Bogusława Skulska, Przemysław Skulski
Wrocław University of Economics

THE SIGNIFICANCE OF CULTURAL FACTORS IN INTERNATIONAL BUSINESS IN EASTERN ASIA

Summary: Doing business in East Asia is challenging. The scope of its market is enormous and cultural differences among its business people extreme. But when handled correctly, doing business in Asia is a wonderful adventure.

The overview of the most important religious systems, elements of culture and main cultural orientations in East Asia region allowed to indicate the most significant specific features which to a large extent affect doing international business.

Key words: international business, East Asia, cultural factors

1. Introduction

Scientists analysing international business commonly agree that it is not possible to fully understand the development of economic processes if the analysis thereof is reduced only to economic criteria and variables, since an equally important role which motivates people's actions is played by ideas and systems of values. Such a view is valid in the context of the ongoing discussion on the significance of cultural factors while performing transactions in the Asia and Pacific region.

Varied experiences and sources of historical development of the states of the Asia and Pacific region significantly contributed to the cultural heterogeneity of the nations inhabiting that region. It is difficult to unambiguously define a precise division of the states of the analysed region into specified cultural circles. The region is specific because of the existence of multiple languages and dialects, and the merging of different religious systems and nations.

Explaining the fundamental assumptions of the philosophical and socio-ethical doctrine created by Confucius and learning the primary concepts of Buddhism constitute a basis for becoming familiar with the primary values of the discussed region. This is because both doctrines played a key role in forming the civilisation of Eastern Asia. Confucianism defined moral values, social order and the political system. It showed the human as a social being and its place in the world. Buddhism enriched that doctrine, adding the elements of special spirituality and religiousness, teaching of the illusory nature of individual existence. Taoism mentioned in literature,

on the other hand, was one of the key thought streams in China and shaped folk religiousness, playing a lesser role in the neighbouring countries, though[1]. Thus a certain simplification may be made that Confucianism and Buddhism played the key role in the scale of the entire region, at the same time being the background of the concept of "Asian values".

2. National culture and the impact there of on doing international business

It is a well-known fact that people originating from different cultures think, feel and behceave differently. Failing to notice such differences, ignoring and failing to adapt them may contribute to committing errors in maintaining business and may lead to a failure of an even most promising cooperation. Sensitivity to cultural differences is particularly important in case of pursuing activity in East Asia region, where the culture has a huge influence not only on concluding and carrying out transactions, manner of management or marketing, but also on the policy of government, and where above all its fundamental values are different from those of the Western culture.

The oldest consciously used definition of culture is the definition by E.B. Tylor. According to that author, national culture is: *"a complex whole which embraces knowledge, faith, art, morale, law, customs and other abilities and habits acquired by a human as a member of society"*[2]. E.T. Hall, in turn, defines culture as behaviour patterns conveyed to members of a group by the previous generations of the same group. A commonly known and used definition of culture was presented by a Danish researcher G. Hofstede. He claims that culture is: *"a collective programming of mind which differentiates members of one group or category of people from another one"*[3]. According to his concept, there are three main levels of programming of mind: universal, collective and individual one. The fundamental universal level, common for all people, is the human nature. It is genetically conditioned and defines the basic physical and psychical functions. The next level is the collective level, that is the culture. It is shared with other people belonging to the given nation, region or with other entities which identify themselves with the given culture. Culture is not inherited, but it is acquired, conveyed from generation to generation. The last mind programming level is the individual level, that is personality. It is different in each

---

[1] K. Gawlikowski, *Jednostka i władza w cywilizacji wschodnioazjatyckiej*, [in:] red. K. Gawlikowski, E. Potocka, *Korea: doświadczenia i perspektywy*, Wydawnictwo Adam Marszałek, Toruń 2001, p. 29-30.

[2] E.B. Tylor, *Primitive Cultures*, John Murray, London 1871, after: A.L. Kroeber, *Istota kultury*, PWN, Warszawa 2002, p. 152.

[3] G. Hofstede, *Cultures and Organizations. Intercultural Cooperation and Its Importance for Survival. Software of the Mind,* HarperCollins Publishers, London 1994, p. 5.

human, it is partially inherited genetically, partially developed under the influence of culture and own experience.

As it can be seen, culture can be defined in different ways. However, all definitions have certain common features, namely culture is something which is shared with other members of society, which is learnt and which is conveyed from generation to generation[4].

As mentioned at the beginning, culture determines the principles of pursuing activity on foreign markets to a huge extent. R.W. Griffin and M.W. Pustay point to several features of culture which are most related to the international business[5]:

- culture reflects learnt behaviour, conveyed by certain members of society to others. Certain elements of culture are conveyed within the family when parents teach their children certain behaviours, other ones outside the family, when e.g. seniors teach school traditions to newcomers;
- elements of culture are interconnected. For example, the Japanese collectivist hierarchical society emphasises harmony and loyalty, which translates into lifetime employment and relatively rare change of job;
- since culture is learnt, it is possible to adopt, which means that it is changed under the influence of external conditions affecting the society;
- culture is shared by the members of society and defines membership therein; entities sharing culture are the members of society, while those who do not share it are outside its boundary.

