Chinese Enterprises Going Global: Optimising Human Resource Management in a Cross-Cultural Context

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ABSTRACT

Against the backdrop of deepening globalisation and the accelerated international expansion of Chinese enterprises, cross-cultural conflict has become a key factor constraining the effectiveness of overseas human resource management and affecting the stable operation of organisations. Drawing upon international human resource management theory and Hofstede's cultural dimensions theory, this paper systematically analyses, through literature review, comparative case studies and empirical evidence, the practical challenges faced by Chinese enterprises expanding overseas, including management conflicts, talent attrition, inadequate system adaptation, shortages of international talent and inefficient cross-border collaboration. It reveals the underlying mechanisms through which cultural differences influence human resource management practices. The research finds that the headquarter-centralised and expatriate models demonstrate short-term efficiency in culturally similar markets, but are prone to triggering conflicts in markets characterised by low power distance and high individualism; the localised empowerment and cultural integration models are better suited to diverse environments. Accordingly, this paper proposes optimisation pathways across five dimensions, communication mechanisms, talent management, institutional adaptation, talent reserves, and team collaboration, to provide theoretical references and practical insights for Chinese enterprises to enhance their cross-cultural management capabilities, mitigate overseas operational risks, and achieve sustainable global development.

Keywords: Chinese enterprises going global; cross-cultural human resource management; cultural dimensions theory; localisation strategies; transnational collaboration

1. INTRODUCTION

Driven by the dual forces of global supply chain restructuring and intensifying domestic market competition, an increasing number of Chinese enterprises are expanding into international markets through overseas investment, factory construction and mergers and acquisitions, with the scale of their overseas operations continuing to grow. As a core element of a company's overseas operations, the effectiveness of human resource management directly impacts the successful implementation and sustainable development of overseas business. However, in practice, most enterprises continue to apply domestic management models during their global expansion, failing to give sufficient attention to differences in cultural traditions, legal regulations and employment practices. This leads to prominent issues such as poor cross-cultural communication, management models that fail to adapt to local conditions, the loss of local talent and frequent compliance risks, significantly increasing management costs and hindering the advancement of globalisation strategies.

Cross-cultural human resource management emphasises the adaptive adjustment of recruitment, training, performance management, remuneration and communication within multicultural contexts, with the aim of resolving cultural conflicts, enhancing employee effectiveness and ensuring the stable operation of the organisation [1]. At present, the global expansion of Chinese enterprises has shifted from scale expansion to quality enhancement, placing higher demands on the refinement, localisation and cultural adaptability of human resource management. The existing research shows that cultural differences greatly affect the management mode, decision-making mechanism and incentive structure of multinational companies. However, most studies use western companies as samples, which can't well explain the characteristics of China enterprises, namely "strong headquarters control and incremental localization" [2]. Domestic research mainly focuses on the macro trend of global market and industry layout. However, the systematic analysis and empirical support for cross-cultural human resource management is still relatively limited [3].

In this context, this paper discusses the cross-cultural human resource management challenges faced by China enterprises in overseas expansion. It identifies practical difficulties, analyzes the root causes and proposes improvement strategies. The significance of this study lies in two aspects: theoretically speaking, it combines hofstede's cultural dimension with international human resource management theory, enriching the research framework of human resource management of multinational companies operating in emerging markets; In practice, using typical case studies and actual operation data of catering industry and automobile industry, she puts forward available optimization strategies and provides suggestions for overseas expansion companies to improve management efficiency and reduce the cost of cultural conflicts.

2. CORE CHALLENGES IN CROSS-CULTURAL HUMAN RESOURCE MANAGEMENT FOR CHINESE ENTERPRISES EXPANDING OVERSEAS

From the practical experience of overseas operation, the challenges faced by China enterprises in cross-cultural human resources management are concentrated in five key areas, and various problems accumulate, making management more difficult.

2.1 Significant Conflicts in Cross-Cultural Management Styles

Influenced by traditional culture, enterprises in China tend to adopt centralized and directional management mode, emphasizing hierarchical obedience and unified control. This is in stark contrast to the management practice of western countries that attaches importance to equality, autonomy and participation, which can easily lead to management conflicts [2]. Most enterprises lack systematic cross-cultural training and cultural integration mechanism, which further magnifies cultural friction and reduces management efficiency.

