Understanding the Influence and Approaches to Effective Chinese Negotiations

Jose Anibal Torres, Argosy University – Sarasota

ABSTRACT

This study focuses on the influences and approaches to Chinese negotiators. Since most of the literature on Chinese negotiations has a Western bias, this study focuses on the variables and elements that influence Chinese negotiators and the approach they take when negotiating in an international environment, from a Chinese perspective. The study begins by defining what is culture followed with the definition of Chinese culture and philosophy, that includes Universism, Taoism, Confucianism, and Buddhism. This basic Chinese cultural understanding will provide a basic foundation to build upon in understanding what influences Chinese negotiators. This is followed with a brief overview of the significance and influence of cultural dimensions, by Kluckholn and Strodbeck, Schwartz and Geert Hosftede, to show the complexity of understanding cultures and how they influence Chinese negotiators. Since culture is not static and is constantly evolving international negotiators must have an understanding of those variables that influence Chinese culture, such as cultural dynamics, global flows and their consequences. This cultural foundation will provide an understanding of Chinese negotiators' behaviors during the negotiating process. The study is followed with an understanding of the approach to Chinese negotiations as taught to the Chinese and the effects of their culture and philosophies and logic paradigms in negotiations.

Key words: Chinese international negotiations, cross-cultural negotiations, inter-/intra-cultural negotiations, Chinese culture, international negotiations, Chinese negotiation style

Effective and successful negotiations are largely dependent on understanding the other negotiating party's characteristics and approach. And in international negotiations understanding the other party's culture is an even more challenging task, (Huang & Van De Vliert, 2004). Therefore, this study focuses on *understanding the influence and approaches to effective Chinese negotiations*. Research suggests that research on negotiations and on international negotiations has been biased towards the ideologies and schema of Western countries. Therefore, in order to have a clear understanding of how to negotiate effectively with the Chinese it is important to understand what influences Chinese negotiators and the approaches they learn in negotiating internationally. To this end, the purpose of this study is to review, evaluate and interpret the literature on Chinese culture, Chinese cultural dimensions, effects of cultural dynamics on culture, Chinese philosophy, and their influence on Chinese negotiations from the Chinese perspective. This study expands on existing, although not exhaustive, literature on Chinese negotiations, from a Chinese perspective and not a Western perspective. To help the focus of the study and to provide a framework, the study will address the following research questions: What are the influences of effective Chinese negotiations? Are Chinese negotiations influenced by their culture, beliefs, and socio-political systems? And how do these influences affect the approach of Chinese negotiators?

It has been argued that reciprocity in negotiations is an important factor in not only domestic negotiations but in international negotiations. And Gouldner (as cited in Adair, 1999) defines the norm of reciprocity as "a universal code that guides patterns of interaction in social systems" (p. 1). Furthermore, it is suggested that the norm of reciprocity is what keeps us from inviting friends over and over to a gathering if they haven't invited us in return. Research suggests that normative behaviors in negotiation differ across cultures. "In negotiations, the norm of reciprocity explains why we feel obligated to make a concession in response to a concession and why we seek revenge when a party has taken advantage of us" (Adair, 1999, p. 1). This concept of reciprocity in Chinese negotiations is very important and is explained through the Chinese concept of *guanxi*, connections where both parties mutually benefit, an essential element in Chinese negotiations and *Yin and Yang* principles.

There are many reasons for the Western world to take interest in China. China has been able to accomplish in approximately twenty-five years what it has taken developing countries nearly a half of a century to accomplish (Guthrie, 2006). In fact, some of the world indexes since 2005 ranks China in the top three of the largest economies of the world (Guthrie, 2006). And in 2006 China was ranked at the fourth largest economy and third largest trading nation with an annual growth of about 10 percent per year for three decades (Bergsten, Gill, Lardy, & Mitchell, 2006). Moreover, research suggests that China will be the number one economic power in the next couple of

decades, if not sooner. Ma (2007) suggests that the increase of China's economy has created much interest by Western countries and negotiating with the Chinese people is a very challenging and daunting task. As a result many foreign countries, from developed to undeveloped countries, are studying China's successful, and central government supported, economic model.

To this end, China's rapid economic growth has been occurring so fast that Westerners have had difficulty in understanding how to effectively negotiate with the Chinese. Zhao (2000) suggests that Westerner's frustration on how to negotiate with Chinese negotiators is in part due to Chinese negotiations specialists who provide seminars and workshops that only address what annoys the Chinese negotiators and not how to get ahead of the Chinese during negotiations. And research supports that international negotiators negotiating with China must understand the Chinese culture, philosophy, the use of such concepts such as *guanxi*, mutual beneficial relationships and connections, and *mianzi*, face. For example, the Chinese are very sensitive to losing face, *mianzi*, during meetings. And in China things get done more effectively with *guanxi* (Seligman, 1999).

