

"A man is  
great by  
deeds, not by  
birth"  
-Chanakya

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## **Business Etiquette in China: Analysis Based on Literature Review**

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## **Abstract**

Misunderstandings can easily risk any business deal in China. For novices beginning to come up to China, the long list of cultural dos and don'ts reasonably brings some shivers. Those new to China are told that they must understand the complex web that makes up a *guanxi* network, appreciate the tones in the Chinese concept of "face," and be told about the refinement of Chinese communication styles. Even experienced people from China who probably understand the need to develop cross-cultural awareness and skills for doing business in China, find it difficult to determine how to develop those skills and which ones are the most essential.

Along with comprehending key cultural concepts, it is important to understand cultural differences – particularly verbal and nonverbal communication styles – because so much misunderstanding shoots from misinterpretation of cues and gestures. It is equally important to know the nitty-gritty of Chinese etiquette, from proper banquet behaviour to gift-giving and business card exchange. It becomes all the more vital since the India-China trade and investment relations have expanded rapidly over the past few years signifying their potential and reciprocity.

The present study focuses on business etiquette in China and its importance with regard to forming an impression of an individual or a firm. The focus is limited to exchange of business cards, titles used in the country, dress code, gift giving, meeting etiquette, and negotiations. A review of available literature has been done in order to understand how etiquette plays an important role in business dealings in China. The findings of the paper implicitly point out that the business attempts in China largely depend upon certain nuances of etiquette. The paper also suggests an action plan that can be conscientiously followed with regard to etiquette in China. Based on literature review, the paper makes specific recommendations with regard to observing certain business etiquette in China; and is an attempt to highlight the fact that there are complete chances of making or marring an impression in China if the major aspect of communication i.e. etiquette is ignored.

**Key words:** *China, business etiquette, action plan*

## **Introduction**

China is a multifaceted society and has a long history that is pertinent today. Chinese hosts and business partners are delighted and excited when a foreigner shows he or she has taken the time to learn even a little about China's history and customs. In order to successfully thrive in China in terms of business, it is also helpful to understand certain precepts in Chinese communication, etiquette, and cultural practices so that it becomes easy to develop relationships with the country and its people.

## **Greetings**

A write up in Business and Travel Etiquette – China says, “The common theme in business greetings in China is formality. The Chinese have two dimensions to their name, which includes a family name and a given name. Address a person using their family name, which is usually one syllable, or appropriate titles until specifically invited by ones Chinese host. One should address the Chinese by Mr., Mrs., and Miss with their family name. To avoid blunders, ask a Chinese person for clarity about how to address them properly. Another component to the greeting the Chinese includes a slight bow or nod. When the Chinese interact with Westerners they sometimes shake hands.”<sup>27</sup> When introduced to a group of Chinese they may greet you with applause. One should in turn applaud back. When meeting with a group, one should greet the oldest person in attendance first. In China married women always retain their maiden name. Also, the Chinese generally introduce their guests using their full titles and company names.

Handshakes are a good way to start before exchanging cards. You might be offered a cigarette, and while two decades ago declining it would have been interpreted as impolite, more understanding has been extended to non-smokers in recent years. Smoking is still commonplace in meetings.<sup>1</sup>

## **Titles and Business Cards**

“In Putonghua (or Mandarin, the official language), Mr is *xiansheng* and Ms is *xiaojie* for younger women or *nushi* for others. *Taitai* (Mrs) is less common, except when the woman is accompanied by her husband. The surname comes before the honorific, so if someone is named Chen, they will be addressed as Chen *xiansheng* or Chen *xiaojie*. Mispronunciation can change the meaning, so consult a local if possible. With the country increasingly accustomed to Western culture, English honorifics are often accepted.”<sup>1</sup>

Business cards are an important element in China. One should carry a lot of them during one's travels to the country. One research points out that during the exchange of business cards, it is advisable to hold out your card using both hands with the writing facing the recipient.<sup>2</sup> Another study states that one should not give one's card out to many people at once, but do it on a more personal level. A business card should be received with both hands and studied right away. This signifies respect. One is considered rude if one puts a person's card directly into one's pocket.<sup>3</sup>

