

A Comparison of Business Etiquette and Culture in China and the United States

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Abstract

This research focuses on the business protocol that has been established and is followed by China and the United States. The emphasis of the research discusses in great detail the findings and connections between written protocol versus the exact etiquette that is used during a business meeting in both countries. This was done through numerous in depth interviews and a survey that was conducted as well as literary analysis. Taking this information, a compare and contrast analysis of both country's business etiquette was performed and a cultural analysis was conducted. Our findings concentrate on how each country does business both internationally and in their own home country along with external impacts that affect the specified business protocol.

KEYWORDS: Business Practices, China, United States, Cultural Influence

Introduction

China and United States are currently classified as the number one and number two countries based on economic contribution and GDP. Globalization, the integration of the world's economy, has increased rapidly and can be seen through both countries' dominance in the business world. The interaction between each country has exponentially grown and this trend is expected to continue as trade between each country grows. Appropriate business etiquette is quintessential when conducting business in either country.

We live in a world that is becoming more and more globally minded each and every day. International business education begins as early as college. However, many do not foresee during their college years that they may partake in international business until later in life and at that point, there is not much time to prepare. I have been fortunate to have been immersed in both cultures and observe the distinctive differences in the American culture versus the Chinese culture, which is what sparked my interest for this topic. With the increasing amount of business interaction between China and the U.S. and the lack of current informative resources, I have found that this topic will provide up to date and useful information for individuals in both countries. This research will also help out current and future students, business leaders, and anyone who generally wants to be globally educated on these two major powerhouses.

Although business protocol can encompass many different facets, the scope of my research was narrowed to five different topics including greeting and meeting people, gift giving, structure of a business meeting, idea of face (*Mianzi*), and idea of connections and the establishment of these connections (*Guanxi*). Both China and the United States were analyzed based on these topics and then a cultural analysis of both countries was performed to determine how the culture may impact the business protocol.

Meeting and Greeting People in China

When conducting business in either country, there will always be an initial interaction where defined meeting and greeting protocol will occur. From the initial interaction, a first impression is generated and can be a make or break factor when moving forward both personally and professionally. When participating or conducting meetings in China or the United States, punctuality is key (“Business Etiquette in China”).

When an American guest arrives, it is custom for the guest to be welcomed and greeted by someone from the Chinese company that holds an equal or higher rank than that of the guest (Seligman). In regards to addressing a Chinese individual, the surname comes first then the title follows (Christensen). From the American perspective, rank is not important when addressing someone but rather it is used in their introduction (Davis). Respondents in my data collection interviews elaborated on how business professionals from both countries are often defined by the position that they hold in their career or society and it is often communicated during any form of introduction both inside and outside of the business setting.

Handshakes are generally the most common form of greeting; however Chinese handshakes are not nearly as aggressive as an American handshake (“Export, Innovate, Invest - The Canadian Trade Commissioner Service”). Strength in a handshake can be seen as professional and confident in the United States however in China, it would be preserved as overbearing (Huebsch).

In regards to business cards, Chinese business professionals generally transfer and receive cards with two hands. When receiving a business card, look over the business card as a sign of respect and honor rather than putting it away with no regard to the information on it (Fox). In America, business cards are generally received in a nonchalant manner and placed in a

convenient spot for later use. The majority of interviewees expressed similar views to the literature.

Gift Giving

Gift giving is less common in America due to strict laws and regulations. The idea of gift giving is not intended to bribe someone but rather is a generous practice involving the exchange of gifts for another's time and hospitality before any business is done (Chua). These gifts should not be too expensive or extravagant so that the individual on the receiving end does not feel embarrassed for not having something of the same caliber.

Giving a gift in China can be a great way to start the foundation of relationship. Gifts that are not generally acceptable or can be misconstrued in the Chinese culture include clocks and flowers (which are symbols of death and funerals), scissors, knives, letter openers (which symbolize the breaking or ending of a relationship), and much more (Seligman). Gifts, once they are received, are not opened in front of the recipient in order to save face. There is little to no protocol for gift giving in American business as it is not a common practice.

In 1977, the Federal Corrupt Policies Act was enacted to make it unlawful for people and entities to make payments or extreme offerings to help retain or obtain business. This law applies to United States citizens, specific foreign issuers of securities, and foreign firms or people who perform corrupt actions on United States soil ("USDOJ: CRM: FRAUD: Foreign Corrupt Practices Act (FCPA)"). Some interviewees elaborated on the anticorruption act and how China's President Xi has expressed his disapproval of bribery.

