**ETIQUETTE GUIDE TO CHINA**

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(3-5)

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(13) Nothing says traditional Chinese ethics and etiquette more clearly or loudly than the name Confucius, the great philosopher-teacher who lived from 551 to 479 SC.

(32-33) The challenge to raise the level of public manners in China remains enormous. The eating and table manners of people in ordinary restaurants and at food stalls can also inspire serious criticism by both Chinese and foreigners.

*THE CHINA WEB*

China is an exceedingly large country, which can make it difficult for businesses to reach customers and vice versa.

(39-62) ***WESTERNERS IN THE CHINESE DIGITAL WORLD***

The digital world offers some unique challenges for Western e-companies wanting to operate within China. Western web platforms and services must abide by the same laws as their Chinese competitors. Many international companies have reported problems accessing their overseas servers or the overseas clouds where they keep all of their data and communications.

***CULTURAL INFLUENCES ON CHINESE ETIQUETTE***

Confucius still lives in the hearts and minds of most older Chinese, and the social values he taught remain the bedrock of mainstream Chinese society. Older Chinese people are more likely to still believe in and follow traditional ways, while younger ones are more likely to be modern and trendy in the Western fashion.

*THE YIN-YANG PRINCIPLE*

It is, impossible to fully understand Chinese behavior without comprehensive knowledge of the ancient yin-yang concept. The terms Yin and Yang are generally known around the world as relating to such opposites as hot-cold, male-female, and positive-negative.

*CHINA'S DRAGON CULTURE*

China has long had what could be called a dragon culture. Colorful images of Chinese dragons, creatures much more fanciful-looking than Western ones, are common throughout the country. It is worth knowing about because of its symbolism in Chinese life.

*THE POWER OF FENG SHUI*

Feng shui (fung-shwee), which literally means “wind and water” refers to the way the power of nature affects all things, including people. Businesspeople should, in fact, bring in a feng shui expert to advise them on construction and interior furnishing projects.

*LUCKY NUMBERS IN CHINA*

The number two, *er (are)*, suggests germination and harmony. *Six, liu (leo)*, conveys its homophonic meaning indirectly: do everything smoothly. *Ba (bah)*, the Chinese word for eight, sounds like *fa (fah)*, which refers to making a fortune. Four is the exception to the even number rule because this Chinese word for it sounds like *si* *(su)*, which means death. Among odd numbers, seven implies anger and abandon, while nine sometimes signifies longevity and eternality. Lucky numbers can also be important in the Chinese zodiac and feng shui.

*HOW THE CHINESE VIEW FOREIGNERS*

By Chinese standards, the first Westerners to show up in China in significant numbers were indeed uncultured and ill-mannered. Despite The presence of foreigners in much of the country is still rare. Among the common beliefs are that all foreigners (especially Americans) are wealthy, big and clumsy, have ugly facial features, and know little or nothing about China.

*WOMEN IN CHINA*

Most young Chinese, like most young people in the rest of the world, are intensely attracted to the open cultures of the United States, Canada, Australia, England, and other Western nations.

Most of China's provinces, autonomous regions, and municipalities have local laws against domestic violence. Women now make up a sizable percentage of China's workforce, and hundreds of thousands of them are college graduates engaged in professional occupations ranging from engineering and medicine to business administration. Women are especially prominent in the hospitality and tourism industries.

*THE ROLE OF FACE IN CHINESE ETIQUETTE*

*Mianzi (me-in-zu)*, which may be translated as *"face," "personal honor," "an acute respect for oneself,"* and in many circumstances *"having a very thin skin."* In fact, having face was historically more important than having some kind of special expertise. "*Connections*," that were essential for survival in an authoritarian society. Another category of face is *jiang-mian-zi (jahng-me-in-zu)*; this refers to your own face being increased by the actions of others who treat you with respect or say complimentary things about you to other people.

*WHAT/HOW vs. WHY/BECAUSE*

Chinese culture focuses on what/how, while Western culture focuses on why/because. The best way for Westerners in China to overcome this cultural barrier is to present issues in the context of "if we do things this way we will get this result," or "by doing it this way..."

LAW vs. REALITY

Well over two thousand years ago, both Confucius and Lao Tzu taught that the more laws a country has, the less law-abiding its citizens will be. On all levels of government -national, regional, provincial, and city -laws are passed and enforced only to the benefit that particular entity.

*PUBLIC RIGHTS VS. PRIVATE RIGHTS*

The Western principles of democracy and the rights of man are based on legally protected private rights. In China, legally protected private rights did not exist until recent times. The Chinese constitution guarantees the freedoms of religion, speech, and the press, along with the right to assemble. Many Chinese young people, no doubt because of government propaganda, honestly believe that their country is the freest, most open, and most democratic country on earth.

*CONNECTIONS VS. COMPETENCE*

In Chinese society Guangxi (swahn-she), or personal connections, is described as an "emotional bank account" or "social credits" that you can draw on when you need any kind of assistance or help. Foreigners in China quickly become aware that they must build up a guanxi network in order to get things done.

