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Cultural Influences and Negotiation: Chinese Conflict Resolution Preferences and Negotiation Behavior

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CULTURAL INFLUENCES AND NEGOTIATION: CHINESE CONFLICT RESOLUTION PREFERENCES AND NEGOTIATION BEHAVIOR

Date Recommended 8/17/95

Director of Thesis

Dean, Graduate Studies and Research Date
TO

THE WORLD PEACE AND PROSPERITY OF

INTERNATIONAL BUSINESS
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As international trade between China and the United States has increased markedly in recent years, negotiation behavior between Chinese and Americans has become a timely issue. Most research conducted in this area discusses the fundamental cultural differences between East and West, as well as the difficulties Westerners have in negotiating with the Chinese. Little was written on the actual negotiation behavior itself.

This paper is focused on the negotiation behavior between Chinese and American business people. Following a review of relevant research, the author found that both Confucian philosophy and Taoistic philosophy continue to provide the foundations of Chinese cultural traditions and values, which influence Chinese perceptions and approaches to conflict resolution and thus affect Chinese negotiation behavior. Cultural values discussed include harmony, collectivism, conformity, holism-contextualism, time, face, shame, reciprocity, high context, friendship, and Guanxi. The author suggests that traditional Chinese cultural values
influence Chinese people to be less openly assertive and emotional in conflict situations, which consequently lead Chinese negotiators to the adoption of high compromising and avoiding behaviors and a relatively low preference for competing and assertive postures in negotiations.

Based on the cultural values and Chinese conflict preferences, the author offers recommendations for preparing, conducting, and concluding negotiations with Chinese people.
CHAPTER I
INTRODUCTION

I became interested in the negotiation behavior of different cultures in 1988 when I was a graduate student at Xi'an Foreign Languages University, People's Republic of China, and was once invited to work as an interpreter for an American international bank intending to make some investments in Xi'an, Shaanxi Province, P.R.C.

During the ten days of working as an interpreter, I noticed some subtle differences of negotiation styles between the Chinese local officials and the American bank officials. For example, while the American bank officials wanted to get down quickly to key issues such as choosing the site of the factory, the estimated total cost, the contribution of money to the joint venture by each side, and the dividends of future benefits, the Chinese local officials were not in a hurry to do so. They were more interested in the socializing activities such as taking the American guests sightseeing, or showing them local special products and foods.

When the actual negotiation meetings began, the
Americans did most of the talking and argued firmly for their positions, while the Chinese sat there quietly most of the time, responding now and then, yet firmly holding their ground. The negotiation of the joint venture ended in failure. The American bank officials left without signing any contract. I regretted this conclusion for a long time, and ever since then, I have kept asking myself the questions "Why would two parties with good intentions to do business with each other fail? What could be done to prevent the failures?

My enthusiasm in studying negotiation behavior between Chinese and American business people began in 1993 when I started my graduate program in the Department of Communication and Broadcasting, Western Kentucky University. After taking courses such as intercultural communication, foundations of communication and nonverbal communication, I came to realize the importance of cultural factors in influencing intercultural business negotiation outcomes. Thus began my two years of research in the field of business negotiations between Chinese and American business people.

Objective of the Study

The purpose of this study is to understand the effects of culture on the negotiation process—specifically, the
effects of Chinese culture on the negotiation behavior of the Chinese. According to Fisher and Ury, negotiation "is a basic means of getting what you want from others" (Fisher and Ury, 1981, p. 2). Unterman sees negotiation as "a process wherein two or more people get together for the purpose of changing each other's values and behaviors" (Unterman, 1985, p. 51). Nierenberg believes that "whenever people exchange ideas with the intention of changing relationships, whenever they confer for agreement, they are negotiating (Nierenberg, 1988, p. 37).

