

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



Low



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

Low context

Confirmation of status

Self realization

Recognition in the group

Independence

Harmony

Recognition

Social integration

Affection

Security

Security

Physiological

Physiological

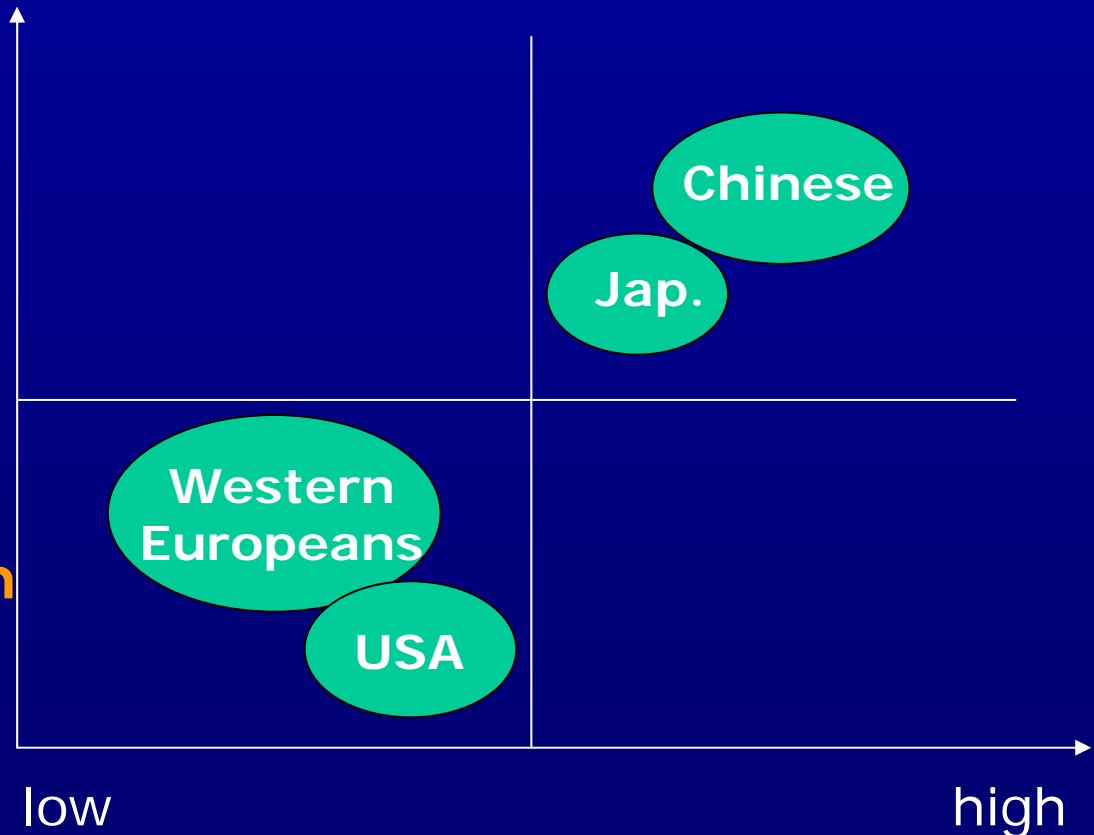


Scientific Models: Hofstede

Treatment of values

Collectivism

Individualism



Power of position / authority

Source: Peill-Schoeller, Patricia: Interkulturelles Management

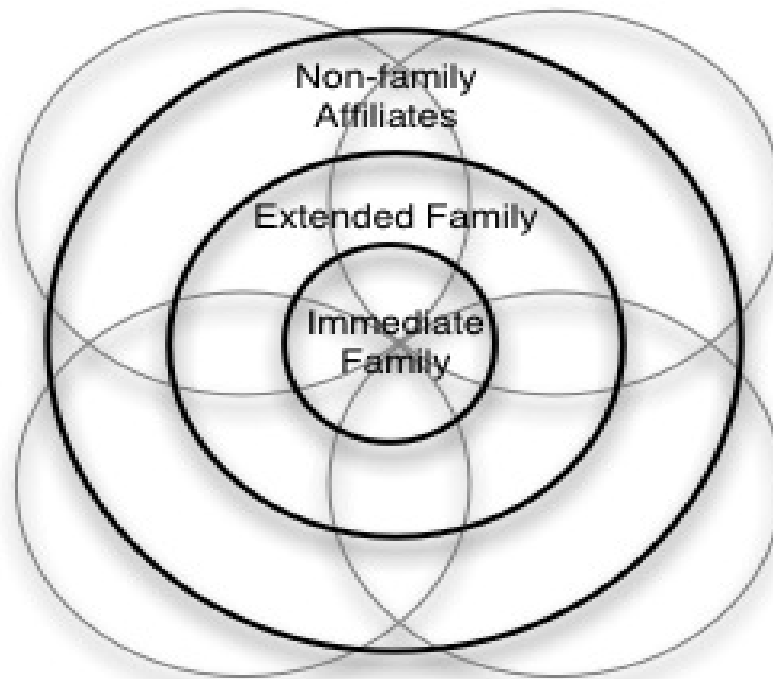
Chinese business culture and Guanxi (关系)

