Navigating Chinese Culture and Politics: The Destinies of Companies in China

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NAVIGATING CHINESE CULTURE AND POLITICS:
THE DESTINIES OF COMPANIES IN CHINA

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Abstract

It is generally accepted that the colossal Chinese market offers great opportunities for dynamic entrepreneurial businesses, as well as individuals, but it also means that there are more potential obstacles to be aware of and to overcome than in smaller countries. This study will show how successful businesses in the Chinese market are directly influenced by China’s unique culture, religious beliefs, codes of behavior and political policies. It will also show ignorance or unawareness of these influences can lead to a loss of business or even total failure. Indeed, a lack of understanding of these influences has been the downfall for some otherwise successful global international companies.

To analyze this phenomenon, this research will investigate the extent to which Chinese culture and practices such as Confucianism, Taoism, and Buddhism define the nature of business relationships. Similarly, it will reveal the undeniable influence of the Maoist-inherited Chinese political system on the destiny of businesses in China. Along with secondary academic resources on business practices in China, this essay includes news, reports, questionnaires, and real-life cases. In carefully examining companies like Uber, Coca Cola, Tencent, Didi, BestBuy Google, and eBay, this research suggests that there is a close correlation between adapting to Chinese cultural values and political systems and the fate of a business.

Keywords: Chinese Culture, Ancient Worship Traditions, Chinese Political Systems, Business
Introduction


This paper will uncover how understanding traditional Chinese culture and political systems has had, and will continue to have, strong repercussions on the destiny of companies in China. This study investigates how the roots of Chinese culture originate in ancestor worship practices, which in turn, inform the nature of business relationships, the culture of Fengshui superstition and the ethos of local Chinese preferences. Furthermore, since China is governed solely by the Chinese Communist Party, businesses should always strictly follow Chinese political rules and build a strong relationship with local authorities. Thus, this paper also researches China's political context and influences that determine the perception of businesses in China. It demonstrates how a company's level of understanding of China's culture and politics leads to success or failure, as in the cases of Didi Chuxing versus Uber China, Baidu versus Google, Suning versus Best Buy. While China offers increasing opportunities for business in any field, many well-known brands have failed in China. Therefore, we must find the fundamental reasons for this failure. Generally speaking, this project illustrates how being familiar with Chinese ancestor traditions and worship that inform business practices as well as China's communist political systems, can help companies in China achieve success.
Culture and Politics in Business: Existing Discourse and Avenues for Exploration

Various authors argue that cultural understanding leads to business success. In Doing Business Successfully in China, Mona Chung suggests that it is better to communicate with Chinese people by intimately understanding them, rather than relying on one’s prior knowledge or experience of Asian culture.¹ This intimate understanding is one of the most critical factors for doing business in China, as sometimes Western business culture promotes inaccurate preconceptions. For example, Chung illustrates how some Western people think all Asian cultures are the same, so more often than not, they use their knowledge of Japanese culture to deal with Chinese people, which is ineffective for communication.² Similarly, John Thanopoulos claims in his book, Global Business and Corporate Governance: Environment, Structure, and Challenges, that “without proper knowledge and preparation” about the local area, “it is an endless struggle” for any company in China.³ Thus, businesses in the Chinese market should always be well-prepared to understand the people and the market.

The root cause and significant impediment of effective communication with Chinese people is often due to a lack of understanding regarding the uniqueness of Chinese culture. Therefore, it is vital for companies to figure out what this culture is. Chung quotes previous studies and suggests that “the distinctive nature of Confucian culture, which constitutes an entire philosophy of life, makes China more different than the other post-Communist

² Ibid., 6.
Admittedly, Confucianism has the strongest repercussions on Chinese people’s lives, but many other philosophies have played an important role, such as Taoism and Buddhism. Confucianism forms a large amount of the scholarship, whereas Taoism and Buddhism have been addressed to a lesser extent.

In applying these ancestor worship traditions to business practices, Chung also quotes John Chan’s book, *China Streetsmart: What You Must Know to Be Effective and Profitable in China*, reveals that “Confucian philosophy conceptualizes society as a collective organization of hierarchies based on five sets of formal relationships. Each relationship has specific obligations and responsibilities, on which all other relationships are modelled.”\(^5\) Therefore, in the business world, Chinese people usually build close relationships with other parties to gain favor with each other in the business community. That is why China has a distinctive culture of *Guanxi*\(^6\) and hierarchy. Some people may know this culture, but they rarely understand why Chinese people engage in these special personal relationships, especially in the real business world. This project draws from Chan’s work and other relevant theories to connect Confucianism and the culture of Chinese *Guanxi*, to avoid any misunderstanding about doing business in China.

