

COMPARISON BETWEEN CHINESE AND AMERICAN BUSINESS CULTURE

Approved by Kimberly Tuescher on March 8, 2012

COMPARISON BETWEEN CHINESE AND AMERICAN BUSINESS CULTURE

A Seminar Paper

Presented to

The Graduate Faculty

University of Wisconsin-Platteville

In Partial Fulfillment of the

Requirement for the Degree

Master of Science in Education

English Education

By

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2012

ACKNOWLEDGEMENTS

In order to complete my paper, many people helped me tremendously. Professor Tuescher, with stringent realistic attitude and a high degree of professionalism in her academic research, gave me many favors with my paper. From the topic to the end, she helped me seriously and gave me many useful suggestions. For example, she told me how to analyze the central problem, etc. In addition, I offer gratitude to Professor Tom who gave me many suggestions and help for this paper. The third, I would like to offer special thanks to my group. They gave me many good views for my seminar paper. These ideas provide the thinking of the paper for me. Finally, I thank my dear classmates who care about me and offer encouragement. They have become my good friends.

ABSTRACT

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BUSINESS CULTURE

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Business culture is an important and basic rule that provides solutions to some problems existing in the development of many enterprises. In particular, “solving questions” is one of important purpose for many companies. It reflects a basic value for employees.

The paper divides into three parts mainly. This article introduces what is the business culture, how to develop the Chinese business culture and American corporate culture. The Chinese business culture is golden meaning by Confucianism. Confucianism plays an important role in Chinese business culture. And to learn some views and features of American corporate culture easily. It is important to learn the development of two countries’ business cultures. And comparison between two courtiers’ culture is also significant. From this article, we may realize the disadvantages of Chinese business culture and the differences between two countries. Companies may absorb the new opinions via this article.

Nowadays, many successful companies offer a better service to customs with unique business cultural. Actually, a real success of the enterprise, its corporate competitiveness is often reflected in its service. This service will bring much more funds for their companies. Therefore, the successful business culture is very important.

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CHAPTER 1

INTRODUCTION

Business culture is an important and basic rule that provides solutions to some problems existing in the development of many enterprises. In particular, “solving questions” is one of important purpose for many companies. It reflects a basic value for employees. Therefore, a good organizational culture is significant. There are many forms of expressions about business culture, such as the logos of companies, the commercial activities, the commercial publicities, the enterprise strategies, etc. The characters of business culture reflect the methods of operation mainly. As the same time, cultivating the spirit of enterprise and shaping the image of corporate are also other important purposes.

This paper content will be focused on four sections. First, the definition of business culture, including the history and background of organizational culture is introduced. The second section presents the development of corporate culture briefly, and including China and America. Meanwhile, comparing some features about two countries, which are in common and which are the differences. The third and a very important section, is the discussion of the advantages and disadvantages of Chinese and American business cultures. The last section discusses some cases to demonstrate the differences between Chinese and American business cultures.

Statement of the Problem

The problem to be addressed is, “What are the advantages and disadvantages of Chinese and American business cultures within a global context?”

Definition of Terms

Organizational culture has been defined as “the specific collection of values and norms that are shared by people and groups in an organization and that control the way they interact with each other and with stakeholders outside the organization.” And he said that “beliefs and ideas about what kinds of goals members of an organization should pursue and ideas about the appropriate kinds or standards of behavior organizational members should use to achieve these goals. From organizational values develop organizational norms, guidelines, or expectations that prescribe appropriate kinds of behavior by employees in particular situations and control the behavior of organizational members towards one another.”(Charles et al., 2001 p.21)

CHAPTER 2

REVIEW OF RELATED LITERATURE

Business culture is an important and basic rule that provides solutions to some problems existing in the development of many enterprises. In particular, “solving questions” is an important purpose for many companies.

Definition of Business Culture

From Journal of International Business Studies, Shin, S., Morgeson, F., and Campion, M. said that, “Economic globalization, and the need to operate in locations around the world, has become a fact of organizational life. Typically, international operations of organizations are staffed by a mix of employees from the host country and expatriates from the parent country. Such expatriate assignments pose unique challenges for workers because of differences in such things as language, cultural values, and expectations.” (Shin, S., Morgeson, F., & Campion, M., 2007, p. 3) These words told readers Economic globalization is the significant topic in the world. The differences referred to above affect the external competitiveness of enterprise. The companies utilize these differences to shape corporate cultures and images. A good business culture may establish a successful corporate image. From Shin’s article, it is noted that it is very important to establish business culture.