Culture has been defined as "the symbolic-expressive aspect of human behavior" and "the totality of man's products" (Wuthnow, Hunter, Bergesen, and Kurweil, 1984, p. 35). Harris and Moran define culture as "the way of living developed and transmitted by a group of human beings, consciously or unconsciously to subsequent generations" (Harris and Moran, 1991, p. 135). To Cohen, culture is "fundamentally a property of information, a grammar for organizing reality, for importing meaning to the world" (Cohen, 1991, p. 10). Mazrui believes culture has four dimensions which create the social whole: the kinship culture, the intellectual culture, the economic culture, and the political culture. Mazrui holds:

The kinship culture is concerned with the issue of descent, marriage, succession, and kinship loyalties, obligations and entitlement. The
intellectual culture is that part of the system which provides the framework of reasoning, the pre-suppositions of inference and deduction, the basic ideas of intellectual discourse and the boundaries of analytical and abstract thought. Economic culture defines the means of production and livelihood in society, the techniques of exchange, and the values and norms underlying and motivating economic behavior. Political culture means the values, prejudices, inhibition, and ideas. The ideas condition political behavior in a given society. Also, it helps to determine the nature of political institutions and the direction of political change. (Mazrui, 1976, pp. 75-76).

Mentioned above are various definitions of culture and negotiation. In fact, culture and negotiation are closely related. Culture plays a very important part in business transaction and in negotiation. This study is concentrated on negotiations between Chinese and American business people. Specifically, it focuses on the influence of Chinese cultural factors on Chinese conflict management preferences and subsequent negotiating and bargaining behavior.

In recent years there have been a number of suggestive applications of the intercultural communication approach to the field of international business negotiation. One application has taken the detailed, historical case study. Jim Mann (1989) examines business negotiations between American Motors Corporation and Beijing Jeep in the 1980s and concludes that cultural and bureaucratic obstacles are major difficulties for Westerners in doing business in
China. However, respecting each other's cultural traditions and values and compromising each other's stands or positions may serve as remedy for Sino-American business practices.

A second approach to culture and negotiation focuses not so much on the bilateral chemistry of a negotiation as on national negotiation styles taken as subjects of investigation in their own right. Michael Blaker (1990) published a useful historical study of Japanese negotiation behavior in the twentieth century. Lucian Pye's (1982) more conceptual account of Chinese commercial negotiation style, although brief, provides particular enlightenment given the author's practical experience as advisor to U.S. government officials negotiating with the Chinese. Originally published by Oelgeschlager, Gunn & Main, Pye's book has become a classic book on Chinese commercial negotiation style.

Approaching from different perspectives, both Jim Mann's detailed, historical study of business negotiations between Chinese and American business people and Lucian Pye's more conceptual account of Chinese commercial style have enriched my knowledge of Sino-American business negotiations. In fact, Mann's detailed case study of business negotiations between American Motors Corporation and Beijing Jeep has provided me the basic knowledge of what is really going on between Chinese and American business
negotiations, while Lucian Pye's study has provided me more general and conceptual knowledge of Sino-American negotiation styles.

A third approach to culture and negotiation is provided by Glen Fisher (1980), a former foreign service officer with a background in social anthropology and sociology. According to Fisher, different values, mannerism, forms of verbal and nonverbal behavior, and notions of status may block confidence and impede communication. Fisher believes culture impinges on negotiation in four crucial ways: by conditioning one's perception of reality, by blocking out information inconsistent or unfamiliar with cultural grounded assumptions, by projecting meaning onto the other party's words and actions, and by possibly impelling the ethnocentric observer to an incorrect attribution of motive. Fisher's work provides the first attempt to construct a systematic theoretical introduction to negotiation and culture.

Each of these three approaches to culture and negotiation has its merits and limitations. The first approach, the detailed, historical case study, provides us practical experience on international business negotiation by focusing on the bilateral chemistry of the negotiation. It fails, however, to provide the theoretical grounds for the analysis of the case study.
The second approach, the national negotiation styles, offers a general overview of a nation's negotiation styles. Yet, its limitation lies in its static, one-sided nature compared with bilateral case studies. It tends to overlook the fact that negotiation is a game for more than one player.

