



Challenges in Western-Chinese business relationships: the Chinese perspective

Western-Chinese
business
relationships

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ByoungHo Jin

*The Department of Consumer, Apparel and Retail Studies,
University of North Carolina at Greensboro, Greensboro, North Carolina, USA*

Hong Yu

*Ted Rogers School of Retail Management,
Ryerson University, Toronto, Canada, and*

Ji Hye Kang

*The Department of Apparel, Textiles, and Interior Design,
Kansas State University, Manhattan, Kansas, USA*

Abstract

Purpose – The purpose of this paper is to identify fundamental business practice differences that resulted from cultural differences between China and the West and to examine if traditional Chinese values and modern values coexist in the business context.

Design/methodology/approach – In total, ten one-on-one and two focus group interviews with Chinese business people involved in transactions with the USA were conducted in China.

Findings – The findings largely confirmed the significant influence of core Chinese traditional values on business practices in China. Contemporary business practices in China were found to be adapting to Western cultures in the presence of dynamic economic and social transitions.

Research limitations/implications – The findings of this study are based on a series of interviews conducted in Beijing, Shanghai and Shenzhen with selected Chinese businesses. While this initial data from the Chinese perspective provides valuable insights, inclusion of a diverse population would provide richer understanding.

Originality/value – Based on findings, this study concludes that approaching China only with its traditional values limits understanding of the country's reality. Detailed practical implications based on findings are suggested.

Keywords China, National cultures, Values, International business, Business practices

Paper type Research paper

Introduction

As the world's third largest country, home to one-fourth of the world's population, and the fastest growing economy in the world, China offers enormous market opportunities for the world. In order to increase trade with China, global companies must be equipped with a more thorough understanding of China.

It is widely known that business practice differences between Western and China are the main challenge in doing businesses with China (e.g. Graham and Lam, 2003; Hirt and Orr, 2006; Movius *et al.*, 2006). Understanding such differences, however, is complex because Chinese traditional values and new modern values concomitant of the economic growth paradoxically coexist.

An increasing number of studies reported the paradox (Faure and Fang, 2008; Leung, 2008; Luo, 2008; Styles and Ambler, 2003; Willis, 2009; Wright *et al.*, 2008); however, previous studies are limited in understanding Chinese business practice because of three



reasons. First, most studies mainly illustrate the changing or coexisting values regardless of specific context (e.g. Lin and Wang, 2010; Willis and Quan, 2009). While such discussion is meaningful in understanding today's China, it limits our precise understanding since Chinese may apply different values to business and social behavior (Leung, 2008). The second limitation comes from lack of empirical data. With an exception of Willis (2009) and Willis and Quan (2009) who interviewed young Chinese consumers, most studies are conceptual or literature review; empirical studies with business professionals are very limited. Third, previous studies largely delineate China's mixed values from the Western perspective. To develop a more accurate understanding of Chinese business practice, it is equally important to know how Chinese business professionals perceive the differences.

To fill the gaps, the purpose of this study is to identify fundamental business practice differences between Western and China, and to examine if traditional Chinese values and modern values coexist in the business context. Changes in Chinese values can be effectively detected from the Chinese perspective. Thus, this study performed a series of one-on-one interviews and two focus group interviews with Chinese business people who are doing business with the USA.

Coexistence of traditional and Western values

China has gone through drastic transitions in social, economic, and political systems during the modern historical period. Significant milestones included: The Chinese monarchies sustained for more than 5,000 years were overturned in the late nineteenth century, followed by the Communist takeover in 1949, the Cultural Revolution in the 1960s and 1970s, and Deng Xiaoping's open-door policy and economic reforms since 1978, which triggered China's industrialization and modernization. Over the past decades, these drastic political and social changes have demolished some traditional Chinese values (Faure and Fang, 2008). Recent studies have revealed that only parts of traditional values remain prevalent in China today (e.g. Cheng and Schweitzer, 1996). In contemporary Chinese culture, Western ideas are shifting the existing social order and impinging on individuals' ways of thinking (Ng, 2004).