2.2 Significant Challenges in Recruiting and Retaining Local Talent

When expanding overseas, companies often copy their salary system and career development model directly from their own countries. However, these systems do not meet the local market standards and the expectations of local employees, so it is difficult to attract high-quality local talents. In addition, due to the unclear promotion path and the lack of humanistic warmth in management style, local employees do not feel at home. This leads to high turnover rate and affects the continuity and stability of business.

2.3 Insufficient Localisation of Human Resources Management Systems

Some companies only copy their policies, processes and information systems from their countries of origin for use abroad, instead of adjusting them according to local labor laws, regulatory requirements and employment practices. This will not only lead to inefficiency, but also increase the risk of non-compliance [4]. Rigid organizational structure further hinders cross-cultural communication and reduces the efficiency of decision-making and implementation.

2.4 Lack of an International Talent Pool and Development System

Overseas operations require multi-skilled professionals with foreign language proficiency, an international outlook and cross-cultural communication skills. However, most senior and middle managers are primarily seconded by domestic offices; they lack international experience, and companies have not established regular mechanisms for overseas rotations, talent reserves or skills development, making it difficult to support long-term international development.

2.5 Low Efficiency in Cross-Border Communication and Team Collaboration

Language differences and varying cultural backgrounds lead to misinterpretations of work objectives and implementation standards. Poor information flow and the absence of collaborative mechanisms can easily result in operational errors and project delays, thereby affecting the stability of overseas teams and overall performance.

3. MECHANISMS THROUGH WHICH CULTURAL DIFFERENCES IMPACT HUMAN RESOURCE MANAGEMENT

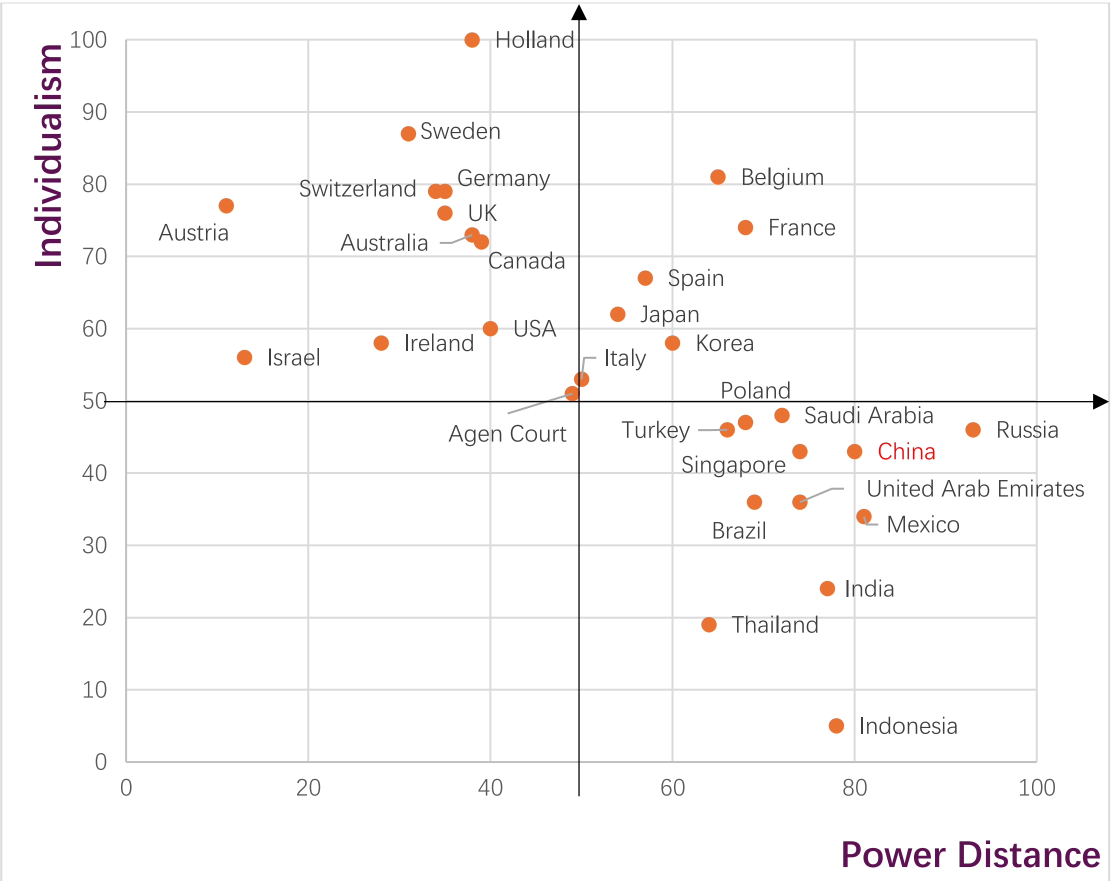
In order to better explain the logic behind these challenges, this paper draws lessons from hofstede's theory and analyzes the profound influence of cultural differences on human resource management practice. This theory explains how ethnic cultural differences affect organizational behavior and management practice through four key dimensions: power distance, that is, the acceptance of unequal distribution of power. Individualism and collectivism describe whether people give priority to personal interests or group interests; Uncertaintity avoidance shows to what extent uncertainty and fuzziness can be tolerated; Long-term positioning refers to the extent to which the company pays attention to long-term goals, perseverance and future returns.

