

EAST MEETS WEST: HOW CHINESE BUSINESS LEADERS ADAPT TO AND ADOPT WESTERN CULTURE OF SUCCESS

Lawrence E. Zeff, University of Detroit Mercy

Mary A. Higby, University of Detroit Mercy

ABSTRACT

China's rapid economic development over the past four decades is often explained by the clashing of its culture with those of the United States and Western Europe. A recent conference brought twenty Chinese business leaders from private companies to the United States. Their descriptions of China's culture differ dramatically from Hofstede, Hofstede, and Minkov's (2010) depiction and also strongly disagree with the notion that clashing cultures underscores China's rapid development. We present these descriptions and discuss how they differ with Hofstede's paradigm. Our findings indicate that there is a clash of cultures that occurs externally, while there are three additional sources of clashes that occur internally within China. Combined, they result in differences between today's Chinese cultural characteristics and Hofstede's measurements along three national culture dimensions: *Individualism vs. Collectivism*, *Power Distance* and *Long Term vs. Short Term Orientation*. These business executives have developed a two-step process to reach their goal of becoming the global leaders in innovation: locate companies with today's best practices, wherever they are, and import them into China's economy; gain experience with these best practices and become the innovation leader of the world. They are in the process of doing just this. Private companies in China are no longer relying on a five thousand year legacy. Instead, they are creating their own legacy of economic success, one that has brought them significantly closer to their goal of becoming the world's innovation frontrunner.

Keywords: Country culture, Culture clash, Sources of Chinese economic success, Economic legacy

INTRODUCTION

Dateline 1978: China opens up its economy to privatization. Purpose: to become the world's premiere innovation and economic leader.

Initially, culture clash occurred as Western business leaders (mainly from the United States and Western Europe) tried to establish new markets in China and had to adapt to Chinese values.

Four decades later, Chinese business has experienced dramatic growth. Executives, especially from the private companies continue their quest to reach the goal of global business leadership. They view goal attainment to be a two-step process. First, close the existing gap in economic performance and, second, with experience become the world's (industry's) leader in innovation. The initial interactions, when China first opened its markets to external investors and actors, represented a classic culture clash when West met East. American expatriates had to learn about Chinese culture before working there and being exposed to a very different set of values. And while culture sensitivity training is ongoing, Tung, Worm and Fang (2008) describe there are some common denominators (i.e., what has remained constant in China over time) and some variables (i.e., what is different) when negotiating for entry into China's markets. Common denominators include attitude toward time, importance of face, significance of hierarchy and a tendency to adopt a holistic approach. Variables include differences between: young and old; coastal regions and interior provinces; north, east, south, and west; and, large and small enterprises. We would add to this list the differences between private and state-owned companies.

Twenty top level Chinese business executives in the automobile parts industry, all from Tianjin, a highly industrialized area just southeast of Beijing, were travelling the world in search of these best practices. They came to Detroit to attend a gears exposition and wanted to have an additional learning experience. They asked for a special academic seminar and the result was the presentation of a Global Leadership Conference. A symposium was developed on country cultural characteristics of and differences between China and the United States. These executives were very aware of and sensitive to the important role played by culture and were specifically looking for the most successful cultures that support innovation. As they have been doing in all other areas of business, they were on the hunt for best practices in the cultural arena. This represents a dramatic change, however, since now we are describing how East meets West rather than the initial direction of culture clash.

CHINESE BUSINESS LEADERS VS. HOFSTEDE (CONFERENCE IMPRESSIONS)

A Global Leadership Conference was presented in Detroit in October 2015 highlighting cultural differences between the United States and China. The attendees recognized a need to improve, enhance and speed up the process of innovation within their own companies and understood the important role played by culture within both Chinese companies and, increasingly, with companies throughout the global business community with whom they did business. Participants in this seminar were leaders of private businesses existing within the context of Chinese state owned businesses and were very much aware that at present the major innovations came from outside China, mainly from Europe and the United States. Their goal was to determine "best practices" from these areas and import them into China today, while learning about these other cultures to be better prepared to hasten the innovation process tomorrow.

