high degree in this index (long-term) views adaptation and circumstantial, pragmatic problem-solving as a necessity. A poor country that is short-term oriented usually has little to no economic development, while long-term oriented countries continue to develop to a point. [1][2]

The following table 4 shows the extent of long-term orientation and short-term orientation among different countries.

Table 4 extend of long-term orientation and short-term orientation

Countries	Grades
China	118
Korea	75
U.K.	25
Canada	23

Table 4 showed that China has higher grades than Korea which indicated that China is a typical long-term orientation country. Chinese people tend to be more confident to face the challenges from work and life due to the fast economic development in the past 30 years. Meanwhile, Chinese people have less risk consciousness. They have more confidence on the future and pay more attention to learning and perseverance.

3. Reasons Why Cultural Conflict happened in Korean Companies in China

Although both Chinese culture and Korean culture originated from Confucian culture, there are many differences between two countries due to different history, politics and heritage. Therefore it formed different corporate cultures which easily caused cultural conflict between Chinese employees and Korean management staff. [3][4]

3.1. Different Cultural Backgrounds, Social Values and Modes of Thinking

Korea is a typical country which tends to paternalistic management, paying attention to the concept of hierarchy, family style management system. Korea is also a typical country of collectivism which emphasizes obedience and loyalty to the company, to the group. Therefore these typical cultures will be performed in Korean companies. However, modern Chinese young people is greatly influenced by the concept of freedom, democracy and equality, who will show resistance on authoritative, hierarchical management style. Meanwhile, Chinese employees will have a sense of discrimination and “second-class citizens”. Based on Hofstede's Cultural Dimensions Theory, Chinese people have higher extent of long-term orientation, higher extent of femininity, lower extent of uncertainty avoidance. Therefore, Chinese employees have higher confidence and less risk consciousness on future. Chinese employees value much on freedom, democracy and equality. Different cultural backgrounds, social values and mode of thinking between Chinese employees and Korean management staff can easily cause cultural conflict. When the cultural conflict happened, most of the Chinese employee will show negative response and even quit the jobs.

3.2. Different Management Style and Human Resource Management System

Korean companies focus a lot on the geography ties, alumni ties and kinship ties. “Guanxi” plays an important role in the management system in Korean companies. Therefore, almost 100% of the management staff are Korean. Chinese employees are hard to be promoted to be the management class. This corporate culture caused negative impact on Chinese employees. Meanwhile, Korean companies implement strict rules and regulations on the common Chinese staff rather than flexible and personalized management style.[5] As a result, the cultural conflict happened from time to time.

3.3. Language Barriers Created Communication Difficulty

Many Korean management staff have very weak Chinese language proficiency which causes they cannot communicate well with Chinese employees. Furthermore, some Korean staff do not speak any Chinese and they have very little knowledge on cultural differences before they come to China. Therefore, they often use translators to help them communicate with Chinese employees which becomes the barrier to build up deep understanding with Chinese employees.

3.4. Misunderstanding from each other

There are many misunderstandings between Chinese and Korean people. Some Chinese deem that Korea is one of the vassal states of China and Korea is a small country where many people cannot afford meat, especially beef. Some Chinese people regard Korea as a second level country which is a satellite state of America. Some Chinese people regard Korea as a robber which steals a lot of culture from China. [6] On the country, some Korean people believe that China is a poor country whose people have very low quality in education. [7] Some Korean people deem that Chinese people have bad manner and Chinese people are too arrogant. [8] There are some other misunderstanding between two countries including the conflict of territory and the conflict of

fishing.

Due to the misunderstandings from each other, the conflict between Chinese employees and Korean management staff can easily rise and change into the conflict of national emotion.

4. Conclusion

With the fast development of Korean investment in China, many Korean companies started to implement the strategy of localization of human resource. This paper examined the reasons why cultural conflict happened in Korean companies between Chinese employees and Korean management staff base on Hofstede's Cultural Dimensions Theory. The results indicated that Korean management staff need to focus a lot on cross cultural management.

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