At its most basic, corporate culture is described as the personality of an organization, or simply as “how things are done around here”. Organizational culture has been defined as “the specific collection of values and norms that are shared by people and groups in an organization and that control the way they interact with each other and with stakeholders outside the organization.” And Charles said that “beliefs and ideas about what kinds of goals members of an

organization should pursue and ideas about the appropriate kinds or standards of behavior organizational members should use to achieve these goals. From organizational values develop organizational norms, guidelines, or expectations that prescribe appropriate kinds of behavior by employees in particular situations and control the behavior of organizational members towards one another” (Charles et al., 2001 p.21). Hofstede defines culture as “a collective programming of the mind which distinguishes the members of one group or category of people from another” (Hofstede, 1991 p.37).

In China, many think enterprise culture is the development of the enterprise core competitiveness, the enterprise culture can impel the enterprise to enhance the core competitiveness, and it is the enterprise survival and the development soul. A writer, who came from Fujian normal university, said organizational culture is usually in certain production business environment, it will fit the needs of enterprise’s development. The leader must to make some rules and administrate the company. It will change employees’ ideas and develop enterprise culture to cultivate esprit de corps (Chen Chunlin, 2010). The 21st century is a cultural era, enterprise cultures use the power of culture to build up their core competitive power, and it will make enterprises develop sustainably. Business culture includes the concept, behavior standard, knowledge achievements, views of employees as well as other elements.

The Importance of Organizational Culture

Organizational culture is very important. Actually, it is a very important bridge to business culture. One may talk about the importance of organization culture from in terms of several concepts. First, business culture may promote enterprise's management level (Zheng Mao, 2010 p. 45). Face to the market instability, the dwindling of resources and the information of uncertainties.

Enterprise needs culture to solve these problems. Therefore, an organization culture will help enterpriser to improve the company.

Second, staff development and creative ability are critical. The advanced enterprise culture can make staff gain and realized self-creativity. Finally, coordinating enterprise internal and external relations is the most important point. (Zheng Mao, 2010 p. 45)

In the Western's view, Schnebel argues that ethics are a prerequisite to conduct business (Schnebel and Bienert., 2004, p. 11). Corporate culture is crucial to development and indispensable to the operation of the company. The practice performances of the people-oriented management in the enterprises involve various forms. In short, ethics are the foundation of business enterprises.

Development of Corporate Culture

If businesses want to be successful, it is necessary to attach importance to the development of corporate culture. The entrepreneurs play a crucial role in the formation and development of enterprise culture. Appropriate corporate culture of enterprise development and expansion of the role is invaluable because of its employees have endless driving force. (Li Linya, 2010)

Development of Corporate Culture in China

China has had great success in a relatively short time in developing a corporate culture. Corporate culture became critical as China entered the world stage in business development in the 1980s. But there are some large state-owned enterprises that have their own corporate views and operation principles, such as the Charter of the Anshan Iron and Steel Company, Daqing ironman spirit. Daqing ironman spirit promotes "the go forward and challenge themselves."

Everyone has this idea in his or her work and life. This spirit stood for the Chinese corporate culture in the early time.

Xia Yunshan, a graduate from RenMin University of China, School of Business, suggests perhaps the best understanding of corporate culture. Xia Yunsha introduced the development history of Chinese corporate culture. At the first boom of Chinese corporate culture, the word of “business culture” appeared on the all kinds of magazines and business newspaper in 1984. According to statistics, from the 1988 to 1991, there were 250 articles in China magazines and journals discussing corporate culture. As a result, the articles influenced the development of corporate culture during this period.

The Second Stage was from 1992 to 1999. Increasingly during this period attention to enterprise culture was on in-depth study of the internal control theory of enterprise. At this time many businesspeople also began to study foreign theories. This was also a time when businessmen established enterprise culture with the integration of theory with practice. More to the point, there were some culture facilitators who helped companies spread the development of culture.