Recent literature suggests the coexistence of traditional and transitional values. Based on Chinese Yin Yang cultural principle, Faure and Fang (2008) delineated eight pairs of paradoxical values that coexist in today's China, which include: *guanxi* vs professionalism, importance of face vs self-expression and directness, thrift vs materialism and ostentatious consumption, family and group orientation vs individuation, aversion to law vs respect for legal practices, respect for etiquette, age, and hierarchy vs respect for simplicity, creativity, and competence, long-term orientation vs short-term orientation, and traditional creeds vs modern approaches. While seemingly contrasting with traditional Chinese values and modern Western values, the values work together well in China. In marketing, transaction and relational approaches are commonly viewed as separate alternative forms.

However, Styles and Ambler (2003) pointed out that Western transactions and Chinese relational approaches (i.e. *guanxi*) coexist within the same firm or the same manager and concluded that both approaches not only coexist, but also reinforce each other in China. The above studies are valuable as it suggested the coexistence of traditional and modern values. However, they are limited in understanding in what extent and in what contexts one value is dominant over the other value. That is, Faure and Fang's (2008) paradoxical eight pairs of values are suggested without referring to a specific context; thus, whether the paradoxical pairs are applicable to all contexts with equal weights or the pairs have differing relevance to business contexts are still unanswered. This is a research gap this study aims to fill in. Leung (2008) cautioned that applying traditional Chinese values to all

situations should be avoided and suggested that in economic decisions, cost-benefit analyses, and economic rationality with a short-term perspective dominates, while social behaviors are more influenced by traditional norms and values. Based on this, this study posits that while the majority of Chinese traditional values are still dominant in business contexts, Western ways of doing business coexist.

In addition, most previous findings are not based on empirical data; rather they are derived by literature review or observation of authors from the Western perspective. Whether value coexistence that was suggested in previous studies hold true among Chinese business people or not has not been actually tested with empirical data. To fill this gap, this study analyses empirical data collected from a series of interviews with Chinese businessmen. The findings from the Chinese perspective will provide more insightful information to business practitioners than could be derived from literature review or observation of Western scholars.

Method

Chinese firms that are doing business with the USA more than one year were selected as interviewees. They were screened and invited with the help of a US consulting firm that specializes in coordinating US and Chinese business collaborations. That is, the consulting firm began with contacting his Chinese clients in China and then expanded to the firms they know who do business with the USA. Since the owner of the consulting firm was a Chinese native, he had vast personal networks in China. This helped tremendously in securing interviewees. To reflect broad perspectives, companies and trade positions, including manufacturers, suppliers, and intermediaries (i.e. buying offices and advertising agencies) in diverse industries were contacted (Table I). A total of 19 companies agreed to participate in the interviews. Previous studies supported the sample sizes of around 20 for a full understanding a topic (see Flint and Woodruff, 2001), so 19 companies are deemed to be adequate to reach meaningful information. All

Interviews	No.	Industry
One-on-one interviews	A	Computer networks
	B	Consulting firm: business strategy and HR training
	C	Consulting firm: marketing research
	D	Law firm: real estate, financial securities, and international legal affairs
	E	Advertising agency
	F	Professional recruiting firm
	G	Machinery parts manufacturing
	H	Home hardware manufacturing
	I	Highway maintenance product dealer
	J	Government agency in foreign investments
Focus group interview 1	1	Medical equipment
	2	IT software
	3	Consulting: IT and telecommunication
	4	Telecommunication
Focus group interview 2	5	Consulting firm: telecommunication market research
	1	Hand tools and mechanical tools
	2	Airline customer products
	3	Trading
	4	Engineering

Table I.
Profiles of interviewed
Chinese firms

interviews were performed by two researchers in three Chinese cities: Beijing, Shanghai, and Shenzhen. Due to time constraints of the interviewees and researchers (i.e. researchers stayed in each city only three to four days to collect data), four and five companies were organized in a form of focus group interview in Shanghai and Beijing, respectively.

