

On the Qualitative Research Approach and Application of the “VTIO” Model Based on Cultural Differences

A Case Study of Changan Ford Mazda Automobile Co., Ltd

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Abstract. In the context of globalization, cultural differences resulted from diverse cultural backgrounds have formed a main influential factor in the development of joint ventures. Using a qualitative research approach, this paper first establishes the “VTIO” model, which serves as a model for analyzing cultural differences. Production mode is set to the center of the “VTIO” model. The core of culture is concluded as “sentiment, ethics and law”. V (value), T (thinking mode), I (interpersonal relationship) and O (organizational behavior) are considered as representations of culture. Based on the “VTIO” model, the paper comprehensively studies the typical examples of cultural differences among China, the US and Japan from the abovementioned four aspects of cultural representations. Furthermore, a case study of Changan Ford Mazda Automobile Co., Ltd is presented in this paper with an analysis of the representations of its corporate culture. Finally, this paper proposes some relevant coping strategies regarding cross-cultural management, providing some suggestions for cross-cultural management in Sino-foreign equity joint ventures.

Keywords: Qualitative research · Cultural differences · VTIO · Case study

1 Introduction

In recent years, accompanied by the rapid development of Chinese economy, the business form of joint ventures has existed for quite a long period of time. However, the success rate of joint ventures so far is still low. According to the results of international investigations and researches, 30 %–40 % of international joint ventures are not successful. According to previous studies, 15 % of Sino-foreign equity joint ventures in China (including transnational companies) terminated before the end of its expected life expectancy. 70 % of corporate cooperations are not harmonious (Tian, 2012). Studies on cross-cultural management have long been a hot topic in the academic field.

Some related theories proposed by foreign scholars are cultural dimensions by Hofstede (1984), six value orientations by Kluckhohn & Strodtbeck (1961) stages of conflicts by Pondy (1967) Thomas (1992) and Robbins (1994), and the “inverted U” relationship between conflict and organizational effectiveness by Brown (1983). These theories cover the extraction of index factors, the analysis of different stages of cultural harmony and conflicts, and the analysis of conflict levels and organizational effectiveness, providing significant theoretical references to cross-cultural studies. However, the influence of cultural factors is closely linked to specific environments. Especially in recent years, cross-cultural studies focus more on combining theories with a certain aspect of practice, such as the application of cross-cultural theories in marketing (Luo et al., 2014; Mower et al., 2013), share of knowledge between organizations (Hau et al., 2013; Qiu et al., 2013; Wei et al., 2010). So it is not proper just to simply transplant the index factors of cross-cultural theories into practices. There is still a lot to be studied in combining theories with practices (Craig & Douglas, 2011).

The development of cross-cultural management in China started relatively late. Yu and Jia (1997) proposed the CMC model which is a management model coping with the internal cross-cultural conflicts of joint ventures. Zhang and Wang (2002) analyzed and studied the cross-cultural conflicts caused by the managers with overseas assignments. Qiu (2003) put forward the influence of cross-cultural conflicts on joint venture management, the specific representations, causes and resolutions. Chen et al. (2005) concluded some influential factors on cross-cultural management in Sino-foreign joint ventures supported by some practical cases of Sino-foreign cross-cultural management. Wang and Wang (2010) discussed cultural management from the two dimensions of the static operation mode-cultivation of corporate culture and the dynamic operation mode-accumulation of corporate culture. Additionally, Lv (2007), Xie et al. (2012) studied the topic from the perspective of cross-cultural communication.

Although the studies in the field of cross-cultural management have existed for a while, the research results abroad are mainly based on the western cultural contexts, which are profoundly different from the Chinese culture and Asian culture and therefore cannot be applied to the Chinese context directly (Wei et al., 2010). Domestic studies focus more on the coalition and merging of different cultures and haven't touched upon the strategies of cross-cultural management from the perspective of the essence of cultural differences.