With the advancement of technology and the development of economy, great change has taken place in market environment. After 2004, the government of China put new requirements in place to affect the Chinese business culture. Critical to understanding the period is the work of the State-owned Assets Supervision and Administration Commission issued a governmental document, called NO. 62 in March 2005. This document emphasized building requirements that adapt the world economy development trend and development of Chinese socialist market economy in three years. Follow the culture development rule, fit the business development strategy and reflect enterprise unique corporate culture system (Xia Yunshan, 2009). Chinese

government mentioned the definition of business culture in this important document. This document had a great significance. It broke some people's old thoughts, which were narrow and partial about corporate culture. Enterprise culture is the soul of business; it is the inexhaustible power to promote business development. The features of corporate culture are belonging initiative and creativity. It means corporate culture is a kind of humanistic management theory based upon business administration philosophy and corporate spirit. It embodies the unity, initiative and creativeness of the workers.

With the rule of State-owned Assets Supervision and Administration Commission issued, all walks of life brought a new enterprise culture boom. Many colleges and universities set Enterprise culture as a master's program. The first was Beijing Jiaotong University. State-owned enterprises create their own unique corporate cultures. The new training program will contribute to foster a sound environment of organizational learning and promote the development of the diverse corporate culture. Consequently, in order to be successful, enterprise would have to attach great importance to the development of enterprise culture, (Xia Yunshan, 2009).

China is a country with one of the longest histories in the world. Researches Zhou Sanduo, Enterprise Management Department professor of Nanjing University perhaps has done the best job of expressing the link between current business practice and Chinese history. Zhou Sanduo introduced the history of Chinese the traditional management. He indicated that the Confucianism represented by Confucius is the mainstream of the Chinese culture. "Transcendence" is the most obvious feature of Confucius aesthetic thinking. The basic topic of Confucianism is human nature and the human relationships. Ancient Chinese Confucianism into the "justice and humanity ritual wisdom letter, loyal good filial piety line" five basic areas of ethics. China enjoys a long cultural

tradition, and the Confucian thoughts and theories have greatly influenced the Chinese traditional culture and the world culture.

From the view of Confucianism are nine views of administration. And these views tell Chinese enterprises how to set the corporate cultures.

- The first view is respecting objective economic rules. Confucianism thinks nature and society have their own rules. We must to respect this rule. This view is the most important for all the enterprises.
- The second one is talent. It means enterprise must pay attention to support or oppose of relation popular feeling. On the other hand, enterprise must pay attention to keep talented people. “Gad is the core of gad.”
- The third is unity and coordination within one's own ranks. Many successful entrepreneurs pay attention to unity and coordination within one's own ranks. From this point, enterprises may hit the mark to advance their management thinking.
- The fourth point is keeping one's word. Enterprise should put the credit in the first place. Reputation is the soul of the brand in enterprise's life.
- The fifth: edged tools. An edged tool has an extensive meaning. It just means a successful enterprise will have some good and useful tools, which may help to manage. And the sixth view: be realistic. Management to “seek truth from facts”, “perfect” continues to pursue the development of the enterprise. And the next are countermeasure, encourage frugality, and legal system (Zhou Sanduo, 2005).

Confucianism plays a crucial role for Chinese business culture. It has helped Chinese enterprise to establish the particular business culture. And the view of “the golden mean of the Confucian school” is also one of the most important of Confucianism.

