



Doing Business in China

Common practices in business environments can vary from culture to culture.

For example:

- Typical working hours
- Appropriate business attire
- Attitudes regarding women in the workplace
- How business meetings are conducted
- When and where businesspeople socialize
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Knowing protocol and etiquette can minimize misunderstanding, reinforce business relationships, and guide you to a more successful outcome.

Business Clothes

Business attire should be smart; the Chinese expect Western dress of Western businesspeople and judge them by their clothes and accessories. The majority of Chinese businesspeople adopt Western attire, yet some officials and plant managers continue to wear the ubiquitous "Mao" jacket.

Men

For the office, men typically dress in a business suit. In the summer open-necked, short-sleeved shirts are acceptable business attire. Conservative colors and patterns are favored, but there are increasing trends toward modern Western styles which can be more daring in color and design, yet still very professional.

For weekend activities, casual dress is appropriate, including jeans, but shorts are normally worn only when exercising.

Black-tie is rarely needed. Business suits are appropriate for most evening occasions.

Women

Women should dress in much the same way that they would in their home countries.

Smart, neat clothing is preferred. Women can wear a variety of colors, patterns, and styles, pants or skirts. Low-cut blouses and skimpy clothing should be avoided.

Formal attire can include both cocktail dresses - long and short - and business suits.

Jeans, pants, skirts, and other casual wear is standard daytime attire throughout China.

Businesswomen, in particular, should dress smartly and neatly. Both clothing and jewelry should be stylish.

Business Entertaining

Business entertainment in China consists almost exclusively of an evening meal or attendance at a cultural event such as a Peking Opera or an acrobatic troupe.

You will almost certainly be invited to dinner at one of the major cities' numerous restaurants. Although you are free to pass up more exotic foods such as abalone and sea slug, to the Chinese palate they are special delicacies, and to receive them is a great honor because they are outrageously expensive. If you do not wish to indulge, hide your discomfort tactfully and push the offending food around on your plate a little - as though you at least tried it.

It is considered impolite to drink alone. Always toast someone before you drink, if only by lifting your glass to the person next to you and waiting for him or her to drink with you.

Banquets

Banquets are a prominent feature of business entertainment. The Chinese hosts often arrange at least one lavish dinner for the first-time visitor and always do so for a trade mission as well as often at the conclusion of a major negotiation.

Members of a trade mission should host a return banquet before leaving China if negotiations have progressed satisfactorily. An individual is not expected to reciprocate the hospitality in China, but is expected to entertain when the Chinese hosts visit his or her country.

A definite protocol and etiquette is followed for the banquet, and your hosts will appreciate your respect for Chinese traditions and culture if you display some knowledge of the procedures which include the following.

Arrival and Seating

All guests should arrive together at the designated time. Allow your host to indicate seating arrangements - do not rush to sit down. Note that the senior guest or host should sit facing the door. After you are seated, the chief guest may offer to serve the host the first drink - the host then reciprocates. Be prepared for extended toasting, drinking, and smoking.

At the Table

Use chopsticks for eating; place chopsticks together neatly on the table when finished. Pace your consumption of food - there may be 10 to 12 courses served; expect to consume more food and drink than desired. Soup, additional rice, and fresh fruit courses conclude the banquet.

Alcohol and Toasts at Banquets

A toast - or often many - usually with white wine but sometimes with a more potent alcoholic beverage, is obligatory.

It is acceptable for the host only to sip his or her drink in order to remain capable of discharging the duties of good hospitality. A guest is expected to down the first glass in one, but may slow the pace thereafter.

For a guest to refuse a drink is considered rude, unless you can offer a good medical reason to avoid alcohol. Women are expected to participate in the large amount of drinking, particularly at banquets or dinners, but may sip their drinks. Of course, it is always a good idea to watch your level of consumption.

After your host has given the first toast you should have one short, gracious speech prepared in advance to reciprocate. The usual invocation is gan bei, "empty the glass" or "bottoms up," and is taken literally. As a guest you can also call for a gan bei toast, thus turning the tables on your host and requiring him to empty his glass again. The toast drink may be wine or something stronger such as moatai, a throat-burning liquor made from sorghum, particularly favored by government officials.

Toasts may continue to be proposed between every course of the banquet, which with 12 to 15 courses makes for a lot of drinking.

Departure and Reciprocation

The Chinese do not linger after the meal is finished. After fruit is served, the senior member of the party usually stands and thanks the guests for coming. This is the signal that it is time to leave.

Reciprocate for the banquet with an invitation of your own, if possible.