We asked one of the participants, born and raised in China and acting as a liaison between the presenter and the participants, to provide both advice on presentation format and, after the session, a summary and interpretation of what transpired at the seminar. She was very conversant in English and came from a very different cultural background than the presenter, who was born and raised in the United States. Our interpretations and perceptions of the comments and conclusions from the Chinese business executives reflect our different cultural backgrounds in much the same ways as Hofstede’s national cultural dimensions might suggest. Our liaison suggested that the cultural framework presented by Hofstede was perhaps an excellent model to use in this seminar as she believed most of the executives were aware of, if not familiar with, it. She also indicated that the presentation should start from the conclusion and then provide support for it. As a result, all handouts and the overall format of the seminar were structured based on her recommendations. In this way, the participants would know where the speaker was going and would be sensitive to information that contributes to that conclusion. Moreover, our Chinese cohort indicated that the executives’ value system was impacted not only by traditional Chinese culture and management philosophy, but also by Western (American) culture and management philosophy. These business leaders have been interacting and collaborating with United States/European business leaders for many years and these cultural collisions would provide much material to be integrated and absorbed into their present value system.

We therefore used country culture dimensions as noted in Hofstede, Hofstede, and Minkov (2010) and the differences between China and the United States (Hofstede, 2016). Additional country differences in values and culture were found in a study initially conducted at the University of Hong Kong in 1995 and then repeated in 15 other countries (Hofstede, 2004; Hofstede, Van Deusen, Mueller, Charles, & the Business Goals Network, 2002). It identified the five most important goals and the five least important goals attributed to successful business leaders (Hofstede, 2007). Comparing only the lists for China and the United States, we see:

For China	For United States
<p><i>(most important)</i></p> <ul style="list-style-type: none"> *Respecting ethical norms *Patriotism, national pride *Power *Honor, face, reputation *Responsibility to society 	<p><i>(most important)</i></p> <ul style="list-style-type: none"> *Growth of the business *Personal wealth *This year’s profits *Power *Staying within the law
<p><i>(least important)</i></p> <ul style="list-style-type: none"> *Creating something new *Game and gambling spirit *This year’s profits *Personal wealth *Staying within the law 	<p><i>(least important)</i></p> <ul style="list-style-type: none"> *Profits ten years from now *Responsibility to employees *Family interests *Continuity of the business *Creating something new

Hofstede, 2007, p. 416.

It is interesting to note that the only goal identified as one of the most important goals for business leaders in both the United States and China is “Power.” Even more interesting is noting that three of the least important goals for Chinese business leaders, namely, “This year’s profits,” “Personal wealth,” and “Staying within the law,” are among the most important goals for U.S. business leaders.

Not only are the goals different between China and the United States, the basic cultural differences are quite dramatic. We use the information from the Hofstede Centre’s web site to include the most up-to-date information (Hofstede, 2016). Note that the Hofstede Centre has placed an asterisk (*) by the scores for China which indicates they “are - partially or fully - not from Geert Hofstede but have been added through research projects of other researchers or have been derived from data representing similar countries in combination with our practitioner experience” (Hofstede, 2016, footnote). The most evident difference between Chinese and American societies relate to the national cultural dimension of *Individualism vs. Collectivism*. On a scale from 0 to 100, where 50 is considered average, China rates 20 (a very low degree of individualism and a very high degree of collectivism, among the most collectivist countries measured) while the United States rates 91 (an extremely high amount of individualism, the most individualistic country measured) (Hofstede, 2016).

A second dimension of national culture on which China and the U.S. differ is *Power Distance*. Large Power Distance cultures can also be called *respect* cultures (Hofstede, G., Hofstede, G. J., & Minkov, 2010). China scored 80 on this dimension and America, on the other hand, scored 40 (Hofstede, 2016). China’s high level seems to be consistent with the goals of “Respecting ethical norms,” “Power” and “Honor, face, reputation.” America’s low score is very consistent with the view of rugged individualism.

Finally, there is a huge discrepancy in the view of *Long Term vs. Short Term Orientation*. This dimension of national culture was discovered at the Chinese University of Hong Kong (Hofstede, 2007). Hofstede was concerned to what extent the results of cross-cultural research are influenced by the values not of the respondents, but of researchers, since most researchers at that time were Western and that might suggest that questions specifically relevant to Asian culture might not even be asked. A *Chinese Value Survey* form was developed with a purposeful Chinese bias. While the other dimensions were found to exist in Asian societies, a new dimension, originally called *Confucian Work Dynamism* was created. When this was applied to a large number of countries throughout the world, and people were unfamiliar with Confucius, the name of the dimension was changed to *Long Term vs. Short Term Orientation* (Hofstede, 2007). China scored 87 on this dimension (Hofstede, 2016), a very high score that suggests a long term view for business leaders. This perhaps explains why “This year’s profits” was seen as one of the least important goals for business leaders. The United States’ score of 26 indicates a very short term perspective (Hofstede, 2016) and explains why “This year’s profits” is one of the most important goals.