3. Main religious streams in Eastern Asia

3.1. Role of Confucian tradition

Confucius's doctrine focuses on the improvement of personality, coexistence of people and manners of ruling. It is worth adding that since the 2nd century AD it was the official state doctrine in imperial China.

In his teachings, Confucius put the ethical aspects of upbringing at the first place, which embraced "five virtues" (*wu de*): humanitarianism (*ren*), obligation (*yi*), decorousness (*li*), knowledge (*zhi*) and faithfulness (*xin*). The latter included also filial reverence and love (*xiao*).

The first virtue is humanitarianism. It is believed that it embraces the best ethical values – mercy, self-restraint, goodness, sympathy, love for people, integrity

---

[4] M.R. Czinkota, P. Rivoli, I.A. Ronkainen, *International Business*, FL: Harcourt Brace & Company, Orlando 1994, p. 264, after: B. Bjerke, *Kultura a style przywództwa. Zarządzanie w warunkach globalizacji*, Oficyna Ekonomiczna, Kraków 2004, p. 19.

[5] R.W. Griffin, M.W. Pustay, *International Business. A Managerial Perspective*, PEARSON Prentice Hall, New Jersey 2008, p. 82-83.

and honesty. It is pure humanistic love resulting from emotions developed by education. Confucius called upon his contemporaries to follow that example and be guided by humanitarianism, which means strive to moral improvement[6].

The second virtue is obligation. The highest principle – humanitarianism – materialises in life via the sense of obligation. The notion "obligation" is ambiguous. It is the essence of moral obligations which a noble human undertakes.

Decorousness constitutes the base of Confucius's teachings and embraces such notions as "ritual", "nobility", "etiquette", "customs". It defines the relations among people and the rules of conduct of a human in society. The Chinese etiquette was based on the assumption that there exist three everlasting and unchangeable types of human relations: the ruler and the subject, the older and the younger, the father and the son. Seemingly devoid of class-related content, they reinforced the patriarchal family and social system, headed by "an enlightened and perfect ruler". Economic relations, which underlie any human relations, were replaced by Confucius with moral and ethical categories included in his teachings of decorousness.

Knowledge is very important. The issue of cognition and the sources thereof was reduced by Confucius to studying ancient books and adopting the experience of the predecessors. He regarded learning as the basic method of gaining knowledge, and ancient traditions and legends as a source of knowledge. Any new phenomena were evaluated from the point of view of the old experiences and tailored to them.

Faithfulness of the subject, based on humbleness and honesty towards the ruler, constituted an integral part of the ethical and political teachings of Confucius. The most important notion comprising that term is filial reverence. According to Confucianism, there are five types of human relations:
- between the emperor and officials,
- between the father and the son,
- between the older and younger brother,
- between the husband and the wife,
- and between friends.

The most significant place among those five fundamental human relations was occupied by the filial reverence. The respect for the parents was transferred from the family to the state and expanded to the cult of subordination of the nation to the emperor. The Chinese nation was regarded as a big family, whose father and at the same mother was the emperor.

Confucius's disciples added their own interpretations to Confucius's teachings, forming Neo-Confucianism, and it was under that form that the philosophy spread to other Asian countries. Apart from the original Confucius' teachings, it included certain influence of Taoism and Buddhism.

---

[6] *Azja-Pacyfik. Obraz gospodarczy regionu*, red. B. Drelich-Skulska, Wydawnictwo Akademii Ekonomicznej we Wrocławiu, Wrocław 2009, p. 68-70.

3.2. Social and economic dimensions of Confucianism

The analysis of views of various researchers who study the socio-economic system of the Asia and Pacific regions, as well as the principles of Confucius' philosophy mentioned earlier, allows to note that tradition plays a significant role in Asian societies. It ensures constant dynamics not only in the social but also in the economic field. The new elements incorporated into old structures coexist with them and never destroy them. They are gradually transformed and as they are adapted to the old structures they cause the transformation of the entire socio-economic system. That process is sometimes so strong that it creates an impression of destroying own traditions[7]. Actually, a specific synthesis of contemporary and traditional elements takes place.

Many scholars dealing with the analysis of cultural values emphasise that the Asian civilisation differs from the Western civilisation in an exceptionally strong system of obligations connecting the members of society. Gawlikowski[8] also draws attention to that fact, writing: „*...in Eastern Asian societies, an individual identifies with the group and its social status is defined by its position in the community and its position in the social hierarchy. It is subordinate to the persons leading the group and tries to behave loyally towards them, but at the same time the said persons must have the group's support in their actions and they may not impose anything arbitrarily*". It was the strong ties and obligations transferred to the entrepreneurship, paternalism in the relation between the entrepreneur and the employee, and thus collective responsibility, that became the typically Asian features which began to be applicable and which ensured business entities from the Asia and Pacific region a dominating position in the world of post-war business.

The philosophical and religious social ideas of Confucianism and Shintoism required subordination towards the superiors and seniors, respect for the ancestors and the history, and strict observance of social norms. The traditional dogmas of Buddhism and *Zen* philosophy, such as: the spirit of community, common goals and loyalty, exerted strong influence on the nature of social awareness of many Asian nations[9]. During its historical evolution, Confucianism borrowed, as already mentioned, many elements from Buddhism and Taoism.

