

AN ABSTRACT OF THE THESIS OF

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Interaction: An Analysis of Conflicts between  
Chinese and American ways of Life

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Abstract approved \_\_\_\_\_

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This study uses an anthropological perspective to discuss the cultural differences between Chinese and Americans in business contexts. Through an analysis of case studies related by businesspersons involved in Sino-US trade, and by an analysis of literature on the subject, it describes how cultural differences contribute to the problems and misunderstandings of business encounters, and eventually affect the outcome of business ventures.

The data of this study are taken directly from interviews of twenty-two businesspersons from China

and the United States, who are actively involved in Sino-US trade. This study identifies eleven sets of conflicting cultural characteristics in Sino-American business interaction. These characteristics are closely related to Professor Hsu's theory that Chinese are situation-centered. The theme of Chinese culture is mutual dependency. Americans are individual-centered. The theme of American culture is self-reliance. This study tries to answer the questions such as: Why are personal relationships so important when doing business with Chinese? Why are some Chinese not compelled to keep business contracts or time schedules? What does face mean to a Chinese? and What kind of restraint do Americans need to deal with Chinese? This study also intends to show how important it is for businesspersons to be aware of cultural differences, and to be able to identify them. When in a cross-cultural situation, businesspersons who can control the situation and adapt to a different cultural environment will be more successful.

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Cultural Differences and Business Interaction:  
An Analysis  
of Conflicts between Chinese and  
American Ways of Life

by  
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Cultural Differences and Business Interaction:  
An Analysis  
of Conflicts between Chinese and  
American Ways of Life

CHAPTER ONE: INTRODUCTION

Purpose

The intention of this study is to provide a better understanding of cultural differences between Chinese and American businesspersons, and their business interactions. In this study, the term "businessperson" is defined as one who is involved in Sino-American trade, especially small import and export businesses. The term "Chinese" refers to the people from mainland China. The approach of this study was to interview both Chinese and American businesspersons with extensive experience on Sino-American trade. By using cases in the area of trade, I wish to lead my readers to see beyond the experience of individuals and to synthesize various aspects of cultural background influencing business interaction. Cultural background includes history, ideology, material circumstances, the customary way of doing things, nonverbal communications and cultural traits inherent in social behavior. I intend to improve



understanding of such important questions as: why do things that work in the United States not work out in China; what kind of damage can cultural conflict do to business; what is the nature of such conflict; what can be done to avoid or minimize mistakes?

It is impossible to answer these questions completely. It is necessary to look at the underlying structure of behavior and to make one's own judgment in light of cultural background. In other words, I would like to suggest to business people the importance of being like anthropologists who are adept at learning about culture from the situations they encounter.

This study is descriptive rather than prescriptive. It will not list rules of what business people should do and what they should not do when in contact with people from another culture background. Neither does it give guidelines for negotiation, because rules and guideline by themselves do not solve the problem. As a matter of fact, rules and guideline, are sometimes a problem by themselves, since they only tell what to do, but do not give the reason why. Thus, they limit the flexibility and freedom in a cross-cultural context and make genuine understanding impossible.

For example, a representative of a small business in Oregon was told in a business orientation seminar held for Americans going to China that a small gift was important to establish business relationships with the

Chinese. It was suggested that cigarettes make a good present for men. He remembered this rule and took some cigarettes with him when he went to China. As soon as he met his counterparts in Fujian, he abruptly opened a carton of cigarettes and started to pass out packs of cigarettes. This surprised and embarrassed his Chinese counterparts who are used to having a more harmonious atmosphere before presenting gifts. Also, the Chinese are not used to such a direct way of giving gifts. This instance just showed how a simple rule can easily mislead people. When you try to copy a custom and get it wrong, it can make things worse.

### Methodology

According to Edward B. Tylor, culture is "that complex whole which includes knowledge, belief, art, morals, law, custom and any other capabilities and habits acquired by man as a member of society". The complexity of cultural phenomena can only be found in the immersion into a culture or in careful and comprehensive exploration of individuals who have lived in that culture. Since immersion is generally difficult to arrange and time consuming, the most practical method to gain cultural understanding is through case studies. By analyzing individual cases, integrating them with each other, and relating the individual cases to cultural

history and their natural environment, we can learn about fundamental values and the relationships between groups. But case studies are valuable if and only if they can be applied by individuals beyond the original context; in other words, if this allows the individual to expand understanding by overcoming ethnocentrism. Thus, I will use case studies to present the cultural context of Chinese and American business world, analyze the problems in interaction between them and open the reader to see a range of possibilities for increased understanding.

#### Justification

There are three justifications for this study. The first is related to the rapid development of trade between Chinese and Americans. [There is great need for mutual understanding in order to stabilize and facilitate successful interaction.] In the early seventies, when "Ping-Pong" diplomacy first attracted world attention, Sino-American trade was almost zero. In 1992, according to the World Journal Daily News February 19, 1993, trade between China and the United States had reached to \$33 billion. China's exports to the United States were \$25.7 billion and United States exports to China were \$7.4 billion. Today, there are American advertisements everywhere in the major cities of China. Likewise there

are commercial items labeled "Made in China" throughout the American marketplace.

"There is money to make in China but it's tough" said Mr. Zimmerman, the president of Redley's who did a survey in China in 1986. "You have to do your homework, and you can't take a short cut." ( Kate Bertrand 1986). A major part of the homework is cultural understanding and this requires some effort.

The second justification for doing this study is that, although there is growing attention being paid to applied anthropological study in the field of business (Business Anthropology), what has been done so far is far from enough. This especially is true with regard to culturally rooted business practices. My review of the literature and interviews with trade representative organizations in China and the United States indicate that business people tend to think mainly of economic systems, policy regulation, management or quotas, but they do not give much attention to cultural differences.

Two years ago, I went to a seminar given by a delegation of Chinese economic and foreign trade experts from the Chinese Academy of Social Science. While discussing the existing obstacles in the bilateral trade between the United States and China, I asked them if cultural misunderstanding had been considered as one of the obstacles by the experts in China. Surprisingly, the answer was an emphatic "no". Immediately after the

seminar, the person who answered my question talked to me personally. He said that he needed to reconsider my question, which had never occurred to him before, and that my question was the best input he had gained from the seminar. Here I am not talking about ordinary Chinese businesspersons, but rather about an expert from the Chinese central government. It is true that economic systems, policy regulation and management are important ingredients for international business. But when dealing with business people from another culture, it is essential to be aware of cultural differences. Cultural misunderstanding sometimes can be the major cause of business failure.

There is not only great need for more effort in the study of cultural differences in Chinese and American business practices, but there is also a need for bringing to bear diverse cultural perspectives. Most of the published research in this field has been done by Americans or overseas Chinese who grew up outside China. To look at one side of the story may easily result in a cultural bias. The Chinese side needs to be given equal consideration.

The third justification for this study is my personal experience which allows me access to people in the Sino-American business field. Working part-time as an English interpreter for many Chinese trade companies and American individuals in China, and having a husband

who has worked in both Chinese and American international trade companies, I have many opportunities to listen and to observe the conflicts, frustrations and embarrassments coming out of ignorance and cross-cultural misunderstanding. My own personal experiences, and my study of cultural anthropology in the United States, has given me new insight into such problems. Moreover, the cultural conflicts between Chinese and Americans that I witnessed happen so frequently and overtly that they provide me an unique opportunity for cross-cultural study.

As a Chinese anthropologist studying in the United States, I feel I have a duty to conduct the research in this area. Hopefully this work will benefit the people in both countries.

## CHAPTER TWO: REVIEW OF THE LITERATURE

The main theme of this study is that cultural differences between Chinese and Americans affect the success of bilateral trade between these two countries. Before I start the presentation of case studies, I will survey some of the studies done by other scholars and authors on this topic.

All of the literature that I will review in this chapter focuses on cross-cultural interaction or cultural comparison which are directly related to my research. There are many resources in the field of cross-cultural studies. This review only covers the key materials relevant to this paper. Although I may not completely agree with other viewpoints, and the goal of my study may be different, there is no doubt that a number of studies have provided me with a rich resource for formulating my ideas. Reading this material has heightened my awareness of not only American culture but of Chinese culture as well.

I was born and raised in China where Chinese culture has provided me with abundant life experiences, but there were things about my culture that I did not understand, and that I could not consider because of my lack of a working knowledge of certain anthropological concepts.

My reading has helped me to view Chinese and American culture from an anthropological perspective.

### Hsu's Hypothesis

Francis L. K. Hsu is a Chinese-born American anthropologist who has devoted his life to the study and the analysis of civilizations with literate traditions, especially China and America. His work is widely recognized throughout the world. Americans & Chinese, the third addition, published by The University of Hawaii Press, is a masterpiece of cross-cultural analysis.

Hsu's main thesis is that the Chinese have a situation-centered way of life while the Americans have an individual-centered way of life. To illustrate this idea, Professor Hsu has focused on the world's oldest and the world's youngest civilizations, comparing and contrasting them in a variety of categories of social life such as art, religion, sex roles, education, family relations, industrial and economic life, political systems, and social class.

Hsu finds that the basic nature of American culture is individual-centered, which stems from the individualism of European culture, with emphasis on self-reliance. Americans are raised to believe in independence and self-reliance; they are encouraged to express their individual feelings and emotions. Their



identity as male or female and interest in the opposite sex tends to override the situation. Americans are often not satisfied with a fixed life style and tend to resist it. By contrast, Chinese culture is situation-centered and stresses mutual dependency. As a result, the Chinese have developed, since youth, the awareness of their situation and their relationship with others. They are discouraged from revealing their personal feelings and emotions. The individual in Chinese society often tends to bend to social conformity. The requirements of the social situation for example, are more important than their sexual interests. Professor Hsu also explains that because Chinese are not encouraged to express their personal feelings, a third person is often called as a mediator to reduce the need for direct emotional response. (Hsu 1985:49-164)

Professor Hsu shows, in his book, that in traditional Chinese society, to be a government official, was the only way to gain prestige and wealth. Therefore, no matter how rich a person was, if he did not have an official position or title, he was not considered in the upper social class. This was the reason why, once a merchant became successful, he or his son would seek a position in officialdom. The Chinese official tended to have too much power and remain aloof from the people, but to please his superiors was his primary concern (Hsu 1958:144-108). In the United States, things were

different; it was unnecessary to be an official to obtain prestige to step into the upper class of society. Wealth was the main factor that decided a person's class.

American officials had to keep in touch with the people and were constantly controlled and checked by the public.

Hsu analyzes the pattern of mutual dependency, which he regards as the most important Chinese cultural characteristic, as it is embodied in the family relationship and in other human relationships as well.

