

COMMUNICATION DIFFERENCES AND CONFLICT RESOLUTION IN INTERNATIONAL BUSINESS ENVIRONMENT

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Abstract: *This paper aims to examine the challenges of cross-cultural communication in multicultural teams and the resolution of conflicts arising during that process of communication. For this purpose, a survey was conducted on individuals coming from various cultural backgrounds to determine how cultural differences affect the organizational communication styles, their perception of conflict situations and the choice of conflict resolution procedures. The study is underpinned by a literature review of cross-cultural communication and theories on culture, conflict resolution and multicultural team dynamics. Hofstede's Cultural Dimensions Theory will be used to define the cultural differences using four dimensions: power distance, uncertainty avoidance, individualism vs collectivism, and masculinity vs femininity. The outcome of the study assesses the intercultural communication competence of employees in North Macedonia and gives recommendations on how to improve communication and avoid conflicts that plague multicultural teams.*

Keywords: *Cross-cultural communications, Multicultural teams, Hofstede, North Macedonia.*

1. INTRODUCTION

In a globalized world, societies are becoming more diverse and cosmopolitan than ever before. Businesses with multicultural workforces have become the norm rather than the exception, making cross-cultural communication an essential issue in the everyday work environment. Multicultural teams offer many advantages to international firms, particularly when it comes to understanding the cultural sensitivity of consumers in host markets (Brett, Behfar, & Kern, 2006). However, despite the potential benefits, they also experience conflicts in the workplace that are complicated or even impossible to resolve. Such conflicts usually arise as a result of cultural differences and communication problems between team members. Thus, effective cross-cultural communication based on understanding and appreciation of other cultures is essential for resolving these disputes.

The ground-breaking work in cross-cultural communication was made by Geert Hofstede in the 1980s who created a framework for future research in this field. Hofstede's cultural dimensions' theory offers four dimensions: power distance, uncertainty avoidance, individualism versus collectivism, and masculinity versus femininity. The four dimensions tend to explain ways of structuring organizations, and the motivations and issues people face within those organizations. The combined scores from these dimensions, group countries in cultural clusters (Hofstede, 1983). Hofstede's scores have been validated multiple times through replicated studies by other scholars using the same or similar set of questions. All of them provide a valuable background for studies such as this one that observe communication among members of multicultural teams.

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2. THEORETICAL BACKGROUND

In the first research that Hofstede conducted in Yugoslavia, he excluded Macedonia, Bosnia and Herzegovina, and Montenegro. Instead, he conducted a different kind of research using the Michael Minkov new cultural dimensions, LTO and IVR. The results showed that compared to other Yugoslavian countries, Macedonia has the lowest PDI (score 66) and a very low MAS index (score 9), probably a result of the high number of women in the sample. On the other hand, large UAI showing the preference of job security is “undeniably a product of culture and history but surely exacerbated by the recent role of the state and the stress caused by the break-up of Yugoslavia (Camina, 1999). The LTO score showed that Macedonia is a society with a pragmatic orientation, while the IND score indicated that it is also seen as a restrained country. Another research conducted by Bojadjiev, Kostovski & Buldioska (2015) concerning leadership styles in companies in Macedonia, showed that the majority of male managers in Macedonia (43%) prefer autocratic leaders, while female managers (41%) prefer participative leaders.

Table 1. Cross-cultural comparison of cultural dimensions

Cultural dimension	Camina (1999)				Hofstede, Hofstede et al. (2010)	
	Power distance (PDI)	Uncertainty avoidance (UAI)	Individualism (IDV)	Masculinity (MAS)	Long-Term Orientation (LTO)	Indulgence Versus Restraint (IND)
North Macedonia	66	103	33	9	62	35

The results of high-power distance and uncertainty avoidance, as well as the collectivistic mindset of the older generations, clearly show the effects that the communist regime left in the country. Nonetheless, things here have been changing lately. The younger generation tends to be more individualistic and prone to risks. This might as well be a consequence of the mixture of domestic and western cultures, resulting from the growing number of multinational companies with multicultural teams operating in the country.