Interview questions included differences in US/China business practices and challenges in doing business with US companies. Each interview took approximately one and one-half hours and was taped with an interviewee's permission and transcribed for further analysis. All interviews were performed in each interviewee's office, except one interview in Shanghai which was held at a tea house. Two focus group interviews were held in a rented conference room in each city. Most interviews were conducted in English as most interviewees speak English fluently, but an interpreter was used for two one-on-one interviews and the focus group interviews. Data were analyzed utilizing a stage-coding method. That is, the first interview was categorized into several themes. Based on the themes, subsequent interviews were examined whether the same themes were emerged. If not, new theme was added. Through this process, all interviews were categorized into themes. The coding was done independently by two authors and compared if consensus was reached. If different categorization arises, the authors discussed until a consensus was achieved.

Results and discussions

Six different themes were identified as different business practices between the USA and China. Table II summarizes the findings and presents how Chinese traditional values are reflected in today's business contexts. Below is the details of each theme and how Chinese perceive the differences.

Sinocentrism and admiration of Western technologies

Sinocentrism is considered a unique Chinese characteristic and is deeply rooted in the Chinese ethnocentric perspective that regards China to be central (Movius *et al.*, 2006). Sinocentrism is the Chinese's sense of superiority over other countries and is built on China's long history as a leading country. From the seventh through the fourteenth

Chinese traditional values	Values reflected in contemporary business contexts
Sinocentrism	→ Chinese's pride in their culture still dominates, but the admiration of Western technologies coexists
Modesty	→ Modesty is still a strong value
Long-term orientation	→ Long-term and short-term orientations coexist. Long-term relationship is valued at personal level; short-term orientation is taken for business contexts
Guanxi	→ The role of guanxi is still critical to establish trust toward trade partners, but its role is decreasing
Clear distinction between in-group and out-group membership	→ Clear distinction between in-group and out-group memberships continues. As an example, Chinese view themselves as a part of in-group members of workplace. Thus, a workplace becomes family and Chinese show less distinction between public and private lives
High-context culture	→ Due to high-context culture, the relational contract prevails. However, Chinese are aware that different approaches toward business contracts between China and the USA raise legal issues

Table II.
Chinese traditional values and their reflection in contemporary business contexts

century, China had the most advanced civilization in the world (Yau, 1994); during this time its people invented paper, printing, gunpowder, porcelain, silk, and the compass. In pre-modern times, Chinese viewed theirs as the only civilization in the world and foreign nations as barbarians. This view is reflected in the country's name in Chinese pronounced *Zhong Guo*, literally meaning "central country." While sinocentrism has decreased, Chinese's pride of their culture is still immense. Cultural pride is so prevalent that one of the main cautions when interacting with Chinese business partners is to avoid intruding on China's cultural superiority (Movius *et al.*, 2006).

Many interviewees insisted that Americans should acknowledge differences between the USA and China and learn to deal with these differences. One specific comment on this subject follows:

Usually they (U.S. business people) try to respect Chinese's self esteem; also, they are friendly. They smile a lot and they do respect Chinese culture [...]. They know China is different but still they don't know well how to cope with the Chinese culture. [...] they're not prepared [...]. If you always think American way, it's not international.

Another interviewee maintained that China has been very sensitive to foreigners due to historical events such as Boxers Revolution[1]; therefore, foreigners should avoid touching this sensitivity:

You know the Boxers Revolution? Boxers have a really extreme attitude toward foreigners and they were so hostile to foreigners that they killed them. Although it has been more than 100 years past, a lot of people are still sensitive to foreigners' behavior, their intention in China [...] When American business people come to China to invest or to do trade, they may want to respect Chinese peoples' customs and cultures so we can live more harmoniously [...]. Chinese people also have a very strong self-esteem; you need to understand this sentiment. If we have to make a choice between the economic interest and the national self-esteem, we would definitely choose the national self-esteem and we would give up the economic benefits.

