

THE RELATIONSHIP BETWEEN HISTORY, CULTURE, AND CHINESE BUSINESS PRACTICES: USING SOCIOLOGICAL AWARENESS TO AVOID COMMON FAUX PAS

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ABSTRACT

As the world continues to become more global and as economies continue to develop, greater emphasis is being placed on understanding the business environment of cultures around the world. There is perhaps no other nation or culture globally that has been discussed as much in the United States as China. The United States is one of the largest foreign investors in China. The importance of the Chinese market to the U.S. lies in its wealth of people and resources and the millions of new consumers joining the market every day. As a nation of 1.3 billion citizens and with a cultural heritage spanning 5,000 years, China is not only unique but quickly becoming a global hub for economic activity. Because of this growth in economic activity and the disparity between western and eastern cultures, the literature on Chinese business practices, cultural taboos, and how-to guides on doing business in China is extensive. The literature also contains examples of how American executives and other Western expatriates are violating Chinese cultural norms. These examples speak to everyday interactions and misunderstandings that cause individuals attempting to do business in China to make cultural faux pas or mistakes that tend to limit their success in doing business in China. One of the reasons for this is a lack of understanding of Chinese culture upon which business rules of engagement are based. In order to give western business people a clearer understanding of these cultural issues, we identify the common mistakes made when doing business in China. We then examine these mistakes, categorize them according to the Chinese cultural norms they violate, and explain the deeper cultural context using history, tradition, and Confucian values. The literature supports our belief that by gaining a better understanding of the deeper values behind the behavior, western (particularly American) expatriates working in China will have a better context in which to engage their Chinese counterparts.