



The Confucius Institute
at The University of Western Australia
西澳大利亚大学

Chinese Business Culture

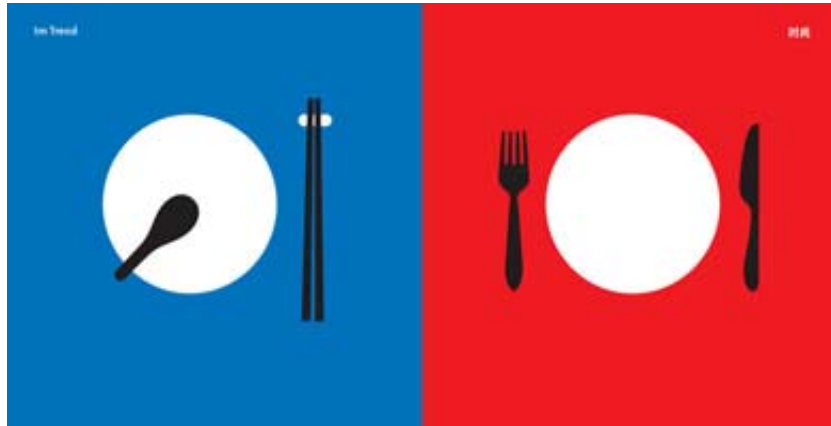
Presented by
Vada Ng



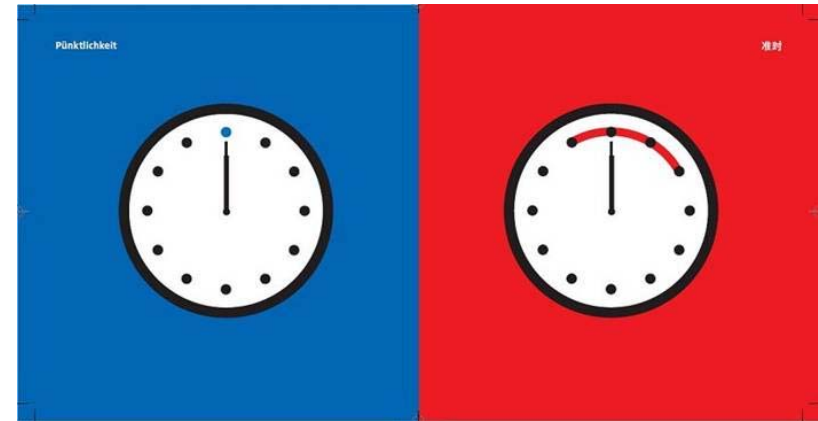
Introduction

- Characteristics of Chinese people: Based on Chinese culture which are deeply influenced by Confucianism (Confucius) and Taoism (Lao Zhi)
- Characteristics of Chinese culture: Family-oriented; Close personal contacts are established
- China is a collectivist country. Individualism has long been considered negative
- Chinese tend to be bilingual, speaking Standard Mandarin Chinese in addition to their local dialect
- China is a multi-religious country: Buddhism, Taoism, Islam, Catholicism & Protestantism, with the first three being more wide spread; since the cultural revolution, many city people don't have strong religious feelings
- Most Chinese are Han people, but there are 55 ethnic minority groups

