

China Business Culture: What Foreign Executives Need to Know

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Unofficial English translation prepared for reference only. The official Chinese text prevails.

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The legal and regulatory side of doing business in China is only half the battle. The other half is culture — the unwritten rules that determine whether a deal closes, a negotiation succeeds, or a partnership survives. Foreign executives who come to China with a Western business playbook often find that the playbook doesn't work here. The rules are different, not worse or better, just different.

Here's what you need to know before your first meeting with a Chinese business partner.

Relationships Come Before Contracts

In Western business culture, the contract defines the relationship. You negotiate the terms, sign the document, and then the work begins. In Chinese business culture, the relationship comes first, and the contract formalizes what the relationship has already established. A Chinese business partner wants to know who you are before they read your proposal. They want to share a meal, have a conversation, and build the trust that underpins the business relationship.

The practical implication is that the first meeting with a Chinese business partner may not be about business at all. It may be a dinner, a tea ceremony, a factory tour. The foreign executive who arrives with a presentation and a draft contract and wants to get down to business in the first ten minutes is skipping a step that the Chinese partner considers essential. The business discussion will come — in the second meeting, or the third — after the relationship has been established.

Face Matters More Than Facts

"Face" — mianzi — is the Chinese concept of social standing, dignity, and respect. A person's face is their public reputation, and causing someone to lose face — by embarrassing them, criticizing them publicly, or openly disagreeing with them — is one of the worst things you can do in a Chinese business context.

The practical implication is that public disagreement should be avoided. If you disagree with a Chinese business partner's proposal in a meeting, don't say "that won't work" or "you're wrong about the numbers." Say "that's an interesting approach — let me think about it and discuss it with you separately." The private follow-up conversation is where the real discussion happens. The public meeting is for maintaining face and building consensus.

The face dynamic also means that a Chinese partner may not say "I don't know" or "I can't do that" in a meeting. They may say "I'll look into it" or "let me check with my team" — which means the same thing, but

preserves face. You need to read between the lines.

Yes Doesn't Always Mean Yes

In Chinese business communication, "yes" can mean several things. It can mean "I agree." It can mean "I heard you." It can mean "I understand what you're saying." It can mean "I don't want to say no in this setting." A foreign executive who hears "yes" and assumes agreement is often disappointed later when the agreement doesn't materialize.

The practical implication is that you should confirm understanding through action, not through words. After a meeting where a Chinese partner appears to have agreed to a proposal, send a follow-up email summarizing what was discussed and what was agreed, and ask for confirmation. If you don't receive a response, or if the response is ambiguous, the "yes" was probably not a real yes. Follow up in person or by phone to understand the real position.

The Decision-Making Process

In a Western company, the boss makes the decision. In a Chinese company, the boss also makes the decision — but the boss may need to consult with many people before making it. The Chinese decision-making process involves "tongqi" — circulating the proposal, gathering opinions, building consensus — before the formal decision is announced. The process takes time, and the foreign executive who pushes for a quick decision may be pushing against a system that doesn't work that way.

The practical implication is patience. A decision that you expect to take a week may take a month. The delay doesn't mean the partner isn't interested — it means the internal process is running its course. Pushing too hard for a quick decision may cause the partner to say no simply because they weren't ready to say yes — and a no, once given, is hard to reverse.

Gift-Giving and Entertainment

Business entertainment — meals, drinks, karaoke — is a standard part of Chinese business relationship building. A dinner with a client is not a social event that happens to involve businesspeople — it's a business event where the business is conducted indirectly, through the relationship being built. Declining an invitation to dinner may be interpreted as declining the relationship.

Gift-giving is also part of the business culture, but it requires judgment. A gift that's too expensive may be seen as a bribe — particularly if the recipient is a government official or a state-owned enterprise employee, where strict anti-corruption rules apply. A gift that's too cheap may be seen as insincere. The right gift is something thoughtful, something that reflects the relationship, and something that's appropriate for the recipient's position.