This study will identify the influences of Chinese negotiations and the approaches to effective Chinese negotiations by first defining what culture is and providing highlights of the Chinese cultural philosophy regarding Taoism, Confucianism, and Buddhism. The study will then discuss overviews of leading research on cultural dimensions and how they relate to the Chinese culture. However, cultural dimensions alone will not provide an international negotiator with the understanding of how the Chinese negotiate because research suggests that culture is constantly evolving and changing. However, having an understanding of cultural dimensions will provide the reader with a basic foundation for understanding differences in traditional cultures. The study continues by discussing research that supports the changes in culture and consequences of these cultural dynamics. This will provide the reader will a clear framework for understanding the basics of Chinese culture and philosophy that influence negotiations. With this cultural framework, as a foundation, the study then focuses on the effects of cultural dimensions, negotiating styles and influence of logic paradigms that influence Chinese negotiations. The researcher then discusses the elements required of a successful initial meeting with the Chinese during negotiations. The study then concludes with a brief discussion on the methodology and a final summary.

Culture

It has been argued that the complexities of culture extend to the many different definitions of culture. Consequently, one method of defining culture is in relation to the sources, determinants and elements of culture. Craig & Douglas (2006) posit that "culture is a pervasive influence which underlies all facets of social behavior and interaction and it is evident in the values and norms that govern society" (p. 323). Krober and Kluckholn (as cited in Craig & Douglas, 2006) identified over 160 different definitions for culture. Chang (2003) defines culture as "the unique characteristic of a social group; the values and norms shared by its members set it apart from other social groups. And culture is concerned with economic, political, social structure, religion, education, and language" (p. 567). Finally, Tylor (as cited in Craig & Douglas, 2006) defines "culture as that complex whole which includes knowledge, belief, art, morals, law, custom, and any other capabilities and habits acquired by man as a member of society" (Craig & Douglas, 2006, p. 323).

In order to understand the influence of the Chinese culture in negotiations it is important to have a basic understanding of their beliefs. Research suggests that there are three basic philosophical belief systems of the Chinese people: Taoism (harmony with nature), Confucianism (human relationships), and Buddhism (human immortal world). The Chinese people view these three as philosophies and not religions and that is because they are not as concerned with religion as the rest of the world, (Fang, 2006). There is a saying in China, *han san wei yih*, which translated means *it contains three* (philosophies) *and yet it is only one* (philosophy) (De Groot, 2009). To get a better understanding of these three philosophies, or as some argue religions, the following metaphor can provide a clear relationship between these three philosophies: imagine a tree with three branches where the stem of the tree was originally Universism, or Taoism, which means the road or the way of how the universe moves, and this stem has grown three separate, yet integrated, branches, Taoism, Confucianism and Buddhism (imported from India). However, the stem remains the foundation of the tree, *universism*. This tree is the *han san wei yih* of Chinese philosophy or religion (De Groot, 2009). Universism can be understood in the form of yin/yang cosmology, the study of the universe, with dualities, such as heaven (the cosmos), and earth (nature), good/evil, darkness/light, and so on, (http://www.worldmapper.org/display_religion.php?selected=573, and http://www.themystica.com/mystica/articles/u/universism.html). According to the literature, these two extremes, or dualities are the basis of creation. And this philosophy helps the international negotiator understand how the Chinese view conflicts in negotiations as positive process that yields potential favorable outcomes.

Fang, (2006) argues that Buddhism was imported from India at about the first century and the Chinese adoption of Buddhism's doctrine of reincarnation has helped Chinese endure hardships and suffering. The Chinese also look to the Ying Yang principle for enduring hardships, and suffering through the harmony principle. Chen (as cited in Fang, 2006) suggests that opposites have elements of each other and together form a dynamic unity.

> Yin represents female elements such as the moon, night, water, weakness, darkness, mystery, softness, passively, etc., while Yang, represents the male elements such as the sun, day, fire, strength, brightness, clearness, hardness, activity, etc. Yin and Yang are not the two absolute opposing forces but rather the paired nature of everything in existence in the universe. (Fang, 2006, p. 52).

Sojka and Tansuhaj (1995) developed a framework that groups marketing research on culture into three areas: abstract or intangible; material aspects of culture, artifacts, symbols, and rites; and the communication links. They argue that language and communication systems, values and belief systems, and material culture and artifacts are the components of culture. And Usunier & Lee (2009) suggest that the sources of culture are: language, nationality, education, profession, group-ethnicity, religion, family, sex-gender, social class, and corporate organizational culture.

