🔓 OPEN ACCESS

# Effective Cross-Cultural Communication for Avoiding Interpersonal Conflict and Promoting Job Satisfaction in a Malaysian Subsidiary of a Transnational Corporation

Li Mingzhu[*], Tan Lin Lah, James Cl Nga

Centre for Post-Graduate Studies, City University, Malaysia

| **Abstract** | **Original Research Article** |
|---|---|

Cultural differences and communication barriers can create conflict situations, negative job satisfaction and productivity losses. Effective cross cultural communication is necessary for fostering, trust, motivation and staff engagement to achieve organizational goals. This paper examines the relationship between cross cultural communication and interpersonal conflicts as well as job satisfaction in a transnational corporation (TNC) operating in Malaysia. *Methodology:* Using a Malaysian based French cosmetics TNC with over 800 international as a case study, the data collection tools were a literature review and a questionnaire survey with 133 participants comprising international and local staff to test two hypotheses. The independent variables were cross cultural communication and interpersonal conflict with job satisfaction being the dependent variable. A five point Likert Scale was used for attitude measurement. *Results:* The findings imply that there is correlation between interpersonal conflict and job satisfaction and interpersonal conflicts decrease job satisfaction. *Conclusion/- and Recommendations:* Culture is multidimensional and effective cross cultural communication is of key importance in TNCs which have a culturally diverse workforce. In Malaysian TNCs, expatriate staff must take full account of the expectations of the local Malaysian staff in terms of business etiquette, customs and beliefs to avoid interpersonal conflicts leading to negative job satisfaction. Based on the findings, it is recommended that international managers as well as Malaysian staff develop cross culture competencies through training to overcome cross cultural barriers.
International managers should adapt their management styles to suit Malaysian work practices. Company policies should emphasize on common benefits for both international and local staff.
**Keywords:** Cross cultural communication, Interpersonal conflict, Job satisfaction, Recommendations.
**JEL Classification**: https://www.aeaweb.org/econlit/jelCodes.php?view=jel&print

## INTRODUCTION

The forces of globalization and the resultant lowering of trade barriers are encouraging firms to extend their geographical reach [1]. Because of growing domestic competition, they are internationalizing their operations to reduce financial costs and seek new growth markets [2, 3]. Consequently, there has been a rapid increase in the number of transnational corporations (TNCs) over the past four decades and they dominate the corporate structure of the world economy [4]. In 2017, TNCs accounted for 2 percent of global employment and their engagements with supply chains accounted for almost 50 percent of world trade [5].

Effective internal communication creates a conducive atmosphere for motivation, trust, Engagement and the sharing of thoughts and ideas [6].

Furthermore, proper communication could help improve functions, meet goals, and maintain relationships in organizations. Conversely, poor internal communications can also result in poor job satisfaction of employees leading to low productivity [7]. TNCs operate in several countries and face the challenge of multicultural management during the process of knowledge transfer [8]. Managing a culturally diverse and sensitive workplace is highly complicated [9]. Culture can be defined as "the pattern of taken-for-granted assumptions about how a given collection of people should think, act and feel as they go about their daily affairs" [10]. Culture was also considered by Hofstede [11] "as the software of the mind" and cultural differences can influence the management styles and the nature of communication in organizations [8]. "The greater the cultural differences, the more likely the

barriers to communication and misunderstandings [12]".

Since culture can influence management styles [13], it underlines the importance of effective cross cultural communication between the TNCs and their overseas subsidiaries for achieving organizational goals [8]. Cultural divergence in the workplace between expatriate and local staff can create conflicts and this negatively influence employees' job performance and satisfaction in many ways [14-16]. Since staff may have different experiences, values, opinions and ways to carry out tasks, workplace disagreements that adversely impact job satisfaction may occur. Therefore, effective communication between management and local employees is necessary to avoid conflict situation.

Adopting a quantitative approach, this research used as a case study, a TNC that operates in Malaysia with international staff members and local staff to determine the significance of the relationship between cross cultural communication and interpersonal conflicts with of job satisfaction. Two hypotheses were developed and tested

H1: There is a significant relationship between cross cultural communication and job
Satisfaction

H2: The higher interpersonal conflict leads to negative job satisfaction

## LITERATURE REVIEW

Communication is vital for business and organizations to effectively explain how the products and the services that they offer differ from their competitors [17]. Effective communication, which impacts on a wide variety of components in an organization, can provide for greater success for the organization [18]. Organizational communication is necessary for group members to cooperate and engage with each other to achieve organizational goals. It can also create a good and healthy environment which fosters trust, motivation and engagement as well as the free sharing of thoughts and ideas. A lack of effective communication could result in miscommunication, personal conflict and poor job satisfaction [6].

