Chinese Culture

- Chinese culture is a set of core values that underlies social interaction among the ordinary Chinese people and remains relatively stable over long period of time.
Outline

- Concept of Culture
- Overview of Chinese Culture
- Foundations of Chinese Consumer Culture
  - Traditional Chinese culture
    - Confucianism
    - Taoism
  - Marxist philosophy
  - The influence of Western culture
- Chinese Mindsets
- National Culture
- Social relationship
  - “Face”
  - “Guanxi”
- Chinese Etiquette
What is Culture?

- Culture—ways of living, built up by a group of human beings, that are transmitted from one generation to another
- Through social institutions---family, educational, religious and business institutions
- A society is a group of people who share a common set of values and norms
- Culture has both conscious and unconscious values, ideas, attitudes, and symbols
Material and Nonmaterial Culture

- Physical component or physical culture
  - Clothing
  - Tools
  - Decorative art
  - Body adornment
  - Homes

- Subjective or abstract culture
  - Religion
  - Perceptions
  - Attitudes
  - Beliefs
  - Values
Sathe’s Levels of Culture

- **Manifest culture**
- **Expressed values**
- **Basic assumptions**

*Iceberg*
Overview of Chinese Culture

- A cultural system rich in distinct national style which took shape within the terrain of China over more than 5,000 years.
- The relatively enclosed geographical surroundings provided exceptional natural advantages for Chinese culture to evolve into a stable and independent system.
- Agricultural civilization plays a decisive role in forming and promoting the Chinese culture.
- Customs and traditions varying greatly among towns, cities and provinces.
Foundations of Chinese Culture

- Traditional Chinese Culture
  - Confucianism
  - Taoism
- Marxist philosophy
- The influence of western culture.
Confucianism is a Chinese ethical and philosophical system developed from the teachings of the Chinese philosopher Confucius ("Master Kong", 551–478 BC)

- Meng-Tzu (Mencius) (4th century) further developed Confucianism.
- Confucianism have became the official ideology of China since Han Dynasty
- Behavioral and moral doctrines regarding human relationships, social structures, virtuous behavior, and work ethics.
## Confucianism

<table>
<thead>
<tr>
<th>Five basic human relationships (Wu Lun)</th>
<th>Principles</th>
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<tbody>
<tr>
<td>Sovereign and subject (Ruler and ruled)</td>
<td>Loyalty and duty</td>
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<tr>
<td>Father and Son</td>
<td>Love and obedience</td>
</tr>
<tr>
<td>Husband and Wife</td>
<td>Obligation and submission</td>
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<tr>
<td>Elder and younger brothers</td>
<td>Seniority and modeling subject</td>
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<tr>
<td>Friend and friend</td>
<td>Trust</td>
</tr>
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</table>
The core of Confucianism is humanism.

Five Constant Virtues (Wu Chang)
- Humanity/Benevolence (Ren)
- Righteousness of Justice (Yi)
- Propriety of Etiquette (Li)
- Wisdom (Knowledge) (Zhi)
- Faithfulness (Xin)
Confucianism

- Value the importance of the family and filial piety
- The hierarchical structure of social life
- Respect of seniority.
- The cultivation of morality and self-restraint
- The emphasis on hard work
Confucianism

- **Doctrine of the Golden Mean**
  - A conceptual state of control to a proper degree where no extreme but harmony sustains (not a statistical mean)
  - It urges individuals to avoid competition and conflict, and to maintain inner harmony
  - Implication for business world: nothing should go beyond its appropriate domain.
Taoism

- A philosophical or religious tradition in which the basic concept is to establish harmony with Tao.
  - Tao ("way", "Path", "Principle"): the mechanism of everything that exists
  - The Taoist Sage
    - Learns from observing the way of nature and letting nature guide his way through life.