> The complexity of cultural influences, the implications of cultural dynamics, and the numerous ways in which these are changing, suggest the need to adopt a broader perspective. This perspective should capture the richness and diversity of these different aspects of culture and their influence, as well as providing a view of culture that can be applied meaningfully to international marketing and negotiation situations. (Craig & Douglas, 2006, p. 333).

Cultural Dimensions

Kluckholn and Strodbeck (as cited in Craig & Douglas, 2006) identified four value orientations: man's relation to nature, time dimension, personal activity, and man's relation to others. An alternative schema to Kluckholn and Strodbeck's four value orientations was developed by Schwartz (as cited in Craig & Douglas, 2006) which "grouped values into value types according to underlying motivational goals and developed measures of each value and researched their existence in a number of countries" (pp. 325-326). He developed at the society level three cultural dimensions: conservatism vs. autonomy, hierarchy vs. egalitarianism, and mastery vs. harmony (Craig & Douglas, 2006). Hofstede (2001) developed a schema of national culture which he initially identified as individualism/collectivism, power distance, uncertainty avoidance, and masculinity/femininity. Redpath and Nielsen, (as cited in Chang 2003), added a fifth cultural dimension to Geert Hofstede's four dimensions in understanding and differentiating between Chinese and the Western cultural values. They call this fifth dimension *Confucianism dynamism*. Hofstede later called these two dimensions short and long term orientation. Research suggests that there are many other cultural dimensions that have been researched and developed beyond these identified in this study. This supports the initial argument that culture has many complexities and as a result there are many definitions and the complexities of culture are enhanced by cultural dynamics and culture is constantly evolving.

Craig and Douglas, (2006) argue that "communication is dynamic, continuously evolving and provides a means of transmitting the intangible aspects of culture, such as values and beliefs from one person to another or from one generation to another" (p. 324). And communication, verbal or non-verbal, as a source and element of culture, provides the vehicle for transmitting and interpreting messages between people of the same and different cultures, (Craig & Douglas, 2006). Furthermore, language and communication give meaning to objects and symbols and they are effective tools for bringing together people of the same society and culture. Research suggests that without effective communication it is impossible to build trust and relationships, necessary elements in effective Chinese negotiations. Therefore, differences in intercultural communications, between people of different culture, create cultural noise and ineffective negotiations.

Cultural Dynamics

Much has been researched that culture has a profound influence on all human behavior. Moreover, culture is not static and is dynamic and constantly evolving due to expanding technologies such as voice and data networks, the internet, globalization, changes in socio-political and economic systems and so on. These cultural dynamics affecting time, space, interactions, mindsets, and so on, are also influenced by people of different cultures who are constantly moving to different cultural environments, creating acculturation processes and integration of some aspects of the host and home country cultures. Craig and Douglas, (2006) argue that this process results in "cultural interpenetration, or the penetration of one culture by another" (p. 323). Furthermore, they suggest that "culture is

becoming increasingly deterritorialized and penetrated by elements from other cultures, and this is resulting in cultural contamination, cultural pluralism, and hybridization" (p. 322), and this makes it very difficult to identify the "ethnie core of a culture" (Craig and Douglas, 2006, p. 323).

These interrelationships and linking is causing cultures to change its original schemas. And with technological advances, cultures are increasingly linked by global flows diffusing ideas, products, and images across countries at a rapid pace. The sociologist Appadurai (as cited in Craig & Douglas, 2006) has identified "five global flows that are transforming, influencing cultural changes and the nature of society and muting the effect of divisions and barriers between them" (Craig & Douglas, 2006, pp. 329-330). He categorizes these global flows into five areas, and they are:

> *Mediascapes*, flows of image and communication, are the most far-reaching in both influencing consumers and at the same time are subject to influence by marketers. *Ethnoscapes*, flows of tourists, migrants, foreign students, are also shaping beliefs and result in direct exposure of members of one culture to another. *Ideoscapes*, flows of political ideas and ideologies, exert more subtle influences that take more time to have any impact. The last two *technoscapes*, flows of technology and know-how, and *finanscapes*, flows of capital and money, are important forces but less evident for individual consumers. These flows are the primary mechanisms that transmit content from one culture to another. (Craig & Douglas, 2006, p. 330).