After discussing the differences between the country cultures of China and the United States as described in the University of Hong Kong study cited earlier (Hofstede, 2007) and describing the results found from the Hofstede Centre (Hofstede, 2016), concentrating on the three country dimensions of *Power Distance*, *Individualism vs. Collectivism* and *Long Term vs. Short Term Orientation*, we had an open dialogue based on the perceptions of these twenty Chinese leaders. The first question raised by the conference participants was based on the belief that the major cultural difference between China and America dealt with the role of religion in the U.S. They believed that religion had to be considered in every interaction with business leaders from the U.S., while it was not a consideration with Chinese business leaders. This notion of religion, they asserted, was the major, perhaps even the sole, value that defined Western culture. Moreover, this value was also of consequence in the Middle East and other Muslim countries just like Christian values existed in the United States and other Christian countries (mainly of Europe). Many examples were provided that indicated how pervasive this concern really was, and that they had to be very sensitive to it. These leaders frequently indicated that time had to be set aside to allow for prayers to be said, five times a day for Muslims and twice a day for Christians. Of critical concern to the participants, then, was to be able to identify the basic American/Western culture that led to the legacy of successful economic results over the past century and a half which could then be transported to China as another one of the world's "best practices" for application in their own companies.

The Conference participants were very aware of and sensitive to the role of country culture and its impact on economic success. Their examples of the need for sensitivity toward religion reflect this understanding of the role that culture plays. These Chinese business executives actually viewed country culture as they did every other source of economic success, and the desire to learn from other economically successful countries regarding their cultures was very much in line with their desire to learn about other factors of success. In particular, they were travelling around the world to learn best practices that could be imported into China to help them gain the benefits of innovation leaders. Overcoming this present gap was best accomplished, they believed, by identifying these best practices wherever they originated until such time as China could become the innovator. This basic premise, gleaned from a remarkable self-awareness and willingness to learn from others, is the likely major reason for China's phenomenal economic growth and development in such a short period of time.

These corporate executives were trying to identify how to import this best corporate culture into their own businesses to enhance performance. One business leader presented his company culture as an example of how he had seen a European company deal with its employees and tried this same approach. It has been very successful as the company has maintained high profits for twenty-five consecutive years and his employees have been very productive. The European company treated its workers as members of a big family and provided many items important for families to live more comfortably. The Chinese executive provided his workers with housing and transportation to make sure they were "taken care of" as he would his own family members. He

felt employees would help each other on the job as they would help their own family members. This culture permeated how work was accomplished in the company much like things would get done in the home. He was proud of the fact that every one of his employees had a house and a car to get to work every day – not as big or luxurious a house as he owned, but still they had their own house. He felt he had imported this corporate culture (treat company personnel as family members) and that it was the major cause for his company's economic success. All participants were looking for the same type of experience. And this one leader who had already implemented this corporate culture wanted to make sure this was the best he could do. That is, he wanted to see if the best practice in corporate culture had changed since this family atmosphere was created in his company. He was certainly willing to implement another culture if that one would lead to even better performance.

Another interpretation here is this CEO worked hard to create a company town with employee housing and company cars being provided to those who maintained loyalty to the company. Moreover, this action seems to fit the more traditional Chinese culture of collectivism – what many (most?) workers were raised and familiar with when they entered the work force. This suggests that while the upper level managers of private companies in China more reflected the scores along Hofstede's cultural dimensions of their U.S./Western European counterparts, the Chinese workers, even those in private companies, would score more like the traditional Chinese pattern on each of these dimensions. And these Chinese leaders had real difficulty with culture as a best practice not being easily transferable to their own companies. As Beer (2015) notes, however, a specific culture cannot be simply copied by another company or companies.

Hence, we suggested two things: religion was not the sole basis for American day-to-day business practice; and, you cannot simply transport a specific organizational culture from one company to another (see, e.g., Beer, 2015). Instead, we suggested they should be concentrating on HOW effective cultures are created and implemented, rather than WHAT effective cultures exist in American and European companies. When we presented the cultural differences described by Hofstede, Hofstede, and Minkov (2010) and the Hofstede Centre (Hofstede, 2016) as described above, the participants finally had some ammunition with which to fight our perceptions and support their own views. This group of Chinese business people was not really in agreement with and instead wanted to strongly object to the descriptions of Chinese culture and the values ascribed to successful Chinese business leaders as presented in the University of Hong Kong study (Hofstede, 2007). In fact, they were so adamant about the discrepancy between what these studies showed and what they perceived to be a more accurate description of Chinese values that we spent considerable time on just this issue.