The above statement clearly shows Western business people should respect the Chinese culture and acknowledge differences. However, while the Chinese insist that the USA respect their culture, the Chinese simultaneously admire Western technologies. The following comment from an interviewee illustrates this point:

U.S. is quite leading in high technology and telecommunication. Chinese respect or admire the technology. We admit that the U.S. is very advanced [...]. Even the government is willing to learn from the U.S. in this technical area.

Modesty: still a strong value

One of the distinct cultural differences between China (i.e. collectivism) and the USA (i.e. individualism) is that an emphasis is placed on modesty in a collectivism society whereas self-promotion or self-aggrandizement receives more value in an individualism society (Nisbett, 2003). Due to the strong emphasis on modesty, self-depreciation by denying one's compliments, or by acting modestly is an important part of courtesy in China.

The traditional Chinese virtue of modesty was clearly identified in the interviews. Additionally, interviewees expressed negative attitudes toward Americans' virtue of self-promotion as the following comment demonstrates:

(American companies tend to say) my product is (the) best and my company is (the) best. Even if they are Ford or GM, American will say I'm the best. There are many better cars than Ford or GM in the world. It is considered dishonest (in China). [...] we try to be considered as being modest. If you say I'm the best, first Chinese begin to feel bad about you, and probably they will try not to do business with you. I think this is a cultural difference.

Another interviewee pointed out that compliments from prestigious people or publications are significantly better than bragging about oneself. The following example shows the Chinese's desire to be complimented by others, especially through authorities:

If someone else (not yourself) says you're the best, then that will help you a lot [...]. If TIME Magazine or some publications are reporting you or President Bush say you're the best, then that will really help.

The goal for the self is different between Americans (individualists) and Chinese (collectivists). Americans are concerned with personal goals or self-aggrandizement whereas the goal of a Chinese lies in playing his/her part in reaching collective ends. Asians are taught to practice self-criticism to improve themselves; they believe by doing this they can improve their relationships with others. They perform well when they are criticized, compared to Westerners performing well when they are complimented (Nisbett, 2003). The following statements illustrate how this notion of modesty reflected in a business context:

During the top management meeting, Chinese employees feel like the American boss likes to focus on accomplishments they made. But Chinese employees feel like the purpose of meetings are to solve problems rather than just claiming accomplishments.

Western or American boss normally gives a lot of encouragements to the employees, but Chinese managers are using the style when the parents are trying to educate their kids (which usually involve criticism).

Coexistence of long-term and short-term orientation

A collectivism society, especially in an Asian country with a large Chinese population, represents long-term orientation, while Anglo-Saxon countries belong to short-term orientation (Hofstede, 2001). Because of this orientation, Chinese value perseverance, thrift, and saving for the future whereas spending in the present is more important in short-term orientation societies (De Mooij, 2004). Because of this long-term orientation, Chinese exhibit greater patience to achieve the results they desire at a negotiation table, which makes Americans impatient (Graham and Lam, 2003).

While China represents a long-term orientation culture (Hofstede, 2001), this study found a coexistence of long-term and short-term orientations within China. At a personal level, interviewees agreed that they aim for long-term relationships with business partners; at the company level, though, Chinese are eager to reap the best results as quickly as possible in order not to lose opportunities in the midst of competition and a fast-changing society. These sentiments are reflected in the following comments:

When Chinese are looking at relationships, they mean long-term [...] but that is at a personal level [...] they want to remain friends. But the management of big companies is short-term.

It has been only 20 years since China turned from a government-controlled economy to a market economy, so everything is fast moving including the laws [...]. I would say Chinese actually are very short-term and very realistic.

One interviewee commented that this hurriedness has resulted in less preparation, which has led their overseas investment to limited success:

Chinese always make a very quick decision. For a huge investment project, a U.S. company will usually take one year or two years for a study and allow enough time for negotiation. In the meantime, they will ask a consulting firm for market research. Chinese just make a decision from

their first impression. The successful examples are very few because of this kind of quick decision-making.

