

Doing Business with China – online learning programme outline.
Duration – 7-hours (7 x one-hour modules).

		Understanding Chinese Business Culture.			Doing Business with China			
Module.		The impact of culture on business in China.	Chinese cultural values.	Understanding <i>Guanxi</i> .	Effective Communication in China.	Effective Negotiating and Influencing.	Effective Leadership and Management.	Common cultural misunderstandings.
Duration.		60 mins	60 mins	60 mins	60 mins	60 mins	60 mins	60 mins
Learning Overview.		Anyone working with China will benefit from understanding how cultural differences impact on Chinese business-culture and business practices. This understanding will enable you to make choices about the kind of behaviour that may (or may not) help you to get things done effectively.	In order to understand how Chinese customers and colleagues behave it is helpful to know more about core cultural values in China. Of particular importance are cultural expectations about status and hierarchy, face and harmony.	<i>Guanxi</i> networks drive business in China. Developing <i>Guanxi</i> ensures productive relationships with Chinese colleagues and customers.	When working with China you may encounter different cultural values, expectations and communication styles. Adapting some of your communication strategies will help you deal effectively with these differences.	Chinese cultural values have an impact on the way in which many Chinese customers and colleagues approach negotiating and decision-making. Taking steps to adapt your approach can help you achieve what you want from negotiations.	Chinese approaches to management differ from the west. Adapting the way you approach leading and managing Chinese colleagues can achieve more productive results.	Recognising and respecting the cultural behaviours and expectations of Chinese colleagues and customers, and responding appropriately, will smooth the path to sustainable business relationships. It also avoids the risk that cultural misunderstandings get in the way of business.
Content.	Videos.	<ul style="list-style-type: none"> The impact of culture on business. 	<ul style="list-style-type: none"> Chinese cultural values. 	<ul style="list-style-type: none"> Understanding Guanxi. 	<ul style="list-style-type: none"> Effective Communication in China. 	<ul style="list-style-type: none"> Effective Negotiating and Influencing. 	<ul style="list-style-type: none"> Effective Leadership and Management. 	<ul style="list-style-type: none"> Common cultural misunderstandings.
	Reading.	<ul style="list-style-type: none"> The impact of culture on business. 	<ul style="list-style-type: none"> Chinese cultural values. 	<ul style="list-style-type: none"> Understanding Guanxi. 	<ul style="list-style-type: none"> Effective Communication in China. 	<ul style="list-style-type: none"> Effective Negotiating and Influencing. 	<ul style="list-style-type: none"> Effective Leadership and Management. 	<ul style="list-style-type: none"> Common cultural misunderstandings.
	Activity or Exercise.	<ul style="list-style-type: none"> How much do I know already? Recognizing Ineffective Responses. 	<ul style="list-style-type: none"> Chinese values in business. Action-planning tool. 	<ul style="list-style-type: none"> Developing Guanxi tool. 	<ul style="list-style-type: none"> Case Study. Exploring Communication Approaches. 	<ul style="list-style-type: none"> Your negotiation style. An upcoming negotiation. 	<ul style="list-style-type: none"> Case Study. Exploring leadership styles. 	<ul style="list-style-type: none"> Test your China knowledge – quiz. How much do you know now about Chinese culture?
Outcomes.		You will understand why culture is important in international business and what you need to know about Chinese culture and business-culture.	You will be able to apply a framework for understanding Chinese business culture and business practices within the context of core Chinese cultural values.	You will be able to apply a tool for initiating, building and using Guanxi with critical groups in China.	You will be able to apply practical strategies for analysing cultural barriers to effective communication, and for improving verbal and written interactions with Chinese customers and colleagues.	You will be able to apply tools for assessing your own negotiation style, and planning a forthcoming negotiation in China.	You will be able to apply a tool for understanding your own leadership and management style, and plan changes to get things done more effectively when leading and managing in China.	You will be able to apply some key do's and don'ts for avoiding cultural misunderstandings with Chinese colleagues and customers.

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Module 1 – The impact of culture on business.

Duration – 1 hour.

Learning Overview.		Duration.	Tick (✓) when you have completed this element.
Anyone working with China will benefit from understanding how cultural differences impact on Chinese business-culture and business practices. This understanding will enable you to make choices about the kind of behaviour that may (or may not) help you to get things done effectively.			
Video Input.	<ul style="list-style-type: none"> • The impact of culture on business in China. 	10 minutes.	
Reading.	<ul style="list-style-type: none"> • The impact of culture on business in China. 	15 minutes.	
Exercises.	<ul style="list-style-type: none"> • How much do I know already? • Recognising Ineffective Responses. 	35 minutes.	
Learning Outcome.			
On the completion of this module you will understand why culture is important in international business and what you need to know about Chinese culture and business-culture.			

Video Input.

Log in to the Doing Business with China online learning platform and watch the video segment (1) **The impact of culture on business in China.**

If you wish, as you watch the video use the space below to make notes on the key topics and ideas...

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Reading Input – The impact of culture on business in China.

Read the following module overview at least twice and then complete the Exercise and Activity Section.

What is culture?

For the purposes of this Doing Business with China online learning programme, culture can be defined as the set of learned values, assumptions and norms which are shared to varying degrees with members of a group, and which influence the way in which members of that group perceive, think and act.

Generally, we learn cultural values, assumptions and norms from the people around us as we grow up. At work we learn the styles of behaviour that enable us to get things done. We can tackle problems, communicate with others and build relationships in a way that others will recognise and respond to reasonably predictably.

We have taken in these cultural values, assumptions and norms from observing the world and the people around us. This is the reason why people from a particular culture often cannot explain, when asked, why they talk to colleagues, manage staff or learn in a certain way. ‘That is the way things are done’, they say, baffled that the question should even arise. After all, we have always ‘done’ things this way, or at least frequently enough to lead to the conclusion that everyone else behaves similarly.

What does culture look like?

Culture can be seen as multi-layered, like an Iceberg.

Surface level aspects of culture are visible. For example, we can (with effort and with varying degrees of objectivity) identify the language, body language, rituals and symbols that mark different cultures, such as China.

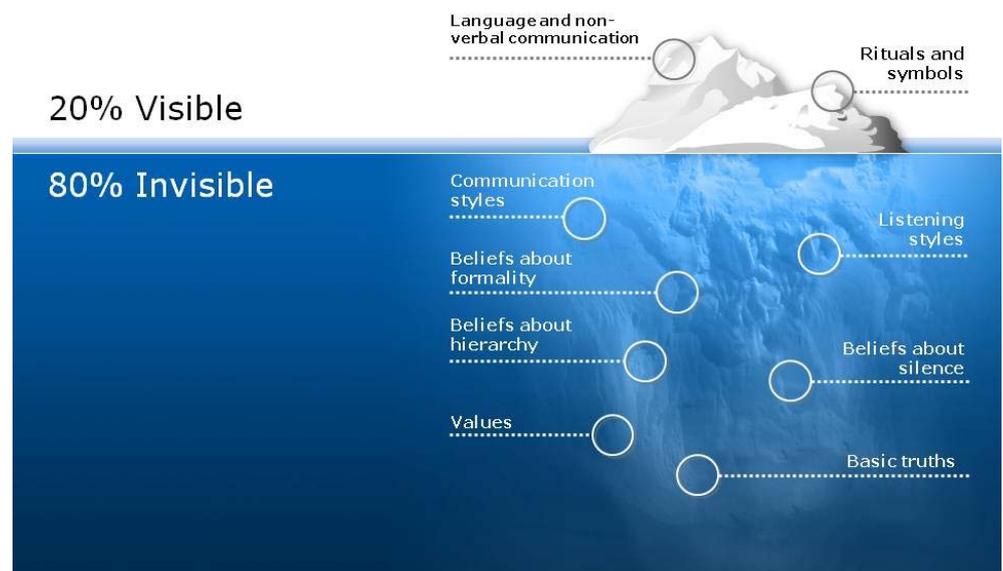
Somewhat less visible, but still accessible through questioning and interpretation, are behavioural orientations associated with cultures. For instance, how people tend to communicate and listen.

Deeper beneath these visible behaviours are other much more subjective phenomena, such as values, norms and basic truths. These phenomena require questioning and interpretation and address the question of ‘why’ cultures teach people to act in one way but not another.

Values can be defined as ideas or beliefs to which strong emotions are attached. Each of us has our own unique value system which is influenced by our upbringing, our group membership and the personal choices we make. Chinese culture, for example, places more importance on extended family and group relationships than do some Western cultures. This is reflected below the cultural iceberg in the values Chinese people tend to hold, and at the surface level of the iceberg in the group orientation they often demonstrate when working or doing business.

Norms are the practical embodiment of shared cultural values: the ‘right and wrong’ ways of doing things that people routinely live by. Whether written down or simply taken for granted, norms separate the acceptable from the unacceptable. Because many of our norms are implicit problems can arise when individuals fail to recognise that other different and unfamiliar norms

Culture as an Iceberg



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matter to people from another culture. Cultural differences at the levels of basic norms and values are powerful. Being confronted with a value system that can appear wholly different from one's own is difficult in our own culture, and doubly so in an unfamiliar culture. Chinese norms towards extended family responsibilities are a case in point. They can be unfamiliar and confusing to individualistic Westerners.

At the very deepest level of the cultural iceberg are basic truths about things like human identity and purpose, space, time, social organisation, ways of thinking and communicating. For the most part cultures and their members are wholly unaware that their deeply-felt basic 'truths' are quite often unique to their culture. Individuals take on board, to a greater or lesser extent, the core assumptions of their groups without any conscious awareness of doing so. Most cross-cultural misunderstandings occur at this subjective level. It is cultural conflict at the level of core assumptions that can be the most damaging, as individuals and groups find their most basic notions of their own identities challenged.

Why is culture important when doing business with China?

One of the consequences of being brought up in a particular culture is that many of us come to assume that, deep down, other people are much the same as we are. We are oblivious to the reality that much of what we think is instinctive or universal in human behaviour is, in fact, peculiar to our particular group or culture. For the most part this assumption has rarely been challenged. We have grown up with people who think in similar ways to us. We work with individuals trained in the same professional and academic disciplines as us. We rarely consider the fact that others, far away in different cultures, learn their lessons just as well as we do, but that those lessons are not the same as ours. They end up with a very different notion of how to work, lead, manage or communicate. In reality, what is a natural way of working and communicating to a person from a western cultural environment is not necessarily all that natural to someone from a different culture, like China.

Whenever we live, work, or do business abroad, we encounter people whose business culture, business practices and communication styles may be different from our own. Both sides assume that they are acting according to the only 'natural' way of doing things and simply do not have the vocabulary to recognise or discuss the differences they encounter. What is expected and understood in our culture can appear shocking or uncomfortable to those from another. In cross-cultural situations where we have to work in a different cultural environment like China, these cultural differences can lead to all manner of misunderstandings. These misunderstandings, in turn, can result in a wide variety of undesired consequences ranging from culture-shock (hurt feelings, anger and hostility resulting from cultural misunderstandings) to missed business opportunities, unhappy customers, under-performing teams, or failed mergers, joint-ventures, or acquisitions.

Of course, if we could become cross-culturally effective and learn to recognise and reconcile these misunderstandings, we would stand a very good chance of sidestepping some of the unpleasant consequences that can quickly sour relations between people from different cultures. One goal of learning about culture is to recognise the limits of what one really knows and thinks, and try to make sense of the different ways in which people categorise things.

What about individual differences?

