DECIPERING THE CHINESE PUZZLE AND THE INDIAN MYSTIQUE:

Understanding Culture’s Role in Waking the Dragon and the Tiger

# By Dean Foster

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OK, here’s one for all you global gurus out there: see if you can answer the following cross-cultural quiz (hint: it’s easy, if you follow the clues):

*On the one hand,* you have an Asian country (clue: think “dragon”) with:

1. a billion plus people, mainly uneducated, who do not speak English
2. an authoritarian government and political system
3. a communist economic system
4. a social system that strongly rejects outside influences

*On the other hand,* you have an Asian country (clue: think “tiger”) with:

1. almost one billion people, many of whom have been educated by western standards and who speak English
2. a democratic government and political system (in fact, the world’s largest!)
3. an economy based on capitalism
4. a social system open to Western influences

Here’s the 64,000 dollar question: Given these factors, in the 1990’s, which country would you have predicted to have been the first one to economically “take off”?

Wrong. And not because you interpreted the data incorrectly. The logical answer is wrong because, despite the demographic clue (a), despite the political clue (b), despite the economic clue (c), and despite the sociological clue (d), you didn’t have all the CULTURAL clues. And, as we’ll see, it is culture which most profoundly determines the destiny of nations.

Now, here’s the missing, critical *cultural* information for the “dragon” (and, yes, that’s CHINA): a Confucian-based cultural system, resulting in active consensus-driven compliance with authority.

And here’s the missing, critical cultural information for the “tiger” (yup, it’s INDIA): a Hindu-based cultural system, resulting in passive individual acceptance of unchangeable realities.

These two fundamentally different cultural orientations, at work for thousands of years in both countries, determine the answer to the question of which country, China or India, would take off first in the 1990’s, and the answer is of course (ah, the power of historical hindsight!): China. Economists, no doubt, will look at recent economic policies and find the reasons for China’s growth there (however, economic policy, as we will see, is an outgrowth of cultural orientations); political scientists and social pundits will find their explanations for China’s sudden emergence by emphasizing the changes in politics that have supposedly recently occurred (but which, upon closer examination appear not that dissimilar to older political traditions). If we only look at the immediate, we see only the

superficial. Current economic and political policy, if viewed only through the current lens, gives us a superficial account of what is really happening. However, to understand culture, its very nature requires us to understand its roots, where it comes from, its history, and in so doing we are forced to view things through a much deeper lens. There is an old Chinese story about walking through the woods and coming upon a rushing stream. When first observing the stream, with its cascading waters and rocks, one might be tempted to conclude that the rocks are certainly more powerful than the water, as they force the water to part as it rushes over the rocks. However, if we were able to return to the stream in one hundred years, it is likely the rocks will be gone, eroded by the more powerful stream of rushing water. Despite the undeniably real contributions that particular recent economic and political policies may have made to the hastening of China and India’s emergence, the real engine behind this phenomenon is culture, shaping those very same economic and political decisions, determining how it all happens for each country and why, and how it will all unfold in the future.

CULTURE: THE CRITICAL DETERMINANT OF A NATION’S DESTINY

It is interesting at this moment in the world today, where every individual on the planet is, as you read this, being affected by the emergence of these two giants, that this emergence presents us with the opportunity to witness the immense power of culture and its impact on the fate of nations. For, in the case of India and China, despite the Indian advantages of an educated, English-speaking workforce, a familiarity with western practices and social systems, a democratic government and a more capitalist economy, (or to put it in reverse, despite the Chinese *dis*advantages of an uneducated, non-English-speaking workforce, a historic rejection of western ways, an

authoritarian political regime and an ideologically communist economic system), the factor that tipped the scales powerfully in favor of China and against India was culture.

Want proof? Just look at the result: not only did China take off first, but the result of China’s transformation (and eventually, of India’s as well) reveals this “culture factor”. What is the defining aspect of China’s success if not that of having become the “world’s factory”: the place where the world comes to realize economies of scale through the replication and reproduction of its goods and services? Of all the possibilities that a nation can present to the world, its choices are most profoundly and always a reflection of its culture, and China is nothing if not a culture with a historical orientation to repetition, reproduction and replication, a tradition emerging from its deep Confucian values of perfecting, repeating, and reinforcing, as opposed to changing, the obligatory relationships that immutably exist between people.