Therefore, global flows from one culture to another culture signify that the second culture has been interpenetrated. Craig and Douglas (2006) identified five consequences of cultural dynamics and they are: cultural interpenetration, deterritorialization, cultural contamination, cultural pluralism, and cultural hybridization. While cultural interpenetration has been defined above, deterritorialization occurs when a culture is no longer defined by a specific geographic location. Cultural contamination occurs when cultures are influenced by the elements of other cultures, making it more difficult to identify the central ethnic core of the culture. Cultural pluralism is when individuals exhibit elements of other multiple cultures. And cultural hybridization is a fusion of two or more elements from different cultures resulting in a new culture. (Craig & Douglas, 2006, p. 330).

Chinese Negotiations

Successful and effective cross-cultural negotiations requires an understanding of the other country's negotiators' culture, negotiation style, and wants, while respecting their beliefs and norms, and having a comprehensive awareness of non-verbal business behaviors and communications (Chang (2003). Researchers acknowledge that often negotiators do not understand the other country's negotiators, but instead only have a stereotypical idea of who they are (Gundykunst, as cited in Chang, 2003). And Li and Labig (2001) suggest that past research of East Asian negotiations used Western models which were task-oriented. Furthermore, they argue that this past research failed to address how relationships affect negotiations, which is an important characteristic of Chinese negotiations. They suggest that negotiations in China require task and relationship orientations. Walton and McKersie (as cited in Li & Labig, 2001) suggest that the nature of relationships and trust between parties in the negotiation process has proven to have a major impact on better outcomes in both competitive and cooperative negotiations.

While research exists on how to negotiate with Chinese business negotiators, Zhao (2000) has taken a different approach to understanding how Chinese business negotiators actually negotiate. "His study investigated what Chinese negotiators are trained to do in the global marketplace by examining China's international business negotiation textbooks, used in their training programs," (p. 209), leading to the Chinese perspective on how to negotiate. A comparative study between the Chinese and the Western's perspective on how to negotiate internationally would highlight gaps that can provide additional areas for further research in understanding the influences and approaches of effective Chinese negotiations. Closing this gap with additional research can add valuable frameworks and constructs in negotiating effectively with Chinese negotiators, since it has been argued that most of the existing literature on Chinese negotiations has a Western bias. In addition, because culture is constantly evolving and changing, continued research in cultural dimensions, dynamics, global flows and consequences can provide a clearer understanding of the evolving and continual changes of culture and their impact on effective international negotiations.

Zhao (2000) argues that "empirical studies have focused on Chinese behaviors during negotiations or on the negotiation outcomes to figure out Chinese negotiating styles and to provide suggestions" (pp. 210-211). In addition, Zhao suggests that "no empirical research has been done to investigate (a) how Chinese negotiators are trained for the global marketplace, and (b) what the international business negotiation textbooks that have been used in their training programs say about how negotiations should be conducted" (p. 211). As a result, Zhao attempts to

---

study the Chinese approach to international business negotiations, through a rigorous examination of the negotiation textbooks used in China's training programs, and through conducting interviews and surveys.

The results of Zhao's (2000) study, interviews and surveys, were presented in three areas: Chinese international business negotiating strategies and cultural values; Chinese training in international business negotiations and Chinese negotiation outcomes; and the textbooks' reflection of Chinese government policies. The results of Zhao's interviews and surveys, presented in percentage of respondents conducted, suggests that Chinese texts, used for international negotiations training, frequently address four international negotiations strategies: win-win (64%), win-lose (64%), cooperative egoism (*he zuo de li ji zhu yi*), meaning selfish competition through cooperation (50%), and concessive negotiation (43%). (Zhao, 2000, p. 217). The findings indicated:

> The *win-win*, *win-lose*, *cooperative egoism*, and *concessive negotiation* strategies are taught in China but only the win-win and cooperative egoism strategies are recommended in the textbooks and by the interviewees. The recommended win-win strategy consists of the Chinese virtues such as nurturing mutual trust and long-term relationships, working cooperatively and expanding mutual benefit. The controversially recommended cooperative egoism, on the other hand, consists of both a positive Chinese cultural value (cooperation) and a negative value (egoism). Chinese negotiators are also trained to probe the other side's strategies and then act accordingly. (Zhao, 2000, p.231).

Chinese government policies about international negotiations, addressed in the textbooks researched and in the Ministry of Foreign Trade and Economic Co-operation's (MOFTEC) *Basic Policies Governing China's Foreign Trade and Economic Cooperation* focus on:

> Equality, mutual benefits, mutual respect, fair pricing, multilateral cooperation and common prosperity, adherence to international norms and practices, opposition to the attachment of any unfair and unreasonable conditions, and opposition to the use of advantages to gain unreasonably huge profits (Zhao, 2000, p. 230).

And Fang, (2006) argues that the core of the Chinese negotiation style is a "blend of Maoist bureaucrat in learning, Confucian gentleman, and Sun Tzu-like strategist" (p. 54).