He wrote:

"When notoriety and wealth come to the Chinese, his first thought is to shine among, and share his success with, those who are related to him, parents, children, spouses, distant relatives, friends, neighbors, or by extension, residents of the same district. His glory is their glory, and he, in turn, is more satisfied because he has shone before them. The backbone of this situation-centered orientation is the same pattern, that of mutual dependency, which runs through all Chinese relationships." (Hsu 1958:213)

Hsu argued that the government corruption and bribery was another aspect of the basic Chinese pattern of mutual dependency. Subordinates gave valuable gifts to their superiors. In return, the superiors would do favors for the givers, such as appointing them to government positions or promoting those already in office. This also explains why nepotism was so common in Chinese government. The relationship between the individual and his primary group, his family and his extended family including friends and neighbors, was so

closely tied that there was no way for an individual Chinese to avoid doing favors for those who were close to him. They provide him with his security, and eventually he would need their help too.

The idea of helping each other and the sense of sharing with each other in order to create the atmosphere of mutual dependency could also be seen in Chinese business life. Most businesses did not seek high profit if they could have a long-term relationship with their customers. A typical business transaction in a city retail shop, as described by Hsu illustrates this pattern. When a customer came to the shop, the owner or manager of the shop would sit down and have a cup of tea. After chatting about the weather and business or local affairs, the customer might ask about an item. One of the clerks would then bring out the item to show him. If the customer liked the item, the cost would be paid in cash or charged to an account. There were no receipts or proof of purchase given to the customer. Everything was based on friendship and trust. In the end the customer might have lunch or dinner with the owner or the shop manager. The long-time customer often received a small token of appreciation during big festivals when the bills were supposed to be paid. (Hsu 1985:296-297)

In the discussion of the two approaches of solving individual problems, Hsu said that Chinese tend to look for solutions from human relationships from which they

find security. Americans do not find permanent security in any human relationships, for they are raised to believe in independence and self reliance; they tend to deal with their problems by controlling the material conditions of life.

### Hall's Theory

After several decades of study and research into inter-cultural relations, Edward T. Hall discovered that one of the most basic cultural differences concerns information: what it is, what form it takes and how it is handled. He maintains that information is the product of a particular culture and its form is also greatly affected by that culture. He presents much evidence to support this idea. For example, when an American says "it is difficult to solve the problem," it means that the solution was hard to find but it was still worth pursuing. But when a Japanese says the same thing, it often means that there is no need to try any further. The same information could be interpreted in different ways by people from different cultures.

In Hall's work, the term "culture" was used as a technical term to refer to a system for creating, sending, storing and processing information evolved by human beings, differentiating them from other life forms. (Hall 1976:156)

Depending on how information flows in a culture, Hall divides cultures into high-context and low-context. He found that in the high-context culture, acquired and shared all kinds of implicit information through social networks that developed among family, friends, colleagues, clients and other people involved in close personal relationships. The written Chinese language is a good analogy to of high-context culture. The need for context is experienced when looking up words in a Chinese dictionary. To use Chinese dictionary one must learn the meanings of 214 radicals. To find a word for star one must know that it appears under the sun radical. To be literate in Chinese one also has to be familiar with idioms derived from Chinese history. Furthermore, one has to learn a pronunciation system which unlike English, has little to do with its written form. Meanwhile, the Chinese orthography also carries meaning as an art form. (Hall 1976:91)

In the low-context culture, the volume of information is greater in the explicit code of communication in comparison to implicit conventions. For example, most photographs and all TV images are low-context. Pictures taken through lenses give a macular view of things. One of the consequences is that the viewer never knows what is going on off camera (Hall 1976:121). Hall used another example to illustrate difference between high-context and low-context: twins

who grow up together could, and did, communicate more economically (HC) than that two lawyers communicating in the courtroom during a trial(LC). (Hall 1976)

In Hall's studies, time is as one of the important clues in the discussion of culture. He believes there are at least two time systems utilized by human cultures, these he named Monochronic Time (M-time) and Polychronic Time (P-time). People who were in M-time culture tend to concentrate on one thing at a time and scheduling is important in their lives. People in P-time culture like to deal with many things concurrently, as each event presents itself to them in their daily lives. These people are not compelled to stick to a schedule. (Hall 1976:17-24) The lower-context cultures often adopted an M-time system and high-context cultures adopted a P-time system.

Hall's theory relating H-context and L-context with P-time and M-time is useful for the analysis of cross-cultural business interaction, since a successful business usually depends on the delivery of information. In his book Hidden Differences; Doing Business with Japanese(Hall and Hall 1987:54-81) Hall shows that personal relationships are very important in the Japanese business world because the Japanese hierarchical system has integrated many Japanese into close-knit networks of schoolmates. It is very hard for an outsider to break into that system. Japanese often spend much more time

establishing personal relationships with their business counterparts than Americans. Meanwhile, American culture is based on M-time, where people are used to doing one thing at a time. The American methods of communication is customarily very direct and to the point (the point being speedy transmission of information without implicating social relationships of the parties communicating).

By examining many instances of how business is conducted in Japan, Hall noticed that having different cultural backgrounds contributed to Americans making wrong assumptions. For example, an Americans might think "frankness and forthrightness should govern human interactions" which is incorrect in Japan. The Japanese way of life tends towards indirectness. Directness, exactness and being overly specific may harm human relationships. Also, Americans believe that "privacy and personal space will be protected from intrusion" which is an inappropriate because there is little western-standard privacy in Japan. (Hall and Hall 1987:97)

A related study done by Professor John Graham, indicates that at the bargaining table, Americans do not understand the importance of visiting with their counterparts, but instead they consider, this merely to be small talk. They prefer to rely on lawyers to write tight contracts intended to avoid all possible conflicts, and conflicts that do arise are quickly taken to court to

resolve. Japanese businessmen believe that people arrive at trust primarily through developing good personal relationships. (John Graham; Yodhihiro Sano 1988)

### Pye's Analysis of Chinese Negotiation Style

After China opened its door to the outside world in 1978, many studies and reports were published about contrasting business practices of Chinese and Americans. The study of Chinese Commercial Negotiating Style 1982, done by Professor Pye, was one of the earliest, and considered one of best works in this field.

In his book he argues that in Sino-American business relations, conflicts and problems often come from three sources: 1) lack of experience on both sides, 2) different in political systems and 3) cultural differences. (Pye 1982) His view is shared by Jonathan M. Zamet and Murry E. Bovarnick who did research on human resources for foreign businesses in China. They point out that "It was obvious, too, that political and culture differences would prove significant. We were less prepared to discover how deep these differences run."

(Zamet; Bovarnick 1986) The same opinion was also held by N. T. Wang and other scholars in a series of articles, published in the Columbia Journal of World Business.

(Wang 1986)



From interviewing many American businessmen in China, Professor Pye found one of the major differences between Chinese and Americans in commercial negotiation is that: "Chinese cultural tradition shuns legal considerations and instead stresses ethical and moral principle, whereas, Americans are thought to be highly legalistic." (Pye 1982:20) A similar view is found in Hsu's book, Americans & Chinese in which he points out, "In Chinese philosophy, the interpretation of law is based upon human feelings and situations not upon absolute standards." (Hsu 1981:381)

By analyzing many case studies, Pye also found that, while conducting business negotiations, Chinese give a lot of attention to reaching agreement on general principle, without clarification of the specific details; while Americans like to start the negotiation process with discussion of details. Unlike Americans, who consider signing of a contract as signaling a completed agreement, Chinese think of developing a relationship in longer and more continuous terms.

In his study, Pye discussed at length concepts of face(*mianzi*) and personal connections (*guanxi*) and how they enter into Chinese negotiation practice. He found that because of their different way of life, Chinese tend to be very sensitive about "face", a Chinese term which means self-respect or vanity. Helping a person to gain face or allowing one to lose face could mean a great

deal. Face also can be given to a person, which is hard for Americans to understand and appreciate. For the Chinese, giving face indicates sincerity about the relationship and willingness to go out of the way to do anything for another person. Related to face, personal connections play an important role in Chinese commercial negotiations. There is no direct translation of *guanxi* in English. Professor Pye defines it as: "a special relationship individuals have with each other in which each can make unlimited demands on the other." (Pye 1982:89-91) Face and personal connection also explain why friendship is repeatedly emphasized by the Chinese. When the Chinese intend to start a new relationship with business counterparts, they want to establish a friendship and then eventually ask for special considerations.

Differing from Professor Pye's view is that of Chining Chu, who was the CEO of Asia Marketing Consultants, Inc. and the author of the book, Chinese Mind Game. She argues that conflicts and the problems in Sino-American bilateral business arise because Americans lack knowledge of the Chinese "mind game" or ancient battle strategies. In her words:

"secret strategy maneuvers have been a part of the Asian's life for thousands of years. They are an integral part of the Asian environment. They are practiced daily and have become so fine-tuned as to be almost impossible to

recognize by a westerner. Complicated strategies are woven about the unsuspecting American politician and businessman." (Chu 1988)

Chu does not relate the problems of bilateral business negotiation to the nature of cultural differences between Chinese and Americans. She attempts to use historical stories as a mirror to reflect and explain today's Chinese behavior in the context of international business, indicating that as long as westerners master ancient Chinese rules and games, they will not experience any problems, and they will be successful in their business dealings with the Chinese and other Asians. (Chu 1988:219)

#### Professor Stross' study of Sino-US Business Encounters

The book Bulls in the China Shop and Other Sino-American Business Encounters (Published by University of Hawaii Press, Honolulu, 1990) written by Professor Randall E. Stross, was considered one of the ten best books on business and economics in 1991 by the magazine Business Week. As an American scholar of social history, Professor Stross visited China twice, first in 1979 and again in 1988. These two trips allowed him to witness and experience many important social changes in China and collect abundant first-hand information for his study.

From the social historical perspective, Stross' study covers recent political and social events that have influenced Sino-American business relations, since China reopened its door to the West in the early 1970s. For example, he discusses the Canton Fair, American's China Fever, Nixon's visit to China, Deng Xiaoping's visit to the United States, the Chinese anti-spiritual-pollution campaign in 1984-1985, and the suppression of the movement for democracy in June, 1989. Then he relates the political and ideological changes associated with these events to Sino-American business encounters and illustrates how political, ideological and social changes in the two countries affecting day-to-day business practices. Using many examples and anecdotes, he demonstrates how Chinese undertook to trade with Americans, and how representatives of both sides handled their business negotiations. He also describes the ways in which that Chinese host their foreign counterparts; and the lives that American expatriates lead in China, including the details of how they work and play. He also discusses the problems of some of the Chinese-American joint ventures, as related to management, labor force, marketing, etc. By focusing on selected business encounters between Chinese and Americans in the past two decades, Stross examines the interactions between business, culture, ideology and personality, along with the history of Sino-American business relationships.

