

## 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. Here are some tips.

### Confucianism

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

When doing business in China it is possible to see how Confucianism affects business practices, including the maintenance of proper demeanor and the preservation of “face”.

### Face

One must understand the impact “face”, roughly translated as “good reputation”, “respect” or “honor”, could have on your doing business in China. The following are examples of how face can be lost, gained or enhanced. (1) One’s face is lost through involvement in mistakes or misdeeds and its being exposed. The loss of face is not the result of the action, but rather its being made public knowledge. (2) Face is given to others through compliments paid and respect shown to them. (3) Face is developed through experience and age. When one shows wisdom in action by avoiding mistakes their face is increased. (4) Face is gained because others praise you behind your back.

### Meeting

In China, meetings start with handshakes and a slight nod of the head. Do not 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. Be sure not to slap, pat or put your arm around someone’s shoulders.

Body language is important. Your posture should always be formal and attentive as this shows you have self-control and are worthy of respect.

Business cards are exchanged upon first meeting. Make sure your card contains a translation. Include your company, rank and any qualifications you hold. You may have the Chinese characters printed in golden ink, as this is an auspicious color to the Chinese.

## **Building Relationships**

Relationships in China are very formal. Keep dealings at a professional level, avoid humor and never become too informal. This is not because the Chinese are humorless but because jokes may be lost in translation.

When doing business in China, establishing a contact to act as an intermediary is important. They can act as your interpreter and navigate you through the bureaucracy, legal system and local business networks.

## **Gift-giving Etiquette**

Unlike in many countries, the giving of gifts does not carry any negative connotations when doing business in China. Most often a gift is given to someone when they have a cause for celebration, or as thanks for assistance, or even as a sweetener for future favors.

When a Chinese wants to buy a gift for you it is not uncommon for them to ask you what you would like. Do not be shy of telling them what you desire. However, it would be wise to demonstrate an appreciation of Chinese culture by opting for items such as an ink painting or tea.

Business gifts are always reciprocated. They are seen as debts that must be repaid. Do not give cash. They need to be items of worth or beauty. Do not be too frugal in your choice of a gift, otherwise you will be seen as an “iron rooster”, which means getting a generous gift from you is as likely as plucking a feather from an iron rooster.

## **Meetings and Negotiations**

The Chinese are renowned for being tough negotiators. Their primary aim in negotiations is to win “concessions”. Always bear this in mind when formulating your strategy. You must be willing to compromise and let your negotiating partners feel they have gained major concessions.

One known strategy of Chinese negotiators is to show humility and deference at the beginning of a negotiation. The purpose of this is to present themselves as the weak side. You, the stronger, are expected to accommodate them with 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 impatient they will exploit your weakness. An agreement will take a long time either because simultaneous negotiations on their part are taking place with your competitors and so your negotiating partners are in no hurry or because the decision makers are not sure enough whether the terms are to their best interest.