- 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

Extended Guanxi Network

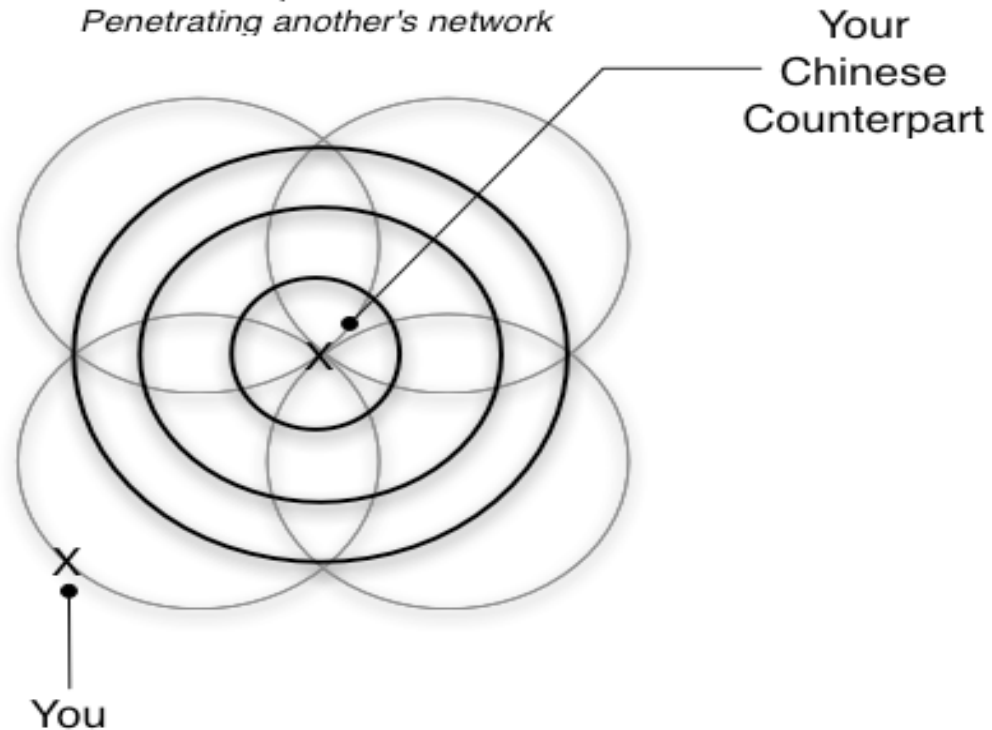


Source: Ming-Jer Chen, Inside China Business

The business challenge is to penetrate these networks

Interlocking Guanxi Network

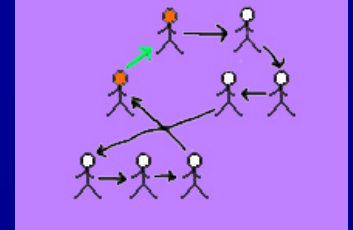
Perspective 1
Penetrating another's network



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 emphasis 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

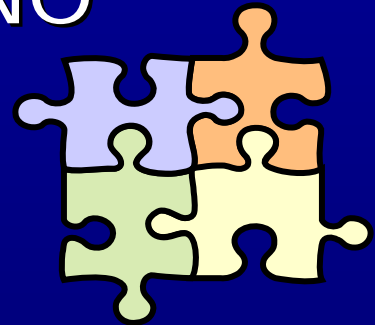
- non-confrontational questions and answers
- take steps



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

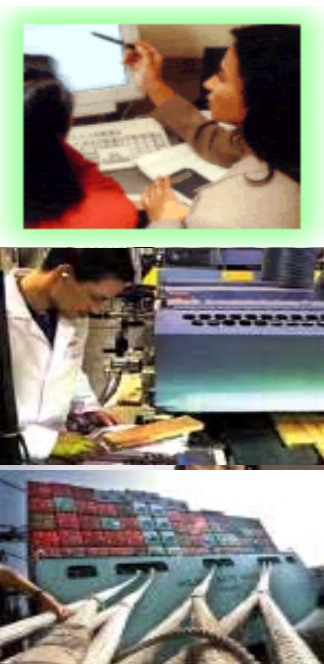
Learn the Chinese way



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.



Golden rules

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