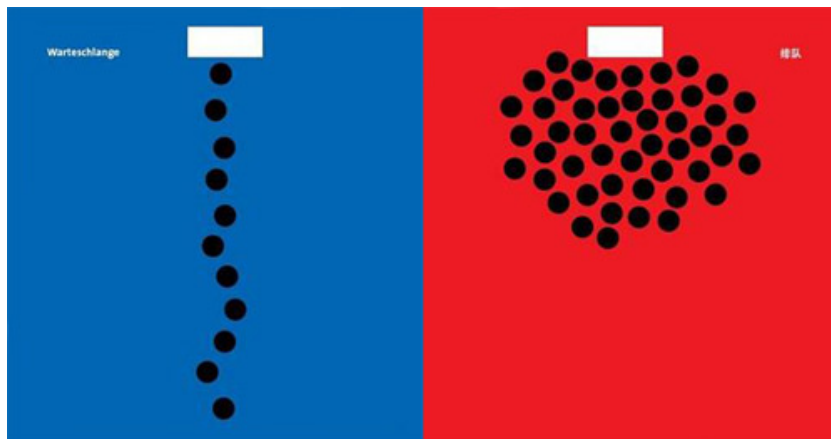
Cultural Differences & Expectations



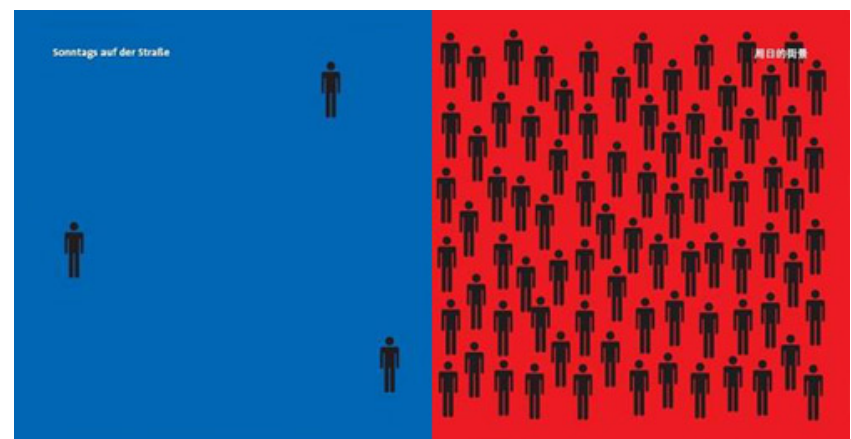
Trend



Punctuality



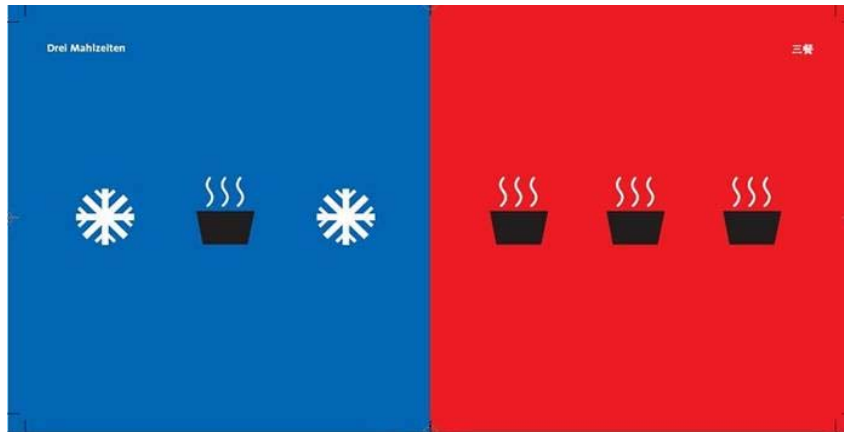
Queuing



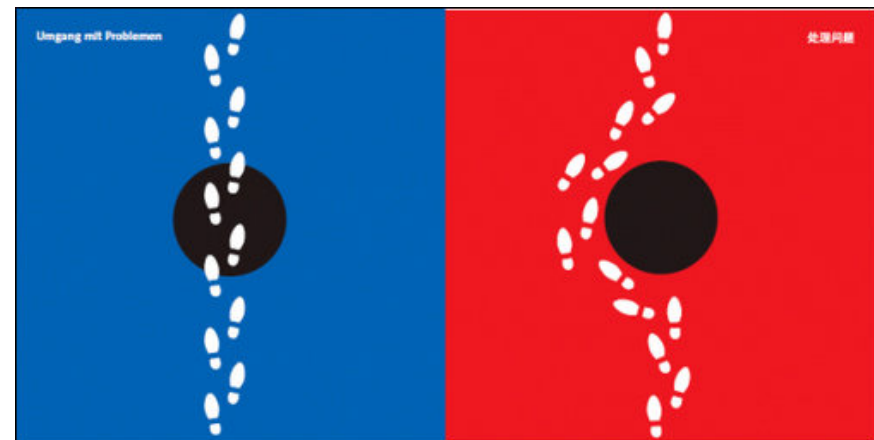
Weekend Street Scene

Info-graphic by Yang Liu

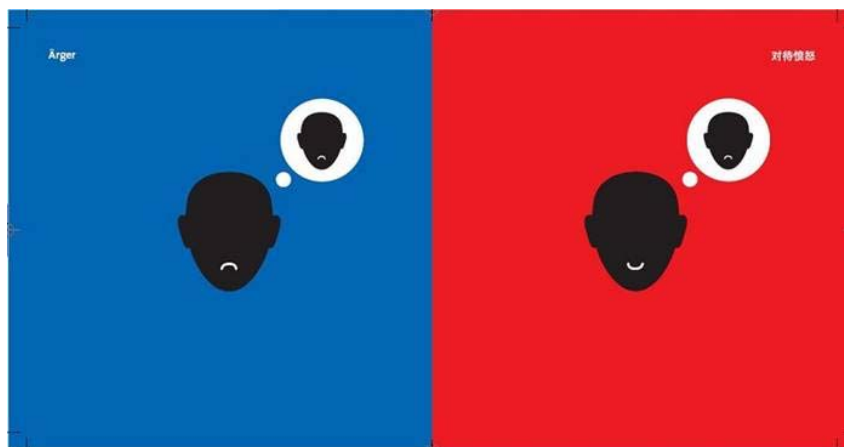
Cultural Differences & Expectations



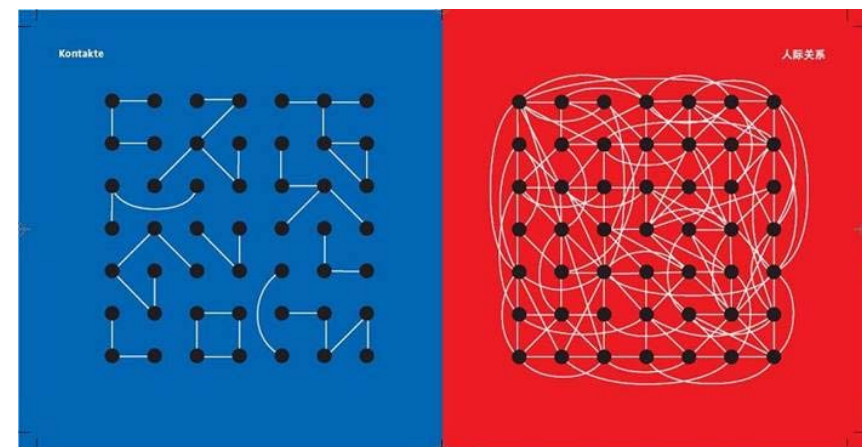
Meals Pattern



Problem Solving



Anger Management



Relationship – “Guanxi”

Info-graphic by Yang Liu



Meet & Greet

- Chinese generally shake hands when they greet guests
 - Handshake should be gentle
 - Expression of warmth, the Chinese will cover the normal handshake with their left hand
 - Do not touch anyone unless you know them very well. Do NOT embrace or slap Chinese on the back.
- It is acceptable to bow slightly when greeting someone. The bow is essentially a nod – do NOT bow from the waist like Japanese
- Introduce your colleagues and allow guests to introduce themselves



Business Card Etiquette

- It is important to carry plenty of business cards; if possible get a translated, bi-lingual version
- Use both hands when presenting business cards and ensure that the writing on the card is facing the recipient
- Cards should be received with both hands and placed on the table in front of you - to immediately put the card in your pocket or bag is considered rude
- When you receive someone's card, spend a few seconds reading it. This not only helps you to remember name but also show a sign of respect for the other person
- Do NOT write on someone else's business card