Moreover, Confucian concepts have generated the culture of harmony, collectivism,

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5 Ibid, 135.

6 *Guanxi*: Chinese term refers to networks and special relationships, which maintaining through resources access, continuous cooperation, and mutually benefit. In Chinese culture, it refers to the importance of interpersonal relationships. While in the business context, it is more like a social network that builds up trust among different business partners, so that creating a social network circle to help doing business in China much easier.
Thus, Confucianism has had a profound impact on how Chinese people behave over a long period. Chung argues that previous studies only show the importance of Confucianism but ignore the significance of Maoism to Chinese culture. However, this project focuses less on the influence of Maoism on Chinese traditional culture and more on the effects of Maoism on the Communist political system in China. Like Chung suggests, Maoism has strong influences on the “Communist Party on all aspects of life” such as “the relationship between political influence and career advancement.” Hence, Maoism is more critical to the construction of the Chinese political system than Chinese traditional culture. This project will utilize Chung’s illustration of Maoism and some case studies on the Chinese Communist Party to analyze the Chinese political system and its direct influence on companies in China.

In terms of Taoism, Zu Liangrong reveals in “Purpose-driven Leadership for Sustainable Business: From the Perspective of Taoism,” that a Taoist leader is a key for a successful business. A Taoist leader is a wise leader who knows himself and understands the inner mind, but at the same time knows others and understands the outer world. In this way, he can transcend himself and “become a mindful leader.” As the author states, “Mindful leaders provide calm, clarity and a clear sense of direction, carefully balancing the needs of

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8 In view of political influence, it clearly indicates that industries which were purposely stimulated by government policy had gained a tremendous development during the last thirty years, such as the real estate and other national ownership industries. Thus, Chinese politics always play a direct role on business, and companies should always strictly follow the rule of Chinese political authorities. In other words, if a close political relationship is involved, the company will be more likely to succeed; if no political relationship exists, the company will fail in China.

the organization with the needs and aspirations of the workforce.” However, Zu has not addressed the importance of Taoist concepts for the entire company. Later on, this paper will address how Taoist philosophy influences the fate of a company even from the beginning stages. For Buddhism in business, there are fewer available academic sources. Many famous business people, however, such as Ma Yun (founder of Alibaba), Shi Yongxin (founder of Shaolin Kungfu schools), and Chen Xiaoxu (founding president of Beijing Shibang Advertising) have mentioned the important influence of Buddhism on business. Accordingly, this project fills a gap by analyzing Chinese ancestor worship practice as a whole—defined by Confucianism, Taoism and Buddhism—rather than only Confucianism.

**History of Economic Development & the Unique Chinese Market**

Before analyzing the role of culture in business, we must first acknowledge how China has become such a central site of business activity. In the present-day moment, China has become one of the best places in the world to do business. That China is now the world’s second-largest economy country is well known; this is considered by many, however, to be miraculous since China used to be one of the most impoverished countries in the world only seventy years ago. Ever since the People’s Republic of China was founded in 1949, China has undergone different stages of economic reform, with some more efficient than others.

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According to the World Bank\textsuperscript{12} and Bureau of Statistics\textsuperscript{13} (Figure 1), it can be seen that China’s annual percentage growth rate of GDP fluctuated greatly before 1978. Therefore, 1978 is typically seen as the beginning of the efficient economic reform era for China.

![China’s annual percentage growth rate of GDP (1953-2018)](image)


Figure 1: China’s annual percentage growth rate of GDP (1953-2018)

In the earlier stages of the country, China was much more inwardly focused and less welcoming to outside Western influences, especially in doing business with outside countries. We can see how things changed by examining the economic reform in China, which is divided into three stages. The first one is from the founding of China to the Deng Xiaoping era, which is 1949 to 1978.\textsuperscript{14} In the first stage, China experienced strict political control upon economic development, including the first “Five Year Plan” in 1953, the Great Leap Forward from 1958 to 1961, and the ten-year Great Cultural Revolution from 1966 to 1976, when the Cultural Revolution led to stagnated Chinese economic development. While in the second

\textsuperscript{12} World Bank National Accounts Data, and OECD National Accounts data Files: GDP growth (annual %), https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?locations=CN.


stage, which is also known as Deng Xiaoping’s era, Deng introduced the “Opening up” policy to stimulate China to trade with other countries at the time. The policy spread—starting from some coastal cities to the rest of inland China. The third stage is commonly known as the post-Deng era after the death of Deng Xiaoping in 1997. Along with Deng’s economic reform policy, Jiang Zemin, the chairman of China at the time, combined political powers with economic development together to further develop China’s economy. Without a doubt, the Chinese economy developed much faster than before since then. Until now, China is still on the way to economic reform, and the latest set of reforms is the 13th Five-Year Plan that was announced in 2015 and set economic goals for 2016 -2020. The ultimate goal for this plan is to let China be a moderately prosperous society by 2020.