*USING THE BACK DOOR IN CHINA*

*Hou men (hoh men),* meaning “back door.” When Chinese want to get something done, whether it involves a government office or a private business, they always try to find a back door to getting what they want. *Hou men* can refer to a personal connection with someone who works in the appropriate business or government office and can either get things done informally or speed up their formal process.

*HONG KONG: CHINA'S OLD WILD WEST*

Hong Kong now is a prime gateway to the rest of China, it is even more attractive. Hong Kong business environment is the interplay between new entrepreneurial-type firms and old, conservative managerial-type firms. Hong Kong was returned to China in 1997 the number o big name multinational companies in the territory has grown stead steadily.

*CHINA'S NEW WILD WEST*

More and more Hong Kong-based manufacturers moved all or part of their operations to the mainland.

1. Foreign firms which focus only on Shanghai are missing the big picture of what is going on in China, and are ignoring a huge potential market
2. Foreign firms face stiff domestic competition and increasing hurdles in reaching the Chinese market. The need for due diligence is thus greater than ever before

**MINDING YOUR MANNERS IN CHINA**

(65-86) *PERSONAL ETIQUETTE IN CHINA*

That foreigners visiting China should know is keqi (kuh-chee). The ideogram for ke means "guest" and the one for gi means "behavior." Together, the compound word means being considerate, polite, well mannered, humble, and modest.

*USING FAMILY NAMES*

A respect for them is deeply rooted in Chinese culture. The Chinese approach to names is far more formal than European cultures. The formal and official way of writing Chinese names is to place the family name first and the given names last.

*USING GIVEN NAMES*

It is impolite to call someone by only their last name. Throughout the history of China girls have been given names referring to traditionally feminine virtues, such as beauty (mei) and obedience (xiào). Boys were named to imply other virtues, such as strong (gang) and wise (zhi). Flowers were also popular as female names, while boys could be tigers or dragons. Diminutives of names are also commonly used in China, as are nicknames.

*BOW OR SHAKE HANDS?*

Shaking hands has become a standard custom in mainstream China, bowing as a form of greeting is still a common practice.

*HAND GESTURES AND BODY LANGUAGE*

In China, body language in the form of hand gestures, touching, and the amount of personal space expected. In China, such physical intimacy is restricted to family members, relatives, and close friends. The Chinese (and other Asians) typically do not point with a single finger, which is considered to be rude. Instead, they use the whole hand in a gesturing movement. It is also important for visitors to keep in mind that the Chinese smile when they are embarrassed by something -an action, comment, question, or event. This cultural response can be easy for Westerners to misunderstand.

*WATCHING YOUR TONGUE IN CHINA!*

Foreigners in China are advised to be wary of making comments that could be interpreted as-or are-offensive to the central government. Another sensitive topic is religion. Only five religions were recognized by the state. Buddhism, Taoism, Islam, Catholic Christianity, and Protestant Christianity. Most people in China are not members of an organized religion. Safe topics of discussion include the weather, family matters, children, favorable comments about Chinese food and Chinese arts and crafts, sightseeing attractions, sports…

*THE IMPORTANCE OF THE APOLOGY*

Apologies are especially important in Confucian- and Taoist-oriented cultures such as China. Apologies in China therefore carry greater weight than they do in Western cultures. Foreigners who inadvertently break a law in China are invariably better off if they apologize quickly and contritely. It is commonly the wisest course of action to apologize, even when you are not guilty of anything.

*YES & NO IN CHINA*

The Chinese word for "yes" is dui (doo-ee), while "no" is the negation of "yes" - bu dui (boo-doo-ee). Instead, most people use yöu (yoh) meaning "have", and meiyou (may-yoh) meaning "not have"; or shi (shu) meaning "is", or bu shi (boo shu) meaning "is not", depending upon the need. When asked for a favor, most Chinese won't respond negatively in an attempt to avoid embarrassment or loss of face. If a request cannot be met, the Chinese person may say it is difficult, inconvenient, or under consideration, which almost always mean no.

*CHINESE MODESTY*

The culturally imbued modesty of older Chinese is still quite strong. It is typical of the Chinese to feign modesty when complimented or praised by saying 'Nali? Nak» (Nah- lees Nah lee)

*HOME VISITS*

The Chinese generally do not invite foreign visitors to their homes. If you are invited to a private home, it is customary to bring one or more gifts. If there are children, for example, it pays to know their gender and age and take something appropriate for each of them.

*DATING & MARRIAGE IN CHINA*

Today in China there is also a growing tolerance for interracial dating and marriage.

*INTIMATE BEHAVIOR IN PUBLIC*

Older Chinese are still inclined to regard cuddling and kissing in public as indecent and immoral.

*CHINESE MEALS AND CELEBRATIONS*

The Chinese do not expect visitors to conduct themselves the way the Chinese do, and they are exceptionally tolerant of foreigners who do not know where they should sit in accordance with Chinese etiquette, how to use chopsticks, or the Chinese way of doing anything related to eating and drinking in either formal or informal situations. Learning how to order Chinese food is by itself an interesting lesson in Chinese philosophy. The Chinese are strong believers in the medicinal value of food.