Although Stross' study does not focus on culture per se, he discusses many problems which result from cultural differences. For example, he indicates that some businessmen consider the philosophy of Easterners and Westerners as diametrically opposed. Western philosophy is like an arrow, very specific and straight-forward; whereas Eastern philosophy is like a cloud in the sky. It is very indirect with a lot of "maybe", and a lot of "should be"

He also points out that American businesswomen are extremely successful in China. In 1980 a majority of the trading firms in Beijing were run by women and four out of five legal representatives were also women. American women in Beijing all told him that it was not like being in the United States; in China they were accepted as negotiators and business partners without sexism. One woman said that in the United States, when she walked into a room, the older men would think, "She is cute. She is studying business; isn't that nice". Another American businesswoman said;

"When I worked for Chinese in China, I found that I could sit with the minister of petroleum and talk about financing a \$200 million project and no one said 'Isn't it amazing that you're a woman negotiating such a transaction'. ...When I went to the South or the Midwest--I handled grain and cotton companies for Chase--there was always a comment like 'It's really fascinating for us to have a female account officer!' And there would always be a real

concern about letting a woman handle the account." (Stross 1990:132)

A similar point of view is found in Hsu's study. He says that once a Chinese woman has obtained a new occupational or professional status, she tends to be judged in male eyes by her ability and not by her sex, because sexual attraction in China was confined to specific areas of marriage or prostitution. (Hsu 1981:60-63)

Another cultural difference presented by Stross is that, compared with the Americans who seem to be "unapologetically aggressive", Chinese are very modest people, sometimes too modest. If the boss says " You did this very well," Americans would say " Thank you", but Chinese would say" No, no no, I have a long way to go".

#### The Contribution of this Study to the literature

Although the literature review has given me great insight, much of the material is incomplete, dated, or has room for improvement in certain areas. I will try to expand the areas that lack depth or clarity, with the hope that I can add something to this subject.

Professor Hsu has covered a large number of cultural categories in his analysis of Chinese and Americans, but his interest in cross-cultural studies remains mainly directed towards academics rather than towards social

applications; and it does not specifically address the topic of business practices in the interaction between these two cultures. This leaves room for expansion and extension of his ideas. In this study I am going to use Hsu's theory that Chinese are situation-centered and Americans are individual-centered to analyse Sino-American bilateral business relations. I also want to find out if Hsu's key characteristic of mutual dependency still remains as important to interpersonal relationships in today's China as it was in the traditional society more than 40 years ago, when Hsu first formed his impressions. Although a culture like China's cannot completely change in 40 years, it has never stopped changing. During the last four decades, Chinese society has gone through a series of revolutions, social reforms and movements, each of which left a great impact on its culture.

Hall's studies of cultural differences between Japanese and American businesspersons have provided a model for this study. The Japanese-American business relationship has existed much longer than the Sino-American relationship. The Chinese and Japanese historically have been very close, and there are many similarities between these two cultures. For example, Japanese have been greatly influenced by the Chinese way of thinking. They respect Confucianism and "have established an orderly society based on obedience,

discipline, and strong family commitment" (Chin-ning Chu, 1988) But even though there are many similarities between these two cultures, they are not the same. For instance, affiliation and loyalty are the key principles in Confucian philosophy and have been emphasized in both cultures. However, the Chinese stress affiliation to their families rather than loyalty to their country and companies, while the Japanese do the opposite (China Daily, April, 1988). A big difference between these two countries is that Japan has already become one of the most powerful industrialized countries in the world while China is still a developing country. Unlike Hall's study, I will not include Japan, but I intend to adopt his theoretical framework, that low-context cultures often adopt the M-time system and high-context cultures often adopt the P-time system.

Professor Pye's study is mainly concerned with negotiating practices used by Chinese government officials at the national level with American or other big foreign corporations from 1978 to 1982. Today, this level of interaction is still important (the central government still controls major capital goods, such as rice, lumber and steel,) but the situation has become more complex. Since 1982, the Chinese government has gone through a series of reforms in its import and export practices. It now gives its provincial and county level trade officials enough authority to operate local import



and export businesses. In some coastal areas the government even allows private companies to run their own import and export businesses. This kind of practice was not allowed after the Communists took over the country in 1949. The change in Chinese import and export practice, has allowed me to expand Pye's study to different levels of bilateral trade negotiation, especially to the local level. My study will focus not only on the differences in negotiating style, as in Pye's study, but also on general trade and business interaction between Chinese and Americans.

Professor Stross' study analyzes major Sino-American business encounters and their outcomes over the past two decades since China reopened its door to the west. His study not only provides the most update-to-date Sino-US social and trade history, but also an abundance of individual case studies. However, the intention of his study was to reflect contradicting national ideology and politics. My study differs by focusing on cultural differences. My goal is to understand how culture explains the behaviors of individuals involved in the trade rather than the ideological and political conflict of trade diplomacy.

### CHAPTER THREE: RESEARCH DESIGN

For the purpose of illustrating cultural patterns and pitfalls in Sino-American business relationships, the best method is examination of case studies. Case studies illustrate business relationships at the substantive level at which business is done--negotiations and interactions between individuals. It is obvious that we can learn by studying what others have experienced. What is needed, however, is an explanation of the underlying themes tying together the countless anecdotes which, when taken together, constitute the Sino-American trading experience. The step from illustration to explanation is extremely important; this is the step that allows a unique experience to be related to general principles.

Precautions must be taken in doing this kind of study. Because of the huge volume of Sino-American business done by a wide variety of individuals, one would have little trouble finding isolated examples to support almost any conceivable thesis. It was necessary for me to constantly question whether a model was being chosen to support the data, or the data was being selected to support a model. This consideration is especially important in studies where the data require subjective interpretation.

Consideration of how an objective study might be carried out, contrasts with the subjective quality of this study. A central concept throughout this thesis is the idea of cultural awareness. On one level, this can be defined as an awareness that people have different value systems and world views. On another level, it can be defined as an awareness that there is a relationship between one's value system and world view, and one's culture.

The concept of cultural awareness has a subjective component as well as an objective one which is difficult to define with any exactness. If one is aware of cultural differences, this does not necessarily mean that one would view a different culture in favorable light. The outlook of a businessperson who understands that foreign counterparts have different views, and also respects those views, is not comparable with the outlook of a businessperson who acknowledges that his counterparts have different views, but sees these views as foolish or mistaken. Yet this distinction cannot be easily quantified. In devising a test for cultural awareness, what would be the objective criteria for measurement? The test would have to be based on a thorough subjective study in the first place.

While it was not feasible for me to develop a test for cultural awareness, it was possible for me to observe and ask about the nature out of business interactions

between Chinese and Americans. Several characteristics emerged which could easily identified as culture. A careful study of these characteristics can help in understanding Sino-American business interaction.

[Although it seemed intuitively correct that a culturally aware businessman should have more success in negotiations, this hypothesis is only suggested and not systematically tested in this study.] Interviews were conducted with businessmen who were active in Sino-American trade. To do a truly controlled experiment, it would have been necessary to conduct interviews using a balanced sample including both those who were successful and those who were unsuccessful in negotiations. The sample group in this study were selected only for success. Most of the businessmen who were unsuccessful were no longer working in Sino-American trade and would have been difficult to identify and interview. No attempt was made to measure or compare different levels or degrees of success among the selected group.

It became obvious in conducting this study that cultural awareness was not the only factor in determining the outcome of negotiations. There were many instances of agreements that had made between parties that were based on very little mutual understanding or respect. These agreements were made simply because of profitability. On the other hand, deals with very marginal profitability might fail because of small

disagreements between parties having a deep mutual understanding and respect. Also, government regulations, and different social and economic systems (communist vs. capitalist; planned economy vs. market economy) have impacts on the success of negotiations. But systematic statistical analysis of these factors on the success of business negotiations was beyond the scope of this study.

This study was designed to identify characteristics of Sino-American business interaction across a variety of situations. These characteristics are not to be taken as absolute or objective rules of cultural dialogue. Instead, they serve as a common point of departure for comparison of different cultural perspectives.

According to Pelto & Pelto anthropological research design, interviews with key informants are used to best advantage when closely integrated with participant observation. This means that researchers can obtain much more objective information from the key informants if they interview the key informants, and at same time, personally involve themselves in the daily activities of the culture. Besides interviewing key informants, I personally participated in Sino-American business negotiations during this period of research. I also participated in other business related activities in the United States, such as having dinners with Chinese business delegations, answering business phone calls, and attending Chinese trade shows. Most of my information

was collected through my own observations and interviews carried out at opportune times. Participation in the above activities helped the author decide whom to interview and what question to ask.

The selection of the key informants started three years ago and included both Chinese and American businessmen who were active in Sino-American trade. Because of the limitation of my time and material resources, selection of key informants did not fit the pattern of a random sample. I could only chose from among those who agreed to be interviewed, and those whom I could reach without costly travel. Twenty-two people were chosen to be interviewed; eight were Americans; two were Chinese-Americans originally from mainland China; the remaining twelve were from mainland China, most of these being from Fujian and Guangxi province. Some informants were old friends the author had known in China. Some interviews were conducted in business offices or at trade shows; others were conducted after business banquets or in cars traveling to the airport. There were only a few interviews conducted by phone. All the key informants were told the purpose of this study and every interview was done in the United States.

The use of case studies is a good way to achieve deeper understanding of cultural differences. It provides a rich record of experiences to document conflicting cultural characteristics. It is not intended

as random sample from which to generalize to a larger population. Informants were selected because of their experience. All had been actively involved in Sino-American trade for a long time. Most of the Chinese key-informants were senior employees of their companies because an inexperienced employee is unlikely to be sent to work in the United States. Most of the American informants had established solid business ties in China and all had made at least one trip to China. Some had lived in China for several years.

The interviews were guided by a common set of questions. Data was gathered through note-taking and tape recordings. In most cases I made notes from recall immediately following the interview. Making tape recordings sometimes made informants nervous and often broke the train of thought. This was especially true for Chinese business people for who were uncomfortable in the situation of a formal interview.

On a conscious level, no matter how hard I tried to be objective in this study, I could not help suffering some influence from my own Chinese cultural background and experience with American culture. This affected the most basic question: whom I should chose to interview? What questions I should ask? What information I should ignore? And what information I should collect?

Likewise, informants could not avoid the influences of their own cultural backgrounds and the nature of the

interview situation. For example, an American informant might give a completely different answer, or tell a very different story depending upon whether the interviewer was Chinese or American. American informants might have been more candid speaking to another American instead of a Chinese.

Altogether I interviewed twenty-two businesspersons, but there are only ten cases that I made intensive use of in this study. I consider these ten cases to be the best illustrations of the contrasting cultural characteristics of Chinese and Americans. In order to make a clear identification of cultural characteristics, I intended to match each case to one unique pair of conflicting cultural characteristics. In fact, it proved almost impossible to limit the discussion to one pair of characteristics for each case. In any encounter between Chinese and American each person carries not just one cultural characteristic but complete set of cultural characteristics, several of which are likely to be evident. However, for the sake of convenience one characteristic is highlighted each case.

Each of the conflicting cultural characteristics presented in my study was mentioned by at least a quarter of my informants. These characteristics emerged from narrating of personal experiences, feelings and impressions. For example none of the informants mentioned conflicting notions about the social aspects of



business relationships. Instead, three of the Chinese informants told me that they invited their American counterparts for dinner several times, and that the Americans only invited them once or not at all. Another Chinese complained that when his delegation visited an American customer in the United States, the host did not arrange transportation for them to the airport. Two Chinese informants said that they knew little about their American counterparts other than business. On the other hand, six out of eight American informants mentioned the meals hosted by their Chinese counterparts. Three Americans mentioned that small gifts helped them with their business in China. I count all these instances as related to the conflicting characteristics of business is relationship vs. business is business.

