SUMMARY: This paper discusses the role of the World Trade Organization, China, and various western business cultures. When China joined the World Trade Organization, the whole world wondered what the details of the agreement would be and how trade tariffs and quotas would be established (Liu and MacKinnon, 2001), considering the universal awareness of the utterly different management concept it had from the others in the negotiation table. Even then, serious observers were of the consensus that the divergence between Eastern and Western business styles would grow less and less with time and on account of globalization, increasing world trade and growing freedom of capital flows (Liu and MacKinnon).

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Chinese and Western Business Cultures

When China joined the World Trade Organization, the whole world wondered what the details of the agreement would be and how trade tariffs and quotas would be established (Liu & MacKinnon, 2001), considering the universal awareness of the utterly different management concept it had from the others in the negotiation table. Even then, serious observers were of the consensus that the divergence between Eastern and Western business styles would grow less and less with time and on account of globalization, increasing world trade and growing freedom of capital flows (Liu & MacKinnon, 2001). And the glaring fact was that China, a sleeping economic giant, was a major player in international business that had awakened to emerge as an economic superpower (Ralston et al., 1996). The reality urged Western businesses to take full stock of and understand the work values and behaviors of the people of this gargantuan country, which was predicted to become the world number one economic power in two decades.

What makes China stand out as a global market potential, despite its status as an underdeveloped country, is its sheer size: its huge and diverse population of close to 1.2 billion is five times the US population. This makes China the world's largest consumer economy (Ralston et al). This is why those who wish trade with, and invest in, China must be most knowledgeable about *Guanxi*, the Chinese's negotiating behavior (Buttery & Leung, 1997). It is their access to the needed influence in China in order to make things happen there, in establishing political capital and building relationships, which foreign investors must have and use to do business in China. But Western or foreign investors must be most aware that they will not finish up with a single negotiation or accomplishing a quick return-on-investment. *Guanxi* requires the building of a life-long relationship with foreign investors and proof of certain virtues. The Chinese culture in business differs widely from the Western in a number of ways, which must be effectively addressed to insure business success.

But it is just as true that China underwent an explosion in foreign investment in the last decade after it announced its new Open Door Policy and received more than $30 billion worth of actual investment. It since has been a huge market for as well as a producer of world goods, evidenced by the continued influx of Western businesses. For its part, China – along with other Asian countries – has taken the bold step of adopting a more Western style of business, after centuries of transacting business based on merit and a personal handshake (Chu, 2000). It is widely viewed to have been slowly changing its corporate culture and methodology into a hybrid with those of the West. What have made these change possible include the new generation of businessmen who are mostly educated in American universities, such as Harvard and Stanford, and versed in Western ways; the financial crisis in Asia and the need for overseas equity capital; familiarity with Western concepts of shareholder value and stock options as compensations; the need to tighten financial and regulatory rules; and the competitive value it could derive of the internet.

But studies also showed that this miraculous convergence of East-West business cultures has clear limits and is not what it may seem to be. Nevertheless, it makes Western business success in China possible.

II. REVIEW OF LITERATURE

China and the West in Business

Taking serious note that China, the sleeping economic giant, has begun to awaken and is now projected to be the number one economic power in the world in two decades, a study was conducted on managerial values across six of China’s typical regions (Ralston et al., 1996) in discovering where and how Western businesses stand the best chances of succeeding in this traditionalistic and divergent Asian country. The regions studied were Guangzhou and Shanghai (as the most “Western”), Chengdu and Lanshou (as the most traditional) and Beijing and Dalian (as the combination of the two extremes).

The study also compared, and contrasted, the Cosmopolitan Chinese manager with and against the local Chinese manager. It likewise explained how the Cosmopolitan Chinese manager evolved, and stressed that cross-vergence does not mean adoption of Western values by the new identity (of a Cosmopolitan Chinese manager), but only an internalizing of some aspects of Western individualism into their Confucian value system in business. The study discusses the seeming paradox and settles it.

An article published in Financial Times (Liu & MacKinnon, 2001) highlights the two-way nature of global business and trade and the limitations of the convergence of Chinese and Western business cultures. It says that those limits possess basic foundations the authors call “guiding principles model,” whereby global organizations should observe in developing from mono-cultural thinking to cross-cultural thinking. The article also discusses China’s well-entrenched sense of belonging, family or tribal or educational differences, Confucianism, understanding the very much different Chinese nature of communication and humor.

But other critics have another view of China’s opening up to Western investors. One of them sees it as creating another corporate culture and methodology (Chu, 2000). The author-critic ascribes the unusual change to the generation of Chinese businessmen and women who raised their own business empires or educated in Western universities and getting accustomed to Western ways; the need to look out into the international community for equity capital; familiarity with Western concepts of shareholder value and stock options as compensations; the need for Asian governments to tighten their financial and regulatory rules and competition policies, which in turn, significantly eroding China's cherished networks of family and trust; and the role of the internet in the global market. The author uses the case of the popular Tiger Balm to illustrate power struggle among its heirs and current difficulties to survive. She concludes by predicting that Western influence in Asia is almost sure to stay, interpreting the efficiency of Western methods as fit for Asian companies as well (Chu, 2000).

In emulating the West towards modernizing its own market economy, China is viewed by a recent study to have developed a radical reform process called "corporatisation" for its state-owned enterprises (SOEs) in building new leadership structures of Western-style businesses (HERO). The study further says that, if these reforms had little impact on the SOEs before the 1990s, they have become the focus of the last few years. The change conditioned a parallel and major shift in company ethics, wherein the SOEs provide full employment and extensive employee benefits, but this break with convention has turned into a similarly major obstacle for the reform process.

