On the Problems and Countermeasures of Cross-cultural Business Cooperation between China and Malaysia under The Belt and The Road Initiative

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Abstract. Malaysia, one of China's key target markets of foreign trade in Southeast Asia, has been claiming our special attention since the launch of China- ASEAN partnership on the first day of 2010. It is, therefore, of vital importance for us to have an adequate understanding of the cross-cultural differences and even conflicts tagging along. This paper analyzes the cultural differences with reference to Hofstede's theory of value dimensions, and postulates some strategies to circumvent the negative impact on trans-national corporate co-operation.

Introduction

Within Association of Southeast Asian Nations (ASEAN), Malaysia conducts most trade with China. In the meanwhile, China serves as the most important import partner for Malaysia and the fourth most important export destination by trade volume. On January 1, 2010, Sino-ASEAN Free Trade Zone has officially come into being. Malaysia, as a key player of ASEAN, deserves our special attention.

The makeup of Malaysia's population is unique. Among its 23 million people, 59% are Malay, 32% Chinese, 8% Indians. A country with multiple religions, Islam is the state religion. The Official language is Malay, among other six major languages. As an export-oriented economy, in addition to traditional agricultural products such as palm oil, rubber, and pepper, it exports a large variety of manufactured goods such as semiconductors, audio-visual products, computer accessories, air conditioners, rubber products and chemicals.

Malaysian culture is a mixture of local cultures including Malay, Chinese and Indian, among many others. Malay is the most dominant due to its population size. Malaysian culture started to be under big influence of China and India, as a result of the earliest trade activities, to be followed by Persian, Arabian and British cultures. The cultural diversity of Malaysia poses unique obstacles to its trade partners. The paper intends to dwell on such obstacles and their solutions.

The Analysis of the Differentiation in Cultures between China and Malaysia with the Theory of Cultural Dimension

Largely shaped by Confucianism, Chinese culture attaches much importance to kinship and human relations, worldly achievements, self-cultivation, and rationality. Confucian thoughts have been held dear as the spiritual core of corporate culture in many Chinese enterprises.

While the general culture in Malaysian constitutes a combination of regional cultures including Malay, Chinese and Indian, Malaysian government implemented the "National Cultural Policy" in 1971. The policy definitively describes the characteristics of Malaysian culture, stating that the importance of indigenous Malaysian's (Malay) tradition and Islamism must be represented, while reinforcing the Malay language as the mother tongue.

As a result, Malaysia has shown great diversity in terms of ethnicity, religion, culture, language, and the way of life. Despite some cultural similarities, differences remain the major theme between

China and Malaysia trade. We will look into such discrepancies through Hofstede's theoretical lens.

Hofstede proposed an all-inclusive five-dimensional cultural difference theoretical framework, in which the values and attitude in workplaces are subject to: (i) Power distance, (ii) Uncertainty avoidance, (iii) Individualism/collectivism, (iv) Masculinity / femininity, (v) Long-term orientation/short-term orientation.

Analysis of the Differences of Power Distance

Power distance represents the acceptable extent of inequality among a country's residents, ranging from relatively equal to extremely unequal.[1] In a place with high-power distance, the inequality is extreme in that authority lies in the hands of the most powerful decision makers. On the other hand, a culture with low-power distance has widespread authority scattered among all the people involved.

Countries in Southeast Asia usually are categorized into the former group mentioned above. Specifically, Malaysian's PDI (Power Distance Index) reaches 104, as compared to 89 of China, which means that the Malaysian societal hierarchy is more polarized than that of the Chinese; that its enterprise entities are more likely to conform to a top-down structure with greater number of inside managers, and the grass-root workers are relatively poor in terms of work skills and self-management.

Analysis of Differences of Uncertainty Avoidance

Uncertainty avoidance describes the extent that a country's residents lean toward well-specified rather than vaguely or unspecified circumstances.[2] Within a society of low-uncertainty avoidance, decision makers avoid constructing red-tapes that make responses to new circumstances inefficient. In a high-uncertainty avoidance society, however, the residents tend to minimize the emotional distress of facing new unforeseen circumstances by preemptively instituting orderly measures for unanticipated events.

The UAI (Uncertainty Avoidance Index) of Chinese society in this dimension is 30, meaning China has medium level of uncertainty avoidance as a country. Malaysia's UAI resides at 50, which suggests that Malaysian employees, to avoid uncertainty and ambiguity are likely to make more formal rules, to evade deviant ideas and practices, and to seek consistency. They are rather cautious about future crisis and thus display a high degree of loyalty towards their employers. They prefer unequivocal orders and specific instructions over ambiguous and less-defined supervision. Therefore, managing personnel in Malay enterprises need to adopt workplace regulations, standardized operational procedures, and work routine and well-programmed decision-making procedures to lessen uncertainty.

