



Chinese business culture

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For the last two decades, China enjoyed an enormous growth of its economic and political importance. “The sleeping giant” was transformed into an important and lucrative destination of numerous European, American and Japanese business interests. To perfectly know Chinese business etiquette, culture and its beauty is crucial for a stranger, who is or who wants to be in a close contact with China or other areas influenced by this culture (e.g. Taiwan, Singapore, Malaysia, and Indonesia - to a certain degree), because of the rich history, complexity and specific character of the Chinese civilization. It can be expressed concisely in one phrase: “When in Rome, do as the Romans do!” As a proverb says: “When in a band of wolves, cry as wolves do.” If you keep to this advice, you will be rewarded for your efforts to understand the true identity of China. Of course, it does not mean to completely ignore or forget your social habits and courtesy when you meet with a Chinese – on the contrary, when in contact with a representative of Western civilization in their country, the Chinese, while being proud of their civilization, would most probably try to keep many of their cultural habits. However, they would certainly not hesitate to also keep local customs.

That is why probably the best “modus operandi” is to follow the generally accepted rules of code of conduct, while heeding local etiquette and not being afraid to show knowledge of local culture.

If there is a situation where customs and habits of one culture are in contradiction to customs and habits of other culture, the best solution is to follow your own traditions, since you have been led to respect them, and explain the reasons for your behavior later, when the right moment comes.

This study aims to provide the reader with concise, but significant information that could be helpful to determine how the Chinese approach business negotiations, and how strangers should approach these negotiations in order to achieve desired goals.

The study gives practical advice about the entire Chinese business etiquette, but it also shows the direction one should take in order to make a good impression, necessary for achieving his goals in the environment of Chinese culture. The study also illustrates the inseparable part of the business culture in the form of informal entertainment, giving presents, negotiation tactics,



intercultural communication, etc., and it adds description of the code of conduct in the Chinese society.

Informal entertainment

Most businessmen and entrepreneurs who have experience in dealing with the Chinese would confirm that the most common and the most respected occasion to improve relations with the Chinese is dinner. Many would agree with the statement that they signed the best contracts with Chinese partners practically behind a restaurant table. In China, entertainment is an important part of social, business and family life. Therefore, do not be surprised if you receive an invitation to the first meeting with your Chinese business partner or friend to a saloon or a restaurant. It is naturally expected of you that, to show your interest in future cooperation and in order to solidify and improve your relations, you will return the favor.

The most favorite occasions for informal entertainment in China are the evening banquets. They usually start at around half past five and last approximately for two hours. The guests should arrive on time. Chinese hosts and business partners will probably be on the spot even before the official beginning of the event. Banquets usually take place in Chinese restaurants and they tend to be more or less extravagant.

Eating starts after the arrival of all guests to room where the event takes place. Showing respect can start immediately at the door by giving precedence to the most respected guests. Two or more hosts can postpone this ritual with mutual instigation. In these situations, every person insists that the other deserves more respect. The debate can lead into a kind of mutual pushing. The same situation can come up before sitting down at the table. It is customary for the honorary guest to sit opposite the host who sits on the – let us call it the “most inferior” seat – by the door for servants/waiters.

There is a strict etiquette of seating based on hierarchy in Chinese business culture; therefore you should wait until you are seated.

The seat opposite the door is usually reserved for the host. The eldest guest sits at his left hand. The others are seated in decreasing order according to their social status. The oldest member of the society sits in the middle. You should respect this seating order if you are the



hosts at a banquet or any other event, regardless of it being a business or purely social meeting.

The host starts eating as the first and he proposes a toast. The others follow him. If you are the host, propose a toast and then put the first piece of the rarest food on the plate of your honorary guest. It is a signal for the eating to begin, and it is also considered a friendly gesture.

It is not customary to talk about business while eating, but when the social occasion is about to end, the guests can start a discussion about business.

The host should order so much food that after the dinner enough food is still left on the table; otherwise he would be embarrassed in front of the others. Rice is considered a side dish and it is served only after the main course is finished. If you want rice with your food, ask a waitress (shou jie in Chinese) to bring it to you in advance - especially when you order spicy food. During dinner 20 or 30 dishes are served, so do not eat too much at once. The best strategy is to taste a little from each dish.

