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## **Introduction: Through the Looking Glass—Cultural Factors Affecting the Perception of the East Asian Business Partner**

Duan Aline DeVore\*

While many practitioners may see themselves as Westerners doing business in Asia, to most native Asians, non-Asians are and always will be considered foreigners. Non-Asians are visible perhaps because of race, lack of language ability or ignorance of the customs and mores of the region. Still, even if the majority of these deficiencies were not present, non-Asians could never be assimilated into the culture from the viewpoint of those who comprise it. For example, only those born in Korea of the Korean race can become citizens; in Japan, Koreans who reside in the country must be fingerprinted. While the People's Republic of China (P.R.C.) and Taiwan (The Republic of China) are separate nations, they are both Chinese. Problems associated with this sovereign "political" division are perceived by the P.R.C. as nothing more than an internal domestic issue. In Asia, citizenship is a question of race, not of willed allegiance. Consistent with this, Deng Xiao Ping has not hesitated to ask Chinese who are overseas, that is, outside of China, to contribute to the P.R.C., a call heeded dutifully for example by I. M. Pei, the great Chinese-American architect. While it could be argued that other areas of the world, including the United States, possess these attitudes to some degree, the cultural mores, collective orientation and homogeneity of the region render this outlook particularly predominant in the thinking and views of its inhabitants. In this context, the relationship of the foreigner to the native has its advantages and disadvantages. On the one hand, you may never have to pay for a parking ticket; on the other, you are always an outsider.

Since relationships, rather than laws, order Asian society and make it cohere, understanding the establishment, maintenance and destruction of relationships is fundamental to becoming effective in the region. Traditional writings predating Confucius argue that it is in accord with the great laws of nature that when the family is in order all social relationships of mankind will be in order. Three of the five social relationships identified by Confucius, and therefore attributed to him, are to be found within the family: that between father and son, which is the

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relation of love; that between husband and wife, which is the relation of chaste conduct; and that between elder and younger brother, which is the relation of correctness. A loving, reverent son then develops an ability to be faithful in his duty to serve the public of which he is a part. The affection and correctness of behavior existing between the two brothers are extended to a friend in the form of loyalty, and to a person of superior rank in the form of deference. Society is merely a larger version of the family. Therefore, the moral habits developed in this context will affect integrity and in turn distinguish the moral quality of social life and all other relationships. The cultural revolution in the P.R.C. attempted to throw off this vertical structure; in India the caste system was disbanded long ago; but there is no doubt that the thought process of the people in the majority of the Far East region continues to operate along these lines.

A calculation is always made in any relationship to determine who is in the superior and inferior position. In the day to day business exchange, status calculations are made through the modern custom of exchanging business cards upon introduction. This is an easy and inoffensive way of assessing another individual's status or class, and has the added benefit of facilitating future contact. Practitioners should be certain to carry many cards with them as everyone will request one.

Even to communicate with someone in Japanese and Korean, as in many other Asian tongues, it is important to understand the status of the party being addressed. The age and social standing that person possesses will determine the form of the language through which they will be addressed. Superiority demands acknowledgment through words, and, to a large degree, obedience in deed. This inequality of relationships helps to define responsibilities, and from this, social order is achieved. While many Asians may be able to intellectually conceptualize the notion of equality, it is extremely difficult in practice. How many non-Asian practitioners are capable of appreciating the idea of a superior and an inferior in every relationship? Among those who could appreciate this, how many would perceive this, as opposed to the law, as a positive and necessary aspect to the establishment of an ordered society?

At first glance one might reflect that many of the elements discussed are present in other cultures. While this may be true, the degree and extent to which these factors are present is different. The line is neither drawn in the same place, nor in the same manner. On the micro level, for example, if a group of business colleagues were to go to lunch, the superior party (think of it as the gentleman of the group) is expected to pick up the tab. Dutch treat is frowned upon and people prefer to argue over who is to settle the check. Superior in this context would probably be the colleague who was the oldest, or who was the boss. Remember, there is always a superior and an inferior present in *every* relationship. Superiors may have the responsibility to pick up the tab, but their inferiors have the duty of obedience to their requests. Superiors also resolve disputes at the highest of levels. Assume for a moment that Steve Jobs, founder of Apple Computers, was

president of an Asian computer company and was involved in a major dispute with someone on his level. The president of Hewlett-Packard, provided he was sufficiently older (usually ten years or more is preferred), could resolve the dispute and both parties would be expected to act in accordance with the decision. People of high moral character settle the dispute among themselves. They do not resort to the law. That is not to say that current achievements and success have no effect in this calculation of superiority/inferiority. A younger son might go out and become a multi-millionaire and achieve more than his older, less well-to-do brother. The younger brother would thereby be placed in a powerful position, but the older brother is and always will remain the number one son.

