

## Dragons, Camels and Kangaroos: Enter the Dragon -- Chinese Business Culture & the West by Bill Young, AIPM: IPMA-Australia

As we close out this Chinese Year of the Dragon I have focused this article on Chinese Culture. In the mid-1970s I trained in Wing Chun kung fu, a time when the iconic Bruce Lee was bringing Chinese martial arts to the international movie screens. By coincidence one of my kung fu Masters also studied under Lee's teacher the famous Yip Man. Lee was an unintentional ambassador of Chinese culture in his own right. Through his many movies where he visibly displayed 'culture shock' he was always in some struggle to attain fairness for others; fighting for oppressed minorities or against racial discrimination. This was my first introduction to Chinese culture.

This article enlarges on the discussion of culture in the previous article: '*Cultural Intelligence – a requisite competency for international projects*' ([Young 2013](#)). It provides some insights into the history and nature of Chinese culture and why it is fundamentally important for Western business people and Project Managers doing business with, and in, China to gain an understanding of Chinese culture; as challenging as it may be to accurately define. It may also be useful for Chinese who are going out to other parts of the world on various business ventures. To be successful conducting international business, either direction, requires cultural competence. Westerners here loosely referring to the culture of countries that have an origin from Europe / the Americas.

China with its over 1.3 billion people (mainly the Han ethnic group but with a diverse range of other minorities) has the largest population in the world. Its 4000 – 5000 years of continuous civilization and cultures (including [cuisine](#), [music](#), [literature](#), visual and performing arts) also make it one of the oldest in the world.

China is immensely culturally rich and without question one of the most dynamic and rapidly changing nations in the world today. Its culture is a complex tapestry of history interwoven with the threads and lives of billions of Chinese people down through the ages. This article could never adequately do it justice, but can only attempt to share some experienced insights and contemporary understanding.

The twentieth century saw three distinct generational periods in China (Consolidation (1949), Cultural Revolution (1966 - 1976), and Social Reform (1980s)). In the West the corresponding periods were (the Silent Generation 1925 - 1942, Baby Boomers following, and Generation X&Y from 1960s on). With the establishment of the People's Republic of China (PRC) in 1949, traditional Chinese culture was tolerated to some extent but lost favor with the onset of the Cultural Revolution (ironically termed) in 1966.

Traditional forms of Chinese culture, and Western influences were suppressed as they were seen as conflicting with the new Maoist nationalist culture that was being cultivated. Interestingly there was a renaissance of traditional Chinese culture particularly in the arts and literature post the Deng Xiaoping reform era. Deng Xiaoping, often described as the economic architect that opened up China politically and economically to the world, also had a profound impact on Chinese culture. His government's policies began the process of China deregulating parts of its economy to a more free-market system; a process which has continued to evolve over the past few decades.

Today's China is a complex blend of traditional Chinese culture (characterized by Confucianism and Taoism), communism, with a growing influence of Western culture. Not to mention influenced by various religious perspectives also. Confucius having lived around the 5th Century BC had an enormous and enduring influence on China. He was a defender of traditional Chinese values which he saw in his time as being eroded away. With the advent of Communism in the 20th Century, Confucian values were themselves under threat and suffered relegation to the shadows of Communism, even though some elements of Confucianism actually worked in synergy with Communist philosophy. In today's modern China Confucianism is less threatened by Communism as it is from the enticements of capitalism.

According to Hofstede Confucian dynamism is the main cultural value to foster self-enhancement and most work values of Chinese employees (Jaw, Ling et al. 2007). The precept that humbleness, loyalty to superiors and tolerance of others are key job attitudes (Johns, Chan et al. 2003). If one had to think of a counter driving work value in western culture, it would likely be the Protestant work ethic.

Confucian values stress ethics and obligation to others such as duty, loyalty, filial piety, respect for seniority and sincerity. Within Confucianism, everyone has a place in the right order of things with duties and obligations to the ruler, to elders, to family and to authority. In Confucianism there is an element of circular nature. Time is a good example where the same things happen again and again. History to the Chinese is circular and non-linear as it is often perceived in the West. In China human relationships are also a continuum of exchanges of support or services among those connected in the network. The idea of doing something for somebody else in exchange for nothing is less common than in the West. The reason is that any favor has a circular affect and should return eventually to the person who did the favor.