Visitors to China generally encounter many dishes they have never seen before and may be reluctant to eat, often featuring ingredients they cannot identify. Some relatively minor actions are considered a bit impolite or thoughtless in China, including taking the last bit of food from a serving platter or bowl, eating every last bite of food on your plate, laying your chopsticks flat on the table, and picking your teeth with your fingers or with a toothpick without covering the process with your hand.

*THE WORLD OF CHOPSTICKS*

In China, chopsticks are still used to eat virtually every dish, except soup (eaten with a porcelain spoon), Peking Duck (eaten with the hands), and sometimes desserts (eaten with the hands or with a spoon).

*ALCOHOL IN CHINA*

The traditional custom was to drink before starting to eat but not during the meal. The Chinese word for "cheers!" is ganbei (gan-bay), which means "dry cup", and can be translated "bottom's up!" The best tactic to avoid over drinking when someone keeps refilling your cup or glass is to take just a tiny sip each time.

*TEA-CHINA'S NATIONAL DRINK*

The three most common types of tea served in China are black teas that are fully fermented, green teas that are not fermented, and jasmine tea, which is made of green tea leaves scented with flowers. In restaurants when the teapot is empty and you want more tea, raise the lid of the pot and leave it up.

*THE HONORABLE GUEST FACTOR*

Their favorite form of hospitality is to treat guests to meals often in restaurants. "Eating is heaven!" is an ancient Chinese saying.

*THE CHINESE-STYLE BANQUET*

The standard yanhui round-table seats twelve people. Maximum number of diners that should be seated at a single table in order to maintain all-around convenience for serving, helping oneself to food, and holding conversations. At social, business, or political banquets that are formal it is very important for the host to personally welcome the guests and see them off when the banquet ends. If you are a guest at a dinner party, do not start to eat or drink before the host does. The Chinese are perhaps even more observant hosts than most Westerners. It is polite anywhere to ask guests if they would like more to eat or drink.

The practice is for everyone to leave immediately after finishing the last course, rather than breaking up into small groups and lingering for private chats. In formal business and political banquets, a final toast may signal the end of the party.

*SITTING IN THE RIGHT PLACE*

There is a precise seating protocol in Chinese dining, both in homes and in public places. Your host may direct you to a specific seat that relates to your status

*CHINESE WEDDING BANQUETS*

Wedding banquet, is known for extravagance, even when staged by people who are not wealthy. Couples at Chinese weddings are presented with small red envelopes containing money.

*GIFT GIVING IN CHINA*

Given the historical role of gift giving in China, there is naturally some well-established protocol involved. One of the safest bets for Westerners visiting China is to travel with a collection of the most popular products made where they live to give individuals who help them in any special way or whom they want to impress and or build a relationship with.

*BAMBOO GIFTS*

Bamboo is often recommended by feng shui masters for your home or office.

*CHINA'S JADE CULTURE*

The extraordinary role that jade has played in Chinese history is a big advantage. The Chinese have revered and treasured jade for more than five thousand years. Confucius himself wrote about the eleven virtues of jade. Because jade represents beauty, grace, and purity.

**DOING BUSINESS IN CHINA**

(89-90) ***FOREIGNERS AND THE CHINESE WAY OF DOING BUSINESS***

"Many seem to assume that doing business in China is basically no different than in their home country, and all they have to do is show up and start the process." Wisely choosing the person who will head up proposed China operations is a vital part of doing it right. Going into China cold is not a good idea. It pays to have one or more introductions. Consultants, chambers of commerce, China's international trade offices, and so on. It is also an excellent idea to make a preliminary trip to Hong Kong or Shanghai to tap into the numerous resources that are available in those cities.

*THE CHANGING ROLE OF FOREIGNERS IN THE WORKPLACE*

(92-110) it has become a trend to favor hiring overseas Chinese or Chinese returnees for jobs that had previously been held by non-ethnically Chinese Westerners, and in fact the Chinese government is encouraging this tendency. At present, it is generally not even possible to get a work visa unless you have a university degree and two years of work experience outside of China in the field you are applying for. As foreigners now generally work for private companies, they face long hours on the job. Though these companies tend to be results driven, if you do not put in the same time as everyone else, you will not be seen as a team player. A foreigner who can provide them answers will quickly become a rising star, while a foreigner without the skills or initiative may soon find himself out. Foreigners working in China are no longer privileged and are no longer treated as though they are in any way special.

*DEALING WITH 56 CHINAS!*

56 different Chinas, in reference to the country's 56 officially recognized ethnic groups.

*CHINA'S GOVERNMENT AS BIG BROTHER*

There are two major facets to successfully doing business in China. One consists of understanding the traditional patterns of etiquette and behavior that literally go back to the days of Confucius. The other is learning to work with not only the central government of the People's Republic of China (PRC) in Beijing, but also with other city and regional governments throughout the country. Confucius's precept that the more laws a government passes, the more people will disobey the laws led China's emperors to rule by decree rather than law. Foreign businesspeople must learn how to swim in this sea, and the farther they get from Beijing and other big cities the more currents they must contend. The central government of the People's Republic of China is obviously determined to restore the country to its ancient position as the Middle Kingdom, and it is just as obviously well on its way to accomplishing that goal.