- Originating in 6th Century BCE CHina
Daoism Symbols
The Central Concept of Taoism: Wu Wei

- "Action without action" or "effortless doing"
- It asserts that one must place their will in harmony with the natural universe.
- Natural way to get things done with least effort and greatest success.
- "Go with the flow," yield to the natural way of things.
Three Jewels of the Tao

- Compassion (love, mercy, kindness, gentleness, benevolence)
- Moderation (frugality, economy, restraint)
- Humility (Humble; modest; not venturing to take precedence of others)
As a lifestyle

- Seeking Health and Longevity through diet, meditation, exercise, and a stress-free life
- Meditation: “Inner Alchemy Meditation” – seeking spiritual rather than chemical transformation
- Tai-Chi-Quan: A slow, graceful martial art stressing movement in balance
- Natural/holistic healing: herbal medicine, acupressure, acupuncture, …
As a religion
Marxist Philosophy

- Overturned the traditional Chinese Culture and the hierarchy of social relationship
- Egalitarian ideology
- Revolutionary spirit
  - “Conquering and remaking nature” is in direct conflict with traditional Chinese Culture.
- Common ownership and collectivism
  - Emphasis on the country’s well-being
- “Serving the people” was the legitimate objective of any business
The Influence of Western Culture

- Individual liberty and success
- Utilitarian
- Money worship

Current status: melting pot and transition period
## Mindset

### Chinese
- Harmony
- Indirect
- Implicit
- Intuitive
- Seek the path
- Non-linear thinking
- Synthetic
- Introverted
- Self-restrained
- Privacy is not highly valued
- Rule of man
- Doing business is building personal relationship
- Long term relationship

### American
- Efficiency and effectiveness
- Direct
- Explicit
- Rational
- Seek the truth
- Linear thinking
- Analytical
- Extroverted
- Aggressive
- Privacy is highly valued
- Rule of law
- Separate personal and business relationship
- Friendship can be formed and dissolved quickly

Doing business is building personal relationship

Rule of man
Handling Problem
Way of thinking Expressing Opinions
Arts
Time orientation

- American view time as a scare resource
  - keep a daily schedule
  - Efficiency

- Chinese view time as a process of eternity
  - Time is flexible and repeatable
  - Time is valuable when it is used to achieve this ultimate human reward.
  - What is the point of keeping such a tight schedule? Rice will grow by seasons not by minutes.
National Culture

- Edward Hall: Culture Classification
  - High- vs. Low-context Culture

- Geert Hofstede: Five Cultural Dimensions
  - Power Distance
  - Individualism vs. Collectivism
  - Masculinity vs. Femininity
  - Uncertainty Avoidance
  - Long- vs. Short-Term Time Orientation
High- and Low-Context Cultures

- **High Context**
  - Information resides in context
  - Emphasis on background, basic values, societal status
  - Less emphasis on legal paperwork
  - Focus on personal reputation

- **Low Context**
  - Messages are explicit and specific
  - Words carry all information
  - Reliance on legal paperwork
  - Focus on non-personal documentation of credibility

- **Saudi Arabia, Japan, and China**

- **Switzerland, U.S., Germany**
• Implications → Loan application and new hire
  • Low-context:
    • Less attention is given to the information about background and values of the participants. Decision is largely based on the words and numbers in the application.
  • High-context:
    • Less paperwork. Decisions heavily depend on “who you are” (e.g., background, social position)

• IM Implication → Negotiation:
  • Low-context:
    • Important to set precise terms (e.g., contingencies, sanctions)
  • High-context:
    • Important to learn about the potential partner (can be trusted?)
Hofstede’s Cultural Typology

- Power Distance
- Individualism/Collectivism
- Masculinity
- Uncertainty Avoidance
- Long-term Orientation

Dr. Geert Hofstede
# Hofstede’s Cultural Dimension Scores for 10 Countries

<table>
<thead>
<tr>
<th>Country</th>
<th>PD</th>
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<th>UA</th>
<th>LT</th>
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<td>91H</td>
<td>62H</td>
<td>46L</td>
<td>29L</td>
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<tr>
<td>Germany</td>
<td>35L</td>
<td>67H</td>
<td>66H</td>
<td>65M</td>
<td>31M</td>
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<tr>
<td>Japan</td>
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<td>46M</td>
<td>95H</td>
<td>92H</td>
<td>80H</td>
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<tr>
<td>France</td>
<td>68H</td>
<td>71H</td>
<td>43M</td>
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<tr>
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<td>80H</td>
<td>14L</td>
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<tr>
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<tr>
<td>China</td>
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<td>20L</td>
<td>50M</td>
<td>60M</td>
<td>118H</td>
</tr>
</tbody>
</table>
Individualism

- Individualism indicates the degree to which individuals in a society are integrated into groups (it refers to the preference for behavior that promotes one’s self-interest)
  - High individualism:
    - reflect an “I” mentality
    - primarily concerned with own interest and those of family.
    - US(91), Europe countries
  