Confucian ethics hold that it is collectively everyone's responsibility to promote a harmonious state. As nature is harmonious so must society be; a Taoist ideal also. This is a very common theme picked up every day in Chinese newspapers regarding governmental or societal issues; the reference to keeping and enhancing a harmonious society is constant.

Another aspect of Chinese thinking is influenced by Taoist philosophy developed around the same time as Confucius. Taoism emphasizes the principle of wu-wei (action through nonaction), naturalness, simplicity, and spontaneity coupled with compassion, moderation, and humility. Often symbolized by yin and yang the concept that everything depends on opposing forces and the need to keep them in harmony and balance.

Though the younger generation in China today may not have quite the traditional understanding of Confucianism or Taoism the principles of these philosophies still pervade. Despite the current emphasis on making money, concepts like manners and humility remain strong core values.

In Western thinking problems are often tackled in a more direct manner. And selecting options for instance may be specific and based on objective considerations. Whereas in China solutions may be derived in a more nonlinear manner taking a convoluted path to arrive at an outcome; or an option selection might not be a) nor b) but some combination of both. To the unknowledgeable Westerner this can appear irrational or circuitous.

Particularly since the 1990s there has been a growing trend to take on a lot more Western influences, notably pop music culture, western cinema, brand clothing, night clubs, and aspirations by young people to study and work overseas. Catch a subway train anywhere in Beijing at any time during the day and you will find a carriage filled with people on their mobiles, texting, browsing, or listening to music; China has the most mobile phone users and internet users in the world. In urbanizing China there is a new and growing e-generation,

technology savvy. They are more entrepreneurial spirited than their previous generations enabled by the boom in economic opportunities and the technology facilities they are able to access with ease.

China is undergoing a transformation politically, economically, technologically, within its social structures and urbanizing demographics; all factors are undergoing distinctly observable change. There is no doubt its national culture is also adjusting, albeit at a comparatively slower rate.

It is well recognized that because culture is based on deeply held values, embedded over many generations, its level of change is slow. Testament to this is history itself which has commonly depicted national cultures changing at an evolutionary pace; even when countries undergo revolutions. There is argument to suggest however that this maxim may change. With the rate of change in technology many cultures today appear to be changing more rapidly; and this is certainly the impression China gives.

Though China has embraced a partially capitalist agenda hungrily grasping many Western business concepts and ways of operating, it has spurned becoming a western clone. Its long and proud history, rising global status and emerging sense of self confidence post the 2008 Olympic Games is more likely to see China reshaping its own cultural values for the foreseeable future rather than assimilating or converging with other leading cultures.

Before China opened to the world in the late 1970s and started to introduce economic reform and shift toward a rule of law base in the 1990s, having and maintaining good *guanxi* was essential to getting anything done. *Guanxi* combining aspects of face, obligation, and hierarchy; was the value-laden relationship system that enabled activities to be conducted on the basis of expectation of mutual benefit and reciprocity. During the pre-reform era, when China's economy was State run, having the right *guanxi* connections was often more important than having even the appropriate skills and training. China's shift toward more modern business practices and strengthening the reliance on rule of commercial law has weakened the need for *guanxi*. Although still relevant in terms of smoothing the way with the appropriate connections it is no longer the magic ticket to obtaining all good outcomes including success in business (Fox 2008).

For China's 'Generation Y' (those under 35), particularly in urban centers, getting ahead and making money are often more important than traditional considerations or influences, or worries about building *guanxi* or even saving face (Fox 2008). Their agenda is focused on developing their careers and nuclear families. As a result of the one-child policy, most members of this generation are under the singular focus of their parents. They have an underlying pressure to succeed and do well economically. They will have more likely read books on business success than Confucius's *Analects* or Lao Tzu's *Tao Te Ching*.

Communication in China can be more like a chess game, often subtle and indirect. In Western culture 'yes' generally means 'yes' and 'no' means just that. In China a 'yes' could in fact mean 'no'. Chinese will rarely be blunt on the basis it may offend and cause loss of face. So it is essential on issues of importance to clarify exactly what the situation is. Understanding even a basic level of Chinese culture and business etiquette, communication styles and values will help business interactions go more smoothly (Fox 2008). It is not uncommon with such different views and approaches that there are misunderstandings; Westerners perceiving Chinese as indecisive, less confident and not proactive, and Chinese may see their Western counter parts as sometimes rude, blunt, or short sighted in their thinking (Seligson 2009). These are often mutual misconceptions or misguided stereotyping due to a lack of cultural sensitivity.