The table below shows the frequency of mentioning each of the conflicting cultural characteristics discussed in this study.

table 1.

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	Total of informants	Americans	Chinese Americans-Chinese
Conflicting Cultural Characteristics			
Business is relationship vs. Business is business	13	7	6 0
Respect for authority vs. Respect for law	13	6	5 2
Hierarchy vs. Equality	10	4	5 1
Face vs. Frankness	11	4	7 0
Situation vs. Schedule	14	4	8 2
Slow vs. Fast	11	6	4 1
Sharing vs. Privacy	15	6	9 0
Collective vs. Autonomy	6	4	2 0
Play down to earn respect vs. Play up to earn respect	8	5	3 1
Lack of expression vs. Expressiveness	12	7	3 2
Asexuality vs. Sexuality	6	4	2 0

## CHAPTER FOUR: RESEARCH FINDINGS

The following cases come directly from the interviews with key informants. I have added explanations and analysis to the interviews in order to establish a broader cultural context. The case studies are selectively reported to illustrate conflicting cultural characteristics. The names used in the study have been changed in order to protect the informants' privacy.

### Business is Business vs. Business is Relationship

Jackson, age 45, is the president and a co-owner of a small distributing company in Eugene Oregon which is engaged in import and retail business. I met Jackson through a friend, Mr. Chang, who was Jackson's employee. Chang told me that his boss had made several business trips to China and that his company had sold many commodities directly imported from China.

The interview was conducted in Jackson's office. He was very friendly and seemed to have an easy-going personality. He told me that he had been in the same business for 15 years. His import-exported business with

the Chinese had become stabilized and profitable after years of hard work. Every year the company imported more than 20 containers<sup>1</sup> of commodities from China, ranging from textile products, athletic shoes, housewares, stainless steel products, tools, furniture, wooden wares and some gift items. The company also exported to China such items as PVC raw material, finished wood products and tin plate sheets. In 1992, even though, most other businesses suffered from a deep recession, Jackson's company enjoyed more than a 20% increase in trade, which, in large part, was made possible by imports from China. Now Jackson has more than a dozen Chinese companies, spread from North to South China, serving as his basic suppliers. Jackson told me that seven years ago when he first contacted the Chinese, he had never dreamed he could have achieved so much. Then he told me about his first trip to China.

" I went to China with a business delegation to Fujian province, a sister-province of Oregon. It was a two- week trip. Chinese people were very friendly. At the airport, we were met by the government officials from the provincial government, and were taken by limousines to a luxurious hotel that they specially arranged for us. The next day we were introduced to the provincial leaders and the leaders of the Import and Export Company. Those meetings, to me, were more symbolic than substantial. After that, they took us sightseeing and entertained us with all kinds of programs. Our schedule was full. We had one banquet after another, but there wasn't any real

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<sup>1</sup>each container was 40x 40 ft in size.

business going on. We tried to sit down with their business representatives, but they didn't seem to be interested in business at all. They kept talking about friendship, and the sister-relationship with our state. Only once in a while, at the dinner table, or between toasts, somebody who sat next to me asked about what kind of business I was in and what I was interested in trading with them. I was frustrated because our time was running out, but there was nothing we could do to change this situation. We had a meeting among ourselves and our delegation head, a county commissioner, who had very extensive experience with the Chinese and had even studied Chinese in Taiwan for one year. He urged us to take it easy and go along with them. It was not until the end of our trip that they finally sat down with me and showed me some samples. Somehow they thought I was a big customer and expected me to buy a lot from them. I was interested in some bamboo baskets they showed me. They only sold them by container, each holding about fifty thousand bamboo baskets of different sizes. That was way beyond our company's ability to sell in the States then. I can't remember what I ordered; I remember I only spent about five thousand dollars on my first order. I could tell they were a kind of disappointed. Anyway, on my first trip to China, we didn't have much business going on except making some acquaintances."

Jackson's first experience in China was quite typical of one starting business with the Chinese. ["Let's get down to business" is not the way to start business with the Chinese. Chinese traditionally prefer a slow start in their business negotiations until the seller and the buyer reach a comfortable relationship and gain more trust in each other.

For thousands of years, Chinese merchants handled their business in this way. Even in a local retail store, when a customer came to the shop, the owner or the

manager would sit down and chat about the weather, or local affairs over a cup of tea . Then the customer could start asking about the items that he was interested in, and the owner or the manager would ask one of the clerks to bring out those items. This is how business got started. After the business deal was concluded, the customer was often asked to stay for lunch or dinner by the owner or the manager. ](Hsu 1981:296)

[Today, Chinese business practices may have changed, but the traditional influences are still very strong. Among Chinese business people a saying is often heard " No banquets, no business." An Informant said that he thought the most important ritual in Chinese was eating. The Chinese made a lot of toasts, helped each other to food and drinks, and talked about food. It was really a strong custom to show friendship through feasting.

Jackson handled the situation pretty well. He might not like the way that his Chinese counterparts behaved but he went along with it. [When I was in China, I saw some American businessmen completely lose their patience in this time-consuming process. Frustrated, they told their Chinese hosts that they had come to China for business and not for a vacation or a good time. They considered dinner and sightseeing arrangements during their business trip as a waste of time. Their Chinese hosts were so embarrassed and confused that they did not

know whether they should continue any business relationship with them at all.

According to the American view, business is business. In order to stay competitive, one should be very efficient. Thus, business negotiations should not be mingled with sightseeing and entertainment. In the United States marketing products does not require entertaining clients. What is needed is to find ways to get to potential customers. Let them know your business, your service, and your products. TV advertisements, mail order catalogs, participating at the various trade shows etc. can be very expensive but also very effective. Better service, competitive pricing, and quality products will keep current customers happy and attract more of them. However, one does not have to share a meal, provide entertainment or indulge customers' children. One does not necessarily have to see them in person. Most of the time a phone call is enough to make a deal.

According to the Chinese view, in order to succeed, one has to put human relationships before business, because it is people who do the business. Of course the bottom line is to make money; but the Chinese believe that when the people who handle the business are happy, they will be more likely to cooperate and make concessions. In this way business will run smoother in the long run.

Meanwhile, when Chinese go out for entertainment, they do not necessarily separate business from pleasure. Sometimes, they work harder and more efficiently at the dinner table than at the negotiation table. They simply change their "battle field". My husband lost more than 30 pounds when he started to work for a Chinese foreign trade agency. One of the reasons for his losing weight was because he had too many banquets with his foreign customers, which usually resulted in too much talk but not enough food in his stomach. Sometimes he would have three banquets a day. One would think he would gain weight, but he talked more than he ate during banquets. When he came home, he was neither hungry, nor full, but tired. He never gained his weight back until he left the agency. Once I asked him why he had so many banquets. He told me that he often had to have two or three meals with each customer.

Business for the Chinese often requires taking new customers to dinner to show hospitality. While eating, they find out background information and the intention of the customer's trip, so that they can better prepare themselves for the real negotiations. They call this practice "*mo di*" which means is "testing the bottom".

[When unable to reach an agreement or either party in the negotiations becomes too tense, the Chinese often suggest stopping and having a meal together. At the restaurant they start talking about food, drinks and other matters.



As the tension between the two parties begins to dissipate, the Chinese bring up the negotiating topic again and try to overcome the obstacles in this informal atmosphere. The next round of negotiations then starts from where they left off at the banquet. Before their customers depart, the Chinese usually like to hold a departure banquet regardless of the outcome of the negotiations. The idea is that if the Chinese make a deal, the last banquet is a celebration of cooperation with the hope of continuing association. If no deal is made, the banquet is a celebration of having established a relationship with the hope that next time both sides will make a deal. "*He chi shen chai*", a common saying among Chinese merchants for hundreds of years, means "harmony and peacefulness beget fortune."

Although there was not much business that transpired on his first trip, Jackson did the most important thing for his business, which was to set up *guanxi*, a personal special relationship between his Chinese counterparts and himself. He dined with them and spent a lot of time with them. To his Chinese friends, Jackson was not a foreign stranger anymore. He had already become their friend and their business partner. A relationship of mutual dependence began to be established. Next time when they sit down to talk about business, they will be more willing to make concessions and take better care of him. And in return, they will expect the same from Jackson.

Respect for Law vs. Respect for Authority, Face vs. Frankness

Chang, 35, a MBA graduate from the University of Oregon, was a foreign trade official of the Chinese government before he came to the United States. After interviewing Jackson, I wanted to listen to another side of the story. I invited Chang to my house for dinner on a Saturday evening. After dinner I told him that I was doing a study of culture and business, and asked him for an interview.

Chang told me that he had met Jackson and his delegation in China. A year later he came to the University of Oregon for his MBA degree. Jackson hired him soon after he registered at the University. Initially, as a part-time employee, he was not involved in any of the company's trade with China. He helped in the office and sometimes worked at the company's warehouse. After doing this for several months, Jackson asked for his advice regarding a problem with the Chinese Import and Export Company in Fujian. Early that year, Jackson had placed an order with the Company in Fujian. When the shipment arrived, the Custom Service did not allow the cargo into the United States, because there was no label attached to each item showing the country of origin. Jackson himself was forced to put appropriate

labels on each item . Eventually after paying for the extra labor, the cargo was released from Customs.

Jackson was unhappy about this situation, because the requirement of labeling on each item had been written in the company's letter of credit<sup>2</sup>, which is the equivalence of a contract. But the Chinese in Fujian put the labels only on each package. Since there would be more Chinese shipments coming later that year, Jackson faxed a letter to China notifying his business counterparts. There was no response, but Jackson assured the problem will be resolved. Later, when the second shipment came, the same thing happened. Jackson was very upset. "What's going on over there?" he asked. "Can't they understand we're losing money because of this!" He asked Chang if he could do something about it. Chang thought there might be a communication problem between two parties. He asked for a copy of the letter which Jackson had faxed to China, in which Jackson wrote:

"We have received the shipment that we ordered. According to the L/C, it was your responsibility to label each item. You failed to do so. It cost extra money and time to correct your mistakes. Please be sure to put labels on each item in your next shipment."

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<sup>2</sup>Letter of Credit is the most popular way of paying for merchandise shipped abroad because it affords protection for both buyer and seller. The buyer of the merchandise is assured that the seller will receive the payment only if the terms of the L/C are met. The seller receives assurances that the issuing bank will pay against documents in accordance with the terms of the L/C

After reading the letter, Chang asked Jackson if he could write another letter to Fujian. In the letter Chang wrote:

" We have just received the second shipment from you. We are happy that our order has arrived on time. The quality of each item is good. Thank you very much for your efforts to make all this happen. I hope we can have further cooperation in the future. By the way, there is a small problem to which I wish you could pay some attention"

Jackson continued to inform the Chinese that, his company had lost time and money because of the labeling error and expressed the hope that the Chinese company would consider some compensation. Two days later, Jackson received a fax message from Fujian. In the fax the Chinese expressed their regret for what had happen and promised to give a 30% discount on Jackson's next order to make up for his loss. One month later, another shipment came. The Chinese company proved true to its word.