Another interviewee pointed out that, overall, Chinese society pays attention to monetary success within a short amount of time. In the following statements, he lamented over the sacrifice of personal life because of this trend in the society:

The main objective of whole society today is to make money, which makes me very sad. They just focus on making money and how to make it faster. We want to be rich as Europeans tomorrow. I mean, people are so hungry for wealth. Privacy, private time, family time, and those kinds of things are sacrificed.

Guanxi is a main source of trust, but the role is decreasing

Because of strong social identification with in-group members, collectivists usually do not trust newcomers as they are out-group members. Therefore, establishing and maintaining *guanxi*, generally translated as “connections” or “relations,” is extremely critical to becoming in-group members. It has been widely accepted that *guanxi* is the most important factor for successful negotiations with Chinese businesses (i.e. Leung and Yeung, 1995; Yeung and Tung, 1996; Xin and Pearce, 1996). Since Chinese people trust those they have known for a length of time, it is inevitable that time must be invested to build trust with Chinese counterparts. Movius *et al.* (2006) asserted that demonstrating to Chinese counterparts that you and your organization can be trusted over the long run is usually more important than any particular issue at the table. Once trustworthy relationships are established, especially over long periods of time, preference and reciprocity will exist because Chinese people will view counterparts as members of their business organizations (i.e. in-groups). Once established, the relations cannot be broken easily; once broken, however, they are very difficult to restore (Yau, 1988).

Establishing *guanxi* is different than building Western business relationships. Chinese negotiators believe that after an hour of socializing, which can include attending banquets and drinking alcohol, it is easier to exchange information (Paik and Tung, 1999). Often, important commitments are made during a banquet and detailed technical problems are discussed and worked out later during the formal negotiation (Graham and Lam, 2003). To many Western business people, this kind of socializing is considered inefficient and time consuming. In one study, an American manager said, “We like to get right down to business, but it is important to be patient during this getting-acquainted phase because impatience may project a bad impression to the negotiating partners and result in an early termination of the deal” (Paik and Tung, 1999, p. 109).

One interviewee summarized how building trust is different between Chinese and Americans:

I think, in America, everything is based on trust [...]. In America I trust you because there's nothing wrong. Nothing happened that make me not trust you, so I trust you. We (Chinese) don't trust you first until you prove you are trustworthy. That is a difference.

Being a member of an in-group is important as Chinese (i.e. collectivists) distinguish among individuals based on group membership (Huff and Kelly, 2003). Chinese business people do not trust US business people at first because individuals from the USA are not in-group members (Movius *et al.*, 2006). An analysis of interview data revealed that knowing one's trade partner or becoming a friend must precede even a business-to-business transaction. The following statements confirm this situation:

In China, we need to build up relationships first. It is to build trust. We need to become friends first, and then we talk each other as a friend. I trust you so we can do the business together.

People want to make friends through business. It's not like in the States; there, business is business [...]. Actually, we are becoming friends with our clients and we enjoy doing business that way.

One interviewee indicated that the importance of personal relationships is related to the imperfect legal system in China. Unlike the laws in the USA established by lawmakers, the laws in China come directly from an absolute power, such as the emperor or the chairman of the Chinese Communist Party, to keep social harmony. Thus, the same behavior in two situations in China could be judged differently because only situations can explain what is right to keep social harmony. According to Lee (2003), "In America, the judge says what the Law is; in China, the laws apply as the official says they do" (p. 132). Since the imperfect legal system will not protect Chinese, doing business with people they trust is an important way to reduce the risks associated with business. Also, because the law is arbitrary and judged by authorities, Chinese resort to authorities who can make a favorable judgment toward them, as the following comments indicate:

I think maybe because of incomplete law systems in China, people are doing business mainly through the people they know. Well, that's the way we are doing business here. In order to carry out business, you have to (be) a good man to show your loyalty or to establish a faith to other people.