This paper seeks to study the differences of cultural features among China, the US and Japan from a comprehensive and thorough perspective. It also looks into the case of Changan Ford Mazda Automobile Co., Ltd. (CFMA), which is a typical case of influenced by a myriad of cultures of the three countries. The paper analyzes the corporate culture of CFMA from three dimensions, which are the production mode extended from the corporate culture, organization and effectiveness. From the cultural dimension, there are many cultural elements from the US and Japan in the cross-cultural companies in China. Therefore it is of critical strategic significance to distinguish the differences and avoid conflicts. From the dimensions of organization and effectiveness, there are more and more organizations involving Chinese, American and Japanese cultural elements. The cross-cultural management strategies, which are applicable for enterprises, also suit other organizations. From the perspective of the

enterprise, this paper is of great referential values for the joint ventures, such as CFMA, to learn how to prevent management conflicts and integrate the diverse cultural resources.

2 Methods

This paper adopts the qualitative research method. By searching for the keywords of “cross-cultural”, “cultural difference”, “Chinese culture”, “American culture” and “Japanese culture” using the search engines of Google (in Chinese, Japanese and English) and Baidu, the study collected 8,019 results which were later categorized into three types: articles, blog posts and BBS comments. After classification, the blog posts were divided into eight main categories including values, organizational behavior, attitudes towards gender and nationality, thinking mode, rationality and sensibility, behavior mode, interpersonal relationship, labor and payment policies. Each category can be further subdivided into secondary subcategories which amount to 34 in total. Therefore, the search and analysis of second-hand information generated 8 primary categories and 34 secondary subcategories.

The paper also uses the Delphi method to further study and discuss the information extracted from the second-hand materials. The colleagues who were invited to attend the Delphi method came from different academic backgrounds including one from demography, two from sociology, 2 from economics, 4 from business management, 1 from system science, 1 from management engineering and 2 from education. Some of the colleagues had the working experiences in governmental departments, state-owned enterprises and transnational companies. The study consists of three rounds of consultation on the 8 primary categories and 34 secondary subcategories. And the participants are allowed to add new contents. After every round of consultation, the replies are gathered and sorted and the most acknowledged categories rated by the participants are extracted. The extracted elements are classified and will be further discussed in the next round of consultation, especially those newly proposed ones. By using this method, the two primary categories, which were attitudes towards gender/nationality and labor/payment policies including 5 secondary subcategories attached, were excluded after the first round of consultation. After the second round, rationality/sensibility and behavior mode were deleted. The subcategories attached to them were either deleted or merged into other categories. After the third round of consultation, four primary categories were kept including values, thinking mode, organizational behavior and interpersonal relationship, with the 25 secondary subcategories attached to them.

3 Analysis and Discussion

3.1 The “VTIO” Model

Based on previous studies and achievements, this paper further studies the phenomenon of cultural differences and concludes the “VTIO” model. The basic principles are as follows. Cultural differences are reflected mainly in value, thinking mode, interpersonal

relationship and organizational behavior. The decisively influential factors of cultural differences are “sentiment, ethics and law”. Further explained on the physical and psychological levels, the influential factor of “sentiment, ethics and law” is the production mode, which will finally influence the organizational effectiveness (productivity).

According to Karl Marx’ theory of political economy, the economic basis decides the superstructure. “To study the connections between spiritual production and material production, one must investigate certain type of material production from a historical point of view. If material production is not judged in its specific historical form, then it is impossible to understand the feature of the correspondent spiritual production and their mutual effects”. Therefore the production mode determines “sentiment, ethics and law”, which in turn influence the production mode to some extent.