> As a Maoist bureaucrat, the Chinese negotiator follows his government's plans for doing business. He gives first priority to China's national interest and never separates business from politics. He avoids taking initiatives, shuns responsibility, fears criticism, and has no final say. Being a Confucian gentleman, the Chinese negotiator behaves on the basis of mutual trust and benefit, seeking cooperation and *win-win* solutions for everybody to succeed. He places high value on trust and sincerity on his own part and that of the other party as a human being. For him, cultivation of righteousness is far more important than the pursuit of profit. He shows a profound capacity to conclude business without negotiating. As a Sun Tzu-like strategist, the Chinese negotiator sees negotiations as a *zero-sum game* and the marketplace as a battlefield. He sets out to *win-lose* you. He never stops bargaining. He is a skillful negotiator. And at the heart of his bargaining techniques lies Sun Tzu's stratagem to subdue the enemy without fighting. (Fang, (2006, p. 54).

Ma (2007) suggests that researchers have been attempting to study the *distinctness* of the Chinese negotiating and conflict management styles with little success. As a result Ma's (2007) study makes an attempt at determining Chinese negotiation outcomes by studying how the Chinese people approach conflicts, which could explain how this affects their negotiation behaviors during the actual negotiations. His results suggest that "compromising and avoiding are the most preferred methods of conflict management in China and he further argues that accommodating and competing lead to more satisfaction during business negotiations," (p. 101).

Conflict management has increased due to growing complexities in the workplace and in cross-cultural contexts. Therefore, a better understanding of conflict management across cultures is needed, especially since the traditional and domestic workplace conflicts now include global and multicultural workplaces (Ma (2007). As a result Ma's (2007) study investigates conflict management in the Chinese culture using business negotiations as the contextual approach. He suggests that Chinese culture is a collectivistic culture and the Chinese people are wary of any open confrontations, *mianzi*, losing face, in conflict and are more focused on maintaining relationships, *guanxi*.

In his study Ma (2007) uses the Thomas (as cited in Ma, 2007) *dual-concerned model* which identifies five distinct different conflict-handling styles based on two dimensions: *assertiveness* and *cooperativeness*. One can argue that assertiveness is individualistic in nature and cooperativeness is collectivistic. The five conflict-handling styles are: *competing, collaborating, compromising, accommodating*, and *avoiding*. While the study is exhaustive in analyzing the five conflict-handling styles, and beyond the scope of this study, the focus for this study is on the relation of these styles to the negotiation process. Ma (2007) argues that "conflict management styles influence

negotiation behaviors, which further lead to different negotiation outcomes," (p. 106). The level of assertiveness or win-win intent of negotiation behavior is closely related to desired negotiation outcomes. Furthermore, the Chinese tend to approach conflicts in a non-assertive style by compromising, they also elect to avoid instead of being accommodating, which suggests that the Chinese may not be willing to sacrifice themselves only for the sake of relationship building, (p. 111). Finally, Ma (2007) argues that the results of his study provide a strong support that collectivistic Chinese tend to prefer a non-confrontational style to resolve conflicts and are more willing to compromise, reflected in their negotiation style.

Effects of Cultural Dimensions

China is a collectivist culture that values relationships and harmony and these attributes are used in international negotiations. In contrast, the US is an individualistic culture, which explains why there have been difficulties when US companies have tried to set up joint ventures in China, although this is not the only reason (Zhao (2000).

> Americans like to sign a legally binding agreement and get started with the task, whereas the Chinese like to have better knowledge of the individuals with whom they are contemplating doing business. Therefore, negotiations do not go forward until the Chinese are satisfied that a harmonious working relationship can be established. (Zhao, 2000, p. 211).

Poor communication or a lack of cultural understanding can lead to cultural noise and therefore, misunderstandings. In cross-cultural negotiations effective communication is very significant because it involves differences in cultures and languages Zhao (2000). In addition, Zhao suggests that China is a high context culture that values the social context, (personal behavior and non-verbal behavior) more than a legal document. In contrast, in the U.S., an individualistic culture, a legal document is what matters first, and then possibly a relationship. As a result, when negotiators from an individualistic country, such as the U.S., negotiate with negotiators from a collectivist country, such as China, they must be aware of these cultural differences and how they affect the negotiation process.