We asked one of the participants, born and raised in China, to provide both advice on presentation format and, after the session, a summary and interpretation of what transpired at the seminar. She was very conversant in English and came from a very different cultural background than the presenter, who was born and raised in the United States. Our interpretations and

perceptions of the comments and conclusions from the Chinese business executives reflect our different cultural backgrounds in much the same ways as Hofstede's national cultural dimensions might suggest. This Chinese participant suggested that the cultural framework presented by Hofstede was perhaps an excellent model to use in this seminar as she believed most of the executives were aware of, if not familiar with, it. She also indicated that the presentation should start from the conclusion and then provide support for it. As a result, all handouts and the overall format of the seminar were structured based on her recommendations. In this way, the participants would know where the speaker was going and would be sensitive to information that contributes to that conclusion. Moreover, our Chinese cohort indicated that the executives' value system was impacted not only by traditional Chinese culture and management philosophy, but also by Western (American) culture and management philosophy. These business leaders have been interacting and collaborating with United States/European business leaders for many years and these cultural collisions would provide much material to be integrated and absorbed into their present value system. So when the first participant to speak on this issue of Chinese culture responded to the results of the Hong Kong study presented in one power point slide, our Chinese associate should expect that integrated value system to be on display. And she did. Because they have experienced these cultural collisions between Chinese and Western cultures, and have learned key elements of Western culture, especially American culture, it was not surprising that the first comment indicated that "Game and gambling spirit" was not one of the least important goals for successful Chinese business leaders but instead was one of the more important ones. In addition, the goals of "This year's profits" and "Personal wealth" were now accepted by Chinese leaders as part of the framework learned from Western managerial techniques and philosophy, so much so that they are viewed as two of the most important goals. The traditional Chinese culture can be seen by the inclusion of "Power" and "Honor, face and reputation" as also being two of the most important goals for successful leaders in China. Hence, this manager suggested that perhaps a new hybrid culture was developing in China and this was the result of the two cultures clashing from business interactions. This perception is consistent with Fang's (2010) argument that the Asian concept of Yin Yang allowed the Chinese to hold two very different values at the same time. Discussion then moved to perceived differences between Hofstede's views of the national cultural dimensions and the participants' views of the applicability of the national scores reported by the Hofstede Centre (Hofstede, 2016). Any noted differences here are likely to be part of the impact of the cultural clashes from global business, including the changing goals of business leaders learned from their interactions with American and Western European business leaders.

The presenter for this session had a very different perception of the discussion. Rather than starting with the conclusion and following with some rationale for that conclusion, people in the United States typically learn by waiting to see what the ending of a presentation might suggest. Waiting might be only for a short time (the impact of technology and blogs, perhaps). These perceptions from an American cultural perspective revealed that the initial response was a more tentative introduction to the topic of disagreement with what was just presented and not the

overall conclusion that our Chinese colleague indicated. Instead, while the same arguments were heard by the American author, he was more willing to wait until the discussion reached what was perceived to be a very different outcome. This became more apparent when a dramatic turn of events took place.

The participants strongly disagreed with the Centre! They suggested instead that China has completely disavowed its historical culture and value system. “When in the 1980s Deng Xiaoping allowed privatization in the Chinese villages, it amazingly . . . worked. It worked so well that its effects started the present Chinese economic boom” (Hofstede, 2007, p. 414). Since their goal is to enhance the Chinese economy (and their own companies), these participants argued that the only concern Chinese people have is whatever will lead to economic success. Their own culture, they suggested, was not as economically successful over the past 150 years as the American economy (and hence its culture). Therefore, China could abandon its history and adopt (or adapt) the Western European/American culture. They argued that China has begun to do just that. They believed that the U.S. culture has a longer recent history of success while China’s culture, with respect to the global economy, is just being born. They were willing to give up 5,000 years of successful cultural history since it is not today the underlying factor for successful economic results. Note that on February 8, 2016, the Chinese New Year (the year of the Monkey) coincided with the year 4714 on the Chinese calendar – yet they have no “legacy” acknowledged by the 20 conference participants! And toward this end, they strongly indicated that Chinese culture is much more similar to the U.S. culture than Hofstede’s (2016) dimensions suggest.