The Language of Business

The language of business is Chinese. Interpreters with varying levels of training may be hired through different agencies; at any interview with a Chinese official, one is provided. Although business Chinese tends to be more formal and direct than Japanese with its myriad shadings of implication, it is still a good idea to bring your own interpreter for any major negotiations.

English is spoken and written in the business community and by intellectuals, but not to a consistent standard across the country. A growing number of young Chinese people speak at least some English. Often, attempts to write in English may produce a less than

accurate hybrid sometimes referred to by expatriates as "Chinglish." Avoid being critical of your colleagues' or business contacts' attempts. Imagine how well you would do trying to express yourself in written Chinese.

Many officials with whom foreigners come into contact understand some English, although few speak it well. Find out ahead of meetings whether you will need or will be provided with an interpreter. Long-term residents can request full-time interpreters through the Chinese Diplomatic Service Bureau, but they are in short supply.

Business Style

Ceremony and Formality

Note that first meetings are often largely ceremonial, with little time spent on business discussions. Be ready to agree on a follow-up meeting as soon as possible.

The Confucian ethic of respect for and obedience to superiors and elders continues to influence structure and interactions in Chinese business, even though officially all members of Chinese society are considered equal, with the exception of the few holding the most senior positions. Age and rank are respected and treated with deference.

The need to preserve "face" means discussions and negotiations are strictly serious. Do not be tempted to lighten the tone. If you have developed a closer relationship with your Chinese associate outside the workplace, do not let familiarity creep into the business environment. The Chinese are deliberate, painstaking, and formal, and foreigners should follow the tone set by their Chinese hosts. In addition, language differences present the potential for misunderstanding the subtleties of humor.

Directness

Westerners accustomed to straight answers and facts may be unprepared for the slow pace of negotiations. The Chinese often answer questions with kaolu-kaolu, taolun-taolun, or anjiu-yanjiu, all variations on "we're taking the matter under advisement." The Chinese avoid saying "no" directly and will instead use vague language.

Dealing with the Group Mentality

Chinese doing business with westerners enjoy the give-and-take of negotiations and are usually skillful bargainers. Negotiating teams tend to be large.

Usually nothing is agreed to without consensus among the group. It is also a great way to stall for time while they check out your terms. Some Western firms have reported waiting weeks for contract progress, breaking through to "yes" only after threatening to leave on the next plane. Such brinkmanship should be approached with caution unless you are truly prepared to scrub the deal.

Business Correspondence

Business correspondence in China should reflect a proper format and a formal style. Use an addressee's honorific and title, if you know it. When addressing a letter or email, always use "Mr." or "Ms." - never just a first name.

Dates are written with the year first, then month, then day. For example, November 30, 2019 is written "19.11.30."

Remember that while introductory correspondence is essential to initiating business, Chinese businesspeople do business based on relationships, which must be made and maintained in person.

Email

Technology has become an integral part of doing business around the globe. Therefore it is important to observe appropriate etiquette in email communications. Communicating by email should be no different than any other form of business communication in the country. When initiating a new contact, a certain degree of formality should be observed in written language with a formal salutation and title. As the business relationship progresses, take your lead from your correspondent and use a less formal, friendlier tone in response.

Keep sentences short and clear in the body of the email. It is advisable to send email attachments only after requesting permission. Use a subject line that is understandable and be sure to create a consistent signature with your business title, contact information and an email address, in case the message is separated from the header.

Business Appointments

Appointments are absolutely necessary. You should be punctual but anticipate delays. Your host organization may be trying, for example, to arrange the plant tour you asked for at a time convenient to you, but their clout is not always enough to make other units cooperate. By the same token, do not hesitate to express your unhappiness with obvious stalling or outrageous demands, especially shakedowns for expensive gifts or favors. A brief outburst of annoyance has worked wonders in some situations, but should never be overdone.

Letters of introduction from government officials or overseas Chinese business executives indicate that you are a person of good standing and know how business is done in China. This is your use of guanxi.

Lunch-breaks, which are often long, can start as early as 1130. Avoid the lunch hour for appointments or getting anything important done.

Business Relationships

Guanxi

Guanxi, relationships, is a crucial key to doing business in China or in any Chinese community. Some define guanxi as knowing the right official to bribe or pay off. Others define guanxi as developing close ties with business associates whom you respect and trust. These mutually beneficial relationships develop over time and are built on the Chinese sense of family as the structure in which business is developed.

Somewhere in between these two extremes is the everyday reality of guanxi which is that you will get on much better in Chinese business if you have contacts, which you must use unashamedly to get you introductions and to establish relationships. However, never stray toward practices that might be perceived as bribery.

How to Build Relationships

To build these relationships, foreign businesspeople often use a Chinese consultant or associate who will help them develop friendships in the business community as well as in government agencies.