Whenever there's business activities or issues, the first thing (an) American say is, "Oh, go to my legal counsel, go to my lawyer." But in China, "Oh, my friend who knows an authority can help me solve the problem."

Previous studies found that if *guanxi* is built with the right person, it allows an easy access to scarce resources (i.e. information) or special treatment (Fan, 2002). However, one interviewee claimed that the importance of *guanxi* has diminished as the Chinese government views the use of *guanxi* in business contexts as corruption:

Westerners think that if you know someone, then you can get everything done. I don't think that's true anymore because now even the government has a lot of regulation(s) and also they watch very carefully about those corruptions.

Having a feast with a Chinese partner has been known to be one of the ways of establishing *guanxi* (Pearce and Robinson, 2000). However, as the following statement indicates, this expectation is viewed as somewhat outdated as Chinese experiences with Westerners increase:

Nowadays Chinese businessmen quite hate those kind of big dinner because it is a countryside style [...], but sometimes we have no other choices because Americans expect to have a big banquet in China.

This comment clearly suggests that just following the traditional Chinese way of doing business may be old fashioned. While the above situation may not be a significant issue in doing business, ignoring such changes may result in overlooking potential business opportunities.

In-group membership and the workplace: less distinction between public and private lives
Due to strong identification with a group, collectivists feel embedded in their in-groups and distant from their out-groups (Nisbett, 2003). In contrast, individualists feel separated from their in-groups but feel relatively closer to out-groups. Because of this, collectivists apply different value standards for in-groups and out-groups (Movius *et al.*, 2006; Nisbett, 2003; Triandis, 1995) and exhibit a bias against out-groups,

resulting in low levels of trust of outsiders (Huff and Kelly, 2003). Examples of in-group members are family, relatives, friends, neighbors, classmates, and co-workers, as well as anyone who has been introduced by someone belonging to one of these groups. To collectivists, treating in-group members better than others is normal and ethical whereas the same behavior is considered to be nepotism and unethical in an individualism culture (i.e. the USA) (Hofstede, 2001). Data analysis identified a strong sense of in-group membership and concluded that the clear distinction between in-group and out-group memberships continues in contemporary China. As an example, this study found that Chinese, as collectivists, views the workplace as an extension of family and they develop a strong sense of in-group membership toward the workplace. As such, the relationship between employer and employee is not calculative but moral, which resembles a family relationship, with mutual obligations or protection in exchange for loyalty (Hofstede, 2001). This loyalty to the organization is supposedly the best guarantee of an individual's ultimate interest (Hofstede, 1980). Chinese, therefore, believe they belong to an organization; invasion of private life by the organization is acceptable. As a result, Chinese see less distinction between public time and private time, and between public possession and private possession (De Mooij, 2005). A majority of interviewees had clear ideas about the differences between Chinese and Americans in this regard:

In the States, business is business and the personal is the personal. Normally they don't mix up together. Here you have to mix and it is OK.

Chinese employees would put personal expenses, such as taxi fare, into business and then get reimbursed. Once this is found out by an American boss, it is considered as a violation of principle. But Chinese employees feel like this is really small amount, so why they care so much? U.S. managers are very clear between what is business and what is private, but the Chinese managers sort of blend the two aspects together.

An American manager was famous for his strict principle, so people respected him. But after a while people found that he had an ex-marital affair. So immediately people attributed it to his personal quality. [...] so people disrespect him as a person and did not follow his rules and guidance.

High-context culture: implicit contracts and increased awareness of Western approach
China has a high-context culture, or society, whereas the USA has a low-context culture (Hall, 1976). In a high-context society, the meaning of individual behavior depends on the situation and implicit communication through non-verbal cues dominates. In contrast, in a low-context society, more explicit communication, such as through words, is more effective.

The Chinese's high-context culture was clearly observed in this study. Chinese interviewees stated that US business people should not take the meaning of Chinese business people literally, as illustrated by the following comment:

Chinese businessmen like to say "no problem," but don't take it literally. When we say "no problem," that doesn't mean there's no problem at all. When we say "no problem," that means, "I will have no problem trying [...]."

