

Guide to Cultural Business in China



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Since opening up into the business world China has become known as the workshop of the world. Interactions between East and West businesses are becoming more frequent especially with China's many recent investments across the world. Dealing internationally has highlighted some of the key cultural differences that can occur. If you are considering to manufacture goods in China it is crucial that you understand the business culture and common practices that occur commonly while doing business in China.

That's why in China 2 West we have decided to share our knowledge acquired during the last decade on how to deal with cultural differences when doing business in China.

1 Have a local Contact

Having an experienced partner (local or foreigner with broad understanding of the local business culture) will be helpful for avoiding pitfalls in the process.

This partner should be able to speak Chinese and act as liaison between you and your potential Chinese counterparts. Having local eyes and ears can make the process of negotiating and understanding everything that comes along with the cultural and social regards for making business in China much easier for you.

Form a connection with someone who has business and has developed strategic relationships in China. From this person you will be able to get a valuable knowledge to allow your business in China to go as smooth as possible. Make sure your connection is someone who you can trust. Is important to mention that social relationships in China are primordial when doing business and are the basis of the Chinese Guanxi.



2 Understand the Guanxi

If you are not used to doing business in China, the term Guanxi, it can be a very difficult word to understand. It is a general Chinese term used to describe relationships, that may result in the exchanges of favors or “connections” that are beneficial for the parties involved. Although we do not have a direct translation of Guanxi, according to Xiao-Ping Chen, who is University of Washington management professor, notes in her review of the subtleties of Guanxi, it’s two words: guan, or a point where two things connect, and the conjunctive word xi, which denotes “in relation.” When used as a verb, Guanxi means “to tie up”; when used as a noun, it “denotes a state in which entities (objects, forces, or human beings) are connected.”

What is Guanxi?

Informal networks, using the back door, investing in relationships, calling in favours, underground economy, and so on. Guanxi is all of it and more. In fact it is a highly sophisticated parallel economy which subverts a totalitarian system and its bloated, politicised bureaucracy.

The term guānxi means **RELATIONSHIPS** or **CONNECTIONS** it’s composed by two characters:

Guān: to close (v) or barrier (n) and

Xi: to tie (v) or system (n)

关系
Guānxi

Understand the Guanxi

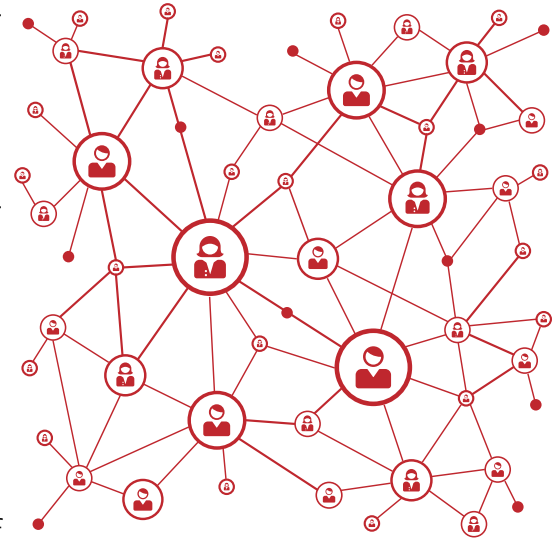
Guanxi is deeply embedded in Chinese culture. It is more than just barter or exchange because these are usually one-off transactions.

Perhaps it would be more accurate to describe someone's Guanxi circle or network as an intricate web of relationships. This web encompasses a person's influence and obligations and can extend in an infinite number of directions. The relationships formed by these associations are generally considered lifelong.

Relationships in the inner circle are nurtured by the practice of reciprocating favours. This is a system of mutual obligation where, "I scratch your back, you scratch mine," is the modus operandi. Favours can be called in at any time: from weeks to years to decades.



Guanxi is reciprocal: It doesn't simply involve monetary transaction from one person to another for a favor. At its core it's characterised by activities of trust and reliability between people of success of all parties



Guanxi is about building strong relationships, and strong relationships take time to be built, and time means money when talking about business.