3.1 Power Distance and Individualism Dimensions

China is characterized by a culture of high power distance and low individualism, and management emphasizes the priority of hierarchical authority and collective interests; In contrast, the main characteristics of western countries are low power distance and strong individualism, emphasizing equal participation and realizing personal value. The differences in the logic underlying these two cultures directly lead to conflicts in management styles, decision-making approaches and incentive mechanisms, and are the primary source of cross-cultural conflicts.

As shown in Figure 1, there are significant differences in the distribution of countries across the power distance and individualism dimensions, which directly influence the selection and implementation of corporate management models.

Figure 1. Distribution of Power Distance and Individualism Dimensions



3.2 Uncertainty Avoidance Dimension

According to Hofstede's data, China's uncertainty score is lower than that of many European countries and Japan. Therefore, enterprises in China often show greater flexibility and adaptability under uncertain circumstances. On the contrary, countries such as Japan, France and Germany have higher levels to avoid uncertainty. There, employees like to have clear rules, stable procedures and know what is expected of them.

As shown in Figure 2, these differences in uncertainties have greatly changed the way organizations operate and the expectations of employees. In foreign markets, I don't like uncertainty and flexible management. China enterprises may be regarded as not standardized or clear enough. This may lead employees to disagree, misunderstand things and take more risks. It will also affect the stability of the organization and how it works well.