On the macro level, among countries in the region this hierarchy is understood. While Japan may at this moment be more economically powerful, China is considered superior to Japan, Japan is superior to Korea, et cetera. These perceptions influence behavior and outcomes in the business sphere. China means middle kingdom and in Asia, all power emanates from the center. Ideally, the person or entity in the superior position is the better and more able person. That is why Mao Tse Tung could write a Red Book of ethical precepts, behavior clearly in keeping with both his position and responsibility as the leader of the P.R.C..

At a U.N. Conference in Tokyo, a high-ranking Japanese minister, who prefers to remain anonymous, alluded to this notion of superiority/inferiority in relationships. He then went on to say that when the Japanese are doing well and the Chinese are not (referring to the P.R.C. in this instance as the middle kingdom, its literal translation), the Japanese feel arrogant; when the middle kingdom is doing well, the Japanese feel subservient. Traditional ethics would characterize China as a superior entity not in the superior position, hence the imbalance, hence the arrogance. An inferior in a superior position is arrogant, a superior in an inferior position is humble. That is because it is considered to be a tenet of human nature that people hate the full and revere the lowly. Still, traditional ethics would also state that the reason that an inferior entity or person is in power is because superior entities or people have allowed them to be in power.

With respect to predicting behavior, when Japanese bargain with Koreans, the Japanese are usually in the best bargaining position in spite of their brutal occupation of Korea in recent history. Koreans see them as superior, and consequently often engage in soft bargaining, thereby allowing them to obtain a better deal. In contrast, such leeway is not granted outsiders such as U.S. citizens, where kindness is perceived as weakness, an attitude ultimately detracting from the respect they might otherwise receive. Interestingly enough, however, the Japanese have not been so deferential in their negotiations with the Chinese of the P.R.C. and the P.R.C. has expressed through many indirect channels its dissatisfaction with this. Consequently, China has welcomed the opportunity to diversify its business dealings with others, particularly other Asian nations.

For some time now, the West has been perceived by Asia as being in the superior position in its relationship vis-à-vis the Far East. The United States in particular was regarded by the Japanese, Koreans, and others as a foreign big brother, occasionally as a parent, and the United States has lived up to that perception. The P.R.C. is viewed similarly. The United States has funneled massive amounts of assistance to Asia. With the exception of the military commitment, Japan has outgrown this need for assistance. Since it is difficult for Asians to conceive in practice of an equal relationship, it is quite likely that the Japanese either perceive themselves as the younger brother, and consequently do not feel the need to accept the same responsibilities as its older brother the United States or they feel superior. Koreans, for example, clearly continue to perceive themselves as the younger brother. Hence, United States protectionist legislation affecting them would undoubtedly be perceived by some as a kind of betrayal and create much more enmity than with the Japanese, who because of their elevated status are more likely to expect and to accept moves of this nature.

While hierarchies are alive and well in this region, they do not exist quite in the same way many may understand them. Superiority does not place one higher up on the totem pole, but closer to the center. Visually imagine a circle rather than a line. China, ultimately regarded as holding the superior position, as mentioned, literally translated means the middle kingdom. Traditionally, the true position of a leader is grounded at the center. To act from the center is to act most potently. It is believed to act in this context means that all quarters of the sea of humanity will feel the ripples of its effect.

Accepting the fundamental importance of relationships leads the culture to a very different end point. Concomitant with the need to establish relationships is the strong desire to preserve them. This requires the existence of able negotiation, mediation and communication skills; requirements the Chinese of the P.R.C. constantly refer to in all of their recently promulgated statutes. In practice, a breakdown of a relationship can render one a mortal enemy once the union has been severed, through litigation for example. The preservation of harmony in this context requires a more prospective rather than retrospective outlook. Hence, in a situation in which one party is 100 percent correct and the other 100 percent wrong, both parties are expected to compromise because of the continued need to live and cooperate in the future together.

Those conducting business in Asia must establish and maintain positive interpersonal relationships, and to the extent possible with the right people. Networks are critical, and their level and range can effectively define a lawyer's or a company's operational parameters. Knowing people and being on good terms with them will directly impact one's effectiveness. An agreement, for the most part, is worth nothing more than the relationship between the parties at any given moment. If one has such an agreement and is dissatisfied with the performance rendered, it would be counter-productive to march in with the contract, point to the applicable clause and demand changes. This will only incense an Asian

business associate. The law, the means through which societies are ordered, such as in the United States, is most often employed as a means to obstruct rather than to facilitate. Traditionally, it is considered necessary only for those of the lowest moral character, the incorrigibles. Those individuals, incapable of living in accordance with this understood structure, must have their conduct regulated by external means. Perhaps this is why the symbol of law in the West is the scale and the symbol of law in the East is the prison.

Pointing to a clause in a contract is like pointing to the law. Asian colleagues are likely to be insulted by this. Cultivate a relationship with the other party, and then tactfully raise the issue. If this does not work, appeal to someone older than that party in his field and argue the case privately. If this fails, retain a lawyer and send a warning letter. If one must resort to litigation to settle a dispute, then do so, keeping in mind that the parties are now entering into a state of war in which anything is possible; a state in which both parties should protect one another accordingly. This method will have a much more positive effect, especially over the long run. One last note: practitioners doing business in Asia should be themselves. Foreign actors in an Asian setting are expected to be different and to some extent ignorant of cultural mores. Practitioners should learn the process and learn the consequences of their actions without compromising credibility along the way. When people try to be something they are not, it is evident to everyone present.