This case indicates at least two cultural conflicts. First, Chinese do not value law and contract to the same degree as Americans. In the United States social behavior is regulated by law. Court is a common place to settle social disputes. In America if one wants to rent an apartment, seek medical service, buy insurance, or register in school, a personal signature is required. Along every signature there is usually a set of terms in

detail or a contract, to be agreed upon with the providers. If one does not follow the agreement or things go wrong, a lawsuit is often the result. A signed agreement can and will be used as the evidence to protect the provider .

The way that Americans value law and contracts is far beyond the understanding of most Chinese, whose social order is maintained not by law but by the mores and ethics. Traditionally, oral agreements are regarded just as highly as the written ones. Whether each party to the contract honors his promise largely depends on how strong a relationship there is between the two parties; the extent of each one's integrity.(Young 1974) A Chinese businessman from Guangxi told me that he still does business in the traditional way with Hong Kong merchants.

In Chang's case, the Chinese might not have been familiar with the United States' Customs regulations for labeling. They might not have realized that overlooking such a small matter could cause such a big problem. Then more importantly they would not have appreciated the tone expressed in Jackson's initial fax, making them feel as if they had committed a terrible mistake. If Jackson has been sensitive to the appropriate language use, his Chinese associates would not have felt embarrassment or loss of face; they would have been more than willing to help solve the problem. It is essential to note that

making Chinese feel they have lost face will not help in trying to correct a problem.

The second cultural conflict in this case is that Chinese do not appreciate frankness and getting directly to the point as Americans do. According to Mr. Chang, it is very possible that the Chinese who were trading with Jackson ignored his letter because he directly pointed out their mistake. The Chinese probably felt let down by Jackson and embarrassed among their colleagues. From his experience working for the Chinese government, Chang pointed out that it was not easy to motivate the Chinese foreign trade officials because they have job security, fixed salaries, and few rewards and punishments to respond to. The whole setup of Chinese foreign trade is so bureaucratic and cumbersome that those who sign contracts do not know what is happening on the production line unless someone makes a special effort to check it out. Any dissatisfaction over a trade issue can be taken personally by those involved. If it is not handled carefully, it can cause problems in a business relationship. Comparing Chang's letter to Jackson's letter, the function of these two letters is almost the same. Instead of going straight to the point, Chang conveyed the same message by "*zhuan yi ge wan*", a Chinese expression equivalent to the English saying "to beat around the bush".

In America, one can be critical. If the weather is nasty, one can say "It is sure nasty. I don't like the weather". But in China one would say "It's not too bad. I can get used to it." In the Chinese cultural context one learns not to complain and just to accept things. An American informant told me:

"When I was in China I always found a good way to give a compliment. If it was 95% humidity in Nanning, I would say it's a lot of better than in Hong Kong, which was 100%, This is called "pai ma pi" (flattering), but it works."

[Why does flattering work? It is because the Chinese emphasize cultural conformity and cultural harmony. Any frankness and direct criticism can break this down. Frankness and criticism also can cause a Chinese to lose face among associates. Losing face can cause a major damage to one's ego, since cultural conformity puts tremendous pressure on every individual. Most Americans learn at a very young age that it is all right to make mistakes as long as one learns from them. American culture also appreciates, if not encourages, differences among individuals.

[Chinese emphasize social conformity while American emphasize differences among individuals. These cultural contrasts can be found in children songs which embody the values and morality of a society and pass them down to the next generation. My three-year old daughter, who was

born and is growing up in the United States, taught me a song that she learned from preschool: "You are a special one; the only one like you. There isn't another one in the whole wide world who could do things like you. You are special, he is special, everyone is special in his or her own way..." No Chinese children's song conveys the concept that everyone is special. Instead most Chinese songs taught to children emphasize listening to parents and leaders, or following a given hero. A song I learned as a child and still sung by many Chinese children today goes like this: "Learn from Lei Feng's<sup>3</sup> good example. Be loyal to the party, be loyal to the country..." Because of Chinese emphasis on conformity, it is important for Americans to avoid criticizing small things to save face for their Chinese counterparts.

#### Equality vs. Hierarchy;

James is an American in his thirties. I met him in the housing office of University of Washington. I was helping my Chinese friend find a place to stay when James came over to talk to us. I was quite impressed by his fluent Chinese. He said he was looking for a roommate and asked if my friend was interested in sharing a place with him. Later in the conversation, I learned that he

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<sup>3</sup>Lei Feng was the subject of the "Learn from Lei Feng" campaign intended to teach altruism to the people.



had spent four years in China working as a business agent for an American Jewelry company and had just come back to Seattle three month earlier. I asked if I could interview him for my study. He said in Chinese, "OK".

James told me that he went to Beijing as a language student and met the owner of the American Jewelry company there. He was hired later as the company's agent and Chinese interpreter. His job was to help the company import Chinese jade stones to the United States. Most of the Chinese that James dealt with were not government trade officials from import and export agencies, but were *lao baixing*, ordinary people who came from villages or mining camps in the countryside.

In answer to my question, "What things do you do to gain the trust of your Chinese counterparts, which you would not do in your culture?", he said there were a lot of small things. For example: in China when people complimented his fluency in Chinese, he always said "No, my Chinese is not good enough, I still need to learn from you. All of you are my teachers." When James met Chinese of his age, or older, he would always address them as *lao* (old) followed by the last name. In the meetings or banquets with the Chinese, James said that he would sit down after those older than himself and pour wine or tea for them. When passing through a door together with an older Chinese, he would let that person go first, hesitated and asked him to go first instead.

He even made a show of it, saying, "You're older; you should go first" or "You're the manager, you go first."

In his words he said:

"In China, you've got to kiss up to the old guys. You have to put yourself in the proper position in the hierarchy, showing respect to the older people. You always have to put up with something to make people happy. Always make people feel more important than you. They react happily to it. Otherwise you can't get anything done.

Since James had followed Chinese customs and tried to show appropriate respect, the Chinese felt compelled to do their part to compromise and give him face too. In business negotiations the Chinese would make concessions for him.

James had figured out an important difference between the two cultures regarding respect and trust, Chinese tend to play themselves down while Americans tend to play themselves up. If you want to get a job in the United States, you should tell people at the job interview how capable you are. Sometimes, you even have to boast a little in order to get the job. But if you want to get a job in China, you should play yourself down. You need to say something like, "I have some knowledge or experience in the field, but it is very limited. All of you can be my teachers. I will work hard and learn from you." The approach is different, but

the desired result is the same. You want people to act in your favor.

In the Chinese cultural context, James not only learned humility but also learned how to survive in Chinese social hierarchy. Compared with American society, traditional Chinese society is extremely hierarchical. It is based on generation (the younger generation respects and obeys the older generation) and age (younger persons respect and obey older persons) and sex (females respect and obey the males). Chinese people are always aware of their position in society. Although the Chinese communists have done away with some old traditions and enhanced women's position in society, traditional attitudes still remain strong. Some of the old customs will never go away.

In American culture, there are different terms for male and female siblings, but there is no term to distinguish between younger or older siblings. Since age is emphasized by the Chinese culture, there are separate terms for younger and older siblings, and people behave accordingly. A Chinese child is taught from a very young age to respect and obey an older sibling. Being a few days older, or even a few minutes older, is important in Chinese culture. One of my neighbors in China had twin girls who were born only a few minutes apart, but the older sister always bossed the younger sister around, and everybody accepted this as normal behavior.

For Chinese, age symbolizes wisdom and knowledge. It is important to understand and recognize the social hierarchy of age. One American informant told me that he was interested in importing porcelain coffee mugs and noodle bowls from Guangxi province. He had gone to China for this purpose in 1991. He tried very hard to negotiate with the deputy manager, Mr. Li, who was in charge of the Guangxi import and export porcelain business. After they had reached agreement on the price and quality control, another older deputy manager, Mr. Wu, walked into the negotiation causing Li to lose his confidence and his authority. Li consulted Wu on every detail of what had been agreed upon; meanwhile he told my informant the agreement that they had reached was not a final one. My informant thought the deal might go sour. The next morning, Li called and told my informant that the agreement they had reached was still valid, explaining that he possessed the same authority in making decisions as Wu, but he had to give to the older man face and did not want to offend him by making a unilateral decision.

#### Privacy vs. Sharing

[Privacy is one of the areas where Chinese and Americans have a very different view. For Americans, it is common knowledge that one should not intrude another's

personal property and privacy./ One should not stare at people in a public place. One should not enter another's room without knocking. One should not visit another person's house without an invitation. One should not open another person's letter without that person's permission. It is quite different in China. Mr. Edwards, age 35, who worked as a representative for a Chinese-American steel company in Seattle, recounted an experience that occurred during a two-year stay in China.

Mr. Edwards was assigned to work as the head of at his company's Chinese joint-venture operation site in China. An old man named Chu was in charge of mails for foreigners. Edwards was upset because all the stamps on his letters from overseas had been stripped off. One day he asked Chu nicely "Mr. Chu do you know who is collecting stamps by taking them off my mail? If you know, would you please ask them to stop, because I collect stamps too. I would like to keep my letters as a whole". Chu said he did not know who did it, but he would stop them if he found out. One day Edwards saw the mail being delivered. He immediately tiptoed to Chu's office hoping that he would find the culprit. When he saw Chu pulling stamps off his letters, Edwards was furious and asked Chu to stop. Chu never responded. Edwards continued to lose stamps from his letters in the days that followed. "It is my property." said Edwards,

"He is stealing my stamps. I don't understand how he can do this."

Peter, age 41, the marketing manager of an American environmental equipment company, did a good business selling used chemistry lab equipment to the Chinese. He described what happened when he visited a factory in China.

"People came to my room, my hotel room, my capital M and capital Y, MY hotel room. Some guys just walked in, turned on the TV, kicked off their shoes and started using my shower. It was my room and I didn't invite them. They did not even bother to ask and started helping themselves to the facilities in my room just as I was going to sleep. As business people, they should know better. Sometimes, they opened my notebook without asking; sometimes they drew or wrote things down in my notebook. This I considered a gross invasion of one's privacy. In an extreme case one individual could sue another individual. People are put into jail for doing that."

Above two cases are not exceptional. Sixty percent (five) of my American informants complained about intrusions on their privacy by their Chinese counterparts. Some even told me that they had been spied on by the Chinese, indicating that their personal belongings had been touched or moved while they were away.

[The United States is an individualistic society where individual rights are greatly emphasized and protected by the society. This cultural characteristic

is also reflected in by America's Constitution and laws.<sup>1</sup> American individualism even shows in their names. A person's given name always comes before the family name because the individual is more important than the family. In China it just the reverse; one's given name comes after the family name because the family is more important than the individual. Notice that in both cases above the two informants felt strongly that no one should have the right to touch anything without the owners' permission.

