



## **Business etiquette in China**

### **Basic social formalities you need to know when you negotiate with Chinese business partners**

#### **Dress**

Clothes worn and social formalities used during visits to factories, at exhibitions and during official meetings do not differ from the Western ones. As a rule, women wear trouser suits or skirts, and men wear Western-style suits and shoes of their choice. However, the quality of the clothes depends greatly on the role the given factory plays in the market.

#### **Greeting**

Chinese people do not shake hands when they meet. The situation is different when you meet Chinese business partners right before the negotiations; however, do not offer your hand unless the Chinese partner has already done so. If the partner does not offer his hand, greet him with a small nod (with straight body) but never bow. In China, unlike in Korea and Japan, people bow only in very formal situations. If there is a friendly relationship between you and your business partner, it is customary to grasp the partner's hand with both of your hands as a sign of respect – but only if the partner is presumably older than you.

After the greeting, hand over your name card with both hands (regardless of the partner's age). When you are offered your partner's name card, accept it with both hands. Do the same when handing over presents or documents. Ideally, your name card should invariably be in two languages yet not in your mother tongue and English, but, if possible, in English and Chinese. If you cannot produce a bilingual name card, use an English one. It is impolite to put away the name card you have just received. Keep it on the table so that you can remember your partner's name properly. It is important to know that in Chinese the family name comes before the given name.

#### **Presents**

Before you start the first negotiation, always give some non-personal present. So before you travel to China obtain information as to how many persons of which position will participate in the negotiation. As for the subsequent negotiations, it is not necessary to give presents yet in case of important occasions it is advisable to give personal presents in order to consolidate the friendly ties. As a matter of fact, you can give anything as a present but it is highly advisable to choose an object characteristic of your country. This way you can avoid giving a present associated with some Chinese superstition. If you annex a card to your present, never use red ink (red ink is generally used for protesting, for writing reports to the police or for official corrections). If you receive a present, do not open it in the presence of the person who gave it.

#### **Negotiation**

Generally, you meet the owner or the representative of a factory only in the conference room. In the initial phase you meet a person in charge of organizing the meeting. Therefore it



is important to remember that while having informal conversation with this person on your way to the scene of the negotiation, you can obtain (and he can obtain) information that may be of help during the negotiations.

During the first meeting, the introduction may be a bit longer than usual. The participants discuss not only their future cooperation; your Chinese partner may ask you questions that seem personal. You may find these questions strange, because Western attitude is characterized by a separation of business and private life. The questions may concern not only the financial situation of your company, the number of employees, the role it plays in the market, the number of its partners and the wage system, but also the value of your properties, your age, your family etc. However, in China these questions are quite usual and are regarded as a beginning of a friendly relationship.

These questions may seem a delay tactics on the part of your partner; you must also get used to the feeling that in this situation business matters become secondary. However, the Chinese think that long-term cooperation is based on getting acquainted with their business partner. They also feel that urging the business partner to hurry up is a sign of distrust. Therefore, start personal negotiations only if previous correspondence convinced you that the agreement is almost certain.

You may find it annoying that during the meetings prices are usually not agreed on. You may think that you have travelled a lot to secure the success of the negotiations; the Chinese, however, does not consider agreement on the prices to be a part of the negotiation. If a question concerning prices occurs, your partner will most probably break into a smile or start laughing. If this happens, do not be surprised – remember that Chinese people laugh when they feel embarrassed. Patience is essential in these cases – showing impatience harms your chances and, at the same time, it is impolite. Allow your Chinese partners to declare their intention to cooperate with you in the long run and to express their hope in the success of your joint project. This phase may seem a burden for Western businessmen yet you must not slight it. Reply in a similar style and react positively to what you have heard. If you make a good impression at the negotiations and avoid situations where either of you may lose dignity, you contribute greatly to a successful cooperation.

## **“Goodwill”**

In China, “goodwill” is often associated with the social relationship or link that results from differences of position (cf. the Chinese term “guanxi” denotes both notions). Goodwill, also called “face” results from connections; it can be gained, but it can be lost as well. It should always be nursed and deepened. This is by no means strange for Westerners, as this political, business and social relationship is based on mutual assistance in Western business culture, too. In China, there are a great number of such „relationships” between members of various levels of society yet there is hardly any passage between the various levels. The network of personal relations is the basis of Chinese society and it is of decisive importance when you want to settle affairs. This is a natural factor that secures the continuity of personal and business relationships. So you should not be surprised to see that your Chinese partner invites you to a banquet or a karaoke party and you should by no means refuse the invitation.

## **Business lunch or dinner**

Your partner invariably asks what kind of meal you would like to have. In case you decide to eat Chinese meals or local specialities, do not forget that you will find spoon, fork and knife only in Western-style restaurants. You can choose a Western-style restaurant but always take into consideration the size of the factory because it may happen that owners of



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small factories are not familiar with Western eating manners. In China, people usually eat with chopsticks. Do not be afraid of using chopsticks; you can ask your partner to show you how to use them. This may make it easier to start a conversation. During lunches and dinners, you are free to choose the topics of conversation. While eating, never stab your chopsticks into the rice in your bowl, and having finished eating, place them in a horizontal position. This is an important point to remember, as the Chinese place chopsticks vertically when they are making offerings to their ancestors' souls. If you do so in a restaurant, they may find it disrespectful.

If during a meal a person raises his glass to someone, it should be returned by everyone or by the person in question. Remember to hold your glass with both hands. Glasses are usually raised after the word “ganbei” (“to the bottom”) is uttered. Drink the entire content of your glass all at once. When all the participants are invited to drink, the Chinese do not necessarily clink their glasses yet having consumed the drink they turn the glasses upside down to show that there is nothing left. So it is proper for you to drink the whole content of your glass. If the table is too big for clinking your glasses, gently knock on the table with your glass three times. This is a sign of respect. Drink all the content of your glass if the partner asks you to do so (i.e. when he says “ganbei”). Then invite the others to drink in a short time. Never refuse clinking. When clinking your glass, say “suiyi” – then your partner drinks as much as he wants. Remember these basic rules so that you can avoid getting tipsy.

### **Tips**

In big four- or five-star hotels and in Western-style restaurants it is accepted to give tips. But in Chinese restaurants, however elegant they may be, tips are not accepted, even if you insist. Although there are several Western customs that have been adopted by the Chinese in some form; tipping is an exception.

We hope that the above general overview gives you the basic information that you need in the initial phases of business negotiations. We wish you successful deals and a pleasant stay in China!