According to Song, “Chinese people are taught to present business cards with two hands, thumb and forefinger on the top corners, with the text facing the recipient. As the recipient takes the card, the giver bows slightly to show respect. The recipient should receive the card in a similar manner. A handshake might be shared with anyone attending an event — but when a business card is presented, it is a suggestion that person is interested in a more meaningful exchange. Business cards should be exchanged at the beginning of a meeting. Make sure you have an adequate supply. The Chinese appreciate it when one side of the business card is in Chinese. On accepting a business card from your Chinese colleagues, show your interest by glancing at the details of the card. Clarify information regarding the giver's organization and role, or pronunciation of the name. Asking questions also is an important way to express interest and respect. Putting the card into your wallet or briefcase without reading it can be offensive to the Chinese. Finally, after clarifications are made, treat the card respectfully — put it somewhere safe and in an orderly fashion. For example, if you are at a business meeting with more than one Chinese counterpart, place the cards in front of you on the table in the order of where they are seated. This shows respect and is also an excellent way to remember names. If you are at a reception, don't leave the card on a table, don't hand it to someone else, and don't toss it into a bag or pocket loaded with other items. What you do with the card after you receive it is a clue to the giver that indicates how you might regard him or her in the present and future.”<sup>4</sup>

An article indicates using of both hands and if it's from someone important, you may even want to bow slightly when receiving. Adding further, it says, “While younger people are more likely to have English names, those who are older will have their name printed in *pinyin* (a transcription of Chinese characters into Latin script). The first word of the name is usually the surname.”<sup>1</sup>

### **Dress Code**

“Many people in modern urban China dress in clothing similar to America or other European countries. However, it is still a common practice to remove your shoes when coming into someone's residence, as it is when you enter some restaurants or teahouses.”<sup>5</sup> Didi, in a personal interview, stated, “The Manchurians wear heavily influenced traditional dress, which many people, notice as Chinese dress. It is reflected in dresses with a high-neck, closely fitting at the waist, and a slit up the side of the skirt. On very special occasions, such as weddings and holidays, clothing and food play large roles. A bride won't have just one gown, but will have many. Tradition is that once a woman is married she will no longer wear her hair down, but should keep it up to let everyone know she is married. An older tradition is that a woman would wear a different style of hat at different stages in her life.”<sup>6</sup>

Chen and Miraj accept that the Chinese believe in the word Conservative when dressing. Men should be prepared to wear conservative suits in China with faint colours. Men need not carry tuxedos as it does not constitute the Chinese wardrobe. Women should wear high heels only when meeting a diplomat. Display of too much skin is unacceptable in China. Jeans are used by both sexes but avoided during business activities.<sup>7, 8</sup>

Song added that, “Although fashion is a moving target in China, older cultural values still influence formal exchanges. Conservative dress for men and women is the norm. It is best to err on the side of conservative and wear business suits rather than business casual attire. Be mindful to dress in traditional business colours of black, grey and blue. Men should wear conservative suits and ties in subdued colours. Women should avoid high-heeled shoes, short skirts (no shorter than knee length) and sleeveless blouses. They should wear conservative suits or dresses; a blouse or other kind of top should have a high neckline. They should avoid colourful, loud pieces of clothing. Many more topics and details can be brought to the table for Chinese business etiquette. Whether you are interested in working in an international field that is related to China or currently working with Chinese business partners, it is a good idea to learn about Chinese business etiquette. From hello to goodbye and cheers in between, one can make a lasting, positive impression.”<sup>4</sup>

An article in *The Asian Way* specified, “Western business attire has become *de rigueur*, but Mandarin collars for men or Chinese *qipao* (national silk dress) for women are also acceptable. If the person you are meeting holds the key to your next big deal, try not to wear something too expensive, or they may feel upstaged. High-end Italian fashion houses are revered in China.”<sup>1</sup>

### **Gift giving**

Macklin and Walker are of the opinion that, “Gift-giving has been conceptualized as the evaluation, selection, and transfer of material and non-material objects in a spontaneous mode or in fulfilment of an obligation.”<sup>9</sup> Yan (1996) studied exchange of food and labour during routine visits between relatives and neighbours and exchange of gifts between friends on special occasions.<sup>10</sup>