In the family-oriented Chinese culture, the individual exists only as part of a family or community. A common Chinese translation for the English phrase "everybody" is "*da jia*" which in direct translation means: "the big family". One who establishes a good personal relationship with a Chinese is introduced to friends of the other person as "*zi ji ren*", which means "one of us". Once a person has become like everybody else, and accepted as part of the big family or community, good times as well as bad are shared with other members of the group. Everyone is also supposed to share some possessions with others in the group.

The strong sense of sharing within a family or community can be seen everywhere. The way Chinese eat their meals every day is a good example. As everybody sits around the table, each one takes food from a common plate without using a serving spoon. Very young children

are taught by their parents to " Eat your rice, but watch the dishes." This means that the child should make sure other people at the table have enough food. In other words, they should not take more than their share. Thus, Chinese learn sharing and awareness of other people's needs from their early days, but they are not told how to respect individual's rights, privacy or property.

[To the Chinese, too much privacy means selfishness. In business one often hears this Chinese saying, "People help you make money, and they also help you spend money." "Today I share my fortune with you, tomorrow I expect the same sharing from you." The sense of sharing has extended far beyond the family. As a matter of fact, in the modern Chinese vocabulary, there is no Chinese phrase that can translate the exact meaning of the English word "privacy". An American professor told me that when he was traveling in China, the three questions that Chinese asked him the most were: "How old are you?" " How much money do you make ?" and " What do you do for a living?" To Americans the first two of these three questions are considered an intrusion of one's privacy, especially when asked by a stranger. However, the Chinese ask these questions only as a way to start a conversation, or to show their interest in the other person.

A similar incident is mentioned by Liancheng Duan in his article, The China Difference. There were two female students who shared one room. One was Chinese and



another was American. The American was a new arrival in the city, she went out one day and did not show up until late at night. The Chinese girl was worried and could not go to sleep. When the American girl came back early the next morning, the Chinese girl cried in relief, "Where have you been?" "It's none of your business", replied the American. The Chinese felt badly hurt. So did the American, who never expected to be under surveillance. (Duan 1988:32-35)

#### Sexuality vs. Asexuality

In Chinese culture it is not appropriate to talk about sex or make a comment about a person's physical appearance, especially about a female acquaintance. In American culture, society encourages individuals to express their feelings and emotions. Sex differences tend to over-shadow the situation when men and women meet. (Hsu 1981:49-73) In China the reverse is true.

For example, hugging and kissing between men and women is prohibited in the public places. One of my former classmates, Ms. Wu, who worked for the Chinese Food and Oil Import and Export Company in Guangxi, told me in an interview that when Americans hosted a banquet, they arranged the seats not only according to the position or rank of the guest, but also according to their sex; the Chinese make seating arrangements only

according to the rank of each person without regard for sex. When I asked her what it was like for a female to do business with Americans? She said:

"When I am at work in China, I kind of forget I am a female because no one reminds me. Everybody treats me the same as everyone else. It's OK if American businessmen give me the 'lady first' treatment, but I am not used to their hugging me or taking my coat off for me."

After China re-opened its doors to the West in the early eighties, western ideologies and life styles accompanied the imported products which came into China; this had a great impact on Chinese culture. But no matter how strong the western influences, Chinese men and women still went no further than shaking hands in a public place. The traditional idea of not allowing touching between men and women dies hard.

I asked several Chinese from Hong Kong and Taiwan, who had been exposed to the western culture much earlier than the Mainland Chinese, if they did anything different in regard of social customs between men and women? They reported basically the same experience as the mainland Chinese. Personally, as a Chinese female, having lived in the United States for seven years, I have finally gotten used to being hugged by men other than my husband. Ten years ago, when I was in my twenties, a female professor from the State of Washington and I were invited to a dinner party hosted by the American Consul General

in Guangzhou. The person who sat next to me at the dining table was former president Nixon's White House doctor, a man in his late sixties. When I was first introduced to him, he gave me a big hug while making a compliment about my physical appearance in front of the other guests. I immediately felt very embarrassed. After some conversation, he started to pat me on my shoulder and later when we were in an elevator on the way out, he touched my thigh. I was very nervous and uncomfortable during this incident. When I mentioned my feelings to the American professor, she assured me that such behavior was not unusual for an American man. What he did apparently was just a friendly gesture<sup>4</sup>. But this would certainly not be considered friendly in Chinese culture. It is fine if a man compliments the ability of a Chinese woman, such as her language skill or the quality of her work, but not her physical appearance or the way she is dressed, because sexual attractiveness is associated with prostitution or a dissolute lifestyle.

One of my American informants had this advice for other American business people: "Don't make a girlfriend or a boyfriend in China." To an American or Westerner, having a girlfriend does not necessarily implies a long-term commitment. For most Chinese, when they have a boyfriend or a girlfriend, they are thinking about

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<sup>4</sup>Today, this kind of behavior is not acceptable by American women anymore. This man would have been considered to have conducted sexual harassment.

marriage. A virtuous Chinese girl will not go out with a man, if she is not considering marrying him.

Eric, a business agent who worked for an American oil company, told me that when he was in China, he had a girlfriend, and occasionally visited another woman in his girlfriend's neighborhood because he liked to talk to her. In America it is acceptable to date more than one woman at the same time as long as you can manage it. But this practice is regarded differently in Chinese society. When Eric paid a visit to his female acquaintance, he not only offended his girlfriend and her family, but also offended the people in the neighborhood. Rumors spread that he was not a decent man because he was seeing more than one woman. Eventually Eric felt the social pressure and stopped visiting his female acquaintance.

This case not only shows that Chinese culture is different than American culture with regard to male-female relationships, but it also demonstrates that in China unwritten rules play a big part in regulating people's social life. A person who steps over the boundary of social custom in China, will face great pressure from the community. Conformity is expected whether one is a foreigner or not. It is almost impossible for an individual to stand up against this kind of social pressure.

Face vs. Frankness(Directness)

Xiao Wu, 38, a shoe department manager in the Fujian Huaming Import and Export Company, came to the United States. in September of 1992, for an international trade show held in Los Angeles. He was a former colleague and good friend of my husband. Since we had not seen him for years, my husband and I decided to travel to Los Angeles to see him and at the same time visit his trade show.

It was the last day of the trade show; business was slowing down at 3 o'clock in the afternoon. While my husband was chatting with other friends, I interviewed Xiao Wu in his booth which displayed hundreds of samples of shoes. Xiao Wu said great changes had taken place since we had left China. Business had definitely become more competitive. A few years ago, only a few trading companies run by national and provincial government were authorized to handle all the imports and exports at the provincial level. For these few companies, financial and marketing management were still handled by the national government while only personal management was handle by the provincial government. Whether employees did a good job, did not make any difference; all receive the same monthly pay, never a cent more nor a cent less. The government changed its policy early in 1992. As a result, companies run by province, county or city governments are also permitted to do business with

foreigners. In some coastal provinces, even some privately owned companies can do business with foreigners. Meanwhile in the companies run by the national government, the provincial government and company representatives also can share in a percentage of the profits. Xiao Wu's company is run by the provincial government. Last year his department contracted to his company to produce US \$5,000,000 in revenues; if they exceeded this amount, the members of his department could share the 25% of the profits above this quota. As individuals, they make more money this way, but they face more challenges and must become more aggressive.

I learned from other friends that Xiao Wu was one of the best negotiators in his company. I asked him if there was any secret to his success. He smiled modestly and told me that he did not do anything special. His only advantage was long tenure with the company which gave him more opportunity to deal with customers. He said he meets at least 50 customers from overseas each year. His observation was that only a handful of western businessmen, usually those with long experience, had suitable patience for dealing with the Chinese. Most of them came to China wearing a tie and operated on a rigid schedule, expecting quick results from the first few meetings. With this in mind, Xiao Wu said, he often would slow down negotiations and never give in on a point until the last minute.

Xiao Wu usually went into negotiating sessions with an assistant. Before they left for the meeting, they would decide between themselves, who would "play hard ball" In Chinese, the term is "*ban hei lian*", meaning; "play black face" ; and who would "play soft ball" In Chinese the term is , "*ban bai lian*", meaning; "play the white face"<sup>5</sup> They would prepare two sets of prices for their shoes, one about 10% to 20% higher than the other. In the negotiations, the black face always talks first and starts "testing the water". Next he quotes the first set of prices, telling the customer that this is the best they can do for him. Then they wait for the response from the customer. If the customer shows interest, they move on to other issues such as quality control or the date of shipment. If the customer does not show any interest or expresses difficulty in accepting the offer, the white face starts to talk. He persuades the customer not to give up yet, telling him that the price is negotiable and that they will report the result of the first round of talks to their boss, and get back to the customer the next day.

The white face speaks out if the two parties cannot reach an agreement on certain critical issues. He suggests having dinner together or visiting scenic spots.

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<sup>5</sup>The terms "black face" and "white face" are originally from characters in Beijing opera. In the opera, black face appears on the stage with his face painted in black and often plays a warrior character. White face appears with face painted in white and often plays a scholar.

In the middle of the dinner or sightseeing, when everybody is enjoying themselves and has forgotten all about the negotiations, the white face again brings business back into the conversation. Then the black face begins to raise the difficulties from their side, trying to arouse the sympathy of the customer or to make the customer feel guilty. Sometimes he even indicates to the customer that if they lose the negotiation, they will come under tremendous pressure from their supervisor. If the customer still does not give in, the white face often positioned himself to speak on behalf of the customer to persuade the black face to give the customer a better quote.

Thus, the negotiations go back and forth before an agreement is reached. Most American customers, are not able to withstand this time consuming strategy. Xiao Wu said, "They want to get things done quickly. Eventually they give up their original negotiating position but still have the impression that we are reasonable and willing to negotiate."

The strategy Xiao Wu uses in negotiations is commonly employed by Chinese businesspeople. In fact, Xiao Wu's black face and white face negotiating strategy is consistent with the way that Chinese parents teach their children at home. Most Chinese businessmen naturally employ this strategy without being aware of its origin. In Chinese families parents often play black



face and white face in front of their children, to reinforce mutual dependency in the family. When the father plays the black face, he sets up the rules and punishes the child when the child disobeys; and when the mother plays the white face she softens the blow explaining to the children why the father had to act as he did. Often the mother serves as a mediator to negotiate between the father and the children so that they will avoid direct conflict. This tactic encouraged the children to be contrite without feeling isolated and abandoned by their parents. From time to time parents switch their roles to avoid permanent stigma from the black face role.

Xiao Wu explained that the black face and white face tactic is used in business only in dealing with an unfamiliar person. To an established customer he is more direct and to the point, because an established customer has a longer and mutually dependent relationship with the Chinese, they trust him better. When Chinese negotiators use the black and white face strategy, their intention is to avoid direct conflicts with strangers while bringing their thinking into line.

The Chinese also try to avoid direct conflict by their choice of words. They always avoid saying "no". This unique characteristic, together with the Chinese habit of discouraging direct expression of emotions and feelings, often confuses or misleads westerners. When

the Chinese think that something is impossible, instead of saying "No, that is impossible", they say, "We will discuss it later" or "We will think about it".