“Sentiment, ethics and law” are the core and essence of culture. All kinds of management involve the management of “sentiment, ethics and law”, ranging from managing the countries, societies, to enterprises and organizations. Here, the concept of “sentiment, ethics and law” is in the broad sense. Sentiment means relationship, which covers the extensive relationships including kinship, friendship, the relationships with colleagues, compatriots and the relationship between the old and the young. Ethics here means the “universal ethics”, what “everybody feels the same about” as in a Chinese idiom. Ethics here are also associated with “manners”, which are the rules people follow in everyday life. Law, in the broad sense, covers national laws, regulations and the rules and policies within an organization. Even social customs can be seen as one form of law. Therefore, sentiment is a soft culture, which is flexible to be manipulated by individuals to different extents. Law is a hard culture, serving as a strict and fixed measurement. Once published, the law becomes the “golden rule” which people are required to follow. Any behaviors violating the law will be punished accordingly. While ethics serve as a mediator between sentiment and law, balancing the soft culture and the hard culture. The core of culture is the integration of “sentiment, ethics and law”. Because of different preferences for “sentiment, ethics and law” in diverse cultures, the cultural differences among different countries arise. Accordingly, the external representations of culture are the four aspects of values, thinking mode, interpersonal relationship and organizational behavior. The differences in these four aspects formed diverse cultural phenomena in different countries. Therefore, production mode, as the economic basis, decides the preferences for “sentiment, ethics and law”. “Sentiment, ethics and law” influence and decide values, thinking mode, interpersonal relationship and organizational behavior. Meanwhile, values, thinking mode, interpersonal relationship and organizational behavior have mutual impact on each other following the sequence of the order.

Looking at the cultural differences of China, the US and Japan in coping with “sentiment, ethics and law”, it can be concluded as follows. Chinese culture is typically represented by Confucian culture while also influenced by Taoism in terms of social system. Confucianism and Taoism advocate different principles. Confucian theories pursue the “Doctrine of the Mean (centeredness)” while the Taoists follow the theory of “non-action”. Simply put, Confucianism resorts to the rituals in cultural traditions while Taoism resorts to the principle of the earth. So Confucianism is a positive theoretical system (so-called “Yang”) and Taoism is negative (so-called “Yin”). The yin-yang

combination of Confucianism and Taoism constructed the distinctive feature of Chinese culture, which emphasizes groups, morality and practical uses. American culture is a low-context culture, which originates from the ancient Greek culture and the Jewish Christianity. It is a social culture of commercialism and citizenship based on common people as its main body. Therefore the core of American culture is individualism and rationalism, focusing on individuals, science, critical thinking and law. American culture determines the mode of American enterprises to be internationally structured, which is also known as the bipolar mode. Japanese culture is high-context, which is profoundly influenced by Chinese culture and is also based on the ethics of Confucianism. Therefore the Japanese culture highlights teams, ethics and laws, making it an internationally constructed mode with the centralized power in Tokyo.

Judging from the representations, on the level of the value, traditional Chinese culture values spiritual beings more than materials. Although there is no deeply rooted religious tradition, Chinese people adhere to traditional moral values. While American culture values materials more than spirits, with very strong religious beliefs. Japanese culture values materials as much as spirits, but values more about the collective interest.

In terms of thinking mode, China is a society of totally “imagery thinking”. The individual image outweighs rational analysis. The thinking mode is non-quantitative and non-systematic, focusing on team spirits while maintaining a certain level of individual awareness. The US is a society of “quantitative thinking”, which highlights critical thinking and benefit-risk analysis with strong systematic and rational thinking ability and individualism. Japanese culture is “half-imagery”, which values both personal impression and the benefit-risk analysis. It values the group, rational thinking and has a strong sense of teamwork.

Regarding interpersonal relationship, there is a traditional Chinese idiom “unnecessary and over-elaborate formalities”, which reflects the importance of interpersonal relationship in the social life of Chinese people. The closest circle of interpersonal relationship for Chinese people includes relatives, compatriots, classmates, neighbors and colleagues. And these relationships are obligatory, which means that there is very limited space for individuals to choose their relationships. While in the US, relationships are not compulsory but free to choose. Their most intimate circles include relatives, friends, classmates and colleagues. Japan is likewise a country that values relationships. Their closest circle of interpersonal relationship is quite similar to the Chinese one, including relatives, compatriots, classmates and colleagues, obligatory and nearly impossible to select.

On the level of organizational behavior, Chinese people have the value of organizational dependency, which is the so-called “Iron Rice Bowl”. Meanwhile, they also have individual dependency which is reflected in the arrangement system based on seniority. The leaders have the right to nominate employees for promotions. Many positions are specifically set for some individuals. The one in power has the decisive authority. In terms of competition, Chinese people follow the “Doctrine of the Mean”, which results in a balanced situation without active competitions. In American culture, free competition is advocated. The employees are promoted for their talents. The decision power is diluted. In Japan, there is a very strong value of group dependency and awareness. The decisions are made by multiple leaders. Competition exists externally among different groups rather than within one group.

