Intercultural Differences Between Chinese and Americans in Business

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As business relationships with China increase, management of multinational enterprises and joint ventures in the U.S. and in China realizes that success depends on attention to cultural differences. This article was written by a Chinese professor of business communication who benefited from a business internship in San Francisco and an American professor of finance who witnessed cultural differences in business during a recent exchange visit in Shanghai. The article highlights several cultural differences that promote understanding and reduce the difficulties of dealing with these disparate cultures. The Chinese point of view of these cultural differences makes this article uniquely valuable.

Since domestic and multinational corporations are now marketing their products and services around the world, an understanding of intercultural differences has become evident. Managers of multinational corporations and joint ventures have to negotiate, operate, and make strategic plans that adapt to cultural differences in each environment.

Considerable research on cultural differences between Americans and foreign nationals in business situations (DiBella, 1993; Mishra & McKendall, 1993; Overman, 1993) focused attention on the differences between Japanese and Americans in business (Dale, 1992; Elashmawi, 1991; Ford & Honeycutt, 1992; Slate, 1993; Squires, 1993), as well as on differences between the U.S. and countries such as Korea, Taiwan, the Netherlands, Greece, Russia, the Arab countries, and so forth (Cattaneo, 1992; Elashmawi, 1991; Jennings, 1993; Sohn, 1992; Xirotiri-Kufidu, 1993; Yu & Murphy, 1993). Training programs and cross-cultural training firms have been developed to try to alert busi-
ness managers and their families to these differences (Caudron, 1992; Kitsuse, 1992).

Unfortunately, there is less research available on cultural differences in business relations with China. As business relationships with China increase (The Wall Street Journal, June 5, 1996), management of multinational enterprises and joint ventures are beginning to realize that success may be jeopardized if attention is not paid to cultural differences (Brunner, Koh, & Lou, 1992).

**Cultural Differences**

Major differences between the Chinese and the Americans include language, geography, history, religion, and political and economic systems. All of these lead to cultural differences. Cultural differences may be interesting to tourists and to students of culture; but to business people, they are impediments. Differences need to be recognized before they can be understood. Only when we begin to understand the differences can we change our ways, adjust our business practices to accommodate the differences, and finally communicate to our counterparts in a mutually understandable manner.

**Language**

Language is the first obstacle. The Chinese are making tremendous efforts to learn other languages, especially English and Japanese. Americans, too, are emphasizing foreign languages in nonliberal arts. Business schools stress language acquisition. Even learning to say “please” and “thank you” is a sign of goodwill (Slate, 1993).

**Group vs. Individual Focus**

Beyond the language barrier, significant cultural differences impede working relationships. The Chinese are rather group-centered, living together under the same roof and working together in a group. They depend on each other in their lives and in their work. They emphasize winning honor for the group or for the family. Americans, on the other hand, are independent and individualistic, stressing the dignity, rights, and achievements of the individual and the space and freedom of the individual. Americans in business own farms, factories, companies, and their biggest enterprises are privately owned, while in China, most enterprises are still state-owned. At work, Americans have pri-
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Private offices or they may have an individual cubicle. At home, even small children have their own room. In China, people can work together in the same room and share their homes with many family members. The work environment and the reward systems cannot ignore these differences but must accommodate them.

Verbal and Nonverbal Communication
People's willingness to express themselves and take risks is different. Americans are open-minded, straightforward, and easy-going. They have rich facial expressions, revealing to some extent whether they are happy or unhappy and whether they have done their business successfully or unsuccessfully. Americans can more easily say “no” and are more likely to show their frustrations and anger when things are not working out.

In negotiations, Americans can be more than emphatic in their demands; some use drama as a ploy. The Chinese on the other hand, are rather introverted and conservative, and they don't reveal their feelings easily. They treasure something inside. It's hard for them to say “no” if others ask them to do a favor. The Chinese are more subtle and indirect in their behavior. As a result, it's not always easy to tell if they are happy (or agree) with a particular suggestion or part of a negotiation. The Chinese prefer to seem agreeable. Their inclination to avoid disagreements can be problematic Americans should not assume that a Chinese counterpart has agreed with a negotiation simply because he or she has not “disagreed.”