  - Low individualism:
    - reflect “we” mentality
    - Generally subjugate the individual to the group
    - Japan (46), as well as most Asian countries
Chinese culture: Collectivism and Group Orientation

- Emphasize ties of kinship and close personal relationships.
- The individuals exist for the benefit of the group.
- Conforming to group norms and adopting group opinions in exchange for reciprocal care and protection.
- Suspicious and cold towards strangers
Life Style
Human Relation
Power Distance (PDI)

- Power Distance is the extent to which the less powerful members of a society accept power to be distributed unequally
  - High: Hong Kong (68), France (68), Mexico (81), India (77), Arab countries (80)
  - Low: Germany (35), Austria (36), U.S. A. (40), Scandinavia
Leader
Hierarchical society

- Show respect to senior people
- Address Chinese by their title with surname.
- The leader/oldest is always greeted first
- Do not hang up the receiver until your customer/superior has hung up.
Masculinity

- Masculine cultures: men are expected to be assertive, competitive, and concerned with material success, and women fulfill the role of nurturer and are concerned with issues such as the welfare of children (masculine values achievement and possessions)
  - Japan (95), Austria (79), Mexico

- Feminine cultures: men and women overlap, with neither gender exhibiting overly ambitious or competitive behavior
  - Scandinavian countries (e.g., Sweden), Spain (42), Taiwan (45)
Uncertainty Avoidance (UA)

- Uncertainty avoidance (UA): the extent to which the members of a society are uncomfortable with unclear, ambiguous, or unstructured situations.
  - High UA:
    - Highly intolerant of ambiguity and high level of anxiety and stress
    - Attention to security and rule following
    - Likely to seek absolute truth
    - Greece (112), Portugal (104), Belgium (94), Japan (92), France (86), Spain (86)
  - Low UA:
    - Low level of anxiety and stress
    - A tolerance of deviance and dissent and willing to take risks
    - Take a more empirical approach to understanding and knowledge
    - Hong Kong (29), Sweden (29), UK (35), US (41), India (40)
Implications

- North America consumers are persuaded more by promotional-focused information (benefits to be gained) whereas Chinese consumers are driven by prevention-focused (problems can be avoided.)
- Build trust with Chinese partners and customers
- Building brand name and focusing on brand loyalty
Long-term Orientation (LTO)

- LTO (Confucian Dynamism): whether gratification should be immediate or deferred
  - Long-term orientation:
    - Japan (80), Hong Kong (96), Taiwan (87)
  - Short-term orientation:
    - USA (29), UK(25), Germany (31)
Implications

- Consumer behavior: future-oriented, thrifty, and persistence
- Relationship plays important rule in partner selection
- Building a relationship with a potential business partner takes precedence over transacting the deal. Be patient.
- A good deal vs. a good relationship
- Quick meeting and meal vs. long meeting and banquet
- Cold call vs. draw on intermediaries
Face ("Mian-zi")

- Refer to the confidence of society in the integrity of ego's moral character
  - 93% Chinese think face is very important to them
- Loss of face cause embarrassment and makes it impossible for him to function properly within the community
- Causing the Chinese partner to lose face will damage the business relationship.
- Giving face is a very important concept in China: You must give them appropriate respect according to rank and seniority and avoid to make them look bad in public.
Guanxi

A personal connection between two people in which one is able to prevail upon another to perform a favor or service, or be prevailed upon (Wikipedia).
Guanxi (Fan, 2002)

- Guanxi is based on relationships, but relationships do not guarantee the development of guanxi.
- Guanxi is an active connection.
- Guanxi is a long-term social obligation.
- Guanxi is reciprocal exchange.
- Guanxi is a form of social capital.
- Guanxi is a dynamic process.

A → B → C
Levels of Guanxi

- Jia-ren
- Shou-ren
- Sheng-ren
Business Guanxi (Fan, 2002)

- **Business Guanxi**
  - Guanxi is a personal asset
  - Guanxi may not transferable
  - A guanxi process consists of informal social interactions.