One of the common criticisms made about the Iceberg model of culture shown above is that it treats individuals as objects, doomed forever to remain trapped in a world of cultural subjectivity and unable to express real individual choices. In fact, this criticism reflects a misunderstanding of the nature of different influences on the individual mind.

Culture is clearly not the only influence on the way we think and act. At a very basic level each of us responds to influences which are truly instinctual. We also have a range of inherited and learned personality characteristics that exist in all cultures, for example introversion or extroversion.

Where then does culture fit in with personality and instinct to drive individual behaviour and expectations? One way of answering this question is to view culture as the organisation rather than the imposition of uniformity. Culture guides us to understand the range of acceptable ways of looking at, or behaving in, a situation. Each individual is capable of making his or her own choices, but our individuality is expressed within the parameters set by the cultures in which we live. We can, if we so choose, shake hands at the outset of a business meeting. Alternatively, we could rub noses, or embrace, or kiss, or bow, or any

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of a hundred other things. Doing some of these things in some cultures and situations will gain respect. In other cultures and situations they will invite a punch in the face. The point is that the way we understand what is appropriate, in which situation, is a reflection of what we have learnt from the cultural influences around us. From this understanding we derive choices. It is the acting out of these choices in any culture that directly drives much of the behaviour we exhibit and observe. Assuming that someone is behaving in a certain way because of their personality can be as restricting and unfair as assuming that culture is the cause for their behaviour.

Summary.

Trying to understand where culture ends and the personal or universal begins is not an easy thing to do. It is certainly not true to suggest that if you understand Chinese culture, then will understand every Chinese individual. However, with enhanced cultural knowledge you may well understand more about some of the things Chinese customers or colleagues do, or think, or say. Knowing cultural background of your Chinese business contacts means you are likely to understand them in a more nuanced and complex way than you have understood them before.

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Activity and Exercise Section.

1. How much do you know already about Chinese culture?

- a. Think about your current level of understanding of Chinese culture and business-culture.
- b. Complete the checklist answering Yes, No or Don't Know to each question.
- c. Add up the number of Don't Knows.
- d. Check your scores with the key at the bottom of this exercise.

	Yes.	No.	Don't Know.
Non-verbal communication.			
1. Should I expect differences in what is thought of as appropriate 'personal space'?			
2. Should I anticipate differences in the way my counterparts use touch?			
3. Is there anything particular I need to know about giving or receiving business cards?			
4. Should I expect differences in the level of acceptable eye contact?			

Communication and work.	Yes.	No.	Don't Know.
5. Do I know what type of management styles and approaches are likely to be most persuasive?			
6. Do I know what type of negotiation styles and approaches are likely to be most persuasive?			
7. Do I know what type of communication styles and approaches are likely to be most persuasive?			
8. Do I know what style of giving feedback is acceptable?			
9. Should I anticipate different expectations about the expression of criticism in public?			
10. Should I anticipate different expectations about the expression of anger in public?			
11. Do I know the range of ways in which disagreement is likely to be expressed?			
12. Should I expect a different style of conflict resolution?			
13. Should I anticipate different expectations about the use of silence?			
14. Do I know when to use first names or surnames?			
15. Should I anticipate different attitudes towards the importance of saving face?			
Total number of don't knows.			

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- **Less than 5 ‘Don’t Knows’** – Congratulations, you are already a cultural expert on China. Use this programme to consolidate and develop your existing level of knowledge.
- **5 to 10 ‘Don’t Knows’** - Well done, you already have a sound level of cultural knowledge about China. This programme will help you build more.
- **11 to 14 ‘Don’t Knows’** – Fair, you have some basic cultural understanding to underpin the learning opportunities in this programme.
- **15 ‘Don’t Knows’** – Don’t worry, this programme will provide an extensive resource of hints, tips, strategies and techniques to transform the way you work with Chinese colleagues and customers.

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2. Recognizing Ineffective Responses to Cultural Differences.

Read carefully through the following categorizations. They each describe *ineffective* approaches to dealing with cultural differences in the work environment.

Missionaries.

Missionaries exhibit cultural denial. A missionary simply cannot conceive that others can operate successfully using a completely different value system, or that other cultural ways of doing things have merit and logic. When missionaries see people doing things differently they do not see the influence of culture. Instead they make rapid judgements about the individuals concerned, sometimes drawing on out-of-date and prescriptive stereotypes. These judgements, based on the missionaries' own conception about how things 'should' be, often classify people from other cultures as backward, unsophisticated or uneducated. The missionary sees his or her role as educating others about the 'right' way to do things.

Ex-pats.

Ex-pats exhibit cultural defence. An ex-pat recognises that there are other ways of doing things, but in general judges those other ways to be vastly inferior to 'our ways of doing things' back home. Ex-pats recognise the existence of another set of values and behaviours, but continue to make faulty attributions or interpretations from their own ethnocentric perceptions, often with negative judgements attached. In the ex-pats' world, there is limited space for shades of grey and precious little empathy with other cultures. Ex-pats often keep contact with people from other cultures at a minimum.

Neo-natives.

Neo-natives also exhibit cultural defence. However in an opposite response to ex-pats they begin to assume that everything about the new culture is good, and nothing bad. They sometimes see the new culture as more spiritual, or in some ill-defined way better than their own. They can even stereotype or deride their own cultural background as inferior. For neo-natives almost everything is black and white and they have little time for their own compatriots. Neo-natives see it as their role to become experts in their new culture, to become 'more French than the French'.

Global villagers.

Global villagers exhibit cultural minimisation. They admit to a minimal number of differences between cultures, but only at a superficial behavioural level. They consider that underneath everyone is the same, and are unsympathetic to the idea of deeper differences in assumptions and values. They believe that what works here in our country will, with perhaps some simple superficial modifications, work everywhere else. In the global villagers' world, cultural differences are side-lined or ignored. Instead global villagers see it as their role to identify similarities. They may even disparage those who seek to acknowledge cultural variation as being bigoted or prejudiced.

Now, read each of the quotes below, which have all been adapted from quotes made by people who have attended cross-cultural learning or consulting events. Decide which of the categorisations above (if any) is applicable to each.

- a) 'Since I came to live in Thailand I have realized just how shallow and meaningless life in Europe is. The stress and anxiety that everybody suffers ... and for what? I'll never go back.' (Irish doctor on assignment in Thailand).
- b) 'I just can't believe how lazy the British are. Unmotivated, unenthusiastic and disinterested. Now I just do not employ any at all. We only have Australians or New Zealanders working in the London office.' (US manager of the London subsidiary of a New York architecture firm).
- c) 'I can't tell you how many stupid things people say about business in China, all this rubbish about Guanxi (the system of networking and mutual favours said to underpin business relationships in China). It is just garbage. The Chinese are the same as everyone else. If you have the right business model, the right technology and properly incentivise your staff, you will win business.' (Scottish CEO of manufacturing exporter).

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- d) 'Working in the music business our people are much the same all over the world. In fact we look for the same type of people when recruiting. As a result cultural differences don't come into the equation.' (French HR manager).
- e) 'Although the older Poles are difficult to deal with the younger people we employ have just as clear an idea of the importance of meeting deadlines and getting things done on time as people in the US.' (American production director in Polish car component manufacturer).
- f) 'We really have such a strong belief in ourselves in this organisation, an awareness that we are really unique and different, that where we come from as individuals is irrelevant. We drop our nationality and become "one of us".' (Brazilian employee in a worldwide charity).
- g) 'There is really almost nothing in this country that works properly. I know it is wrong, but I can't help comparing everything here with the situation at home. It frustrates me because the people themselves don't seem to understand how much better things could be if they put their minds to it.' (Western European voluntary worker in Africa).

Check your answers below.

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Answer section.

Activity 2 answers.

- a) Neo-native.
- b) Ex-pat. This American manager was judged to have failed and was replaced soon afterwards by a British executive who had been headhunted locally.
- c) Global villager. This particular individual had an extraordinarily strong personality and very definite ideas. He achieved great success in selling to the Chinese and (to this day) remains dismissive of cultural differences. One wonders quite what his Chinese counterparts made of him.
- d) Global villager. The organisation may well look for the same type of people to work within a strong organisational and professional culture. However when faced with ambiguity and difficulties at work these individuals will often revert to the default cultural way of doing things present in their national cultures.
- e) Missionary. Such a total lack of cultural empathy or insight indicates someone at the missionary stage.
- f) Global villager. On the surface this seems to indicate a positive world-view. However, dig deeper and there is no suggestion that what each member of the organisation brings with them from their cultural background is a potential source of strength and learning for the organisation as a whole.
- g) Missionary/ex-pat. Elements of two responses are visible here. Greater self-awareness and understanding of why things are different would help in this situation, as would a determination to find positive aspects in the local culture.

Workbook Module 2

Module 2 – Chinese cultural values.

Duration – 1 hour.

Learning Overview.		Duration.	Tick (✓) when you have completed this element.
In order to understand how Chinese customers and colleagues behave it is helpful to know more about core cultural values in China. Of particular importance are cultural expectations about status and hierarchy, face and harmony.			
Video Input.	<ul style="list-style-type: none"> • Chinese cultural values. 	15 minutes.	
Reading.	<ul style="list-style-type: none"> • Chinese cultural values. 	10 minutes.	
Exercises.	<ul style="list-style-type: none"> • Chinese values in business. • Action-planning tool. 	35 minutes.	
Learning Outcome.			
On the completion of this module you will be able to apply a framework for understanding Chinese business culture and business practices within the context of core Chinese cultural values.			

Video Input.

Log in to the Doing Business with China online learning platform and watch the video segment (2) **Chinese cultural values**

If you wish, as you watch the video use the space below to make notes on the key topics and ideas...

Reading Input – Chinese cultural values.

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Read the following module overview at least twice and then complete the exercise and activity section.

There are three key areas in which Chinese cultural values have remained remarkably consistent for some 5,000 years. These are attitudes towards status and hierarchy; the issue of face; and the idea of harmony.

Attitudes towards status and hierarchy

For many thousands of years Chinese society was pyramid shaped. There was one ruler at the top (the Emperor), a variety of officials administering the country in the middle, and families at the bottom. These relationships were based on a set of mutual responsibilities between people of different social status. The belief was that hierarchically ordered personal relationships of this type would lead to a harmonious social system from which conflict would largely be absent.

This principle of strict hierarchical differentiation applied both outside the family and within it. At work the lower classes automatically respected those above them - one's superiors merited respect purely by virtue of rank. A person's place was not necessarily fixed - he or she could rise or fall within the ranks - but the ranks themselves continued unchanged. Within the family each person had a clearly defined relationship to each other. Any individual's identity was thus to a great extent established by his or her various roles within larger groups. These traditional attitudes towards status and hierarchy have in many ways been reinforced by China's experience of communism, which emphasises the interests of society as a whole rather than individual expression.

Still today when compared to many western cultures China remains a highly structured society, where the position one occupies in the hierarchy and the close support of the family and groups one belongs to is extremely important.

What does this mean for business visitors to China?

The focus on status and hierarchy means that decision-making in Chinese organisations tends to be centred right at the top. Typically senior people have to sign off on all major decisions, even when negotiations have taken place at more junior levels. This can slow down the decision-making process in comparison to working with western customers and colleagues.

Chinese customers and colleagues may also expect the involvement of top people at senior level meetings, even where others in your company have a better understanding of the issues involved.

Some Chinese customers and colleagues may not be in the habit of questioning authority. Many still automatically defer to those above them in their work place, as well as in society in general. So if you find yourself in a meeting where the more junior people in the room continually defer to the senior figures present, or you are not getting the direct feedback you need, you may need to find strategies for finding out what your customers or colleagues really think. One-to-one social situations can be useful for this type of informal information gathering.