THE LANGUAGE BARRIER

Language is one of the most fundamental difficulties faced by Western business in China. The language itself continues to be a major obstacle for foreign businesspeople.

*THE CULTURE BARRIER*

Requires an extraordinary level of knowledge about Chinese culture, ranging from people's day-to-day customs to their deepest beliefs and motivations. The Chinese are not programmed to make decisions quickly, and attempts to force them to do so, wittingly or unwittingly, invariably backfire. Instead, they view things from all angles, over and over again, and while doing so make judgments about the sincerity and trustworthiness of the people they are dealing with.

Budan xin (boo-dahn sheen), which means something like “sincerity plus understanding.” This combination of understanding and sincerity is the foundation of Chinese behavior, whether or not it makes sense to foreigners. Understanding and dealing with commercial enterprises and government agencies in particular looks entirely different from the Chinese perspective.

*PROFESSIONAL EDUCATION & CHINA'S POLITICAL CULTURE*

Businesspeople to be fluent in both China's social and political culture. Foreign educational institutions that offer special programs on doing business in China are growing in number, while universities and private organizations in China are increasingly offering degrees in international business. Given the ongoing growth of its economy it is believed that China will need an additional five to six thousand new internationally trained executives every year for the foreseeable future.

*THE DOSSIER FACTOR IN CHINESE LIFE*

Foreign companies operating in China may have to deal with an employment agency and the ancient Chinese practice of keeping detailed information about people. There is a dang'an (dahng-ahn), or personal dossier, on virtually every Chinese in the country. These are kept as the property of the schools they attend and the places where they work. Individuals have absolutely no rights to access the files that are kept on them. These agencies hold dossiers, which contain evaluation reports as well as other normally confidential information, over the heads of the workers on their rolls and often compel them to give up certain benefits they would ordinarily receive.

*WOMEN IN THE BUSINESS WORLD*

Chinese women have come a long way since the early days of the Communist regime. Women now play significant roles in virtually all areas of life in China, particularly in the economy, and there is little if any discrimination against foreign businesswomen. The only rule is that women who behave in a professional manner will be regarded and treated as professionals.

*SOCIAL ETIQUETTE IN CHINESE BUSINESS*

Dramatic cultural changes have been underway in China since the last years of the 1970s. Particularly the millions who are now personally involved in international business and international affairs. Americans are individualistic, aggressive, and fact-and-truth oriented. The Chinese act as a communal team, their approach is to probe with indirect questions, and they exhibit more interest in how things are going to be done than in what is going to be done. Americans are individualistic while the Chinese are collectivist. Americans are egalitarian while the Chinese are hierarchical; information oriented rather than relationship oriented; reductionist rather than holistic; sequential rather than circular; and truth seekers rather than way seekers. The Americans take a debate approach to business, while the Chinese take a haggling approach.

*TO SUCCEED IN BUSINESS YOU MUST HAVE FACE*

China's unique history encouraged the importance of mianzi, or face, which is as vital for professional success as for personal. Businesspeople in China still have to develop and nurture extensive networks of personal connections with local and regional government officials and with suppliers to be successful. The best recourse is to get insights and guidance from a trusted Chinese friend or a foreigner who has been in China for many years.

*THE ROLE OF GUANXI*

The concept and practice of guanxi includes an equally strong sense of mutual reciprocity, known as hui bao (whee bah-oh), or "social reciprocity." Fulfilling the obligations of hui bao is one of the most important ways the Chinese develop, nurture, and sustain their face. Failure to properly discharge social debts is regarded as one of the most dishonorable things a Chinese can do. People who disregard hui bao are regarded as uncultured. Western businesspeople are familiar with the importance of connections and networking, but guanxi does not only involve connections in the business world. It refers first of all to personal connections - including family members, relatives, classmates, teachers, and friends -and business contacts for whom you have done favors. The vital role guanxi networks play in Chinese business notwithstanding, these networks do not provide all the help and answers one needs to succeed in China. They are vital, but they are only part of the equation.

*THE VALUE OF INTRODUCTIONS*

Presenting letters of introduction from well-known business leaders, overseas Chinese, or former government officials who have dealt with China is an excellent way of showing both that you are a person of high standing and that you mean business.

*THE INFORMATION BLACK HOLE*

Because of a scarcity of reliable information, which is only exacerbated by the differences between China's 31 provinces and 56 ethnic groups.

*USING THE BACK DOOR IN BUSINESS RELATIONSHIPS*

Foreigners in China are often seriously handicapped until they have access to many back doors in their business areas.

***DON'T ROTATE MANAGERS***

It takes from three to five years for the typical foreign manager to learn how to function effectively in China by developing a guanxi network, and so on. This rotation system, generally intended for the real or perceived benefit of the individuals involved, is a serious weakness in a firm's ability to succeed. Instead, the best approach is to identify and train employees who are interested in making their careers in China.

(111-124) ***CULTURAL INFLUENCES VITAL IN CHINESE BUSINESS***

China traditional business culture is rapidly becoming more practical, efficient, rational, and international.