Working with a Chinese Partner

The role of a Chinese partner in the success of a joint venture is crucial. A good partner will have the guanxi to help unravel or smooth over red tape and obstructive bureaucrats.

Businesswomen

There are many skilled women in the state trading agencies, and they often hold important positions. These Chinese women have fully equal status with their male colleagues. Moreover, they are often married to even more important officials, although they will not usually assume their husband's name.

Foreign businesspeople tend to face the same challenges in China, regardless of gender. A woman, unless she is a very high ranking executive, will have to prove her credibility to her Chinese counterparts, just as a man must.

Business Attire

Business attire should be conservative; the Chinese expect western dress of western businesspeople and judge them by their clothes and accessories.

Businesswomen traditionally dress conservatively, but foreign businesswomen often wear a variety of colors, patterns, and styles, pants, or skirts. Both clothing and jewelry should be stylish but understated.

Alcohol

For a guest to refuse a drink is considered rude, unless you can offer a good medical reason to avoid alcohol. Women are expected to participate in the large amount of drinking, particularly at banquets and dinners, but may sip their drinks.

Business Hours

Government offices and most businesses work a 40-hour, 5-day week. National law dictates a week can contain no more than 44 hours of work. General business hours are 0830 to 1700, Monday through Friday, including a lunch-break – often long – which can start as early as 1130. Avoid the lunch hour for appointments or getting anything important done.

Banks are generally open from 0830 or 0900 to 1600 or 1800, Monday through Friday.

Retail hours vary from city to city. Typical hours are 0900 to 2000. Stores are usually open on Sundays and holidays.

Most offices are closed on public holidays, including the Spring Festival (Lunar New Year), for which many workers take a week off.

Although China's huge expanse of territory covers four different time zones, all parts of China observe Beijing time, which is GMT plus eight hours, or EST plus 13 hours.

Scheduling Business Travel

The Chinese New Year takes place in mid to late January or early February. Based on the lunar calendar, its date changes every year. The days around the Chinese New Year are not productive ones for doing business. The holiday typically includes the two days following the actual New Year, but some people turn it into a five-day holiday.

Consult a Chinese holiday calendar to determine the dates of the Chinese New Year for the current year, and for other holidays that may make business travel less efficient. For example, there are two official national holidays in early May, International Labor Day on May 1 and Youth Day on May 4. October 1, National Day, is China's most important national holiday.

Business Negotiations

Maintaining a Serious Tone

Because of the need to preserve face, or *mianzi*, there is little humor in business discussions and negotiations. Great care must be taken to preserve face, especially as one rises in status. It is a delicate matter. Do not be tempted to use humor to lighten the tone. The Chinese are deliberate, painstaking, and formal, and foreigners should follow the tone set by their Chinese hosts. While relationships are very important, any relationship you have developed with your Chinese associate outside the workplace should not interfere with a professional business demeanor at work.

Pace of Negotiations

Chinese state buyers and trade officials doing business with Westerners enjoy the give-and-take of negotiations and are usually skillful bargainers. Negotiating teams tend to be

large and much patience is required. It will take a long time - the pace of negotiations is slow. You may think you have a "yes" which will turn into a "maybe" or a "that's not what we discussed." The Chinese often answer everything with kaolu-kaolu, taolun-taolun, or anjiu-yanjiu, all variations on "we're taking the matter under advisement." The Chinese avoid saying "no" directly and will instead use vague language.

Group Decisions and Rank

Usually nothing is agreed to without consensus among the group. It is also a great way to stall for time while they check out your terms. Some Western firms have reported waiting weeks for contract progress, breaking through to "yes" only after threatening to leave on the next plane. Such brinkmanship should be approached with caution unless you are truly prepared to scrub the deal.

Although officially all members of Chinese society are considered equal, with the exception of the few holding the most senior positions. Age and rank are respected and treated with deference.

Generally, in business dealings, equals deal with equals, subordinates deal with subordinates. Face can therefore also be bolstered by appearing publicly with individuals of senior rank or status to you, and by being included in discussions with such individuals. Face may be lost if you too often associate with less significant players.

Clarity

If you are the boss, your employees will expect you to act decisively, while looking out for their interests. Communications and instructions should be as clear as possible.

Due diligence and attention to detail are essential. It is a good idea to bring your own interpreter for any major negotiations. Make sure negotiations and written agreements are executed properly by a competent and eligible party and conform to all government regulations and requirements.

Work Ethic

Under the planned state economy, the Chinese workers were taught to believe that all work is for the state and that they would have guaranteed lifetime employment – "an iron rice bowl." This concept instilled a certain lack of pride in one's work, as personal achievement was rarely rewarded or even regarded as important in this environment. You may be surprised to find less enthusiasm for work than you are familiar with in Chinese communities elsewhere.