Face

Traditionally, Chinese society has placed great importance on belonging, whether to work unit, family, school or community. In these circumstances retaining the respect and support of one's peers and of people of higher and lower social status is vital.

This historical tradition has been compounded by the fact that during much of the early communist era it was difficult for people to move from one part of China to another. Losing the respect of others could not therefore be resolved by the simple expedient of moving somewhere else - one's position in Chinese society had to be maintained at all costs.

Respect, whether for oneself or for others can be labelled 'face'. Face essentially means having personal dignity in the eyes of the people around us. Having face means having a high status in the eyes of the people that matter. It is a mark of personal worth. Many Chinese customers and colleagues are acutely sensitive to having and maintaining 'face' in all aspects of social and business life.

What does this mean for business visitors?

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You should always be aware of the face factor in your dealings with Chinese customers and colleagues. Never do or say anything that could cause someone to lose face in front of co-workers, or other work groups. Doing so could ruin business prospects and even invite retaliation.

The easiest way to cause someone to lose face is to criticise him or her in front others. Another way is to treat someone in a way that does not match his or her status in the organisation. Find out the relative 'rank' of the people you are dealing with, and respect it. You may wish to consider using trusted third-party intermediaries to give obviously negative feedback as this allows face-saving on both sides.

An easy way for you to lose face is by demonstrating impatience or losing your temper. Emotions are generally well-concealed in Chinese culture. Good manners are distinctly separated from true feelings and usually take precedence. So wherever possible avoid direct confrontations, and maintain your composure even where discussions are long and drawn out.

Harmony

The preservation of harmony in society has always been a key objective of China's ruling elites. Chinese society is based around the idea that if everyone in society plays his or her proper role, compromising where necessary and fulfilling mutual responsibilities, then harmony will be preserved. This emphasis on harmonious societal relations is reflected in the current Communist leadership's fixation with the maintenance of stability and social accord in modern China.

What does this mean for business visitors?

Until relatively recently Chinese property rights and contract law were virtually non-existent. This meant that trust and harmony were all that could really be relied on in a commercial relationship. Things have changed, but it remains the case that self-discipline, moderation and the ability to find the 'middle-way' in dealing with conflictive situations are highly valued personal characteristics. You would do well to demonstrate these characteristics.

In practical terms you should strive to maintain harmony in all your business dealings. For example, you may need to look carefully at your strategies for giving feedback or for dealing with potentially conflictive situations. A very direct western approach may not always be the best way of getting things done. Keep in mind also that harmony often requires compromise, and the best compromises may only derive from a comprehensive discussion process that can rarely be speeded up.

Summary

Chinese people are all individuals and many Chinese business people are thoroughly familiar with working with European and US business organisations. But it is important not to assume that the modernisation of China implies the 'westernisation' of Chinese culture. Traditional Chinese values remain important in Chinese society as a whole. You should keep them in mind when you work with Chinese customers and colleagues.

Workbook Module 2

Activity and Exercise Section.

1. Core values in Chinese business.

Understanding the core Chinese values connected with Confucianism (i.e. status and hierarchy, face, and harmony) can provide a useful framework to help you decipher some of the situations you will encounter when working with Chinese colleagues or customers.

Look at the grid below. In the first column below you can see some real-life comments made by western business-people on their experiences in working in China.

- a. Read each western comment.
- b. Identify which aspects of Confucianism (i.e. status and hierarchy, face, or harmony) are most helpful in understanding this perception.
- c. Make notes on your cultural analysis of the situation, drawing on the concepts introduced in this module. *Quote number 1 has been completed as a suggestion.*
- d. Compare your own analysis with the completed grid in the answer section below.

Western perception of Chinese business culture.	Status and Hierarchy.	Face.	Harmony.	Your Cultural Analysis.
1. <i>"The Chinese are often indirect when negotiating with others and find it difficult to say 'no'."</i>		✓	✓	<i>This may be because Chinese culture seeks to avoid the potential awkwardness a blunt 'no' might create. People do not want to make others lose face or threaten harmony.</i>
2. <i>"It is sometimes difficult to decipher what Chinese colleagues really think about a proposal, or to get a quick decision."</i>				
3. <i>"Chinese business people sometimes see it as a sign of disrespect if they are scheduled to meet with a low or mid-level associate."</i>				
4. <i>"In a business negotiation, questions are quite often answered by other questions."</i>				
5. <i>"Chinese counterparts often seek time to discuss a particular business proposal among themselves before offering a response."</i>				
6. <i>"Chinese customers like to get to know and trust the people they work with. So where possible try to keep your customer-facing staff consistent."</i>				

Workbook Module 2

2. Action-planning tool.

1. Draw on the content of this module to write brief notes about Chinese cultural attitudes towards face, harmony and hierarchy. *Fill in the column marked 'Chinese Culture'.*
2. Now think about your own culture. In what ways are attitudes in your own country similar to, or different from, those in China? *Fill in the table showing 'Your Culture'. This could relate to your national culture or your corporate culture. There are no right or wrong answers.*
3. Thinking particularly about the areas where there are differences between your culture and Chinese culture. What problems might these differences cause you and your Chinese colleagues or customers? *Make notes. There are no right or wrong answers.*
4. What could you do to avoid these problems impacting on your relationships with Chinese colleagues or customers? *Make notes. There are no right or wrong answers.*

	Chinese Culture.	Your Culture.
Attitudes towards face.		
Attitudes towards harmony.		
Attitudes towards hierarchy and status.		
What problems might these cultural differences cause you and your Chinese colleagues or customers?		
What could you do to avoid these problems impacting on your relationships with Chinese colleagues or customers?		

Workbook Module 2

Answer section.

Western perception of Chinese business culture.	Status and Hierarchy.	Face.	Harmony.	Your Cultural Analysis.
1. <i>"The Chinese are often indirect when negotiating with others and find it difficult to say 'no'."</i>		✓	✓	<i>This may be because Chinese culture seeks to avoid the potential awkwardness a blunt 'no' might create. People do not want to make others lose face or threaten harmony.</i>
2. <i>"It is sometimes difficult to decipher what Chinese colleagues really think about a proposal, or to get a quick decision."</i>	✓			<i>It may be that the final decision must be made by a group or by some process higher up the hierarchy, and out of sight to you.</i>
3. <i>"Chinese business people sometimes see it as a sign of disrespect if they are scheduled to meet with a low or mid-level associate."</i>	✓			<i>The importance of hierarchy may mean Chinese businessmen are uncomfortable dealing with a junior Western businessmen and only want to deal with senior people.</i>
4. <i>"In a business negotiation questions are quite often answered by other questions."</i>		✓		<i>In circumstances where a definite answer might be wrong or offend you, there is a risk one or more people involved could lose face.</i>
5. <i>"Chinese counterparts often seek time to discuss a particular business proposal among themselves before offering a response."</i>			✓	<i>In the interest of harmony there is a need for consensus response to emerge. Decisions may not happen until there is complete consensus across a group.</i>
6. <i>"Chinese customers like to get to know and trust the people they work with. So where possible try to keep your customer-facing staff consistent."</i>	✓		✓	<i>Well-established trusting relationships allow Chinese customers to understand exactly where people fit in within your business hierarchy. This gives them confidence that they can get things done, and so avoid potential conflict.</i>

Workbook Module 3

Doing Business with China – online learning programme.

Module 3 – Understanding Guanxi.

Duration – 1 hour.

Learning Overview.		Duration.	Tick (✓) when you have completed this element.
<p><i>Guanxi</i> networks drive business in China. Developing <i>Guanxi</i> ensures productive relationships with Chinese colleagues and customers.</p>			
Video Input.	<ul style="list-style-type: none"> Understanding Guanxi. 	10 minutes.	
Reading.	<ul style="list-style-type: none"> Understanding Guanxi. 	15 minutes.	
Exercises.	<ul style="list-style-type: none"> Developing Guanxi tool. 	35 minutes.	
<p>Learning Outcome.</p> <p>On the completion of this module you will be able to apply a tool for initiating, building and using <i>Guanxi</i> with critical groups in China.</p>			

Video Input.

Log in to the Doing Business with China online learning platform and watch video segment (3) **Understanding Guanxi.**

If you wish, as you watch the video use the space below to make notes on the key topics and ideas...

Workbook Module 3

Reading Input – Understanding Guanxi.

Read the following module overview at least twice and then complete the exercise and activity section.

What is Guanxi?

In the Mandarin language the word *Guanxi* literally means, 'connection', or 'relationships', and contains within it the idea of being connected with others.

However, the cultural meaning of *Guanxi* goes far beyond the literal meaning of the word. In the broader cultural sense *Guanxi* refers to the networks of personal relationships that drive business in China.

Guanxi is a powerful social asset. Something like a valuable bank account of favours owed and owing.

With good Guanxi you can get almost anywhere. Without understanding Guanxi you may find it difficult to accomplish much in China.

Chinese people aim to build Guanxi relationships right across the social groups that are important to them. While they do not necessarily expect foreigners to place the same emphasis on relationship-building, they do prefer to do business with people they know and trust. Although things are changing for the Chinese it is often still a case of who you know, rather than what you know.

How does Guanxi work?

Guanxi is built through the exchange of favours in order to gain personal and business benefits. Reciprocity is at the heart of a Guanxi network. The more you ask of someone the more you owe them.

In order to achieve the right kind of Guanxi a company or individual must demonstrate dependability, trustworthiness, respect, and a commitment to paying back favours that are owed. Failure to return a favour that has been given to you is considered a serious offense.

People in China tend to rely heavily on their Guanxi networks to get things done. As a result the boundaries between business and personal lives in China can sometimes be ambiguous.

Is there a difference between Guanxi and Western business networking?

In the west networking is generally seen in distinctly commercial terms. While western customers and colleagues may like and respect business contacts, they tend to save affection and empathy for their family and personal friends.

In contrast Chinese customers and colleagues tend to view the time they spend networking as much more of a social investment - one that involves the exchange of both favours and friendship in a network that is both commercial and social. The Guanxi process has as its end goal social harmony, as well as profit.

Is there a connection between Guanxi and corruption?

Corruption is, unfortunately, common in some parts of Chinese society. Some Westerners (and many Chinese people) believe that the Guanxi system contributes to this corrupt behaviour. It is worth remembering that most of the time the practice of Guanxi is guided by the equally strong value that Chinese culture attaches to moderation. Guanxi obligations which exceed reasonable and moderate bounds are considered to be both unethical and unacceptable. In China, as elsewhere, there is a firm recognition that the obligations flowing from relationships have their limits, and that there are clear lines between acceptable use of personal networks and corrupt practices.



关系
guānxi

Workbook Module 3

What does Guanxi mean for business visitors?

There are six key steps you can take to manage your approach to Guanxi when working with Chinese colleagues and customers.

1. Review your personal approach towards relationship-building.

Westerners, particularly Anglo-Saxons and Northern Europeans, tend to build transactions first and expect relationships to follow. The Chinese often do the opposite. In order to work with you, your Chinese contacts need to understand who you are and where you fit within your company.

You can facilitate this process by being open and accessible. For example, take every opportunity to socialise, whether in formal banquets or less formal situations. Think of this as time invested rather than wasted. Aim for face-to-face meetings in preference to phone or video conferences.

Identify key decision-makers and focus your efforts on developing customer contacts at the right organisational levels. Remember that there is almost always going to be more than one key stakeholder within your customer or local office who has an interest in what is happening.