First course represents a selection of cold dishes. It is traditionally served in even numbers (8 or 10). The cold dish is followed by exotic soup, either from shark fins, bird nest or something in that style. The guests at banquets usually serve themselves, while the host, to show respect to his guests, pours drinks and serves soup.

Soup is followed by an ornamental meat dish and several others, such as lobster, pork, shrimps and chicken. Dishes such as famous Beijing duck with green onion stalks, the Haixian sauce or thin pancakes are served between holidays. In the spirit of tradition, the last dish is fish, which is put on the table with its head turned toward the honorary guest. The guests are expected to praise the food during dinner. Relish for food is much more important than lively conversation at the table. Food at the banquet is a medium, through which the host wishes all the best, and at the same time shows his joy from the event.

It is considered a great offense to leave your plate empty, because it means that you have not been served enough. On the other hand, if you barely touch the offered food, you can offend the host as well. Although the food may not look appealing to you, you should show courtesy and taste at least a little.



The tea-drinking ritual, known as “yum cha” is an important part of the informal side of the business relations. It helps create closer relationship before the meeting or during eating. If you do not wish that you are served more tea, leave a little tea in the cup. If a food that does not require the use of cutlery is served, you will get a tea cup where you can dip and wash your fingers.

It is all right when you take bowls or other things before others. Seeds, pits or bones should be put on the table or in a special bowl. Never put these things into your bowl.

The Chinese will appreciate if you eat with sticks. After you are finished, put the sticks on the table or on a place designed for them. Do not put the sticks beside you on the top of your bowl, it brings bad luck. To leave them stuck in the rice bowl is considered rude for a change, since they remind of scented sticks used for religious rituals. Do not put the tip of the sticks into your mouth and mind that the sticks do not fall down, it also bring bad luck.

When eating rice, hold the bowl close to your mouth, as Chinese custom dictates it. If you are not familiar with the sticks, use a regular spoon instead. Clumsy handling the sticks could also offend your hosts. The role of bread is played by “jiaozi”, deer dumpling filled with vegetables or meat.

Chinese always sip and burp loudly as a sign of satisfaction with the food. Scorpions, grasshoppers, snake skin, bile, dog meat, turtles with soft shell or blood are considered delicate foods. Toothpicks are offered between courses and after the meal. If you want to use them, cover your mouth with your second hand.

Building of personal relationship (guanxi in Chinese) is very important when doing business. This includes participation in an intensive drinking, which is a base of their culture. Anyone refusing this ritual, which is a part of every business dinner without exceptions, is suspicious for the Chinese. These occasions usually represent the breaking points at negotiations, so if you want to avoid excessive drinking, prepare a reason why you cannot drink. The best solutions are medical reasons, fully accepted also if you do not want to drink at all.



Although alcohol is served only rarely at everyday meals, it plays a significant role at banquets (banquet is in fact called “cchiu-his”, which literally means something like an “abundance of wine”). In the West a particular type of alcohol is served with particular type of food often adapting to special requirements of the guest. In China, this is not done, here the host decides on one type of alcoholic drink, usually wine or liqueur, which is served throughout the entire event. Wine is poured before each course. At evening’s games during the banquet, the guests offer drinks to each other.

Toast represents an important part of the Chinese business etiquette. It is done usually with beer, wine or Chinese white liqueurs. Three glasses are set on the table: a glass with a drink of your choice for toast, a glass of wine and a shot of liqueur called “maotai” or “wu liang ye”.

The host proposes the first toast. If you do not drink alcohol, you can use lemonade, juice or mineral water. Chinese sometimes try out stranger (“lou wai”), how much he can take. They pour him “er gua toe”, pure strong alcohol that could be compared to rocket fuel. It is recommended to eat something before drinking it.

Toasts are proposed during the entire meal. Two most favorite are “ganbei” (cheers) and “kai wei” (may it taste well). If you wish to smoke, the courtesy dictates to offer a cigarette to all at the table.

Dinner ends with the serving of fruit and offering of hot tissues. Soon after that, the guests should prepare to leave. According to Chinese business etiquette, the host does not bid the guests to leave. According to Chinese protocol, you should return the favor and organize the same banquet for your host, but you should never try to surpass your host with a more generous or more expensive meeting.