Therefore, along with the transformation of policy in 1979, China has offered more market opportunities for both domestic companies and foreign investment companies. Moreover, the vast population of China means more consumers to create product demand, more labor force to produce products, and more competition to spark the labor market. At the same time, the political and cultural environment of China may generate more risk and uncertainty for both domestic and foreign investment companies. Empirical evidence shows that many successful global companies have failed in the Chinese markets, such as BestBuy, Uber, or Mattel (Barbie manufacturer) because they did not account for various conditions, factors, and risks.

Cultural Heritage and Codes


Chinese cultural codes are unique and will always strongly correlate with the destiny of a company. Before setting up a business in China, if the owner of the business does not take Chinese cultural codes and cultural bias into account, it will be highly likely for the business to encounter challenges and problems. China has over a 5,000-year long history with a huge population of 1.4 billion, which makes the cultural codes more complicated and diverse than many other cultures. In general, Confucianism, Taoism and Buddhism are all indispensable parts of ancestor worship for Chinese people. Each of them has its claims; Confucianism advocates benevolence, Taoism centers around nature, and Buddhism aims for enlightenment. Nevertheless, they share a common goal: to encourage everyone to live in harmony. Altogether, these three main forms of ancestor worship constitute China’s overall cultural code and this should be kept in mind when doing business in China.

More often than not, Chinese people do not identify with any religion formally, so Chinese cultural codes are mostly derived from the ancient ancestor worship. In 2014, a nationwide survey, CFPS, was conducted by the Institute of Social Science Survey (ISSS) of Peking University. The survey indicates that roughly 73.56% Chinese people declared that they did not belong to any religion, but with further analysis, we see that most of these non-religious people believed in Chinese folk religion, which includes Confucianism, Taoism, and Chinese Buddhism. Besides, the survey shows that up to 15.87% of Chinese people practice Buddhism. Overall, it can be seen that about 89.43% of Chinese population believe in

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20 CFPS: China Family Panel Studies, Zhongguo jiating zhuizong diaocha 中国家庭追踪调
Confucianism, Taoism, and Buddhism.\textsuperscript{21} Moreover, even though most Chinese people do not identify themselves as Confucianist, Buddhist, or Taoist, they still practice many of the beliefs that are part of these religions, such as filial piety through celebration of Chinese New Year’s Eve with family elders (Confucianist), worship of Buddha (Buddhist), and practice of peace and non-confrontation (Taoist). According to Zhang Maojia and Lin Benxuan’s data, Chinese people who do not believe in any worship practice and also do not practice any religions only occupy 6.3\% of total sample population.\textsuperscript{22} Therefore, due to the dominance of these forms of ancestor worship, businesses must acknowledge their presence and impact in many facets of Chinese life.

**Confucianism**

The reason that many surveys indicate that Chinese people do not have any religion is that Confucianism is actually not a formal religion. Confucianism is more akin to an ethical philosophy created by Confucius. Confucius was a great educator and ideologue who constantly pursued truth and the perfecting of character.\textsuperscript{23} Confucianism has become the dominant ideology of Chinese society since Han dynasty (202BC-220AD).\textsuperscript{24} Over time, Confucius’ ideas become compulsory in courses for every Chinese primary school student.

\textsuperscript{21} Ibid.


\textsuperscript{23} Goldin, Paul R. *Confucianism*, (Taylor and Francis, 2014), 9.

\textsuperscript{24} Ibid, 11.
Therefore, the thoughts of Confucius have played an important role in the formation of Chinese people’s behavior and thinking for over 2000 years. In other words, every decision Chinese people make, or the exact behavior of Chinese people, is more or less related to Confucius’ ideas, which is also true in a business context. Successful business involves decision-making, values, and principles that are rooted in Confucianism.

**Taoism**

Like Confucianism, Taoism has existed and continues to exist in Chinese people’s lives for a long time. For instance, people would like to think about the homonyms and symbolism of colors, numbers, animals, plants, food, dates, time, and year. Whenever the homonyms or symbolism means unlucky, dead, or evil, Chinese people tend to get rid of them. A typical example is that most elevators in China do not have level four because the homonym of four is death. Also, people tend to wear red during the New Year time because red means good fortune that will bring luck for a whole year. Historically, Taoism is an ethical philosophy that has existed in Chinese over 1800 years; Chinese students also need to take Taoism at primary school as a required course. Differing from Confucianism’s principle of pursuing social order, Taoism advocates the natural order of things and emphasizes *Wu Wei* (doing without any intention). Also, Taoism advocates three treasures as its essential virtues, which are *Ci* (compassion), *Jian* (frugality), and *Bugan Wei Tianxia Mou*.