Gifts should never make someone feel as if one is indebted or taken advantage of when receiving a gift. Overall, the respondents' comments interviewees substantiated the research that was found on gift-giving.

Structure of a Business Meeting

A business professional must be respectful and courteous during meetings. The host of a business meeting is typically the one who assumes the facilitating role throughout the business meeting. It is very beneficial to have a variety of materials on hand for all participants in a meeting (Christensen).

American business people are driven on quick and immediate decisions. Chinese people on the other hand are less concerned with time and more concerned with interacting and building a relationship with their guests (Engel). Chinese business people take multiple days, numerous meetings, and even other events to determine if a business deal or agreement will be accepted. Patience on the behalf of the American business person is imperative in regards to the style of business meetings, the language barrier, and the overall culture (Rodier).

Business meetings are generally held in a conference room. In America, the conference room has desk chairs or seats while Chinese conference rooms have couches and comfortable chairs that line the room ("Export, Innovate, Invest - The Canadian Trade Commissioner Service"). Respondents commented on the style of table being either rectangular or circular and there is typically an assigned seating chart in either country. The host generally sits at the head of the table followed by the main guests to the right and everyone sits in order of rank from host to lower ranked staff.

It is assumed in both China and the United States that unless otherwise directed, it is necessary to wear business professional attire to a meeting or business casual dress. Unless informed beforehand, however, it is safer to dress business professional (“Office Dress”). Through the interviews, there was discussion on how younger generation workers and bosses are adopting from corporate cultures such as Google or Microsoft. One of the practices typically adopted is wearing business casual attire rather than a suit and tie. This practice brought up the idea that even established practices from other cultures can become obsolete or replaced by a new practice.

Overall structure of a business meeting has not changed significantly in either country over the years according to both existing research and interview responses. In both countries, respondents believe that a business meeting is considered the most effective tool when discussing business matters.

Idea of Connections (*Guanxi*)

The last principle of focus is the idea of connections and networking which in Chinese is *guanxi*. Relationships and connections are necessary for successful business in both countries (Graham & Lam). The stronger the relationship is between two people or two companies, the better the trust and the foundation of that relationship is.

Interviewees commented on how the Chinese are more prone to the idea of building a relationship before immediately doing business. They want to know that they can trust the people that they could be doing business with, otherwise all business negotiations will be deemed null and void (Brennan). In the western culture, business is done in a way that is forward, quick, and direct in its approach.

Guanxi is more than just the relationship that has been built; it carries great responsibility to maintain (Christensen). Chinese business professionals follow the idea of reciprocity, which is essentially when a relationship is established, each member of the relationship has the right to call upon one another in a time of need or help and in turn, a request of equal or greater status will be reciprocated (Graham & Lam). This is essentially like a favor in America. Without relationships in either country, one is at a loss. A common American phrase that perfectly describes relationships would be: “it is all about who you know rather than what you know” (Brennan). Chinese respondents elaborated and highlighted the importance of the idea of reciprocity.

According to Phyllis Davis, the American idea of networking is the ability to develop business and social contacts. While these relationships may build over time, most remain at an acquaintance level (Davis). These connections should be properly maintained. American business people thrive on a large network that can range from contact from within your work, industry, and even as broadly as someone in the business world (Davis). Interviewees noted relationships and connections are the pipeline to success and they should never be overlooked when doing business or starting out in the business world.

Idea of Face (Mianzi)

Respect and preventing embarrassment, or *mianzi*, is imperative in business. In American business, respect is often an unspoken requirement. *Mianzi* directly translates into English as “the idea of face” (Seligman). In China, *mianzi* ranges from avoiding mistakes that could bring unintended attention to oneself, providing praise to others, and maintaining a positive public self-image (Carden & James). American business people view face as being a simple concept but in

China, face is a central thought and impacts many things including one's social status. There is also the idea of 'saving face', 'losing face', and 'giving face'.

Saving face is essentially when an individual maintains their current status in society by avoiding loss-of-face situations (Christensen). Intermediaries or someone who is very familiar with both languages, social cues, mannerisms, and the overview of the topic in discussion is imperative to successfully do business (Graham & Lam). Intermediaries can help save face by settling or elaborating on any uncertainties that may occur due to the language barrier. They can also provide services to defuse any conflicts that arise (Carden & James).

Losing face on the other hand is when the current status of your reputation is placed in jeopardy due to embarrassment from others or yourself. Loss of face can occur in a variety of ways from being disrespectful, questioning beliefs of others, criticism in a public setting, and more (Christensen). Face is not always negatively received; someone's *Mianzi* can also be boosted by others.