The low-context culture of the USA relies on contracts that list the specifics of an agreement, and the high-context culture of China depends more on general agreements addressing the basic intent of the partners (Sternquist, 1998). Thus, a Chinese contract is simple and abstract, unlike more specific and operational Western

contracts. In low-context cultures, once a contract has been agreed to, it applies universally regardless of circumstances. In contrast, in high-context cultures, an agreement can be altered by changing circumstances (Nisbett, 2003). Since the meaning of a general agreement depends largely on a society, business people from a low-context society often have difficulty understanding people in a high-context society.

Chinese heavily rely on an implicit contract that lacks specific written agreements, as demonstrated in the following statements:

It seems like the U.S. business people are more focused on the terms, the details about the contract. But Chinese are not so particular on the terms of the contract, but they are more focused on the other things behind business transactions. That could be emotion, relationships, friendships, or possibly some kickbacks, you know.

Another interviewee stated:

In China, business people make a deal based on the oral agreement, but in the States everything is in writing. Because of this, we could be at a disadvantage when dealing with U.S. companies. If something is not in writing, they could say where the agreement is and will say, "show me the agreement."

This comment indicates that Chinese think they are at a disadvantage because of specific contract terms, but US businesses think that the Chinese's arbitrary interpretation of abstract terms is problematic. However, the Chinese are now aware that this different approach toward business contracts raises legal issues, as illustrated in the following comments:

American businessmen are very cautious on contract terms [...]. Usually, in Chinese business, there is no contract. It just depends on personal relationship with others. Even in today's business, Chinese people still like to do this way. Compared to the United States, there are many cases where there is no contract. But now in Chinese court, there are many lawsuits happened owing to ambiguous contract.

Implications

This study identified six Chinese values that affect the way doing business between China and USA. The identified six values include sinocentrism, modesty, long-term orientation, guanxi, clear distinction between in-group and out-group membership, and high-context culture. With the exception of two values (modesty and clear distinction between in-group and out-group membership), traditional Chinese values, and Western values were found to coexist in China's current business climate. These findings indicate that, overall, our postulation that Chinese values are changing in the midst of societal transformation is partially confirmed. In other words, not every Chinese traditional value is shifting with the country's economic and societal change, but because of the partial changes, global companies planning to increase business opportunities with China should be keenly aware of the current situation.

While the identified six values have been known in the literature as Chinese traditional values, it should be noted that Chinese businessmen brought them out as business practice differences between USA and China. This study further confirmed how each of the six traditional values coexist with Western ideas when Chinese do business with Westerners. Among the six identified Chinese values, only two aspects, guanxi and long-term/short-term orientation, were found to be the same dimensions that Faure and Fang (2008) identified and the rest four values were different from their study. It is because Faure and Fang's (2008) study was discussed without specific contexts whereas this study analyzed value differences between USA and China in the

business contexts. In this sense, this study contributed to the literature by identifying not only business practice differences perceived by Chinese businessmen when doing business with USA but also how Chinese traditional values coexist with Western values in business contexts. This information is valuable to Chinese value studies since it is the result of empirical analysis from the Chinese perspective. This extends the previous studies in that previous studies discussed the coexistence of traditional and modern values in China mainly via literature review and observations. Accordingly, implications for Western businesses are much more insightful than studies conducted with literature review. Detailed implication for business practitioners are delineated below.

Global companies need to be attentive to the fact that two Chinese traditional values (modesty and clear distinction between in-group and out-group membership) are strongly reflected in business contexts and have not been influenced by recent economic changes. Modesty, or being humble, is one of the key elements to maintaining social harmony in a collectivism culture. Therefore, the Chinese do not overtly express their pride in public. Most interviewees expressed unpleasantness toward the self-promotion of US businesses. However, this study found that Chinese do value compliments from authorities such as the government, prestigious publications, etc. Therefore, global businesses need to utilize official sources, rather than personal statements, to promote their businesses.