- **B2B**
  - Buyer-supplier

- **B2G**
  - Business-government officials
  - Obtain information
  - Improve efficiency by reducing the transaction costs.
  - A way to bypass laws and regulations and obtain special treatment or scarce resources.
Types of Guanxi  (Su and Littlefield, 2001)

- Favor-seeking vs. Rent-seeking
  - Favor-seeking
    - It is selective and limits to certain carefully chosen circles.
    - Rooted in Chinese traditional ethics and possesses a moral power
Benefits of Good Guanxi (Fan, 2002)

- Right guanxi could bring a wide range of benefits: securing rare resources, bypassing or short-cutting the bureaucratic maze, obtaining information and privilege, reduce transaction costs, selling otherwise unsellable goods, provide insurance against uncertainty and assistance when problems arose.
- Guanxi is not a competitive advantage.
- Guanxi is necessary but not sufficient for achieving business success.
Rent-seeking

- Quanli guanxi (power-dependence relationships emphasizing rent-seeking)
- Quanli guanxi is equated to bureaucratic corruption and is often synonymous with nepotism, bribery, favoritism, unfair competition, and fraud
- Guanxi and Corruption
  
  Money←Guanxi → power
  Corruption
Enter Guanxi  (Su and Littlefield, 2001)

- Making friends or becoming shu-ren or insiders.
  - Take the lead in making commitments
  - Always be helpful
  - Always be empathetic
  - Use intermediaries

- Develop guanxi cost time, energy and money.
- Avoid quali guanxi and illegal transactions
How to control “bad” Guanxi?:

- Create competition
- Rotate the front line
- Increase points of contact
- Build company loyalty
Will Guanxi Remain So Important?

- A better legal system will make it less necessary as transaction support
- A market economy and administrative reform will make it less profitable
Etiquette (Meeting)

- The Chinese will sometimes nod as an initial greeting.
- Bowing is seldom used except in ceremonies.
- Address Chinese by their title with surname.
- Handshakes are the most common form.
- The leader/oldest is always greeted first.
- When exchanging business card, hold the card in both hands when offering it or receiving it; examine a business card before putting it on the table next to you or in a business card case.
- Business interactions between men and women are reserved. After an initial handshake, avoid body contact such as hugging or kissing on the cheek.
Etiquette (Conversation)

- Basic difference: Western rules value clarity and efficiency; Chinese value harmony and politeness
- The Chinese will not directly say “no” to you. Instead, ambivalent answers such as “perhaps”, “I'm not sure”, “I'll think about it”, or “We'll see” usually mean “no.”
- Try to Communicate disagreement negatives in an indirect way and don’t do anything disturb the harmony
- You may be asked intrusive questions concerning your age, income, and marital status.
- There is no need to avoid mentioning Taiwan. If the subject comes up, never refer to this island as 'The Republic of China' or 'Nationalist China.' The correct term is 'Taiwan Province', or just 'Taiwan.'
- Do not hang up the receiver until your customer/superior has hung up.
Etiquette (Breakfast and Lunch)

- Business lunches are growing in popularity here. Business breakfasts, however, are not a part of Chinese business culture, except in Guangdong, Hangzhou and Fujian province where the 'Morning Tea' is very popular.
Evening banquets are the most popular occasions for business entertaining. If you are the guest, you should arrive on time.

Wait to be seated, as there is a seating etiquette based on hierarchy in Chinese business culture.

Generally, the seat in the middle of the table, facing the door, is reserved for the host. The most senior guest of honor sits directly to the left. Everyone else is seated in descending order of status. The most senior member sits in the center seat. Follow this seating pattern if you are hosting a banquet or a meal in your residence, whether for business or purely social reasons.

It is not uncommon for a host to order enough food for ten people at a table of five. He or she loses face if there are not plenty of left-overs at the end of a meal.
Etiquette (Banquet)

- Drinking a lot (and even drunkenness) may earn you respect or trust, since many Chinese believe that alcohol causes barriers to come down and true intentions to be revealed (Especially in Northern and Western China)
- During a meal, do not turn a fish over to get to the flesh on the underside. Superstition holds that turning a fish over will cause a fishing boat to capsize.
- You may be invited to eat at someone's home. Always bring a gift (fruit or flowers or something from your own country), and remember to take your shoes off at the threshold.
Etiquette (Gift Giving)

- Do not give clocks, they are associated with funerals and death.
- Always present gifts with two hands.
- Make sure the senior people get a better gift or at least gifts perceived to have a higher value than their junior staff.
Summary

- Harmony with Chinese partners
- Relationship building is important.
- Get used to the way of Chinese communication
- Respect and honest effort
- Attitude is important!
- You don’t need to change everything! Chinese don’t expect you to be Chinese!