Chang (2003) suggests that China is a high *power distance* culture in that it accepts the differences in power and wealth among its people. As a result, he further adds, "Chinese people will not negotiate with the opponent who is lower in rank: therefore, Americans should carefully select the negotiators' rank when negotiating with the Chinese" (p. 569). It is important to assure there is equal status on both sides when negotiating. Chang also suggests that Chinese are a high *uncertainty avoidance* culture, in that they avoid high uncertainty, risks, and unconventional behavior. Therefore, when negotiating with the Chinese, it is important to be respectful, patient, industrious and perhaps attending to their rituals. This approach will earn their respect. China's *collectivistic* culture is oriented towards teams, families, organizations, and community approaches. In contrast the U.S. *individualistic* culture emphasizes the rights and needs of the individual. Chang suggests that when negotiating with the Chinese, individualistic cultures should avoid sending only one person to negotiate, since the Chinese prefer team collaboration during the negotiation process, including discussing as a team how to reach a conclusion, agreement or decision. While the roles of women in Asian countries are changing, China is still a *masculine* culture that would prefer to negotiate with men, especially older businessmen. *Confucian dynamism* in negotiation focuses on characteristics such as loyalty, reciprocal obligations, and honesty. This is where *guanxi,* reciprocal obligations generating mutual benefits through relationships, takes root. When negotiating with Chinese people, respect their values, be polite and honest, and that may lead to a long term relationship. People in Chinese society emphasize a zero-sum game in competitive activities, although in successful negotiations a win-win situation is preferred. (Chang, 2003).

Effects of Negotiating Styles

Some researchers argue that a win-lose strategy is not as productive as a win-win strategy and the collectivists' relationship value is directly related to a win-win strategy. In contrast, the individualistic culture is generally related to a win-lose strategy. And while many negotiators practice a win-win strategy, many other negotiators resist it and would rather use a win-lose strategy, where one wins and the other loses (Zhao, 2000).

Fang (2006) argues that Chinese negotiations are driven by Chinese business culture which in turn is influenced by China's socio-political and economic government, Confucianism, Taoism, and Sun Tzu's stratagem, such as "supreme excellence consists in breaking the enemy's resistance without fighting" (Tzu, 2009).

Influence of Logic Paradigms

China's strategic move towards opening its markets to the world has increased the interest of business people from the West and the need to learn and understand how to conduct more effective cross-cultural negotiations with the Chinese. Palich, Carini and Livingstone (2002) argue that little attention has been paid to the different perspectives that derive from logic paradigms in cross-cultural negotiations. Their study focuses on formal logic, which has guided the thinking of the Western thought, and dialectic logic, which can be traced back to early Chinese thought. They suggest that formal logic is more prevalent in the U.S. and dialectic logic in China. Furthermore, they posit that the model developed within the past two decades are lacking in such areas as psychological factors. That is, the logic frameworks, formal logic and dialectic logic, can add to the discussion on cross-cultural negotiations, especially between the U.S. and China. Their study outlines "the findings of research that has investigated cultural influences on Chinese negotiating styles and outcomes. Then they explain the role of logic paradigms in cross-cultural negotiations between the U.S. and China," (p. 777-778).

Understanding alternative logic paradigms, or mindsets, can help reveal biases that shaped how one thinks about the world, and helps to improve the negotiation process by focusing on trust, the negotiation process itself, and time horizons, elements necessary in Chinese negotiations. Palich, Carini and Livingstone (2002) suggests that the negotiation process serves many constructive societal purposes such as conflict management, decision-making, and exchange of goods and services, to name a few. Their study focuses on the individualism and collectivism dimension, specific to the U.S. and China. They suggest that individualist Americans tend to focus more on their own goals then on the group goals. In contrast, the collectivistic cultures, such as China, view themselves within the context of a group, where the group's goals are more important than the individual goals.

Palich, Carini, and Livingstone (2002) define logic as "the underlying assumptions deeply held, and often unexamined, which form a framework within which reasoning takes place," (p. 781). Therefore, they argue that logic, conceptually, is synonymous with a point of view. Accordingly, these logic paradigms are more than metaphors. They provide the framework for how we perceive ourselves and the world. And as such they affect the Chinese negotiating process and behavior. "Formal logic is deeply ingrained in Western thinking and has its foundations from Aristotle's emphasis on rigorous deductive reasoning," (p. 782). In contrast, dialectic logic has its roots in the Chinese philosophy of Taoism. It focuses on contradictions and paradoxes that shape positive change and growth; the *yin* and *yang*. Therefore, under dialectic logic, "tension that may result from differing and even contradictory perspectives is viewed as positive, since it leads to change and growth" (p. 782). Westerners, without an understanding of the Chinese philosophy and approach to negotiations, could view this tension, or conflict, as a negative characteristic. Palich, Carini, & Livingstone (2002) posit that "the dialectic logic perspective involves not only managing contradiction but recognizing its positive contribution to negotiation outcomes as well. Individuals must learn how to view change as a developmental process," (p. 783). The success of negotiations with Chinese and the Western countries will depend on having an understanding of the subtleties of the different negotiating cultures. The formal logic and dialectic logic offers different perspectives with regards to trust as well, (Palich, Carini, & Livingstone, 2002).