3.2 The Features of the Cultural Difference Among China, the US and Japan

According to the “VTIO” model, “sentiment, ethics and law” influence and determine the profound differences between different cultures, which are further reflected in values, thinking mode, interpersonal relationship and organizational behavior. The paper further studies the distinctive features of cultural differences among China, the US and Japan, as is shown in Table 1.

3.3 A Case Study of the “VTIO” Model-the Corporate Culture of Changan Ford Mazda Automobile Co., Ltd

Changan Ford Mazda Automobile Co., Ltd (hereinafter “CFMA”) is a large-scale Sino-foreign joint venture established by Changan Group, a famous automobile enterprise in China, Ford Auto, a world leading automobile company and Mazda automobile company. As a joint venture founded by three parties involving China/US/Japan, the culture of CFMA is a melting pot of typical Chinese, American and Japanese cultures.

Based on the results abovementioned regarding the cultural differences of China, the US and Japan by applying the “VTIO” model, this paper further studies the corporate culture of CFMA.

1. Different values are reflected in everyday tasks. American managers in CFMA always make clear clarifications of the job contents, specific tasks and distribution of tasks. They would divide their own tasks clearly from others’ tasks. But this doesn’t mean that they are not ready to help each other. The American managers are willing to help. However, if you do not ask them for help, they wouldn’t offer their help straightforward. This type of difference in values often leads to the misunderstanding of Chinese employees thinking that the foreign managers are indifferent and self-centered. While the foreign managers would in turn think the Chinese employees are inactive and less responsible. In Japanese culture, teamwork is also valued. Chinese teamwork is often based on kinship, while the Japanese teamwork is not. Japanese people value the honor of the team and are willing to do extra work for the team. While the Chinese people only value the team with the authorities and have a fragile relationship with the enterprise itself. The level of payment decides how much labor they would devote.
2. The typical representation of diverse thinking mode is evident in the issue of whether publishing the notice for the punishment of employees. Chinese managers prefer to publicize both compliment and punishment, while American managers value positive reinforcement by publicizing compliment only. They consider the revelation of punishment as a violation of privacy, which will harm the individual’s self-esteem. For Chinese managers, small mistakes can be kept confidential, however, big and severe mistakes must be publicized. The punished individual will be informed in advance before the notice being put out. It is considered to be a useful warning and beneficial for the development of the individual. In Chinese enterprises, this is a very normal way of punishment. Such cultural conflict regarding

Table 1. Cultural differences of China/US/Japan

Category	Chinese culture	American culture	Japanese culture
Value	Philosophy: materialism/spiritualism	Emphasizing materialism: money is everything	Balance between materialism and spiritualism
	Religious influence		
Thinking mode	Adventurous spirit	Strong	Weak
	Feature	Lack	Weak
	Starting point	Imagery	Quantitative + Imagery
	Pattern	Personal impression	Benefit-risk + Personal impression
	Method	General and non-rational	General and rational
	Awareness	Non-quantitative and non-procedural	Procedural
		Team + individual	Strom team spirit
		Team > individual	
		Weak	Strong
		Optimum	Optimum + Innovation
Interpersonal relationship	Principle	Innovation	
	Closest circle	Relatives, friends, classmates and colleagues	Relatives, ompatriots, colleagues classmates, and neighbors
Organizational behavior	Nature	Free to choose, optional	Obligatory, less freedom of choice
	Tenet	Organizational and Individual dependency	Group dependency
	Structure	Power, Seniority	Annual achievements + practice
	Promotion	Leader nomination	Natural rotation
	Position setting	Position set for people	Position set for a duty
	Decision	Vertical + top-down	Vertical + horizontal
	Competition	Doctrine of the Mean + competition to be motivated	Internal harmony, external competition
	Management	Kinship	Corporation
		Contract	

whether publishing the punishment is a vivid example of the difference in values towards “individualism”. Chinese culture under the influence of Confucianism sees “minimizing oneself” as the noblest state of mind, advocating obedience and self-control. American culture emphasizes the central status of “oneself” in its value system, promoting self-dependency, responsibility and self-esteem. Therefore, the American managers would consider publicizing punishments as an action harmful for the “self-esteem” of the employees, while the Chinese managers wouldn’t agree.