The study, however, notes that the greatest hindrance is the companies' reluctance to abandon social responsibilities to their present and former employees. Three main causes to this are also given by the study (HERO).

A Chinese team lists the typical differences that Chinese businesses have from Western businesses. The Chinese put greater value on relationships than transactions, on power distance in an organization, and personal and direct communication. The Chinese leader is autocratic and his followers sacrifice autonomy for it (China Team, 1999). The team lists tips and strategies for Westerners who negotiate with Chinese businessmen.

An organization pointed to the alignment with the Chinese's networking concept, called "Guanxi," as Westerners' assurance of success in doing business in China. "Guanxi" refers to the network of relationships among groups that cooperate and support one another (Exportinfo, n.d.) and to which a Western businessman can be indirectly linked or referred. "Guanxi" is not always in terms of money, but it exacts trustworthiness, frequency of contact and personal closeness. The Chinese people consider it legal, rather than a form of bribery.

Another keen observer writes about the philosophical basis of that network. The Chinese believe in Confucianism, which gives pre-eminence to harmony in human affairs, whether in the family, in the organization, community or the nation itself (James). Confucianism is a collectivist philosophy that is among the strongest cultural keystones of most government business relationships in Asia, particularly China. The observer mentions Malaysia's Multimedia Super Corridor and Singapore's Intelligent Island as examples. He suggests that Western businessmen should think Confucian if they wish to conduct business in China (James, n.d.).

Other studies have been made on the most basic differences between the subject cultures, these being at the roots of these cultures (Anon). If the West is known for its unconscious arrogance for the last three centuries, the East is just as known for its stubbornness to social and communication for more than 50 centuries. Moreover, there are several business Chinese cultures to contend with and make business conduct difficult. And preconceptions and stereotypes will block effective communication. Not only are Western business going to have a difficult time in China, the convergence of the Western and Chinese business cultures as not very deep.

Buttery and Leung (1997) explore more thoroughly on the differences between the cultures and to include masculinity, uncertain avoidance, and long-term orientation. Their paper reveals that not only are the Chinese group-oriented and highly conscious of power distance, they are also more inclined to the nurturing feminine aspect and more uncertainty-avoiding (Buttery & Leung, 1997). The authors likewise identified the bases for China's negotiating with the West, one as the soft approach, and the other, a hard approach. They also discuss the significance of *Guanxi* networking concept, the principle of harmony and hierarchy, the development of morale and kinship and the lack of incentive systems in China, which debits the conduct of negotiations. The paper provides case studies to illustrate how business is done in China and Chinese bureaucracy.

Case Studies

The entry of China into the World Trade Organization was seen to merely boost the already profitable establishment of Starbucks coffee in the Chinese market. This is the signal of the much-discussed and much-praised modification of China's business philosophy, which has stood for centuries, and more so because coffee is in direct contrast to tea, which is China's traditional drink ("Comments," n.d.). Coffee was first introduced in China in the 1920 and then brushed aside as "bourgeois" in 1949 by the Communists when they took hold of China. Instant coffee was introduced and became popular in the 80s. Today, all 18 Starbucks stores in China are profiting because of quality and the stores’ ambience. The West’s coffee culture appears to have made it in China.

Another tall example of a successful Western investment in China is Asian Strategic Investments Corporation (ASIMCO), of which Jack Perkowski is chairman and Chief Executive Officer (CEO). ASIMCO is one of the biggest foreign investors in the country and it now has 15 joint ventures in its key sectors. It is at present one of China’s leading automotive component enterprises (McClellan, 1998) with an aggregate of $500 million capitalization, mostly from major pensions, insurance companies and big private investors of the USA, Europe and the Middle East. It plans to export Chinese-made auto parts into the market. ASIMCO’s strategy is the identification of local management with track record, understands the meaning of global competitiveness and has been exposed to experienced Western operating professionals (McClellan, 1998).

ASIMCO’s executives help bridge the gap and develop successful Chinese and Western managers. And how Perkowski managed to establish this profitable business in China should inspire other speculators. The industry has retained its footing despite the damaging Asia currency crisis. Perkowski even estimated that China's commitment to investing in infrastructure and housing reform will release the people's savings in a few years. His competitive instincts, which led him to East Asia and specifically China, are worth exploring and heeding.

Tips and Other Opinions

Mail surveys on overseas Chinese and Western business expatriates currently working in the mainland were taken and disclosed certain coping strategies that can be used by them (Selmer, 2002). These are more frequently problem-focused strategies than symptom-focused coping variables (Selmer). This observation is considered important in that few expatriates in China have cross-cultural training and most of them have no support from their parent companies.

Another writer emphasizes the importance of language skill in global business, and value systems can mix and get one into trouble (Fagan, 2002). She recommends that one look at his or her own attitude in order to appreciate others' values and refrain from generalizing about other cultures. She classifies cultural differences into four main categories of spoken language, body language, manners, and customs and systems (Fagan, 2002). A knowledge of these will influence one’s behavior and, in turn, condition communication.

Another writer gives general tips in doing business across cultures (Oaks, 2002), such as firm or brief handshake, good eye contact, kissing or keeping physical distance. Showing respect in China will always redound to the favor of the one showing it.

