

Chinese Business Practices & Etiquette



In order to be successful when doing business internationally, it is vital to gain an understanding of the cultural differences you may encounter. This short guide looks at different aspects of Chinese culture and how these influence business practices and etiquette.

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Background and Culture

Chinese traditions and customs have a great deal of influence on the business practices and cultures in China. When doing business in China, these influences can be seen in the directive management style, aversion to conflict, maintenance of composure and the importance of face.

The importance of "Face"

The importance of "face" is crucial to understanding Chinese culture. It is based upon honour and good reputation and is the basis for a company's or person's reputation and social standing. Causing someone to lose face through embarrassment or insult, even unintentionally, can be devastating for any business relationship.

Be careful at all times to show the proper amount of respect and always bear in mind a person's status in an organisation.



Greetings

- When doing business, shaking hands is the accepted greeting
- A nod or slight bow is also a widely used greeting
- Avoid using physical contact, other than a handshake, when greeting new contact (i.e. kissing, patting or put your arm around someone's shoulders)
- In China the surname comes before the first name (i.e. for Li Hui, Li is the surname, Hui is the first name)
- For business purposes it is appropriate to address a Chinese person by their business title and surname (i.e. President Li)
- If a person does not have a business title, use their family name only (i.e. Mr Li)
- First names should not be used unless invited to do so

Business Cards

- Business cards are exchanged after the initial introduction
- One side of business cards should be translated into Chinese (simplified Chinese characters)
- Present the business cards using two hands (as a sign of respect), with the Chinese side facing out
- Once received, examine the business card, read it and acknowledge name and title before placing it in your card case
- Avoid writing on someone's card unless told to do so

Building Business Relationships

- Never underestimate the importance of the relationship building process, as the Chinese prefer to do business only with people they know
- Building business relationships may take a considerable amount of time
- Maintain professionalism and formality at all times
- Be wary of making jokes as the humour may be lost in translation
- Ensure you are meeting with the most appropriate person for your needs
- Avoid putting yourself in the hands of just one person
- Make as many of your own connections as possible; avoid depending completely on another person's contacts
- Maintain frequent contacts; the Chinese feel obligated to do business with their friends first
- Strive for consistency in your own team
- Relationships are an ongoing process; a company has to maintain the relationship if it wants to continue to do business with the Chinese
- Building relationships involves exchanging of gifts and favours; always reciprocate gifts and favours as appropriate

In particular, the Chinese culture respects the following values when developing relationships:

- Treating someone with decency
- Delivering what is promised to show trustworthiness
- Being dependable and reliable

Communication Style

It is important to recognise, and to take into consideration, the differences in typical communication styles used by different cultures.

Typical Chinese Communication Styles:

- Communicate specific or detailed information with their "in-group"; good friends, families and close colleagues
- Rely on shared history; shared experience; nuances; non-verbal and implicit messages (i.e. is dependent on a strong relationship)
- Consider 'how' something is said, versus 'what' is said

Comparative Western Communication Styles:

- Don't differentiate as much between "in" and "out" groups
- Direction of communication is based on individuals and situations
- Mostly communicate within their out-groups in a broad way
- Communicate only what is necessary for work to get done (i.e. no constant communication with colleagues)

Business Meetings

- Meetings are very formal and must be scheduled in advance
- The busiest time in China is usually December and January, Chinese New year (January or February) and National day holidays (beginning of October). Try to avoid these days when scheduling appointments
- Once the meeting has been set and introductions made, send the company some information and literature about your company
- Arriving late is very insulting. Be sure to arrive on time or early
- Meetings will begin with small talk. Keep the conversation positive when speaking about any experiences in China and avoid politics.
- Seating will be in descending order of rank with senior people sitting opposite each other
- When speaking, address the most senior representative from the Chinese company
- Be prepared for the Chinese to talk about all of the issues at once; not in "order" as people in the West might do
- Be patient as topics or questions are raised repeatedly
- Never assume comprehension. Cover the same ground several times and constantly check for understanding
- The Chinese are non-confrontational and will not say "no" directly, an answer other than yes could mean no
- If you are planning to discuss legal or very technical topics, bringing an interpreter is highly recommended



Negotiations

- The Chinese are renowned for being tough negotiators
- When negotiating you must show compromise so their negotiators feel they have gained concessions
- Only senior members of the group should speak during negotiations
- Speak in short, simple, sentences and avoid jargon and slang. Pause frequently, so that people will be able to understand everything you have said
- Be prepared, and make sure you have done a great deal of research prior to meeting
- Never show discomfort or impatience and avoid using high-pressure tactics
- Decisions may take a long time. Avoid mentioning deadlines, be patient, show little emotion and calmly accept that delays will occur

Decision Making

- Decision making is vastly different in western and Chinese business cultures
- In the West it is seen as positive if you can gather and process information quickly for rapid decision making
- The Chinese prefer instead to deliberate, even on decisions that may seem simple, which can cause decisions to take a long time
- It is unlikely you will convert a prospect at the first meeting
- Decisions are unlikely to be made during the meetings you attend
- Ask for feedback, discuss the issue and explain your thinking to avoid looking as though you have made a snap decision
- Being included in the decision-making process is important to the Chinese culture

Make an effort to learn some words in Chinese

English	Mandarin Chinese	Pronunciation
Hello		knee how
My name is		wore jyou
Good bye		zi gee'en
How are you		knee how ma
I am fine		wore hen how
Yes		shr
No		boo shr
Thank you		sheh sheh
You are welcome		boo yong sheh

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