3. In terms of interpersonal relationship, Chinese and Japanese employees rarely question their bosses face-to-face, while American employees would express different opinions directly, including the questioning and doubts towards the corporate policies. Chinese employees at CFMA usually prefer to gossip behind people’s back, rather than express their opinions directly when there is disagreement. But the American employees would often express their feelings more straightforward.
4. Regarding organizational behavior, the collectivism and the tendency to avoid high risks in Chinese culture urge Chinese managers at CFMA to consult other employees’ ideas before making important decisions. They will attempt to maintain harmony and reduce potential factors which may induce conflicts. But in American culture, there is a typical tendency of individualism and low risk avoidance. The authority group within the enterprise, which bears similar responsibilities and honors with the Japanese groups, often makes decisions. American people tend to make decisions by individuals, who will shoulder the final responsibilities of the decisions. As is the case in CFMA, the decision-making processes on the Chinese and Japanese sides are often cautious but slow. The American managers often solve the problems right away with a very quick speed of decision and work tempo. This may result from the different structures of “responsibility, right and interest” in three cultures. Under the influence of collectivism, the “responsibility, right and interest” structures for Chinese and Japanese managers are imbalanced, which means that more responsibilities are shouldered while there are not enough material profits or authority empowerment for that. But for American managers, the “responsibility, right and interest” structure is basically equivalent and balanced.

4 Conclusions and Suggestions

Based on extensive researches, this paper creates the “VTIO” model, which is used for analyzing and studying cultural differences. The model is centered on the production mode, setting “sentiment, ethics and law” as the core of culture with four forms of representations of value, thinking mode, interpersonal relationship and organizational behavior. Therefore the analysis of cultural difference is derived from the production mode and is based on “sentiment, ethics and law”, the core of culture.

This study shows that the “Doctrine of the Mean” is the center of Chinese culture. American culture values individualism the most. Teamwork is placed at the most prominent place in Japanese culture. Therefore the China/US/Japan joint ventures can examine and distinguish the conflicts or ineffective management in their enterprises accordingly which may be caused by cultural differences so as to avoid cultural

conflicts and facilitate the integration of different cultures. Based on this finding, it is necessary to combine the valuable essence of traditional Chinese culture with the advanced management philosophy and ideas in the western world, which can keep the advantages of western management and make it suitable for the status quo of China as well. This will definitely be the ideal method to promote cross-cultural integration in China/US/Japan joint ventures. Accordingly, this paper proposes the following solutions.

1. Extract and integrate the advantages of different cultures, creating a universal cultural system suitable for the development of enterprises.

The core of corporate cultural construction is recognition and sharing. If a culture is not recognized by its recipients, then it is valueless. And the key of recognition is participation and sharing. Therefore companies should absorb/construct new cultural systems suitable for joint ventures under the premises of recognition and participation.

2. Strengthen cultural understanding, improving the training of new cultural systems

American and Japanese sides, it is highly recommended for different parties in joint ventures to understand each other's culture, which can be effectively realized by new cultural training. The training may include: a. an introduction to the essence of Chinese culture and the corporate culture of the original company; b. trainings on cultural communication skills; c. trainings on the coping strategies of cultural conflicts.

3. Upgrade the management level, building a cross-cultural team

In the context of globalization, it is critical to use modern cooperation spirit and open-minded and integrated attitudes to shape and modernize the traditional concept of collectivism. Therefore in the cross-cultural integration process of joint ventures, the companies should emphasize modern and trans-original cultural management philosophy and management ideas. It is important to deeply understand the cultural differences of different countries using both imagery thinking and quantitative thinking, to create a cross-cultural leadership with great strengths and the effective demonstration effect of individuals.

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