An incident that occurred during this conference best describes their passion for disagreeing with Hofstede’s belief that the Chinese culture as presented on the Hofstede Center’s website (Hofstede, 2016) based on relatively recent information (perhaps five or six years ago) is still accurate in describing today’s culture. One of the participants, perhaps the most influential business leader attending the seminar, suggested that the five most important goals attributed to successful Chinese business leaders as presented by the University of Hong Kong study (Hofstede, 2007) were not really accurate. As the discussion continued, trying to identify what the five most important goals really were, he stood up from his seat, came around to the screen with the power point slide showing the comparison between Chinese and American leaders’ goals, and exploded about how the goals were really the same. He then went on detailing how Hofstede’s dimensions were no longer accurate as reflecting Chinese culture and that the dimensions today should indicate the same levels, especially for *Individualism vs. Collectivism* and *Power Distance*. And while most private business leaders might score closer to the U. S. on *Short Term Orientation* for most decisions they make, and certainly for day-to-day decisions, they did not rule out the notion that the State-owned businesses might score high on the *Long Term Orientation* dimension. Their discussion on and passion regarding this issue seemed to suggest this comparison of Chinese culture with that of the U.S. was almost like a red badge of courage.

Why were these Chinese business leaders so adamant about the elimination of cultural and organizational differences between China and the United States? Why were they so sure that the descriptions presented by Hofstede and his insistence that national cultures are so stable over time that information gathered less than a decade ago would certainly still be applicable is no longer a tenable argument as it relates to Chinese culture? How could they suggest that the goals identified in the Hong Kong studies (Hofstede, 2004; Hofstede, *et al.*, 2002) are no longer an accurate reflection of Chinese business leaders today? The notion of clashing cultures as described by these leaders in their interaction with their counterparts in China and in other countries necessary to enhance their companies' economic growth, and their willingness to learn and adopt new techniques from other people wherever they reside, seems to have both external and internal sources. The external source involves the culture clashes between the country culture of China with the country cultures of the United States/Western Europe, a classic country clash described by the Hofstede paradigm. Our Global Leadership Conference was intended to present and discuss this basic clash to help increase understanding of cultural differences for the Chinese attendees in their quest to improve opportunities for business growth and development. There are three sources of internal cultural clashes within China that have been identified both in the literature and by these Chinese business leaders. These clashes are consistent with the variable denominators of Tung, Worm, and Fang (2008), and include: the clashing cultures in China between younger and older generations, particularly between Millennials/Gen Xers and Baby Boomers (see, for example, Vieregge & Quick, 2011); the clashing cultures between Chinese state-owned enterprises and the privatized companies (represented by the participants in the Leadership Conference) (see, e.g., Lardy, 2014); and, the clashing cultures between geographic/economically developed areas within China itself (see, for example, Kwon, 2012).

CLASHING NATIONAL CULTURES

Fang (2010) develops an argument that critiques Hofstede's dimensions of country cultures and suggests they may no longer be reflective of cultures as they exist today. He suggests that several of Hofstede's assumptions are no longer supported. Fang (2010) suggests that Hofstede's paradigm is based on six assumptions:

First, the complex phenomenon of culture can be tackled through simplification and stereotyping. Second, nation-state or nationality is adopted as the basic unit of analysis. Third, cultural difference is the focus. Culture and management skills are viewed as country-specific phenomena. . . . Hofstede's fourth assumption is that cultures can be analyzed in terms of four or five cultural dimensions along which each national culture is given a fixed indexing. . . . Fifth, Hofstede emphasizes that value determines and prevails over behavior, not the other way around. Sixth and finally, culture is stable over time because values are difficult to change over time. (pp. 156-157)

This last assumption is critical to the discussion regarding the legitimacy and relevance of

Hofstede's six dimensions. Hofstede states: "Cultures, especially national cultures, are extremely stable over time Differences between national cultures at the end of the last century were already recognizable in the years 1900, 1800, and 1700, if not earlier. There is no reason they should not remain recognizable until at least 2100" (2001, pp. 34, 36).