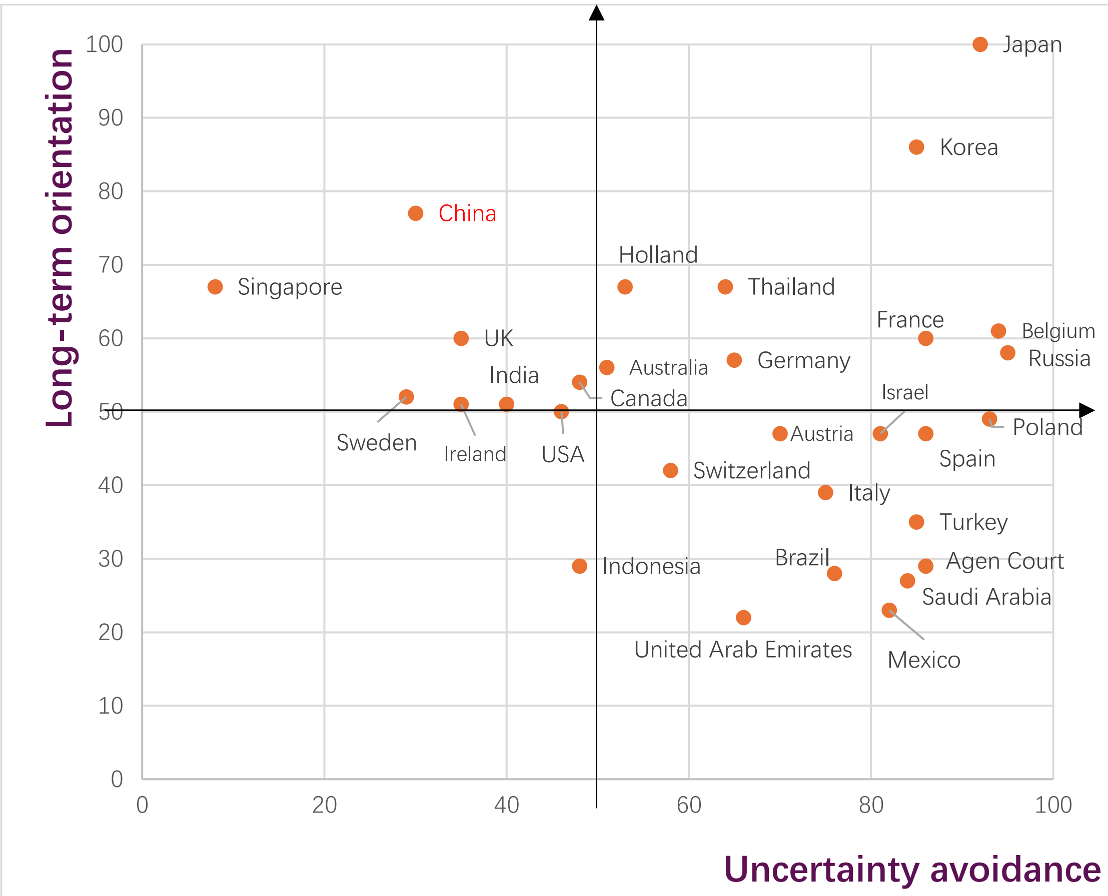
3.3 Long-Term Orientation Dimension

Chinese likes to think long term. China Company focuses on long-term development, long-term rewards and career development. In contrast, in some European, American and Latin American countries, culture prefers short-term.

Employees there pay more attention to quick returns and instant rewards. This difference leads to the mismatch between the company's incentive system and career planning and the needs of local employees, which intensifies the brain drain.

As shown in Figure 2, avoiding the cultural differences of uncertainty and long-term positioning has brought great pressure to enterprises. They must adjust their institutional design, incentive mechanism and career development path.

Figure 2. Distribution of Cultural Dimensions: Uncertainty Avoidance and Long-Term Orientation



4. CASE STUDIES OF CROSS-CULTURAL HUMAN RESOURCE MANAGEMENT IN CHINESE ENTERPRISES GOING GLOBAL

In order to better illustrate the actual effects of different management modes, this paper selects four representative companies that have developed overseas: Haidilao and Din Tai Fung in catering industry, and Geely and SAIC Motor in automobile industry. Then, it makes a comparative analysis according to the actual operation data.