Being successful in Asia can occur if a combination of factors are present. Aside from the strengths, weaknesses and nature of the business, it cannot be emphasized strongly enough that success particularly requires the establishment and maintenance of a positive interpersonal relationship with whom you are working. If such a relationship can be established, Asians may resort to hard bargaining techniques, but ultimately will do everything in their power to preserve the relationship. During negotiations, Westerners must keep in mind that the kindness of Westerners is very often perceived as weakness. For example, many Westerners had difficulty understanding why the P.R.C. invited former United States President Nixon to visit after he had left office in the United States disgraced. It was Nixon, however, who had opened the door with the Chinese to the United States after many years of silence. The Chinese were grateful to him and perceived the need to continue this relationship irrespective of his disgrace. Derived from this relationship ethic are other precepts such as the precedence of loyalty to fairness as a moral value.

The New York Times had an advertisement sponsored by a large Japanese company that was the eighth in a series of ten dialogues published in both the New York Times and Asahi Sankei Shimbun entitled "Can we speak the same

language?"<sup>1</sup> In the advertisement, Pulitzer Prize winning author David Halberstam argues for reciprocity stating that there simply must be greater reciprocity and willingness on the part of Japanese who are happy to accept the openness of U.S. society to argue for openness in Japan.<sup>2</sup> Inherent in the notion of reciprocity, is the concept of equality, of fairness. It is difficult to speak to a people of the value of reciprocity when for centuries in the past, and to a much larger extent than one would care to recognize today, that very society was and to a large extent still is organized through the understanding of relationships within which the idea of reciprocity or equal treatment has been minimal.

Honesty, justice, fairness and equality are all interrelated. Fairness implies the treating of all sides similarly, straightforwardly and equitably. To be fair is to be free from bias, dishonesty or injustice. These principles run straight to the heart; they are the foundation upon which the United States was built. They affect the perception, conduct, social structure and the manner in which U.S. citizens communicate. I worked at a law firm in Korea that openly charged its foreign clients at an hourly rate different from the one it charged its domestic clients. Perhaps this was perceived as a means of being loyal to their own people. If the United States is considered the older brother it is the duty of the United States to contribute more. Reciprocity and fairness is not even an issue to be raised.

In other cultures, particularly in the United States, notions of superiority and inferiority, which U.S. citizens begrudgingly admit are present on a practical level, are conditions often sought to be avoided through the preservation of rights and run counter to our fundamental values. U.S. citizens manage power directly, cherish honesty and straight talk, and at least in principle espouse to treat all people the same. Loyalty, allegiance and fidelity imply a sense of duty or of devoted attachment, ideally unwavering to something or someone. Loyalty involves the strict observance of promises and duties; it requires faith. To be loyal to someone or something is to put them above others, to treat them unequally, to be true to them right or wrong. Being direct is not so important; being allied or dutiful is.

One thing that always struck me when working in the region was that while my Western clients would always seek to know their rights, the Asians were more concerned with being aware of their responsibilities. In light of the importance of relationships, devotion and duty, it should come as no surprise that loyalty supersedes fairness as a moral value. Being on a team and being true to that team is more important than how you play the game; in fact, it is even more important than the game itself. This sense of loyalty helps to unite the players. Unity helps to give rise to collectivity which gives rise, in turn to a completely different set of behavior patterns and values.

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1. Su Hitoshi Sugimoto, *Business Today; Japanese Group Works to Smooth Trade Friction*, UPI, July 24, 1987, available in LEXIS, News Library, Arcnws File.

2. *Id.*

All people are not equal in the minds and hearts of most Asians. The P.R.C., while possessing much national self-esteem manifests this sort of perception in the general belief that irrespective of the terms of the deal with non-Asians, non-Asians will always profit from the enterprise. Myths such as these are dispelled with difficulty when non-Asian corporate and business enterprises lack the continuity of continuous representation. The most trusted relationships are those that have endured the longest. While not necessarily dynastic, once a political reality characteristic of the Far East, the foreigner or foreign enterprise is disadvantaged by changing personnel.

In conclusion, Sam Huntington, successor to Henry Kissinger as Chair of Harvard's Center for International Affairs argues that "the principle conflicts of global politics are now likely to spring from cultural clashes and points to Confucianism as one of the main challenges to the West's ideological ascendancy."<sup>3</sup> While the article states the limitations involved with defining "such a slippery concept, part religion, part political philosophy and part ethical code," it clearly establishes Asian cultural factors as warranting close attention.<sup>4</sup>

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3. *New Fashion for Old Wisdom*, THE ECONOMIST, Jan. 21, 1995, at 38.

4. *Id.*