*BUSINESS AS GUERRILLA WARFARE*

The Art of War, a classic treatise written by the Chinese military strategist and tactician Sun Tzu in around 500 BC. The idea of using military stratagems and tactics taught by China's famed Sun Tzu to succeed in business obviously worked.

*THE SENIOR/JUNIOR FACTOR*

The hierarchical structure of China begins with sex and age: Men automatically outrank women. The firstborn outranks other siblings. In schools sophomores outrank freshmen in all respects, and so on up the educational ladder. Hierarchy-based beliefs and feelings of Chinese employees.

*CHINESE BUSINESS: THE NEW GENERATION*

Older Chinese businesspeople often have a zero-sum outlook on life. They assume that there is only a finite amount of resources, and they take a win-lose attitude towards business negotiations. Older Chinese grew up in circumstances of great lack. Such traditional attitudes are still quite strong within China, even among young people. Chinese businesspeople who do not follow by the old rules and do not share the old expectations. They are ready familiarity with the Western culture and way of doing business. China has seen constant improvement, and many Chinese have become rich. Instead of thinking win-lose, they tend to think in terms of win-win, and are more willing to take risks on deals where there may be low initial returns but great long-term rewards.

Jack Ma, the founder of the e-company Alibaba, he strongly believes in trying new things and taking risks to build one's personal dream, while keeping long-term goals at the forefront. As he said in 2009:

*As business leaders and entrepreneurs, we always have to ask ourselves: Why did we build this business? As companies grow and become public, most start to forget about their initial dreams, about why they built the company in the first place, which was to contribute to society and to help customers. Those are their real dreams, and not to produce good quarterly results. Good quarterly results are good, of course, but that's not the purpose of business. That is the by-product and result.*

This is the kind of statement any number of Western entrepreneurs might have made. Such CEOs may at times be even more ambitious and aggressive in seizing new opportunities and markets than their Western counterparts.

*THE SECRECY SYNDROME*

According to Confucius's teachings, it is easier to keep peace and harmony if laws are kept secret and standards of behavior are instead upheld though ritualized etiquette. Keeping quiet and keeping things secret a national characteristic. Where business questions are concerned, the only recourse is to diplomatically seek their answers in roundabout, informal ways.

*TWO-DIMENSIONAL THINKING VS. THREE-DIMENSIONAL THINKING*

The difference between Chinese and Western thinking by saying that the Chinese think in three dimensions while Westerners think in two. To develop "cultural glasses" their respective dimensions and come to an equitable compromise. The ability to extrapolate how this influences the thinking and behavior of both parties is, of course, a reflection of the understanding of the two cultures.

*PRODUCTION VS. CONSUMPTION*

Since 2000, China has been rapidly transforming into a consumer-driven society, especially when it comes to manufactured goods. The workforce in many cases needs to be retrained and come to grips with the new economic realities facing China. The imperatives of contributing to collective well-being are among the most important reasons why the Chinese are so committed to long-term survival and viability. Their concern is generally that they survive whether or not a foreign partner does. Foreigners are well-advised to keep this point in mind and to emphasize the long-term prospects of the relationship they are pro-posing.

*GROUP ORIENTATION VS. INDIVIDUALISM*

On the positive side, the Chinese are emotionally, intellectually, and spiritually programmed to work in cohesive groups that are generally not slowed down or otherwise affected by disagreements and lack of cooperation. One of the biggest problems China faces today is finding ways to dramatically reduce the hold group orientation has on its people and to reeducate them to think and behave individually. A major obstacle in this process is China's educational system. Even today, there is a dire shortage of well-trained teachers, materials and facilities, especially in rural or poorer areas. Given that there are typically more than 60 students per class in Chinese primary and secondary schools, rote learning is the norm. The new focus of China's most progressive high schools and colleges is the need for students to break away from the traditional system of rote learning and learn how to think and act as individuals.

*CHINA'S EMPHASIS ON SELF-SUFFICIENCY*

The Chinese have traditionally been under enormous pressure to be totally self-sufficient; they could not depend on any government entity or people other than family and close relatives to help them, to take care of them in good times or bad.

*PERSONAL VS. GROUP ACCOUNTABILITY*

Westerners typically feel empowered to make decisions and to force change on their own initiative, while Chinese people typically do not. Historically in China, the personal rewards for individual initiative have nearly always been small to non-existent, while the penalties for failure were often draconian and harsh, and could be imposed upon not just the individual, but on everyone related to him. Chinese cannot easily change their attitudes and behavior because they are deeply integrated into their whole cultural mindset and the structure of their organizations. They must act as a team or the whole structure falls apart.

*OPEN-ENDED VS. CLOSED*

1. Once a contract is settled, negotiations are truly over as far as most honest businesspeople are concerned, and one can expect little or no flexibility regarding contract terms
2. While Chinese people traditionally see their word as their bond and take contracts quite seriously

*INTELLECTUAL PIRACY IN CHINA*

The Chinese have no history of intellectual property. Counterfeiting has remained common and why many foreign companies have suffered serious losses. Typical pattern is for a Chinese firm to joint partner with a foreign firm for no other reason then to gain access to the foreign firm's financial resources and IP. Once the Chinese firm receives the contracted payments and gains access to the IP, it will void the contract or, failing that, declare bankruptcy or even disappear. This trend has become so rampant that most experts now advise foreign companies to go the WOFE route in China. Doing so allows them to limit access to their technology and marketing strategies.