Cultivating junior colleagues or customers will be helpful although it will probably take a long time. This is because most young Chinese executives are highly ambitious and expect rapid promotion. Establishing relationships with them means they will be in your extended network now, and ready to aid you in future.

You may not even get to meet with a senior person without going through more junior staff first.

2. Pay particular attention to Guanxi in State Owned Enterprises (SOEs).

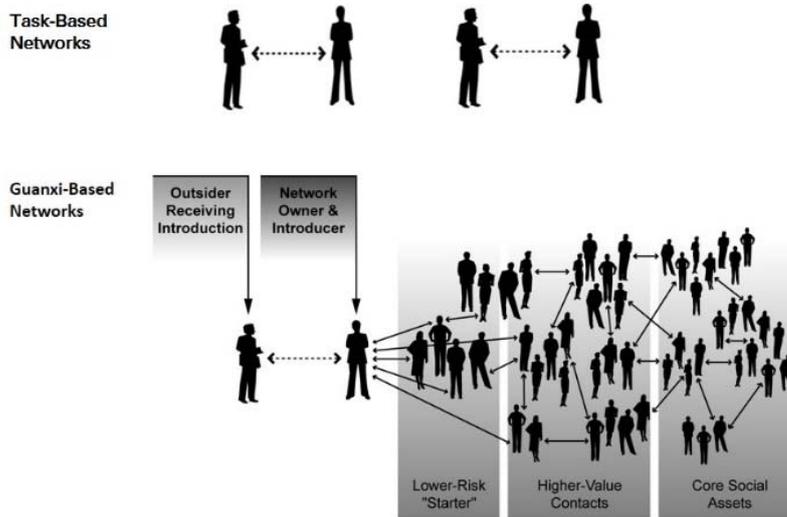
SOEs include companies that report directly to central government, and private companies that have a provincial or local government entity as a major shareholder.

The senior leaders in these companies may have built their careers on long-lasting links with politicians, civil servants, and executives in other companies. Indeed as their careers progress they may move to other companies or posts under government direction.

As an outsider you will have little understanding of the web of Guanxi obligations these networks have created. So be aware that your suggested 'simple' solution to a problem may upset an established network.

If your customer or colleague's response to your suggestion is vague this may be because it impacts on people in their Guanxi network that they need to keep on side or who have an interest in what you are proposing.

Aim to cultivate Guanxi with government officials as much as with business people, as their decisions can be highly important in developing SOE business.



Workbook Module 3

3. Establish relationship-building as a core element of your strategy for working with China.

Focus on a long-term goal of building trust with Chinese customers and colleagues, in a way that genuinely combines both social and commercial aspects. Developing this type of trust will help you gain access to their extended network of personal contacts.

Sincerity is vital. Just as your colleagues and customers open up their Guanxi networks to you, so you will be expected to open up your own networks to them. Guanxi is based, above everything else, on reciprocity.

4. Consider how quickly you can get things done.

Establishing trust and building networks does not happen overnight. It may take years of patient relationship-building to create trust.

At a company level this means close co-operation between everyone who deals with Chinese customers, including sales teams, support teams and local Chinese offices.

At an individual level it means a long-term and sustained investment of your time and a pro-active approach to building trust with colleagues in China, even if you rarely see them face-to-face.

5. Think about what you can do to build the reciprocal obligations with customers and colleagues that drive good Guanxi.

If you work for a large company with a well-established brand and global network you have a natural advantage when doing business with China. However at an individual level you should always ask yourself what you, personally, can do to add value to you relationships with Chinese customers and colleagues.

This might be by alerting customers to new business opportunities in your home market, or providing useful intelligence on emerging opportunities, or offering training and development to their teams. If you listen to and understand what motivates Chinese customers and colleagues, you will usually be able to identify things of potential value to them.

However small these favours may seem they will be remembered and will probably be repaid later, sometimes when you least expect it. In addition if you ever find yourself in a position of conflict with Chinese customers and colleagues it is your Guanxi, and the strength of your personal relationships, that will help you manage it.

6. Think carefully about the teams and individuals you assign to work with Chinese customers and colleagues.

Chinese customers and colleagues like to get to know and trust the people they work with. So where possible try to keep the customer relationship team small. Choose staff carefully, particularly those who need to manage colleagues in China. People who are sensitive to Chinese culture, who are sociable, and who are naturally good communicators are likely to get better results.

Once you have a productive group of people in place, try to avoid rotating people in and out unless this is necessary. New staff will have to start right at the beginning in establishing those all-important personal relationships.

Summary.

The Chinese word Guanxi describes a network of contacts which people in China call upon when they need to get something done. Chinese business-people often invest time and energy in cultivating an intricate web of Guanxi relationships, which may expand in a huge number of directions and include lifelong relationships. While westerners are not expected (or usually able) to develop this type of wide-reaching network, they will benefit from establishing relationship-building as a core element of their strategy for working with China.

Workbook Module 3

Activity and Exercise Section.

1. Developing Guanxi tool.

There are three stages in successfully applying Guanxi to your relationships in China.

- **Initiating** – identifying key individuals with whom relationships should be created and establishing initial contact.
- **Building** - Enhancing the quality, breadth and depth of your Guanxi network.
- **Using** - Getting benefits and ensuring equity in relationships.

There are also likely to be four critical groups with which foreign business-people should seek to develop Guanxi. These are Government, Customers, Colleagues, and Suppliers / Partners.

- Think carefully about your forthcoming or current business relationships with China.
- Based on the content of this module (and your personal objectives and requirements in working with China), complete the grid.

Identify actions you will take with each critical group to initiate, build and use Guanxi. Identify the operating principles you will apply at each stage that will underlie your actions and behaviours.

The first grid has been partially completed as an example. There are no right or wrong answers.

Key relationships.		Your actions.	Your operating principles.
Government.	Initiating.	<ul style="list-style-type: none"> • Become familiar with relevant departments, authorities or municipalities. • Use trusted third-parties to arrange initial meetings. 	Openness, courtesy, willingness to invest time and energy in socialising.
	Building.	<ul style="list-style-type: none"> • Ensure regular opportunities for meeting and socialising. • Identify specific information, ideas or insights your contact would benefit from learning. 	Reciprocal exchange of reasonable favours.
	Using.	<ul style="list-style-type: none"> • Keep a firm eye on favours owed and owing. • Ensure transparency in relationships to prevent conflicts of interest from developing. 	Focus on long-term equity and quality in relationships.

Customers.	Initiating.		
	Building.		
	Using.		

Workbook Module 3

Colleagues.	Initiating.		
	Building.		
	Using.		

Suppliers / Partners.	Initiating.		
	Building.		
	Using.		

Workbook Module 4

Doing Business with China – online learning programme.

Module 4 – Effective Communication in China.

Duration – 1 hour.

Learning Overview.		Duration.	Tick (✓) when you have completed this element.
When working with China you may encounter different cultural values, expectations and communication styles. Adapting some of your communication strategies will help you deal effectively with these differences.			
Video Input.	<ul style="list-style-type: none"> • Effective Communication in China. 	10 minutes.	
Reading.	<ul style="list-style-type: none"> • Effective Communication in China. 	10 minutes.	
Exercises.	<ul style="list-style-type: none"> • Case Study. • Exploring Communication Approaches. 	40 minutes.	
Learning Outcome.			
On the completion of this module you will be able to apply practical strategies for analysing cultural barriers to effective communication, and for improving verbal and written interactions with Chinese customers and colleagues.			

Video Input.

Log in to the Doing Business with China online learning platform and watch the video segment (4) **Effective Communication in China.**

If you wish, as you watch the video use the space below to make notes on the key topics and ideas...

Workbook Module 4

Reading Input – Effective Communication in China.

Read the following module overview at least twice and then complete the exercise and activity section.

What level of English language competence exists in China?

The Chinese government's drive before the Beijing Olympics to make China more international has spurred an enthusiasm for learning English across many levels of Chinese society. There is a government mandate in place for every school to have English language classes, and English exams feature in entrance requirements for most good universities. Official government statistics suggest that there are now as many as 300,000,000 people in China with some level of competence in English.

However you should not assume that Chinese customers will necessarily be comfortable working in English. Many Chinese customers, above all those who are older and at more senior levels, do not have any foreign-language competence at all. This is particularly true for those working with State Owned Enterprises. Even in large private companies the layer of senior-grade English speaking staff may be quite thin, and language levels fall away very quickly as you move away from the global business divisions.

There is a better level of competence in English among the university-educated younger generation. However even in some good-quality universities English classes are often poor, the teachers themselves are not fluent in English, and rote memorisation remains a main method of instruction. For obvious reasons those Chinese who have studied abroad tend to have the best competence in English.

What does this mean for you?

Mandarin is the key language of written communication and at senior levels most key decision makers will usually only look at Chinese versions of internal memos and papers. So remember at every stage you will need to build in time to translate materials and legal documents. Memos should be short and in plain language. This makes it easier for your customer to understand and makes translation simpler.

It can sometimes be helpful to define a mutually accepted English glossary for words like 'deadline', 'priority', or 'acceptable delay'. This ensures that you and your Chinese colleagues always have the same understanding of potentially conflictive situations.

Even if your own language skills are not great you will benefit from learning some basic phrases in Mandarin. In a relationship-focussed culture like China, where getting to know customers and colleagues is so important, the ability to interact with business contacts in their own language is vital. Speaking even a few words in social situations shows a willingness to communicate with customers and colleagues on their own terms and will add to your Guanxi.

Whenever possible try to include fluent Mandarin speakers in your team. This is not just for language purposes but because they can also help you adapt your communication style to better suit Chinese audiences. Senior customers and colleagues in China expect to deal with senior people at your company. So having a senior-level Mandarin-speaking colleague on board may help the deal dynamics to work better.

Do not fall into the trap of assuming that just because a colleague or customer happens to speak 'good' English they will automatically be more competent than somebody who does not. The most skilled person you work with on a deal may be someone who speaks no English at all.

What characterises Chinese communication styles?

Even when your Chinese customers and colleagues speak good English there are some cultural characteristics of Chinese communication styles that you will need to be aware of. Understanding how communication styles differ in China can help you

Workbook Module 4

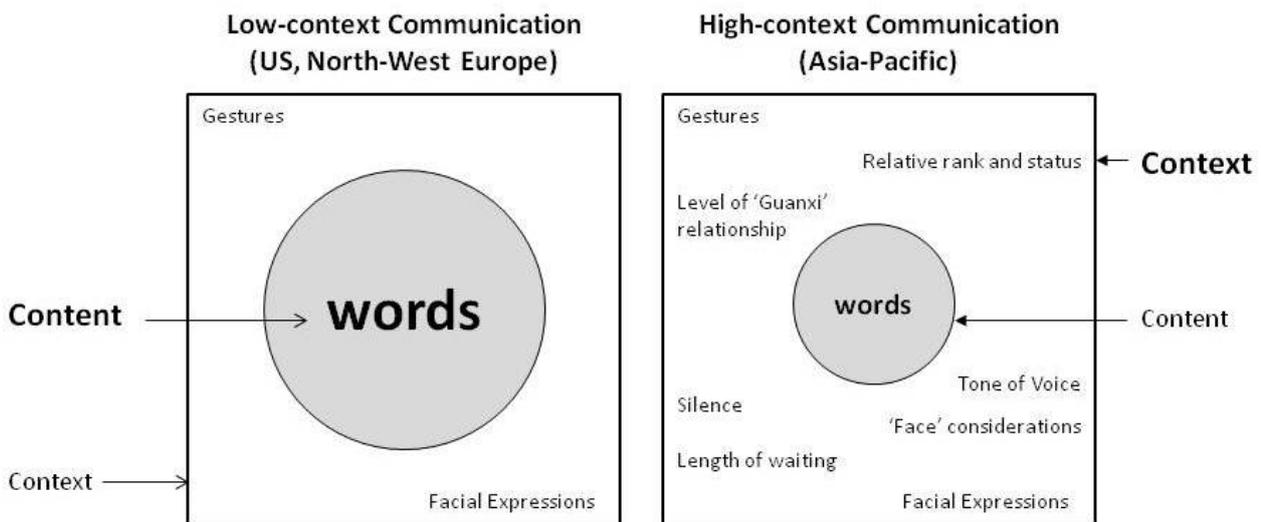
adapt the way you communicate verbally, and in writing, to make sure that you are clearly understood by Chinese customers and colleagues.