Lastly, a technologist volunteers that China belongs to the Chinese, not to a sprinkling of a few Westernized business people (“What,” n.d.). He sees no reason to rush or push China into a convergence with the West and that Western investors should always be confrontational and act with good intents. Although present China has its own problems, such as in jobs, housing, education and legal system, the Chinese people are neither poor nor miserable. Its future still lies in its own hands.

III. METHODOLOGY

This study made use of the Historical Research and Descriptive-Normative Research Methods. Through the Historical Research Method, it went through a brief review of the traditional values of China, particularly concerning work, in specific locations and in its generality; a comparison between the management practices in China and those in the West, taking note of the convergence limits between them; the reasons for this relaxation of traditional business decision on China's part; how the Chinese conduct business and the process called "corporatisation;" how Confucian values can coexist with Western values in business; the Chinese networking concept of "Guanxi;" why the convergence is viewed to be shallow and superficial; the deeper differences between the two cultures; case studies of successful Western companies in China; tips for Western businessmen on how to cope in China and a divergent opinion on the convergence.

Chinese social, religious and business values are traced back, studied, understood and recent events on its Open Policy are recorded, described, interpreted, analyzed and compared with the realities about Western business concept and procedures. Case studies of successful or thriving Western businesses in China are included and evaluated in the light of this new and intriguing business climate. And a projection on the nature and extent of China's economic cooperation with the West is also made.

IV. RESULTS

A Convergence of Business Cultures?

From centuries of slumber and exclusiveness, China was roused to open its doors to Western trade when it signed in with the World Trade Organization (Ralston et al). With its large and diverse population of almost 1.2 billion, which is five times the size of the USA, China is a huge potential to the world market, even if, by its GNP, it ranks as an underdeveloped country. It is the world's third largest consumer economy that lately has turned into a major participant in international business. It, thus, becomes important for speculating Western enterprises to learn and understand as much they can about Chinese culture in order to guarantee business success.

For its part, China went through an "explosion of foreign investment" 11 years since it announced a new Open-Door Policy and thereafter received more than $30 billion in actual investment (Ralston et al., 1996). Not only has it since been fast turning into a big market, but a producer of world goods as well, as shown by the increasing volume of Western businesses that have managed to or been trying to penetrate the Chinese market.

But China’s culture is diverse, and cross-cultural studies had to be conducted to test the waters. These revealed the major sources of regional differences as the historic impact of geographic location, the level of industrialization, and the emphasis on educational development (Ralston et al., 1996). The subject cities of study were Guangzhou and Shanghai as the most open, Chengdu and Lanzhou as the closed or most traditional, and Beijing and Dalian, as the link between them. Guangzhou, Shanghai and Dalian have been international commercial and trading centers in China for many centuries and, as such, have been exposed to Western ways. This convergence of Western business culture and the business culture in China led to the cloning of the cosmopolitan Chinese manager (Ralston et al., 1996) in those areas more open to Western influence. But this convergence does not mean that the cosmopolitan Chinese manager has adopted or changed to Western values. Rather, he has only managed to internalize some of the aspects of Western individualism into his well-founded Confucian value system. The cosmopolitan business manager is proof of the possibility or feasibility of a coexistence between filial piety deriving from Confucianism and modern individualistic views and attitudes (Ralston et al., 1996). In addition, the convergence proves to occur slowly, since these values took centuries to evolve, and many believe that this “cross-vergent” effect will be in the form of evolved Chinese work values in the coming decades of modernization. It reflects China’s struggle to modernize without abandoning traditional values. The cosmopolitan Chinese manager profiles the economic direction China is taking.

Western business in China should be prepared to accept the likelihood of their counterparts’ viewing some decisions as self-determined, but on the whole, the cosmopolitan Chinese business manager has exhibited considerable willingness to accept change, as he is now making business decisions on the basis of performance and profit opportunities, at times even at the risk of deviating from traditional practices. This duality exists in the cosmopolitan Chinese business manager, whereby he is deeply eager for change, while wishing to maintain traditional Confucian values (Ralston et al., 1996). He has learned to accept an “uncertain environment” and to take responsibility for his actions, which is very Western. From all indications, he is fitting into his inherently traditional culture the modern concept of the West as far as this is possible and as long as the coexistence is desirable. The authors go as far as venturing into guessing, that, in time, the stubborn hold of Confucianism may just give way to the increasing pull of Western influence.

In comparing the managing practices of China and of the West, professors from the China Management Centre of the Middlesex University Business School do not quite agree to the guess of the authors of the last piece. While the entry of China into the WTO means a lot of new and exciting possibilities, the difficulties that have arisen cannot be dismissed lightly (Liu & Mackinnon, 2001). They concur that some visible difficulties and difference may appear to dissipate through time, due to globalization, increasing world trade and likewise increasing freedom of capital flows. But the professors believe that this exciting convergence between China and the West in business has limitations, which in turn have three fundamental foundations they call “guiding principles model.” Their model asserts that global organization managers must turn from a mono-cultural thinking to a cross-cultural one along three particular dimensions. These are 1) the impact and development of the person in relation to his or her family, education and environment, or the sense of belonging; 2) the impact of culture and religion on the person’s beliefs and values and in relation to business organization and management; and 3) the direct impact of management analysis and language on one’s perception of the world (Liu & Mackinnon, 2001).