There is much literature on the approaches and processes that organizations and corporations can use for effective communication and management [19, 6]. Some of the elements of each approach are reflected in different types of organizational communications. These are generally at the interpersonal level between the supervisor, subordinates and the coworkers. At the organizational level, it is not only within the organization, but also with outside stakeholders and clients [20, 7].

Communication has verbal, nonverbal and written modes [21]. Among these, face to face communication is viewed as being most effective [22, 23, 6]. Employees perceive greater satisfaction when they receive information through face-to-face communication with their supervisors [22]. Communication through e-mails is related to lower levels of job satisfaction among employees [24].

Culture influences the communication processes in TNCs as they operate across geographical boundaries. Culture "is the software of mind that can influence people's patterns of thinking and behavior" [11]. Internal organizational communication is influenced by management style and staff behavior. While the former relates to the conduct of senior management staff and supervisors, the latter deals with subordinates. As both may have divergent objective and expectations based on cultural differences, these could create barriers [25].

TNCs with extensive overseas operations often face the challenge of cross cultural communication [26] due to the cultural differences in terms of values, beliefs and languages. Therefore, the likelihood of barriers to communication and workplace conflicts are greater [27]. The senior management of TNCs has to frequently communicate with subsidiaries in other countries, and this requires them to have competences in cross cultural communication.

Much prior research has been conducted on issues related to cross cultural communications and these include management style, differing expectations, management style, power distance, language barriers and worker expectations [17]. A basic cultural dimension is individualism and collectivism which emphasize on the community, shared interests, harmony, tradition and maintaining face. Individualism pertains to societies in which the links between individuals are loose and each is expected to look after himself or herself or his or her immediate family [11]. The literature suggests that personal individualism may transcend cultural differences for certain variables. Schmidi [28] compared the effects of crowding on people in the United States who tend to have an individualistic culture and people from Singapore, which has an Asian population, with a collectivistic culture. Similar findings for both cultures emerged in respect of the variables of personal control, crowding annoyance, and stress.

Bennet [29] researched the issue of people being able to understand each other in situations when they do not share a common cultural experience? His findings revealed several aspects including levels of culture, intercultural communication process and cultural adaptation. Communication barriers emerged from the lack of understanding between parties' in [30]. Power distance or proxemics also affects the non-verbal

behavior of a culture. High power distance cultures, which include Malaysia, limits interaction [17].

Another variable of culture is the concept of ethnocentrism which was defined by Bennet [31] as "assuming that world view of one's own culture is central to all reality". Ethnocentric persons tend to interpret other cultures, based on their own cultural values. Negative ethnocentrism can not only act against effective intercultural communication, but also create disaccord and conflict situations in the workplace. Stereotyping is an extension of ethnocentrism and it can be defined as "the perceptions and beliefs we hold about groups or individuals based on our previously formed opinions and attitudes" [32].

When management and staff have different cultures backgrounds, they may have different perspectives on issues at hand and this complicates the process of arriving at a common understanding [33]. Because of their global operations, the communication system of a TNC has to be based on a set of rules, practices as well as the philosophy of the business. The communication system becomes the modality for linking and transmitting the values and norms that are associated with the different cultures of its staff. The communication system therefore has to be centered on clarity on order to achieve cohesion and the smooth functioning of operations without being disrupted by cross cultural differences. TNCs must therefore take appropriate measures to overcome the barriers to cross cultural communication in order to attaining organizational objectives effectively & efficiently [34].

Several research studies have linked communication satisfaction to job satisfaction [35, 36]. Communication satisfaction can be defined as an enjoyable social emotional result that employees derive from interacting with each other. Job satisfaction is a complex and multifaceted which means different things to different people [37]. It is generally perceived to be associated with productivity and implies enthusiasm and happiness [38]. Job satisfaction is also related to the individual's behavior in the works setting [37] the collection of feelings and believes that people have their current job. Effective supervisor communication, the communication climate, personal feedback and good communication from senior management are key contributors for job satisfaction [36]. Organizational communication including cross cultural communication is also related to job satisfaction.

Employees have varied cultural values, beliefs and expectations, and these could result in incompatible choices, opinions and interpersonal conflicts. Interpersonal conflict refers to conflicts that occur between two or more individuals that work together in groups or teams [39]. Although interpersonal conflict increases challenges, it can be effectively managed. Poor management of interpersonal conflict can damage

the organizational relationship and performance. Individual differences lead to interpersonal conflict, including personalities, culture, attitudes, values, perceptions, and the other differences [10].