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Xian (humility).\textsuperscript{27} Over time, Chinese people actually acquire these characteristics. Hence, Chinese people would like to behave according to Taoist principles as well. In addition, Taoism has made significant contributions to Chinese traditional medicine, such as acupuncture.\textsuperscript{28} Finally, the famous Fengshui theory was established according to Taoism concepts, which is commonly used in business practices and people’s everyday lives.

**Buddhism**

In contrast to Confucianism and Taoism, Buddhism does not stem from China but was brought into China 2000 years ago.\textsuperscript{29} While Buddhism in other countries is commonly known as a religion, in China it behaves like a cultural phenomenon. Since it originated from other countries, Buddhism since ancient times has been a way for China to promote intercultural communications with other countries.\textsuperscript{30} Over time, the repercussions of Buddhism on local Chinese residents have been profound, especially in the areas of literature, art, and ideology.\textsuperscript{31} Empirical evidence shows that there are more and more Chinese people becoming followers of Buddhism. According to CSLS, over 31 per cent of Chinese people who did not even identify themselves as Buddhists still take part in some Buddhist practices,

\textsuperscript{27} Laozi, and David Hinton, *Tao Te Ching*, (Counterpoint, 2015), 106.

\textsuperscript{28} Mou, *Taoism*, 110.


\textsuperscript{31} Sen, “The Spread of Buddhism to China: A Re-Examination of the Buddhist Interactions between Ancient India and China,” 23.
such as the popular practice of worshipping Buddha. Moreover, there are an increasing number of business people as well as highly educated people that follow the beliefs of Buddhism.\textsuperscript{32} The Chinese Luxury Consumer White Paper 2012, jointly published by the Industrial Bank and Hurun Report, shows that about a third of wealthy Chinese people are Buddhist and that Buddhism is the most popular religious faith among Chinese business elites and intellectuals.\textsuperscript{33} In effect, this means Buddhism, like Taoism and Confucianism, holds a substantial influence on the careers, educational backgrounds and lives of Chinese people.

**The Relationship between Culture, Politics, and the Fate of Businesses**

The founder of Alibaba, Ma Yun has said “While a company has reached to a certain level, if there is no Buddhist thought in mind, the business will stagnate. While competing with rivals, if there is no Taoism concept involved, winning the competitors is impossible. While running a company, if there is no Confucian concept embedded, the company would develop in a greater scope.”\textsuperscript{34} Therefore, Chinese cultural codes have significant effects on each stage of any Chinese company.

**Starting Up**

At the beginning, company names and logos are much more important for startup


\textsuperscript{34} Xi Zhang, “Ma Yun: Sheng Yi Zuo Dao Yi Ding Cheng Du, Mei Fo Jia Si Xiang Bu Xing 马云：生意做到一定程度 没佛家思想不行,” Translated by Vicki Chen, *IFeng.com* (November 2016), https://fo.ifeng.com/a/20161114/44492501_0.shtml.
companies. At this stage, Taoism plays a dominant role. It can be seen that many successful brands in China possess names with a fortunate second meaning. For instance, the name *Wangwang* 旺旺, a famous snack brand in China, means flourishing (Figure 2), so people would like to buy both for themselves and to give to others. Correspondingly, simple negative homonym names may lead the companies to fail at the beginning; the typical example is Best Buy in China (Figure 3). When Best Buy entered into the Chinese market, even though the English name means best, they transliterated it as *Baisi 百思* in Chinese.\(^{35}\) This does not mean “best” but means “to think carefully before buying.” Customer questionnaires show that many customers wanted to try out the store, but when they saw the name, they decided to not even enter into the Best Buy main entrance.\(^ {36}\) Thus, Best Buy in China failed at the outset because of its name.\(^ {37}\)

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\(^{36}\) WeChat Questionnaire, “Randomly choosing people for questionnaire,” (Nov. 10, 2018).