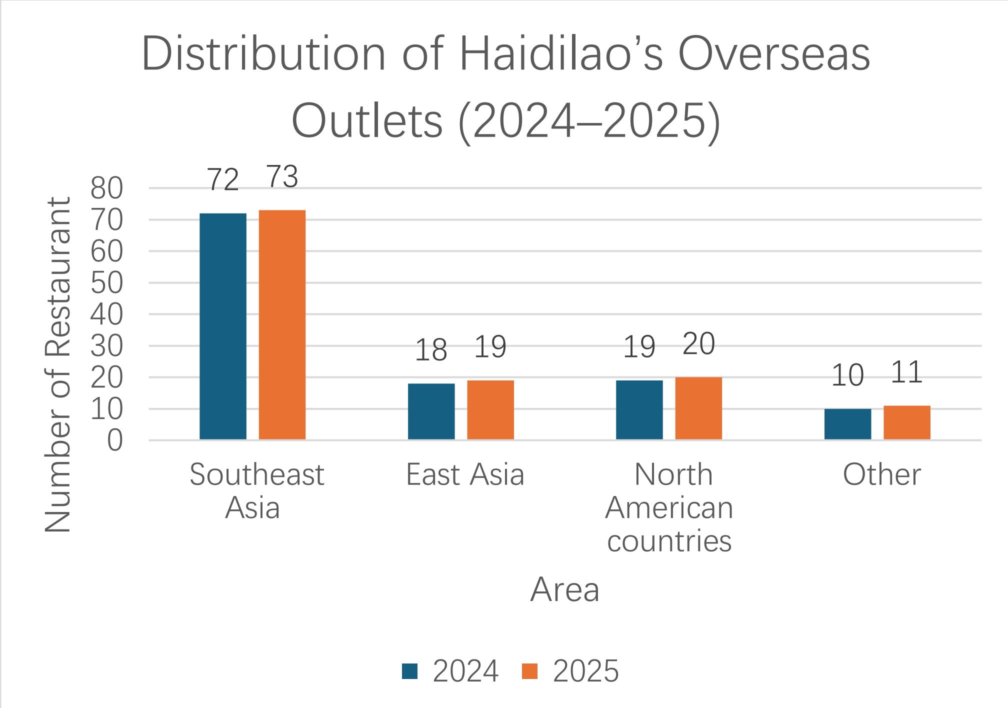
4.1 Comparative Analysis of Cases in the Catering Industry

4.1.1 Haidilao

Haidilao launched its overseas expansion in 2012, focusing on the Southeast Asian, North American and European markets. Its human resources management adopts a model of headquarter-deployed staff and standardised control, with core positions filled by employees seconded from China, ensuring uniform implementation of domestic service standards and management processes. As of the first quarter of 2025, Haidilao's international operations comprised 123 overseas outlets and continued to grow steadily [5].

As shown in Figure 3, Southeast Asia is Haidilao's primary overseas market, with 72 outlets in 2024, increasing to 73 in 2025; East Asia had 18 outlets in 2024 and 19 in 2025; North America had 19 in 2024 and 20 in 2025; and other regions had 10 in 2024 and 11 in 2025 [5].

Figure 3. Distribution of Haidilao's Overseas Outlets (2024–2025)



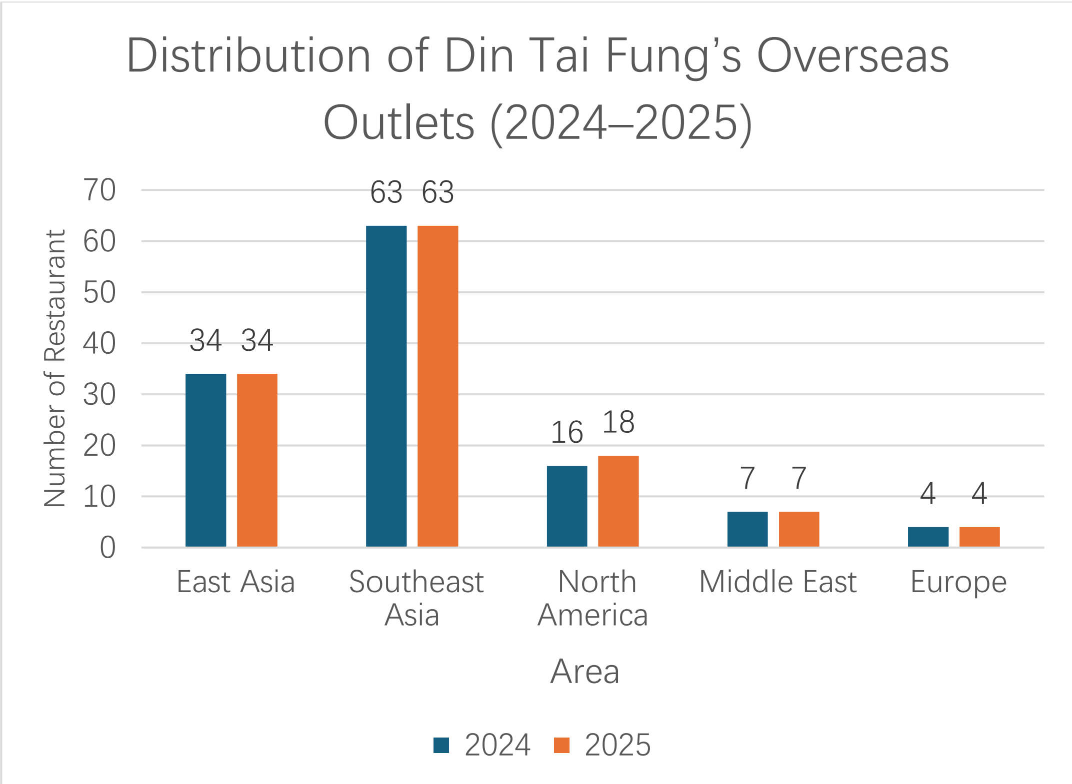
This model enables rapid assurance of service consistency and reduces management friction in culturally similar markets such as Southeast Asia; however, in European and American markets, centralised management conflicts with the autonomy sought by local staff. Coupled with unclear career progression pathways and systems that have not been sufficiently localised, staff turnover and management conflicts are particularly pronounced.