Tips are not given in China. State hotels and restaurants even prohibit accepting tips, although younger waiters in bigger hotels in cities with a higher frequency of foreign visitor may expect tips.

Regarding diet, the Chinese usually do not experiment very much. A typical Chinese businessman does not like Western food, if he is not used to traveling. You should rather take your guest to a good Chinese restaurant. You will make them happier than by inviting them



to a newly opened French restaurant. If you invite people to your place, do not serve cheese, it does not fit into Chinese diet.

Conversation with the Chinese

The best topics for a pleasant conversation that can also serve as icebreakers are: Chinese and foreign culture, admiration of Chinese history, conversation about the news and events of the day (if they do not touch upon sensitive issues, such as unification of China with Taiwan, Tibet, repression of individual right, etc.).

In general, the Chinese like giving personal question, for example: How old are you? How much do you earn? Where do you work and where did you work before? or Are you single? If you do not want to answer, maintain courtesy and answer rather vaguely. Even when given a question that concerns your personal or intimate problems, try not to show your indignation and try to save your face, otherwise it could have a rather negative impact. If you are not very close to your host, do not ask him about his family. If, then limit yourself to questions regarding his marital status and age, something like: How old is your child? Where does he/she study? For how long have you worked?

Questions like: Have you eaten yet? or Where have you been? What are you doing? are equally superficial and can fulfill the same role as our: How are you? What is new? The best answer is a simple answer, even if you haven't eaten, just smile and say: "Thank you."

It is a very good idea to learn a few words in Chinese. Your initiative will not stay without notice and appreciation. However, make sure that you know the meaning of what you are saying and that you use it at the right moment.

You can also generally ask about the health of you partner and his family: How is the family doing? Is your health ok? It is expected that you praise food during eating, and it is also a very welcome conversation topic. In the beginning of the meeting, "small talk" is very important. There are many appropriate topics; affairs concerning China are among the best and most favorite: scenery, monuments, weather, climate, geography, art, antiquities, food, shopping, but also foreign trips and the adventure of traveling in China. You should definitely avoid names like: "Red China", "Chinese continent" and "Communist China", or using the name "Chinese People's Republic". Despite all that, the name Taiwan should be



used at the meetings. It is also unwise to talk about the Japanese colonization of China during World War II.

Acting in public

As a consequence of a specific historical, cultural and societal development, the strict rules of public Chinese morale can seem unusual or clumsy to a Westerner. However, every society has a right to determine what is publicly acceptable and where do the imaginary boundaries of courtesy lie. China is not an exception that is why strangers should remember what kind of behavior is considered rude and scornful in their own interest.

Never kiss someone's face when greeting him, but shake hands instead, or wait for the gesture of your partner. Some Chinese nod their head for greeting. They bow only rarely, with the exception of ceremonies. Applause is often used when visiting a school, theatre or other working place. Your greeting should also consist of applause in return. Do not touch your Chinese colleagues, nor clap them on the shoulder. The Chinese, mainly those older and on higher positions, do not like when strangers touch them.

The Chinese do not use hand gesture when speaking, and people who do only make them nervous, therefore try not to use your hands when explaining or illustrating something. However, some gestures are necessary – for example, when you want to attract attention to something, you can turn your hand palm down, shake fingers in your direction and point to the object with the entire arm, not just a hand.

Always show respect first to the eldest person in the society. Do not look people in the eyes, especially during a meeting, it could offend others. An offence or inappropriate gesture is a guaranteed way to spoil a negotiation.

As Chinese put big emphasis on suppressing their emotions, smile is not a useful tool. People of the same gender can hold hands in public as a sign of friendship. Public expressions of affection of opposite sexes are not tolerated.

Do not put hand in your mouth, it is considered crude and impolite. That is also the reason why you should abstain from biting your nails, removing food leftovers from between your teeth and similar things in public.



Jostling and jumping the queue is a common phenomenon in China, although people do not like when you stand right in front of them when jumping a queue. Spitting in public is forbidden, you could even be fined for that. Blowing nose into a tissue is acceptable, but you should be turned away from others when doing that.

