

China – Dos and Don'ts

To many Westerners, Business in the Middle Kingdom Remains Befuddling

A lack of intercultural know-how can lead to misunderstandings and unwanted developments in contact with the Chinese. Therefore, knowledge of Chinese culture is essential for success in business. Munich-based intercultural coach Ruth Schaefer, who has been consulting international enterprises since 1996, takes a look at some of the most common errors and misinterpretations.

“Yes,” says the Chinese manager when his European counterpart asks if he agrees with each point of the draft proposal.

Everything has gone smoothly, the Chinese have agreed to everything, and have not argued a single point. The Europeans imagine that nothing stands in the way of a signed contract, and are unpleasantly surprised the next day when the Chinese offer a counter-proposal that has very little in common with the original. Couldn't they have said right away which points they didn't agree with? If they'd gone through it step-by-step, together, both sides could have saved considerable time and money.

Intercultural misunderstandings are pre-programmed

A misinterpreted “yes” is one of the common intercultural misunderstandings in contact with Chinese business partners, colleagues and co-workers. “Yes” or a nod means “I understand,” in a Chinese context. It does not express agreement, or rule out disagreement. Voicing an objection is incompatible with the goal of harmony and would be extremely impolite. How, then, does one recognize a point of agreement? It is repeated in summary; the points with



Chinese architecture is as different from its Western counterpart as are business habits.



Lian — the Chinese word for connecting or uniting lies at the heart of business relations. The United Nations use this character to translate the first part of their name.

which the Chinese interlocutor does not agree will not be repeated or even mentioned. Without this knowledge, meetings between Chinese and European colleagues can quickly lead to misinterpretations which can negatively impact negotiations, or even result in the failure of the trip to the Middle Kingdom. Often nobody even realizes that the problems are the result of intercultural misunderstanding.

The network has special significance

A German entrepreneur had hired a Chinese man to oversee his facility in China. He went there annually to check the books, and over time he realized that his Chinese managing director had embezzled a lot of money. He dismissed him immediately, and then tried to file suit against his former employee, without success. In his disappointment, the entrepreneur turned to the mayor of the city in which the facility was located. He had developed a good relationship with this man through repeated visits to restaurants and bars. The mayor, with help from his network, was able to pressure the former managing director to repay the misappropriated money.

Western Europe and the USA are strongly influenced by ancient Greek culture, where the ideas of open debate, scientific thinking and individual freedom have their origin. The rights of the individual are protected by law. Chinese culture,

on the other hand, sees the person as part of a social network that includes family, village, and state. This social network protects the interests of its members, and the members are expected to look after the interests of the network. This so-called Guanxi principle goes far beyond the Western understanding of the social network. It involves a complex interplay of mutual obligations and requirements over time. If A does B a favor, then C, who is part of A's network, can call in a favor from B. If B doesn't meet his obligations, he loses face with A and C and risks falling out of the network. But only as part of the network is he part of society. Western businesspeople must try to become part of a good and influential Chinese network, and maintain this connection. Only then can they expect to be treated fairly in business, and only then do they have good chances in the event of a conflict. At present, the practice of business law prevails only in certain centers in China.

