



Cultural IQ Newsletter

Fostering Connections, Embracing Diversity

In this issue:

NEWSCLIPS: Nov.9th, Beijing announced giant economic stimulus plan of \$586 billion

Cultural Intelligence: Building "Guan Xi" through dinner party

What's happening: Christine Gao is traveling to Beijing on Nov.28

November 21, 2008

Newsclips

The Moment Story from **Time** Magazine – Nov.24, 2008

What's in a number? If it's **\$586 billion** — about 20% of China's GDP in the first three quarters of 2008 and the size of a giant economic-stimulus plan for just the next two years — then the number is a figure of considerable value, real as well as symbolic. The money, Beijing announced on Nov. 9, would go mainly to new infrastructure, homes, schools and clinics, especially in the country's poorer regions. Taken together with the recent alleviation of taxes plus changes to the rural-land law that will allow farmers to lease their land and free them to work elsewhere, the initiatives amount to what Jing Ulrich, the head of JP Morgan's China equities business, calls "a New Deal with Chinese characteristics."



For years the Chinese people have been willing to put up with an authoritarian government so long as it generated jobs and opportunities. Now, with the economy slowing, growth needs to be maintained, goes conventional wisdom, at a minimum of about 8% — in part to forestall the labor unrest that Beijing fears could spread and turn into protests against the ruling Communist Party. Despite its domestic agenda, the stimulus package has been warmly welcomed overseas, too. The day after it was

revealed, share prices from Hong Kong to London surged. And by again taking action along with the rest of the world (Beijing had previously cut its interest rates in tandem with central banks in other capitals), China is reinforcing its stated willingness to step up and help rebuild the global financial system.

A construction worker builds permanent residences for quake survivors at the Xiangge Village in Dujiangyan of Sichuan Province, China



Stock markets are fickle, of course, and soon they returned to their downward drift. But the impact of the stimulus will last far longer because it marks the shift of China's economy away from manufacturing and exports to other means of growth. Says Ben Simpfordorfer, a China economist with the Royal Bank of Scotland in Hong Kong: "In a decade we'll be looking back at this moment and saying, 'This was it, this was when things really changed.'" The number doesn't lie.

Cultural Intelligence

Building “Guan Xi”, i.e. relationship with Chinese through Dinner Party

- Business Culture and Etiquette in China series

There is no business talk in China without at least one trip to a restaurant.

Chinese are known for their hospitality. Hosting a dinner party or a banquet is a precious occasion to show to their guests this long-time virtue and one of the most sort-after cuisines in the world.

Nothing, however, is easy and you may find yourself feeling somewhat lost and puzzled in the middle of all the crucial decisions that suddenly challenge you to question: Where do I sit? What do I say? What gift should I have brought? Where is my knife and fork? What mysterious ingredients are in those dishes? Shall I confess that I don't eat fish heads with eyes that won't stop staring at me? And the list goes on.....



One of my clients, CEO of a European manufacturer of testing equipments, shared with me his experience during a dinner party hosted by his Chinese customer. “I was invited to a fine restaurant by my host and crabs were served. I drank from the bowl which I thought it was tea because there were tea leaves. I was told after it was supposed to wash hands after

eating with fingers.”

The following principals are aimed to help you to be at your self, and make best use of the occasion to move the relationship and business discussions to a higher level.

Building Guan Xi

Confucius, the most prestigious Chinese philosopher who lived 2500 years ago, said “To have friends come from afar, isn't it something to be happy about?” In a culture which stresses harmony, humility, and complex etiquette, showing hospitality is a virtue from the host to guests.

Chinese businesses are mostly referrals. Unlike Western business relationship which remains professional and perhaps, aloof, even after a long time, Chinese business relationship becomes a personal and social one which creates bonding and trust. The more you share your personal life, including family, hobbies, political views, aspirations, the closer you are in your business relationship. Sometimes, a lot of time is spent discussing matters outside of business, lunch/dinner party is a perfect occasion for this purpose.

Respect Seniority and Giving Face

Giving face (i.e. giving due respect) is a very important concept in China. You must give the appropriate respect according to rank and seniority. Sitting positions on a dining table is accorded accordingly to rank, importance and seniority. Usually an honored guest is to be seated next to the host, on his/her right side. When you are not sure

where to sit, wait until your host introduces to your seat. Your host will only sit down after all guests are seated.

When in Rome, do as the Romans do

Unless you cannot eat fish head, or fried snake, try everything and be curious. Ask what this dish is, and try it. Your host will be very pleased to see that you enjoy his / her choices, so eat well to demonstrate that you are enjoying the food. Otherwise, if you are not into frog, tell your host that you are allergic to frog, he will not be offended.



Drinking and “Gan Bei”, i.e. Bottom-Up

The Chinese are big drinkers especially in Northern and Western China. It does not matter if it is lunch or dinner; as long as a meal is being hosted, there will be alcohol.

Chinese wine is the favorite, followed by red wine and beer. Chinese wine is more like fuel than liquor, having an alcohol concentration as high as 60%! No matter how good a drinker you may think of yourself, never, ever challenge a Chinese into a drinking contest. They will win, hands down!

It is often seen as rude not to drink with the Chinese in a formal dinner. To maintain your sanity, either claim to be a non alcoholic or plead medical grounds as an excuse. This will let you off the hook with little or minimal drinks. Better yet, bring a partner who can drink on your behalf!

For gifts etiquette and table manners, please stay tuned to Cultural IQ’s seminar and workshop schedule in 2009.

The business relationship in China is built on trust, sincerity and a sense of personal connection. It takes time to build a connection and Guan Xi, however once established, it is stronger than a relationship outlined through an agreement or legal contract. This is probably the first lesson Canadians and Americans want to acquire before embarking a China strategy or a China trip.

Cultural IQ prepares organizations and individuals to work and to do business successfully within the context of Chinese business practices, culture and language.

What’s happening?

Message from Christine Gao

Dear all,

I will embark on a business / personal trip to Beijing end of November. Besides visiting my parents, friends and my favorite yoga studio, spicy fish restaurant, I have on my agenda numerous business meetings which relate to couple educational and industrial projects that have lots of potential both in China and North America.

2008 has been a wonderful year! My heartfelt and sincere thanks go to all of your, for your support, feedback, comments, understanding, ideas, and above all, your time spent with me. As 2009 is approaching, I wish you a Merry Christmas and a prosperous, fulfilling new year of 2009! **Gong Xi Fa Cai!**

Warmest regards

Christine Gao, M.Ed, PCC

President,

Cultural IQ, Fostering Connections, Embracing Diversity

c. 647-989-5678

t: 416-519-7273

e: christine_gao@hotmail.com

170 Wintermute Blvd. Toronto, ON. M1W 3L5