Greeting Habits
In China, when people meet with each other socially, they just shake hands. They are not accustomed to hugging, especially between male and female. In business, greetings are accompanied by exchange of name cards. The Chinese offer their name cards with two hands to show their respect. After receiving the cards, they will look at them and read them silently so that they can remember the other person's name, his company, and his business status, to show interest in the other person. In the U.S., business cards are exchanged less often. The card is not ordinarily offered when people first meet but rather if one of the parties wants to call or send something to the other. Americans present their business card with one hand, accept the other person's
card, and tend to put the card away without looking at it. They are expected to remember the other person's name and affiliation without the help of a name card.

Chinese use names differently from Americans. Americans use first names most of the time, even the first day they meet, which makes them seem very friendly. First names are used when speaking to men or women, old or young, children or adults. Using first names is just a custom that does not imply friendship. In China, last names are normally used. For instance, if an American manager's name is Bob Leigh, Chinese people would call him Mr. Leigh instead of Bob to show respect for him. A Chinese manager named Li Lin would be called Li (his surname), not Mr. Li. Of course, the Chinese use first names all the time at home and among their close friends; Americans need not press their counterparts to be informal nor try to be on a first-name basis.

Public Speaking and Interviews

Americans emphasize verbal skills. Children are trained to participate in school during their childhood, taught to present their ideas, and encouraged to persuade others (even adults) of their point of view. In business, Americans often make oral presentations without any papers in their hands; and if they have a paper, they try not to read it. The Chinese, on the other hand, are accustomed to making their speeches from written pages.

This emphasis on verbal skills also arises in the tone and focus of a job interview. The American interview emphasizes oral presentation where applicants sell themselves. American applicants are more aggressive and seem more confident than Chinese applicants (Yu & Murphy, 1993). In China, the focus is on the applicants' written materials such as educational background, experience, achievements, and evaluations from past years. The Chinese interviewer will read the materials carefully. During the interview, the Chinese applicant will appear to be very modest and courteous. If the applicant is very aggressive and boasts about himself, he will be considered too arrogant and conceited and will probably not be acceptable to the Chinese interviewer.
Attitude to Change

Chinese tend to prefer stability, while many Americans like to try new things. Americans take on new ventures and are more willing to take risks in their lives; they travel, they change their profession, they try new sports, and they move their residences. Chinese business people make changes slowly. Americans, therefore, need to have considerable patience when doing business with Chinese.

Concepts of Time

The concept and importance of time is also somewhat different. Americans are clock-conscious; their pace of life is fast. Everybody is always in a great hurry, either busy or “appearing” to be busy. When arranging appointments, Americans sometimes do not admit that they have no plans for the morning, or the day, or the week. While doing business, they expect quick decisions, efficient negotiations, and successful agreements. In China, the Americans must be more patient with time.

As far as punctuality in business is concerned, both the Chinese and the Americans expect their appointments to be on time, and both can tolerate a little lateness. An American businessperson however, will rarely wait patiently for his appointment to arrive. Americans expect to receive a phone call if an appointment will be very late.

Social Settings

Important differences in social norms can also create problems. In China, if a guest is invited to the host’s home, he is expected to be there on time. If the guest arrives earlier, he will be more than welcome. In the U.S., a guest may arrive at their host’s home on time or a little late. It may be acceptable to arrive a little late, but never arrive at someone’s home early. In China, when people bump into each other on a busy street, they just pass by and walk on their way without an apology because it is assumed that the occurrence was an accident. In the U.S., however, people always say “I’m sorry” or “excuse me.”

Another difference arises regarding smoking. In China, as more and more business people have started to smoke, businessmen will offer a cigarette to their guests or friends. Not doing so would be considered mean and rude. In the U.S., however, smokers may ask the guest “Do you mind if I smoke?” but generally do not offer a ciga-
Perhaps this is because Americans think they shouldn’t be smoking at all or because smokers have their own preferred brands. In China, when a businessperson goes to a company or corporation, the host almost always offers a cup of tea. The Chinese don’t care whether the guest drinks the tea or not, but if a guest does not accept the tea, they will continue to offer something else to drink. In the U.S., coffee is sometimes, but not always, offered. If the guest does not want to drink coffee, it is not at all rude to decline and to say “no, thank you.”

