



# China: How a Nation's Culture Can Dictate Business Operations and Economic Policy

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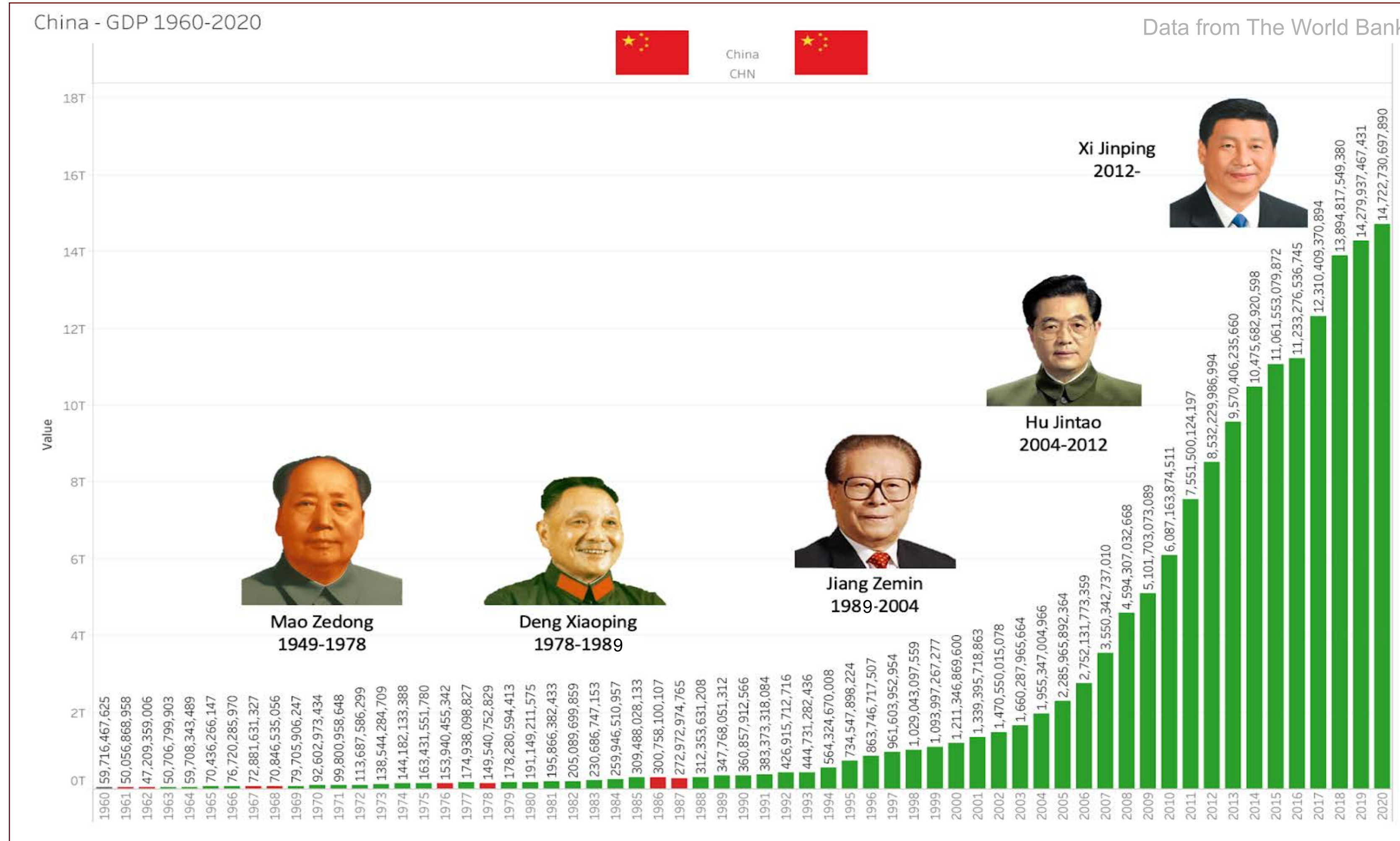
**Power Distance** – Chinese citizens accept that inequality in multiple levels of life is a real thing and is acceptable. This comes from the culturally passed on filial piety concept.