Chinese thought follows the logic of concomitant alternatives

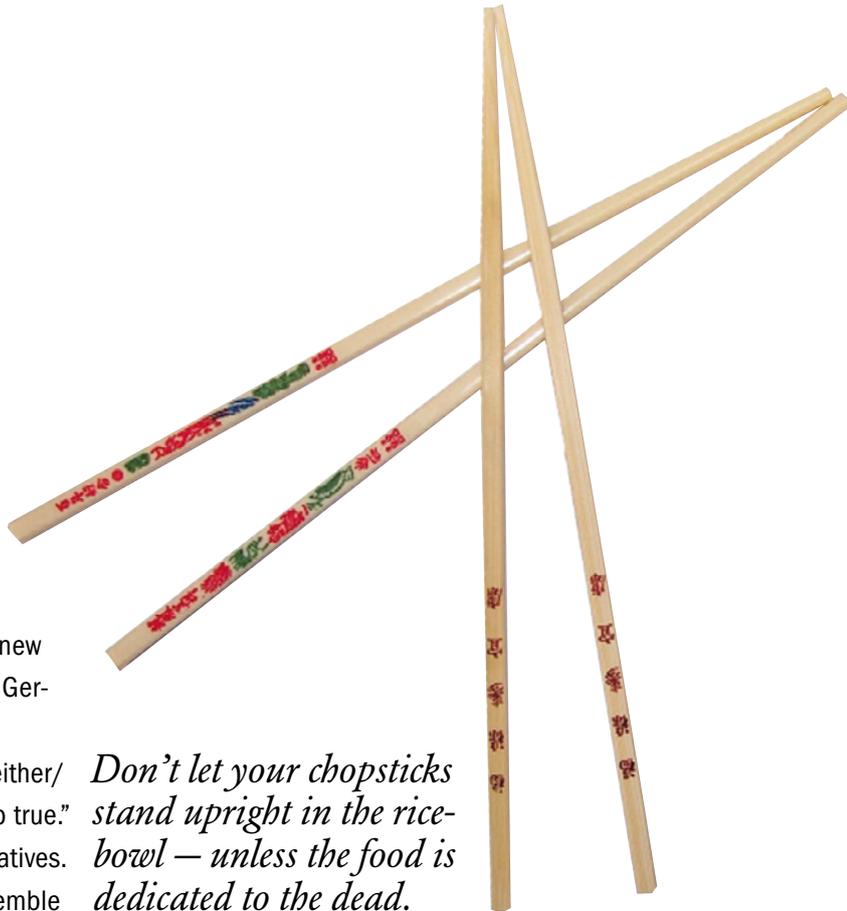
An automobile supplier, planning a joint venture in China, had heard that contract negotiations with the Chinese are often tedious. To reach a quicker conclusion, the German negotiators had invested a great deal of time in the preparation phase and had brought three carefully thought-out

alternatives to Shanghai. After the presentation, there were no questions, but on the following day the potential partners wanted to pick out the best bits of the three alternatives and use them to forge a new plan. “It doesn’t work like that!” thought the indignant Germans.

Western thought relies on formal logic and the idea of either/or. For the Chinese, the “opposite of a great truth is also true.” Chinese thought follows the logic of concomitant alternatives. From the Chinese viewpoint it is natural to want to assemble a new plan out of the available alternatives. A consequence of logical thinking is the tendency to see things as fixed and unchanging. For the Chinese, however, everything is in constant flux. As situations change, contracts need to be renegotiated. The Guanxi principle also applies here: if one side has demands, then the other side can make demands as well. The goal is a balance of interests on both sides.

Rules for the business meal

On the second day of her visit, a Western businesswoman was invited to dinner by the Chinese negotiators. She had received such an invitation on a previous visit as well, and knew that such meals typically involved 20 to 30 different kinds of food. She found most of the food delicious, but there were a few things that she found distinctly unappetizing: roasted chicken claws, for instance. But she had heard that you should never refuse anything offered to you in China, so she continued to eat the disagreeable offerings. Due



Don't let your chopsticks stand upright in the rice-bowl — unless the food is dedicated to the dead.

to its size, population, relative scarcity of arable land and frequent natural catastrophes, China has historically had difficulty providing enough food for its people, so over time the Chinese have learned to eat everything that is edible. This is where Western businesspeople often reach their limits. What can one do to avoid insulting one's Chinese hosts? First of all, food that is offered should never be rejected. The polite thing to do is bring the food to the lips and be seen trying it. Afterward it can be returned to the plate and left there. You should never eat all of something that doesn't taste good, as that signals to your host that you would like more. An empty plate indicates that you were not offered enough food, and will result in a loss of face for your host. Incidentally, the Western guest should not bother about table noises; it hasn't been an issue in China in recent millennia. The emphasis is on the artful preparation, variety, balance and subtlety of the food, not on any particular obligation of the guests, who are there to refresh themselves. There are, however, a few things that should be remembered.

Chopsticks should never be left standing in the rice bowl. Since incense sticks are stuck into food that is dedicated to the ancestors that would be a sign that the rice is not for the living, but for the dead.

Blowing your nose loudly and then stuffing the bacteria-laden handkerchief in your trouser- or jacket-pocket will horrify your Chinese hosts. You may use one of the napkins lying ready on the table to quietly wipe your runny nose then return the napkin to the table. If you really must blow your nose, it's best to leave the room.

The bill should never be split. Eating is a social, network-building and -maintaining event in China. Splitting the bill would signal that you have no interest in forming a network with your table companions.

There are many factors to consider if you want to deal successfully with Chinese partners, colleagues, and co-workers. The goal of acquiring intercultural know-how is to be able to interpret the actions of others, and know how to respond appropriately to further the success of your enterprise. Potential areas of conflict should be identified as early as possible, to avoid expensive and time-consuming misunderstandings. Another goal is to understand China and thus to better gauge risks and opportunities. ■

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Some Chinese doors may only open to the Westerner with a certain amount of intercultural abilities.