As Pitta et al. (1999) noted, “a small, carefully chosen business gift conveys a great deal of respect and is a sign that the business relationship is valued by the giver. The selected gift should be expensive enough to match the income of the giver, but not luxurious enough to make the receiver liable to be considered greedy.”<sup>11</sup>

A study found out that “In China, to be accused of being greedy brings a loss of face. Consequently, it is generally expected that when one is presented with a gift, one should politely refuse several times before acceptance. These refusals are generally accompanied by such statements as “I do not deserve a gift,” “You should not have gone to so much trouble on my behalf,” or “This is not necessary.” The gift giver is expected to continue pressing the gift on the recipient and providing plausible reasons for taking it until the gift is finally accepted. Chinese businesspeople are fond of receiving small gifts as souvenirs of company visits and sales calls. These gifts tend to be functional and include pens, key-rings, card holders, calendars, folders, and the like. However, in some non-business gift-giving occasions, gifts that signify positive attributes of the recipients are more appreciated, such as a Chinese ink painting signifying the recipient’s aesthetic talent. Finally, gifts are given within a company to superiors and subordinates to show proper appreciation of the responsibilities in each type of relationship. Moon cakes are typically given in this manner

during the Mid-Autumn Festival; during Chinese New Year, wine and candies are frequently given to superiors, who are expected to give *lishi* to subordinates in return.” Yau et al. noted that the Chinese people believe that “[w]henver a favor is obtained, there is an obligation to return it in order to maintain reputation and face.”<sup>12</sup>

Chan, Denton, & Tsang observed, “What should you expect from gift giving? Its objective is to build trust, which is a necessary ingredient for ongoing communication and long-lasting business partnerships in Chinese society. If one is to be trusted, a major step is to be considered as *zijingin*. Learning the symbolic meanings behind gift giving in China provides an advantage for Western marketers in shortening the time needed to develop mutual understanding for trust building. Presenting expensive gifts may not be appropriate, because it is perceived as materialistic and signifying greed. Even more important, the act may be treated as bribery. Knowing how to use small but wisely chosen gifts and presenting them with the correct timing through the correct process is an art, and shows not only sincerity but also a grasp of Chinese culture.”<sup>13</sup>

Fox says, “The Asian concept of face is similar to the Western concept of face, but it is far more important in most Asian countries. Face is associated with honour, dignity, and a deep sense of pride. Causing someone to lose face, even if the offense was unintentional, could cause serious damage to a relationship. The concepts of humility and face are also connected to Chinese gift-giving etiquette. For instance, although it is completely appropriate in the United States to open a gift in front of the gift-giver, such an action is generally considered impolite in China. What if, for example, a guest opened a gift that was much less valuable than expected in front of the host? This could cause embarrassment, discomfort, and the possible loss of face for both the recipient and the giver. It is better to accept the gift with two hands, thank the person, and place it off to the side. In this way, no feelings are hurt and no face is lost. Knowing in advance what to give and what not to give is also helpful. A clock, for example, tops the list of inappropriate gifts because it symbolizes impending death. Other inappropriate gifts include green hats, which have negative sexual connotations; yellow robes, which are reserved for burial; and white flowers, as white is the colour of mourning in China. On the other hand, company gear with logos, and local specialty foods or products, are appropriate gifts.”<sup>14</sup>

An article explained, “While gift giving is important in China, it must be done in the correct manner. In order to build a relationship, gift giving is essential. Always wrap the gift in paper, but not black, blue or white (they represent mourning). Red is considered a lucky colour. Like with the business card, present the gift with two hands. There are several items that have certain significances that should not be given as gifts such as clocks, handkerchiefs, umbrellas, white flowers, knives, or scissors. An unlucky number is 3 but lucky numbers are 6 and 8.”<sup>15</sup>

Chen, in his work declared that “It is illegal to give gifts to a government official, but it is becoming more acceptable in the business world. The Chinese will decline a gift three times before accepting it. You must insist.”<sup>16</sup> In the second part of his work, Chen added that, “It is

better to give gifts in private to avoid embarrassment. Good personal gifts include a fine liqueur, pen (no red ink), calculators, stamps, and kitchen gadgets.”<sup>17</sup>

Any organization or company in China would appreciate as a gift, items from a country or an illustrated book. The gift should be preferably presented to the leader of the Chinese negotiating team. The gift should not be obviously expensive. The best gift to give is a banquet.