The Chinese do not like when someone holds or kisses them, and they do not like others doing that. The result is that when a man escorts a woman, he does not open door for her, nor does he take off her coat. There are such public places where one can speak loudly and touch each other, and there is no need to excuse.

It is a rare sight to spot Chinese men or women in suits or other dresses of dark color that would not match their white socks. They can also without a trace of shame pick their nose right in front of you, or yawn without covering their mouth. Sneezing without excusing is no rare thing. West perceives it as breaking of conventions, however they would look at you as bizarre if you call attention to such certainties.

Giving out presents

In China, good business relations are built strong personal relationships, and gifts play an important role in it. Tradition linked with the giving of presents is present from long ago in China. Moreover, it needs to be mentioned to pay attention and not to give anything that the person already possesses.

It is proper to bring a gift to a business meeting or a social event. The gift should in a way represent your city, region or environment where you come from. Important notice: the gift must be wrapped, but if possible, not in entirely black or white paper, since these colors are the colors of grief.

To show respect, always give the present with both hands, and never forget that it is only a symbolic trifle to express your gratitude. The package is not opened in your presence, as a sign of the goodwill and idea being in the first place, not the material values. A gift with a list of articles can characterize your local culture, region, country or company. Make a detailed list of all the gifts that you have given out, together with the name of the people. Giving the same present to someone symbolizes lack of assiduity. Make a list of gifts that



you have received as well. It helps very much when writing thank-you letters and it is a great way to appreciate relations.

The Chinese refuse presents at first; it symbolizes one of the most typical traditions – an expression of modesty - that is why you have to insist on accepting your gift. Only then will they accept it with big gratefulness. When you receive a gift, the same procedure is expected from you.

When in a social circle, never give a present only to one person. It would be a faux pas and you would cause problems also to the presentee, due to the strict Chinese rules of business culture concerning bribes. Do not take pictures of accepting the presents, if it is not a symbolic gift for the entire organization. The situation in China is quite different, because the managers in state companies who submit reports and summaries to ministries, not investors, have more possibilities for fraud of state funds than their counterparts acting on free market, who do not have access to such funds. Taking it all into account, the Chinese understand all kinds of bureaucratic criminality, including corruption, as economic crime.

It is completely normal to give a present not only to an individual, but also to the whole company in Chinese business culture. Make sure that all the business negotiations are concluded before giving the present. You should stress that the gift comes from the company you represent, and if possible, explain to the presentee the meaning of the present. You should address the gifts to the head of Chinese delegation. Do not give anything expensive that could create ill-will to reciprocate the gift. Expensive gifts are given only to a specific person in private as sign of friendship. Mind that all other equally important people or people with the same position get a present of the same value. It does not happen; they could realize it and it could flaw the good relations.

Wrap the gifts in red paper, because red is considered the lucky color. With all the diversity of colors and their meanings, red paper is one of the surest picks. You will not spoil anything with pink, gold and silver, but for example yellow paper with dedication written in black is given only to deceased. Many colors are considered negative; therefore it is best to have the presents wrapped in a shop, which is entirely all right.

Gifts such as good cognac or other quality liqueur, nice pen (but not with red ink, since it is a symbol of disintegrating ties), kitchen utensils, stamps, crystal, wooden toys, lighter (for



smokers), perfume, artworks, small statues, etc. are most appreciated.

Regular present for companies are objects coming from your country or city, for example, handicrafts or picture books. You should take more of these articles in order to return the favor if someone gives you a present.

Number eight is considered lucky in Chinese culture, so when someone gives you a present eight times, it means good will from him. Number six means a blessing for smooth and non-problematic advancement. Number four is taboo, it means death. Among other numbers you should be cautious about are: 73 representing funeral and 84 foretelling possible accident. The most favorable are the sequences of sixes and eights, for example 88 or 686, 868, etc.

Do not in any case give sharp objects such as scissors and knives as presents, as they are symbols of breaking of relations. The following objects remind the Chinese of funeral, so it is best to ignore them, not to mention giving four pieces of them: straw sandals, chrysanthemums, clocks, tissues, and umbrellas or white flowers.

Guanxi – personal relationships

Creation of close and permanent personal relationships, called guanxi, is probably the most important principle in the business culture in China, but also in other East Asian countries. A stranger trying to penetrate the Chinese cultural environment will meet with guanxi on every step.