**NEGOTIATING IN CHINA**

Most foreign companies already doing business in China find their biggest ongoing challenges to be understanding and dealing effectively with the distinctive way Chinese businesspeople and government officials negotiate.

*THE POWER OF FACE*

Mianzi is generally translated as "face." Secrets to succeeding in business in China is to have a lot of face and avoid causing anyone else to lose theirs. It is important for Western businesspeople negotiating in China to understand that their face is a changeable thing subject to negative and positive fluctuation. Foreign negotiators often cause themselves and their Chinese counterparts to lose face by getting angry, sounding off loudly, or breaking a promise.

*THE FRIENDSHIP FACTOR*

Personal friendships that are warm and trusting are essential for success in business and are a factor in the Chinese way of negotiating. The Chinese will not do business with people they don't know well because they understand that what will bind the two sides together is trust, not a contract. Providing the Chinese side with extensive dossiers on their educational and professional background. From the moment the Chinese meet new people, particularly foreigners, they begin to measure their characters and personalities and the warmth and friendliness of their attitude toward them. This includes taking stock of their attitude toward China.

*THINKING HOLISTICALLY*

Chinese start anywhere between the two points, Chinese emphasis on what is now called holistic thinking. Such off-the-record conversations can often be quite enlightening.

*FACTS & TRUTH VS. HOW THINGS ARE DONE*

Western business is based on facts and truth; Chinese business is based on how things are done.

*PATIENCE IS THE KEY*

The negotiations themselves in some cases may be more valuable to them than the end results. Some Chinese pride themselves in stubbornly standing by their decisions, once those decisions are made. They might set certain goals before they enter into negotiations with a foreign firm, and will not conclude negotiations until these goals are met.

*NEVER FORGET; NEVER FORGIVE*

The Chinese have been compared to elephants when it comes to remembering things; it has been said that they never forget and never forgive. The painful lessons of China's early exploitation by foreigners are still remembered today, and the Chinese often make use of them, subtly and otherwise, in the process of negotiations.

*ULTIMATUMS ARE TABOO*

The Chinese do not react positively to ultimatums. Keep in mind that if you do walk away they will lose face, so the threat of walking away can sometimes close the deal.

*TECHNOLOGY HIGH ON THE LIST*

Obtaining new foreign technology is high on the to-do lists of private and government-owned companies and government ministries in China. Foreign companies should weigh the gain versus the potential future loss before agreeing to such relationships. It often turns out that any gain is short-lived and any loss is dramatic.

Chinese negotiators commonly ask their foreign counterparts to toss some technology into the pot up front as a freebie. It is important to get something in return when agreeing to do this.

(133-138) **PREPARING TO NEGOTIATE IN CHINA**

Where negotiations are concerned, it is almost always the case that the Chinese side has worked harder and longer in preparation than the Western one has.

*SOCIAL STATUS COUNTS*

The Chinese are extraordinarily sensitive to the social statuses of the people they deal with.

*SENIOR PEOPLE & NEGOTIATING*

Senior staff in Chinese companies and government agencies typically do not take part in the negotiation process. They leave that to their staffs.

*FIELD THE FIRST TEAM*

Chinese companies and governmental agencies prepare well advance for negotiations, all areas of their organizations that are concerned.

*LEARN HOW TO USE INTERPRETERS*

The Chinese language is made up of and reflects all the elements of Chinese culture, the intellectual ones as well as the emotional. People who have not used interpreters before in a professional situation generally underestimate how difficult it is to correctly interpret both words and cultural nuances so that their meanings are clear. It goes without saying that use of slang or idioms should be avoided. It also helps to have a team member who understands Chinese but keeps it a secret, a team member who has had experience negotiating in China, or a trusted consultant who can send in signals and advice during the game. *BRING YOUR OWN INTERPRETERS*

LEAVE LAWYERS OUT

Lawyers are still a recent phenomenon in China, and the last thing most Chinese businesspeople want is to get involved with the law.

*PAY ATTENTION TO SMALL DETAILS*

*BEWARE OF USING HUMOR*

*DRESS THE PART*

Business attire should still be relatively conservative and unpretentious. Bright colors should be avoided. Women should wear conservative business suits or dresses with high necklines and flat shoes or ones with low heels.

(139-161) **WHAT TO EXPECT WHILE NEGOTIATING**

Meeting protocol in China is generally more formal than in the United States. But it is comparable to that of European and Latin cultures. Otherwise, a bilingual individual on the Chinese side will usually handle introductions, beginning with the two team leaders. Westerners should also be aware that how you spend your time after the meeting is a factor key for successful negotiations. After-hours meetings can give them a good opportunity to discover how the negotiations are proceeding. The Chinese team does not arrange for a meeting at a bar or other entertainment facility, the foreign side should extend an invitation to the whole Chinese team without putting any individual on the spot.