Hence, the purpose of this study is to understand the way culture shapes individual and intergroup behavior in multinational teams in North Macedonia. Furthermore, it observes how cross-cultural communication contributes to conflicts and conflict resolution in multicultural teams in North Macedonia. For the purpose of this study, the following hypotheses will be tested:

Hypotheses One: Different cultural backgrounds lead to different behavior of employees.

Hypotheses Two: Cultural differences result in different perceptions of conflicts and conflict strategies.

Hypotheses Three: Most cultural disputes in a multicultural team can be resolved by effective cross-cultural communication based on understanding and appreciation of the cultures.

The questionnaire used for this study tests Hofstede’s four dimensions of national culture in multicultural teams in North Macedonia. The respondents of the questionnaire include both Macedonian and non-Macedonian employees in four MNO’s working on teams made up of members coming from different national cultures. All of the selected respondents have worked on the multicultural team for more than one year. This is to ensure that they have had enough opportunities to experience the dynamics of working on a multicultural team in North Macedonia.

3. METHODOLOGY AND DATA ANALYSIS

The questionnaire is prepared based on Hofstede's (1983) cultural relativity of organizational practices that examines the behaviors of the respondents in relation to their cultural orientation and their preferred conflict resolution styles. The Likert scale questions were analyzed with SPSS. Respondents from four different multicultural organizations in North Macedonia were sampled. They were contacted via e-mail or through social networks and the response rate was 83% (25 out of the contacted 30 individuals). Out of the 25 respondents, there were 10 males and 15 females.

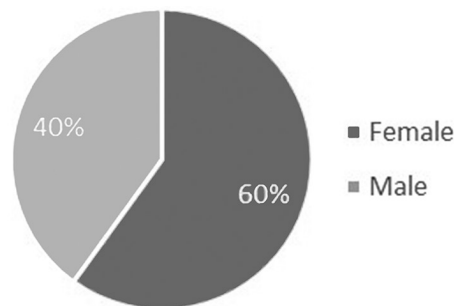


Figure 1. Gender Distribution of Respondents

13 (52%) were Macedonians and 12 (48%) non-Macedonians from Albania, Kosovo, Serbia, Slovenia, Turkey and Montenegro.



Figure 2. Nationality of Respondents

Out of the total number of respondents, 4 (16%) of them were in top-management, 8 (32%) in middle-management, 3 (12%) in lower-management and 10 (40%) in non-management positions.

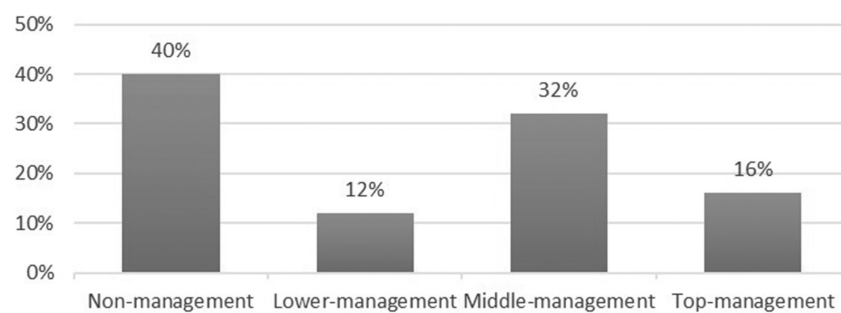


Figure 3. Job Designations of Respondents

With regards to length of employment with current organization, 16 (64%) had worked between 1 to 3 years, 4 (16%) between 3 to 5 years, and 5 (20%) had worked over 5 years.