\(^{39}\) Chushen, “Best Buy not Best for China,” *USC Annenberg China Media*, University of Southern California (February 26, 2011).
A significant example of a company with a good start based on its naming is Uber China. Even though Uber eventually failed in the Chinese market, its brilliant naming provided a good start for Uber. Once Uber was entering into the Chinese market, it did not wholly transliterate the pronunciation of Uber. What they did was to pronounce the “U” as the letter U, not the consonant “u”. Therefore, Uber in China is called Youbu 优步 (Figure 4), but not Wubu. By doing so, it attracts more loyal customers because the homonym of You means “outstanding” and “glorious.” People tend to feel they are outstanding if they are customers of Uber. Similarly, the second word of its name, Bu, is also good because it means “step” and “trip,” so that best expresses that Uber is a transportation brand, rather than anything else. From an interview with a group of Chinese Uber customers, most of them started to use Uber because the brand name implies that the service must be preeminent. Naming is a big reason why Uber China was really successful at the beginning.

![Figure 4. Logo of Uber China(优步)\textsuperscript{43}](image1)

![Figure 5. Logo of Coca-Cola(可口可乐)\textsuperscript{44}](image2)

\textsuperscript{40} Uber is a global leading ride-hail company that entered into Chinese market on February 13th, 2014 but was acquired by Chinese local competitor, Didi Chuxing two years later.


\textsuperscript{42} WeChat Interview, “Interview with a Randomly Selected Ten Uber China Users,” Interviewed by Vicki Chen, November 2018.


Apart from the naming process, Taoist theory also indicates the importance of the representing color of the brand.\(^{45}\) It is well known that Coca-Cola and Pepsi are always competing with each other in the Chinese market. Coca-Cola (Figure 5), however, gets more benefits from its color usage. Chinese people always associate the color red with good fortune and wishes, so by making use of red on its products, Coca-Cola has won much more than market share over its competitors in Chinese market. From the Taobao and T-mall stores, it can be seen that many gift bags include Coca-Cola for best wishes but not Pepsi.\(^{46}\) Certainly, red is not always good for every brand in China. Along with modernization, Chinese people are looking for something more fashionable, so the color of the brand logo should also be favorable to its target customers. All in all, a color choice should not only be related to the products or services but also not contradict the values that define the meanings of color based on unique Chinese cultural codes.\(^{47}\)

**Rising Stage Company**

While starting a company requires the proper cultural understanding of names and colors, running a business is equally complex. In particular, once a company is established, Chinese business owners tend to follow Confucius concepts for running their business. First, companies must have a vision of slow, steady progress and the perseverance to overcome challenges. For instance, according to *The Analects of Confucius Book IX*, Tsze Han, The

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\(^{46}\) Taobao and T-mall searching databases on Gifts.

\(^{47}\) “Lucky Colors in China,” *China Highlight.*
Master said, “The prosecution of learning may be compared to what may happen in raising a mound. If there want but one basket of earth to complete the work, and I stop, the stopping is my own work. It may be compared to throwing down the earth on the level ground. Though but one basketful is thrown at a time, the advancement is in going forward.” Confucius uses a metaphor to illustrate that it does not matter that things go slowly, as long as you do not stop doing, you will make it eventually. Startup businesses usually have many difficulties to face; if you keep the business going, you will definitely stand out among rivals.

A typical example is the Chinese technology giant, Tencent. Its founder, Pony Ma, reveals that he and his co-founders had met many difficulties at the startup stage. When the company lacked experienced employees, they did not give up but did everything by themselves. Furthermore, once their products could bring whole company success and wealth, they still did not stop their effort in developing more wealth. Therefore, up until now, “Tencent overtook US rival Facebook to become the world’s most valuable social network company.”

Second, companies must always innovate. Another significant Confucian thought for companies to consider is the famous quote “The mechanic, who wishes to do his work well, must first sharpen his tools.” Confucius here reveals the significance of continuing study and continually upgrading products and services to the customers. For instance, even though

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Tencent has got US $1.2m on sales on US $ 5.9m in 2001, Tencent did not stop at this profit margin but constantly develops its products and services and, as an industry giant, never stops innovating its products and services. The websites of Didi, Alibaba, and JD also put innovation as one of their important objectives, and they all have this similar strategy to keep up their prominent status in the Chinese market. In other words, since the executive managers of these companies deeply grasp Confucius concepts of running businesses, they can by far maintain the largest percentage of the Chinese market.

In contrast, if their technologies somehow become stagnant, sooner or later their potential competitors could overtake them to be the best in the industry. The famous mobile giant, Nokia, is the typical example of reluctance to innovate. Nokia used to have the most market shares in the mobile phone market. Since they stopped developing their innovative products, however, they were surpassed by iPhone and Android, and eventually faded away in this prosperous market. Accordingly, Nokia troubled because it did not abide by the important principles of Confucianism.