*THE BUSINESS CARD IMPERATIVE*

Ample supply of name cards, attractive paper stock. These cards in effect represent their owner's face.

*ADDRESSING THE SENIOR PERSON*

Senior members of the Chinese side to sit among its lower ranking members and remain quiet.

*SIT UP STRAIGHT & STAND TALL!*

They should be conscious of their posture in business situations. Chinese etiquette is not that different from formal etiquette in most European countries. The difference, is that the Chinese are more formal and ritualistic in their day-to-day behavior than Americans and some other Westerners: formal protocol is important.

*KEEP A DAMPER ON YOUR ENTHUSIASM*

At certain times during the negotiation process enthusiasm can be a plus, but a high level of it throughout the entire process strikes the Chinese as overly aggressive and impolite.

*MAKE A SERIES OF SHORT PRESENTATIONS*

The Chinese do not like long presentations.

*KEEP NOTES AT MEETINGS*

The Chinese always have at least one bilingual individual on their team whose sole purpose is to take notes of everything that is said.

*CONFIRM MUTUAL UNDERSTANDING & SUMMARIZE THE MEETING*

Confirm the understanding of both parties on a step-by-step basis, rather than after a long series of steps. The final act at the end of daily meetings should be a summary of what was discussed and agreed on.

*ASK THE RIGHT QUESTIONS*

Foreign negotiators should craft in advance an extensive series of questions to ask their Chinese counterparts and add to the list during meetings. It is not easy to come up with the right questions and ask them in the right way, but doing so is an essential element in arriving at mutual understanding.

*STRIKING LIKE A SNAKE*

The Chinese techniques of negotiation have been likened to both guerrilla and psychological warfare. Their strategies often follow a pattern appropriate for the battlefield -strike, retreat; confuse the enemy; get them off guard; weaken their will; make them feel guilty for opposing you; and then make a "final offer" that is considerably below what they know is acceptable.

*WITHHOLDING INFORMATION*

Another tactic in the Chinese way of negotiation is to withhold information important to the discussions, commonly including the government's position and how it will affect any agreement.

*THE "HIT-RUN" TACTIC*

They will "hit" the foreign team with something that is unexpected and upsetting, and then back off if the response from the foreign side is shock and dismay. The best way to diffuse this tactic is remaining calm and asking a lot of questions that eventually demolish the problem.

*THE PASSIVE FACE PLOY*

Nonverbal communication in such settings speaks volumes. The Chinese have been conditioned to maintain passive facial expressions during formal meetings. They may also close their eyes or not focus them on the speaker. These practices are designed to maintain harmony during the meeting, avoid influencing the speaker, and most important avoid giving away their feelings. This obviously gives the Chinese negotiators a considerable advantage.

*SILENCE AS A NEGOTIATING TACTIC*

From the days of Confucius and Lao Tau the Chinese were advised that it was better (and safer) to stay silent than to speak. This attitude is still found in present-day China and should be kept in mind by businesspeople. The Chinese are masters at using silence when negotiating with Americans and other Westerners. As Western negotiators talk to fill the silence, it is common for them to repeat themselves a number of times and gradually weaken their position. A better response is for the Western team to stop presenting, talk quietly and privately among themselves, get a drink, go to the restroom, and so on. Westerners are not flustered and won't break down, they will usually signal they are ready to continue the meeting.

*WHAT TO DO WHEN THEY LEAVE THE ROOM?*

Foreigners who have not had any negotiating experience in China are often surprised and upset when a member of the other team gets up and leaves the room without any explanation. They are not concerned with missing anything. The only choice you have in this situation is to continue answering all the questions that are posed and come up with as many questions of your own as you can. Just go on as if it never happened.

*THE INTIMIDATION & ANGER TACTICS*

Suddenly takes an aggressive stance and begins saying things designed to intimidate them. This may take the form of an angry outburst using language and movements dramatically different from the normally harmonious behavior of the Chinese. Westerners should keep in mind that this behavior is simply part of the traditional style of negotiation in China. This is guided by Sun Tzu's The Art of War, which encourages leaders to do everything possible to demoralize the enemy. To keep their own emotions under control and avoid showing any signs of anger. Loosing your temper, confronting someone, putting someone on the spot, behaving arrogantly, or failing to accord proper respect can cause a serious loss of face, and is likely to end the negotiations.

*USING COMPETITORS AS BOGEYMEN*

Some Chinese companies have indeed been known to conduct parallel negotiations with a competitor to get more intelligence that they can use.

*COMPROMISING THE RIGHT WAY*

Compromising is an essential part of business negotiations. However, problems often arise during negotiations because the Western side reveals its hand too early in the game. The apparently stalled negotiations can be restarted after the compromises have been made. Favorable or complimentary comments or acts make negotiators feel good, showing that you are a "friend" of China and are there to make a contribution, not just a profit.

*AUTHORITY LEVELS MATTER*

While negotiating is that the Chinese team generally cannot make binding decisions at the table. There is also little feeling of individual responsibility in negotiations. Relationships in Chinese business are not between people, but rather between bureaucratic organizations, and therefore are conducted on a higher, abstract level.