Some prior studies have been conducted on cross cultural communication issues in TNCs operating in Malaysia. Bibi Noraini, Zurina, Intan Maizura and Syahida [40] investigated the barriers of cross cultural communication in electronic companies. Their findings revealed that the dimensions of national cultures, high and low context communication, and language and communication systems have no apparent effects on the cross-cultural communication. They recommended that company managers and employees fully understand cultures to avoid issues of misunderstanding, miscommunication and misinterpretation in the workplace.

Fontaine and Richardson [33] reviewed cross-cultural research in Malaysia and concluded that cross-cultural management in Malaysia is, as yet, a series of "snapshots" with limited follow-up research. Yeap and Richardson [41] examined the perceptions of Malaysians in a Japanese multi TNC. The findings revealed that the company had much growth potential. However, it had only been partially tapped due to the management strategies adopted by the headquarters. Kan [42] examined cross cultural worker conflict in a TNC in Malaysia and the findings revealed the effective cross cultural communication can foster inter-worker loyalty, discipline, and responsibility cooperation and subdue inter-worker conflict.

## METHODOLOGY
A questionnaire survey was used to collect the primary data to test the two hypotheses. In view of the limited data in this area, a single Malaysian based TNC was examined. This approach was considered appropriate in light of the aims of the study which included generating and testing theory [43, 44].

The case study is a global French owned cosmetics and beauty products firm with a presence in 130 countries over five continents. The market leader in Malaysia, the firm employs over 800 employees across 3 different divisions; namely Consumer Products Division, Luxury Product Division and Professional Product Division. Of these, approximately 150 employees work in the Malaysian headquarters, while the rest are beauty advisors in all the stores. Being a TNC, it transfers talent across the globe and there is high diversity among the employees. Generally, the Chief Executive officer and senior management are expatriates.

### Survey Sample and Questionnaire
The target population comprised the expatriate and Malaysian staff working at the Headquarters of the TNC in Kuala Lumpur. The questionnaire for the

survey comprised 45 close-ended questions and was structured into 4 sections. As summarized in. Table 1, the first focused on the demographic profiles of the respondents, the second related to the independent variable of cross cultural communication, the third comprised questions related to the independent variable

of interpersonal conflicts on the level of interpersonal conflict while the final section addressed the dependent variables of job satisfaction. A five point Likert Scale was used for attitude measurement. Out of the150 questionnaires that were sent, 133 completed questionnaires were received.

**Table-1: Summary of the questionnaire structure**

| Sections | The main variables | Number of questions |
|---|---|---|
| I | Demographic profile of the respondents | 5 |
| II | Cross cultural communication | 13 |
| III | Interpersonal conflict | 12 |
| IV | Job satisfaction | 15 |
| | Total | 45 |

# RESULTS AND DISCUSSION

The collected data was analyzed with the use of descriptive statistics. The Pearson Correlation was used to test the two hypothesis and the results are as follows.

**Hypotheses1: There is a significant relationship between cross cultural communication and job satisfaction**

As shown in Table 2 below, the statistical results show that this hypothesis was accepted since the correlation coefficient value was -0.060 and based on

this, the relationship between cross cultural communication and job satisfaction is negative. Therefore, the relationship is significant which means cross cultural communication does appear to have a significant relationship with job satisfaction.

**Hypotheses 2: The higher interpersonal conflict leads to negative job satisfaction**

As shown in Table 3, the correlation coefficient value in this study is 0.140 and based on the correlation test result, the relationship between interpersonal conflict and job satisfaction is negative.

**Table-2: Pearson correlation test result for hypotheses 1**

| Independent variable | Job Satisfaction | |
|---|---|---|
| | r | Significant value(P) |
| Cross-cultural communication | -.060 | .788 |

**Table 3 Pearson correlation test results of hypotheses 2**

| Independent variable | Job satisfaction | |
|---|---|---|
| | r | Significant value(P) |
| Interpersonal conflict | -0.140* | .043 |
| -Task conflict | 0.062 | .224 |
| -Relationship conflict | - 0.147* | .036 |

This implies that when the interpersonal conflict increases, job satisfaction will decrease. The relationship between interpersonal conflict and job satisfaction is also weak possibly due to interpersonal conflicts in the organization. Although the correlation between interpersonal conflict and job satisfaction is weak, it still had a significant negative correlation with job satisfaction.

# DISCUSSION

The literature review revealed that effective cross cultural communication is of key importance in the international business arena. The successful management of a culturally diverse workforce hinges on the ability of senior international managers to communicate effectively with people who have different backgrounds and cultural differences.