Liu and Mackinnon explain these dimensions. 1) Time was when the company was viewed as a family unit and the person was defined by his education and was automatically fitted into his or her employment. Lately, work appointments have been based on qualification and intelligence rather than personal background. Because of this, multinational managers need to be briefed on culture and language of their place/s of operation or employment. But the extent of training given to host managers is still undetermined; 2) Confucianism teaches that there is a hierarchy in human relationships and everyone must fulfill his obligations to these relationships. It vigorously opposes misconduct in pubic and has no provision for dealing with strangers – such as Westerners. This means that Western business speculators must develop the traits that will make them acceptable and pleasing to the Chinese – patience, trust and integrity. They also have to deal squarely with the poor image of politicians who lack these traits. 3) Written as well as verbal communication with the Chinese should be both descriptive and non-legalistic if initial negotiations should prosper. Western negotiators must also remember that exact vocabulary can hinder or limit initial negotiations instead of clarify and hasten them. Most importantly, speculators must understand the need for integrity in these early deals and to accept an “agreement to agree” with the Chinese. Such an “agreement,” although not appealing to the Western negotiator because it is not legalistic and not binding, will ensure the establishment of further links to China. If Western negotiators are inclined to legally binding agreements and conclusions, Chinese negotiators are after statements of *intent* (Liu & Mackinnon, 2001).

In the eyes of a Chinese *AsianWeek* journalist, China – among Asian leaders -- is actually transforming into a vastly different corporate culture (Chu, 2000). She sees this as the outcome of certain factors. One is the generation of a new breed of Chinese businessmen who built huge empires from nothing and are now in the process of passing their empires on to younger generations, some of which have been educated in Western universities and imbibed Western values and ways of doing things. Another is the Asian financial crisis in the late ’90s when Asian businessmen, who traditionally relied exclusively on inner resources of family, friends and banks, needed to look out and overseas for equity capital. A third is the reliance or familiarity with Western concepts of shareholder value and stock options as forms or modes of compensation. This also resulted in the tightening of financial and regulatory rules and competition, which in turn, greatly eroded on the effectiveness of the old networks of family and of trust relationships. And the last is the prominence of the internet in international business, which has established the viability of new industry sectors. The internet is recognized as the most influential force in the Asian business realm today, and internet-related businesses also rely much more on concepts like shareholder value, venture funding and stock-option compensation (Chu, 2000), which are Western.

Another source views China as drawing inspiration from Western-style corporations in building a modern market economy for itself (Anon) and, in so doing, formed state-owned enterprises (SOEs) through a radical process of reform called “corporatisation.” A cited research conducted by Nottingham University found that, although these reforms had little impact on SOEs prior to the 90s, they have become the focus of experimental reform in the last few years (“Comments,” n.d.). This focus is illustrated by the release of around 500 most important SOEs from state control to allow them to vie for independent survival in the marketplace and the “corporatising” of 156 more firms as a pilot group, which would no longer be directly controlled by the Chinese government, but become purely “economic” entities on their own. The focus is furthermore demonstrated by a major shift in company ethics in these SOEs, which provide full employment and extensive benefits to employees. As to be expected, there is anxiety over this fundamental break with tradition and convention, which is becoming a major obstacle in the reform process.

But the greatest obstacle seems to be the companies’ own reluctance to cut their social responsibilities towards present as well as former employees (“Comments,” n.d.). Most of their workers have been merely moved to new sub-companies or re-trained and re-assigned. The study concludes that these SOEs are reluctant to undertake the reform process in earnest because of social unemployment consequences, a pragmatic adjustment to the undesirable outcomes of layoffs in response to regional financial crisis, and the resistant sense of social responsibility in the SOE manager towards his workers.

A China team reads deeper into the psyche of the Chinese doing business with Westerners. At the outset, it recognizes the tendency of the Chinese to seek more time to build relationships than to go right down to transacting a business (China Team, 1999), which in turn, is inherent in Western businessmen. It also identifies the importance of power distance to the Chinese between a leader and his followers. In connection with power distance, an employee of lesser rank will not communicate with a higher-ranking person in the organization. A third distinguishing quality of the Chinese is their repulsion for detail and technical expertise, which in turn abound in the Westerner. Furthermore, the Chinese much prefer direct, personal or face-to-face communication, in opposition to the West’s impersonal and indirect communication through the telephone, fax or email (China Team, 1999).

The Team outlines the qualities of the Chinese leader as autocratic, caring for his employees’ dignity, while they return respect for their leader’s protection. The Chinese are non-risk-takers and decide slowly in order to avoid making mistakes. But it is altogether the opposite with Western leaders. The Team lists some rules and strategies in negotiating with the Chinese businessman.

But an organization that seeks to measure the readiness of Western business for deals in China points to the observance of the networking concept called “Guanxi” as the only way to assure the survival or success of a Western or foreign enterprise in China (Exportinfo, n.d.). Without this practice, a Western business is heading for failure. It defines “Guanxi” as the network of relationships among cooperating and supporting groups, which exchange favors among themselves regularly and voluntarily (Exportinfo, n.d.). With the right “Guanxi,” that organization will be able to minimize even inevitable risks, barriers and setups in China. It, however, points out that it takes time and experience to observe and identify the groups of the greatest benefit to a particular business organization. This is because the Chinese traditionally prefer to deal with those whom they already know and have come to trust. Favor then can be extended to them.

“Guanxi” is not considered bribery by the Chinese, but a totally legal and desirable principle in business. Its main component is trustworthiness in fulfilling promises and commitments. It also requires frequent contact or familiarity, because the Chinese prefer to deal with their friends to taking a risk with strangers. “Guanxi” also helps when dealing with high-ranking officials in government.