The introduction of American business management

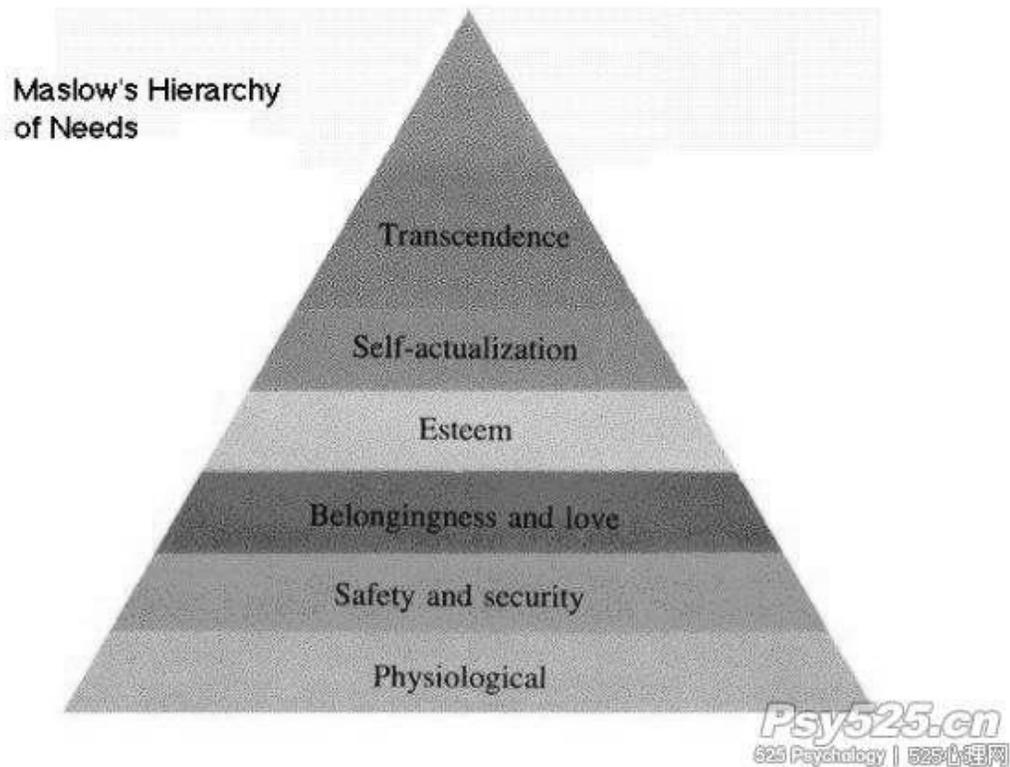
Much data shows us that theory of corporate culture is the first practitioners of the Japanese entrepreneur, but as a sophisticated and complete theoretical system is summarized and set up the Americans. In other words, American business culture plays an important role in the world. The United States has been leading the way in business administration from Taylor's “scientific management”, “behavioral science” and “management science” for nearly 100 years, and has brought great wealth for the United States. There are many famous managers in these 100 years, such as George Elton Mayo and Fredrick Herzberg as well as many others (Zhou Sanduo, 2005).

In the post second war period especially, from 1950 to 1970, political and economic patterns of the world changed. In this stage, there are many managers has their own views about business culture.

Professor Zhou's also introduces the development of American enterprise culture. Zhou says that America thinking begins with Adam Smith and the “Wealth of the Nations”. This book raised “the invisible hand” of supply and demand and the free market (perhaps at its extreme). Later, Scientific Management Theory ushered in a new era in the 19th century and the early 20th century. Scientific Management Theory was created by Frederick Winslow Taylor. Taylor is considered the father of and scientific management. His thoughts were very helpful for the

development of American business culture. He argued that fundamental purpose of management was improving workers' work efficiency. Also at the foundation of Scientific Management Theory, was George Elton Mayo, the psychologist and sociologist of USA that put forward the idea in the Hawthorne Experiment showing how change in the workplace affected worker productivity. In short, Mayo becomes the founder of interpersonal relationship theory. Mayo puts forward the importance of interpersonal relationship as an important indication of whether managers are mature. It is also an important symbol of whether organization is effective. Mayo also points out managers should treat subordinates as a social group, not be seen as a multitude of the individual.

Abraham Maslow has more been one of the more modern theorists of human motivation. In some sense, his Need Theory is significant. There are five needs in his theory as a pyramid, (Diagram 1). They are physiological needs, security needs, social needs, respected needs and the need for self-realization. In this picture, bottom is the basic need, and the high point is superlative need.



In the third one is the stage of The Management Theory Jungle. Look at this picture, it tells something about needs as a pyramid. At the bottom, physiological requirements are the basic need for people as having enough to eat and wear, etc. If some needs are not fulfilled, a human's physiological needs take the highest priority. The second floor, safety need. Natural need is the biological need and physiological need including people's lives, include material need, sexual need, health and safety need. And the third need is a higher need for people. If people have the basic needs, they want to get the higher needs met. The higher needs are emotional and belonging needs, respected needs and the need for self-realization. In this section, there are many "managerialists". They raised a lot of view in management (Zhou Sanduo, 2005).

