Doing Business in China

Improved international relations, government reforms, an expanding economy and increased foreign investment make doing business in China a potentially lucrative affair.

Doing business in China means that business people will come into increasingly frequent contact with Chinese business people and officials. It is imperative that those doing business in China learn about areas such as business culture, business etiquette, meeting protocol and negotiation techniques in order to maximize the potential of their business trip.

In this short guide to doing business in China, a few cultural facts and their influence on business culture and etiquette are explored. These are in no way meant to represent a comprehensive summary of tips on doing business in China but a highlighting of some important key areas one may encounter.

Confucianism

In essence Confucianism revolves around the concept of harmonious relationships. If proper behavior through duty, respect and loyalty are shown in the relationships between a ruler-subject, husband-wife, father-son, brother-brother and friend-friend, society as a whole will function smoothly.

When doing business in China it is possible to see how Confucianism affects business practices. Of the less subtle manifestations are an aversion to conflict, maintenance of proper demeanor and the preservation of 'face'.

Face

Roughly translated as 'good reputation', 'respect' or 'honor,' one must learn the subtleties of the concept and understand the possible impact it could have on your doing business in China.

There are four categories of face. 1) where one's face is lessened through their involvement in an action or deed and it being exposed. The loss of face is not the result of the action, but rather it's being made public knowledge. 2) when face is given to others through compliments and respect. 3) face is developed through experience and age. When one shows wisdom in action by avoiding mistakes their face is increased. 4) where face is increased through the compliments of others made about you to a third party.

It is critical that you give face, save face and show face when doing business in China.

Doing Business in China - Meeting & Greeting

Doing business always involves meeting and greeting people. In China, meetings start with the shaking of hands and a slight nod of the head. Be sure not to be overly vigorous when shaking hands as the Chinese will interpret this as aggressive.
The Chinese are not keen on physical contact - especially when doing business. The only circumstance in which it may take place is when a host is guiding a guest. Even then contact will only be made by holding a cuff or sleeve. Be sure not to slap, pat or put your arm around someone’s shoulders.

Body language and movement are both areas you should be conscious of when doing business in China. You should always be calm, collected and controlled. Body posture should always be formal and attentive as this shows you have self-control and are worthy of respect.

Business cards are exchanged on an initial meeting. Make sure one side of the card has been translated and try and print the Chinese letters using gold ink as this is an auspicious color. Mention your company, rank and any qualifications you hold. When receiving a card place it in a case rather than in a wallet or pocket.

Doing Business in China - Building Relationships

Relationships in China are very formal. Remember, when doing business you are representing your company so always keep dealings at a professional level. Never become too informal and avoid humor. This is not because the Chinese are humorless but rather jokes may be lost in translation and hence be redundant.

When doing business in China establishing a contact to act as an intermediary is important. This brings with it multiple benefits. They can act as a reference, be your interpreter and navigate you through the bureaucracy, legal system and local business networks.

Doing Business in China - Giving Gift Etiquette

Unlike many countries, the giving of gifts does not carry any negative connotations when doing business in China. Gifts should always be exchanged for celebrations, as thanks for assistance and even as a sweetener for future favors. However, it is important not to give gifts in the absence of a good reason or a witness. This may be construed differently.

When the Chinese want to buy gifts it is not uncommon for them to ask what you would like. Do not be shy to specify something you desire. However, it would be wise to demonstrate an appreciation of Chinese culture by asking for items such as ink paintings or tea.

Business gifts are always reciprocated. They are seen as debts that must be repaid. Do not give cash as gifts. They need to be items of worth or beauty. Do not be too frugal with your choice of gift otherwise you will be seen as an ‘iron rooster’, i.e. getting a good gift out of you is like getting a feather out of an iron rooster.

Doing Business in China - Meetings and Negotiations
Meetings must be made in advance. Preferably some literature regarding your company should be forwarded to introduce the company. Try and book meetings between April - June and September - October. Avoid all national holidays especially Chinese New Year.

Punctuality is vital when doing business in China. Ensure you are early as late arrivals are seen as an insult. Meetings should begin with some brief small talk. If this is your first meeting then talk of your experiences in China so far. Keep it positive and avoid anything political.

Prior to any meeting always send an agenda. This will allow you to have some control of the flow of the meeting. The Chinese approach meetings differently, so rather than beginning with minor or side issues and working your way up to the core issue, reverse this.

The Chinese are renowned for being tough negotiators. Their primary aim in negotiations is 'concessions'. Always bear this in mind when formulating your own strategy. You must be willing to show compromise and ensure their negotiators feel they have gained major concessions.

Make sure you have done your homework before doing business in China. The Chinese plan meticulously and will know your business and possibly you inside out.

One known strategy for Chinese negotiators is to begin negotiations showing humility and deference. This is designed to present themselves as vulnerable and weak. You, the stronger, will be expected to help them through concessions.

Above all, be patient and never show anger or frustration. Practice your best 'poker face' before negotiating with the Chinese. Once they see you are uncomfortable they will exploit the weakness. Decisions will take a long time either because there is a lack of urgency, simultaneous negotiations are taking place with competitors or because the decision makers are not confident enough.

http://www.kwintessential.co.uk/etiquette/doing-business-china.html