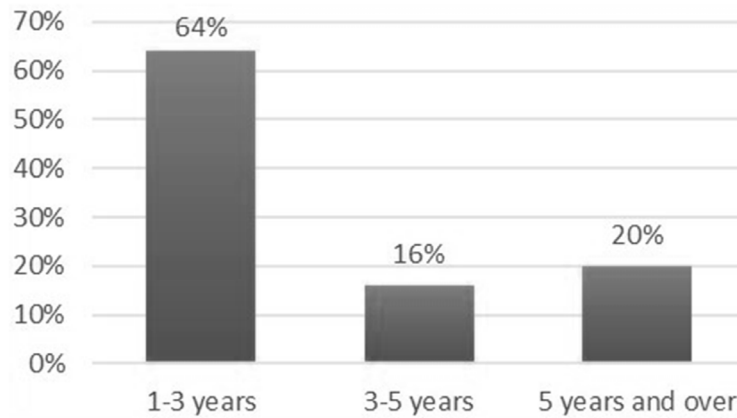


Figure 4. Number of Years Worked in Organization

Out of the 25 respondents 17 (68%) of them (including 5 Macedonians) had lived in another country other than the one they were born in, while the rest 8 (32%) (Macedonians) had lived only in North Macedonia.

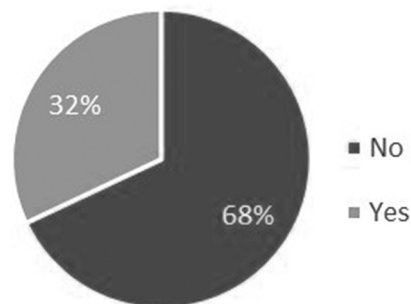


Figure 5. Cultural Experience of Respondents

In response to the key cultural orientation question, 17 of those who responded felt closer to the country in which they were born, 3 to the country they had lived longest, 3 closest to the country in which they live now (North Macedonia) and 2 of them identify themselves as other culture.

3.1. High-context and low-context cultures

The cultural orientation was measured through the respondent's context of communication. Out of 25 respondents 16 (64%) were low context and 9 (36%) medium context. There were no high context individuals. This mix was irrespective of national culture (Nationality of Respondent).

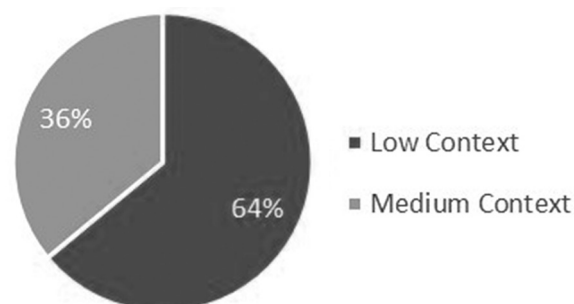


Figure 6. Distribution of Cultural Orientation by Context

Out of the 16 low context respondents, 8 were Macedonians, 2 were Serbians, 4 Turks, 1 Kosovan, 1 Slovenian. Out of the 9 medium context respondents, 5 identified themselves as Macedonians, 1 Montenegrin, 1 Albanian, and 2 Kosovans.