It may take time and effort to establish the proper “Guanxi” but it is worth it. The favors that a Western business stands to gain from contacts are often more valuable or critical than just money, in the long run.

Gift-giving is extensive among these wide networks. The Western-oriented observer may find the practice intrusive, but if he or she is willing to understand, this is central to successful business enterprise in China (Exportinfo, n.d.).

“Guanxi” is, in turn, generally based on Confucianism, the philosophy which teaches that harmony in human affairs should be the first and foremost consideration (James, n.d.). It is fundamentally collectivist, relying on relationships within the family, the organization or the nation itself, which are expected to harmonize for the greater good of the whole. It exacts a sense of responsibility from the rulers and other leaders for the welfare of their followers, which serves as a cultural keystone in the government-business relationships in China, as in other Asian countries (James, n.d.). Illustrations of these successful major Asian ventures are Malaysia’s Multimedia Super Corridor and Singapore’s “Intelligent Island.” In these and all other foreign enterprise speculators, the unsolicited advice is to “think Confucian.”

What accounts for stubborn failures to negotiate are misunderstandings that happen at the most basic levels and which render the negotiation beyond repair or impossible to prevent (James, n.d.). Such basic misunderstandings derive from unconscious Western arrogance, which has been there for the last three centuries, and/ or Eastern pigheadedness as regards social and communication standards, which have endured for 50 centuries. This sorry condition is made worse by 'experts" from both sides make proud pronouncements and justifications of their respective positions and preferences. Either side is always only "half-correct:" Chinese business culture is not only one but many, according to geographical locations or practice, and beyond Western perceptions.

It is such preconceptions and stereotypes that will stay negotiations, nor is every American or European business speculator willing to look underneath and understand what motivates the Chinese in order to accept that motivation. It has to be China to save the situation by being more flexible and compromising with Western standards.

This commentator asserts that this situation arises from the easy acceptance by practically all the world that globalization is a commercial reality and necessity and a "natural progression." It is similarly strange that China is troubled by an eroding identity due to indiscriminate trade in which it has been involved. Despite this apparent relaxation of some of its time-honored beliefs and ways, China will not make it very easy for Western business speculators to conclude a negotiation, not without much struggle. China’s wariness should be understood in the light of the abuses to which it has been subjected in the three preceding centuries. But the more daring will eventually make it, and these daring ones will come from both sides, and the more aware profiting the most.

A deeper and more informative and insightful study was conducted by the staff of the European Journal of Marketing on these wide, if not opposed, differences between Chinese and Western business cultures. It begins by reporting on the flourishing economy of the People’s Republic of China, where a fifth of all the world’s consumers live (Buttery & Leung, 1997). Rapid infrastructure projects, a continued commitment to market-based reform and an expanding population of fairly affluent Chinese, rising towards 200 million in number, and assessed by global standards, are catching the attention of Western business.

But there are tremendous cultural hindrances on to the way of Western business. The Chinese are highly personal and involved and information is widely shared among them (Buttery & Leung, 2001), traits that are opposed to the West’s impersonal and private nature. To bring out the clear differences between the East (particularly China) and the West, this study outlines them as power distance, collectivism versus individualism, femininity versus masculinity, uncertainty avoidance and long-term orientation versus short-term orientation.

Power distance is that extent in which the followers within an organization expect and accept the uneven distribution of power. China is high in this and aspect, which in contrast, is low in the West (Buttery & Leung, 1997). The Chinese are known to expect and accept inequalities in power in their society and businesses. It is quite the opposite in Western countries and businesses, where members are autonomous and have a voice.

Individualism is that condition wherein ties among individuals are loose. Peoples of the West are generally individualistic and distant, while Asians – prominently the Chinese – are collectivistic or group-oriented. This is true to their respective societies and businesses.

The uncertainty avoidance aspect is a measure of the extent to which a person or an organization is willing to take risks in business or personal life. Western people and businesses are adventurous and, as such, are risk-takers.

They are thus high in this aspect. The Chinese, in comparison, resist risks and, therefore, score low.

It has duly been noted from all the preceding information that the Chinese do not just jump into a deal, but wait for some time to allow familiarity and trust to enter a negotiation They are, therefore, for long-term orientation, while people of the West prefer short-term arrangements. The characteristic Chinese trait of patience comes out in this aspect as does the characteristic Western impatience.

The study gives the strongest value to individualism, power distance and long-term orientation as the aspect that most affect business deals with the Chinese, which Western entrepreneurs must take into serious consideration (Buttery & Leung, 1997).

As to why and how China deals with Western investors and speculators, the study unearths the hard line approach and the soft line approach. Under the hard line approach, negotiators on both sides assume initial position, which promotes their respective ego, and attempt to make a settlement. If this does not work, they can choose to move on under the soft line approach, which is aimed at “relationship maintenance” and a more realistic and flexible mode. Negotiators from both sides can focus on mutual ends without using pre-determined positions but struggle to establish some objective standards whereby these ends may be achieved profitably by both sides. The key features of this approach are people, interests, options, and criteria. The soft line approach separates the people from the problem in order to reach a settlement or agreement. Negotiators focus on their common interests, not their individual positions. Both sides should throw in as many options as possible before a decision is reached. And objective criteria or standard should be established in achieving desired results (Buttery & Leung, 1997). The assumption of this approach is for both sides to provide the means to realize their companies' business objectives in fulfilling common interests satisfactory to both sides.

