

The Cultural Mistakes that Lead to Enterprises Failure

-----The Case of Fuyao Glass America Inc.-----



Le Gao (180024229) Chunsong Jiang (2468072) Jingze Liu (2472609) Jingchun Ma (160006604) Xiaowei Ma (2455506) Quanxiang Sun (180022620) Tianhua Wen (2482156)

Introduction

Fuyao Glass America Inc. is a publicly traded company that sells and manufactures automotive safety glass and industrial technical glass worldwide. The documentary *American Factory*, released by Netflix in 2019, chronicles the owner of Fuyao Glass Amreica Inc. as he handles the factory at an abandoned General Motors assembly plant in Dayton, Ohio (Chan, 2020). The factory's predominantly American and Chinese workforce, and thus the different cultural backgrounds, led to some failures for the company.

Themes Illustrated

- Cultural wisdom to overcome cross-cultural challenges;
- International labour relations;
- Employee health, safety and welfare;
- Stereotypes;
- Power distance and collectivism (see Chart 2)

Meaning of managing Cultural Mistakes

- Sustainable development
- Promoting the harmonious development and complementarity of parent and subsidiary companies
- Orientation
- Binding
- Cohesive impact
- Incentive effect

Structure of the Poster

- Explain and analyse why companies failed by thinking critically about the cultural mistake with differences and issues.
 - Labour Relations
 - Leadership
 - Norms and Values
- Suggestions and explanations of this report are on what companies can or should do to address cultural mistakes and the associated challenges from the following perspectives:
 - What can be done to address this?
 - Propose a corporate strategy for managing cultural differences.
 - To assess the breadth of the impact of culture on the business/market/industry.

- Conclusion of the key arguments & related explanations
- Reference

Culture Differences failed by Fuyao

Types of Culture Mistakes	Importance	The Examples of Culture Mistakes in Fuyao Glass America Inc.	
		Situations	Results
Conflict of Labour Relations	The culture of industrial relations in the workplace is generated by management philosophy, institutional arrangements and worker awareness. This culture is often overlooked in business management research or categorised as a 'state' type of culture (Chan, 2020). Good industrial relations in an organisation are conducive to productivity, however if a company fails to value or coordinate such relations will lead to conflict between workers and the company, or even business operation failure.	1. The Saturday work and extra overtime required by managers caused dissatisfaction among American workers. 2. The \$12.84 per hour wage was a far cry from the \$29 per hour wage at the original GM factory for American workers who felt they were not being paid fairly and were being exploited (Young and Wills, 2019).	1. The company received 26 unfair labour practice charges from the National Labour Relations Board (NLRB). As of 2019, the fine amounted to more than \$135,000 (Violation Tracker, 2019) (see Chart 1) 2. Before 2019, the company was fined accumulated more than \$620,000 by the US Occupational Safety and Health Administration (OSHA) (Voytko, 2019 OSHA, 2019) (see Chart 1).
"Autocratic Leadership"	An organisation's culture is primarily shaped by its leadership, and effective organisations need the tactical and strategic thinking of their leaders to create and build a vision for the future (Bass and Avolio, 1993). However, if it fails to adapt its leadership type to integrate the local culture as it operates internationally, companies can fail strategically by failing to create a unified vision.	1. Strict company management system. 2. Disregard for occupational health and safety and violation of environmental laws. 3. Lack of respect for workers (Chan, 2020).	1. Failing to establish a unified vision and culture in the US company. 2. Over 3,000 American employees left within three years (Young and Wills, 2019).
Difference of Value and Norms	Values and behavioural norms are not fixed but can change (Morrison, 2011). As a company expands internationally, adapting to local values and behavioural norms is conducive to building harmonious employee relationships. Otherwise, companies can clash over the differences in values of employees in different countries.	1. American workers do not understand the Chinese children's songs played in the factory during break time, which seems to disturb their rest. 2. American workers are resistant to the intensive production goals set by their companies, seeing their health as threatened by intense work (Kikuchi, 2020).	In the early years of the company, production targets did not meet the expectations of the managers (Chan, 2020).

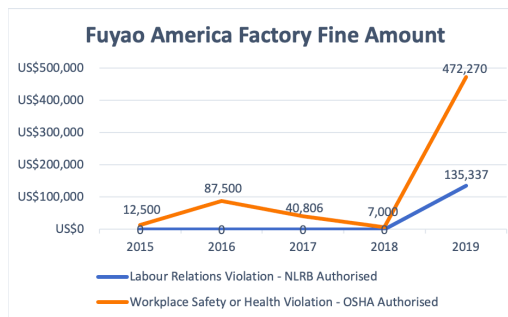
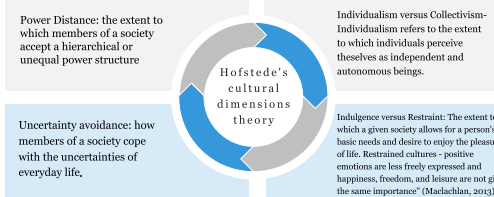