Form of address

- Appropriate forms of address are important in all culture as they indicate respect. This is especially the case in China
- Unlike in the West, where you may call someone by his or her first name shortly after meeting for the first time, in China almost no one is called by the given name alone, except by close relatives or extremely intimate friends of long standing
- Chinese: Surname comes first, not last
 - 95% of all Chinese surnames are one syllable –e.g. Wang, Chen and Li
 - Given names are two syllables – e.g. Xiaolong, Mingsi and Liming
- It is acceptable to call Chinese people by the surname, together with a title. E.g. Managing Director Liu, Director Wang or Ms Li. If you address a person using CHINESE: Title follows the surname. E.g. Wang *xiansheng*, Liu *zongjili* or Zhao *jingli*



Official Welcomes and Send-Offs

- Hosting Chinese abroad – it is not necessary to meet or see delegations off at the airport unless the group is high-ranking
- Chinese practices: Formal welcoming parties are sent to airports by the Chinese to meet important delegations and see them off
- If you want to send a strong signal to a visiting Chinese dignity, these touches can prove to be very much worth the trouble
- Airport greetings are still an area where going the extra mile to follow the Chinese practice can pay off



Communication: The 'N' word

- In Chinese culture, saying 'No' is normally regarded as impolite
- In most cases, Chinese people do not like to say 'No' in a business setting nor admit that they don't understand something. They may respond with indecisive answer like 'Inconvenient'; 'Under consideration'; 'Maybe' or 'That might be difficult'
- The reason of this cultural conditioning is to maintain harmony and avoid any response that may be considered upsetting. Unfortunately for the West, this may mean 'Yes'
- To deal with a request they must decline, Chinese may simply avoid addressing the request at all...



Communication (cont...)

- When your Chinese counterparts smilingly and politely or even enthusiastically say 'No big problem' or 'The problem is not serious', they usually mean 'There are still problems'
- Therefore, even if you receive a positive reply, it is always wise to do many follow-ups and check on the progress
- Chinese may tell a lie to avoid a breach of social harmony. Lying sometimes isn't as dishonourable as it may seem on the surface. It can be used simply to spare a guest a loss of face
- Another common way of saying 'no' in China is to raise objections. This normally lead to confusion



Business Meeting Protocol

- Chinese organisation typically request background information before they agree to formal discussions
- Punctuality is considered virtue in business meeting (not late and not early)
- Chinese generally expect foreign delegation leaders to enter a room first, this prevents confusion
- Meetings are generally held in conference room rather than offices. Seating is not rigid but there are designated places for the principals
- It is wise to pause on entering the meeting room so that you can be seated in the correct place: Don't always assume that any seat is ok
- Be prepared to introduce your company with a presentation, even if you have met the key players before



Business Meeting (cont...)

- Meetings generally begin with small talk and are structured dialogues between principals on both sides
- Never put anyone on the spot during a meeting. Always offer a way out so your counterpart can preserve 'face'
- A good interpreter can help you; do pause and keep sentences short – give your interpreter time to interpret short packets of information – avoid long dialogues - avoid slang, metaphors, saying and similes etc – use simple English
- Always talk to the host, never directly to the translator
- Restate what was accomplished at the end of the meeting to avoid any misunderstanding. Ask for a contact person for future dealings



General Banquet Etiquette

- Formal banquets are the most popular form of business entertainment and business is not discussed directly at meals
- Foreign guest should reciprocate toward the end of the visit
- Guests should plan to arrive a little early and should leave shortly after the meal
- Guests will be seated in protocol order with the most senior guest seated to the right of the host. The seat with the tallest napkin pays the bill and will be taken by your most senior host
- Generally, Chinese lunch is around 11.30am and dinner is from 6pm onwards
- Chinese meals may have more than a dozen courses, depending on the ranking guest of honour
- Allow the host to begin eating before you begin



