Chinese business culture and guanxi (关系)
Agenda

- General introduction
- Chinese business culture
  - Guanxi
  - Business protocol
- 10 Golden rules
High-Context and Low-Context Cultures

Japanese
Chinese
Arab
Latin American
Spanish
English
Italian
French
North American
Scandinavian
German
Swiss
High-context

- relational, collectivist, intuitive, and contemplative.
- group values, duties, and decisions.
- nonverbal cues and total picture to communicate. Meanings embedded at many social levels.

Low-context

- logical, linear, and action-oriented.
- individual initiative, self-assertion, personal achievement.
- emphasize words, straightforwardness, openness.
People tend to be informal, impatient, literal.
Scientific models: maslow

High context
- Confirmation of status
- Recognition in the group
- Harmony
- Social integration
- Security
- Physiological

Low context
- Self realization
- Independence
- Recognition
- Affection
- Security
- Physiological

Source: Peill-Schoeller, Patricia: interkulturelles Management
Scientific Models: Hofstede

- Collectivism
- Individualism

Treatment of values

Power of position / authority

Source: Peill-Schoeller, Patricia: Interkulturelles Management
Chinese business culture and Guanxi (关系)

- Chinese business culture is based on relationships.
  - no person exists except in relation to others.
  - Relationships are a form of social capital, owned by people.
  - Guanxi is a complex Chinese concept that captures relationships grounded in trust, mutual obligations and shared experiences.
Each person operates within a *guanxi* network
The business challenge is to penetrate these networks.
Do you need Guanxi?

- Yes:
  - Critical in a deal
  - Better communication
  - Frank negotiation/No guessing
  - “extra facilitation” possible

- No:
  - Guanxi serves only in first introduction
  - Don’t over emphasize on Guanxi. At the end, it must be mutually beneficial
  - YOU CAN FIND GUANXI

Guanxi is not the same as corruption and bribery
Cultural & Business Protocol

- **Meetings**
  - Be a good listener
  - Realize that China is a collective society (Chinese are slow to decide on a course of action)

- **Discussions**
  - non-confrontational questions and answers
  - take steps
Cultural & Business Protocol

- **Mediation**
  - Chinese may not say NO for fear of losing face

- **Social activities**
  - Chinese likes to make friends first and discuss business later
  - Build trust and friendships
What to do?

It's an art.
Keep the Western strength
Learn the Chinese way
Good News

- Chinese understand and appreciate the Western way of doing business more and more
  - Moving close to international practices

BUT the Gap is still WIDE
Golden rules

1. Everything is possible.

2. Nothing is easy.

3. Patience is the essence of success.

4. “You don’t understand our country“ means they disagree.

5. “Signing a contract“ means the beginning of the real negotiation.
6. Chinese are slow to decide, but stick to the decision once made.

7. See what they see, feel what they feel.

8. When you are optimistic, think about Rule No 2.

9. When you are discouraged, think about Rule No. 1.

10. Getting things done is easy, dealing with people is hard.
Good luck with doing business in China