Much can be communicated without even hearing a word spoken. There are subtle non-verbal communication cues in all cultures; but they often differ from one culture to another. The Chinese written character for 'listen'

comprises of the ear, eye, and heart radicals, implying that listening embodies all three faculties. This is important for foreigners to keep in mind at business meetings. Much can be missed in a meeting if the foreigner fails to notice these subtle gestures.

### **The value of cross-cultural competence**

Cross-cultural competence is a necessary requirement in conducting international business to improve the likelihood of success. Its level of capability can determine whether an organization survives, thrives or fails in an international market. As Hampden-Turner et al put it, 'The reconciliation of cultural differences can cause whole organizations to grow healthier, wealthier, and wiser' (Hampden-Turner and Trompenaars 2000). And the opposite of course is likewise the case; lack of cross-cultural competence can cause organizations to be weaker, less prosperous and fail in their objectives.

Knowledge of how people from different cultures think, feel and behave gives valuable insights into business practices and decision making. Such knowledge coupled with cultural sensitivity promote better mutual respect, effective international negotiations, more rapid conflict resolution, and promote alignment for achieving shared goals and visions.

Business leaders from Asia, Africa, the Middle East and the Americas all have profoundly different decision making styles reflecting their distinct business heritage and cultural bases (Poon, Evangelista et al. 2005), (Martinsons and Davison). Many of these corporate leaders seek business opportunities in China hoping to tap into its dream economic growth rates and growing middle class. Like miners to the gold rush, they see the low cost of manufacturing and the massive market size as being richly attractive, but competition is intense, bureaucracy is pervasive, and effective communication for building successful business relationships depends heavily on having culturally informed approaches. Many large global companies have established bases in China having built competent local teams; some have been very successful but others have failed and at great cost. If China was a metaphorical road it would be littered with the carcasses of international businesses that had failed along the journey, not having been able to bridge the cultural and business divide.

With its economic scale, social diversity, and global industrial manufacturing linkages all now inextricably connected to the rest of the world, China will continue to be a most interesting 'work in progress'; watched by the world as it develops and changes.

### **In summary**

This article provided some brief background on Chinese history and cultural disposition to help put some context to doing business or developing projects in China.

It outlined the need to build cultural competence through learning about key aspects of our own and others cultures, and why it is a foundation stone in enabling international business and project success. It has emphasized that it is only through applying deep understanding and respect for all national cultures that cultural competence can be developed. It outlined the need for business leaders and those managing projects (in China and beyond) to build strong culturally competent teams as this will be the primary enabler to building and sustaining effective international business relationships; which in China is paramount to ultimately being successful.

The next article in this series ([watch for it at PM World Journal](#)) entitled 'China: Cultural Dimensions in International Business' will focus on how Cultural Dimensions; conceptual constructs that help put into some measure or perspective national cultures, can be used to enhance international business. It will explore their general use, applicability to international business, and importantly their limitations.

The fourth article in the *Dragons, Camels, and Kangaroos* series on culture will continue the theme on China, focusing on the high failure rate of international businesses and projects, particularly joint ventures. It suggests how such a situation could be radically turned around. It highlights mistakes made by international businesses misunderstanding the China context and their need for self-reflection and adaptability.

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## About the Author



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Bill has worked for 31 years in engineering, business, and project management responsible for a diverse range of chemical processing and mining developments. He has worked in Australia, Europe, Asia, North America, and Africa.

After completing a number of Projects in China since 2005, he moved to China with his family in 2009. He is a consultant and entrepreneur, and a Professor (part time) for the School of Mechanical & Electronic Control Engineering, Beijing Jiaotong University.

Bill Young lectures in international business management at Beijing's Jiaotong University. He has developed a number of courses focused on international culture and cultural dimensions. After three decades of delivering projects globally and with strong experience in international joint ventures he is convinced that there is a much greater need for the development of Cultural Intelligence.

### About this series

**Dragons, Camels and Kangaroos: A Series on Cultural Intelligence for Programme and Project Management.** In this series, published by PM World Journal, and republished with permission by asapm, Young discusses aspects of local and national cultures in the context of how they impact international business and project management. The series deals with contemporary culture in the global business environment and explores Cultural Dimensions and how they can be utilised to bring about greater project and business success. The series will include articles focused on different national cultures and how through building understanding of the cultures can make a substantial difference to business success. Article 1: Cultural Intelligence – a requisite competency for international projects outlined why this topic is important.