**Individualism** – China is a collectivist society. Their collectivist culture is what allowed communism to be the dominant governing ideology for a few decades, it enticed the common people and workers into thinking it was the perfect model for the nation. In the workplace, relationships with individuals matter more than the task at hand, leading to more preferential promotions or decreased discipline. This is also where the concept of Guanxi can be attributed to.

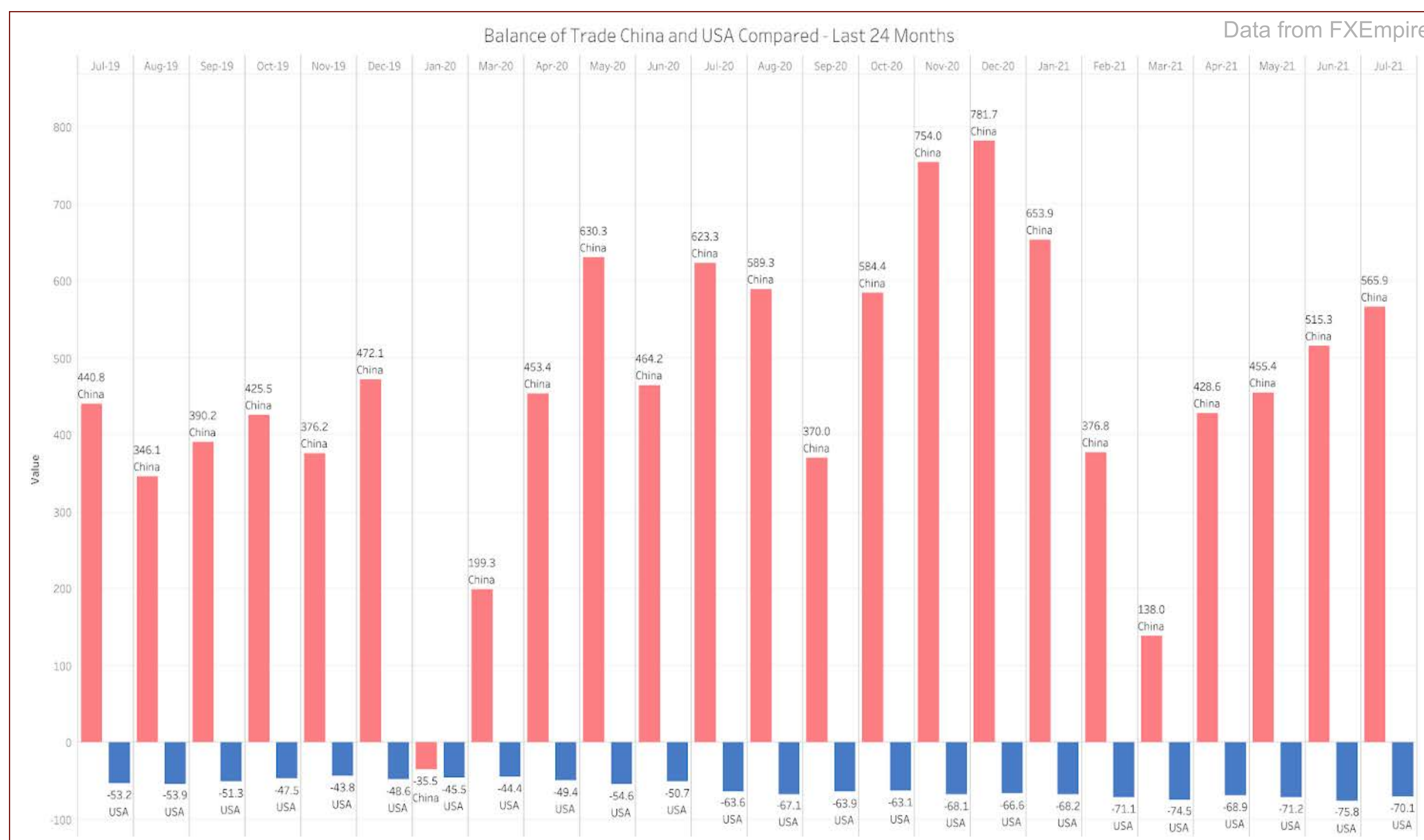