M.Y. Yoshino[10], a Japanese economist, emphasised that the Japanese management system is effective since it is consistent with the Japanese culture and is supported by the Confucian system of value. The main elements of that system are the following:
- collectivity – an individual develops, reasons and acts surrounded by a group being a reference and support point;

---

[7] J. Grabski, *Japonia. Powojenna dynamika i równowaga gospodarcza,* Szkoła Główna Handlowa, Warszawa 2000, p. 153.

[8] K. Gawlikowski, op. cit., p. 37.

[9] R. Benedict, *The Chrysanthemum and the Sword: Patterns and Japanese Culture*, Tuttle 1973, p. 3-4.

[10] M.Y. Yoshino; *Japan's Managerial System, Tradition and Innovation,* MIT Press, 1968 after: M.R. Nowakowski, *Zarządzanie operacjami zagranicznymi przedsiębiorstw japońskich*, Warszawa 1990, p. 111.

- home – any and all human, social connections are based on the concept of home, family connections, household members, hierarchy of family responsibility;
- loyalty and sense of responsibility – collective coexistence requires loyalty and responsibility, those on a higher position in the hierarchy are morally obliged to being responsible for those subordinated to them.

The increasing economic successes of Japan and subsequently of other Eastern Asian countries in the 1970's and 1980's caused that many scholars sought their sources, seeing them in the different cultural values. The differences of the values of the Western and Eastern values were underlain by the religions of the East, in particular by their moral systems. Hence the interest in Confucius' teachings.

Confucius[11] taught that:
- the stability of society is based on unequal relations between people,
- the family is a prototype of a social organisation,
- virtuous behaviour towards others consists in treating them in such a manner as treating oneself,
- virtue in relation to human life goals consists in cherishing abilities and gaining education, hard work and not spending more than necessary.

That general respect and strive for education and knowledge, supported by hard intellectual works, was undoubtedly an essential factor which exerted influence on the society. It is commonly accepted in the Japanese and global literature that education and the entire cultural heritage teach and raise the Japanese society in the collective spirit. The community protects its members and gives impulse for continuous competition, fight and improvement. Only the best, the most persistent may be promoted and enjoy respect of others.

At the macroeconomic level the positive impact of Confucianism on economic growth results from the fact that in Confucian societies it is not only important to learn, as it was stressed earlier, but there is also a deeply entrenched idea of saving and respecting what is a product of nature. Failure to observe those principles is considered a sin. On such a cultural foundation it is easy to enforce the requirement to save accumulation for development purposes as a form of capital. The analysis of the savings rate in Japan and other Eastern Asian countries reveals that the societies of that region accept such undertakings.

A special manifestation of the Confucian tradition persisting in the region is the omnipresence of the phenomenon of administrative guidance. The Japanese language features the word ***nemawashi,*** which constitutes a summary of the main principles governing the Japanese business. *Nemawashi*[12] literally means "tying roots" and is

---

[11] J.M. Pomorski; *Komunikacja międzykulturowa. Wprowadzenie,* Wydawnictwo AE Kraków, Kraków 1999, p. 108.

[12] R. Brailsford, *Setting Up and Operating in Japan: the Impact of Administrative Guidance and Non-Tariff Barriers on European Companies,* [in:] *The Legal Regulation of the European Community's External Relations after the Completion of the Internal Market*, ed. V.S. Konstandinidis, Dartmouth Publishing Company, Brookfield 1996, p. 302-314.

a term used while describing *bonsai*[13]. With reference to business it means great diligence with which each step or procedure is prepared. While settling any matters with the representatives of government administration, Japanese businessmen and lawyers undergo an entire notification process, which enables them to become oriented in the situation.

Nemawashi is not undertaken, however, without an important reason. If a law or a regulation is unclear, an explanation is necessary. Such unclarity of the Japanese law results not only from the nature of the Japanese law stemming from the civil code (which is intended to be so comprehensive to embrace all possible situations), but also from the traditional importance of the government and state administration in the interpretation of law.

In contemporary Japan the government expresses its will in various maters by filling gaps and unclear instances occurring in the law and regulations. Obtaining an interpretation of a specific provision of law or regulation requires regular consulting officials working in Japanese ministries[14].

The existence of administrative guidance in Japan is possible for the following reasons[15]:

- specific approach of the Japanese to governmental bureaucracy whose high status stems from the rule of Samurais and ethos requiring serving without associating benefits with material values.

- unclear instances in law and regulations based thereon, which result from three tiers of legal provisions in Japan. The first one is the formal law composed of six codes which comprise the classically understood civil code. The second tier is the "law based on administrative decisions", comprised by the principles of acting required by governmental agendas in relation to all subordinate entities. The third tier, in turn, is the law of consensus and self-control inside Japanese economic organisations and the society.

- cultural inclination to choose a consensus instead of a conflict, stemming from the Neo-Confucian heritage.

The most important values, such as: confidence in social ties, preferring long-term perspective in economic activity, strive for strong position on the market instead of profit alone, postponing bonuses and pursuing aggressive saving policy, bring different results depending on the economic situation and the socio-economic

---

[13] *Bonsai* is the culture of trees and bushes in plant pots and flat containers so that they remain miniaturised.