The idea of giving face to others would be considered the equivalent of encouragement or praise in the American culture (Christensen). Giving face should be done in a way that exemplifies affirmation or praise but in a manner that is conservative and not flamboyant (Engel).

Mianzi was another topic during interviews and many agreed and expressed the significance of knowing the meaning behind face. Almost all interviewees agreed that reputation is very important in both society and a good reputation takes time to build and only seconds to destroy.

Cultural Impact on Business Etiquette in China

All business etiquette is impacted in some way by a specific country's culture. Each country has its set traditions and customs on how things have been done.

Geert Hofstede is well known for his research of how values in the workplace are impacted by the culture. Among the cultural dimensions identified by Hofstede, three are relevant to the current research: individualism, masculinity, and indulgence (Hofstede).

One way that Chinese business practices are influenced by culture is their view of individualism. China has long been classified as a highly collective society where its people act more in the interest of a group that they are associated with versus self-interest (Hofstede). In the workplace, decisions are made collectively and it is looked poorly upon for someone to stand up for something that the majority of your group does not coincide with (Christensen). Respondents emphasized how maintaining harmony and peace within a society is one of the key principles brought about through the primary philosophy followed in China, Confucianism. Confucian values promote harmony, maintaining status quo, and great emphasis on the different types of human relationships (Seligman).

The United States scores extremely high on the idea of individualism. Americans are taught that it is acceptable in their society to be unique versus conforming to society (Hofstede). Interviewees noted that even with being an individualistic society, everyone is taught the idea to love one another and embrace their differences. Individualism has translated into other values such as self-expression and independence. Another concept that is very pertinent in the American culture is the idea of individual praise. When someone achieves some level of success, that person is placed at the forefront and congratulated for their efforts openly. In American business, congratulatory awards and recognitions are given to employees for hard work and standing out in a positive way within the company (Engel).

Both countries are very driven by success or masculinity. Hard work in both countries is attributed to the idea that success is the equivalent to a higher and more prestigious rank in society. The biggest difference in masculinity is that Chinese individuals want to be the winner and if they are not, then there is a lot of disappointment (Hofstede). In America, there is a very competitive desire in people's mind, but there is also a sense of comfort in the idea that as long as one tries, it is acceptable if they fail.

Lastly, our focus on cultural impact on business etiquette comes from indulgence. Indulgence is the extent that people attempt to control their desires and impulses. There are two extremes that a society can be classified as in regards to indulgence: one being a strong control over indulgences or restrained (Hofstede). China is classified as a restrained society in part to the Confucian thought of being humble and maintaining harmony. The perception of indulging in China is looked down upon. Singling oneself out defies the idea of collectivism and maintaining harmony within a group (Seligman). On the opposite spectrum, America is a very indulgent society. In business, it is thought that if you work hard that you have the ability to "play hard", or indulge in material and luxury items. These are just a few of the many examples in which a specific country's business etiquette is influenced by the culture.

The interviewees remarked that the biggest change in business practices is how technology has had one of the biggest impacts on current business practices. Another idea that is slowly being adopted in China is the fact that more and more people find it acceptable to show their wealth and be more indulgent versus the tradition conservative notion that China has long been known for. Americans have become more accustomed to fast and immediate results in all aspects of their lives including business (Davis). Culture impact is not a set list of a few items

that impact how we do business but rather every aspect of the culture influences practices and etiquette that is followed.

Conclusion

The beauty of culture and its influence on business practices is that these practices have and will continue to change however there will always remain some trace of tradition and value placed upon unique and difference practices. This is clearly evident in the Chinese culture as westernized practices and influence has been embraced and implemented in their culture and business sector. Chinese business etiquette books are fairly current and are easily accessible unlike American business etiquette books, since U.S. practices are deemed to be more straightforward. International business will continue to grow rapidly and as globalization continues to grow, the push for integration of cultures and exchange of practices will become more and more evident in both countries. It will be imperative that business professionals be educated on other culture's business etiquette. Generally speaking when doing business abroad in China or the United States, the interviewees discussed how it is important to be knowledgeable of the different practices in each culture. One can prepare for working in China or the United States by reading books, through classroom education, or having a friend or professional who is very familiar with the culture and practices educate you. One way that many of the interviewees have prepared is by having a basic knowledge but taking that knowledge and capitalizing on it through on-hands experiences. Being open, adaptable, and willing to embrace the culture and their business etiquette goes a long way and leads to great success in business.

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