Broadly speaking western cultures, particularly in Northern Europe and the US, can be described as Low-Context Cultures. Most of the content of our communication is carried in the words that we use. We tend to speak quite directly and value communication that is clear and unambiguous.

In contrast, Chinese communication styles can be described as High-Context. Words are still important. But the context in which communication takes place is relatively more important in understanding what is being communicated. The context includes things like the relative status of the people communicating and the nature of their relationship. Cultures that favour high-context communication, such as China, avoid causing themselves or their counterparts to lose face, even at the risk of appearing ambiguous and unclear.

This focus on context is reinforced by the Chinese pictographic language in which words are formed of pictures rather than a sequence of separate letters. Chinese children are required to memorize hundreds of pictorial characters and learn at an early age to adopt a more holistic information-processing style than children in the west. As result many Chinese people will tend to look at the 'big picture' context in communication rather than focussing on the factual details.

The graphic below describes this broad distinction between communication styles in China and those in many western cultures.



It is important to emphasise that people from all cultures demonstrate both High and Low-Context communication behaviours. However, the tendency to prefer one or other style of communication differs across cultures.

For example, an American person's 'default' preference is more likely to be a direct communication style. In other words, many Americans will tend to use this style, at least in the absence of any situational clues indicating that a different style may be appropriate. Neither a Chinese person nor an American would necessarily be completely direct when breaking news of bereavement - the situation indicates otherwise. When faced with an oncoming truck the Chinese are likely to be every bit as direct in their communication to 'get out of the way' as anyone else. However, in the absence of any such contextual indicators, the default American inclination tends to be 'say what they mean and mean what they say', whereas the default Chinese inclination tends towards maintaining harmony and protecting face. At least in part, it is different cultural values that influence people in China or the USA to make different types of personal choices as to how they communicate.

Workbook Module 4

What do this mean for business visitors?

Anticipate complex answers to apparently simple questions.

The Chinese often see the world as a complex pattern, like a web, with links sideways as well as backwards and forwards in both time and place. Thus it may be difficult for Chinese customers and colleagues to identify a single cause of a problem or issue.

That's why what seems to be a one-person problem may only be solved after extended discussion by the group, or by some powerful figure higher up and out of sight. For this reason internal processes and authorisations among customers can sometimes appear slow. This extended decision-making process may seem bureaucratic to you, but it does mean that when a decision is made, everyone in a Chinese business is on board and rapid action can follow.

Develop strategies for clarifying ambiguity.

Chinese customers and colleagues may not communicate in as direct a style as you are used to. In order to give and receive face and in particular to maintain harmony, people in China will often use contextual clues to transmit key information. As a result people from the West may miss key clues in Chinese communication, particularly clues that transmit discomfort, disagreement or uncertainty.

If you find that a Chinese colleague's attitude to a topic seems vague or hard to make out, then focus on how things are being said as much as what is being said. You may pick up contextual clues that you would otherwise have missed. If you are still unclear what is being said then try rephrasing your questions to ask the same thing in a different way.

Remember also that you may be more likely to get your questions answered directly in social situations, rather than in the office. Adding one-to-one socialising time in to your timetable of meetings can be useful.

Be aware of how direct you are.

The flip side of China's indirect communication style is that your customers and colleagues may sometimes misinterpret common Western communication styles as blunt, overly direct, or even confrontational. Think carefully about how you may wish adapt your communication style to avoid coming across as too frank or even argumentative.

This does not mean you should avoid clarity in your communication. Many Chinese customers and colleagues may not have experience of working internationally, and may rely on you for clear unambiguous guidance as to what is, or is not, possible in your culture or country. Being clear *and* communicating in a sensitive way will help ensure that your customer or colleague gets the right message. Take advice from one of your China business contacts if necessary.

There is one important proviso here. Despite the importance of harmony and face the Chinese may be blunt and direct as part of their negotiating strategy. This can come as something of a surprise but it is a strategy that is commonly used, particularly with people outside one's Guanxi network.

Be modest.

In China modesty is an important social value. As a result what Westerners think of as a considered description of their skills and successes may come across as boasting. Your credibility as an individual stems not from what you say about yourself, but from how you behave as you move through the extended process of building relationships.

Workbook Module 4

Be careful with 'yes' and 'no'.

'Yes' to a direct question may mean a number of different things. It could mean 'I hear you but I don't understand you and won't admit it for fear of losing face', or 'I recognise your status and I'm trying to please you'. So, for example, do not assume that a 'yes' when you ask for approval to add team members to a project necessarily indicates an agreement to increase the price.

People in China may find it difficult to say 'no' directly. This is because saying 'no' has the potential to cause embarrassment and loss of face, and threaten harmony. Saying "It might be a bit difficult" or "I'll look into it" may well get your 'no' message across successfully without threatening anyone's face.

Summary

In working with China you may encounter a different language, and different cultural values, expectations and behaviours. Broadly speaking for the Chinese communication is about building relationships, while in the West it is about efficient exchange of information and getting things done as quickly as possible. As a result, complex challenges communication can arise. Adapting some of your communication strategies will help you deal effectively with these challenges.

Workbook Module 4

Activity and Exercise Section.

1. Case study.

James Bolton has recently started work for SmoothTalk, a communication company in the USA. In his new job he has contact every day with his colleagues in China and Hong Kong. Some of James’ colleagues work in marketing events management and some provide technical support for many different projects.

James has not had the chance to visit his Chinese colleagues and his contact with them has mainly been by phone, conference call, video-conference and email. However even in the short time he has been in the job he has learnt to value the knowledge, professionalism and enthusiasm of his colleagues.

James was keen to ask for his colleagues’ suggestions during a video-conference brainstorming session regarding an upcoming project. During the brainstorming James felt that while some of his senior colleagues joined in to offer opinions and ideas, others at a more junior level did not seem to wish to share their thoughts in the group discussions. James found this strange because in the USA he was accustomed to everyone joining in, regardless of their role in the company.

The next day James arranged a conference call with two events managers to issue some instructions on the new project. Based on the excellent previous performance of the managers he had full confidence in their ability to deliver. The managers asked very few questions during the conference call, despite James asking them to do so. From James’ perspective they seemed to say “yes” hurriedly to the matters being discussed. He had set aside an hour for this call but was it was over in just 25 minutes.

Three days later James found that a key aspect of the project had still not been started. James felt he had a good working relationship with his Chinese colleagues, but this time he felt that they had not been communicative enough with him, nor had they made it clear that they might have difficulties achieving what had been agreed. In the USA James was accustomed to his colleagues being very clear with him when they did not understand him or could not achieve the required tasks.

James directly challenged the two managers on the phone regarding the delay to the project, as he was under enormous pressure from a very major client as well as his own boss. The editors were very quiet and offered no explanation during this dialogue. However, back at their desks, they complained to their colleagues that they felt their careers would be damaged by James’ direct communication.

The next day, the managers were quite surprised that the James appeared normal when communicating on another matter.

- a. In the grid below make notes on make notes on the contrasting communication styles demonstrated by the US and Chinese participants in this case study.

	China	USA	Your country
The types of communication styles in evidence.			

Workbook Module 4

2. Exploring Communication Approaches.

There are many ways in which communication styles can differ from culture to culture.

This activity identifies some important areas in which paralinguistic (volume, speed of speech and so on), extra-linguistic (gestures, eye contact, touch, physical proximity and so on) and other communication styles (direct versus indirect, and so on) differ across national, cultural and language boundaries.

This activity asks you to think about the particular approach to communication that predominates in your own culture. It then asks you to reflect on the possible consequences when individuals with different approaches in each area interact.

- a. Read each of the following pairs of descriptions.
- b. Decide which description, A or B, is more like your own culture.
- c. Do you think China comes closer to type A or type B?
- d. Choose one or two statement pairs that interest you. Can you think of any misunderstandings that might arise when people from cultures more like A, communicate with people from cultures more like B?

	A	B
1	In some countries, people tend to talk quite quickly, frequently interrupting others in order to get their ideas across.	In other countries, people tend to talk in a slow and considered way, rarely interrupting other people when they are talking.
2	In some countries, people tend to talk quite loudly and are not particularly concerned if people they do not know overhear their conversations.	In other countries, people tend to be more soft-spoken, and take care to ensure that they do not talk so loudly that other people can hear their conversations.
3	In some countries, people use many physical gestures (such as smiling a lot, waving their arms or banging the table) to emphasize what they are saying and to communicate important ideas and feelings.	In other countries, people do not often use many physical gestures (such as smiling a lot, waving their arms or banging the table). Instead, they use words and their tone of voice to communicate important ideas and information.
4	In some countries, demonstrating interest in what other people have to say means maintaining good eye contact with them when they are talking.	In other countries, demonstrating respect for other people means trying to avoid too much direct or close eye contact while they are talking.
5	In some countries, even people who do not know each other very well will hold hands, embrace, place their arms around each other's shoulders, or touch each other on the arms.	In other countries, people are taught not to touch other people they do not know, and will try to avoid physical contact with strangers wherever possible.
6	In some countries, when people talk to each other they stand or sit a considerable distance apart, sometimes as much as 50 cm.	In other countries, when people talk to each other than stand or sit very close to each other - sometimes so close that they are almost touching the other person.
7	In some countries, people are direct and frank in the way they speak. They will give their personal opinions freely, regardless of whom they are talking to, and will often criticize other people directly if necessary.	In other countries, people are less direct in the way they speak. They will often avoid giving their personal opinions unless they know the people they are talking to well, and will try to avoid saying things that might come across as too critical of others.