Fang (2010) has suggested that culture is like an ocean with ebbs and flows. He strongly disagrees with Hofstede's belief that country cultural values remain unchanged over decades and even centuries. Fang (2010) states that in the era of globalization and the internet a static approach to management is totally unacceptable. National cultures out of necessity are becoming "transparent, fluid, elastic, eclectic, virtual and mobile" (p. 166). He goes on to say:

. . . we have to face up to the reality that today's borderless and wireless cultural learning, knowledge transfer, and synchronized information sharing fostered by globalization and new technology is bringing to the twenty-first century world of management a myriad of new challenges unknown to the Hofstede generation. (pp. 166-167)

Fang (2010) goes on to argue that cultural collisions are initially painful although they "help inspire and ignite invaluable cultural learning and management learning processes taking place on both sides, most probably leading to the integration of both cultures into a new hybrid culture" (p. 165). He suggests this is one reason why Hofstede's paradigm may no longer be as applicable to the increasing cultural interaction seen in today's global economy. In particular, he indicates how "Cultural differences are viewed essentially as a problem in the Hofstede paradigm in which the negative consequences of cultural collisions are warned and strategy which 'mitigate cultural clashes' (Hofstede, 2007, p. 419) is welcome" (Fang, 2010, p. 165). Much of Fang's position is based on the long-held value of the Yin Yang perspective, which he suggests supports the ability of Asian cultures in general and Chinese culture in particular to hold contradictory values at the same time. Thus, Hofstede's paradigm indicates how national cultures are either more individualistic (such as the United States) or more collectivistic (such as China). He argues how China is really a combination of individualism and collectivism, both at the same time and that Yin and Yang are both necessary to manage in the 21st century.

Researchers support Fang's (2010) view that cultural collisions between China and Western countries of the United States and Western Europe directly explain the speed with which China has developed and grown economically (see, for example, Lardy, 2014). Without these collisions, management philosophies within China would not have changed into more effective approaches used today. Without these cultural clashes, China would still be searching for many modern marketing and other basic business concepts. Further evidence of how important these Asian/Western collisions really are. Fang's (2010) reliance on Yin Yang and his insistence that "These new value orientations coexist with the old value orientations" (p. 165) underscore how we should be viewing the whole process of cultural change as eclectic, supporting his view of the major source for China's rapid economic development. It may also explain why he is so

enamored with cultural clashes, what he calls the “beauty of cultural collisions” (Fang, 2010, p. 165).

The concept of cultural collision seems to be applicable when western cultures go east, for example when business leaders from the United States or Western Europe do business in China or other countries of Eastern Asia. That is, business leaders from the U. S. must learn about the cultural values of their Chinese counterparts and adapt their actions to better fit within the expectations more consistent with Chinese national culture and, perhaps, the more specific organizational cultures of the companies with which they are doing business. The same clash, however, does not really occur when Chinese business leaders travel to and conduct business in the West, according to our conference attendees. Instead, they indicated that Chinese business leaders, at least from privatized companies, are aware of a very different role that must be played. Western business people need to identify and adapt to the ways of doing business in China if they are to be successful in gaining and fulfilling contracts within the business sphere. Chinese business representatives, on the other hand, are interested not only in doing business and gaining contracts; they are also interested in learning and are on a quest to gain information about Western business practices and processes. This added role allows Chinese leaders to import the world’s best practices into China and their own private businesses. Because of this additional role, a collision does not really take place. Moreover, a process of creating a hybrid culture never occurs. Adoption, rather than integration or adaptation, is the desired outcome by the privately held companies to enhance the growth and development of the business sector in China.

INTERNAL SOURCES OF CULTURE CLASH

National cultures might change with development in telecommunications, globalization of advertising and the commercialization of national cultures over the last 20 years (Fang 2010; Giroux, 1994; Mitchell, 1995). More recent research suggests updating the measures of national cultures, integrating the impact of generational change and acknowledging that different national cultures change over time (Kanousi, 2005; Kueh & Voon, 2007; Stark, Fam, Waller, & Tian, 2005; Yoo & Donthu, 2002). Note that most participants in the Hofstede studies were members of the Silent Generation (born 1925-1945) and early Baby Boomers (born 1946-1964) and the scores for the national cultures might be different for younger generations. Older generations experienced the era that knew no Internet, no mobile phone, no synchronized information sharing, no Wechat and no global MBA joint degree programs (Peng, 2007). The older generations of different nationalities lived in separation, physically and cognitively, from their childhood. “By the age of 10, most of the child’s basic values have been programmed into his or her mind” (Hofstede, 2001). But today, younger generations have to face up to borderless and wireless cultural learning, knowledge transfer, and synchronized information sharing fostered by globalization and new challenges by new technology unknown to the older generations. Vieregge and Quick (2011) found that younger generations (born 1965-2000) from Asian cultures seem to be more individualistic than their older counterparts (born before 1964). Most of the Chinese

business leaders attending our seminar belong to the “younger” generation, and their perceptions of Chinese cultural values were therefore dramatically different from those values identified by Hofstede’s (2016) measures along his dimensions of *Individualism vs. Collectivism* and *Short Term Orientation vs. Long Term Orientation*.