4.1.2 Din Tai Fung

Din Tai Fung entered overseas markets in 1996, expanding into numerous countries and regions worldwide. It adopts a model combining local recruitment, cultural dissemination and regional franchising. Management and frontline staff are predominantly local talent. While maintaining the brand's core service standards, the company formulates human resources policies in accordance with local regulations and cultural norms, establishing comprehensive promotion and incentive systems for local employees. As of March 2025, Din Tai Fung operated 173 overseas outlets globally, with a more balanced regional distribution [6].

As shown in Figure 4, Southeast Asia has the highest number of Din Tai Fung overseas outlets, with 63 in both 2024 and 2025; East Asia remains unchanged at 34; the North American market is growing steadily, with 16 outlets in 2024 increasing to 18 in 2025; whilst the Middle East and Europe remain stable at 7 and 4 respectively [6].

Figure 4. Distribution of Din Tai Fung's Overseas Outlets (2024–2025)



This model solves the communication problem between cultures well. It can help local employees feel more comfortable at home and reduce the risk of not following the rules. It has achieved good results in European, American and Japanese markets. This shows that localization management is very useful.

4.2 Comparative Analysis of Cases in the Automotive Industry

4.2.1 Geely

Geely has achieved rapid global expansion through cross-border mergers and acquisitions, and used brands such as Volvo and Lotus to integrate global resources. The company adopted a model of combining post-acquisition integration with dual headquarters centralized management structure. Although the company has attracted high-quality international talents through acquisition, the key R&D and strategic decisions are still centrally controlled by the headquarters, and most overseas executives are dispatched from China. By 2025, Geely's overseas exports will reach 403,923 units, with an annual growth rate of over 53%, covering more than 80 countries [7].

This model allows rapid integration of technical resources and ensures strategic consistency. However, in a market like Europe, the hierarchical distance is low, the degree of individualism is high, and there is an obvious conflict between centralized management and the demand for local team autonomy. The cost of cross-cultural communication is high, and the development opportunities of local talents are limited.

4.2.2 SAIC Motor

Focusing on MG brand, SAIC promotes overseas expansion, focuses on markets such as Europe and Australia, and adopts a brand-oriented model with complete localization and regional authorization. Overseas sales and operation teams are mainly composed of local employees, and regional operation centers have been established according to local market characteristics and work requirements to independently formulate human resources policies. By 2025, the overseas sales of SAIC will reach 1,038,414 units, accounting for 22% of the total sales [8].

This model effectively reduces communication costs, mitigates compliance risks and facilitates rapid market entry overseas; however, excessive localisation has also led to issues such as a lack of corporate cultural consistency and discrepancies in the implementation of brand standards.