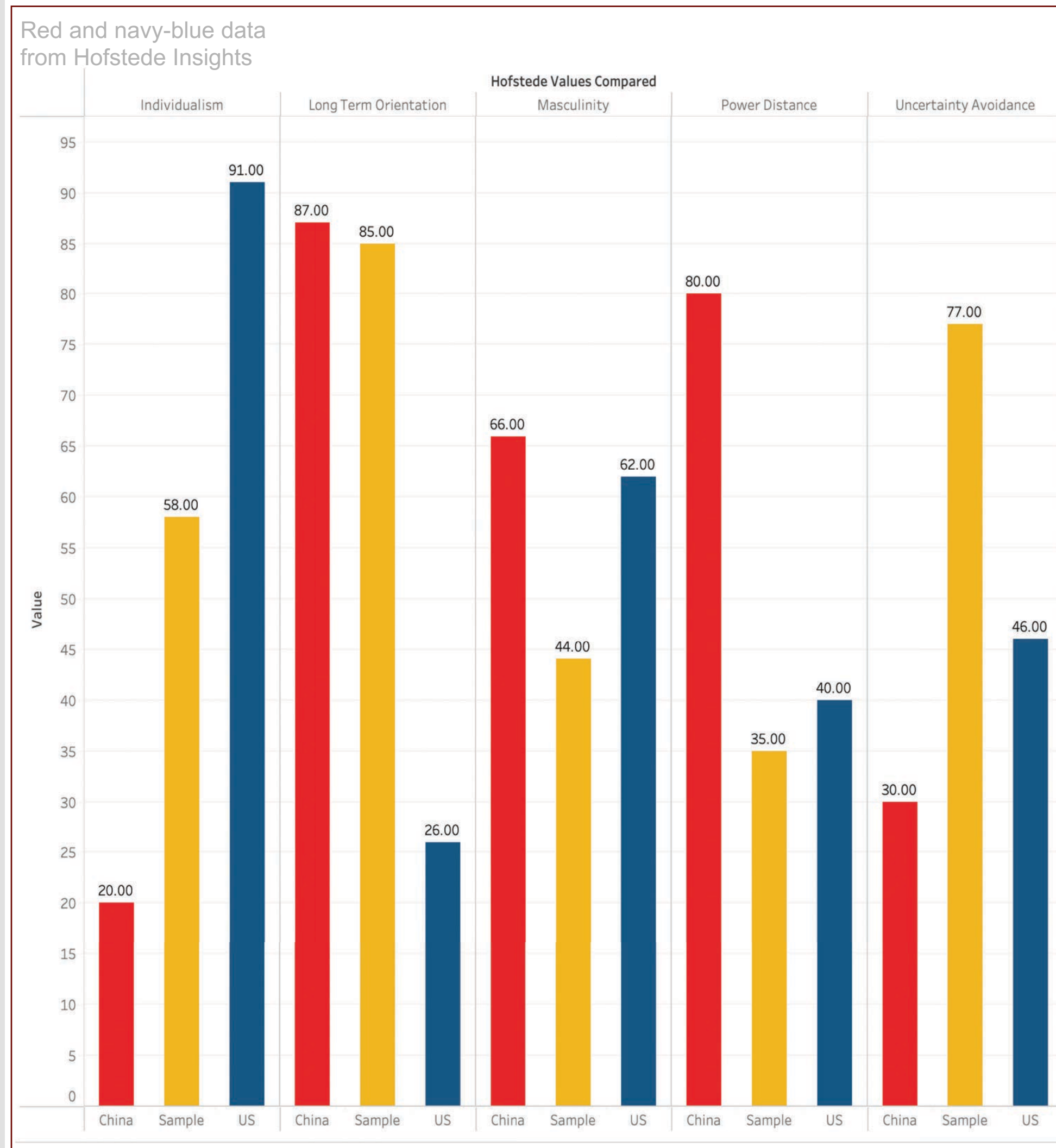
**Masculinity** - China is a masculine society, oriented towards success and driven towards creating new innovations in many different fields and industries. In the business world, Chinese business owners want to be the best making it a very competitive and cutthroat business environment which causes some of the private Chinese companies to overstep law which can get them in trouble with the CCP.