Analysis of Individualism/Collectivism

The definition of individualism pertains to the phenomenon where constituents of a society tend to perform actions as individual entities instead of jointly as a team.[3] Countries with higher degree of individualism contain higher volume of self-centered individuals who much prefers independency to reliance on others. Their priorities focus on achieving their own objectives instead of others'. In contrast, a culture of collectivism is comprised of teamwork, where the constituents work together to coordinate each of their objective to form a common goal that they intend to achieve jointly. They rely on interdependence and master compromises to minimize hostility within groups.

Malaysia has a higher index in this dimension than that of China (29), indicating that individualism tends to be more pronounced in Malaysia. Therefore, authority figures ought to emphasize more on intra-corporate solidarity and actively encourage subordinates to stay loyal to their businesses and enhances their sense of identity and stronger sense of belonging to the business.

Analysis of Masculinity/Femininity

Masculinity defines the extent that a society prefers "masculine" characteristics to "feminine" ones. For example, a more "masculine" society tends to put more weight on how assertive a person is, meritocracy, various definitions of success and rigorous competitiveness, whereas a more "feminine"

society focuses more on standard and quality of living, interpersonal interactions, and compassion.[4]

China and Southeast Asian countries have relatively similar index in this dimension, both in the middle segment of the fractional region, which means that China (54) and most Southeast Asian countries can balance job performance and quality of life. Malaysia's index of 40 shows that, compared with China and other Southeast Asian countries, Malaysia pays more attention to the feminine traits like the quality of living instead of striving for greater performance at work, so managers should give more incentive measures to employees.

Analysis of Long-run Orientation/Short-run Orientation

A society with long-run orientation focuses on prosperity that can be sustained and extended well into the future, whereas a society with short-run orientation weights more on history and contemporaneous welfare. The former constitutes members that plan ahead and compromise immediate consumption with longer term benefits. The latter group celebrates and holds on to what has happened and would rather have immediate payoff than deferred enjoyment.

Chinese societies' mindsets and actions are more aligned with long-term orientation, leading China to have the index in this dimension is as high as 100. However, many other countries in Southeast Asia exhibited greater likelihood for short-run oriented goals. Unsurprising, that causes this index for Malaysia to be as low as 5. Therefore, in developing the company's long-term strategies, management should consider, in particular, their employee's short-term goal and utilize that to construct long-run objectives that incentivize the employees to participate.

Problems in China-Malaysia International Business Cooperation

Misunderstandings Caused by the Differences of Language and Behavior

On the average, a person from a certain culture can only take in 80-90% of the message communicated by his natives, which means 10-20% of the message is either worn away or misunderstood. When a person speaks a second language, the meaning distortion or loss will increase accordingly, such meaning loss is aggravated on the part of incompetent second language speakers. Though English is widely spoken in business venues, Malay remains the official language for Malaysians. The use of second language in business talks entail a high risk of distorted messages. Besides, cultural differences in behavior, tend to be implicit and therefore harder to detect. When a foreign trade partner send different non-verbal signals, the other party are highly likely to misunderstand these signals and are unaware of the mistakes that have occurred.

Information Asymmetry Caused by Differences in Nonverbal Communication Skills

Nonverbal behavior refers to the people's behavior of using sound and movement to communicate, which includes body language, paralanguage, interpersonal distance and other non-verbal behaviors, like silence intervals, interposing times, and the length of gazing time. Information asymmetry naturally arises, due to differences in its interpretation between cultures.

In China, the frequency of gaze and interpose in communication is lower, the time of silence stays longer. But in the eyes of Malaysians, business need not to be so serious. They will, instead of keeping silent, using small talks to fill silent gaps.

Asymmetry of Feedback Speed and Information Content Caused by Differences in Values

Values describes one's overall evaluation and opinion of the meaning and importance of the objective world around him. They not only embrace one's value orientation and a certain value goal but also demonstrate how values are measured. Once established, values stay stable all through a person's life. The opposite is true for shared values of a society as a whole, as a result of the constant changes taking place in the social milieu. Despite the common Asian identity, Malaysia and China differ drastically in their cultural and social values. Malaysia has more distinct hierarchy, higher uncertainty avoidance index, is more inclined to individualism, pays more attention to the quality of individuals' life and has more short-term tendencies. All the above-mentioned attributes may lead to the asymmetry in both content and means of cross-cultural communication.

