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Understanding Chinese Commercial Culture

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- *Guanxi* (connections, relations)
- *Mianzi* (face)
- Tips for socializing



Illuminating China's Provinces, Municipalities & Autonomous Regions



Anhui	Beijing	Chongqing
Fujian	Gansu	Guangdong
Guangxi	Guizhou	Hainan
Hebei	Heilongjiang	Henan
Hong Kong	Hubei	Hunan
Inner Mongolia	Jiangsu	Jiangxi
Jilin	Liaoning	Macao
Ningxia	Qinghai	Shaanxi
Shandong	Shanghai	Shanxi
Sichuan	Taiwan	Tianjin
Tibet	Xinjiang	Yunnan
Zhejiang		



'Guanxi' () in Chinese society

What is 'Guanxi'?

- Relationships or social connections based on mutual interests and benefits (Yang, 1994)
- A special relationship individuals have with each other in which each can make unlimited demands on the other (Fang 1999)
- A friendship with implications of a continual exchange of favours (Pye 1992)



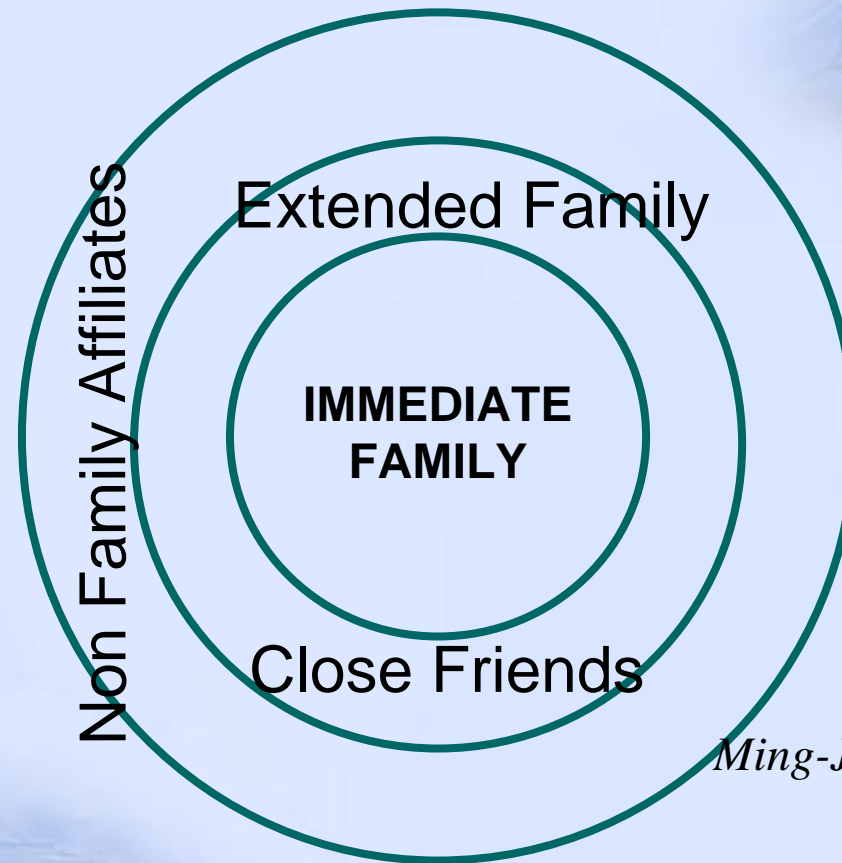
Guanxi in Chinese society

A person's 'Guanxi' may be their:

- **'Jiaren'** (family members, true insiders, relationships by blood)
- **'Shuren'** (acquaintances, non-family but with significant connections)
 - from the same schools
 - from the same hometown
 - family friends
 - former colleagues
 - friends of friends



Guanxiwang (network of relationships)



Ming-Jer Chen, 2001

The characteristics of *Guanxi*

1. *Guanxi* is part of everyday Chinese life (family & job)

2. *Guanxi* is distinguished by Confucian values, e.g.

- Reciprocity (
- Obligation

and supported by:

- Goodwill
- Personal affection
- Trust

3. Relationships are built on the basis of continuous long term associations and interactions.



Comparison

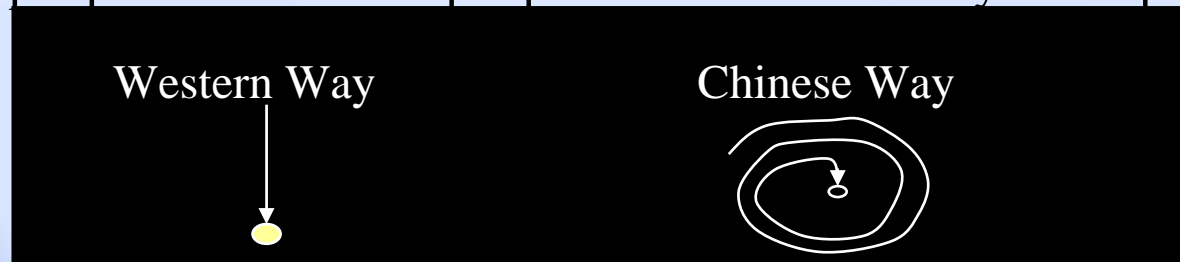
- Western business culture: transaction-based
Business transaction first & then the personal relationship may evolve
- Chinese business culture—*Guanxi*-based
Guanxi first & then business transaction



Comparison

Negotiation

Chinese people and Western people have different ways to express opinions:



The attitudes of the Chinese people to negotiations

- ◆ Stress trust and contacts.
- ◆ Interested in long-term interest.
- ◆ Sensitive to others who despise China.