From research of different Chinese companies’ websites, we see that some Chinese companies would utilize Confucius’ quotes in their company vision and mission statements, which they believe are the core values in running their businesses. For instance, the Chinese

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52 Ivy Buche and Salvatore Cantale, “The Story of Tencent’s rise to the top of the social media world,” World Economic Forum (February 2018).


E-Commerce company, Xi’an Saiyun, uses Confucius’ quote, “what you do not want others to do to you do not do to others” as its enterprise culture. Also, many leading brands in China, like Tencent, Baidu, JD, and McDonald China tend to integrate Confucius’ concepts, including people-oriented working, as core values for running businesses in China. In summary, no matter whether industry giants or small startups in China, they all like to run the company more or less according to these concepts.

**Employee Management and Satisfaction**

After companies rise and take off, they do not run successfully without a group of elite employees to maximize the productivity of the company. Andrew E. Clark claims that “job satisfaction” is “a reliable measure of workers’ real sentiments about their job.” Therefore, employee retention is important for a business. To guarantee the attendance of the employees, business owners should always pay attention to the employees’ job satisfaction. According to Clark, “job satisfaction” is “a good predictor of” an employee’s “future decision of whether to stay or leave that job and even whether to leave the labor market.”

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63 Ibid.
It is important to note that Chinese people’s job satisfaction is much different than Western employees’. Chinese people have been cultivated in Confucius thought ever since they were very young. Thus, Chinese employees tend to work according to Confucianism. Confucius teaches people to work hard, persistently, to endure and to value the collective.64 Also, Confucius teaches people to follow the Guanxi (personal networks) while working on their jobs.65 Therefore, more often than not, Chinese employees would like to totally dedicate themselves to their jobs without too much complaint.

Also, with the huge population of Chinese people, the labor pool for Chinese people is relatively more competitive. Once people get their ideal job, they are more likely to maximize their abilities and take full responsibility for their jobs. Then, the labor turnover increases correspondingly. All in all, Confucius thoughts could shape employees’ job satisfaction, work motivation, and career expectation. Without the values of Confucianism, companies in China could lose their potential productivity because of employees’ absenteeism and counter productivity.

Nevertheless, hiring someone who has Confucian leanings does not guarantee they will maximize a company’s productivity. It is always important to embed Buddhist thought, being humanized,66 to motivate employee engagement; that is, to create a humanized working environment for the employees, so that they enjoy working for the company.67 Specifically, company owners should pay attention to employees’ feelings about their working environment; otherwise, companies will also lose their potential core values

64 Confucius, *The Analects of Confucius*, I.

65 Ibid., XII, 19.


The Foxconn suicide scandal is a typical example of insufficient job satisfaction. Foxconn has a very intense working environment where workers typically have to work at least six days a week. According to some former employees of Foxconn, employees in Foxconn are usually stressed and unhappy about the working atmosphere. Due to the dehumanized management of employees, Foxconn had to face both employee suicide scandal and lower turnover since then. On the contrary, by applying this Buddhist principle to provide a humanized working environment, workers would be happy and less stressed at work. And this, in turn, would lead them to become much more productive. Altogether, in order to maximize the company productivity in China, the concepts of Confucianism and Buddhism can be productively applied by the human resource department.

**Win the Competitive Advantage**

To be a successful business in China, it is not enough just to have a strong, resilient attitude, and exhibit innovation; you also must apply Buddhist concepts to win the competitive advantage in the market. One of the most significant Buddhist principles to the company culture is that “Compassion is the wish to see others free from suffering.”

Through applying this concept to business, it is always essential for business staff to try their best to satisfy customers’ needs to the maximum level. For instance, Didi Chuxing in China always follows customers’ needs and cares about customers’ satisfaction during Didi’s services. Importantly, different from its rival, Uber China, Didi customers could reach to Didi’s customer representatives 24 hours a day, seven days a week; however, Uber customers could never contact a live customer agent, but only send emails to Uber headquarters and

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69 Quote from Dalai Lama XIV.
wait for a reply later on.\textsuperscript{70} This concept also informs that to win in the market, it is important to discover the behavior of their target local customers. Take Didi and Uber, for example. Chinese people normally do not like to use cash or card to do transactions; most foreign companies without local offices, however, did not count on Chinese people preferring WeChat pay or Alipay to process any transaction. Therefore, through always sticking to Confucius’ value of keeping people “free from suffering,” Didi’s problem-solving strategy is much better than its competitor, Uber.\textsuperscript{71}