Chart 1
Chart 2



Suggestions

- 1. Create cultural integration** - Cultural integration is not just a superimposition of cultures, but a third culture that is best suited to the company after the fusion of two cultures, allowing the company to avoid further problems in different social environments (Denison et al., 2011). Cultural integration is beneficial to avoid **uncertainty*** and approach to harmony (see Chart 2).
- 2. Understanding macroeconomic policies** - Laws and policies are the baseline of culture, and all multi-national companies should try their best to comply with local culture and policies in the process of better integrating into the local culture.
- 3. Management team building** - it is wise to promote good local managers to the decision-making level because they are more familiar with the laws and regulations of the country, understand the market situation in the country, but cultural **barriers*** probably result in communicating **ineffectively** with all departments. Different nations have different attitudes towards power management as a result of cultural basis (see Chart 2).
- 4. Develop a sense of cultural heterogeneity** - Cultural heterogeneity means belief in cultural pluralism. The basic building block of cultural heterogeneity is that we are not all the same; groups within society difference (Adler, 2002).
- 5. Be flexible but keep your own personality** - "See everything; overlook a lot; correct a little" (Hoyle & Newman, 2008); be flexible and do not **lose your self-identity*** (see Chart 2).
- 6. Believe in win-win game** - Good business should contain something for both parties. It will reach win-win success when individual goals match the group (see Chart 2).
- 7. Task-and purpose related to focus - prejudice*** may be harmful to whole profit. Managers have ability to put tasks and objectives in the first place and strive to create a fair and harmonious working and competitive environment.
- 8. Cultural awareness** - The more cultural knowledge is saved, the greater the awareness of diversity and cultural differences, which helps managers avoid uncertainty resulting from cultural differences (Johnson, Lenartowicz and Apud, 2006).
*challenges faced by companies with cultural mistakes

Reference

Adler, N. and Gundersen, A., 2002. International dimensions of organizational behavior. Mason, Ohio: Thomson/South-Western, pp.44-46.
 Bass, B. M., & Avolio, B. J., 1993. Transformational leadership and organizational culture. Public administration quarterly, 112-121.
 Chan, A., 2020. American Factory: Clash of Cultures or a Clash of Labour and Capital?. Made in China Journal, 3(1), pp.174-179.
 Dunning, D. R., Adkins, B., & Guidroz, A. M., 2011. Managing cultural integration in cross-border mergers and acquisitions. In Advances in global leadership. Emerald Group Publishing Limited.
 Hoyle, M. and Newman, P., 2011. Simply A Great Manager. Singapore: Marshall Cavendish, pp.32-49.
 Kikuchi, S., 2020. Analysis and Review of Netflix's "American Factory". [online] Workday Minnesota. Available at: <https://workdayminnesota.org/analysis-and-review-of-netflix-american-factory/> [Accessed 26 February 2022].
 Morrison, J., 2011. The global business environment, 3rd ed. Basingstoke: Palgrave Macmillan, pp.193-225.
 OSHA, 2019. Fuyao Glass America Inc. Faces \$724,380 in Federal Penalties After U.S. Department of Labor Finds Multiple Hazards at Ohio Plant. [online] OSHA. Available at: <https://www.osha.gov/news/newsreleases/region5/07292019> [Accessed 25 February 2022].
 Rottig, D., 2013. A Marriage Metaphor Model for Sociocultural Integration in International Mergers and Acquisitions. Thunderbird International Business Review, 55(4), pp.439-451.
 Violation Tracker, 2019. Fuyao Glass | Violation Tracker. [online] Violationtracker.goojobsfirst.org. Available at: <https://violationtracker.goojobsfirst.org/parent/fuyao-glass> [Accessed 25 February 2022].
 Voytko, L., 2019. Fired "American Factory" Workers Successfully Fought Back. [online] Forbes. Available at: <https://www.forbes.com/sites/lissetteoyko/2019/09/20/fired-american-factory-workers-successfully-fought-back/?sh=22c2d79e97f41> [Accessed 27 February 2022].
 Young, J. and Wills, E., 2019. Video Review: American Factory, by Bogner, Steven, and Julia Reichert. Labor Studies Journal, 45(1), pp.138-139.

Conclusion

This poster analyses the failure of Fuyao Glass America Inc. Organisations ought to focus on the influences of cultural mistakes in operation, due to the negligence of cultural differences from the perspectives of labour relations, leadership and power structure, values and norms; otherwise, it will lead to employee conflict, economic loss, legal liability, and even business failure. In order to avoid conflicts, companies have the responsibility to intervene in a multidimensional way to find the best way to cooperate with different cultures, taking into account the distinctiveness of each culture. Moreover, other interventions can be carried out on a people-oriented basis, with more internal communication and a greater awareness of cultural differences among internal staff, so that cultural differences can be bridged spontaneously.