Dining Etiquette

- Be prepared with toasts. Use both hands to hold your glass when giving and receiving toasts – don't drink alcoholic beverages without a toast!
- Learn to use chopsticks – if you can't, there is a loss of face for you
- You may be offered food that you have never thought of eating before. Your hosts are sharing their friendship and culture with you – attempt to try everything
- No one should leave before the guest of honour
- Your host often will serve you and will continue refreshing your dish if you clean your plate. It will be wise to leave some food on your plate to indicate the meal was plentiful and you have enough
- Your teacup and/or drink also will be refilled constantly when emptied



Drinking is a Culture for many Chinese

- Toasting beverage is often some form of baijiu (spirit); *Maotai* – high grade and fiery spirit, 106 proof wheat and sorghum based liquor
- The host will make the first toast, which normally occurs after the first course. The guest of honour reciprocates after the next course
- References of mutual benefit and “friendship between our two countries or increasing the level of mutual understanding” are some phrases that might be included
- A toast to friendship among companies is totally appropriate and will help to cement the business relationship



Toasting

- Prior to toast, say *ganbei*, A Chinese phrase that means “bottom-ups” in English. An alternative to *ganbei* if you don’t feel up to emptying your glass, you can say *suiyi* or *he*, which means “at will” or “drink/sip”
- Don’t drink until you toast others at the table. Chinese consider drinking alone to be rude
- If you don’t wish to drink alcohol, make this clear at the start of the meal
- If you do decide to drink during the evening, but want to stop, tell your hosts that you have reached your limit
- *Tips:* When toasting, the glass held by a younger or junior member of the company must always be lower than that of his superior



Presenting Gifts

- Delegations visiting China are expected to give a token to the host during their visit
- Common practice: a single large gift for the whole group, presented to leader during a meeting or banquet; or individual gifts to all participants, presented together with a major organisation gift
- Business gift practice
 - Present gift with both hands as a sign of courtesy
 - Don't expect gift to be opened unless specifically request
- What to give: company gear with logos, local speciality products are appropriate gifts
- What NOT to give: clock, green hat, white flowers and excessive value gift
- Never wrap gift in WHITE or BLACK paper



The Concept of 'Face' (*Mianzi*)

- Face is associated with honour, dignity, and a deep sense of pride
- Although it is an abstract concept, **Face** is deadly serious business to the Chinese
- One of the Chinese traits that evolved from the need to protect face is the deeply ingrained habit of being indirect in their verbal responses. They ask questions rather than make comments, modify or qualify what they say and often remain silent
- The rich and powerful all care about their **Face**. If you embarrass a Chinese, even unintentionally, it could jeopardise your negotiation. Instead of saying "You are wrong", maybe try a more subtle and diplomatic response



The concept of 'Face' (cont...)

- Chinese culture is based on 'Face'
- Face refers to respect of self and how that respect is viewed by others
- It is very easy to cause a Chinese to 'lose face'
- Causing loss of face for yourself or others rapidly degrades business relationships
- It is important to understand that many informal behaviours can cause a loss of face for you or your host
- Many perfectly normal western cultural behaviour can cause a loss of face for both you and your host
- It pays to observe very carefully and follow what your host does: Pause and see what is happening before jumping in and doing something...



‘Face’ (cont...)