The Initial Meeting Approaches that Lead to Success

Establishing an effective initial meeting in negotiating with the Chinese opens the door for subsequent negotiations and establishes the foundation for a potential effective long term relationship (Zhu, McKenna, & Sun, 2007). In developing a theoretical framework for their study, Zhu, McKenna, and Sun, (2007) focus their study on the differences between Western and the Chinese behavior and intercultural dimensions, in the initial stage of negotiations, as they that lead to effective outcomes. Furthermore, their study of negotiation behaviors, use the psychology approach of Ren et al.'s study, (as cited in Zhu, McKenna, & Sun, 2007), in analyzing behavior during the negotiation process since research suggests that the negotiation process is viewed in stages.

Western business people find that the "Chinese negotiators are fierce adversarial negotiators that appear to lack politeness, and consideration and also find that the Chinese are tough, shrewd, and tenacious," (Zhu, McKenna, and Sun, 2007, p. 356), Yin-Yang philosophy, Maoist bureaucrat-like and Sun Tzu-like strategies. Researchers propose that much of the Chinese negotiators' behavior originates in the negotiating process and stems from their beliefs and influence from Confucianism, Taoism, Buddhism, collectivism, *mianzi*, and *guanxi*. These factors are believed to specifically influence Chinese behaviors. Woo and Prud'homme's study, (as cited in Zhu, McKenna, and Sun, 2007), also argue that in cross-cultural negotiations it is important to understand the cultural differences, besides basic negotiating skills, to adjust to the complexities of the negotiation process.

In negotiating with the Chinese the following cultural dimensions are introduced: Hall's (as cited in Zhu, McKenna, & Sun, 2007) low and high context cultures, Hofstede's (as cited in Zhu, McKenna, & Sun 2007) power distance, uncertainty avoidance, individualism and collectivism cultures, Taoism, Confucianism and Maoist bureaucracy, Sun Tzu-like strategies. These cultural dimensions must be understood to establish an effective foundation for the initial meeting with the Chinese. Beyond these cultural dimensions, and strategies, it is also necessary to understand the impact of cultural dynamics and how the Chinese handle conflict management in negotiations, since these are essential principles that go beyond cultural foundational theories. Furthermore, Chinese and Western countries are on opposite ends of these cultural dimensions and therefore, negotiators must have a clear understanding in minimizing cultural noise and misunderstandings.

To establish an effective initial meeting with the Chinese it is essential to have a comprehensive understanding of at least four factors: high-low context cultures; power-distance; uncertainty avoidance; individualism and collectivism; Taoism and Confucianism that incorporates *mianzi* and *guanxi*. As this study has suggested these four factors alone will not suffice, but it will allow for an initial successful introduction during the first meeting.

METHODOLOGY

This study utilized content analysis as the primary research method. This methodology provided the vehicle for "making inferences by systematically and objectively identifying characteristics of messages embedded in the literature and the casual relationships of message contents and outcomes," (Zhao, 2000, p. 213). Beyond the content analysis methodology used, ethnographic interviews were conducted by many of the sources in the literature used for this study, without altercations, by the author. In addition, the author used scholarly journals from ProQuest and EBSCO, as well as scholarly books for this study. The author further argues that the original data gathered for this study was exhaustive and beyond the scope of this research.

SUMMARY

Throughout this study the author has argued, and it has been supported by literature, that past research on Chinese negotiations has been Western biased. As a result this study's research topic *Understanding the Influences and Approaches to Effective Chinese Negotiations* focused on understanding the influences of Chinese negotiators and their approaches to international negotiators. This perspective on Chinese negotiations provides a different perspective in understanding expectations of Chinese negotiations, and the areas that those international business negotiators must learn and understand prior to engaging in Chinese negotiations.

More specifically, this study began by first defining what is culture? The study built upon this definition of culture by describing the elements, components and determinants of culture. With this clear understanding of what culture is the study discussed the impact that different theories and developments of cultural dimensions, such as Hofstede's five cultural dimensions, Kluckholm and Strodbeck's four value orientations and Schwarz's value types, have on Chinese negotiators' behavior. This provided a foundation for discussing specific Chinese philosophy and cultural elements. The study proceeded to evaluate the influences that affect cultural changes, evolution in culture, and cultural dynamics. This study described the global flows that contaminate traditional cultures and the consequences of cultural dynamics: cultural interpenetration, deterritorialization, cultural contamination, cultural pluralism, and cultural hybridization, in providing a framework that captures an understanding culture as an evolving and changing phenomenon, since culture is not static. This knowledge is essential for international negotiators in negotiating with the Chinese, since the definition of culture and cultural dimensions, alone will not provide the essential understanding required of effective Chinese negotiations.