Nowadays, the American company has a perfect structure in their management. These kinds of structures are supported by the local laws, in order to build a team which has high

degree of political sensitivity, with implementation of strong, effective and accountable practices. They have the spirit of high technology in their management. Under these perfect structures, the culture of American business is different from other countries. They have many characteristics.

Advantages and Disadvantages of Two Countries

According to the analysis on corporate culture, one knows that with coming of the knowledge economy, enterprise management has entered into culture management; corporate culture is playing more and more important role in enterprise management. To learn and to build people-centered enterprise culture are the way that enterprises solve the problems and gain the core capability in the time of global competition. Because the economy has many limitations, many problems and disadvantages will turn up. But in the different countries, the business cultures are also different.

The features of Chinese business cultures

At the part of “development of corporate culture in china”, it was mentioned that it is important that Confucianism exists in China. As the nucleus of the tradition culture, the ideas of Confucianism have far going effect on the whole Chinese. It decides the development of the literature; in the meantime, the influence of Confucianism also exerts a great impact for Chinese enterprises. The key ideas in my opinions:

- a. Harmony is most precious (important)
- b. Absorb anything and everything
- c. Emphasize humanism
- d. Learning the traditional culture

- e. Free our mind
- f. Learning together

There are many features in Chinese business cultures. Actually, some features are affected by Western corporate culture. But “harmony is most precious” is the traditional Chinese thought. "Harmony is most precious". This means that mutual help and friendly co-existence between states, nations and people should be our ultimate pursuit. Influenced by Chinese traditional culture, overseas Chinese businessmen regard harmony as fundamentality in interpersonal relationship. Meanwhile, friendly relationship between employees will raise efficiency. Therefore, it has a profound impact for enterprise operation as a Chinese traditional culture.

The problems of Chinese business cultures

The current Chinese culture is influenced by traditional Confucius’ thought, Western Influences and the success of using Japanese practices. Japanese practices have included Demming (a Westerner originally rejected by the West but now thought of highly) as well as traditional Japanese values. As Chinese business flourishes there are also some problems the business culture is experiencing. An article by Jin Shi (2010) lists some of the problems. The problems include the following:

- a. Formalization

The most serious problem is formalization in many Chinese enterprises, but they neglect their business cultural connotation. The core of business culture is how to make enterprise become valuable.

- b. Enterprise culture equivalent to the spirit of enterprise

Some entrepreneurs think, enterprise culture equivalent to the spirit of enterprise. The

views will separate the business culture from business administration. Enterprise culture is not independent in enterprise operations.

c. Ignore the innovation and the individuation

Many private enterprises copy ideas from some established corporations. This is tort. If a company hasn't the spirit of innovation, it is hard to develop.

d. The misuse of Chinese traditional culture

Confucianism is a pith of Chinese traditional culture. Entrepreneurs should use it in the firm, but this thinking is not used directly for business administration. The appropriate way is to synthesize these ideas for the new development in current business administration (Jin Shi, 2010).

Characteristics of healthy organizational cultures in USA

In order to increase productivity and develop business, a variety of characteristics of a healthy culture are taken on.

First, the view of humanism is the basic feature for many American business cultures. They can accept the diversities from many places. They focus on different ideas. And companies will accept their new ideas about their business affairs. The company will take some incentive measures to encourage their employees. Supply incentive measures (system) for talent or key staff, such as offer rotation of job, enriches job duty; oversea training and sign service agreement.

Second, individualism is the core of organizational cultures. In the American enterprise, it stressed individualism, which is the spirit of everyone's goal, with individual struggle, adventurous thoughts, and continuous innovation. The individualism is the main characteristic of healthy organizational cultures in USA. People always say, freedom is filled in American

business enterprise. They can have their own opinions; have their own rights. However, The core spirit of freedom is individualism, and the meaning of individualism is that people should respect personal capability. Under the background of American business management, individualism becomes the main spirit, but it does not mean employees will not stay in contact with their associates. On the contrary, American business culture emphasizes the relationships between employees and the relationships between enterprises.

Third, the business attitude is also an important character. The American company offers the best service for every customer. The philosophy of company is that customers are the center of business. It will meet customer requirements and improve their satisfaction. And the purpose of this business attitude is nothing more than to follow the guidelines to maximize companies' profits.