Gift-giving etiquette in today’s China is an outcome of age-old rituals that administer what to give, what colour the gift should be wrapped in, when should a gift be presented, how to “press” for accepting a gift. It is a Chinese custom to present foreign guests, visitors and business associates with small gifts or souvenirs, and it is considered civil to return the gesture of kindness.

According to Song, “The first thing to remember is: Be sure to travel with enough gifts for everyone. Always wrap gifts, but do not use white or black paper — it symbolizes death. Red and gold are the best. Gifts should be presented with both hands, and to the most senior member of the host group. The Chinese usually do not open gifts at the time they receive them. When you receive gifts from the Chinese, do not open them unless they request it. Don't be surprised to receive a gift unwrapped. While the westernized Chinese normally wrap their gifts before presenting them to guests, many Chinese still don't have the habit of gift wrapping. Never give a gift that would make it impossible for the Chinese to reciprocate — this would cause a loss of face and place them in a difficult position.”<sup>4</sup>

Taipei observed, “We all want great business relationships and long-term partnerships. Gift-giving is a great way to establish a long-term relationship and can pave the way to success. In other words, while giving a gift in return is not necessary, it provides an excellent opportunity for building a more rewarding and profitable relationship. Such opportunities should not be missed! Always prepare extra gifts with a range of values for the following reasons: 1) last-minute added meetings on the agenda; 2) unplanned participants at the meeting; 3) surprise gifts from people you have just met.”<sup>5</sup>

## **Meeting Etiquette**

The host or most senior attendee will invite the others to take their seats - if you are not that person, wait for the cue. Those of a certain status must be respected and cannot be challenged openly. Traditionally, the Chinese are very circumspect, so read between the lines and exercise diplomacy.<sup>1</sup>

## **Negotiations**

Several researchers were of the view that although a new, market driven China has been rising fast in the global marketplace, many large and small U.S. and other Western companies have faced problems when negotiating business undertakings with their counterparts in China.<sup>18, 19, 20, 21, 22, 23, 24</sup>

Yong Jiang, in his study, identified that Chinese negotiation stages, pre, and post formal, always vary from one instance to the other. The Chinese treat people depending on business and recurring social interface. The Chinese may consider pre and post negotiation to be more significant, because the relationship is initiated and dedication is secured. Enduring and quality relationships decide the success ratio of negotiation with the Chinese. In China, post negotiation is important as a means of aiding a systematic working relationship. Jiang further noted that the Chinese are very respectful and susceptible to position and responsibility. He stated, "In the treating process, enterprises social status and titles are crucial part of projecting gaining respect and authority. Chinese-style negotiations are based on the inheritance of traditional Chinese culture and learning from the West negotiation culture, which is generally regarded as the persuasive mode. The core of Chinese-style negotiations is to convince the other side from the psychological view, and to pay more attention to the process of negotiations, that is, focus on strategies instead of tactics in negotiations. Negotiators are offered the guidance on the principles and concepts, but not detailed tactics. China's negotiators not only look forward to the outcome of negotiations, but also pay more attention to the process of negotiation. China negotiators are not necessarily strictly in accordance with the specified procedure of negotiations, while they always arrange some leisure activities, in order to understand each other to establish their own negotiating strategy at the same time. Similarly, harmonious and friendly relations between negotiators may promote the process of negotiation. For Chinese businessmen, result of negotiations is important for sure. However, if the negotiation process is not pleasant, it may affect the results of negotiation."<sup>25</sup>

Negotiation is an invariable component for multinational corporations working in China, for numerous reasons like: gaining new business, managing projects in progress, or dealing with the fast changing business milieu.

