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CULTURAL CONCEPTS FOR THE EXPATRIATE MANAGER IN CHINA

The growing Chinese market and its increased importance to the global economy has enticed many multinational corporations and

BY JOHN P. MARK,
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law firms to establish operations in China. These global corporations include various corporate functions, such as legal services, in their China opera-

tions. Legal services organizations may be located in several cities across the region, with their lawyers reporting to the country manager and/or into the headquarters of the legal services organization. As a result, managing such an organization and hiring the best lawyers to work in these departments can be extremely challenging. The complexity of this task is multiplied when a regional general counsel or law firm managing partner must manage a legal services organization located in a country other than her home country, and includes individuals from many cultures.

Based on the authors' extensive legal and management experience both in the United States and in the Asia-Pacific region, particularly China and Hong Kong, this article offers expatriate lawyers and hiring managers some practical considerations for the effective hiring and management of a legal services organization in China. Before the expatriate (including one who is ethnically Chinese) takes a position in China, he or she should learn as much as possible about China and its culture, and continue to do this after beginning work there. Obviously, Chinese culture has many differences from Western culture, and this article cannot possibly describe all of those differences. It will discuss, however, some of the most relevant cultural differences. Law practice managers and lawyers in both law firms and corporations situated in China must understand that management and leadership techniques that work in the United States and Europe may be ineffective in China; it is necessary to consider differences between Chinese and Western culture.

In China, three extremely important cultural concepts pervade all business and social interactions. The expatriate manager must be familiar with:

- “*Guanxi*” or “personal relationships,”
- “*Xinyong*” or “personal trust,” and
- “*Mianzi*” or “face.”

Understanding these concepts will facilitate the success of any foreign leader in China.

More specifically, *Guanxi* reflects a person’s network of contacts that can be called upon when the person needs a favor or to accomplish a task that requires the help of others. *Xinyong*, or personal trust, means the depth and strength of *Guanxi* between any two individuals. The concepts of *Guanxi* and *Xinyong* are integrally related, critically affect rapport between the expatriate manager and his or her subordinates, and are a key element of effective management in China. *Guanxi*, if strong enough in depth of feeling, can even incorporate a moral obligation to maintain the relationship, resulting in loyalty to the leader. A strong feeling of *Guanxi* with the leader may cause the subordinate to believe and assume that the leader is aware of the subordinate’s needs and desires, and that they will be taken into account when the leader is making decisions — a paternalistic style of management in contrast to management styles in the West. What makes this possible is the trust (*Xinyong*) each of the parties has in each other. Thus, *Guanxi* and *Xinyong* play



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important roles both in leading a team and securing followers, and also in the attitudes and behaviors of subordinates towards their leaders. Their presence impacts all the expatriate manager’s business and social relations in China.

“*Mianzi*,” or “face,” meaning a combination of one’s dignity, honor, prestige, status, respect and propriety, is another critical concept in Chinese culture. Face is one’s respectability and sense of worth, and it can be lost, maintained or enhanced. Chinese social and professional discourse is heavily regulated by concepts of face, and cooperation and conflict in China is heavily influenced by mutual vulnerability to it. For example, when seeking to resolve a conflict or disagreement, one should allow the other side to “save face.” Hence, finding “win-win” solutions in China, or at least solutions that have the appearance of “win-win,” is desirable. While Westerners may interpret this concept of face and its ensuing behaviors as irrational, knowledge and acceptance of this concept is imperative for the expatriate manager to be successful in China.

The expatriate manager is not exempted from Chinese cultural norms, can definitely participate in the system of *Guanxi*, and is regulated, like Chinese coworkers, by concepts of *Xinyong* and *Mianzi*. Sometimes it

may even be easier for a foreigner in China because many Chinese see Western friends as an inherent source of prestige and *Guanxi*. Foreigners in China, however, sometimes assume that friendliness equates to *Guanxi*. Although friendly relationships may be a reflection of *Guanxi*, real *Guanxi* needs to be built over time by forming truly deep connections, similar to developing deep friendships in Western society. In essence, *Guanxi* in China does not always imply that a friendship exists, merely that a storehouse of good will has been built that can be drawn upon for future favors from the other person.

Choice of language in an office and your communication style can also influence interactions in a multicultural environment in China. In our experience, English is the official working language of many global corporations, including in China operations, and the vast majority of local Chinese staff has acquired strong English skills. It is not uncommon, however, for the local staff to interact in a business or social context in *Putonghua* (i.e., Mandarin) or another local dialect. While the local staff’s inten-

Chinese “Friendship” at Work

During joint venture negotiations, an expatriate regional general counsel befriended a young man from the Chinese negotiating team. During those negotiations, it appeared that the young man’s sole duty was to pour tea for members of the Western party. Over the course of the life of the joint venture the regional GC and the man forged a strong working relationship based on mutual respect, and developed a true friendship. The man introduced the regional GC to other Chinese parties who were instrumental in other unrelated transactions. In addition, the regional GC assisted the man’s son in gaining acceptance to school in the United States.