"You know the competition and tension are there, but you just cannot see it in their faces." said one American informant, who had done business with the Chinese for almost a decade. He continued by pointing out the sharpness of cultural contrast:

"Americans show everything. When they are angry they turn purple and say, 'I am really angry now'. When the Chinese are angry, they increase their smiles and tend to be more restrained; they conceal and control their feelings. When the Americans are happy they tell everybody, 'Ah, I'm happy', just like children."

Chinese behavior is in large part influenced by the high density of the population and a life style that includes family and extended family living together. When there is no place to go, people have to stick together no matter what their feelings. They learn how to tolerate each other. Since Chinese submerge their feelings and avoid direct conflicts, mediators are very important. One can find them everywhere in Chinese social life. Wherever there is potential for conflict, a mediator role will be created.

## Schedule vs. Situation

Lao Chen, 62, a senior government business official who worked for Guangxi Import and Export Company for almost 20 years, is one of my distant relatives. In June of last year he came to the United States to visit his son who was a student at a university in California. I interviewed Lao Chen when he came to visit me in Oregon. This interview included several long conversations during Lao Chen's three day-stay.

Although Lao Chen enjoyed his visit to the United States, he said he prefers not to deal with Americans in business. He stated his view this way, "You have no flexibility with them in terms of time schedule; one is one and two is two. Once you take their order, you have to be ready to run your bones off." Then he recounted a personal experience to support his statement. He said that a Seattle businessman named Peter wanted to invest in an Angora rabbit farm in Nanning in exchange for a certain percentage of fur products to sell in the United State's market. The potential profits were promising to both sides. After the director of the Chinese company and Peter had their first set of meetings, they reached a general agreement. Then the director asked Lao Chen and his assistant to work out the details with Peter. (One common Chinese practice is that the head of a company rarely negotiates details with a customer unless it is

especially important.) On the phone Lao Chen had agreed to meet at 11:00 A.M. the next day in the hotel where Peter stayed. It was very hot in July in Nanning, where temperatures could reach 40° C ( 112° F) at noon. That morning, Lao Chen and his assistant had finished their work in the office and decided to leave early for the meeting, since the weather would get hotter and the traffic would be busier as noon approached. They rode on their bicycles for 45 minutes across the city to the hotel. When they got there, it was only 10:00 A.M. Thirsty and hot, they knocked at Peter's door without having a second thought. When the door opened, Peter looked out at them with a puzzled face. Lao Chen and his assistant quickly introduced themselves and tried to explain to Peter. But looking at his watch, Peter said: "You are an hour early; I am not ready for the meeting yet." Before Lao Chen could say anything, Peter shut door. Not wanting to miss the appointment, Lao Chen and his assistant waited outside of the hotel room for an hour. They were sweaty and thirsty. By the time the door opened again, they were no longer in the mood to talk business. Peter left China without an agreement, because Lao Chen had reported to the head of the company that Peter was not easy to work with and that his inflexibility might eventually ruin a business relationship.

The failure of this business deal is related to different cultural perceptions about time schedules and situation context. China is a very situation-oriented culture. To the Chinese, a time schedule is important, but it does not have to be strictly followed, since the situation always takes precedence over the individual. In other words, the situation dictates an individual's behavior rather than individual dictating the situation. A popular saying expresses this meaning, "When the car reaches the foot of the mountain, the road appears; when a boat reaches the bridge, it goes straight underneath." In China one deals appropriately with the situation as it arises. People remain ready to change their original plan or their time schedule in order to adapt to the changes in the situation.

Chinese culture originates from a peasant society. In most parts of the country, people's time schedules are still based on the changes of day and night. Minutes and hours mean little to many Chinese. The Chinese term *ma shang* (on horseback) means immediately. An express package from Wuhan to Hong Kong may take a week for delivery. An informant told me that several times his company sent goods from Wuhan to Hong Kong by truck, which was faster than other goods sent by airplane. Chinese also tend to interrupt schedules by doing several things at one time. This tendency is illustrated in the cases above where business is mixed with entertainment,

and visits are made to American counterparts without invitation or appointment.

This Chinese cultural characteristic is bound to create many misunderstandings and problems for Americans who live by tight schedules. In a highly industrialized society like the United States, time is money, and time is efficiency. Keeping a schedule is vital to business management; it is unthinkable to waste one's own or anybody else's time. The result can be costly.

The problem for some American business people in China is that they are expected by Chinese to do things the Chinese way. The above case is a good example. Lao Chen changed the meeting schedule without notifying Peter, expecting him to go along with the situation. This was rude, or at least impolite in the American's opinion. Lao Chen would be surprised if he knew that most Americans live by their daily, weekly and monthly schedules. It is not unusual for Americans to make an appointment several weeks or months in advance. When I first came to the United States, I was amazed when a representative of an organization asked me to agree three months in advance to give a presentation. I thought she was making idle conversation until I received a reminder note one week before the event.

Another cultural difference between the Americans and Chinese surfaces in this case. Peter had reached a general agreement with the director of the company, a man

he thought was the key in the decision-making process. Peter lost the deal, because Lao Chen, the subordinate of the director, was not happy. China is an extremely hierarchical society. However, this does not mean that the person who has the authority and power can make decisions without the consent of subordinates. This is because mutual dependency is the key to most Chinese human relationships, including the relationship between leaders and subordinates. Decisions in Chinese business are made collectively rather than individually. It is no wonder many of my American informants complained that when dealing with the Chinese, they could not identify who was making the decision. They tend to blame the highest ranking Chinese person for using tactics to confuse them and deliberately hiding from them. This is because Americans believe in individual responsibility; the person in the highest position is supposed to take full responsibility for making decisions. But it is different in Chinese culture; the individual tends to avoid taking full responsibility since members of one's family, group or community are mutually involved. Even when an individual person has the authority and makes a decision, others are consulted and given the credit. This happens because relationships with others, whether group, family or community, always involve of mutual dependency. It is very unlikely that this pattern of mutual dependency will change when the Chinese are

dealing with foreigners. When individuals avoid taking full responsibility for making a final decision, the blame is shared and they are, to some degree, spared a loss of face if anything goes wrong. That is why in business negotiations Chinese most often use the word "we" instead of "I".

#### Fast vs. Slow

Mr. Hong, age 51, is a Chinese American who immigrated from Hong Kong in 1975. He owns a Chinese restaurant in the state of Oregon and works as an overseas business agent for a trading company in Guangdong province where he was born. Mr. Hong and I speak the same native dialect, and we have been friends for years. I learned that he makes a good commission by helping the Chinese trading company buy products from the United States. I interviewed him one afternoon in his restaurant. I asked him about doing business with his home country. He told me it was good but very slow. He said, "I think I am still a Chinese, but when I deal with the folks in my home country, I feel I am not Chinese anymore because I'm running out of Chinese patience". Then he gave an example of how patience is important.

Three months ago, a trading corporation in Guangdong was interested in purchasing 2000/MT<sup>6</sup> of epoxy resin from

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<sup>6</sup>metric ton.



Dow Chemical International company in the United States. The trading company sent Mr. Hong an inquiry about the price quotations CIF Hong Kong<sup>7</sup>. Within 24 hours Mr. Hong received a response from the international sales division of Dow Chemical, along with a question concerning which grade of resin the Chinese wanted. Immediately, Mr. Hong forwarded the message to Guangdong. He waited for a week to receive specifications on the grade of epoxy resin. By the end of the next day, Dow Chemical had sent a quote to the Chinese corporation. The Chinese compared Dow's price with other quotes from different manufacturers. Then there was another waiting period. Ten days later, the Chinese came back with a fax saying that Dow's price was too high. Dow Chemical immediately requoted a lower price indicating that this quote was only good for 15 days. After that, Dow Chemical and Mr. Hong did not hear from the Chinese corporation for another two weeks. When Hong asked the reason for the delay, the Chinese explained that they had to get purchasing approval from the government for expending foreign currency; they also had to receive official notice of the Chinese customs duty rate and technical information about need from the end-user of the products. They simply had too many bureaucratic hurdles to go through, and at each point the other parties needed

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<sup>7</sup>Price of exported goods arriving at Hong Kong, including cost of manufacture, insurance and freight.

time to make a decision. This is why Mr. Hong ran out of patience. If Mr. Hong who was born and raised in mainland China, had run out of patience, what kind of patience does an American need to deal with the Chinese?

To the Chinese, the word "slow" does not have a negative meaning. It can connote stability, relaxation and even quality. "Slow work yields fine products" says a Chinese idiom. In China a person who finishes a meal earlier than others at the table, is supposed to say to them "Please eat slowly". If a guest is leaving, the host is supposed to walk the guest out of the house and say "Please walk slowly". Chinese do not like people who talk or respond too fast. This is because, a person who talks fast or makes a quick decision, talks without depth of thought and reacts without mature consideration. All other things being equal, most Chinese will trust a slow talker more than the fast talker.

To Americans, the word "slow" has a negative meaning such as "dull" or "inactive". Americans like to be fast, because time is of the essence. Speed symbolizes efficiency and money. This cultural characteristic has also created many fast services such as fast-food restaurants, drive-in banking, express mail, etc., to suit the fast-paced lifestyle. Such services serve only one goal: that is to save time for people. A minute or a second of time saved is precious. The computer is another innovation to suits the American lifestyle. All

of this may be considered as progress by Americans, but they live at such a fast pace that they tend to lack patience compared with their Chinese counterparts. They also tend to save time by being direct and frank when they interact with other people. Frankness and directness can save time but may appear rude to the Chinese.

An American told me his first impression when he arrived in China was that, "I seemed to walk on the moon; all of a sudden everything around me started to float slowly. "Most Chinese live at a very slow pace. At noon, they have a two to three hour lunch break. They go home to have lunch with their family and then take a nap before returning to work.

A few years ago, the government tried to shorten the lunch break to one hour for work units involved in international affairs. The government hoped that when foreigners called China from overseas at noon, someone would be in the office to answer the phone instead of taking a nap. However, after a six month's trial period, the government effort failed because Chinese office workers were not used to fast food and they also became tired and lacked efficiency in the afternoon. Some joint-venture companies succeeded in introducing a one-hour lunch break, but they had to provide their workers with real Chinese food.

Inability to respond in a timely manner is not just a cultural issue, it also has deep roots in the Chinese bureaucracy. A Chinese official in a position of power is not elected by the people, but rather is appointed by a supervisor. This system of appointing officials is virtually the same as it was a thousand years ago. Thus Chinese officials tend to care about their supervisors more than the people they serve. Unless they can benefit directly from a business deal or have develop a personal relationship with a counterpart, they will make no effort to speed up the business process. Sometimes lower level officials delay final approval merely to show their importance. This is another reason why taking the time to develop personal relationships and giving face are so important for business success in China.

## CHAPTER FIVE: CONCLUSION

This study has clearly indicated that the cultural differences between Chinese and Americans not only exist in the way Chinese and Americans conduct business, but that these differences also contribute to the misunderstandings and frustrations that may affect the outcome of cross-cultural negotiations. It is important for those involved in Sino-American trade to be able to identify the underlying structure and single out the cultural characteristics found in their business interactions. Based on the case studies presented above, there are eleven cultural differences characterizing Chinese and American business interactions.