The seniority of the Chinese attendants shows how important they regard the talks are.

Mianzi (Face)

- Face is an essential component of the Chinese national psyche.
- Face is a mark of personal pride and forms the basis of an individual's reputation and social status.
- Face is a prized commodity which can be given, lost, taken away or earned.
- Causing someone to lose face could ruin business prospects or even invite recrimination (revenge).
- Giving face could earn respect, loyalty and aid negotiations.

Mianzi (Face) in Guanxi

- *Mianzi* (Face) is a key component in the dynamics of guanxi.
- The maintenance of relationships includes interactions with the purpose of protecting, saving or giving face.
- Having no *mianzi* (personal prestige) or social position means having limited social resources to develop or cultivate relationships.
- ‘*Mianzi*’, supported by respect for authority, can be instrumental in forming new *guanxiwang*

Benefits with *Guanxiwang*

- Leading to business or social benefits
- Increasing a person's worth in terms of reputation
- Gaining **access to** information and opportunities



Guanxi vs Legality

- Other conditions equal, the role of *Guanxi* (school admission, employment etc)
- Social problems in relation to *Guanxi* (corruption)



Guanxi Strategies

- Do I have *guanxi* in China?
- How can I improve the existing *guanxi*?
- How can I get new *guanxi*?
- How can I get what I want, using *guanxi*?

Caution with Guanxi

- More guanxi = more expectations and obligations.
- Guanxi is not easily transferable. Don't 'drop' guanxi without thinking about the implications for your network.
- Relationships must perform and offer real benefits to endure.
- Don't over-rely your guanxi network on one person; try to extend your network into areas where your business may encounter challenges.

Tips for socializing

■ Chinese names

- ◆ Family name + Given name
- ◆ A married Chinese woman retains her maiden name.
- ◆ Only family members or close friends use first names.

■ Titles

Address your Chinese counterparts with a title and their surnames. If the person does not have a professional title, use “Mr”, “Madam” or “Miss” .

■ Hand-shaking

Handshakes are the most popular gesture.

Tips for socializing

■ Business Cards

- ◆ The exchanging of business cards is customary in Chinese business culture.
- ◆ One side should be printed in English and one in Chinese.
- ◆ You should present your cards with both hands and with the Chinese side facing up.
- ◆ Be sure to take the time to study the business card given to you.

Tips for socializing

■ Banquet

- ◆ Time: may be as early as 11:30 am for lunch and around 6:00 pm for dinner
- ◆ Arrive on time or several minutes early. (The Chinese hosts generally arrive 20 to 30 minutes before the proceedings officially begin.)
- ◆ Wait to be seated, as there is a seating etiquette based on hierarchy in Chinese business culture.

Tips for socializing

■ Banquet (continued)

- ◆ Meeting over meals provide good chances of getting to know their guests, developing a rapport, and conducting business.
- ◆ The meal itself can be quite long with various dishes being served. It is important that you do not respond with a look of horror at what is served and a statement to the effect of “what the hell is it”.
- ◆ Empty plates will be promptly filled. When you are full, it is customary to leave food on your plate.

Tips for socializing

■ Wine-drinking

- ◆ At formal dinners, several drinks are served - beer, wine, and Chinese liquor. Toasting is common.
- ◆ The host will give the first toast early in the meal and it is appropriate for the next senior official to propose the second. During the meal, others around the table will propose either a general toast or specific toasts to individuals.
- ◆ “Ganbei” (to mean “bottoms up”) and the glass should be drained.
- ◆ It is often seen as rude not to drink with the Chinese in a formal dinner. To maintain your sanity, either claim to be a non alcoholic or plead medical grounds as an excuse. (You may bring a partner to drink on your behalf!)

Tips for socializing

■ Chopsticks

- ◆ It will be appreciated if you use chopsticks.
- ◆ Chopsticks should be placed on the table or a chopstick rest.
- ◆ Never place your chopsticks standing up in the rice, as this is a symbol of death used at funerals.
- ◆ Try not to drop your chopsticks, as this is considered a sign of bad luck.

■ Smoking

- ◆ It is customary for the Chinese to offer cigarettes to each other politely to show a warm feeling and politeness.
- ◆ A Chinese would first offer you a cigarette, then light it for you before lighting his.

Tips for socializing

■ Gift Giving

- ◆ You may give your gift either during the first meeting or at the conclusion of a negotiation.
- ◆ Receive the gift with both hands.
- ◆ Don't expect your gift to be opened as most will be opened privately.
- ◆ Avoid giving the following things as gifts:
 - × Clock (it means accompany till death in Chinese pronunciation)
 - × Umbrella (it mean separation in Chinese pronunciation)
 - × Green hat and cap (all Chinese married men are sensitive on this as it suggests the wife has an affair with another man)
 - × Avoid black and white wrapping paper. Red is regarded as good luck.
 - × Avoid writing names in red on a card or note (it signifies that these people are dead)

An Ancient Metaphor

Know the enemy and know yourself, and you can
fight a hundred battles with no danger of defeat.

--Sunzi



Q & A





Thank you!