[14] B. Drelich-Skulska, *Ewolucja zagranicznej polityki ekonomicznej Japonii u progu XXI wieku,* Monografie i Opracowania nr 148, Prace Naukowe AE nr 932, Wydawnictwo Akademii Ekono-micznej, Wrocław 2002, p. 133.

[15] B. Drelich-Skulska, *Naprowadzanie administracyjne jako specyficzny instrument japońskiej polityki handlowej,* [in:] *Ekonomia i Międzynarodowe Stosunki Gospodarcze 8,* Prace Naukowe AE nr 918, Wydawnictwo Akademii Ekonomicznej, Wrocław 2001, p. 50-51.

development level of a country. This means that the values present in Asian cultures have remained unchanged but contexts have changes and therefore what until recently was a positive element has gained a negative nature.

The creation of informal connections based on the principle of confidence is translated into, for example, an exceptionally dynamic growth of investments carried out on the Chinese coast by the Chinese from outside the continent. The capital flowing in enables creating new enterprises more quickly than would be possible by means of formal agreements and negotiations.

In Japan, the tradition of forming networks has led to the creation of tight informal ties between businessmen, officials and politicians, defined in the literature as "*Japan, Incorporation*". On such a background a system of mutual commitments and personal connections was created, which enabled the flow of huge loan amounts between the banking sector and enterprises without the need to maintain formal accounting or verifying the legitimacy of the financed investment projects. However, such practices – based on mutual confidence, informal ties and official commitments – proved economically ineffective and lead to the burst of the "bubble" in Japan at the turn of the 1990s, and negatively affected the condition of enterprises during the financial crisis in 1997-1998 in other countries of the Asia and Pacific region.

While evaluating the possible influence of Confucianism on economic growth, it should be taken into account that its content is not constant and were significantly changed in the last decades of the 20th century; this was because the said content was shaped by social needs. Analogously, those changes were also related to the social functions fulfilled by it.

The features attributed to the Confucian culture of the East are present in the culture of the whole world, but certain societies, including the Japanese society, are more fitted with that respect. The traditional system of values, social ideas and psycho-social stances of the Japanese and members of other societies of the Asia and Pacific region, however, created a social syndrome which positively affects the dynamics of economic growth.

3.3. Buddhism and directions of emanation thereof in Eastern Asia

Buddhism is one of the great universal religions and a philosophical system which was promoted in northern India at the turn of 6th and 5th centuries BC by Siddharta Gautama (Buddha)[16]. It began reaching China – from India and Central Asia – at the beginning of the present era, and in ca half of the 1st millennium was widespread in the entire East Asian region. It was more easily adopted by the nations since it violated the group interests and habits only to a small extent, all the more that it neither destroyed nor superseded older beliefs and cults, as was the case with Christianity in Europe.

---

[16] *Religie świata. Encyklopedia PWN,* Wydawnictwo Naukowe PWN, Warszawa 2006, p. 162.

The symbol of Buddhism is the Wheel of Law: the unyielding axis of truth resides firmly in the hub of concentration, while the spokes are the principles of righteous conduct. Buddha moved the wheel by expressing the keynote of his teachings: the ideas of four noble truths and the indirect path[17]. The form of expression of the four noble truths was borrowed from the ancient Indian medicine, which first of all recognises the disease, then indicates its cause, subsequently notices the necessity to remove the cause and shows the manner of achieving that goal[18]. The four noble truths[19] are as follows:

1. **The truth of suffering (*dukkha*)**, teaches that all forms of existence are subject to suffering: birth, disease, death, connections with unpleasant people or things, separation from what is liked, failure to achieve what is desired. This happens due to the general impermanence of things. One may not be fully happy being continuously aware that everything is going to pass. Even the "ego" of an individual is impermanent.

2. **The truth of the cause of suffering (*samudaja*)** provides that the cause of suffering is the eternal desire of existence stemming from continual and impossible satisfaction of the desire of senses, as well as the lack of knowledge which does not allow to recognise the true nature of things.

3. **The truth of the end of suffering (*nirodha*)** announces the end of suffering. It teaches that the cessation of desires depends unconditionally on preventing rebirth and suffering related thereto. Nirvana is the state of perfection, regarded as the highest ideal, to which each living being who wishes to become free from the general necessity of pain should strive.

4. **The truth of the path that leads to the end of suffering (*marga*)** indicates the manner in which the state of nirvana may be attained. The path leading to the state of overwhelming peace leads through overcoming passions and all which is subject to the right of passing and rebirth.

The decisive role in spreading and entrenchment of Buddhism was played by Central Asian migration movements at the turn of the Christianity era. Silk roads connecting China, India and Central Asia with the West permitted trade and at the same time became a medium of conveying information on foreign cultures and religions. It was in that manner that India and China – two nations so different in terms of the forms of religious thought and concepts – commenced mutual exchange.

The process of infiltration of Buddhism in **China** was facilitated by another specific form of national Chinese religion, which shaped around the 6th century BC,

---

[17] J. Marzęcki, *Systemy religijno-filozoficzne Wschodu,* Wydawnictwo Naukowe Scholar, Warszawa 1999, p. 130.