Both hard line and soft line approaches deliberately omit the aspect of culture and the perception one side has of the other (Buttery & Leung, 1997). And the contract that ensues from this compromise will also possess legal validity. The negotiation process consists of six steps: 1) get to know one another; 2) state negotiation goals and objectives; 3) start the process of negotiation; 4) express disagreements and conflict with the end view of revealing needs only; 5) re-assess the compromise; and 6) agree in principle or settle.

The study reiterates the significance of “Guanxi” to Chinese business and negotiations. Through “Guanxi,” access is established to the needed influence of the business settlement. In the West, “Guanxi” translates into “connections,” and one does not conduct business alone. In China, one builds and collects political capital and relationships with a series of people through which influence is “brokered.” Foreign investors need to form “Guanxi” with influential persons in organizations, often government officials, to pull their way through. Besides, nothing much can happen to a business in China without it.

The case of Cable and Wireless in China illustrates how it established a “Guanxi,” as a news article published in *The Australian* in 1995 said. Its newest executive director, Linus Sheung, used a Chinese strategy through which he operated comfortably with both the Chinese and Western business worlds in transforming a traditionally British company into a Chinese business entity (*The Australian,* 1995 as cited in Buttery & Leung, 1997). According to the article, Mr. Sheung hired Mr. Lu Gang to head the company’s China Telecommunications Division. Mr. Lu is the son of Mr. Lu Ping, Peking’s chief of Hong Kong Affairs, who has valuable Chinese contacts. Mr. Lu is said to have close relationship with Mr. Wutji Chuan, head of

China’s Ministry of Posts and Telecommunications, and who knows the key persons in the region’s telecommunications companies. This close links with Chinese officials and business leaders are considered and have proved quite useful to an organization.

The study summarizes its findings by emphasizing that Western businesses are largely separate from other aspects of society and the negotiator’s personal and social life. These businesses’ decisions are influenced by past experiences and characterized by largely technical processes with technical outcomes (Buttery & Leung, 1997). Clearly, Westerners transact a business as an objective and purely economic exchange process. In direct contrast, the Chinese place greater weight to relationships and less on contracts and much less on formal contracts. They negotiate lengthily and in a way and with an objective of going beyond the transaction per se, that is, including social aspects of it. The Chinese, in contrast to Western people, do not enter into a negotiation as an objective or pure economic exchange process. Their entry into globalization is more a process of matching the technical aspects of the given product and/or service to the buyer’s requirement or terms and, at the same time, appraising the trust and friendship aspect possibility of the deal.

Case Studies

When Starbucks was introduced in China, not a few saw the incident as signaling the culture war, which was then already being waged and which China's entry into the WTO would simply catalyze ("Comments," n.d.). What proved to be thrilling was the expansion of Starbucks or the coffee culture head-on with the tea drinking tradition of China. The company built its first outlet in Shanghai and was moving to open a new one in Beijing and two others also in Shanghai. Other planned expansions are assumed to achieve a total of 50 outlets, a time when there would be a Starbucks outlet for every two blocks of the center of Shanghai.

Starbucks is a Western coffee brand, and lately, things Western have been considered status symbol in China. And foreign investors are not afraid to take a chance in China, because they feel safe with China's entry into the WTO.

Asian Strategic Investments Corporation (ASIMCO) has a similarly profitable status in the Great Wall. Its chairman and Chief Executive Officer, Jack Perkowski, made ASIMCO one of the largest direct foreign investors in China in less than five years (McClellan, 1998). Within that short period, he managed to put up 15 joint ventures in the key areas of China under his firm's coverage. This he managed to do with an aggregate capital of approximately $500 million, mostly from major pension funds, insurance companies and big private investors in the USA, Europe and the Middle East to put up this automotive components organization in China.

Today, ASIMCO is affiliated or conducts business with big automotive entities there, such as Delphi Automotive System, Caterpillar, Chicago Rawhide, TRW Inc., Delco Remy Company and Dana Corporation. ASIMCO, through Perkowski, has achieved much by identifying local management with a track record and which understands the importance of global competitiveness, at the same time, exposing it to experienced Western professionals, who can give access to recent financial, manufacturing and marketing practices (McClellan, 1998).

ASIMCO’s senior and mid-level Chinese executives help reduce or bridge that gap between successful Chinese and Western managers. Their and Perkowski’s stories are tales that Western business speculators should want to hear. Always wanting to become entrepreneurial, he observed Asia and decided to move into Hong Kong. There, he got himself two partners – one, an accountant who spoke good Mandarin, and the other, an experienced person in foreign companies doing business in China. The three visited 100 factories in

40 cities. Then shareholders joined them, and since then, the company grew fast and thereon, planned setting u a base in Beijing. Despite the recent Asian currency crisis, Perkowski's automotive components firm remains competitive in China. Perkowski believes that, with China's commitment to investing on infrastructure and housing reform, people would release their savings into the market, and sees this happening in the next five years.

But not everything will be easy to handle: a total of 2 million tractors and 2.6 million farm vehicles were recently bought by individuals, and the fact that 850 million people live in rural China and they too are mighty consumers.

Tips, Strategies and Opinions

Independent mail surveys conducted by the International Journal of Human Resource Management revealed that overseas Chinese and Western business expatriates apply problem-focused strategies more frequently than symptom-focused strategies. This is considered promising, since only a few Chinese expatriates have cross-cultural training and must survive without support from parent companies.