In particular, not only do some Western owners fail to understand Buddhist principles and Chinese cultural codes, they also hold biased thoughts on Chinese culture. One of the most common biases is that most global managers believe that countries in the Asia Pacific region have an entirely identical culture. To illustrate this point, some global managers—knowing that people in Japan and Korea would like to make payment by credit card—more often than not automatically believe and assume that Chinese people may also wish to pay by credit card, as they are all from the Asia Pacific region. But the truth is that Chinese conservative culture codes makes Chinese people reluctant to spend money in advance. The real-life example would be Uber and eBay. When they entered the Chinese market, the payment method for both was payment by credit card.\textsuperscript{72} They failed, however, because Chinese customers tend not to buy now to pay later, so they do not have a credit card account.


at all. Ultimately, their valued customers would more or less switch to their rival or whoever supports pay by WeChat or Alipay.\textsuperscript{73}

Moreover, to better satisfy customers, it is more advantageous to follow the original objectives of running the business. For example, Liu Qing, Didi’s CEO mentions that she always adheres to the Buddhist concept, “Wisdom in Essence” in mind to run the business. “Wisdom in Essence” in this context means always keep one’s original intention in one’s heart. Liu recalls her original intent in joining Didi was due to her own experience with transportation difficulties, which always promoted her to solve customers’ problems better and aim to provide a fantastic riding experience for her customers.\textsuperscript{74} Thus, while running a business, the Buddhist principle should also be the key element to help companies to stand out in the industry.

\textbf{Political Relationships}

In order for businesses to flourish and sustain success, they cannot only focus on cultural elements; an equally vital factor is political relationships. Different from most democratic countries, China has been dominated by the Chinese Communist party for over 70 years. It is well known that Confucianism has a strong influence on Chinese political system from hundreds of years ago, and it still has a particular impact on Chinese political affairs today. With that said, it is vital to acknowledge that ever since the People’s Republic of China was founded, the value of Maoism has also been integrated into Chinese political systems.

\textsuperscript{73} Ian Fraser, “Chinese Payment Giants are Lightyears ahead.”\textit{Raconteur}, (September 2018), https://www.raconteur.net/finance/alipay-wechat-china-payments.

Maoism is a military ideology for the Chinese Communist Party that was raised by the Chinese political leader Mao Zedong. Maoism emphasizes the collective rather than the individual; idealism rather than materialism; and deconstruction over construction. Therefore, more often than not, the Chinese Communist Part follows the Maoist theory to govern the country. In the business world, CCP favors those who benefit the overall society, rather than to help only oneself or for one’s own benefit.

The Chinese government usually has strong oversight over and the power to supervise or intervene with all Chinese companies. While applying the concept of Maoism to govern the businesses, if companies follow the government’s rules, they are welcome to do business in the market. At a higher level, if companies could follow several Maoist concepts, to make a profit for all, not only for themselves, they could more than likely get support from the Chinese government and eventually go on to succeed as in the case of Tencent and Alibaba, the most influential social networks in China. Over time, they not only made a profit for themselves, but they also made several contributions to the society. One of their most significant contributions is their work together with the Chinese government to create the digital Identification Card for all Chinese citizens, which is a significant breakthrough for Chinese development. Once they did something good for society, the Chinese government, along with the CCP, supported and favored them.

Meanwhile, there are many global leading brands, which have failed in China because of their disagreeable relationships with the Chinese government. The worldwide leading

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searching company, Google, provides such a cautionary tale. Within only three years from 2006 to 2009, Google had gained a market share of up to 36.2% in China. However, Google and the Chinese government never reached consensus about the Chinese government’s censorship on Google’s search engine. The Chinese government wanted Google to filter several sensitive searching keywords, but Google disagreed with this policy. In the end, the Chinese media reported several of Google’s violations (tax evasion, pornography, and illegal websites) to the general public. Soon Google announced its intention to leave the Chinese market, and the Chinese government blocked everything relating to the Google website.

The reason that Google faced these violations was not intentional, and it was partly due to their inability to discern the distinct values of Chinese culture. In this culture, the general public cannot say anything sensitive towards the government or Chinese political leaders. In contrast, the general public in most Western countries is welcome to publish stories or anecdotes of political leaders. Since Google is a typical American company with an embedded Western culture, Google’s Western culture and Chinese traditional culture may seem more or less contradictory towards each other. Since Google insisted on its full Western values to carry on business in China without any adaptation of Chinese traditional culture, its failure was inevitable. All in all, Google’s anti-censorship practice might be praiseworthy by most countries or governments, but in China, in the business world, they failed thoroughly.


Hence, the conclusion can be drawn that no matter how successful or how wealthy a company is, if it does not follow the rules of the Chinese authorities, the result will be as same as with Google in China. Accordingly, the Chinese government has the ultimate say regarding the fate of a business. To be successful in China, companies cannot fight against the Chinese government and must learn to compromise.