## REPEAT AFTER ME

Chinese history, in many ways, is the story of the static repetition of one dynasty after another, without the apparent development that is often inherent in a nation’s history. There is an old Chinese saying, “perseverance can make an iron bar into a needle”: the end-product being the result of the sheer repetition of the same act being repeated over and over and over again. No teleological development here. No causal, progressive, incremental change. Just the same thing, again and again and again, until the end-result is achieved. The building of the Great Wall simply requires the lining up of a million people repeating the same act of placing one brick on another until, voila, you have a Great Wall. One of the hallmarks of Chinese negotiating style is the insistence of one’s position again and again,

despite logical challenges to that position by the other side, until the other side eventually folds. In ancient China, one of the most successful techniques of getting the prisoner to confess was the endless and repetitive drip, drip, dripping of water. Most importantly, in China, there are over 20 distinctly different spoken languages, making the language spoken in Hong Kong (Cantonese) unintelligible to speakers in Beijing (who speak Mandarin). However, the written form of Chinese (using symbols, or “kanji”, that represent concepts or words rather than alphabetic sounds) can be read by all, independent of how one speaks the words they read. Therefore, the very complicated written kanji-based Chinese script never advanced to a simpler alphabet (in fact, such “advancement”, had it occurred, would have been a disincentive to communication; therefore, it never happened). As a consequence, today, the average Chinese child must learn approximately 3,000-5,000 kanji in primary school, simply to attain a basic level of functional literacy. In the world’s most populous nation, developing literacy is, as one can see, at the very least, a cumbersome task, and yet the greater need for maintaining comprehension among many different language speakers is stronger than the need to simplify the written script into one of alphabetic sounds. Now, in order to learn these thousands of kanji, the nature of kanji themselves requires the unquestioning acceptance of fact, as opposed to rational analysis, from the authority (teacher says: “this is the kanji for ‘man’), and the repetition of writing it over and over again until one memorizes it. In an educational system geared to the rote memorization of logically unrelated facts, provided by an authority that cannot be questioned, students (the future population) learn more than just how to read: more deeply, they learn the value of rote memorization, that mastery comes from repeating the same act over and over and over again; that facts flow from the powerful and resource-rich, that such people cannot be questioned, and

that intellectual value is measured by the quantitative accumulation of data, and not the critical, analytical or creative interpretation of perceived experience. How can China’s great economic success today, emerging from this cultural tradition, be anything BUT having become the world’s factory, where the same item is produced over and over again, millions of times upon millions of times; and where the proprietary ownership by individuals or corporations of knowledge, information and data that can be duplicated for all presents the west with one of its knottiest problems when working with China today (read, piracy of CDs, books, copyrights). Should it be any surprise that doing business with China inevitably entails the transfer of expertise, knowledge and resources that then get replicated, duplicated and mass-produced, seemingly overnight?

But what is it about these Confucian, consensus-driven values, that transfigures them into the factory of modern China?

## CHINA: A CIVILIZATION IN SEARCH OF A NATION

Confucius, a real live flesh-and-blood man living approximately 1500 BC, had the misfortune of existing during a time of great civil strife in China, and the good fortune of being a wealthy aristocrat, being able to dedicate his life to thinking about how to make things better. While his sage musings have been corrupted into endless fortune cookie missives for our entertainment (fortune cookies, by the way, are an American invention, and can only be found in Shanghai today by way of being imported from San Francisco, where they were invented), Confucius did attempt to create a system of thought that he believed would ultimately yield an organized, peaceful society, one very different from the tragic reality of his day. His theory: that

an organized and peaceful society could only result if every individual understood their role in relation to everyone else (talk about the power of group consensus!). This meant that the goal of the individual was to understand their responsibilities to and from others, as given to them by authority, and to perfect their performance in the discharge of these responsibilities. No Horatio Alger myths of growing up in the gutter and becoming a self-made millionaire; no stories of being born in the log cabin and becoming president of the country. In Confucius’ world, younger son obeys older son, wife obeys husband, father obeys state, etc, etc. Passive acceptance of one’s role, indeed, perfection and performance of one’s given role as defined by authority, is the greatest virtue (in fact, it defined, for the Chinese, the “Confucian Gentleman”). This leads to acquiescence in the face of authority, and of active participation in the accomplishment of consensus-driven goals.

Should it be any surprise, therefore, that China’s history has been one of repetitive dynastic cycles for almost 5000 years (the dynastic system only ended less than one hundred years ago, a blip in the geologic time of Chinese history), of authority dictating from above through a complex civil hierarchy (whether that authority was the Emperor or the current Communist party nomenclatura), of the imposition of top-down social and economic policy onto a population pre-disposed to carrying out such policy, and of the economic advantage taking form in the replication and duplication of goods and services previously created elsewhere? Economics, politics and social systems do not determine the culture of nations; in fact, it is precisely the opposite: culture determines the economic, political and social systems and paths that a nation chooses, and globalization merely gives nations the opportunity to reveal their cultural identities on the world stage. The

emergence of China in today’s global world into the world’s factory, is perhaps one of the greatest current examples of this phenomenon.

**THE INDIAN MYSTIQUE**

But not the only one. If China’s having become the world’s factory is a direct result of its historical cultural traditions, can we see the same dynamic at work with India? The answer is yes. Although economically coming into its own well over ten years later than the China explosion, India’s boom, in its nature and even its timing, is a reflection of unique aspects of Indian culture. For if China has become the world’s factory, what is India if not the world’s “back-office”? Call most any help line, and a consumer reaches a customer service rep in Bangalore; most US-based and many European-based companies have outsourced or are in the process of outsourcing their internal processing and transactional systems to India; India now processes everything from orders to invoices to taxes to records and archives of every ilk and description, for businesses, governments and individuals the world over. Modern technology certainly has made this possible, but modern technology does not just exist within the province of India, and yet it is India where it has been applied in its current shape and form. And that current shape and form, unique to India and emerging out of deep Indian cultural traditions, is “Service”. Not manufacturing, as is the case in the factory of China, but *serving*, from the world’s back-office of India.