Tips for cross-cultural business speculators include acquiring as much cultural awareness, and learning the language, of the country where they are embarking into as possible (Fagan, 2002). Many otherwise-profitable contracts were said to have been lost because of subtle cultural differences or lack of cultural awareness. It is then advisable not to feel too secure even if Western influence appears to be omnipresent and English is an official global business language. It is always to one’s advantage to take extra care and notice of these seemingly unimportant but really important cultural details.

A technology expert offers his opinion that any offensive deal made with individual Chinese organizations can be seen to hurt the majority of Chinese. China does not intend to become a major economic or police world power and it is the expert’s view that there is no need to rush China to incorporate Western-style political and social system. Chinese people may be poor, but they are not miserable, according to him.

V. SUMMARY AND CONCLUSION

There is no doubt that China, the sleeping economic giant, has stirred from its centuries-old slumber and finally joined the WTO. Projections that China’s becoming the top economic superpower in the next two decades (Ralston et al., 1996) are getting stronger, considering its more a billion population, which ranks China as an attractive global market for both products and service. The first steps have been taken when China announced its Open Door Policy and received more than $30 billion in actual investment in an unprecedented foreign investment explosion. Since then, another “economic miracle” in Asia has occurred: a final meeting of the East and the West in the form of a convergence between Chinese and Western business cultures.

The phenomenal and experimental convergence has led to the development of the Cosmopolitan Chinese Manager, a quaint cloned product, usually a resident of the Guanzhou, Shanghai or Dalian region who has accommodated some of aspects of Western individualism into his traditional Confucian-based value system (Ralston et al., 1996). This new managerial mold of cross cultures has shown willingness to make decisions on the basis of performance and profit opportunities, taking a risk of not conforming to age-old business concepts and practices. This does not mean, however, that the convergence has made the Chinese have adopted Western values, but have only internalized some of these in so far as they do not violate what is ultimately Chinese.

It is the opinion of some sectors that China has, for decades, looked up to Western-style businesses for inspiration in building a modern market economy (HERO). It has done so through a radical reform process called “corporatisation,” the concept behind its state-owned enterprises (SOEs). Although China’s industrial reforms have not been very successful before the 90s, they have been the focus of the most fervent energies in the last few years. Such a restructuring represents a major shift in company ethics, whereby these SOEs provide full employment and extensive employee benefits. But the anxiety over the fundamental break with convention and the SOEs own reluctance to cut off social responsibilities towards current and former employees prove to be major hindrances to the reform process.

Western businesses wishing to speculate in China must seriously consider that misunderstandings occur at the most basic levels between them and China, and that these can render prevention and repair virtually impossible (“Comments,” n.d.). The unconscious arrogance of the West – which has been there for three centuries -- and the stubbornness of the East – which has persisted for 50 centuries – lie at the bottom of any failed attempt towards an agreement. But of the two, China is likely to become more flexible, not because it will want to understand the motivation behind Western enterprise, but only to accept these. But because it has been troubled about losing its identity due to indiscriminate trade (“Comments,” n.d.), China will be willing to come to some terms. But even then, Western business speculators will not find it all too easy to close a deal with the Chinese.

Succeeding in business in China requires a working knowledge or awareness of the basic differences between Chinese and Western business cultures to be used by the foreign investor (China Team, 1999). These are the Chinese preference for relationship over formal transaction; power distance; their reluctance towards details and technical expertise; and personal or face-to-face communications. The Chinese leader is autocratic and his followers accept this quality in exchange for harmony and security. This setup also promotes a deep sense of belonging to the group, something that is rare and even opposed to Western business culture.

Comparative studies on the management practices in China and the West showed that the observed convergence between them has limitations (Liu & Mackinnon 2001). These are the impact and development of that individual in relation to his or her group; the impact of culture of religion on the individual’s beliefs and values in relation to organization and management; and the direct impact of management analysis and language on one’s perception of the world. These limitations can also be used precisely in approaching problem-solving criteria on the negotiation table or arena.

But other sectors are convinced that China has actually shifted into a more Western-style of business. Reasons given for the surprise change include the generation of young “new-rich” businessmen and daughters who were educated in Western universities and well-versed with Western ways; the Asian financial crisis of the late 90s, which compelled China to look overseas for equity capital; a new familiarity with the Western concepts of shareholder value and stock options as forms of compensation; and the prominence of the internet among businesses, which have remained competitive in today’s global marketplace (Chu, 2000). And the internet is a product of Western ingenuity.

Despite China’s novel and intriguing openness to Western investments, these foreign ventures must by the rules of the Chinese networking concept called “Guanxi.” This network consists of relationships with cooperating and supporting groups, which extend favors when asked.

Developing and adhering to the right “Guanxi” are everything in doing business in China. Without it, virtually no business can thrive (Exportinfo, n.d.).

“Guanxi” is built on trust, the fulfillment of one’s commitment and frequent contact, and these links include connections with suppliers, retailers, banks and local government officials. Gift-giving is a usual practice in a “Guanxi”, a practice which the Chinese consider legally valid.

A study revealed that the cultural differences between Chinese and Western differences are power distance, collectivism as opposed to individualism, femininity as opposed to masculinity, uncertainty avoidance and long-term orientation as opposed to short-term orientation (Buttery & Leung, 1997). Chinese business culture is characterized by power distance in its organizational structure; a collectivistic or group-conscious standard; a feminine stance; an inclination away from uncertainty, and preference for long-term orientation. Western businesses are characterized by the exact opposite of these: low-level power distance, individualism, masculinity, risk-taking and short-term orientation.