Culture is multidimensional and the international managers in TNCs, given the geographical nature of their operations, have to effectively manage intercultural communication in order to foster an organizational culture which is beneficial to both the employees as well as the TNC.

Unlike, the Malaysian staff that generally have a collectivist culture, the expatriates from western countries usually have individualistic cultures. Because of this, the TNCs are vulnerable to cultural barriers which create discord, interpersonal conflicts and negative job satisfaction.

# CONCLUSION

This paper examined the relationship between cross cultural communication, interpersonal conflict and job satisfaction. The findings revealed that interpersonal conflicts could lead to negative job satisfaction. Based

on the findings, it can be concluded that it is necessary for TNC to take the measures to overcome the barriers to effective cross culture communication. The failure to do so may lead to negative job satisfaction which could result in low employee productivity and therefore act against the TNCs achieving their organizational goals. The expatriate staff have to develop cross culture competencies and appreciate Malaysian cultures in order to understand the expectations of the local Malaysian staff in terms of business etiquette, customs and beliefs for achieving organizational goals.

For this purpose, international managers, as well as local employees, can benefit from appropriate training to make their aware of the cross cultures in the workplace. The findings also suggest that unlike Malaysian staff prefer not to discuss sensitive issues openly, because of their cultural background, Western managers, tend to ventilate their grievances openly and freely in a dispute situation. Recognizing this, international managers should adapt their management styles to suit Malaysian work practices and be committed to build an organizational climate that does not create conflicts and differences of opinions.

# REFERENCES

1. Ernst & Young. View from the top Global technology trends and performance December 2014. Retrieved on November 13th, 2017 from http://www.ey.com/Publication/vwLUAssets/global_trends_and_performance/$FILE/view%20from%20the%20top%20global%20technology%20trend%20and%20performance.pdf
2. George S, Yip. Total Global Strategy II: Updated for the Internet and Service Era. Prentice Hall. 2003.
3. Filipescu DA, Rialp A, Rialp J. Internationalisation and technological innovation: empirical evidence on their mutual relationship. InNew challenges to international marketing 2009 Mar 6 (pp. 125-154). Emerald Group Publishing Limited.
4. Hunya G. The Role of Multinational Companies in International Business Integration. Vienna Institute for International Economic Studies. 2012 Nov.
5. The Economist. Briefing: "Multinationals, The retreat of the global company". January 28. 2017.
6. Moyer J. Employee organizational communications. Institute for Public Relations. 2011. Retrieved from http://www.instituteforpr.org/employeeorganizational-communications/
7. Sharma PR. Organizational communication: Perceptions of staff members' level of communication satisfaction and job satisfaction.2015.
8. He R, Liu J. Barriers of crosses cultural communication in multinational firms: A case study of Swedish company and its subsidiary in China. 2010.
9. Punnett BJ. International perspectives on organizational behavior and human resource management. New York, NY: M.E. Sharpe. 2004.
10. Elsayed-Elkhouly SM. Styles of handling personal conflict in Egypt, United States, Africa, and the Gulf States. Cross Cultural Management: An International Journal. 1996 Jan 1;3(1):20-32.
11. Hofstede G. *Cultures and organizations*: *Software of the mind*. London: McGraw-Hill. 1997.
12. Mishler AL. Personal contact in international exchanges. International behavior: A social-psychological analysis. 1965:550-61.
13. Morden T. International culture and management. Management Decision. 1995 Mar 1;33(2):16-21.
14. Jandt FE. *An introduction to intercultural communication, Sixth Edition Identities in a global community*, Sage Publications. Inc. 2009. Retrieved on September 12, 2017, from http://www.sagepub.com/upm-data/11711_Chapter7.pdf
15. Quappe S, Cantatore G. *What is cultural awareness, anyway? How do I build it*? 2007. Retrieved on October 26, 2017 from http://www.culturosity.com/articles/whatisculturalawareness.htm
16. Ulrich D & Smallwood N. *What is Leadership, in William H. Mobley, Ying Wang, and Ming Li (ed.) Advances in Global Leadership*. Emerald Group Publishing Limited. 2012; 9 – 36.
17. Padhi PK. The rising importance of cross cultural communication in global business scenario. Journal of Research in Humanities and Social Science. 2016;4(1):20-6.
18. Steingrimsdottir H. The relationship between internal communication & job satisfaction: A case study. *Copenhagen Business School: Marketing Communication Management*. 2011. Retrieved on December 12, 2018, from http://studenttheses.cbs.dk/bitstream/handle/10417/3240/hrund_steingrimsdottir.pdf?sequence=1
19. Bolman LG, Deal TE. *Reframing organizations: Artistry, choice, and leadership* (1st ed.). San Francisco, CA: Jossey-Bass. 1991.
20. Communicationtheory.org. Communication theory: Kinds employed by business organisations. 2010. Retrieved on January 10, 2018, from http://communicationtheory.org/kinds-types-of-communicationemployed-by-business-organisations/
21. Ober S. *Contemporary business communication* (4th ed.). Boston, MA: Houghton Mifflin. 2001.
22. Byrne ZS, LeMay E. Different media for organizational communication: Perceptions of quality and satisfaction. Journal of business and psychology. 2006 Dec 1;21(2):149-73.
23. Hoy WK & Miskel CG. *Educational administration: Theory, research, and practice* (8th ed.). New York, NY: McGraw-Hill. 2008.