[18] M. D'Onza Chiodo, *Buddyzm,* Wydawnictwo WAM, Kraków 2005, p. 49.

[19] Compilation based on: M. D'Onza Chiodo, op. cit., p. 49-64 and J. Marzęcki, op. cit., p. 130--158.

competing with Confucianism, namely Taoism (that term refers both to philosophical Taoism and religious Taoism). Taoism emphasised disinclination to society, which it regarded as artificial and spoilt, it claimed the necessity to return to the simplicity and harmony with nature, releasing the individual and society from the "imperial order", and connecting it with the metaphysical principle called *tao*, something absolutely impersonal, which embraces all aspects of becoming and multiplicity.

Today it can be stated that Confucianism in China is above all an ethical and moral system, while Taoism and Buddhism descended to the level of folk cults.

In **Japan**[20] Buddhism was adopted from China via Korea in the 6th century AD. After initial disputes between families supporting the native Shintoism and the advocates of Buddhism, the latter was pronounced the state religion. In the initial period Buddhism was practiced mainly by the highest strata and strongly connected administratively with the authorities, but the gradually constructed Buddhist monasteries became cultural and educational centres. Shintoism and Buddhism managed to adapt to each other.

Today in Japan – pursuant to a decree of 1945 – it is officially acknowledged that all religions have equal rights. The increasing secularisation, on the other hand, resulted in many Japanese associating Buddhism with traditional funeral ceremonies and cult of predecessors.

Certainly one of the greatest impacts of Buddhism was the development of ethics of conduct. This is a religion based on the lack of aggression, on good conduct and kindliness towards other people. The mentality of the Japanese with that respect originates mainly from Buddhism. Buddhism influenced Shintoism in many different aspects during 1500 years of the simultaneous existence on the Japanese islands. In addition, that influence cannot be often unequivocally defined; it cannot be always exactly established which feature comes more from Buddhism and which one from Shintoism. It should be stated that the impact of Buddhism was certainly great and it should be considered together with other factors.

3.4. Islam, that is a social system subordinate to religious orders

Islam is a religion of global range, although its origin is definitely Arabic. The name itself is derived from the Arabic word *aslama,* which means "to surrender to God entirely". Islam constitutes a continuation of previous monotheistic religions: Judaism and Christianity, therefore it is regarded by Muslims themselves as the religion of Abraham.

The most important source of Islam is *Koran,* being a collection of revelations of Muhammad, at the same time an earthly reflection of God's Wisdom, contained in

---

[20] Compilation based on: M. D'Onza Chiodo, op. cit., p. 100-102 and *Religie świata*..., p. 173--176.

the legendary ancient book, the Mother Book[21]. It contains the primary dogmas of Islam and presents the Muslim version of the history of the world and prophets. *Koran* is supplemented by *sunna,* the sanctioned holy tradition which contained Muhammad's utterances and reports on its behaviour, the so-called hadiths. The greatest importance – according to historians – is attributed to two collections of hadiths: Al-Buchari's and Muslim's, which theoretically have a lower position than *Koran*, but their advantages over the latter are the possibility of practical application and being more directly embedded in the Muslim everyday life[22].

In Islam, one single common platform of faith, unifying all Muslims in terms of doctrine and culture was worked out – **the five pillars of Islam,** which constitute the obligations of each Muslim:

- **profession of faith (shahada)** is the confirmation of strict monotheism and mission of Muhammad, the prophet, which is expressed in the statement: "There is no God except for God alone; Muhammad is the Apostle of God";
- **prayer (salat)**. A Muslim is bound by five prayers during the day, at strictly defined times. Prior to the prayer the faithful should perform ablutions with water (or pure sand) in order to achieve the state of cleanliness. The Muslims worship God with turning their faces towards Mecca, bowing down before God;
- **alms (zakat)**. It is a type of tax levied by the Muslim law, amounting to 2.5% of the owned property, collected for the well-being of the entire community. It constitutes a type of a social fund intended for the poor, orphans and ill;
- **fast (saum)**, which is applicable in the month of Ramadan, from dawn to dusk. During that time one has to refrain from eating, drinking, sensual pleasures;
- **pilgrimage to Mecca (hajj)**. It is the obligation of each Muslim who is able to overcome the difficulties of the travel in terms of finances and fitness at least once in the lifetime [23].

Gradual territorial expansion of Muslims over the centuries and the increasing European influence led to the changes of the social context of the Muslim law, which resulted in the necessity to make changes accounting for different customs and different life circumstances. Eventually, four law schools were formed within the Sunni Islam, which suggested judgments from tolerant and liberal to traditional and conservative. The second great faction of Islam, the Shi'ism, gradually created its own organisational forms and doctrine formulas. Shi'ites also popularised the **postulate of "holy war" as the sixth pillar of Islam,** which originally was to have been the war against one's own sinful urges, but became the call for armed fight for Allah followers. Currently the concept of jihad is used by Muslim fundamentalists for acting against the Western culture. They claim that the West represents the world of ignorance and therefore it deserves to be destroyed.