3 Business Cards

The Chinese are very keen about exchanging business cards. Bring plenty with you to business meetings, preferably ones written in English on one side and in Chinese on the other. You must take time to learn how to properly give and receive business cards. This lack of research can make sure a avoidable bad first impression does not occur. Here's a small list of musts for Business cards exchange in China:

- Chinese business cards are exchanged upon meeting.
- Dual-sided Chinese business cards should be printed in English on one side and Chinese on the other. Make sure the Chinese side uses "Simplified" characters for mainland China, Singapore, Malaysia and Indonesia. "Traditional" characters are used in Taiwan and exclusive areas of Hong Kong.
- Chinese translated business cards are always exchanged and should be done so with two hands (as a sign of respect).
- Chinese business cards represent the person to whom you are being introduced, so it is polite to study the card for a while and then put it on the table next to you or in a business card case.



Business Cards

- Take ample stocks of Simplified Chinese business cards as almost everyone you meet will want to exchange one with you.
- To appear at a meeting without a translated Asian business card does almost irreparable damage to the business relationship; it is tantamount to refusing to shake hands at a Western business meeting.
- Before presenting your Asian business card, you should make sure that it is clean and neat; no dog-eared corners or smudges allowed.
- Your business cards for China should include your title. If your company is the oldest or largest in your country, that fact could be on your card as well, etc.
- It is best to stand up when exchanging Chinese business cards.
- When presenting your Chinese business card, make sure that you hold it Chinese side up, facing your contact so that he/she can read it.
- Exchange Chinese business cards one-by-one, individual-to-individual.



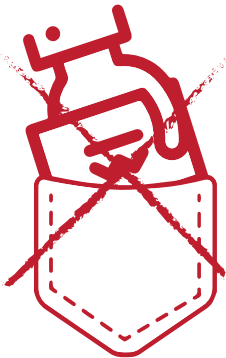
Business Cards



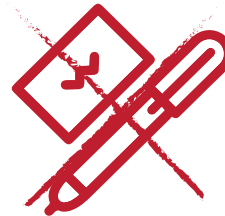
* **NEVER** distribute (or toss) your Asian business card in a manner similar to dealing playing cards.



* **NEVER** place a stack of your Chinese business cards on the table and offer others to take a card from the stack.



* **DO NOT** shove the card into your back trouser pocket.



* **DO NOT** write comments on another person's business card, in their presence.

4 Table Etiquette

Eating with your Chinese counterpart will be normally part of the business process and if you haven't take a look into the Table Etiquette in China this can turn into an unpleasant surprise. The main difference between Chinese and Western eating habits is that unlike the West, where everyone has their own plate of food, in China, the dishes are placed on the table and everybody shares.

Perhaps one of the things that surprise a Western visitor most is that some of the Chinese hosts like to put food into the plates of their guests. In formal dinners, there are always "public" chopsticks and spoons for this purpose, but some hosts may use their own chopsticks. This is a sign of genuine friendship and politeness. It is always polite to eat the food.

People in China tend to over-order food, for they will find embarrassing if all the food is consumed. When you have had enough, just say so. Chinese table manners are mostly concerned with the use of chopsticks. Otherwise generally Chinese table manners are rather more informal.

Here we show you a list of do's and don'ts when dining in China.

Table Etiquette

- Chopsticks are traditionally held in the right hand, even for the left-handed, although chopsticks may now be found either hand, a few still consider left handed chopstick improper etiquette.
- When communal chopsticks are supplied with shared plates of food, it is considered impolite to use your own chopsticks to pick up the food from the shared plate or eat using communal chopsticks.
- Never wave your chopsticks around as if they were an extension of your hand gestures, bang them like drumsticks, or use them to move bowls or plates.
- When picking up a piece of food, never use chopsticks to poke through the food as if you were using a fork. Exceptions include tearing larger items apart such as vegetables.
- Chopsticks can be rested horizontally on one's plate or bowl to keep them off the table entirely.
- Never stab chopsticks into a bowl of rice, leaving them standing upwards. Any stick-like object facing upward resembles the incense sticks that some Asians use as offerings to deceased family members. This is considered the ultimate faux pas on the dining table.