One of the most significant developments was the introduction in the late 1980s of the labor contract system that allowed companies to hire workers on a contractual basis: employees were no longer permanent fixtures on the payroll but could, under certain circumstances, be dismissed.

As foreign companies increase their role in China's economy, skilled workers are becoming more responsive to the ways of doing business with and working for foreign enterprises. Highly skilled and well-educated workers are in demand and their desire to excel and to succeed materially has become a noticeable phenomenon, especially in Shanghai and the coastal cities and in the economic zones.

The Pace of Business

Punctuality

The first meeting is likely to be often largely ceremonial so be ready to agree on a follow up meeting as soon as possible. Punctuality is important but expect delays on the part of your host. They may be trying to arrange the plant tour you asked for but their clout is not always enough to make other units cooperate.

Pace

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Usually nothing is agreed to without consensus among the group which can be a great opportunity to stall for time while they check out your terms. Do not hesitate to express your unhappiness with obvious stalling or outrageous demands, especially shakedowns for expensive gifts or favors. A brief outburst of annoyance has worked wonders in some situations, but should never be overdone.

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Business Meetings

Punctuality is important in China. Your first meeting with someone is usually somewhat ceremonial. You may find that little time is spent on business discussions. A follow up meeting - where more serious business will be conducted - is recommended promptly after the first meeting.

Delays should be expected. Your host organization may be trying to arrange the plant tour you asked for or plane tickets at a time convenient to you, but their clout is not always enough to make other units cooperate. Sometimes separate units within the same government organization will not honor each other's requests.

By the same token, do not hesitate to express your unhappiness with obvious stalling or outrageous demands, especially shakedowns for expensive gifts or favors. A brief outburst of annoyance has worked wonders in some situations, but should never be overdone. For the most part, anger and big displays of emotion are counterproductive. Impatience is self-defeating at any business meeting.

Meeting Protocol

Have a good supply of bilingual business cards printed with Chinese translations and Chinese characters.

The exchange of business cards is done in a formal manner. They are usually presented and received with both hands and then respectfully examined by the recipient.

Entrance to a room and seating at a table is done in order of status and authority with the senior member the first person to enter. The most senior person will sit facing the door. You may wish to have a designated spokesperson in your group who will act as leader of the discussion and will make introductions.

Greetings and Forms of Address

When meeting people, a handshake along with a slight bow of the head is appropriate. Over time and with increasing familiarity, this formality may ease somewhat but the handshake is always given. When making introductions, start with the most senior representatives and progress down the scale to the most junior.

In China, the family or surname precedes the given name: Li Peng is Mr. Li, Wan Li is Mr. Wan. Married women do not take their husbands' names. Sometimes, a "Westernized" Chinese person may assume an English first name. If he or she prefers to use this in your presence, the form is as in English: Mr. John Li, or Miss Sally Li. Full titles are used in introductions and when addressing a Chinese person.

Conversation

After initial pleasantries have been exchanged, stick to business, and save the chitchat for social occasions. Avoid asking opinions as it may embarrass your correspondent to give one in front of colleagues. Be aware of the value of silence. The Chinese see it as a sign of politeness and serious contemplation. Also, be careful not to interrupt another person during conversation.

Avoid delicate political matters, such as Taiwan. Be prepared to be asked for your own opinions about specific political incidents or China's relations with your country.

Although a lengthy monologue should be avoided, a brief, truthful answer may build trust for later openness. It can be helpful to speak about the perception of the West rather than about your own point of view. Find something positive to say about China from your own experience. Do not ask your host for his or her opinion unless in private, and do not be surprised at hearing "the party line," no matter how outrageous you may consider it.

Be ready to speak at length, and perhaps in more detail than you are accustomed to, about your way of life, family, and work experiences outside of China.

Language

The language of business – and of everything else in China – is Chinese. Although many officials and business people understand some English, few speak it well. Find out ahead of meetings whether you will need or will be provided with an interpreter. Interpreters of varying quality may be hired through various agencies; at any interview with a Chinese official, one is provided. Long-term residents can request full-time interpreters through the Chinese Diplomatic Service Bureau, but they are in short supply.

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Smoking

Many Chinese businessmen smoke heavily, and the air at long meetings can become oppressive. Segregated areas for smokers are not common in China.

There is little you can do except to grin and bear it unless you have a medical condition, which could be aggravated by tobacco smoke. In these circumstances, it is best to be clear and polite in your explanation about why you prefer people not to smoke.

If you are a smoker you should offer your cigarettes to others before lighting your own.



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