---

[21] J. Marzęcki, op. cit*.,* p. 62-75.
[22] A. Scarabel, *Islam,* Wydawnictwo WAM, Kraków 2004, p. 42.
[23] Compilation based on: *Religie świata...*, p. 382-389 and *Pięć filarów islamu,* www.transazja.pl/pl-5_1-art159.html

In the Asia and Pacific region Islam is the second greatest religion in terms of population, since 90% of the 200 mln inhabitants of Indonesia confess that religion. In addition, Islam is the official religion in Malaysia and is present in the Philippines, in Singapore and western China.

4. Influence of culture on business conduct in Eastern Asia

The overview of the main religious streams present in Eastern Asia reveals that in order to define the influence of cultural factors on business conduct in that region the elements of culture which play the prevailing role should be investigated. They are above all religion, social norms and the so-called "Asian values".

Without denying the differences between the countries and the existence of cultural elements specific for each of them, several features may be distinguished which are characteristic for the major part of Eastern Asia. They include above all collectivism and subordination to the group, strive for preservation of social harmony, avoiding conflicts, avoiding shame with the so-called concept of loss of face, hierarchical structure of the society, respect for the authority and the elderly, huge significance of personal contacts and networks of social ties[24].

In Asian societies, an individual is not perceived as an individual but as a part of a group, its any and all actions are subordinated to the well-being of the group, the most important is achieving group goals. For example, in China the group is the basis of social and professional life. For a Chinese, adaptation and cooperation are superordinate to individual accomplishments and the strength of the family and community is emphasised[25]. The Asians strive for preserving harmony and peaceful relations in the group, they try to avoid conflict situations, often not uttering what they really think because they do not want to hurt anyone, thereby leading to the disturbance of equilibrium.

A significant element of culture which affects business conduct in Asia is the concept of loss of face and avoiding shame. Saved face means the value of an individual in others' eyes and is connected with the sense of one's dignity. Loss of face is identified with bringing shame upon oneself, one's family or company. Therefore, Asians avoid situations which could cause the loss of one's face by other members of the group. In principle, they do not utter word "no" in order to avoid confrontation and prevent exposing a partner from losing respect in others' eyes. Avoiding presenting unambiguous opinions and stances, uttering the word "yes" despite disagreeing with the interlocutor (for example, saying "yes" for a Japanese

---

[24] S. El Kahal, *Business in Asia Pacific. Texts and Cases*, Oxford University Press, New York 2005, p. 127.

[25] H. Deresky, *International Management. Managing Across Borders and Cultures*, Prentice Hall, New Jersey 2000, p. 122.

means that he/she respects the partner, understands or hears what the topic of the conversation is, but does not necessarily agrees[26]) may be very misleading and frustrating for partners confessing different beliefs.

Asian societies are hierarchical, they are characterised by drawing great attention to differences in social status. The status of an individual is determined by its place in the group and the position in social hierarchy. The place in hierarchy is defined by age, work experience, title, education level, skills, or even family, political and business connections. Young people, lower-rank employees and women have the lowest position. An individual is obliged to be subordinate and loyal towards superiors, also to show respect to persons occupying a higher position. Hierarchy and the implications thereof have a huge impact on pursuing business in the region. For example, in Indonesia all decisions are made by the superiors, so in order to execute a transaction one has to reach the representatives of the highest ranks in the enterprise. In Japan, in turn, the place in hierarchy is so significant that prior to meetings businessmen have to learn the exact status of a contracting party in order to know how to behave towards it[27].

The last significant element of Asian culture which has a great influence on pursuing business in the region is the huge importance of human ties and social connections. Any matters are resolved mainly by acquaintances, friends, in-laws. Who you know may contribute to success or failure in business negotiations. Such useful connections are defined by the Chinese term *guanxi*[28] known in entire Asia. In order to successfully operate in Asia, one has to build a network of personal contacts and acquaintances, without which any attempts to pursue business may fail. Creating strong ties, building confidence and respect requires much time and patience. Asians strive for learning their potential trade partners and often decide to cooperate only with those regarded as friends. Koreans, for example, value personal contact so much (often failing to distinguish them from business contacts) that they are able to reject a promising contract if someone was negligent enough to establish business contacts without prior developing personal contacts. In addition, human ties are based on

---

[26] M. Bartosik-Purgat, *Otoczenie kulturowe w biznesie międzynarodowym*, PWE, Warsaw 2006, p. 70.

[27] S. El Kahal, op. cit., p. 142-143.

[28] *Guanxi* means "network of influence" in a free translation and has its roots in the deep sense of family loyalty, which is characteristic for the Chinese culture. It is not created at once but is built over the years. The reinforcement of those first connections does not mean immediate entry to the social network. Membership in a specific community is a symbol of power and prestige, so the new members have to work out their own place and prove they are ready to provide certain services to their partner and the rest of the social or business group and to help in different situations. However, building relations in China may be risky even with the knowledge of the rules. For example, associating with a specific group or person may lead to conflicts which were earlier not realised. Once initiated, *guanxi* must be cherished. Individuals or business partners may be connected with multiple entities. Thus they form a multipersonal network, though very important for business relations.

reciprocity and doing each other favours, and this is far more significant than in the West[29]. The principle of reciprocity and returning favours is essential in order to preserve equilibrium in mutual relations.