**Company Growth and Sustainable Development**

Once everything is on the right track, it is essential for businesses to maintain development that is sustainable and ongoing; otherwise, the company can be replaced by someone else very quickly. For businesses to exist in the Chinese market, business owners should always keep the businesses running in a sustainable way internally and externally. Within the company, good management can allow the business to thrive and grow. As opposed to business practices in other places, excellent management of businesses in China mainly relies on the concepts from ancient Chinese philosophies.

To illustrate, a good business leader always keeps in mind one of the most famous sentences from Confucius that “if I am walking with two other men, each of them will serve as my teacher. I will pick out the good points of the one and imitate them and the bad points of the other and correct them in myself.”\(^{81}\) From here, it can be understood that Confucius advocates that no matter how successful a person is, no one can be perfect. There is always someone who is more superior than you in certain areas, and therefore, people should always learn from others. The second half of this Confucius concept proposed that when everything goes well, business owners should never cease making efforts. Conversely, it is always necessary to evaluate and prepare a plan for any potential crisis they may have to face in the

future. In this way, when real problems occur, they are more likely to be able to solve the problem in a more efficient way.

Furthermore, Confucius always reveals the importance of Guanxi in Chinese society. Especially when doing business in China, Guanxi has been regarded as the intangible asset for a company. Guanxi in a business context is more likely to bring respect and favor between the parties, which includes business with partners and businesses with local authorities. As a result, companies with valuable relationships are more likely to conquer the difficulties encountered when real problems occur. For instance, Tencent has a close relationship with the Chinese government, apart from respecting with each other, they mutually benefit by working with each other on developing the digital Identification Card for all Chinese citizens. Thus, without these related ideologies in mind, businesses may eventually go downhill or cease to exist.

In order for businesses to effectively meet challenges, it is always necessary to keep in mind Taoism. Doing business in China means one is dealing with beliefs of Chinese people. One of the most significant characteristics of Chinese people is that they are superstitious. More often than not, Chinese people genuinely believe in Yin Yang theory and Fengshui ideas. When businesses meet a crisis, and they do not have a good solution for solving the problem, Taoism may sometimes help to defuse the crisis. For example, for a real estate company, when the turnover does not reach the required standard, the sales team can add Taoist values into the development and construction of properties in order appeal to more people.

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84 Ibid., 32.
In sum, to be successful in the short-term is not the ultimate goal for a business. For the unique Chinese market, the company’s growth and sustainable development is much more important. Though many global leading brands failed in China, as long as they always keep the concepts of Chinese traditional philosophies, ultimate success and sustainable development are feasible.

**Conclusion**

In 2011, Best Buy failed in China because of its improper naming. In 2010, Google quit doing businesses in China because of the company’s discordant relationship with the Chinese government. After three years of operating in China, Uber China still failed there because of a lack of understanding of Chinese people. However, if they had fully understood Chinese cultural codes and political impact, they may not have failed.

China has been one of the most special markets in the world as it has undergone incredible economic development since China’s reform and opening up policy in 1979. The miracle of economic development and the massive population of China have attracted a large number of foreign companies to run businesses there, which includes some leading global companies in a variety of industries. However, no matter how powerful or successful these world brands, most of them fail and eventually had to leave the valuable Chinese market. Therefore, we must figure out the fundamental reasons for their failure to help other businesses avoid similar mistakes.

After a detailed investigation, we see that Chinese special culture and unique politics stand out as the most crucial factors that cause these companies to fail or leave or both. Chinese cultural codes have been established for over 5000 years and were constituted by the
Chinese traditional philosophies, Confucianism, Taoism, and Buddhism. All three philosophies have deeply affected Chinese people’s behavior, but most Western businesses may not be aware that these influences are actually, in origin, one of the most significant factors to win the market in China.

In the business context, to be successful, the concepts of these three philosophies should be ubiquitous for a company from start-up to maturity. Internally, business leaders, like Ma Yun, who is actually a Buddhist, must abide by such principles in order operate a successful business in China. Externally, China is still a very spiritual culture. Chinese consumers need to believe that a company is moral to buy or trust from it; the more “Chinese” (Confucianist, Taoist, Buddhist) it is, the more they are willing to buy or support it financially. Regarding the political impact, China has a centralized political system, and the Chinese government has absolute supervision over the businesses. Accordingly, businesses that run contrary to the Chinese government system, can expect to encounter failure. Those who align themselves with cultural codes and political expectations will set themselves on the path to success.
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