### 1. Respect for authority vs. Respect for law.

When a dispute or a problem arises, Chinese tend to find the solution through the help of family, friends associates or mediators who have the authority over either the disputing parties or the problems. Americans tend to seek legal assistance by finding a good lawyer or writing a good contract.

### 2. Hierarchy vs. Equality

Chinese tend to act according to the differences between various age groups, generations and social classes. They tend to be very aware of their position in

society, often asking the question "What do other people think of me?". Americans, on the other hand, tend to emphasize social equality and individual rights, often asking the question "How do I feel?"

### 3. Situation vs. Schedule

Chinese are not compelled to follow a time schedule as much as their American counterparts. They often tend to give up their original time schedule in order to adjust to the situation and do the things that are more important to them at that moment. They also tend to do several things at one time. Americans tend to live by schedules. They stick to their original plans which results in less flexibility. They prefer to do one thing at a time.

### 4. Face vs. Frankness

In doing business, Chinese like to choose a circuitous path rather than to go directly to the point. They prefer presenting their disagreements through a third person acting as a mediator in order to avoid direct conflict, thereby saving face for themselves as well as others. Americans tend to appreciate frankness and like to go right to the point.

### 5. Business is relationship vs. Business is business

Chinese believe that once human relationships are established, business can be done with few difficulties. Therefore, they spend a lot of time and resources to please their business counterparts and build up a good

human relationship. To the Chinese, friendship comes before the business. Americans tend to think that business must come first, and they prefer to separate their business relationships from their friendships.

6. "Play down" to earn respect vs. "Play up" to earn respect

The Chinese believe that individual achievements are not possible without the help of others, such as family members, friends and colleagues. They tend to play themselves down and often give credit to others to gain respect. Americans tend to think that individual achievement comes from individual effort, and they tend to play themselves up to earn respect.

7. Asexuality vs. Sexuality

In the Chinese business world, sex differences are often ignored or minimized. Women at work tend to be asexual. In the American business world, attention is given to the sex differences under any circumstances when men and women start to interact together.

8. Collective vs. Autonomy.

Chinese tend to make their decisions collectively. This often takes a much longer time because a number of persons must be consulted. Americans prefer to make decisions quickly and take responsibility individually.

9. Lack of Expression vs. Expressiveness

Most Chinese do not freely express their feelings and emotions. They consider showing feelings and

emotions as childish and tend to control any show of emotion in business situations. Americans tend to be more expressive of their feelings regardless of the situation.

#### 10. Slow vs. Fast

Chinese prefer to take time to do things. They often associate time with quality. Americans prefer to do things quickly and often associated time with efficiency.

#### 11. Sharing vs. Privacy

Chinese always live in mutually dependent relationships within a family or a group. Thus, sharing is important to Chinese, and privacy is never important to Chinese as it is to their American counterparts.

In Sino-US business relations, multiple cultural obstacles may be present simultaneously. This happens because when a Chinese and an Americans interact, they carry multiple cultural characteristics. For example, in the first case presented in this study, the fact that the Chinese ignored Jackson's initial letter illustrates the characteristic of preserving "face" as well as respect for authority rather than respect for law.

This study also shows that the contradictory cultural characteristics generally fit into Hsu's theory: Chinese have a situation-centered way of life where human relationships focus on mutual dependency, while Americans



have an individual-centered way of life in which self-reliance is a major element of their human relationships.

We have seen that Chinese spend a lot of time and energy on eating, entertaining, small talk and mediating interactions. All these rituals and tactics are for nothing other than to create mutually dependent relationships with their business counterparts, hoping to derive long term benefits. In other words, to the Chinese these rituals are a kind of business investment. We also have seen that Chinese are concerned with custom and propriety; lack of expressiveness, play themselves down and do not necessarily comply with time schedules. These characteristics illustrate that Chinese behavior is often the response to the circumstances; Chinese tend to be directed and allow themselves to be imposed upon by the outside situation. Changes in individual behavior often follow from outside situation. This characteristic is related to Hsu's theory of the Chinese situation-centered life style.

Hsu's theory can also be applied to American business practices. From the case studies we have seen Americans being impatient, expressive, efficient and adhering to laws and time schedules. Changes in American behavior often come from inside the individual rather than the outside situation; Americans are intolerant of the situational constraints and tend to be aggressive and

self-centered. These characteristics fit Hsu's theory that Americans are individualistic and self-reliant.

Although four decades have past since Professor Hsu first studied the different culture patterns of Chinese and Americans, his theory that Chinese are situation-centered and Americans are individual-centered still has significant meaning today in business interactions.

The findings in this study also are consistent with Hall's theory that High Context cultures adopt a Monochronic-time system and Low Context cultures adopt a Polychronic time system. We can see from the case studies that Chinese culture is a high-context culture. An individual Chinese is always in a mutually dependent relationship with others; one is always a part of a group or a family; human relationships come before a business relationships. At the same time we also see that the Chinese often tend to several things at one time and do not feel compelled to stick to a time schedule. Americans are just opposite, living by time schedules, and preferring to do one thing at a time. To Americans business is just business. It seldom has anything to do with personal relationships.

China and the United States each have experienced their own social histories. China, which is one of the oldest countries in the world, has experienced more than five thousand years of civilization and has a huge population. The United States is one of the youngest

countries in the world and has a population largely consisting of immigrants and their descendent from all over the world. China is a communist society while the United States is a capitalist society. These different histories, and social and natural environments have created unique Chinese and American cultures. They are different, but one culture is not necessarily better or more advanced than the other. Both Chinese and American cultural characteristics make perfect sense in their own context.

A Chinese feels at home if business counterparts first host a dinner and start talking business at the dining table. An American feels comfortable when business counterparts start the negotiations right after they meet. When counterparts from two cultural backgrounds interact with each other, their differences will inevitably affect business success. We cannot avoid the difference, but we can at least be aware of them and understand why counterparts from the other culture behave in another way. The awareness of culture differences can help us to eliminate misunderstandings and adjust our behavior to meet the expectation of others.

In some ways, this study echoes the study of Chinese Negotiating Style by Pye(1986) Pye indicates that Chinese have little respect for legalities; they do not comply with a schedule, or simply have no schedule for business; and they emphasized friendship before business. But

without going below the surface, he categorizes the obstacles presented in the Sino-American trade into three main types: the problem of novelty, the problem of mating a communist to a capitalist system and the problem of cultural differences. In regard to cultural differences, Pye states that, "it is not really possible to isolate culture as a separated category because it influences all action". However, he says that only two general problems deserve special attention: one is that Americans are highly legalist while Chinese like to stress ethical and moralist principles; the other is that in China political influence is all-pervasive while in America politics, economy and social relations are separated (Pye 1982:20)

It is possible for people to look at the same problems from different perspectives and arrive at different answers. From my point of view, the cultural problem is not just one among several problems, but it is the most substantial problem in Sino-American relations. As an American company executive indicated, "the real trade barrier is the culture barrier which has nothing to do with the quotas and regulation." (Hall and Hall 1987:97) Other problems, such as novelty and differences between government systems, should not be given the same importance as culture problems. With the passage of time, inexperienced businesspeople usually become more experienced, as the two sides continue to interact and novelty wears off. Differences in social systems will

change too. A capitalist market economy is gradually replacing the communist planned economy, as stock-markets and privately-owned companies are mushrooming all over China. Such changes have not solved the problems in Sino-American trade. In fact, the remaining problems and difficulties are heavily colored by the cultural factors, since individuals in each society are constantly shaped and affected by their own culture.

Another point where I disagree with Pye is his suggestion that American businesspersons should not take the advice of China specialists and students of Chinese culture (1986; p62), complaining that the specialists give "negative or even paralyzing advice", that they "are alert only to what might annoy the Chinese and give little thought to ways of getting ahead of them". Stross agrees with Pye saying that the Chinese experts in the United States "intimidate and create anxiety" for American businesspersons.

The question here is not whose advice one should take, but how to take the advice. It is not sufficient to take the advice as hard and fast rules, and it is a mistake to think, "I have the key from experts; now I know how to deal with the Chinese." Dealing with a cross-cultural business situation is not as simple as one-plus-one equals two. One needs to apply the advice actively and creatively rather than passively.

In the introduction to this study, the author mentioned a case, where a businessman took the specialist's advice too rigidly and he presented cigarettes to the Chinese as a gift in an inappropriate situation. This example shows that the advice given by a China specialist is important; it may help increase sensitivity and awareness of cultural differences. But one should not look at customs in isolation and take them as rules or formulas. One should consider culture as a whole and integrate customs together into a more complete understanding.

The awareness of cultural differences allows one to have control rather than to be intimidated. People are often intimidated by others because they do not know them or understand them well. The intention of this study is to argue for cultural understanding to accomplish practical objectives.

Today, because of the development of science and technology in transportation and communication, the world has become smaller and smaller. It seems as if we are moving towards an integrated world culture and away from cultural diversity. This study shows that cultural values tend to persist even in the context of an dynamic international business climate. It is more important than ever to be aware of cultural differences and to be able to learn from other cultures in order to be successful. Japanese business people are a good example because they

learn and adapt to other cultures as part of their business strategy, and this has made them successful economically. For example, long before China allowed foreign products to be sold in China, Japanese companies had started to train their employees to understand Chinese culture, and learn the language and market their products in a Chinese way. (Pye 1982) The successful Japanese business experience is consistent with the findings of this study. Cross-culture training is important for all international business. It is the best, and the most profitable, way to open a new market. According to the ancient Chinese axiom of martial arts, "Know your enemy, know yourself and you can fight a hundred battles without the danger of being defeated."

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## APPENDIX

## APPENDIX

## Interview Questions

## A Background

1. What kind of business are you in?
2. How long have you been in this business?
3. How did you get into this business?
4. Did a special interest in China(the United States) bring you to do business with the Chinese(Americans)?
5. Who makes decisions in your company? (flexible)
6. What is the most important quality for a businessman?
7. What activities accompany your business?
8. Do you follow a routine or procedure in your business?

## B Personal Relations

1. Trust
  - a. Would you trust anybody?

- b. What do you do to gain trust of your counterpart which you wouldn't do to you countryman?

## 2. Honesty

- a. Is it important?
- b. Are your foreign counterparts honest?
- c. Have you been intentionally deceived in the trade business? If so, did it cause you a problem?

## 3. Communication

- a. Is communication with your counterparts easy?
- b. What percentage of your conversation is verbal/nonverbal?
- c. Have your foreign language skills been useful? in what situation?
- d. Is cross-cultural experience useful? in what situation?
- e. Would you prefer to negotiate with someone who has a good understanding of your culture? Is that an advantage or disadvantage

## C. Physical Situation

- 1. Food
- 2. Housing
- 3. Privacy
- 4. Banking
- 5. Transportation

## 6. Telecommunications

### D. Hypothetical Question

1. Would you rather have a better understanding of culture or an improved telecommunications system?