24. Merten F, Gloor P. Too much e-mail decreases Job satisfaction. Procedia-Social and Behavioral Sciences. 2010 Jan 1;2(4):6457-65.

25. Ybema S, Byun H. Cultivating cultural differences in asymmetric power relations. International Journal of Cross Cultural Management. 2009 Dec;9(3):339-58.

26. Erez M. Interpersonal communication systems in organisations, and their relationships to cultural values, productivity and innovation: The case of Japanese corporations. Applied Psychology. 1992 Jan;41(1):43-64.

27. Adler NJ, Graham JL. Cross-cultural interaction: the international comparison fallacy?. Journal of international business studies. 1989 Sep 1;20(3):515-37.

28. Schmidt R. Interaction, acculturation, and the acquisition of communicative competence: A case study of an adult. Sociolinguistics and language acquisition. 1983;137:174.

29. Bennett MJ. Overcoming the golden rule: Sympathy and empathy. Annals of the International Communication Association. 1979 Dec 1;3(1):407-22.

30. Richardson RM, Smith SW. The influence of high/low-context culture and power distance on choice of communication media: Students' media choice to communicate with professors in Japan and America. International Journal of Intercultural Relations. 2007 Jul 1;31(4):479-501.

31. Paige RM, editor. Education for the intercultural experience. Nicholas Brealey Publishing. 1993.

32. Samovar LA & Porter RE. *Communication between cultures*: A reader (eighth ed.). Belmont, CA: Wadsworth. 1991.

33. Fontaine R, Richardson S. Cross-cultural research in Malaysia. Cross Cultural Management: An International Journal. 2003 Jun 1;10(2):75-89.

34. Martin J & NakayamaT. *Intercultural communication in contexts*. McGraw-Hill Humanities. 2012.

35. Pettit Jr JD, Goris JR, Vaught BC. An examination of organizational communication as a moderator of the relationship between job performance and job satisfaction. The Journal of Business Communication (1973). 1997 Jan;34(1):81-98.

36. Pincus JD. Communication satisfaction, job satisfaction, and job performance. Human communication research. 1986 Mar;12(3):395-419.

37. Mullins JL. *Management and organizational behavior, (7th Ed.)*. 2005. Pearson Education Limited, Essex, 700.

38. Kaliski BS. *Encyclopedia of business and finance*, *(2nd Ed.)*. 2007. Thompson Gale, Detroit, 446

39. Wood J, Chapman J, Fromholtz M, Morrison V, Wallace J, Zeffane M, Schemerhorn J, Hunt J & Osborne R. *Organizational behavior: a global perspective*. John Wiley & Sons Australia Ltd, Milton Qld. 2003.

40. Bibi Noraini BFY, Zurina BZ, Intan Maizura BAR & Syahida BK. A study of cross-cultural communication in electronic based companies. *The International Journal of Social Sciences.* 2014; *27*(1).2305-4557.

41. Peik Foong Y, Richardson S. The perceptions of Malaysians in a Japanese company. Cross Cultural Management: An International Journal. 2008 Jul 30;15(3):221-43.

42. Kan WH. Cross-cultural worker conflict in a multinational company: the case of Ibiden, a Japanese company in Malaysia. 2012. Retrieved on February 11, 2018, from http://eprints.usm.my/26506/1/CROSS-cultural_worker_conflict_in_a_multinational_company.pdf

43. Saunders M, Lewis P & Thornhill A. *Research method for business students*, *(3rd Ed.)*. New York: Prentice Hall. 2003.

44. Gibbert M, Ruigrok W, Wicki B. What passes as a rigorous case study?. Strategic management journal. 2008 Dec;29(13):1465-74.