Religious factors further complicate the communicative barriers in Sino-Malaysian business cooperation in that as a multi-ethnic country, Malaysia is the home for a large variety of religious believers. Take alcohol for instance, while Chinese, in most cases secular, may regard liquor as lubricant and catalyst in business deal negotiation, the Muslims in Malaysia take drinking alcohol as a religious taboo.

Strategies of Intercultural International Business Cooperation between China and Malaysia

In the face of such barriers and difficulties due to the cultural disparities, international traders should neither adopt ostrich policy nor resort to cultural hegemony. Instead, they need to keep the problems in perspectives and take adequate measures to subdue such differences and fill up the gaps, in order to achieve the goals of business co-operations. The details include the following:

Develop the Awareness of Cultural Differences, Strengthen Communication and Lay down Principal Rule of Mutual Respect

Trade partners should recognize the underlying differences in each other's needs, motivations and beliefs, and learn to understand, accept and respect each other's cultures. When unavoidable conflicts occur, the disputes should be handled tactfully. They need to securitize the nature of conflicts and resort to frequent communication, as long-standing trust cannot be built overnight. It is always advisable for Chinese business people to receive some pre-training on local languages, customs and cultural values to develop sensitivity towards the cultural distinction. Chinese business people must learn relevant religious taboos, in dealing with a religious country like Malaysia. Tapping the real decision maker is of vital importance, as he/she is most likely to hide behind the curtain. The choice of negotiation and catering locale, especially the table setting within, can be quite tricky, as the arrangement of seats and reception specifications for the participants and invitees need to be entirely in line with their ranks and social status. Not make comments on Malaysian customs, political policies or religious beliefs. Never make comparison of cultural norms of the two countries, nor judge their values, which can easily lead to sharp conflicts. In a word, paying due respect to each other and strengthening communication are crucial to the success of the intercultural cooperation.

Fully Evaluate Malaysia's Investment Environment Market and Study Local Laws and Regulations Carefully

It is indispensable for Chinese traders to be fully informed of the target culture, including cultural norms, customs, social values, overall condition of the target country before any business negotiation or collaboration takes place. It is particularly important for Chinese side to make pre-investment market survey in Malaysia. The priority of the survey lies in the feasibility of the investment, including Malaysia's political stability; its economic scale of industries; the market prospects and whether the government favors such cooperation. Moreover, Malaysia's legal systems and related policies have to be scrutinized. Questions need to be asked: i) whether the Malaysian government stands for the cooperative investment opportunity ii) whether associated government agencies have passed to grant such opportunities; iii) how long it takes to be granted such official approvals; iv)whether the government makes preferential policies for foreign investors; v) tax implications. By hiring experienced attorneys or legal advisers to provide legal services, one can execute such investment projects more effectively.

Use Verbal and Non-verbal Language and Deal with Cultural Differences Correctly

English, though widely used as working language in international business interactions, is not the mother tongue of both countries, so simple and effective English is highly recommended. Transnational cultural exchanges cannot presuppose that the other party would naturally understand one's views. Neither can one take it for granted that the other party would interpret the message in the same way as expressed by the first party. Many delays in the process of cooperation are the result of divergent comprehension of the same message.

Secondly, what seems to be minor issues can have major significance. Understanding non-verbal cues in different cultures helps avoid the high cost of misinterpretation. Careful observation of the countless cues conveyed by non-verbal gestures is a prerequisite to effective cross-cultural non-verbal communication. When not being able to understand the non-verbal behaviors, one needs to put forward explicit questions. Do as what is comfortable to the other party.

Strengthen Cultural Fusion and Innovate the Mode of Intercultural Business Cooperation

Cultural fusion means that multilateral respect among various cultures. It can be achieved through complementary and cooperative effort in celebrating each other's disparities, thus constructing a brand-new organizational environment in which all parties are highly mixed. Its advantage lies in the principle of seeking common ground while reserving differences, carrying out cultural complementation, reducing the resistance of cultural integration, and forming a cultural combination or cultural system with strong compatibility and adaptability.

Chinese enterprises have to innovate ways of cooperation with Malaysia, an emerging but significant market, in which cultural integration and a brand new cross-cultural communication mode are indispensable.

Conclusion

As investment volume in Malaysia accumulates, the cultural differences have posed a greater threat to continuing business success. An in-depth and comprehensive understanding of the cultural disparities between China and Malaysia regarding religion and ethnicity among many other aspects of local cultures is conducive to raising cross-cultural awareness and building constructive channels of communication and ensuring satisfactory results on the part of Chinese traders and investors.

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