Guanxi is a personal relationship, core of which it is to have a benefit in the form of material profit. In the business context, company managers keep relations with state bureaucrats. Many business associates use guanxi for signing of contracts outside the legal framework. Most companies succeeded in China because they relied on guanxi. On the other hand, many failed because they did not cultivate relationships with public representatives.

Guanxi can be built between classmates, friends, family or people from the same city or province, if they live in different parts of China. Although strangers can try to create guanxi with their Chinese partners with the help of gifts, parties and favors, but their bond will never reach the firmness of the bonds between the locals.



With the growth of wealth and urbanization, the cult of guanxi in China has risen as well, partially as a result of the Chinese economy's standstill or better said its position in a hybrid period of development between capitalism and socialism. In the coastal cities, such as Shanghai, Canton, Xiamen and others, the business culture does not depend on guanxi to such a big degree. On the contrary, in the northeast, west and southeast of the country, guanxi still remains an important requisite for successful business.

Many factors influence the still lasting importance of guanxi. One of them is the power and persistence of Chinese traditions, part of which consist of state interventions into economy, strong bureaucracy, freedom in interpretation of governmental decrees and rules by state bureaucrats. The second factor is the insufficiency of the positivism of Chinese legislation. The third consists in the system which is not based on legal directives, but on issued orders, from which only bureaucrats of national and local administration profit. There are quite many aphorisms in China about guanxi being the most useful of skills.

The guanxi tradition is closely linked with the interpretation of a grave problem in entire China, which is corruption. Exchange of presents and favors based on guanxi would be considered bribery in most of foreign companies, but not in China, where it is practically a necessity. Companies owned by the state are already a firm part of the old system, central planning, which leads to their preference in getting the support of a centralist government in allocation of capital, human resources, reserves and markets. Private companies are the least protected from bureaucracy, which is the reason why the managers are forced to keep good relationships with the state bureaucrats. Representatives of foreign companies must grasp Chinese politics and legal system very well, if they want to defend their interests.

What can and cannot be done in cooperation with Chinese

If you start cooperating with a Chinese company, you must have detailed information about what constitutes its core business. It is recommended to discover everything about the profile of the company, its history and previous contacts, even personal data of its managers and executives whom you will meet.

Never forget the fact that two aspects – political and economic - influence business in China. You must know the conditions quite well and be flexible at the same time, if you want to adapt to the environment. It is also very useful to have contacts in other foreign companies



and among Chinese government representatives, who can help you with acquiring information about financial resources and current social, economic and political developments in the country.

Make sure that your presentations are original, detailed and easy to understand. Copies of the resume should be prepared in English and in Chinese, and every participant of the meeting should obtain them even before the beginning of the actual presentation. It is recommended to praise China and your country in the presentation and express belief in long-lasting and successful relationship beneficial for both companies and both countries. If there are any comments or questions, solve them right away; do not put it away for later. Check the translation of documents before the beginning of the meeting with the help of a person who is a native speaker of Chinese. You will thus avoid unnecessary misunderstandings and potentially embarrassing situations.

You will be subjected to an endless stream of questions, requests for more information and all sorts of demands during the negotiations. That is the reason why you must be completely familiar with all the details of the offered product or its production. You can also call on an expert who knows this. Be calm in every situation; be patient and friendly, but decisive. Do not expect any fast deal from the Chinese side. If you begin to feel that Chinese company you are dealing with is trying to gain time or asks for more bribes, do not hesitate to leave the negotiations to another company. On the other hand, when the problem can be solved with standard procedures, you need to rely on *guanxi* again.

As it was already described, there are problems with bribery and corruption in China. If you are not willing to take risks, you must be sure that it is unacceptable for you to give someone money “into the pocket”. You must check that in any case of investigation, it is done with the regard to the index of perception of the corruption of society or a given office. If you negotiate through an intermediary, think whether you can handle the obligatory bribes for bureaucrats and suppliers. If you want to employ the Chinese, demand of them a signature of a formal ethic code of conduct as a part of working contract.

To conclude, always keep in mind that despite the Chinese business culture being a complex mater, it offers a multitude of possibilities to every foreign company that such come only once in a lifetime.



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