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tion may not be to exclude the expatriate from important interactions, that may be the net effect. Use of local dialect by the local staff can tremendously frustrate the expatriate, especially American-born or overseas ethnic Chinese who may have knowledge of *Putonghua*, but not other local dialects. Imposing an English-only rule in the office is the least desirable solution as it generally creates resentment and loss of face among local staff. Instead, the expatriate should study *Putonghua* and also some of the local dialect to increase his or her effectiveness and demonstrate commitment to China, as well as demonstrate respect to the local staff.

In addition to language barriers, miscommunication can result from one's communication style. Expatriates sometimes complain that open and transparent communication in China is rare. While this may be true from a Western perspective, the expatriate should not infer devious intent from the Chinese style of communication. Indirect forms of communication, especially with a high status expatriate manager, may be the result of the desire to avoid conflict, fear of losing face, or of damaging *Guanxi*. For example, if the expatriate disagrees publicly with a Chinese attorney, the Chinese attorney may become embarrassed and lose face. Moreover, if the local staff is quiet during meetings, it does not necessarily imply that they do not wish to participate or have nothing to contribute. Rather, from a Chinese cultural perspective, remaining quiet is a sign of wisdom and respect. Active participation may be seen as showing off. Accordingly, the expatriate should understand the cultural context in which the communication is taking place. Knowledge of the communication differences between China and the West presents an excellent opportunity for the expatriate to mentor local staff members who desire to pursue overseas assignments. The expatriate can teach local staff

When the Corner Office Is Ok

One Western expatriate manager in China set up his office in a cubicle among the other workers to reflect that he was merely one of them, and that everybody needed to pull together equally as a team. Although Westerners may find this appealing, this set-up confused the Chinese who saw it as a sign of weakness. In their eyes, a senior leader should have the largest and most important office as it denotes the expatriate manager as a leader and reflects his high status. Again, appealing to both Chinese and expatriate employees at the same time is the expatriate manager's most important challenge.

Team goals and vision should be clearly defined in a Chinese company so that the collective group is always striving toward the same end, and achieving these goals is seen to benefit the entire collective group and company.

the communication, presentation and negotiation skills necessary to be effective at the corporate headquarters or elsewhere in the West.

The expatriate manager in China must also be aware of different leadership styles, and implement an appropriate style that will be most successful for managing operations in China. The expatriate manager needs to understand a variety of concepts in Chinese culture, and to blend and balance those concepts with Western culture for the Western company to successfully operate in China. Typically, the Chinese respect a strong leader, as evidenced by China's long history of imperial rule, right up through China's current governmental structure and the various dominant figures that have ruled since the revolution of 1949. The Western manager, based on his or her background, may be inclined toward a softer, more participative leadership style that typically appeals in the United States or Europe. This egalitarian approach, however, may be seen as weakness in a leader in China. The situation is compounded by the fact that an expatriate manager in China may be managing a group comprised of people from a variety of countries and cultures (Chinese, Hong Kong, Taiwanese, American, British, Australian, German, etc.) and therefore, what appeals to one group may not appeal to another.

Cognizance of hierarchy is important for the expatriate manager in China. Chinese culture respects hierarchy, both in terms of age and status, and the expatriate manager needs to be aware that sometimes a subordinate may defer to a higher status team member merely because of the team member's status, irrespective of whether that person is right or wrong in her decision making, or has correct information. In the West, a

leader's decisions may be challenged if they do not appear sound. In China, however, a subordinate will most likely not openly question or challenge his or her leader. Respect for hierarchy is not as strong in China as in Korea or Japan, but is still distinctively different than in the United States or Europe; and an expatriate manager must have an acute awareness of this dynamic.

Consistent with the precepts that Chinese respect a strong leader and have a deep respect for hierarchy, the expatriate manager in China may find it challenging to empower local staff. Staff members will often look for greater and more detailed direction than their counterparts in the West. They will typically be less likely to act on their own initiative, thereby sometimes frustrating their expatriate manager. Chinese workers often expect a much more paternalistic style of leadership than is expected by Western workers. They expect their leader to take care of the collective work "family," while the foreign worker likely holds more of a contractual relationship with his manager based on the formal terms and conditions of the employment relationship.

An expatriate manager in China must also recognize that China emphasizes collectivism more than in the West. People in the United States generally place greater emphasis on individuality and an individual's own achievements. In contrast, the Chinese tend to define themselves to a greater extent by their group membership. They expect identification with and loyalty to the group, and conversely the group is expected to support the individual in times of difficulty. Different groups may form within the same company, and a Chinese employee may have adherence to their particular group. A manager will have more success if he keeps these group loyalties consistent with loyalty to the organization as a whole, and is aware of them when forming teams within the company.

The focus on *Guanxi* and collectivism may mean that the Chinese worker often focuses more on relationships, while the Western worker focuses more on tasks. This difference in focus may cause frustration for the expatriate manager who is accustomed to an emphasis on completing assignments. The manager may not understand how tasks can be effectively accomplished without assigning accountability to the individual. Team goals and vision should be clearly defined in a Chinese company so that the collective group is always striving toward the same end, and achieving these goals is seen to benefit the entire collective group and company. Any conflict within the group should be resolved being mindful of the concepts of *Mianzi*, *Guanxi* and *Xinyong*. Support good teamwork and the achievement of goals by rewarding the entire group, not only the individual. Recognizing a team's efforts and achievements gives face to the

individual members of such group, but recognition of the individual alone may embarrass that individual, or cause a loss of face to other employees who are not being recognized — the concept of relative deprivation in connection with *Mianzi* plays an important role in Chinese society.