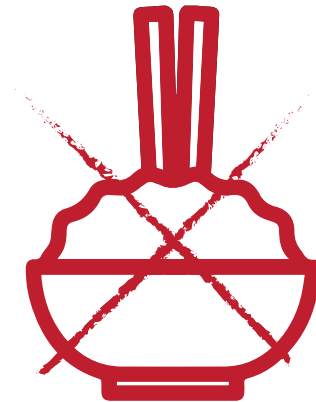


Table Etiquette

- Chinese traditionally eat rice from a small bowl held in the left hand. The rice bowl is raised to the mouth and the rice pushed into the mouth using the chopsticks.
- The host will normally make sure that all drinks are full.
- When doing a toast it is important to observe that younger members should clink the edge of their drink below the edge of an elder to show respect.
- It is a sign of respect to pass food to the elderly first before the meal starts.
- Don't tap on your bowl with your chopsticks. Beggars tap on their bowls, so this is not polite.
- Drinking takes an important place in Chinese banquets. Toasting is mandatory and the drinking of spirits commences only after the host has made a toast at the beginning of the meal.
- When the host makes a toast normally will say the words "gan bei", which means bottoms up, all presents should drain their glasses.
- It is impolite to refill your drink without filling first everyone else's glass.
- Never turn over the fish. In Chinese restaurants, the standard is for a fish to be served whole. After working your way through the tender top side, it may seem logical to simply flip the fish and continue. Unfortunately, doing so has an unforeseen



5 Gift Exchange

Lavish gift-giving was once an important part of Chinese culture. Today, official policy forbids gift-giving as it can be considered bribery. Though the policy is softening, there may be times when a gift will absolutely not be accepted. Should you find yourself in this situation, graciously say you understand and withdraw the gift. Smaller, less expensive items will not be seen as a bribe, but in any case, you will have to approach gift-giving with discretion.

The Chinese do not usually accept a gift, invitation or favor when it is first presented, but will politely refuse two or three times to reflect modesty and humility. Accepting something in haste makes a person look aggressive and greedy, as does opening it in front of the giver.

When or if a gift is given, it should be offered with two hands. Any gift offered with two hands should always be received with two hands.

It's traditional to bring a gift when invited to someone's home. Fresh flowers or fruit are your best bet, and it is a good idea to bring eight, rather than the typical Western dozen. Eight is a lucky number.

It is likely that your gift will not be opened in front of you as your hosts do not want to appear greedy or ungrateful.



Gift Exchange

Be sure to be fair with your gift-giving: don't give something nicer to the secretary in the office than to the dean of the college, and don't give gifts to one group of students and not another - they will find out. Often, it's better to give something that can be shared, like food.

Never give a clock as a gift. Traditional superstitions regard this as counting the seconds to the recipient's death. Another interpretation of this is that the phrase "to give clock" in Chinese is song zhong, which is a homophone of a phrase for attending a funeral.

Also avoid giving fans. The word fan (shan) sounds like san, meaning scatter or to lose. San kai means to split up. Traditionally, the bride gives her parents a fan, symbolizing that she is leaving them for her husband.

Never give a man a green hat. The Chinese saying "wearing a green hat" means someone's wife is unfaithful.



Gift Exchange

Gifts from your own country are always welcome and very much appreciated. Don't wrap any gifts from home before arriving in China, as they may be unwrapped in Customs.

If possible, have your gifts wrapped in red paper, which is considered a lucky color. Pink, gold and silver are also acceptable colors for gift wrap. Gifts wrapped in yellow paper with black writing are given only to the dead. Also, check on the regional variations of color meanings - a safe color in Beijing could get you in trouble in Shenzhen. Your safest option is to entrust the task of gift-wrapping to a store or hotel that offers this service.

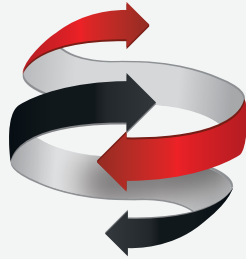
Money in red envelopes is also a common practice in special occasions such as Chinese New Year or Weddings, in which is not uncommon to invite a business partner. For all occasions, certain amounts of money are to be avoided. Anything with a four is best avoided because 四 (sì, four) sounds similar to 死 (sǐ, death).

The money inside a red envelope should always be new and crisp. Folding the money or giving dirty or wrinkled bills is in bad taste. Coins and checks are avoided, the former because change is not worth much and the latter because checks are not widely used in Asia.



6 Final Word

As we've seen cultural differences can must a point to take in count before dealing with Chinese people, but if you know how to face them and act according to the business etiquette, this will ensure the success of your business transactions and will make the business relationship to last longer.



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