## THE FATE IS CASTE

For almost three thousand years, India was a culture shackled by a unique caste system, a rigid social hierarchy that organized people according to rank and role, mirroring the ordering and ranking of the tens of thousands of different manifestations of the eternal spirit in the Hindu pantheon of gods,

each god slotted into their own individual position in the Hindu hierarchy. The unique nature of this ranking, whether cosmological (for gods) or social (for people) was to define clearly and with no ambivalence, the obligations to serve between gods and between people. In the secular world of the here and now, this meant that those below served those above, and those above expected to be served by those below, in specific ways. Serving is precisely what this tradition is all about.

In 1947, when India became an independent nation, the caste system was made illegal. Nevertheless, the legacy of approximately three thousand years of rigid hierarchical organization remains entrenched in the way society works. Mix this three thousand year old cultural tradition with the added dash of modern IT technology, and *serving* converts to *service*, as in service-oriented, service-focused, and service-driven. Now, economists might point out the financial advantages of shipping service-oriented activities to low wage and low cost countries, but there are many such countries available, and India and its well-educated English-speaking workforce was always available for this work before it exploded when it did. Political scientists might explain India’s rise by citing the deliberate creation of recent government policies that systematically leveraged the advantage of a technologically educated and English-speaking workforce, but why a workforce specifically engaged in the *servicing* of the world’s work? Social scientists might even explain India’s delay in taking off as the result of being the world’s largest democracy, that democracy is a messy and unwieldy thing, and that it doesn’t allow for lining people up and getting them all to do the same thing that needs to be done at the same time (as China was able to do). But the source of India’s boom lies deep in its cultural heart, for IT opportunity and technological advantage and even politics can all converge to produce a great many things, but in India they converge to produce the

world’s “back office”, and the reason for that is the Indian cultural context in which all this occurs.

**“…THAT WHICH IS ORDAINED…”**

In the old Hindu world of the castes, the old saying, “Run as far and as fast as you wish, you cannot escape that which is ordained” was a truth that determined one’s fate in life. There are few Indians today, however, who would willing subscribe to such fatalism, and most young professionals in Bangalore, Mumbai or Hyderabad have as burning a desire to control their life for the better as most young people anywhere. But these deep, fatalistic traditions resist and punish the kind of behaviors that are precisely required to achieve the control over one’s life that many aspire to today. Acting and thinking independently at work, seeking empowerment to engage in individually held decisions and ideas, challenging or questioning authority when necessary, sharing information…good or bad…up and down the hierarchy in order to promote efficiency, willing to be personally accountable for risk, all these factors are not inherent in the Indian tradition. One of the greatest challenges in transforming the Indian business landscape to insure its continued success, now that it has succeeded in establishing itself as the world’s service office, is an organizational one, for no office can work well without accountability, efficient organizational hierarchy, the valuing and rewarding of contributions, action and risk-taking, and speedy, open and honest communication. So alongside the will, the expertise, the opportunity, and the possibilities that culture provides, there are the obstacles that it puts up, as well.

## CULTURE AS PROPHET

As we have seen, politics and economics, from both within and without, impact a nation’s course, but how a nation responds to these forces and circumstances, and how it is impacted by them, is a reflection of its culture. In today’s globalized world, how nations respond to these global economic and political forces becomes a profound reflection of its culture, and the convergence of culture and globalization provides nations with advantages, as well as disadvantages. If the advantages that globalization exposes outweigh the disadvantages, the result can be a China and India phenomenon. If the disadvantages outweigh the advantages, or if a nation cannot or will not maximize the cultural advantages that globalization exposes, the results can be some of the awful political and social dislocations that all too often make the daily news headlines. Some of India’s cultural traditions held India back economically at first, giving the initial economic advantage to China; but these same cultural traditions also allowed India to eventually emerge, through globalization, as the world’s service-office. For centuries, some of China’s cultural traditions prevented China from economically developing until these cultural traditions converged, through globalization, with the world’s need for inexpensive manufactured goods in quantity. Change is always the one certainty, and while culture is the force that can propel a nation under the right circumstances from one condition to another, those same cultural factors can easily hold the nation back from moving on to yet a greater stage. Today, for both China and India, it is a case of being the right culture at the right time, and for both of these giants, their continued success will depend upon their ability, not only to continue to provide what their cultures already predispose them to do so well (that’s the easy part), but rather, to grow beyond what these traditions offer, as the

tiger and the dragon assume a leadership role in the new, post-global world of the 21st century.

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