Furthermore, this initial cultural framework, cultural definition, dimensions, cultural dynamics, global flows, consequences of cultural global flows and dynamics, and Chinese culture and philosophy, provides a foundation for understanding the influences of Chinese negotiators' behavior. This study expands on this Chinese cultural framework by discussing different Chinese negotiating styles, conflict management in negotiations, communication, logic paradigms and relationships in providing an understanding of the approach the Chinese approach to negotiations. The study concludes with identification of the elements necessary for conducting a successful initial Chinese negotiation. This study argues that understanding the many influences of Chinese negotiations, as detailed above, is a complex process that requires continual and exhaustive formal and experiential

education and training. Moreover, this exhaustive study provided the elements and variables in understanding the influences and approaches to effective Chinese negotiations, as well as gaps that exists for further research.

REFERENCES

Adair, W. L. (1999). Exploring the norm of reciprocity in the global market: U.S. and Japanese intra- and inter-cultural negotiations. *Academy of Management Proceedings, CM,* A1-A6. Retrieved from EBSCO, September 22, 2009.

Bergsten, C. F., Gill, B., Lardy, N. R., & Mitchell, D. (2006). China*: The balance sheet.* New York, NY: The Center for Strategic and International Studies, and the Institute for International Economics.

Chang, L. C. (2003, March). An examination of cross-cultural negotiation: Using Hofstede framework. *Journal of American Academy of Business, Cambridge, 2*(2), 567-570. Retrieved October 28, 2009, from ProQuest.

Craig, C. S. & Douglas, S. P. (2006). Beyond national culture: Implications of cultural dynamics for consumer research. *International Marketing Review, 23*(3), 322-342. Retrieved October 28, 2009, from ProQuest.

De Groot, J. J. M. (2009, February). *Religion in China - Universism: A key to the study of Taoism and Confucianism.* LaVergne, TN: Ginn & Company of Boston.

Fang, T. (2006). Negotiations: The Chinese style. *The Journal of Business & Industrial Marketing, 21*(1), 50-60. *Retrieved November 13, 2009 from ProQuest.*

Guthrie, D. (2006). *China and globalization.* New York, NY: Routledge.

Hofstede, G. (2001). *Culture's consequences: Comparing values, behaviors, institutions and organizations across cultures.* Thousand Oaks, CA: Sage.

Huang, X. & Van De Vliert, E. (2004). A multilevel approach to investigating cross-national differences in negotiation process. *International Negotiation, 9,* 471-484. Retrieved from September 22, 2009 EBSCO.

Li, J. & Labig Jr, C. E. (2001, Fall). Negotiating with China: Exploratory study of relationship-building. *Journal of Managerial Issues, 13*(3), 345-359. Retrieved November 13, 2009, from ProQuest.

Ma, Z. (2007). Chinese conflict management styles and negotiation behaviours: An empirical test. *International Journal of Cross Cultural Management, 7*(1), 101-119. Retrieved October 28, 2009, from ProQuest.

Palich, L. E., Carini, G. R., & Livingstone, L. P. (2002). Comparing American and Chinese negotiating styles: The influence of logic paradigms. *Thunderbird International Business Review*, *44*(6), 777-798. Retrieved October 28, 2009, from ABI/INFORM Global (Document ID: 272943621) and ProQuest.

Seligman, S. D. (1999). *Chinese Business Etiquette: A guide to protocol, manners, and culture in the People's Republic of China.* New York, NY: Warner Books Inc.

Sojka, J. Z. & Tansuhaj, P. (1995). Cross-cultural research: A twenty-year review. *Advances in Consumer Research,* 461-474.

Tzu, S. (2009). *The Art of War (special ed.).* El Paso, Texas: El Paso Norte Press.

Usunier, J. & Lee, J. A. (2009). *Marketing across cultures* (5th ed.). Essex, England: Pearson Education Limited.

Zhao, J. J. (2000, July). The Chinese approach to international business negotiation. *The Journal of Business Communication, 37*(3), 209-237. Retrieved October 7, 2009, from ProQuest.

Zhu, Y., McKenna, B., & Sun, Z. (2007). Negotiating with Chinese: Success on initial meetings is the key. *Cross Cultural Management: An International Journal*, *14*(4), 354-364. Retrieved October 28, 2009, from ProQuest.