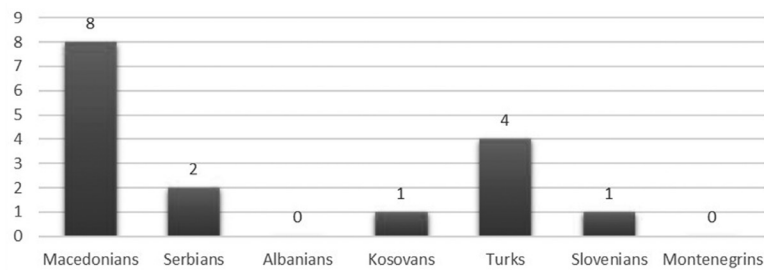


Figure 7. Distribution of Low Context Respondents by Nationality

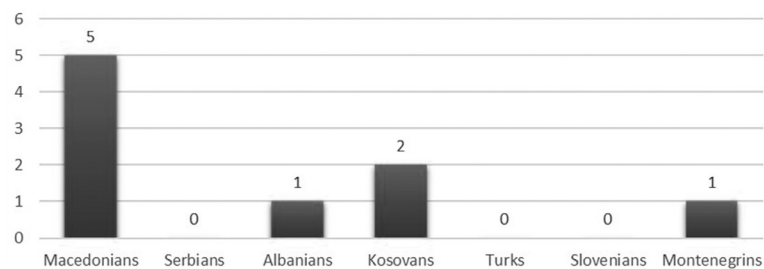


Figure 8. Distribution of Medium Context Respondents by Nationality

The context of a culture refers to the value the culture place on direct and indirect communication. The large differences between the two cultures can contribute to the creation of conflict situations. High context culture relies heavily on nonverbal cues and implicit communication. Members of this culture prefer to work in groups and place particular emphasis on interpersonal relationships. On the other hand, low-context cultures rely on explicit communication. Here members emphasize sending and receiving precise and direct messages, while nonverbal elements are not significant. According to Hofstede & Hofstede (2005) members from low-context cultures typically separate issues of communication from the person with whom they are interacting, which can have an impact on the communication in the multicultural team they are working. There are also the middle-context cultures, which according to Hofstede & Hofstede, (2005) exist as a result of cultures and societies continuously developing and evolving.

In this study, a significant number of respondents (36%) were in the middle-context category, which suggests that they have integrated aspects of both high and low context approaches. This may indicate that these respondents can use both high and low aspects according to the situation, but it can also mean that they might be uncomfortable in strictly low or high cultural contexts. This combination of middle-context respondents together with low-context respondents in this study shows the potential for cross-cultural communication-based conflicts.

3.2. Individualism and collectivism

This cultural dimension observes how people define themselves and their relationships with others. The majority of respondents, 23 (92%), were found to be collectivist and only 2 (8%) were individualists. Out of the collectivists, 9 (39%) were very collectivist, while 14 (61%) were mainly collectivist (might occasionally show individualistic characteristics).

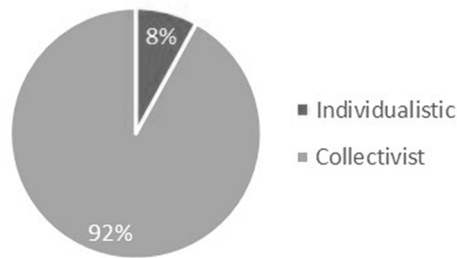


Figure 9. Representation of Power Distance

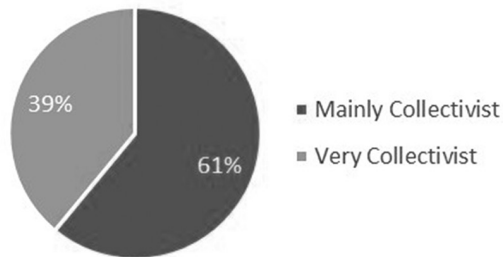


Figure 10. Levels of Collectivism

The lack of high individualists in this study is a positive sign since these individuals focus on their interests over the interests of the group (Hofstede, 1980). Unlike collectivists, they set their goals with minimal consideration to groups other than perhaps the closest family. (Hofstede 1980).

3.3. Femininity and Masculinity

This dimension reveals to what extent a society stresses achievement or nurture. Out of all respondents, 22 (88%) exhibited a feminine cultural dimension, while 3 (12%) had a masculine dimension, which corresponds to the low MAS index from Hofstede's study on North Macedonia.

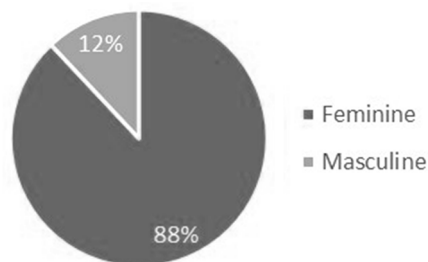


Figure 11. Representation of Masculine vs. Feminine Dimensions

Feminine cultures have overlapping social gender roles, while masculine cultures define men as “assertive, tough and focused on material success”, while women are “modest and concerned with the quality of life”. In the workplace, masculine culture dictates decisiveness, while feminine cultural values dictate the use of intuition and building of consensus (Hofstede, 1980).

3.4. Power Distance

The power distance defines how cultures deal with inequalities. Out of all respondents, 5 (20%) exhibited high power distance, while 20 (80%) a low power distance orientation. Out of the 20 that had low power distance level, 16 (64%) had relatively low levels of power distance, and 4 (16%) very low power distance. There were no respondents with a very high level of power distance.