The second internal source of culture clash in China is between Chinese state-owned enterprises and the private companies. The state-owned enterprises are obedient to the planning regime as opposed to being an independent decision-making unit as seen in the Western setting (Child, 1990). The culture of the state-owned enterprises is based heavily on the politics of fulfilling what is beneficial to the whole nation, i.e., national benefits take priority over individual gains and so collectivism is emphasized. This explains the greater importance given to the goals of responsibility to society and collectivism. They are less concerned with innovation, customers and outcomes than they are adhering to the plan, because the government provides resources, market sales and technology, even writing off debts (Lardy, 2014). On the contrary, the culture of the private companies emphasizes flexibility, diversity and adaptability. Since private companies are smaller than state-owned monoliths, process development is more creative and much quicker than is found in state-owned organizations. Owners and managers in private companies have autonomy to control and restructure their firms (Hsu, 1991). They have responsibility for profits and losses, as well as operation systems and management (Luo, 1999; Tsang, 1994). These cultures of private companies exclude responsibility for society at large and instead focus on benefits to individual employees and their families. Many private companies ignore issues of the environment, ethical norms and other social responsibility concerns while focusing solely on the objective of earning maximum profits. Huo and Randall (1991) suggested that regions that had a more open economic orientation in its political ideology, that is, allowed privatization vs. state-owned companies, had higher individualism. Our Chinese business leader participants are the managers of private companies, so it is reasonable that they disagreed with Hofstede’s dimensions.

Finally, there is an internal culture clash based on the recognition that there is more than one culture in China. Kwon (2012) asks “Does China have more than one Culture?” (p. 79). To empirically answer this question, he compares a northern region (Taiyuan, about 300 miles southwest of Beijing) with a southern region (Shenzhen, about 10 miles north of Hong Kong) along Hofstede’s cultural dimensions. Taiyuan is a major manufacturing area in northern China with a population of 3.4 million as of 2016 (Country Digest, 2016). Shenzhen was China’s first Special Economic Zone created in 1980 (Wang, 2014) and has been transformed from a small market town and fishing community into a major financial center and metropolis in southern China of over 12 million people (Country Digest, 2016). This designation of a Special Economic Zone provided the basis for private corporation expansion in the region as China began to change its economic orientation toward a more open and capitalistic economy. Shenzhen’s GDP per capita (fourth largest in China) was six times greater than Taiyuan’s per capita GDP (74th largest in China), or 1,450.02 RMB versus 241.29 RMB (China Knowledge, 2013). Any regional

differences are based in part on economics and geography. Economic development is negatively related to long-term orientation (Tang & Koveos, 2008). As expected, therefore, Taiyuan was statistically significantly more long-term oriented than was Shenzhen. And, Huo and Randall (1991) suggest that economic development reflects high individualism. Shenzhen, being more economically developed with a strong capitalist framework, was statistically significantly more individualistic than was Taiyuan. Since our business executives came from Tianjin, an economic area very consistent with Shenzhen, other regions of China were beyond the scope of this research.

Tung, Worm and Fang (2008) suggest that negotiation styles and practices are not the same throughout China. As more Chinese have been educated in western countries or have received western-style education in China, negotiation styles may differ substantially. Their data was collected from 38 western expatriates and Chinese executives who work in foreign-invested enterprises. The western expatriates were selected on the basis of having lived in China for a minimum of 5 years in order to more effectively respond to interview questions. These respondents were employed by 17 large European multinational companies. This study concluded that negotiation differences existed between coastal and interior regions as well as between younger and older Chinese negotiators (Tung, Worm, & Fang, 2008).