**Uncertainty Avoidance** – China is comfortable with ambiguity. Their language is ambiguous as well which contributes to their comfortability with ambiguity. This is also a learned cultural value that stems from the constant regime changes they have experienced throughout their history. Chinese citizens have mastered being adaptable no matter who is in charge.

**Long Term Orientation** - China is a pragmatic nation, preferring to be realistic rather than optimistic. This is demonstrated by their willingness to save and invest shown in their Central Bank being the largest in the world as well as their consistent surplus in trade.



The graph on the top illustrates how the Chinese economy (GDP) did under various Paramount Leaders. While the reform and opening up of their markets is ultimately what has made China a world power, the effects of Maoist communism helped influence economic metrics like trade surplus which is demonstrated on the graph on the down.



**ABSTRACT:** China as a civilization has enjoyed a very long history when compared to other nations and is becoming a leader in innovation while maintaining a strong cultural identity. This cultural identity is often reflected in politics as well as in the way business is conducted. While there are many prominent theories, researchers in the past have commonly cited Confucianism as the driving factor for China's cultural economics. This research explores the concept of cultural economics and identifies the qualities and attributes China has preserved and still exhibits today. Historical texts, modern fiscal policy, and insights from Hofstede are used to analyze modern China's business environment, geopolitical standing, and role in the overarching world economy. Preliminary data was collected using Hofstede cultural dimensions and was plotted against both the US and China to discern how cultural attitudes are shifting to cause negative outlooks on Chinese business practices and governance.

SAMPLE DEMOGRAPHICS				
GENDER		FEMALE	MALE	NOT-REPORTED
<b>Age</b>				
18-24		6	19	27
25-30		2	2	4
30-40		1	2	3
40+		10	6	16
<b>Education Level</b>				
Highschool or GED		0	0	2
Some College		2	4	7
Bachelors Degree		12	21	33
Masters Degree		2	2	4
Doctorate		2	2	4
<b>Marital Status</b>				
Married		6	7	13
Single		11	21	32
Not Applicable		2	1	4
<b>Ethnicity</b>				
Caucasian		12	24	36
African-American/Black		3	3	0
Latino/Hispanic		2	3	0
Asian/Pacific Islander		16	28	0
Mixed Race/Other		1	0	0
<b>Household Income</b>				
Below \$20,000		0	3	3
\$20k-\$50k		3	2	5
\$50k-\$80k		4	5	10
\$80k-\$100k		5	4	10
\$100k+		7	15	22
<b>Political Affiliation</b>				
Liberal		4	2	6
Slightly Liberal		3	3	7
Slightly Conservative		4	8	13
Conservative		1	8	9
A-political		7	6	13
Other		0	2	2

Mao's vision for China was one of self-reliance and for the first 17 years of the People's Republic, they mostly traded with the Soviet Union, an ideological partner. After the Sino-Soviet split in 1966, for a few years, China traded with no one and became completely isolated from global trade. China struggled but were able to survive until the reform and opening up process that occurred under Deng Xiaoping. Even today, that value of self-reliance has not left the government as they have Chinese answers to all western tech companies. Alibaba and Baidu are answers to Amazon and Google, the latter of which is completely banned in China. This attitude of self-reliance goes back even further to the 19th century where Qing China was subjected to horrible trade deals and predatory foreign influence. In summary, China learns from its mistakes and recalls the lessons learned.