The same study identified the basis for China’s negotiations in the West. The hard line approach is one where the negotiators heed the call of the ego and present their initial positions and make any attempt to reconcile these to come down to a negotiation (Buttery & Leung, 1997). But the soft line approach aims at “relationship maintenance” by as the more realistic and profitable method of focusing on mutual interests, rather than individual positions. The key features of the soft line approach are people, who must be separated from the problem; interests, not positions, that should be the focus of the negotiation; naming as many options as possible before reaching a decision; and establishing the criteria of some objective standard that both sides accept. Once the soft line approach succeeds, the negotiation can prosper and go through a standard procedure.

Case studies offer evidence of success. Starbucks, for example, is expanding in Shanghai despite the fact that tea is the traditional drink of the Chinese. Outlets will be established in Beijing and more in Shanghai, with a total of 50 outlets to be built very soon in the country. When this happens, there will be a Starbucks joint every two blocks in the city center (“Comments,” n.d.). Starbucks is a Western brand of coffee and things Western have come to be status symbol in China today. And foreign investors have no qualms about trying it out in this traditionally tea-drinking country after China signed in with the WTO. But what makes Starbucks a success is its product quality in addition to the stores' ambience, a comfortable setting for friends, but which together are new in China.

Another success story is that of Asian Strategic Investments Corporation (ASIMCO) under the leadership of Jack Perkowski (McClelland, 2003). In less than five years since its establishment in China, ASIMCO has become one of the largest direct foreign investors. It now boasts of 15 joint ventures in key sectors of China's economy. This automotive components organization affiliates with leaders of Delphi Automotive Systems, Caterpillar, Chicago Rawhide, TRW Inc, Delco Remy Company and Dana Corporation, among others.

The company began with an aggregate capitalization of approximately $50 million, mostly from major pension funds, insurance companies and big private investors from the USA, Europe and the Middle East. Recently, it set up plans on exporting Chinese-made auto parts to the new market. ASIMCO contributes to change by identifying local management with track record and which understands the importance of global competitiveness and to expose it to experienced Western professionals (McClelland, 2003). The company's staff and mid-level Chinese executives help bridge the gap between successful Chinese and Western managers. Western negotiators may obtain effective tips and suggestions from ASIMCO, which steadily and rapidly developed upon adding partners (who knew Mandarin well and who had helped foreign companies in China) and co-founding shareholders who put in more millions.

ASIMCO, through Perkowski, managed to assemble a professional staff complement of 80 for Beijing, create an extensive network of relationships (“Guanxi”), forge alliances with many global companies, and complete other joint ventures as well as invest more capital. The record is incomparable with other foreign companies in China, so that despite the Asian currency crisis in the 90s, ASIMCO has continued to flourish in China’s automotive industry. Perkowski even added that China’s commitment to investing in infrastructure and housing reform will lead to the people’s releasing their savings.

Clearly, there is a merger of Chinese and Western business cultures in these cases.

There too was an opinion that China will always essentially belong to the Chinese, and that any affront to China is an act against the Chinese people. Some opinion-makers say that it is not inevitable for the Chinese to repel any kind of invasion or interference in their land, should there be any attempt to violate what is essentially Chinese.

These opinion-makers urge the Chinese to wake up and rethink. They declare that China has no intention to become a global power or take to the center international stage. These opinion-makers see no need for the compromise with Western businesses and for them to invest in China. They say that China may be classed as a poor country, but it is not miserable. The Chinese are content with what they are now and there is no rush in accommodating Western political and social systems into China's culture. They call on the Chinese to take greater stock of the situation.

They say that China today needs to develop more jobs for its high unemployment rate, a legal system and more schools in remote areas. But it is also their view that the Chinese will solve their own problems by proceeding with reforms more carefully and without disturbing social stability ("What," n.d.).

Implications and Recommendations for Further Study

While it is exciting that China has finally joined the WTO and decided to open its arms to world enterprise, the submerging of its long-standing traditions may bring on disadvantages that cannot be easily prevented or repaired.

China's enduring emphasis on personal virtues and family solidarity may wither with the increasing globalization stance, no matter how much is attempted to retain China's traditions. It will not take too long for even the remote, still traditionalistic, regions to be accessed by Western influence, considering China's motivations for global links.

When legal troubles arise in these cloned companies or in the industries where venturing Western companies eventually take hold of, China has not developed effective measures of restraint. It appears that it has given up more than it has calculated to gain. The only advantage it has is its big population, which is diverse and some already won to Western thinking. Protective parameters have not been set up or in place, and China's characteristic disinclination to anything legalistic may work against it.

Further studies may be undertaken on the convergence of Western business culture with the culture of other traditionalistic countries, like Japan and the deeply religious Arab countries and Third-World countries with strong traditions contrasting with the West's. Information must be gathered on how foreign investors have enriched a particular host Asian country or made it all the poorer and more dependent.

Or a series of surveys across China may be made on random basis to acquire a wide range of opinions by citizens on what they feel about this convergence and the presence of Western businesses in their land. Another study may be made on the extent by which China has really or nominally become “Westernized” and in what manner. The study must make ample representation of the divergent Chinese localities so as to have a comprehensive picture of what the Chinese majority feel about the ingress of Western businesses.

A parallel study on the success of Chinese businesses in Western countries may also be undertaken, considering the basic cultural differences.

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