Fourth, the American company persists in the spirit of innovation. Although the spirit of innovation insist in almost every enterprises all over the world, the proposal of this spirit raised by American business. With the development of business culture, many countries and enterprises accept this spirit. It is beneficial for development and expanding the consumption.

Fifth, the American business culture focuses on practicality. They thought that a more practical work would give the companies better scientists and profits.

From these features, the spirit of teamwork, the requirements for employees, all attach importance to management effectiveness, which is the core of American business culture (Wang Youyan, 2010)

The problems of American business cultures

Regarding the characteristics of American business cultures there are some problems that exist.

- a. Individualism will bring the self-centered opinion of every employee.
- b. The purpose of this business attitude is nothing more than to follow the guidelines to maximize companies' profits.
- c. The spirit of innovation maybe becomes the spirit of adventure.

Every American company has their own business culture in the different time. Complex problems exist. Even in the same company, there may be all kinds of problems in different functional departments.

Similarities and differences

With comparison, American business culture has some similarities and differences with Chinese corporate culture. "Emphasizing humanism" is the main idea in two countries' business culture. But there are also differences. China emphasizes Formalization, but American business culture pays attention to customers and employees. Additionally, the purpose of business culture is not the same. In China, establishing a good enterprise culture is a tool, in order to attract the customers. A good company's culture will get more and more sales. Chinese business culture is the traditional culture of China. The purpose of American business culture is to increase efficiency. The American company culture is a culture, not a tool to earn much money.

"The spirit of innovation" is also differs between two countries. American innovation is the real point. America pay attentions to create a new thing, but China focuses on remaking some things basic to the former one. Actually, they are not the same spirit. Chinese companies focus on the surface of the products, for example, colors, designs and patterns. On the contrary, American companies create new technology on new products. These new products are different from the former ones. They will improve the product supports.

The last but not least, American business culture emphasizes a legal system. In American enterprises, the concept emphasizes the logical positivism; they respect rules and order. Enterprise focuses on establishing detailed rules. The relationship of employer and employee is rule, not personal friendship. Chinese business culture pays attention to leader. The reason is Chinese traditional culture. Because of some historic and cultural factors, the idea of ruling by human is the one character of Chinese culture. China is altering this situation currently.

Therefore, because of two countries' social cultures are different; the business cultures have material differences. Chinese enterprises should draw on America's successful experience of developing business cultures, and American companies also may consider the traditional cultures of China.

Case Examples

The Chinese business culture case is the company named Haier. Haier Group is the world's fourth largest white electrical appliances manufacturers; Chinese most valuable brands. The CEO of Haier Company is Zhang Ruimin. He said, "The culture of Haier is the feasible competence". At the early days, the enterprise belief is "selfless service". The Selfless Service reflects the Confucianism. The Confucius advocated "Moderation", and selfless Service should abide by the social order, with noble moral education.

The representative of American business culture is IBM Company. Its culture is considered the model of business culture in America. IBM Company is the one of biggest companies. There are three enterprise beliefs in IBM Company. The first one is respect for person. The second is to give the best service to customers. The last is to work hard. From the basic enterprise beliefs, it takes on the American business culture. (Jin Shi, 2010)

It is clear to find the two different cases give the difference from the American and Chinese business cultures.

CHAPTER 3

CONCLUSIONS AND RECOMMENDATIONS

With the introduction and comparisons of Chinese and American business culture, the differences of two countries have been examined. The fundamental difference is traditional culture. China and America have their own cultures. Confucian and chivalrous cultures are typical of Chinese culture. Many enterprises develop their cultures with traditional culture. They must have the spirit of “Confucian”. However, American business culture is opposite to China’s. The history of America is not long, American business culture is developing over a long period of time in the practice of the predecessor. The Principles of Scientific Management by Frederick Winslow Taylor has been considered the origin of modern management thoughts. Taylor’s views are basic for American business culture’s development.

In conclusion, different kinds of corporate culture have important influence on the choice of enterprises' interior mechanism. There are some problems in the two countries’ business culture. Suggestions for further research and examination could help enterprises to address their deficiencies. Reviving a culture of stability and responsibility in business is needed.

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