We seem to have an issue of “unit of analysis” whereby the Chinese leaders agree there is a cultural collision on an individual level, as when they must account for religious issues in the West with Christian concerns and Middle East with Muslim concerns, and that there is no issue of cultural collision on a national culture level when they have adopted the U. S. values of individualism and, therefore, the scores differentials along Hofstede’s dimensions are no longer valid for China as a whole. All of this while acknowledging that state-owned business leaders are closer to Hofstede’s description and different from the private sector in China. Thus, the four dimensions of clashing cultures are ways in which the single national cultural measurements are no longer applicable throughout China and that there is no one set of cultural values as Hofstede, Hofstede, and Minkov (2010) suggest (diverse because of: generational differences; economic/geographical differences; state vs private differences; and, the inclusion of Western values via either a Yin Yang perspective or direct adaptation and/or adoption).

DISCUSSION AND CONCLUSIONS

Capitalism had a rocky beginning in China. The Chinese currency was not ready for it. The Chinese government was not ready for it. The Chinese infrastructure was not ready for it. The Chinese cultural value system was not ready for it. Initial attempts from U. S. businesses to try to work within the embryonic stages of this new economic system led to confusion and lack of success. For example, American Motors Corporation (AMC) initiated a joint venture with Beijing Automotive Works (BAW) shortly after China opened its doors to outside investment in 1978 (Mann, 1997). This was the first attempt by an American automotive company to do so.

China was attracting attention in many different areas of the world due to its large potential market, low labor costs, new economic reforms and strategic location (Mann, 1997). In May 1983 after four years of negotiations, AMC and BAW agreed to form a joint-venture, Beijing Jeep Corporation Limited (BJC), to produce Jeeps in Beijing. This was a major agreement for the Chinese government; however, there were large cultural differences between the two organizations. AMC soon learned that once the agreement had been signed the real negotiations would begin. The Chinese were used to doing business based on personal relationships and had little regard for formal contracts. The existing Jeep Cherokee could not be built with the inferior parts available in China. Eventually, large loans, new capital funds and foreign exchange were provided under a special confidential agreement. It took an additional three years for the Company to begin final assembly of the Beijing Jeep.

More recent experiences suggest that capitalism is alive and well. Government regulations and difficult bureaucratic interactions no longer make business contacts in China to be an uncertain process. Instead, difficulties abound in the competition that exists, an expression of the extent to which China has grown into a more capitalistic economy. Our private company business executives were very much aware of this recent four-decade economic period in China since opening up its economy. And they are very focused on reaching their goal of becoming the world leader in innovation and business acumen. Closing the economic gap they perceive is a two-step process: adopt the present economic leaders' best practices and then extend the present approach to become the innovation leader.

Toward this end, the notion of culture is so critical from the perspective of the Chinese leaders because it is a critical element of economic success similar to any other best practice component of business achievement. We need to recognize that the culture "clash" is only an internal concern since the cultural differences externally are items to be copied and integrated into Chinese value systems and organizational culture. Hence, there really is no culture "clash" but only an acknowledgement that it, like other best practices that are copied and adopted, must first be identified (why they were so desirous of understanding the western culture) and then absorbed into the successful business organizational culture of their companies. Just another example of how they are so self-aware and why they have been able to change and grow at such a phenomenal rate of success.

The major lesson we learned in our experience with the Chinese business leaders is China's economic growth comes not from creating a hybrid culture, but from reducing an acknowledged economic performance gap through adoption of mainly Western practices. These twenty participants do not believe that a hybrid culture exists today. Instead, they agree with Lardy (2014), who suggests the capitalism in China today is not an adaptation of Western capitalism. Rather, it is Western capitalism plain and simple. Private company managers tend to use today's current imperatives, namely, responsiveness, improvisation, flexibility, and speed. As a result, private companies in China have a critical edge over their state-owned counterparts; private

companies earn higher returns – 14% on average versus 4% earned by state-owned companies (see, e.g., Liu & Sui as cited in Hout & Michael, 2014).

To a person, Chinese business leaders attending the conference indicate the process for economic growth and expansion in China was more a direct result of identifying the major economic goal of world leadership and remarkable self-reflection than it is cultural collision. Once China established a new economic goal of becoming the world leader in innovation and opened up the economy to encourage privatization, it began its quest for creating a new history of economic success, initially by rejecting its own past to begin this journey. This was a process of adoption, not adaptation, of absorption, not exchange. From a positive perspective, growth came from internal strength; from a more passive perspective, growth came from accepting another's short term superiority.

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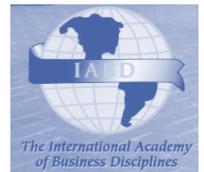
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