

managing worldwide

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Editorial

China's emergence as a major economic power has led to heightened interest in the complexities of doing business in that country. To understand all the nuances of Chinese business culture, one must gain an understanding of the cultural diversity within that land. With a population of 1.3 billion, 56 ethnic groups, and 14 main languages that have given birth to thousands of dialects, differences in regional cultures, traditions and mentalities can be striking.

Business travellers to China often remark that they find Northerners warmer than Southerners in their initial contacts, a distinction that many Chinese agree with, though there are a couple of notable exceptions. The residents of Beijing are often described by their compatriots as "thermoses"—cold on the outside, warm on the inside—whereas the so-called "New Yorkers" of China, the Shanghainese, are said to be blunter and less formal in their communication.

The approach taken to doing business is subject to regional variations, too. While the Schezuanese have the reputation of putting relationships before financial gain, their compatriots from the North-East are reputedly more money-oriented, and natives of Wenzhou are famous throughout China for their roving spirit and business acumen. Indeed in one survey, when asked what they would do if they were forced to chose between their business and their family, 60% of Wenzhou millionaires chose their business, 20% chose their family and 20% couldn't decide! Of course, visitors to Hong Kong can expect to find that more than a hundred years of British influence has resulted in a business culture that is less relationship-oriented than on the mainland.

But before you become disheartened by all these cultural differences, let me reassure you by saying that in this month's newsletter, Martin Hugues will be sharing with us some practical advice that will work wherever you find yourself doing business in China.



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Staying Calm in the Chinese Storm

By Martin Hugues,
Senior consultant based in Shanghai

Pressure is high for expatriate managers in China. As the world falls into economic crisis, it seems to be the place where growth can still be achieved. Headquarters of foreign companies demand more results there, often fueled by media optimism. At the same time, the Chinese business environment is more complicated, time consuming and difficult to handle than ever. Foreign managers in China often feel stretched between their headquarters and day-to-day reality, and pressure is high on them.

Letting out frustration on local staff

Face saving and indirect communication required in China is one factor that can be very hard for foreign managers. When pressure is high, it is all too easy to vent frustration on local staff. Priority projects often run into difficulties that are commonly hidden or underestimated. Full realization of the delays or trouble involved sometimes leaves managers unprepared. This can be the opportunity for (often unprepared) public blaming or "letting out" sessions.

Screaming and moving his hands for 5 minutes

I still remember my first mission to China, when my Chinese colleagues described the 'funny' behavior of their manager. From time to time, he would stand in the office while screaming and moving his hands about for 5 minutes. I don't think this Italian gentleman ever realized how much credibility and respect he was losing while doing that. His way of expressing his frustration would certainly have been understood and respected while in Italy, but was highly counterproductive with Chinese staff.

How can you lead our company appropriately?

Managers in China, foreigners in particular, should always keep their composure in public. Keeping calm and composed is a virtue for Chinese and losing one's calm does send the wrong kind of message. An agitated manager does not appear to be in control of himself, thus cannot guide the company appropriately. There are ways for the manager to show his discontent at situations or employees, but pointing the finger to people while making a lot of noise is definitely not an option.

Ways for managers to show discontent

A much better attitude is what I would call "contained wrath", where it is pretty clear that one is about to explode in wrath, does not let it go. The Chinese, who are often excellent at perceiving slight changes in body language, will understand it very well.

Chinese managers do not lose their temper. Keeping their composure in difficult times will often involve wearing a smile, particularly when discussions are difficult. Their efforts to appear composed may be misinterpreted by foreigners who think the Chinese are

laughing at them. And so, in a difficult situation where maintaining calm is paramount to finding a solution, the uninformed expatriate reacts badly.

Beware of your visitors

Foreign managers in China are typically under pressure, but with on-the-ground experience, they are often able to understand and adapt to the local rules of engagement. This is much less the case with business travelers. Put under pressure by jetlag, cultural differences and results to be achieved, they can damage local relationships that required time and effort to build. Publicly expressing one's discontent about a situation or a person in a way that is perfectly acceptable in Western countries can have disastrous consequences in China, potentially hindering painstaking negotiations that have been lasting for months. It is thus essential to step back in such circumstances, or to find ways to express one's discontent that are understood by counterparts. In today's difficult climate, keeping a calm and serene attitude is more essential than ever.

Our Presence in China



Mini-biography of Martin Hugues



He is based in Shanghai, China since 2004 and is married with his Chinese wife.

Martin is specialized in training expatriates coming to China and working with international teams. His trainees are multinational executives from firms including Procter & Gamble, Danone, Sikorsky, Easton, Delfi, Societe Generale and many more.

Cultural Tips

1. Take time to talk to a business acquaintance who knows the region
2. Make building Guanxi (lasting relationship) your top priority
3. Bear in mind that losing your temper may mean losing business forever