The adherence to group structure and group loyalty, along with *Guanxi*, means that the expatriate manager may sometimes receive requests from individuals in the group related to employee needs outside of work that might be considered inappropriate in a Western context. The key is to balance values of the Western organization with the cultural norms in Chinese society. The collectivist nature of Chinese society means that one typically expects some degree of *Guanxi* from employees of the same company in China. Of course, the larger the company, the more diminished these relationships and expectations. Conversely, one should expect the Chinese employee to have stronger loyalty to other groups, such as his family and other social networks, outside the company.

In light of all the foregoing factors, the expatriate manager must examine and take into account the different dynamics at work, including: various nationalities,

What Did You Say?: Why Language Choice Is So Important

A Western general manager of a joint venture located in southern China imposed an English-only rule for the office. He believed that since the official working language of the company was English, all joint venture employees should only communicate in English while at work. As a result, the place was as quiet as a morgue whenever he was in the office.

The venture's expatriate regional GC, however, spoke with the local staff in Putonghua, Guangdonghua (i.e., Cantonese) and Taishanhua — a local dialect of Taishan County, Guangdong Province. The Chinese deputy general manager and the local staff therefore chose to communicate critical business information through the regional GC rather than directly to the general manager. Even though the regional GC was a *laowai*, that is, a foreigner, the joint venture staff treated him with respect as a *hanren*, that is, an ethnic Chinese.

The same regional GC, while culturally sensitive in southern China, was somewhat insensitive in the Hong Kong office. The principal Chinese dialect spoken in Hong Kong is Guangdonghua. While there, the regional GC chose to speak Putonghua to the local Hong Kong staff. In turn, the Hong Kong staff often responded in Guangdonghua or in English.

cultural expectations, gender, age, and educational and linguistic differences. For example, how might a female manager be successful in China? How would her gender interplay with the other concepts discussed in this article? Will a younger manager be successful in managing older subordinates? How might the experience of managing differ if this female or younger manager is non-Chinese? No simple or clear answers to these questions exist, but the concepts of *Mianzi*, or face, and regard for strong and paternalistic leaders should be taken into account.

Another dynamic that comes into play in the management of Western companies in China is whether a long-term expatriate, a short-term expatriate or a local manages the Chinese operations. Obviously, a local will understand and be intimately familiar with Chinese culture, and have the benefit of being a long-term player. The local manager, however, may not fully understand the expectations from the Western headquarters or Western clients, or the global culture and values that the company desires to instill in its Chinese operations. If the short-term expatriate manager knows he is only there for the

short term, and the employees know it too, neither party will have an incentive to put the effort necessary into understanding the concepts discussed above, and developing the *Guanxi* — all of which takes time and effort. The long-term expatriate manager, on the other hand, should have the time and incentive to make the effort to settle into the Chinese cultural expectations and norms, and employees may have more of an incentive to develop the relationship. Currently, there is a trend in Western companies of hiring managers for Chinese operations who are either Chinese and educated in the West, or ethnically Chinese and Chinese-speaking, but born and raised in the West.

Note that the concepts described above are only tendencies in Chinese culture and society, and cannot be strictly applied across the board to every individual or situation. A foreign company operating in China is not the same as a purely Chinese company, and should not pretend it is. The foreign company will have its own values and culture, and should adhere to those values and that culture even in China. At the same time, and

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when appropriate, the company should be sensitive and adapt to the Chinese cultural environment and context. Again, the expatriate manager must learn to balance the sometimes competing cultural dynamics between a Western-based company and its operating environment in China. A Western company operating in China should not go so far in adapting and adopting Chinese culture that it abandons its own values and culture, but should adapt its operations, products, R&D, marketing, management and other facets to build on the strengths and opportunities that come from operating in China.

Since the people in any organization are integral to its success, a company will be successful in China by carefully hiring managers, whether local or expatriate, who can achieve the right balance between Western and Chinese culture and values, are sensitive to both cul-

Beware of Praise

At a dinner celebrating a successful transaction, the Western manager praised the local team for a job well done. He singled out one team member for special recognition because of the Chinese team member's hard work, negotiating skills and insight into the other side's goals. While this form of recognition is common and greatly appreciated in the West, it caused great embarrassment to the team member being recognized and caused the other members of the team to lose face.

tures and can bridge both worlds. From a professional standpoint, working and managing in a multicultural context enhances a lawyer's leadership and communication abilities, creates more job opportunities and offers a different world perspective. This guide should not intimidate or dissuade lawyers or hiring managers from working in a legal services organization in China. We

firmly believe that the current growth of China and the ability to work there present expatriate lawyers and managers with a unique opportunity to experience tremendous professional and personal growth, as well as the chance to gain a deeper understanding of China and its important political and economic role in the world. 

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