Workbook Module 4

	A	B
8	In some countries, people write e-mails or faxes that are as short, direct and factual as possible. They pose questions directly and ask for information in an explicit and unambiguous way.	In other countries, people sometimes write e-mails or faxes in a less direct and wordier way. They often don't feel the need to spell out precisely and unambiguously the information they require.
9	In some countries, people often prefer to use e-mails, faxes, letters or other forms of written communication to pass on important information and make sure they get the response they want.	In other countries, people often prefer to use face-to-face discussions, telephone calls or other forms of spoken communication to pass on important information and make sure they get the response they want.
10	In some countries, learning foreign languages (particularly English) forms a big part of the educational curriculum. People from these countries often speak other languages very well.	In other countries, learning foreign languages is not an important part of the educational curriculum. People from these countries often do speak other languages very well.
11	In some countries, people are happy to talk about their personal and family life with their colleagues at work. They are also inclined to ask other people questions about their private and family life, even if they do not know them very well.	In other countries, people prefer to keep their private life and their work life separate. They do not tend to ask questions or talk about personal and family life at work, unless it is with close colleagues who they know well.
12	In some countries, people like to make 'small talk' (that is, talk about the weather, football, politics) before they start talking about business.	In other countries, people like to get straight into business without bothering with too much 'small talk' (that is, talking about weather, football, or politics, etc.).
13	In some countries, people are happy to talk about their skills and accomplishments without embarrassment or shame. They think it is polite and honest to describe what they have achieved in their lives through hard work.	In other countries, people feel uncomfortable talking too much about themselves and what they have accomplished in their lives. They think it is polite and courteous to keep quiet about their attainments, especially if others have achieved less than they have.
14	In some countries, people will try to remain as reasonable, rational and dispassionate as possible during business discussions and conversations. They believe that the best way to remain objective is to argue based on facts and talk from the head, not from the heart.	In other countries, people feel comfortable following their feelings and intuition during business discussions and conversations. They believe that the best way to get their message across is to talk with passion and conviction, even if this sometimes comes across as being emotional.
15	In some countries, people are happy cracking jokes and telling funny stories at work or in business situations, even with people they do not know very well.	In other countries, people think work is a serious place to be and try to avoid making jokes or telling funny stories unless they know the other person very well.
16	In some countries, people tend to communicate in an informal way, using first names at work or when dealing with customers and colleagues. People rarely use formal titles (like Mr or Mrs, Doctor, Engineer, Architect).	In other countries, people tend to use formal titles (like Mr or Mrs, Doctor, Engineer, Architect) at work, or when dealing with customers and colleagues, people tend to use first names mainly with family and close friends.

Workbook Module 5

Doing Business with China – online learning programme.

Module 5 – Effective Negotiating and Influencing.

Duration – 1 hour.

Learning Overview.		Duration.	Tick (✓) when you have completed this element.
Chinese cultural values have an impact on the way in which many Chinese customers and colleagues approach negotiating and decision-making. Taking steps to adapt your approach can help you achieve what you want from negotiations.			
Video Input.	<ul style="list-style-type: none"> • Effective Negotiating and Influencing. 	10 minutes.	
Reading.	<ul style="list-style-type: none"> • Effective Negotiating and Influencing. 	10 minutes.	
Exercises.	<ul style="list-style-type: none"> • Your negotiation style. • An upcoming negotiation. 	40 minutes.	
Learning Outcome.			
On the completion of this module you will be able to apply tools for assessing your own negotiation style, and for planning a forthcoming negotiation in China.			

Video Input

Log in to the Doing Business with China online learning platform and watch the video segment (5) **Effective Negotiating and Influencing.**

If you wish, as you watch the video use the space below to make notes on the key topics and ideas...

Workbook Module 5

Reading Input – Effective Negotiating and Influencing.

Read the following module overview at least twice and then complete the exercise and activity section.

There are several different areas in which negotiation styles differ between the West and China.

How credibility in negotiations is established.

Chinese customers and colleagues can sometimes see the western approach to negotiations as impatient and impersonal. In part this is because of the Chinese cultural belief that relationships need to be built before business discussions can take place. This can clash with a western urgency to get the deal done. Consequently your credibility as a negotiator will stem, to some extent, from the level of trust you have established with your opposite number.

Credibility also stems from the position of status you occupy in your organisation. Even if negotiations take place at a low level, without the direct involvement of senior people on the Chinese side, senior level approval is usually sought later on. If you can demonstrate you have power on the ground to make decisions, you can communicate clearly the status you hold in your organisation.

Consider whether it is a good idea to send a lone person to negotiate, however good he or she may be. The individual may lose respect since traditionally a leader does not engage in nuts-and-bolts negotiating.

How the decisions are made.

Be aware that the real decision-maker may not be present when you negotiate.

Instead he or she will receive a report from subordinates on what took place at the negotiation, and will then consult with an extensive network of behind-the-scenes stakeholders. The aim is to solicit internal compromise or consensus on whether the deal on the table is acceptable to everyone concerned. Only once this consensus has been achieved will authorisation find its way back to the negotiating table.

This method of compromise decision-making is particularly important when working with China's large number of State Owned Enterprises. These operate under various combinations of local, provincial and central government authority. Consequently there may be many potential stakeholders, some of whom will be invisible to you.

The traditional Chinese decision-making process has some important implications when working with Chinese customers and colleagues.

For example, you may find greater obvious concern among Chinese colleagues of making a mistake in negotiations. You may also find they show strong reluctance to take internal responsibility for decision-making. This is because a faulty decision will mean a loss of face.

When confronted by difficult negotiations, your Chinese colleague's default position may be to refer the decision up the hierarchy and out towards an extended network of other colleagues. This can delay the process and require you to persuade many different organisational groups, at different organisational levels.

Be careful about pricing. Even if your initial prices are just estimates, Chinese customers will often hold you strictly to them. This is because changes will often involve a complicated and time-consuming process of internal approval.

How the negotiation process unfolds.

One way of thinking about the negotiating process is to identify four different stages. An initial sounding out period, followed by an exchange of information, followed by some kind of persuasion process, and finally by finding terms of agreement.

Workbook Module 5

The table below draws some broad distinctions between Western and Chinese approaches in each of these areas.

Western.	Chinese.
Initial sounding out period.	
<p>A quick process of identifying potential customers.</p> <p>Establish informal contacts, often with people identified through a process of cold calling.</p>	<p>Initial introductions are likely to be made through trusted intermediaries who may continue to have a place as the negotiation process unfolds.</p> <p>A more extensive sounding out period, often through a formalised process involving, among other things, banquets and official meetings at senior levels.</p>

Exchange of information.	
<p>A fairly direct approach to exchanging information, often with an initial list of proposals to get things started.</p>	<p>Relatively more indirect communication styles.</p> <p>It may be necessary to have to dig deeper, and spend more time, in order to find a comprehensive explanation of what customers and colleagues are trying to achieve.</p>

Persuasion process	
<p>Fairly assertive persuasion style aimed at 'getting the deal done', with negotiations undertaken against the clock.</p>	<p>Persuasion can be seen as a process of probing for flaws in an argument.</p> <p>Questions may be answered with other questions, particularly in circumstances where a definite answer might cause someone in the negotiation to lose face.</p> <p>Concessions are rarely offered quickly.</p>

Terms of agreement	
<p>May stress general initial agreements, with details discussed later on.</p> <p>Measure success by how good the deal was. If the deal works, then the relationship continues.</p>	<p>May not respond well to a 'broad-brush' approach to negotiations unless it is supported by frequent points of detail.</p> <p>Perceived stumbling blocks in the detail of a deal can often get you back to the beginning.</p> <p>Good deals are important, but each deal needs to be set in the context of a broader target, which is a committed, sustained, business partnership which offers reciprocal benefits.</p>

Workbook Module 5

Based on this table there are some useful general hints and tips to keep in mind that will help when planning and entering a negotiation with Chinese customers and colleagues:

- Chinese negotiators use relationship-building as a form of due diligence. Getting to know you is part of their risk-management strategy.
- It will help to find out about any internal or regulatory processes that will impact on how your customer's ultimate decision will be made. Try to do this before you come up with any initial proposals.
- Use all kinds of channels with colleagues and customers, both formal and informal, to get the information you need.
- Communicate clearly but keep in mind the need to ensure your contacts save face.
- Avoid forcing a showdown or delivering an ultimatum. It is almost always counterproductive.
- Avoid pushing too hard or putting your opposite numbers in obviously unfavourable situations. This can be seen as aggressive and impersonal.
- The negotiation and decision-making process can be extended. So set realistic timescales, do not rush, and do not be alarmed if negotiations suddenly stop. Be patient and allow the negotiation process to run its course.
- If you are faced with obviously 'win-lose' bargaining tactics from your opposite number in a negotiation, this may well be a signal that the right relationships are not in place.

Summary

Chinese cultural values have an impact on the way in which many Chinese customers and colleagues may approach negotiating and decision-making. In particular they can sometimes impact on three areas. How credibility in negotiations is established; how decisions are made; and the negotiation process itself. Taking steps to adapt your approach in each area can help you achieve what you want from negotiations.

Workbook Module 5

Activity and Exercise Section.

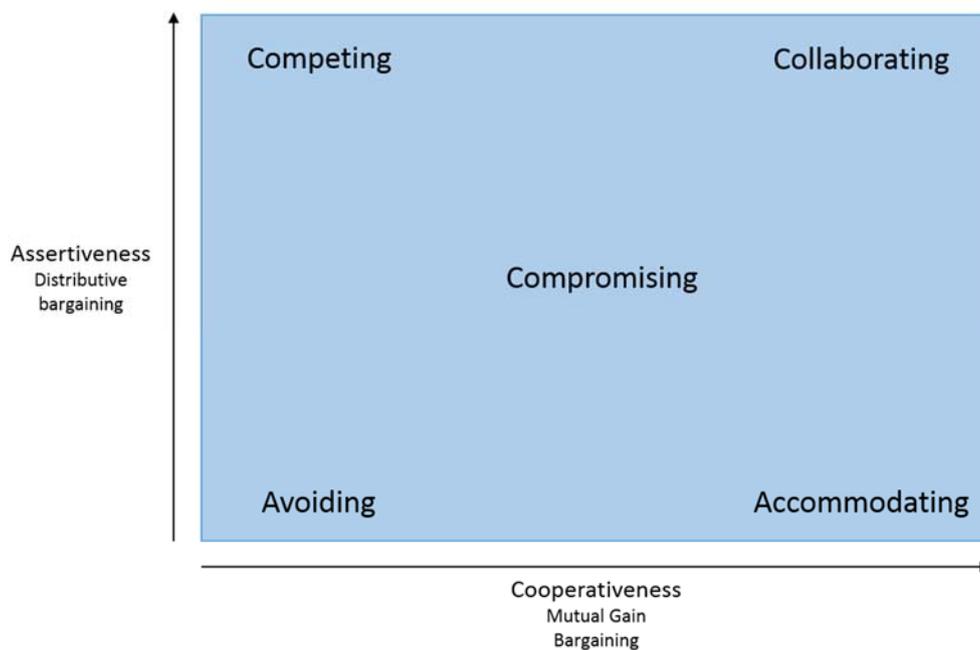
1. Your negotiation style.

Business researchers have identified two distinct approaches to negotiating.

Distributive Bargaining approaches negotiation as a win-lose exercise where the gains of one party must come at the expense of the other party. The sole focus of the negotiator is to maximize his/her own outcomes. This orientation is referred to as *Assertiveness*. Negotiators who exhibit High Assertiveness tendencies are more likely to engage in Distributive Bargaining behaviour.

Mutual Gain Bargaining approaches negotiation as a mutual problem-solving exercise. Relying on open communication, trust, and mutual respect, negotiators focus on fulfilling the mutual interests of both parties. This orientation is referred to as *Cooperativeness*. Negotiators who are high in Cooperativeness are more likely to use a Mutual Gain Bargaining approach.

The graphic below summarises these two dimensions, and identifies five distinct negotiation styles, which vary according to an individual's preference for Assertiveness, and Cooperativeness.



Read through the definitions of each negotiating style, then answer questions A to C below.

Competing - Negotiators that exhibit this style are results-oriented, self-confident, and assertive, and are focused primarily on the bottom line. They have a tendency to impose their views upon the other party, and in the extreme can become aggressive and domineering. This style is high in Assertiveness and low in Cooperativeness.

Avoiding - Negotiators that exhibit this style are passive, prefer to avoid conflict, make attempts to withdraw from the situation or pass responsibility onto another party, and fail to show adequate concern or make an honest attempt to get to a solution. This style is both low in Assertiveness and low in Cooperativeness.