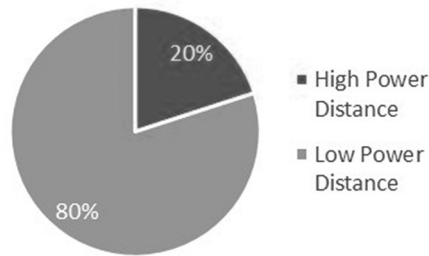


Figure 12. Representation of Power Distance

The power distance dimension describes the “extent to which less powerful members of institutions and organizations within a country expect and accept that power is distributed unequally” (Hofstede, 1980 p. 28). High power distance cultures have high levels of inequality and are more willing to accept that without question. On the other hand, low power distance cultures are generally equal, subordinates expect to be consulted, and ideal bosses are democratic (Hofstede’s 1980). The results of the study show that within the multicultural teams studied, conflicts associated with differences in power distance will not be that common.

3.5. Uncertainty Avoidance

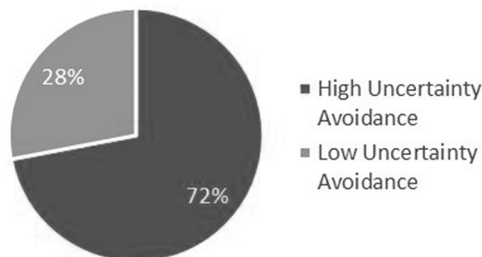


Figure 13. Representation of Uncertainty Avoidance

The uncertainty avoidance dimension reveals to what extent people feel threatened by uncertain or unknown situations. Out of all respondents, 7 (28%) exhibited low levels of uncertainty avoidance, while 18 (72%) high levels of uncertainty avoidance.

In high uncertainty avoidance culture, people tend to be risk-averse and favor a well-structured environment with rules and punctuality, while in a low uncertainty avoidance workplace, employees are more pragmatic with only a few necessary rules (Hofstede’s 1980). The variety in the UA results from this study indicate possible conflicts in the teams associated with this dimension.

3.6. Cultural Differences in Conflict Resolution Styles

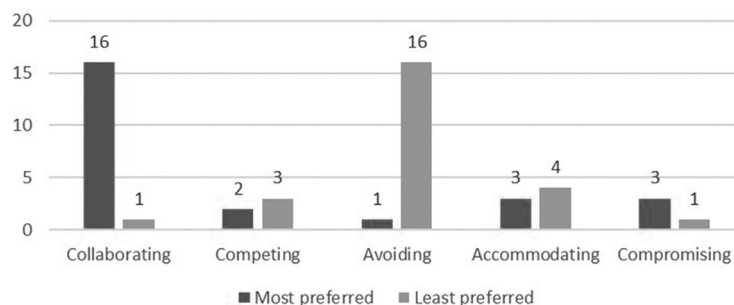


Figure 14. Representation of Preferred Conflict Styles

Conflict resolution styles are closely correlated to cultural orientation and communication styles. In this regard, individualistic cultures typically prefer avoiding, while collectivistic cultures prefer more compromising and integrating (Hofstede, 1980, 1983). The results of this study showed that the most preferred style among the respondents was collaboration, while the least preferred was avoidance.

4. CONCLUSION

The purpose of this study was to examine how cultural differences contribute to the creation of conflict situations in multicultural teams in North Macedonia. The study was based on Hofstede's framework on cross-cultural communication and the four dimensions of culture. The questionnaire used in this study aimed to reveal the cultural orientation and communication and conflict resolution styles of members of multicultural teams in North Macedonia. The results showed that the respondents had different cultural orientations even within the same organization and the same national cultural background, which might cause various conflict situations in the teams. Moreover, this study confirms the results from Hofstede's study, that North Macedonia is a collectivist, feminine society with high power distance. The only thing that differs is the uncertainty avoidance score, which in this study shows that the respondents have a low score, while Hofstede's results showed that the country has a high UAI index. With all things considered, the study was useful exposing the intercultural relations in the workplace and conflict resolution styles in MNO's. However, the small sample size is a limitation to make any authoritative claims.

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