A China Business Primer: Ethics, Culture, and Relationships

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The book *A China Business Primer* is an excellent introductory monograph of how to help Western entrepreneurs understand the Chinese logic of business ethics. A central theme of this book is that looking at ethical thought and behavior from the Chinese perspective is not equivalent to the "localization" of relativism, or as an old saying goes, "in Rome, do it like the Romans." The authors correctly indicate that familiarity with the basic principles of Chinese traditional culture is an essential part of the effective advocacy of basic ethics, human rights, public policies, and business principles and interests in China.

The book starts with three premises to analyze the traditional Chinese culture: *context-first*, *interconnectedness*, and *awareness*. The book argues that the fundamental principles of Western (business) ethics are the very opposite of the principles of personal connections and networks that underlay traditional Chinese ethics. The authors' concern is that Western business ethics focuses more directly on integrity or honesty (content-first), while Chinese business ethics is typically presented and understood in terms of learning rules (rule-first), and then learning when it may be permissible to break or creatively interpret those rules depending on specific situations and contexts. The authors believe that there is no real tension between established ethical rules or principles.

The authors are worried about the disconnect between Chinese and Western business ethics approaches. Business ethics in the West is more concerned with the actions of executives while the latter prefers a focus on understanding enduring partnerships. The Chinese word *guanxi*, which is often translated as interpersonal relationships in English, is an important keyword here. The authors correctly indicate that in Mainland China, it is essential to cultivate *guanxi* with local political makers and business partners. Western entrepreneurs might rush too quickly into business negotiations without understanding this principle. In the West, businesspeople often enter into negotiations directly without first developing and cultivating trust.

The authors' views might be right in a meaningful sense. *Guanxi* or interpersonal relationships do play an essential role in the daily lives of Chinese people, even among many overseas Chinese people. However, the authors might also overlook that as Mainland China is a vast territory, its business cultures are also diverse. Chinese entrepreneurs should know that it requires more time to cultivate interpersonal relationships in northern China. For example, drinking and traveling with the northern Chinese business partners and officials might be necessary to get a deal done. This phenomenon probably owes to the enormous size of state-owned enterprises and bureaucracy-related business culture in northern China. Cronyism and corruption might be involved, as the authors correctly indicate. While in southern China, such as Shanghai City and Guangdong Province, more direct professional conversations and less time spent cultivating *guanxi* are generally preferred. Besides, Chinese business cultures in Hong Kong, Taiwan, Macao, and Singapore are also quite different from Mainland China. It might be necessary for the authors to

have a more in-depth analysis of the diversity of business culture of the Chinese communities. Even in business in Latin Europe, for example, a certain degree of relationship cultivation is also vital for arriving at a business deal. Western approaches to business ethics are also not identical.

The authors reckon that *ethical awareness* builds upon *context-first and interconnectedness*. Having awareness means having a sufficiently cultivated ethical "sixth sense": recognizing an ethical situation as being ethical, identifying the ethically relevant factors of the situation, knowing which ethical values to apply given those factors, and then seeing how to put those principles into practice given the actual situation. The authors correctly point out that while Westerners perceive issues more literally, the Chinese are not focused just on the fact but use their insights or a sixth sense to perceive how they can make better decisions. As the authors say, the insights-based, decision-making philosophy is inserted in the traditional Chinese ideology or religion such as Confucianism, Daoism, and Buddhism. And even the famous *The Art of War* involves this decision-making pattern apart from its contexts of military strategy management.

Therefore, the book correctly points out that the Western catchphrase "it's not personal, it's business" makes no sense in Chinese business ethics. As the authors indicate, this argument comes from the understanding of another essential Chinese cultural element, *mianzi* (face), which the authors define as other people outwardly treating one as having prestige; social status through influence and connections; as well as personal, professional, and financial success. Mainly, the authors are concerned that due to the particular political institutions, Western firms need to talk with their Chinese counterparts on a more private occasion based on established *guanxi*, when pointing out some sensitive issues such as product quality, environmental protection, and human rights. The authors give examples of how Western firms have succeeded or failed when dealing with these sensitive issues. These cases might help Western entrepreneurs perceive the importance of mianzi in Mainland China more vividly. In addition, this book also analyzes the impact of traditional Chinese ethics involving mianzi on business in Mainland China such as the hierarchy and respect for parents and bosses.

Although this analysis is very insightful, due to the particular political institutions in Mainland China, it could be difficult for the local policymakers to thoroughly understand and respect some ethical principles such as property rights, religious freedom, and other issues. The authors themselves also acknowledge that Mainland China is not a genuine free market due to the vast economic control of the authority, and the ruling political party also does not entirely respect some traditional Chinese ethics. Although the book at the end believes that Mainland China will have positive results in the future on issues involving individual freedom, we still must not forget the ideological characteristics of the ruling party in Mainland China. It has always adhered to the concepts of materialism and atheism, and it is hard to imagine that such a political party would tolerate exclusive values. So far, all attempts to reform toward a more open direction have either stopped or regressed.

However, we cannot simply label that a consequence of the traditional Chinese culture. The authors explain that appeals to rights—whether they originate from a contractual, constitutional, legislative, or moral basis—just are not recognized as valid ethical arguments in the Chinese mind. On the contrary, traditional Chinese culture has alternative expressions of Western ethics such as private property rights. Until the Communist Revolution in 1949, China had been a market economy country since ancient times. Therefore, such a civilization would not be formed without the support of the market theory. More references to traditional Chinese literature should be discussed when involving the ancient pro-market Chinese ethics.

As the author pointed out, Chinese culture has always been influenced by foreign cultures (such as Mongolian and Manchu culture). The authors could have more deeply analyzed the historical interaction between Chinese traditional culture and other civilizations.

From this perspective, another overlooked content, perhaps also ignored by Western scholars who have studied Sinology for a long time, is the distinction between traditional Chinese culture and the Leninist ideology of the current ruling party in Mainland China. The latter itself does not originate from Chinese culture, but the West. The Chinese people and Chinese culture are victims of this Western ideology. The distinction between Chinese traditional culture and Leninist ideology will be more conducive to understanding traditional Chinese ethics and the current business patterns in Mainland China.

To understand the Chinese cultural background, it is essential to understand the Chinese language. The authors cited some classical Chinese sayings, expressions, and words with the original Chinese characters. Notably, the authors carefully choose the traditional Chinese characters as auxiliary instructions instead of simplified Chinese characters as the former hieroglyphs could more accurately express the traditional Chinese philosophy. In general, to understand Chinese traditional business ethics and the current business culture in Mainland China, *A China Business Primer* as an introductory reading is highly recommended.

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