



CHINA: UNLOCKING A SECRET TO SUCCESS

Building better relationships with Chinese counterparts

1. Don't underestimate the importance of the social element of any business relationship. You are being assessed!
2. Likewise be patient with the length of time spent on any pre-negotiation stages. Your trust and sincerity are under scrutiny.
3. Choose the members of your team with care. Age, rank, status and character are all factors you need to consider.
4. Try to maintain the same team throughout.
5. Even if you employ someone, their 'guanxi' belongs to them and moves on with them when they leave.
6. This is a long term system – favours may be reciprocated over time, not immediately.
7. Remember that honesty always pays off. Saying 'no' in a polite and careful way, saying what you can and cannot do, wins trust. Respect for Chinese culture and traditions needs to be balanced with being authentic. This will win you the friends you want to keep!

From the Chinese perspective

“Through marriage, or through acquaintance, there is hardly a family in China that cannot find a distant cousin who knows the teacher of the third son of Mr. Chang, whose sister-in-law is the sister of a certain bureaucrat's wife – which relationship is of extreme importance when it comes to law suits!” The Chinese social scientist, Y.T. Lin, made this comment about his people when he was asked to explain the Chinese to Westerners.

Even the cheapest of those 'quick-read' airport books for Western business people travelling to Asia will tell you 'relationships are important'. You've probably heard this truism before and you're thinking, “Well, yes, of course! Relationships are *always* important in business!” The result is that when you and your Chinese counterpart use the term 'relationship', you might assume you share the same construct. In fact, the idea that business relationships are exactly the same everywhere is the first myth interfering with success in China.

'Guanxi'

But what about those more sophisticated professionals who know relationships are positioned as much more significant in China? Among this group, it's quite common to hear people using the Chinese term 'guanxi'. Even so, the precise cultural nuances and their implications for business can be missed. People can argue to themselves that business is about results and profits. The Chinese emphasis on 'guanxi' is an anachronism, an obstacle to 'proper' (i.e. Western) business practices. This is the second myth interfering with success.

So what's the reality?

While cultures certainly change over time, they do so slowly. The evidence from large scale studies is that cultures modernise along a values trajectory that echoes their historical roots. In the case of China, those roots are Confucian and relationships are at the heart of Confucian philosophy.

In the Confucian system of thinking, the 'self' is realised through relationships. Confucius would have argued that we are the sum of our relationships. In fact, neuroscientists have recently identified 'human relatedness' as a critical element of the Chinese psyche, not replicated among Westerners.

Confucian ideas about relationships

Confucius identified 5 pairs of relationships as symbols of all others: ruler and subject; father and son; husband and wife; elder brother and younger brother; between friends. All these relationships are characterised by reciprocal obligations. People become bonded together as these favours and obligations are exchanged. Reciprocity functions as a

two-edged sword that includes favour *and* hatred, reward *and* punishment. If you are good to me, I will be 10 times better to you, but if you are bad to me, I will be 10 times worse to you. According to this morality, there are no universal 'right' ways to behave towards others, such as one finds in most Western philosophical traditions, with their emphasis on right vs. wrong and good vs. bad.

Historically, well-defined social relationships, with bonds of favours given and owed, formed a buffer against the uncertainty of what was at times a violent and unpredictable society, where the individual could not necessarily expect their rights to be protected., through recourse to the law.

Consequently, life for the Chinese comprises defined in-groups and out-groups. In forging a relationship with your Chinese counterpart, you are endeavouring to be seen as an in-group member, moving beyond 'you' and 'me,' towards 'we'.

Implications for business

This stress on relationships and their quality means that trust and sincerity are highly valued. After all, from the Chinese perspective, if I am going to form a relationship with you where there may be long term mutual obligations, then I need to be sure about your character. Are you a sincere person? Can I trust you? What sort of reputation do you have? Do you keep your commitments?

Chinese will want to take the time to assess and evaluate you. As a foreigner, you start as an outsider. Building trust will require more time than if your family was known by name and reputation, or you already shared some other in-group bonds, such as the same university or the same city of origin.

The critical role of socialising

In this context, any pre-negotiation phase tends to be more elaborate. Be patient! It may seem you have spent a lot of time with very little progress on the deal or the task to show for it. In the West, trust in business tends to rely on perceived competence. This can be extended to the organisation through its representatives. In contrast, the Chinese focus on the quality of personal connections means that a belief in your compatibility needs to accompany any estimate of your competence.

Positives and negatives

All cultural attributes have a positive and negative. 'Guanxi' allows the Chinese to be flexible and innovative: there is always the sense that obstacles can be overcome through recourse to one's network. But it can also make it harder for robust governance systems to take hold.

Your 'guanxi' is one of your best assets in China. You need to nurture it with care!