Workbook Module 5

2. An upcoming negotiation.

Think carefully about a forthcoming negotiation in China. This could be a negotiation with colleagues, or with customers, or with a business partner in China.

Based on the content of this module (and your personal objectives and requirements in working with China), complete the grid.

Identify actions you will take at each stage of the negotiation to enable you to achieve your objectives in an appropriate way.

Do not worry if you are still at an early stage in planning your negotiation. Considering these issues at an early stage will help your overall planning when working with China.

	<i>Specific actions I will take to facilitate this process...</i>
Initial sounding out period	
Exchange of information	
Persuasion process	
Terms of agreement	

Workbook Module 6

Doing Business with China – online learning programme.

Module 6 – Effective Leadership and Management.

Duration – 1 hour.

Learning Overview.		Duration.	Tick (✓) when you have completed this element.
Chinese approaches to management differ from the west. Adapting the way you approach leading and managing Chinese colleagues can achieve more productive results.			
Video Input.	<ul style="list-style-type: none"> • Effective Leadership and Management. 	15 minutes.	
Reading.	<ul style="list-style-type: none"> • Effective Leadership and Management. 	10 minutes.	
Exercises.	<ul style="list-style-type: none"> • Case study. • Exploring leadership styles. 	35 minutes.	
Learning Outcome. On the completion of this module you will be able to apply a tool for understanding your own leadership and management styles, and plan changes to get things done more effectively when leading and managing in China.			

Video Input.

Log in to the Doing Business with China online learning platform and watch the video segment (6) **Effective Leadership and Management.**

If you wish, as you watch the video use the space below to make notes on the key topics and ideas...

Workbook Module 6

Reading Input – Effective Leadership and Management.

Read the following module overview at least twice and then complete the exercise and activity section.

Chinese approaches to management differ from the west. This means you may need to think carefully about how to lead and manage Chinese colleagues to get the best results.

Western companies operating in China often comment on the comparatively small pool of Chinese managers who have global business experience. Experienced local Chinese managers can be expensive to find and difficult to keep. As a result it is very important that western managers who work in China understand local management styles.

Chinese culture attaches significant value to relationship-building, face, harmony, status, and hierarchy. These cultural attitudes impact on Chinese expectations about the role of leader and manager.

Broadly speaking in the west an ideal manager is seen as a *Creative Egalitarian*. He or she sets the vision for the business or team, and then empowers subordinates with a certain amount of latitude to execute the agreed strategy. Two-way communication with employees is encouraged, as is the input of even junior employees in the decision-making process.

Traditionally, in China, a manager or leader has been seen as something closer to a *Benevolent Autocrat*. From this traditional perspective the role of a Chinese manager is to impose disciplined supervision on subordinates, on pretty much every task they need to do. At the same time, the manager is expected to spend time caring for the personal welfare of employees. This is a mutually beneficial two-way relationship in which the manager expects loyalty and obedience from subordinates in return for taking an interest in their well-being. Goal-setting and reward allocation tend to be managed as a group, rather than at the level of the individual.

The *Benevolent Autocrat* management style has been particularly strong in many State Owned Enterprises which until recently were responsible for providing employees with not just a salary, but also medical care, housing, childcare, schooling and entertainment. While profit is important, the manager also has a much broader aim of building a cohesive, 'family-like' workforce that is free of conflict.

Managers in State Owned Enterprises are still often moved from one role to another by political leaders rather than under instruction from the companies themselves. Senior managers will often have close relations to the Communist Party and many business decisions are likely to be scrutinised by the party, which is often the unseen force behind many business decisions.

Of course, as China has modernised so management styles, particularly in large private companies, have changed. Even so, to a significantly greater extent than in the west, Chinese leaders and managers still set direction and decision-making at the top and carefully control the flow of information.

This approach to management rarely stresses two-way communication or the ownership of problems by individuals at lower organisational levels. Senior managers give instructions to their direct reports who in turn pass on the instructions down the line. The role of subordinates is mainly to execute. Questioning the decisions of superiors, or expecting to be consulted, would potentially cause a loss of face for both manager and subordinate.

Once the employee's work parameters are set, any work done outside this specific scope may even be discouraged. Pro-activeness can sometimes seem to be less well-rewarded than strict attention to completing tasks, exactly as they have been allocated. Competition within the workforce is accepted, but under the expectation that individual employees should work in harmony with others and keep the competition to a degree that is acceptable to the majority.

What does this mean for you?

Firstly, it is important to recognise that Chinese management styles can be very efficient in carrying out critical missions and getting quick results.

Workbook Module 6

Having a firm set of instructions issued from the top, saves time in gaining buy-in to a decision from many organisational levels. Once a decision is fixed, implementation can be very rapid, with strong attention to detail.

The flip side of this is that western employees may sometimes feel that they are not fully trusted by Chinese managers to manage their own work. Although delegation is daily practice for western managers, in China the story can very different. Managers are expected to take full responsibility for all projects, so some Chinese managers may find it hard to delegate in the same way as in the west.

Key concerns for Chinese managers are: 'If I delegate my authority to others, will people still respect and listen to me?', or 'Can I trust the person I want to delegate to?', or 'Has this person proved that he or she is trustworthy?'

Western managers need to be aware of the resistance they may face in delegating to local colleagues. This is particularly important for new managers, who may not yet have established trusting personal relationships with their colleagues.

To overcome this dilemma you should make very clear where the limits lie to the authority you are delegating. Make sure everyone in your team is absolutely clear about what has been delegated, and to whom. If you fail to do this your colleagues may feel anxiety about exceeding their authority. In the absence of clarity you may also find that the Chinese affinity with group goal-setting means that personal accountability for actions can sometimes get blurred.

Make clear the expectations you have of deliverables. Your expectations need to be both reasonable and achievable.

Secondly, what motivates Chinese colleagues may not always be the same as what motivates colleagues elsewhere. Ideas such as empowerment and open access to information can be unfamiliar to Chinese colleagues. Consequently you may need to spend more time in one-to-one conversations. Listening to concerns, showing respect, and giving recognition for achievements are all important. One-to-one meetings are also useful for getting information that colleagues may feel uncomfortable sharing in public.

Be careful about how you deliver feedback, particularly if it is negative. A manager's role is as much about maintaining harmony in the workforce as about issuing instructions. Because of the need to save face Chinese managers sometimes give negative feedback much less directly than those in the west. Positive feedback tends to be given in public to a group or team rather than to a specific individual, however much he or she may have contributed.

Thirdly, be aware that Chinese managers have traditionally been concerned with employee welfare, customer satisfaction, long-term growth and market share. Your focus on short-term targets and profitability, however legitimate, may be unfamiliar to some Chinese colleagues.

Summary

Management styles and practices that work in your home country may not always work in China. The Chinese expect a strong, caring leadership style. In Confucian philosophy all relationships, including those of manager and subordinate, are deemed to be unequal. Ethical behaviour demands that these inequalities are respected. This Confucian approach remains the cornerstone of much Chinese management practice.

Workbook Module 6

Activity and Exercise Section.

1. Case Study.

Wei joined SmoothTalk’s China office just over two years ago. His expertise has been recognised throughout the organisation. Wei has recently taken a position on project working with SmoothTalk in the UK. The project manager is Susan, who is based in London.

After two weeks, Wei wonders whether he has made a big mistake. He has only spoken to Susan directly three times. The first time was for Susan to welcome him to her team and to tell him how much she has heard about how his past performance. The second time Wei reached out to Susan after one week, intending to receive strategic advice about the new project. Susan’s short reply was that she was confident that Wei could work that out for himself with such a great track record. The third conversation was rather a shock. Susan directly told Wei that she was very disappointed to hear that he had not moved forward with the new project.

Wei hopes to salvage his relationship with Susan. He makes a point of trying to learn more about her the next time he speaks to her. Asking about her about her husband and children, Susan replies coldly that she’s unmarried followed by ‘let’s concentrate on the project if you don’t mind’.

Wei made mention that Chinese New Year is in a few days and that he would be returning to his ancestral village to see his entire family. He even mentioned that he would take some extra annual leave if necessary as his ancestral village is very far away and complicated to travel to.

Not one day later, Susan calls Wei with the news that the project is ‘a total cock-up’ and will soon be ‘flogging a dead horse’ if the entire team doesn’t pull together. She wants everyone to put in overtime and to work straight through the next week to ‘save my bacon’.

Wei replies by saying how much his family has been looking forward to the reunion and celebrating the holiday, to which Susan replies ‘but I thought you lived with your family here in Shanghai’ followed by ‘will you be working next week’.

Wei replies that he will try, but wonders how Susan will react if she learns that he is relying on one of his expatriate colleagues to cover for him as much as possible during the holiday.

- a. In the grid below make notes on make notes on the contrasting leadership styles demonstrated by the UK and Chinese participants in this case study.

	China	UK	Your country
The types of leadership styles in evidence.			

Workbook Module 6

2. Exploring leadership styles.

Complete the following task. For each characteristic, select either A or B, whichever better describes your personal style of leadership.

- | | |
|------------------------------------------------------------------|----------------------------------------------------------------------------------------|
| 1. A – Directing others
B – Advising others | 6. A – Instructing others
B – Persuading others |
| 2. A – Informing others
B – Discussing with others | 7. A – Communicating well
B – Listening well |
| 3. A – Being assertive
B – Being modest | 8. A – Centralising
B – Decentralising |
| 4. A – Being competitive
B – Being harmonious | 9. A – Stressing equity
B – Stressing equality |
| 5. A – Making individual decisions
B – Making group decisions | 10. A – Resolving conflict through battle
B – Resolving conflict through compromise |

Answer the following questions

1. Did you choose more A's or B's?
2. Would you associate Chinese business culture more generally with 'A' responses, or 'B' responses?
3. What barriers might you face when interacting with others who hold different leadership styles?
4. Draw up a list of suggestions about how individuals with a preference for either A or B can recognise, manage and benefit from working with others with a different style.
5. What personal changes will you make to your leadership styles when working in China?

Workbook Module 7

Doing Business with China – online learning programme.

Module 7 – Common cultural misunderstandings.

Duration – 1 hour.

Learning Overview.		Duration.	Tick (✓) when you have completed this element.
Recognising and respecting the cultural behaviours and expectations of Chinese colleagues and customers, and responding appropriately, will smooth the path to sustainable business relationships. It also avoids the risk that cultural misunderstandings get in the way of business.			
Video Input.	<ul style="list-style-type: none"> • Common cultural misunderstandings. 	10 minutes.	
Reading.	<ul style="list-style-type: none"> • Common cultural misunderstandings. 	10 minutes.	
Exercises.	<ul style="list-style-type: none"> • Test your China knowledge – quiz. • How much do you know now about Chinese culture? 	40 minutes.	
Learning Outcome. On the completion of this module you will be able to apply some key dos and don'ts for avoiding cultural misunderstandings with Chinese colleagues and customers.			

<p>Video Input</p> <p>Log in to the Doing Business with China online learning platform and watch the video segment (8) Common cultural misunderstandings.</p> <p><i>If you wish, as you watch the video use the space below to make notes on the key topics and ideas...</i></p>

Workbook Module 7

Reading Input – Common cultural misunderstandings.

Read the following module overview at least twice and then complete the exercise and activity section.

At the surface-level, modern Chinese business culture can usefully be viewed as a combination of both Chinese and global business behaviours. Many of these communication and business practices will be thoroughly familiar to you. Although there are some sorts of surface-level western behaviours that do have the potential to cause cultural misunderstandings in China, most do not. Most Chinese people rather expect you, as a foreigner, to do peculiar things. Most of the time, with most people, there are few serious cultural problems that result from this type of surface-level misunderstanding.