*USING GO-BETWEENS*

Another factor is the extraordinary Chinese concern with face-their own and that of others. The Chinese are especial reluctant to personally give bad news to anyone, and the fear of failure or rejection weighs heavily on them. This makes the Chinese reluctant to speak frankly or clearly to people directly involved in many situations. Foreign businesspeople in China are likely to find the tactic of using go-betweens to be invaluable. When negotiations are not making any progress, or seem on the verge of breaking down altogether, it can be very helpful to engage a go-between to act as liaison with the Chinese company.

*KEEP ON NEGOTIATING!*

Western businesspeople should be prepared for ongoing dialogue with their Chinese counterparts and regard it as a normal part of doing business in China.

***BUSINESS ENTERTAINMENT***

Business Entertainment is a major industry in China. Other popular entertainment venues include bars and clubs where drinking and karaoke-style singing sessions are held. If luncheon and breakfast meetings are semiformal, taking place in a private room of a restaurant or hotel or a special section of a restaurant, the protocol relating to the seating of senior members and ranking guests is observed. In China, dining and drinking together to facilitate professional relationships is more common, more formal, and plays a much more important role than in the rest of the world.

*BUSINESS & OFFICIAL BANQUETS*

Business banquets for foreign visitors are often held at restaurants inside international hotels. It is wise to give your banquet's host face by commenting on the dishes that you really like during the meal and thanking him or her.

*RECIPROCAL BANQUET HOSTING*

Because banquets are very involved, the event should be planned in advance with the hotel catering manager. Discreet inquiries should be made to your primary liaison to discover if the Chinese side would like to have, or agree to, a Western meal rather than a Chinese one.

*ALCOHOL & BUSINESS*

You cannot really get to know a person until enough alcohol is imbibed to cause him or her to disregard etiquette and behave in a natural way. This is a primary reason why drinking is an integral part of both social and business relationships in China, and why Chinese hosts typically encourage new foreign contacts to drink. Chinese did not traditionally mix eating and the drinking of alcoholic beverages; they drink before starting to eat. There is often considerable pressure on foreigners to join in on the drinking. While there is no protocol for drinking during luncheon meetings it is common enough for the participants to order beer and toast each other.

*ANSWERING PERSONAL QUESTIONS*

Foreigners in China shouldn't be put off by questions more personal than what they are used to. It is part of Chinese etiquette to ask personal questions to determine the social and economic statuses of the people they meet. In work situations, some Chinese may ask foreign employees about their salaries and benefits.

*GIFT GIVING IS DANGEROUS*

When normal gift-giving situations arise among business contacts, it is perfectly acceptable to give appropriate gifts privately as personal gestures. Gift giving by companies to suppliers and clients on auspicious occasions such as New Year's has long been a tradition in China, and is both legitimate and legal.

***WHEN YOU ARE HOST IN YOUR OWN COUNTRY***

Hosting Chinese delegations visiting your own countries. When hosting a delegation from China, it goes without saying that you should greet them at the airport, escort them to their hotel, provide them with a schedule of meetings and other activities, and be willing to respond to any requests they may have. Visitors shouldn't be taken to a Chinese restaurant unless they specifically ask to be. You will have to be persistent but diplomatic, exercise extraordinary patience, and keep in mind that signing a contract does not mean the deal is done, just as if you were in China.

*GETTING PERSONAL*

On the first full day, time should be allocated for the members of both teams to get to know one another.

*STRUCTURING THE MEETING ROOM*

The Chinese should be seated at what is considered the head of the table, so that they face the door with their backs to any windows. Any pertinent materials that the Chinese have not already received should be on the table, along with a packet of information about the local city.

*PROVIDING REFRESHMENTS*

A choice of coffee, tea, one or two kinds of fruit juice, and water should be available.

*PRELIMINARY REMARKS*

The senior person on the foreign team should make some welcoming remarks and comments, thanking the Chinese for making the long trip from China and briefly stating what they hope to accomplish during the meetings.

*GIVING YOUR GUESTS FACE*

Acknowledging the amazing economic and social progress that China has made since the 1980s, noting that you are delighted to see that China has regained its position as the Middle Kingdom and has become a world leader.

*INVITING GUESTS OUT FOR THE EVENING*

Guests also expect to sample the local nightlife, which can be arranged for the third or fourth night of their stay. This generally refers to cabarets or nightclubs where there is entertainment. If there are women in the group these settings should not include places where they might feel uncomfortable.

*PAYING BILLS*

The Chinese will often attempt to pay bar or nightclub bills when they are invited out by foreign hosts. This is a tried and proven way of developing social credit with people, especially unwary foreigners.

*SEEING YOUR GUESTS OFF*

Your Chinese guests will probably want to host you for a farewell dinner party, and you will usually be informed in advance. If not, it will come up if you announce that you have an evening planned. The end of the farewell dinner is a good time to present your guests with gifts for themselves, their spouses, and their children, allowing time for them to be packed away before the group leaves the next day.

The foreign host should designate a small delegation to see the Chinese guests off at the local airport, again keeping in mind that rank counts.