According to Neidel Betsy, "The ability to negotiate well, Chinese-style, constitutes a strong competitive advantage. The Chinese word for negotiation – *tan pan* – combines the characters meaning "to discuss" and "to judge." From a Chinese perspective, negotiation exists primarily as a mechanism for building trust so that two parties can work together for the benefit of both. Trust is built through dialogue, that lets each party to judge or evaluate the partner and the partner's capabilities and assess each other's relative status. The negotiation process also enables parties to reach an understanding on a specific issue, condition, or transaction, in a way that lets each side feel that "a good deal" was brokered. But the concept of negotiation hinges on creating a framework for long term cooperation and problem-solving much more than on drafting a one-time agreement."<sup>26</sup>

Negotiation in China per se, is viewed as a continuous, active process that considers practical matters and context. When adapting to Chinese-style negotiations, in short, are slow-paced giving a lot of importance to interpersonal relationships. In order to competing effectively within a Chinese negotiation framework, one needs understanding and accommodating the Chinese-style approach.<sup>26</sup>



In Neidel Betsy's words, "All situations involving two or more entities in China require some form of negotiation, ranging from informal, friendly discussions with a long-term partner to formal bilateral talks. Chinese-style negotiation is the process of building and tending relationships to produce benefits for both sides. It is a process that does not end unless the relationship is severed. This approach to negotiation is rooted in Chinese cultural, historical, and practical considerations and exists throughout modern China. It also differs greatly from the view that the negotiation ends when the contract is signed. From the Chinese perspective, the contract signing indicates the formal beginning of the partnership and with it, the commitment to the ongoing negotiation. In this context, successful foreign companies commit adequate time and resources to understanding and tending local China relationships for the long run."<sup>26</sup>

## **Recommendations**

### **Titles & Business Cards**

- Titles are very significant and it is finest to address people directly by using their professional title or Mr., Mrs., or Miss, followed by the surname. In Chinese, the way of addressing people is last name and title. It is helpful to learn basic Chinese because locals know that it is a difficult language and welcome the effort to communicate with them in their own language.
- It is desirable to have one side of your business card translated into Chinese and be sure to present your business card with two hands with the Chinese side facing the recipient.
- Use both hands to give and receive business cards. It is polite to look at business cards after you receive them with interest by examining them carefully.
- It's advisable to place the business card on the table in front of you and never write on or fold one.

### **Dress Code**

- Men should choose dark to medium coloured conservative suits with shirts and ties.
- Women should prefer conservative business suits or dresses and blouses. It is better to avoid low necklines, high heels, and tight fitting or sleeveless outfit.
- Jeans and business casual clothing are not recommended at the first meeting.
- In warmer months, slacks and a collared shirt are suitable.

### **Gifts**

- The exchange of gifts is not generally done at the first meeting.
- Gifts like knives, scissors, or letter openers should be avoided as they denote breaking of a close relationship. It is also better to keep away from clocks, cut flowers and anything in groups of four.
- Gifts should always be nicely wrapped preferably in red or gold paper and one should refrain from opening them immediately unless encouraged to do so.
- Receive and give gifts with two hands. One should refuse a gift several times before accepting since it is considered a symbol of politeness.

### **Meeting Etiquette**

- One should arrive on time or 5 minutes early for a meeting as punctuality is highly valued in China.
- The most senior person in the room should be requested to begin and guide conversations.
- Initiate the relationship with small talk, followed by discussion of business matters. It is always better to let your host to start the business discussion.
- Periods of silence are acceptable in the Chinese context, and are to be likely. It is advisable to avoid interrupting and talking over someone.

### **Negotiations**

- Chinese value relationship building and concord so one should shy from hard selling, pressure tactics and any kind of disagreement or argument. Saving face is supreme.
- Most of the decisions are taken by the person heading the group and this process can take a long time. One needs to be patient and open-minded in these situations.
- Chinese prefer an indirect communication style and will avoid using no when responding to questions. They like using words like: “Maybe”, “we’ll see,” or “perhaps” as substitutes for “No.”
- Dining negotiations are common and the Chinese usually encourage drinking together.

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