Interestingly, Chinese mix both public time and private time and public possessions and private possessions. While the different views between the East and the West on relationships among self, in-group, and out-group have been documented (e.g. Nisbett, 2003), this study found, for the first time, a reflection of these views in business contexts. These findings contrast dramatically with Western ideas that public and private times are entirely separate, as are public and private possessions. The contrast between cultures can be explained by collectivists' self-identity, which is formed by groups. Collectivists feel that the workplace is an extension of family, thus sharing private time with a public purpose, such as having a meeting while having dinner with trade partners, is perfectly appropriate. In addition, utilizing a small bit of company resources for personal purposes is acceptable because Chinese believe that close friends or family members can share small resources. In fact, many collectivists think a rich family member should share his/her wealth with relatives (i.e. in-group members) (Triandis, 1995). Chinese may even feel *jianwai* (consider myself as an outsider) if a person clearly distinguishes what is mine and what is yours (Wang *et al.*, 2000). Therefore, global companies need to clearly communicate this difference up front when negotiating with Chinese partners. Regarding the Chinese's long-term orientation, this study found a coexistence of long-term and short-term approaches. Interviewees pointed out that Chinese take the short-term approach in achieving profits, but keep the long-term approach for personal relationships. This finding supports several studies that suggested coexistence of paradoxical values (Faure and Fang, 2008; Styles and Ambler, 2003). This study tied the short-term approach for business contexts with the changes derived from rapid economic changes that imbue material success as more important than in the past. Therefore, global companies should be cognizant of the different approaches at each level of interaction and strategically utilize both approaches. While it is wise to put effort into long-term friendships with Chinese business partners, business profits, and terms should be negotiated with a short-term perspective.

This study found the importance of *guanxi* as a route to scarce information, supporting previous studies (i.e. Leung and Yeung, 1995; Yeung and Tung, 1996). However, the relevance of *guanxi* was found to be diminishing as the government

views it as corruption. This ambivalence is attributed to China's rapid economic development. However, guanxi is absolutely necessary to begin business with China (Yeung and Tung, 1996). Owing to the low trust toward outsiders, it is essential to establish guanxi or to at least use intermediaries who can endow guanxi. Once a business is established, and as the country moves forward to a market economy and competes in the world market, the relevancy of guanxi will gradually decrease (Fan, 2002). Therefore, global businesses should be aware that relying solely on guanxi for doing business with China is obsolete.

Owing to the Chinese high-context culture, contracts in China have been implicit and abstract, relying on the partner's general intention. While vague contracts still prevail, an awareness of legal issues due to different approaches toward contracts between Chinese and Westerners was identified through interviews. This finding is viewed as another change resulting from China's economic transformations. As with guanxi, this study holds that as the country's experience with international partners increases, the ways of doing business will be more in line with global standards and more explicit contracts will be the trend.

While this initial data from the Chinese perspective provides valuable insights, this study is not without limitations. Since the findings are based on interviews with Chinese business people who do business with USA, the findings may not be totally applicable to entire Western societies such as Europe. Also, more systematic sampling is recommended for a more complete understanding of changes in business practices for future studies. While not reported, this study discovered that interviewees who have more experience with American business partners exhibit more acceptance of American culture. Therefore, depending on interviewees' backgrounds, perceptions toward business practices differences may differ. This topic merits further investigation. Nevertheless, this study is one of few that have empirically examined US and Chinese business practice differences from the Chinese perspective. It is hoped that further studies will continue to capture such dynamics reflected in business contexts.

Note

1. Boxers refer to the xenophobic and quasi-religious groups of fighters who emerged in the late 1890s in response to a series of humiliating defeats China suffered by the Great Powers during the nineteenth century. Boxers launched terror campaigns against foreign missionaries and residents in north and northeast regions of China. Boxer Rebellion/ Revolution was one of China's influential nationalism movements and has been well-documented in Chinese and Western literatures.

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Corresponding author

ByoungHo Jin can be contacted at: B_jin@uncg.edu