5. Main cultural orientations vs. pursuing business in the region

Similar to multiple definitions of culture, scholars also created multiple classifications of cultures, considering various criteria. The cultural dimensions specified on that basis provide information as to the features and behaviours of particular different cultural groups. The many criteria coincide with the dimensions of culture differentiated based on them. The divisions most commonly presented in the literature are those shown above all by Hall (monochronous/polychronous, low-context/high-context, zones of spatial distance: intimate/personal/social/public), Hofstede (distance to authority: small/big, individuality/collectivism, avoiding uncertainty: small/big, masculinity/femininity), Trompenaars and Hampden–Turner (individuality/collectivism, self-restraint/ emotionality, limited/comprehensive cultures, achieving/attributing status, orientation on past/present/future, sequential/synchronous actions), Gesteland (pro-transactional/pro-partner, non-ceremonial/ceremonial, monochronous/polychronous, expressive/self-restraint). East Asian countries are most commonly located at the opposite poles in relation to the United States, Australia and New Zealand. Certain selected cultural orientations are presented below.

Gesteland thinks that one of the most important criteria of dividing cultures is the approach to the execution of transactions and he divides cultures as pro-partner and pro-transactional by that criterion. The Asian world undoubtedly belongs to the former category. Businessmen concentrate above all on human ties. Before they begin to deal with a specific issue they try to establish positive relations with potential partners. In addition they use personal contact networks. They do not like doing business with strangers, so prior to concluding a contract they try to get to know their partners on the personal plane. The previously mentioned *guanxi* is also important in pursuing business for the above mentioned reasons. On the other hand, representatives of totally opposite cultures may be encountered in the Asia and Pacific region, namely pro-transactional cultures. Australians or New Zealanders are primarily focused on a task, and human ties are of secondary importance for them. They are open to strangers, they strive for action and doing business right from the beginning, but they do not particularly care about getting to know the partner personally.

Pro-transactional and pro-partner societies also differ in communication. Businessmen from the former group (for example Australians) say directly what they mean, they are open and honest, contrary to the representatives of the latter group, who speak in an oblique and indirect way (residents of Eastern Asia). Since the latter find harmony and good relations important, they weigh their words carefully and try

---

[29] S. El Kahal, op. cit., p. 136-137.

not to insult the potential contracting party in any way. As mentioned before, in principle they do not utter the word "no", which, as they are convinced, might lead to the loss of face. Such an approach very often leads to misunderstandings and is difficult to understand for societies speaking in a direct manner[30]. Given the manner of communication and the so-called context, Hall distinguished a high-context culture that is such cultures that use metaphors, gestures and symbols which may be interpreted in a different manner, and low-context cultures, which speak directly and unambiguously. Although Asians belong to the former group, they differ in the degree of contextuality intensity. The Japanese and Chinese are regarded as the most highly context-immersed cultures, while the residents of Hong Kong or Singapore are definitely more moderate.

Another indicator of differences between cultures is the attitude to the individual and the group. Asian managers belong to collectivist cultures, unlike the Americans, who represent one of the most individualised societies. Asian managers observe how a system works and see a particular entity as its part. Such an approach affects negotiating or decision making. Negotiations are often conducted by a group of people representing one party and decisions are also made and approved by them. On the one hand it leads to the extension of that process, but on the other the decisions are thought over and their implementation thereof may be efficient[31]. Such an approach stands in opposition to individualised societies, where the desires and accomplishments of the individual count, and where "I" is more important than "we". Decisions are made quickly by individualists in accordance with their own opinions and convictions.

The majority of Asian countries are regarded as highly ceremonial, in contrast to Australians, New Zealanders or Americans, who are deemed, in turn, as definitely non-ceremonial. Ceremony results from the hierarchical structure of Asian societies, great importance attached to the social status, and showing respect to persons occupying a higher position. Non-ceremonial Americans or Australians do not attach importance to differences in the social status. They value equality, openness, and speak to others without distance.

An important factor which differentiates businessmen from different countries is the attitude to time. That issue was analysed by many scholars, e.g. Hall or Trompenaars and Hampden-Turner. The former created a popular division of cultures into monochronous and polychronous. The representatives of monochronous cultures attach huge importance to observing punctuality, creating plans and schedules. In their opinion business life is subordinated to set deadlines. On the opposite side are polychronous cultures, where the attitude to time is rather loose, punctuality and observance of deadlines is not of great importance, meetings often start with delay.

---

[30] R.R. Gesteland, *Różnice kulturowe a zachowania w biznesie,* PWN, Warszawa 2000, p. 35-40.

[31] E. Marx, *Przełamywanie szoku kulturowego. Czego potrzebujesz, aby odnieść sukces w biznesie międzynarodowym*, Agencja Wydawnicza Placet, Warszawa 2000, p. 82-84.

The majority of Asian countries belong to the latter group, except Japan, which apart from the United States stands at opposite poles. It should be also mentioned that dynamically developing China, Singapore, Hong Kong and South Korea may be placed somewhere in-between, as moderate cultures.

Cultures are also divided based on whether their members reveal or conceal emotions. Asians belong rather to restrained than expressive cultures. They do not reveal emotions; showing anger, nervousness, or raising voice are identified with losing face, which is not permissible, as was mentioned before. The Japanese, Chinese or Thai belong to the most self-restrained cultures, whereas the Americans or Australians belong to cultures characterised by varied expressiveness.