**Personal Relationships in Business**

When American businessmen want to break into a market or promote sales, they pay great attention to market research and analysis based on statistics and facts. They stress the qualities of their product, they tout their company’s credit standing and achievements so as to expand and develop their business. In China, however, personal relationships come first. Chinese businessmen start to make friends with their customers, to build and develop the relationship. They promote their business through their personal contacts (“guanxi”), dinners, gifts, and friendly experiences. After they have a good relationship with their customer or client, then they begin negotiations and do business, through formal dinners and lunches. Although Americans also extend invitations for elaborate dinners, lunches or “power breakfasts,” they do not usually do this to entertain their counterparts.

Actually, Americans do not want to waste time eating and prefer to combine meals with business. Business does not start immediately for the Chinese, first, a friendship must be formed. Americans generally try to find something personal to chat about before they conduct their business but have no real interest in making friends in their professional dealings. Although it’s not easy to make friends with the Chinese at the very start because they are rather introverted, the friendship is a lasting one when you do become their friend.

**Concepts of Age**

Differing concepts of age also affect business dealings. The Chinese value seniority and respect old people. Young people think that old people have worked for a long time, have more experience, and have more hands-on knowledge. But in the U.S., youth is worshipped.
Respect is based on the individual's performance and individual achievements rather than on experience and knowledge. Americans value new information, new concepts, and new methods that young persons may have learned in school. Consequently young people are, in many cases, perceived to be more capable than their older counterparts.

**Management Plans**
In the U.S., a company or corporation has a strategic plan, perhaps with a mission statement or with guiding principles. Generally, the strategic plan is to expand, maintain, or develop business in a certain direction. In China, most big enterprises have generated their own business plans, but some do not have any plan. Some business managers do not have any of their own ideas about the business; they often operate according to what their top leaders ask them to do.

**Credentials**
In the U.S., many people have degrees, certificates, or a license to operate. Many sales managers are graduates from colleges or universities. In the hotels, most managers have degrees or certificates in hotel management. In China, most people have no certificate but are in business because of their hands-on experience.

**Business Laws and Regulations**
Business laws and regulations differ substantially. American business laws and regulations are comparatively clear. China has not only laws and regulations but also policies and inter-regulations. Some regulations are closely enforced; some are not. Policy setting is in a state of dynamic flux with changes occurring quickly, especially in response to new problems arising in business. The Chinese find this unnerving but deal with it by trying to maintain good relations with the policymakers. Although Americans also understand the importance of good relations with policymakers, they are more in the habit of working within the existing rules through lawyers.

**Miscellaneous**
Other superficial differences exist. Americans, for example, expect machines and offices and the infrastructure to operate efficiently.
while the Chinese are more forgiving. The Americans expect the phone to be answered at all times during business hours and the fax machine to be on at all times. They expect that broken things will be fixed or replaced very quickly. They also expect dirty things to be cleaned. If these amenities are not present, Americans often think the business is inefficient or backward.

**Summary**

Recognizing cultural differences is the first step in reducing the difficulties of dealing with disparate cultures. For Americans trying to do business in China, a few words in their language would be appreciated. The group orientation of the family and work environment require a different emphasis for communication and for rewards. The introverted nature of the Chinese, their greeting habits, the considerations of the business card, the approach to the job interview, perception of time, manners regarding the offering of a cigarette or beverage, and the value of seniority all extend our knowledge of Chinese ways. Moreover, understanding the importance of developing personal relationships helps in dealings with Chinese business people.

In addition to the many cultural differences between countries, cultural differences exist within a country as well. Business behavior in the U.S. differs between big city and small city, between northerners and southerners, and east coast and west coast people. The same is true in China. Recognizing cultural differences is the first step toward understanding and then accommodating the differences. Ultimately, we want to use our understanding to communicate and negotiate successfully in our global enterprises.

**References**


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