Below the surface there is a foundation of deeper-level Chinese cultural values. As we have seen throughout this programme, these relate to the importance of relationship-building, the need to give and maintain face, the significance of harmony, and the value attached to status and hierarchy in the business environment.

These cultural values do not in themselves make life difficult for westerners working with Chinese colleagues and customers. On the contrary, developing an understanding of different assumptions, expectations and ways of doing things can be an extremely enriching personal and professional experience.

However, cultural differences can cause difficulty when we are ignorant of the fact that others behave differently to us, or when we interpret other people's behaviour based on our own (sometimes very narrow) frame of reference. In general, cultural problems in business arise because of a mismatch between beliefs, values and expectations at a deep cultural level. Providing you recognise, respect and respond to these deep level cultural differences, you can avoid most major misunderstandings or mistakes.

The following general rules of thumb are likely to help you avoid the most common cultural misunderstanding in China and get things done more effectively when working with Chinese colleagues and customers.

Formality.

Westerners sometimes find it challenging to understand the formality of their Chinese colleagues and customers. Equally, the kind of very informal approach to doing business that characterise Anglo-Saxon business cultures may be misunderstood in China. Obvious casualness in business does not come across well in a culture where obedience and deference to superiors remain key values. As a result it is easy for more casual, less status-focused westerners to unintentionally offend Chinese opposite numbers.

A good general rule of thumb is for you to be more formal in your initial interactions with Chinese colleagues and customers than might otherwise be the case, ensuring that you are most obviously formal with people of senior rank.

The Chinese do have a sense of humour, but avoid making jokes about politics or political leaders. This may offend the notion of respect for superiors and lead you to lose face. Even criticising your own government and its policies is a bad idea.

Business meetings.

When entering a business meeting the highest ranking person in your team should lead the way. Try to identify the most senior person present on the client side and shake hands with him or her first.

If the meeting room has a large central table, the principal guest is likely to be seated directly opposite the principal host. Meetings usually begin with small talk. So resist the temptation to get down to business right away. Be careful not to interrupt the flow of discussions as this runs the risk of being rude and causing others in the room to lose face.

Think carefully about your attitude towards silence in meetings. In the west people tend to think of silence as an absence of communication. People find it uncomfortable. However silence in meetings and during discussions may give your Chinese

Workbook Module 7

colleague or customer the opportunity to carefully consider what is being said, and to formulate an appropriate response. Resist the urge to fill the silence with your own speech.

Non-verbal communication.

Westerners expect steady eye contact when talking with people. This is a behaviour people may consider basic and essential. But this may not be the case with Chinese colleagues and customers. For the Chinese, a lack of steady eye contact does not indicate an absence of respect. Indeed some Chinese people may find constant eye contact to be aggressive or challenging. Be prepared to glance away regularly rather than try to hold the gaze of people you talk to. And don't fall into the trap of assuming that a lack of eye contact signifies a lack of interest.

A smile is universal - there is a saying in China that roughly translates as "A man without a smile should not open a shop". So feel free to smile in even the most formal of meetings.

Personal space is smaller in China than in the west, so you might become uncomfortably aware that Chinese colleagues and customers tend to stand closer to you than you are accustomed to. Avoid the temptation to move away.

The Chinese do not like to be touched by people they do not know. This is especially important to remember when dealing with older people or people in important positions.

Business cards

When giving a business card hold out your card, using both hands, with the writing facing the recipient. Cards should always be exchanged individually.

Never toss your business card across the table and avoid writing on a business card. Receive a business card with both hands and scan it immediately for vital information. Then lay the card in front of you on the table.

Socialising

Take every opportunity to socialise with your colleagues and customers.

Business lunches have become more popular but you will probably be treated to at least one evening banquet. You should attempt to return the favour. Banquets at restaurants can be ordered in varying degrees of extravagance. Be sure to reciprocate at roughly the same price per person as your Chinese host as anything more might be seen as lacking in modesty.

At a formal banquet be prepared to give a short, friendly speech in response to the host's speech. If you are not sure what to say then things like harmony, friendship, and a spirit of co-operation are likely to be suitable subjects. Good topics to talk about while eating are Chinese food, sports, places one should visit on a trip to China, and Chinese history and culture.

Toasting happens frequently. A host usually begins the toast after the first course by welcoming all of his guests. If you don't drink it is fine to toast with mineral water or tea.

Oh and if you really cannot attend a banquet then think carefully about how to decline an invitation. If the invitation has been made in public, particularly by someone senior, you will cause him or her to lose face by an abrupt refusal. You should certainly reciprocate the invitation when you are available.

Summary.

Many Chinese people rather expect you, as a foreigner, to do peculiar things. If you are constantly worried about behaving properly it will impact adversely on your ability to build and sustain productive relationship. However, keeping the summary table below in mind will help you avoid misunderstandings when working with Chinese colleagues and customers.

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Relationship-makers	Relationship-breakers
✓ Guanxi	x Showing anger
✓ Knowing history and culture	x Impatience
✓ Respecting rank	x Pressing for decisions
✓ Entertaining and socialising	x Direct communication (NO!)
✓ Harmony	x Boasting
✓ Indirect communication	x Loudness
✓ Face and courtesy	x Being too task-focussed
✓ Patience	x Showing too much emotion

Workbook Module 7

Activity and Exercise Section

1. Test your China Knowledge – Quiz

Try your hand at the following quiz. The information covered in this learning programme should provide you with the resources to answer each question successfully.

When you have finished check your answers below.

1. You are at an important point in a negotiation with your Chinese customer. The senior person present smiles at you and says, "We will consider your proposal carefully." What is he trying to tell you?
 - a. Exactly what he says. They will consider the proposal.
 - b. It's probably their way of indirectly letting you know that there are real problems with your proposal. They will not seriously consider the proposal.
 - c. Could be either a, or b, above.

2. Other things being equal, which of these has the most influence on your Chinese colleague's status within the organisation?
 - a. Salary.
 - b. Age.
 - c. Experience.

3. You are the manager and are holding a meeting with Chinese colleagues. One of them suggests an idea to you which you completely disagree with. What might your best reaction be?
 - a. Speak bluntly and expose why the idea is not workable. The Chinese respect plain speaking.
 - b. Acknowledge the suggestion and state that you will think about it. This saves anyone from losing face.
 - c. Reprimand the colleague. In China it is rude to make suggestions to the boss.

4. Which one of these things should you generally avoid with Chinese customers and colleagues?
 - a. Touching and physical contact.
 - b. Speaking about family.
 - c. Silence during conversations.

5. You and your team are meeting with Chinese counterparts for a business meeting. Who should enter the room first?
 - a. The most junior of your party.
 - b. The most senior of your party.
 - c. The host's representative that met you.

6. You are hosting a delegation of Chinese business people. Where would you ask the most senior person to sit in the meeting room?
 - a. At the head of the table.
 - b. Directly opposite the most senior person on your side.
 - c. Where they choose to.

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7. You have just met with a team from your Chinese customer to discuss a potential new project. *Who would you expect to make the final purchasing decision following this meeting?*
- The top ranking person on the customer side who actually attended the meeting.
 - The entire team on the customer side following a consensus discussion.
 - A senior manager on the customer side who may well not have attended the meeting.
8. How should one receive business cards?
- Both hands.
 - Right hands.
 - With left hand propped by right.
9. Which of these should you try and have on your business cards?
- Title
 - Age
 - University qualification
10. When starting a presentation in China, it is helpful to spend significant time discussing the history of your company.
- True.
 - False.
11. Chinese banquets tend to be lengthy and tiresome, but it is ok to excuse yourself politely if you need to be well rested for the following day's interactions.
- True.
 - False.
12. Negotiations in China are best conducted on a one-on-one basis, since people generally prefer getting to know you well.
- True.
 - False.
13. When you are invited to a business meeting in China, you should arrive:
- On time.
 - 5 minutes late.
 - 10 to 15 minutes late.
14. Which of the following is not true about Chinese names?
- The family name usually precedes the personal name in Chinese.

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- b. English names are sometimes adopted because they know it is difficult for foreigners to remember their Chinese names.
- c. People outside the family circle generally use first names when first meeting.

15. The Chinese would never show anger during meetings, as this would not agree with the laws of Confucianism.

- a. True.
- b. False.

Now check your answers in the Answers Section below.

Workbook Module 7

2. How much do you know now about Chinese culture?

Repeat the 'How much do I know' activity you completed in Module 1. The grid is shown below.

- Think about your current level of understanding of Chinese culture and business-culture.
- Complete the checklist answering Yes, No or Don't Know to each question.
- Add up the number of 'Don't Knows'.
- Check how your number of 'Don't Knows' compares with the number you scored when you completed Module 1.
Congratulations if you have scored 0 'Don't Knows'.

	Yes.	No.	Don't Know.
Non-verbal communication.			
1. Should I expect differences in what is thought of as appropriate 'personal space'?			
2. Should I anticipate differences in the way my counterparts use touch?			
3. Is there anything particular I need to be careful about in giving or receiving business cards?			
4. Should I expect differences in the level of acceptable eye contact?			
Communication and work.			
5. Do I know what type of management styles and approaches are likely to be most persuasive?			
6. Do I know what type of negotiation styles and approaches are likely to be most persuasive?			
7. Do I know what type of communication styles and approaches are likely to be most persuasive?			
8. Do I know what style of feedback is acceptable?			
9. Should I anticipate different expectations about the expression of criticism?			
10. Should I anticipate different expectations about the expression of anger?			
11. Do I know the range of ways in which disagreement is likely to be expressed?			
12. Should I expect a different style of conflict resolution?			
13. Should I anticipate different expectations about the use of silence?			
14. Do I know when to use first names and surnames?			
15. Should I anticipate different attitudes towards the importance of saving face?			
Total number of don't knows			

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Answer section.

Test your China Knowledge –Answers.

1. C – In situations of ambiguity like this is important not to make assumptions. Ideally, your well-developed personal relationships with members of your customer’s negotiating team will allow you to clarify things in an informal way.
2. B.
3. B.
4. A – Speaking about family is welcomed, as it provides a firm basis for relationship building. Silence is not considered to be an ‘absence’ of communication in China, and may be encountered at work.
5. B.
6. B - When meeting your Chinese hosts in a reception line the most senior person in your delegation should be first. Others should follow in order of seniority. Sort this out before the meeting. Your interpreter should stay close to the head of the line to introduce your most senior person. Those greeted should move down the line shaking hands, without pausing too long for conversation.
7. C.
8. A.
9. A.
10. True. Your business partners will want to understand your company's background, history, and past engagements. This is an important element in your effort to build trust. If your company is one of the oldest or largest among your competitors, or has another prestigious distinction, this should be highlighted.
11. False. Relationship building is very important when conducting business in China. Declining to participate in a banquet or even a 'normal' business dinner will be viewed as impolite and as a sign that you are not seriously interested in the business relationship. These occasions often also serve to continue business discussions in a more relaxed and open way.
12. False. The Chinese prefer to conduct negotiations in teams where each person has a clearly defined role. It is advisable to assemble a negotiation team on your side, too. Your Chinese negotiation partners will still strive to get to know each member of your team well, though.
13. A.
14. C - You should always be aware of a person's status and title. You should use titles such as Doctor or Engineer when possible.
15. False. Although the display of anger is discouraged under Confucian morality, Chinese customers may show calculated anger as a negotiating tactic.