- Causing someone to lose face, even if the offense was unintentional, could cause serious damage to a relationship
- It is an unseen, silent expression of courtesy and a judgement of courtesy between people
- Face is a ritualised way of showing and receiving respect and over time, allows the formal building of relationships and mutual trust
- In China, *Face* cannot only be lost and saved, it can also be given. Giving face means doing something to enhance someone’s else reputation or prestige



E.g. of Loss of 'Face' (*Mianzi*)

- Some examples of lose of face:
 - Public insult or argument (simple as contradicting someone in front of others)
 - Losing control of yourself –drinking or anger
 - Rescinding an order
 - Declining an invitation on a weak excuse
 - Saying 'no' to a request can be an assault on
 - Showing frustration when dealing with slow moving and complex negotiations



“Guanxi” = Connections/ Relationships

- “*guan*” in Chinese means gate; “*xi*” means special connections among people who passed through the *guan* (gate). People going through the *guan* can enjoy ‘**one of us**’ relationships, but people outside the *guan* are excluded
- One key cultural difference between Chinese and Westerners concerning the meaning of ‘relationships’ according to Ambler (1994, p.71) is that:

***The Chinese believe that one should build the ... personal relationship and, if successful, transactions will follow.
Westerners build transactions and, if they are successful, a relationship will follow.***

- In the Chinese context, business relationships and personal relationships cannot be separated from each other



“*Guanxi*” = Connections / Relationships

- The concept of *guanxi* is not unique in China, it is vital for getting important things accomplished there. Chinese prefer to do business with those they have *guanxi*
- Guanxi combines aspects of face, obligation, reciprocity, and hierarchy. It is a network of relationships that carries a certain expectation of mutual benefit
- A *guanxi* network is made up of people one can count on and trust, who can pull strings and arrange for extra help. First and foremost, these people are family, then perhaps classmates or colleagues
- In granting a favour or help, there is the unspoken expectation of reciprocity, and the receiver is somewhat in debt until the favour is returned



Some findings of Cultural norms and intercultural constraints

- Guarding against ver. trusting new relations
 - CHN: Guarding against new relations
 - WEST: Trusting new relations
- Short-term ver. Long-term thinking
 - CHN: Short-term thinking
 - WEST: Long-term commitment
- Guanxi power ver. Expert & coercive power
 - CHN: Guanxi power
 - WEST: Expert & coercive power
- Conflict avoidance ver. Conflict confrontation
 - CHN: Conflict avoidance
 - WEST: Conflict confrontation; Facing conflicts



Some findings of Cultural norms and intercultural constraints

- Mutual dependence ver. Mutual respect
 - CHN: Mutual dependence
 - WEST: Mutual respect

- High power distance ver. low power distance
 - CHN: High power distance
 - WEST: Low power distance

- Communication style
 - CHN: Ambiguous communications and unwritten rules
 - WEST: Explicit communications

- Gift dilemma
 - CHN: Actively engaging favour (*renqing*) and gift exchange
 - WEST: Feeling uncomfortable accepting a gift



International business in China

- China is complex and diverse; some Chinese are traditional, some ultra competitive and direct. Knowing *face* and *guanxi* is certainly useful
- Social versus economic behaviour of Chinese
 - Social – understanding traditional values and norms can avoid misunderstanding and irritation
 - Economic – driven by contemporary culture and institutional characteristics
- It is challenging to work out which pattern Chinese people will exhibit, many Chinese interplay between the old and the new
- One example of how culture, manifested in both tradition and modernity in China is the Beijing 2008 Olympic Games which was opened on August 8, 2008 (at 8min past 8pm). Eight “8” is a favoured number in Chinese tradition
- In the age of Globalisation, culture seems to continue to characterise China and Chinese’s firms strategy, performance and development



Summary Points

- Get an understanding of Chinese Culture background
- Know the protocols: meet & greet, form of address, business cards; business meeting seating
- Cross cultural communication
- Dining and Drinking etiquettes
- Understand the important of Face & Relationships. If you have no connections in China, get some help from friends or connections and make them
- Geographical differences thus each of them has distinctive characteristic and manner of doing business
- Do business in “Chinese Time” – Remember the 3 ‘P’s: Patience, Persistence and Perseverance
- Ensure you know your own company and its products inside and out
- Know everything possible about the Chinese company or agency you are going to deal with
- Stay friendly, stay firm, stay unflustered and expect to withstand a long period before you finally start to make serious progress in China