4.3 Lessons from the Case Study

Three conclusions can be drawn from a comparative analysis of these cases. Firstly, in culturally similar markets, the expatriate and standardisation model can be adopted to rapidly implement management systems; in markets with significant cultural differences, the localisation and delegation model must be implemented to better align with employee needs. Secondly, the core of cross-cultural human resources management lies in balancing corporate cultural consistency with local operational adaptability, preserving core values whilst respecting local rules and customs. Third, a single management model is unlikely to suit all overseas markets; enterprises must dynamically adjust their human resources strategies according to the cultural characteristics of their target markets.

5. OPTIMISATION STRATEGIES FOR CROSS-CULTURAL HUMAN RESOURCE MANAGEMENT IN CHINESE ENTERPRISES GOING GLOBAL

Drawing on the aforementioned challenges, mechanisms of cultural influence and case studies, and grounded in management practice, we propose five targeted optimisation strategies.

5.1 Optimising Cross-Cultural Communication and Management Models

Companies should establish a regular cross-cultural training system to provide expatriate managers with training on local culture, communication habits and management logic, whilst simultaneously explaining corporate culture and management philosophies to local staff, thereby building a bridge of mutual understanding. They should move away from a single centralised management model and adopt a hybrid approach of strategic centralisation and operational decentralisation, whereby core strategies are centrally controlled by headquarters, whilst day-to-day operations and personnel management are delegated to overseas teams with greater autonomy, balancing control efficiency with local needs.

5.2 Improving Local Talent Recruitment and Retention Mechanisms

Compensation and benefits packages should be fully benchmarked against local market standards. By incorporating the cultural characteristics of the target market, schemes combining short-term immediate incentives with long-term career development should be designed to meet the diverse needs of employees. We must create special promotion paths for local employees and make development plans for local managers. This will gradually reduce the demand for foreigners brought from headquarters. Therefore, local employees will feel more attached to the company and more proud of their work. At the same time, we should respect the living and working habits of local employees and pay more attention to their well-being. This will make the team more United.

5.3 Promoting the Localisation and Compliance of Human Resources Management Systems

Hire local labor law experts or professional companies to comprehensively review the employment laws and regulations in overseas markets, and adjust the recruitment, salary, performance management and termination systems locally to eliminate the risk of non-compliance [4]. Establish a digital human resource management platform suitable for foreign markets, standardize and automate waiting, salary and performance management processes, and improve management efficiency. Optimize the structure of overseas organizations by lowering management level and promoting cross-cultural communication channels.

5.4 Strengthening the Reserve and Development of International Talent

Create a global talent pool for management positions. Select high-potential employees for professional development plans, such as overseas rotation, language training and improving cross-cultural skills. This will help to build a versatile international talent team. Incorporate cross-border work experience into the promotion assessment system and encourage employees to actively participate in overseas business. At the same time, strengthen cooperation with overseas universities and professional institutions to recruit high-level talents suitable for overseas business operations.

5.5 Enhancing the Efficiency of Cross-Border Team Collaboration

Establish a bilingual coordination role in overseas core teams, eliminate language barriers and ensure accurate information transmission. Standardize cross-border project management processes and standards, define work objectives, report schedules and evaluation standards, and minimize misunderstandings caused by cultural differences. Organize cross-cultural team-building activities on a regular basis to cultivate mutual trust and cooperation among employees, so as to establish an efficient and stable foreign team.

6. CONCLUSION

Under the background of deepening globalization, “going out” has become a very important way for China enterprises to develop with high quality. At the same time, cross-cultural human resource management is the key pillar for the success of its overseas business. The challenges currently faced by Chinese enterprises expanding abroad, such as conflicts in management styles, talent attrition, inadequate system integration, talent shortages and poor coordination, are essentially the result of the combined effects of cultural differences in dimensions such as power distance, individualism, uncertainty avoidance and long-term orientation.

In order to solve these cross-cultural management problems, companies should not only copy what they do at home. Instead, they must make strategies according to the culture of the country where they want to work, and strike a balance between their own corporate culture and local needs. By improving the human resource strategy in many fields such as communication, how to find and manage talents, management system, talent reserve and teamwork, the company can mix standardization and localization well. In the future, as China enterprises go global, their human resource management methods in different countries will become more and more professional. This will greatly help their overseas business develop steadily.

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