6. Conclusion

The overview of the most important religious systems, elements of culture and main cultural orientations in the East Asian region allowed to indicate the most significant specific features which affect pursuing international business to a considerable extent. The lack of knowledge or negligence thereof may lead to mistakes and impossibility to conclude a transaction.

Literature

Azja-Pacyfik. Obraz gospodarczy regionu, red. B. Drelich-Skulska, Wydawnictwo Akademii Ekonomicznej we Wrocławiu, Wrocław 2007.

Bartosik-Purgat M., *Otoczenie kulturowe w biznesie międzynarodowym*, PWE, Warszawa 2006.

Benedict R., *The Chrysanthemum and the Sword. Patterns and Japanese Culture*, Tuttle 1973.

Bjerke B., *Kultura a style przywództwa. Zarządzanie w warunkach globalizacji*, Oficyna Ekonomiczna, Kraków 2004.

Brailsford R., *Setting Up and Operating in Japan: the Impact of Administrative Guidance and Non-Tariff Barriers on European Companies,* [in:] *The Legal Regulation of the European Community's External Relations after the Completion of the Internal Market*, ed. S.V. Konstandinidis , Dartmouth Publishing Company, Brookfield , 1996.

Chiodo D'Onza M., *Buddyzm,* Wydawnictwo WAM, Kraków 2005.

Czinkota M.R., Rivoli P., Ronkainen I.A., *International Business*, FL: Harcourt Brace & Company, Orlando 1994.

Deresky H., *International Management. Managing Across Borders and Cultures*, Prentice Hall, New Jersey 2000.

Drelich-Skulska B., *Ewolucja zagranicznej polityki ekonomicznej Japonii u progu XXI wieku*, Monografie i Opracowania nr 148, Prace Naukowe AE nr 932, Wyd. Akademii Ekonomicznej, Wrocław 2002.

Drelich-Skulska B., *Naprowadzanie administracyjne jako specyficzny instrument japońskiej polityki handlowej,* [in:] *Ekonomia i Międzynarodowe Stosunki Gospodarcze 8*, Prace Naukowe AE nr 918, Wyd. Akademii Ekonomicznej, Wrocław 2001.

El Kahal S., *Business in Asia Pacific. Texts and Cases*, Oxford University Press, New York 2005.

Gawlikowski K., *Jednostka i władza w cywilizacji wschodnioazjatyckiej,* [in:] *Korea: doświadczenia i perspektywy,* ed. K. Gawlikowski, E. Potocka, Wydawnictwo Adam Marszałek, Toruń 2001.

Grabski J., *Japonia. Powojenna dynamika i równowaga gospodarcza,* Szkoła Główna Handlowa, War-
    szawa 2000.

Gesteland R.R., *Różnice kulturowe a zachowania w biznesie,* PWN, Warszawa 2000.

Griffin R.W., Pustay M.W., *International Business. A Managerial Perspective*, PEARSON Prentice
    Hall, New Jersey 2008.

Hofstede G., *Cultures and Organizations. Intercultural Cooperation and Its Importance for Survival.
    Software of the Mind,* HarperCollins Publishers, London 1994.

Kroeber A.L., *Istota kultury*, PWN, Warszawa 2002.

Marzęcki J., *Systemy religijno-filozoficzne Wschodu,* Wydawnictwo Naukowe Scholar, Warszawa
    1999.

Marx E., *Przełamywanie szoku kulturowego. Czego potrzebujesz, aby odnieść sukces w biznesie między-
    narodowym*, Agencja Wydawnicza Placet, Warszawa 2000.

Nowakowski M.R., *Zarządzanie operacjami zagranicznymi przedsiębiorstw japońskich*, Warszawa
    1990.

Pięć filarów islamu, www.transazja.pl/pl-5_1-art159.html

Pomorski J.M., *Komunikacja międzykulturowa. Wprowadzenie,* Wyd. AE Kraków, Kraków 1999.

Religie świata. Encyklopedia PWN, Wydawnictwo Naukowe PWN, Warszawa 2006.

Scarabel A., *Islam,* Wydawnictwo WAM, Kraków 2004.

Tylor E.B., *Primitive Cultures*, John Murray, London 1871.

Yoshino M.Y., *Japan's Managerial System, Tradition and Innovation*, MIT Press, 1968. Cambridge.

ZNACZENIE CZYNNIKÓW KULTUROWYCH
W BIZNESIE MIĘDZYNARODOWYM W AZJI WSCHODNIEJ

Streszczenie: Prowadzenie biznesu w Azji Wschodniej jest wyzwaniem: rynek ten jest ol-
brzymi, a różnice kulturowe w biznesie ekstremalne. Kiedy jednak biznesmeni szanują miej-
scowe zwyczaje, to prowadzenie tam interesów jest dla nich wspaniałą przygodą.

Artykuł stanowi przegląd najważniejszych systemów religijnych, elementów kultury i
głównych orientacji kulturowych w regionie Azji Wschodniej, co pozwala na wskazanie wio-
dących, specyficznych cech, które w znacznym stopniu wpływają na prowadzenie biznesu
międzynarodowego.