



The Importance of Cross-Cultural Competence

Six Main Examples of Cultural Differences Between China and the West

by Dr. Peter Roell

Mr. Chairman, Ladies and Gentlemen,

It is a great pleasure for me to attend the 9th Likhachov International Science Conference in this beautiful city of St. Petersburg. When I had my first thoughts about the importance of cross-cultural competence and fundamental patterns of cultural differences, a statement by Benjamin Franklin (1706 - 1790) came to mind:

Investment in knowledge pays the best interest rates

Due to the fact that in our institute we combine scientific knowledge with demands from business circles I would like to restrict myself in my presentation on business aspects of cross-cultural competence and if we define culture covering the whole social heritage, consisting of knowledge, of beliefs, of habits and moral values, it is already obvious that we can observe a lot of cultural differences within the western hemisphere. This leads me to my thesis:

The global financial and economic crisis will require the international business community to understand even more about cultural differences and the importance of cross-cultural competence.

To recover from the dramatic international financial and economic crisis it will not be enough simply to improve and restructure the global financial system. Without a renaissance of human and moral values and if we neglect cultural differences between the East and the West, we will not be successful in stabilising the global financial and economic system. In neglecting these fundamental necessities we are also jeopardizing global security. What we are facing now is a fundamental transformation of our societies! This leads me to the necessity to identify the main cultural differences between China and the West, the two major global trading blocks.

1. Different approach to relationships and rules

Whenever Westerners travel through China they often hear the word *Guanxi*. *Guanxi* means relationship, network. For example with good *Guanxi* you will get a seat in an overbooked airplane, you will get access to high-ranking business people or politicians. Of course, also in

my country, Germany, people use their network in the private sector and in business relationships. But in the Chinese culture, the bilateral interdependency goes much deeper. Characteristic for the Chinese *Guanxi* is, that this obligation for bilateral help – seeing the family as the core element – will exist forever. This traditional behaviour guarantees on one hand excellent access and personal benefits but on the other hand it is also a breeding ground for corruption.

2. Different communication styles

Chinese people have the tendency to differentiate between „we“ and „others“, between their own group and outsiders. This separation and the division into „inside“ and „outside“ has a significant impact on communication behaviour. In the Western hemisphere polite behaviour primarily helps to make relations between strangers easier. On the other hand, Chinese polite behaviour is mainly reserved for people one knows, for relatives, friends or business partners but never with completely unknown people. For Westerners, the Chinese behaviour in the outside communication sometimes seems to be distant and cool, sometimes even aggressive and rude.

3. Different attitude towards conflict and showing emotions

What can Westerners do – already at the outset of a relationship with Chinese people – to avoid conflicts? We should always keep in mind that for Chinese people the creation of harmony, of a good atmosphere and keeping face is very important. The concept of „face-keeping“ is also known in the West but in China it has deeper consequences in private life and business. Westerners should learn that a Chinese „Yes“ can have many meanings. It could mean „Yes“, it could mean „I understood it“ or it could mean „I didn’t understand it at all“. Take your pick! Only with understanding and sensitivity, with experience and the willingness to understand the motivation of the Chinese partner will it be possible to find – in time – the right interpretation.

Regarding emotions, in the Chinese culture people don’t openly show their emotions. Instead, they control their feelings, and aggressions are repressed. But sometimes we Westerners are surprised when suddenly suppressed feelings break out with screaming and even attacking a person. In such a situation it is advisable to be quiet and keep face. To establish harmony is more important than solving conflicts openly or to be „right“.

4. Different decision-making style and hierarchy

In our Western thinking, that all human beings are equal and must be treated equally, does not exist in Confucianism. Therefore, in the Chinese culture, it is very important to define the status of a person. Persons of higher rank expect more respect, have more authority and their word has more weight. But in this kind of society, the higher-ranking person also has more responsibility towards the subordinates and he is also responsible for their well-being. In the Chinese decision-making process hierarchy is very important and it goes top down.

5. Different approach to time and completing assignments

One of the great differences between Western and Chinese business people is the approach towards time. For example, we Germans have already a detailed business plan and we want to sign a contract as quickly as possible. The Chinese first want to create harmony, a good atmosphere. They want to know their counterpart. To complete an assignment in due time

depends also on the capabilities of the managers and the motivation of the employees. In the West, a manager should have the capability to create conditions under which competent, responsible, creative employees, who are also capable to handle conflict situations, work together and have room for personal development.

In China, a good manager must have a different competence which is similar to our authoritarian management style. He should have higher education, influence and power. He should not make mistakes and he has to give very clear instructions to his employees what they should do when, how and in which order.

To motivate a Chinese employee with the objective to fulfil the targets of the company, differs from the West. The delegation of responsibility and decision-making competence is not so appealing for Chinese employees. Chinese react more to social incentives, collective premiums and other incentives, including social assistance and privileges.

6. Different approach to learning

Since the times of Confucius there has been a special importance in the teacher-student relationship. It is worth pointing out that Confucianism has little or nothing to do with religion in the Western sense. The Chinese word for teacher, *Lao-she*, does not describe the rank or the function of a teacher, but shows respect for a person who is educating and who has knowledge, wisdom and education. In China – and that's another difference to the West – active and independent learning is not in the foreground, but to listen, to copy, to reproduce is important. Originality and creativity are not as important as the perfect knowledge of the things learned. To copy a masterpiece is considered to be a work of art – even if it is a Mercedes!

The Chinese have learned a different style of negotiations. The Westerners have learned to explain their objective, their aim, to sustain it, to defend their thesis and to make only a few concessions. The Chinese think that this view is not appropriate. You should not mention your objectives at the beginning of talks. You should define them during the negotiations. Firstly, you should know your partner, his strength and weaknesses, then you might be able to deal with him.

Conclusion

What is the conclusion? If we Westerners want to be successful in China, and vice versa, the knowledge of cultural differences is an important and increasingly indispensable element to build trust, friendship and a better common understanding. It will be a permanent process and a challenge for both sides. Under the conditions of the dramatic financial and economic crisis it will be wise to be willing to learn from each other and to listen to each other with a higher degree of understanding of the other partner's agenda. But a Chinese proverb could put us on the right road:

Even a journey of 10 000 miles begins with the first step.

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