The third approach, the systematic theoretical approach to international negotiation has its strong merits by offering comparisons and contrasts about different cultural assumptions and values which result in different negotiation patterns. Although it fails to provide a real-life case of negotiation practice, its systematic theories have prepared a solid background for understanding the different negotiation styles.

In this study I integrate elements of the case study, national negotiation style, and the conceptual theoretical approaches described above to form a new comprehensive approach. Although I have not incorporated a real-life case study, I have based my analysis on other people's observation and experience in Sino-American negotiations as well as on my own. Further, I have tried to read as many books and journal articles about Chinese and American negotiation styles as possible and have incorporated them into my study. As for the conceptual frame of process model of negotiation, I have examined many other models of
negotiation, and developed one of my own: exploration, solution building, expectation and finalizing. Also, I have selected, among all other various Chinese traditional values, nine dominant Chinese cultural values which I consider very important towards understanding Chinese negotiation behavior. I have adopted the Thomas Model of Conflict-Management Styles and have applied it to the study of Chinese conflict-management preferences.

The assumptions I have made about Chinese conflict-management preferences and subsequent negotiation behaviors may cause controversial reactions. Nevertheless, it is my hope that by approaching the study of Chinese negotiation behavior from a new perspective--discussing the Chinese negotiation behavior through studying Chinese conflict management preferences--I may contribute some new insight to the study of Sino-American business negotiation.

Need for the study

Arnold Toynbee (Brunner & Wang, 1988, p. 27) strongly maintains that the 21st century probably belongs to China. Ever since the implementation of China's open-door policy in 1978, China has become the center of world-wide attention. China's rich natural resources and vast market potential offer bright prospects for international trade, commerce,
and industry. More and more foreign companies come to China to trade and to make joint ventures. In recent years the international trade between China and the United States has increased markedly. China has become one of the major market places for America. More American companies come to China to negotiate and to engage in joint ventures. Yet, because of the sharply different backgrounds and sharply different cultures, not all negotiations result in success. Many of them break down because of a variety of misunderstandings, and misbehavior, thus making differences in negotiation behavior a timely issue.

Among other factors, effective negotiation depends on understanding the other side's negotiation practices. Conduct during negotiation is influenced by attitudes, customs, and values, which to a great extent lie deeply in a negotiating team's cultural and social traits. Different attitudes, customs, and values can yield significant differences in psychological processes such as selective perception and interpersonal attraction, which in turn have great impact on the eventual outcome of negotiation.

Trading between the Chinese and Americans involves several major obstacles. First, the Chinese culture and American culture diverge widely in the perceptions of time, individual, society, and interrelationships, which produce significantly different attitudes and behavior. For
example, the Chinese perceive law and the nature of legal systems much differently than the Americans commonly do. Extrapolated to the interpersonal level, these differences create a challenge that American negotiators--individual or team--must address when dealing with their Chinese counterparts.

Second, the different values, beliefs and orientations of Chinese people have a significant bearing upon Chinese perceptions and approaches to conflict and lead to particular preferences with respect to conflict management styles. Lack of understanding of the Chinese conflict management styles usually leads to misunderstanding between the two parties, and may sometimes even result in the failure of negotiations.

This writer endeavors to provide negotiators--particularly Americans--with a rudimentary understanding of Chinese cultural factors which influence Chinese conflict resolution preferences and negotiation behavior. Evidence suggests that these cultural factors significantly affect the success or failure of Sino-American negotiations. Pye (1982), after interviewing U.S. managers who have negotiated with the Chinese, concludes that "unquestionably the largest and possibly the most intractable category of problems in Sino-American business negotiations can be traced to the cultural differences between the two countries" (p. 20).
Another study of American firms that had negotiations with the Chinese people found that most of these companies perceived major differences in negotiation styles (Tung, 1982, p. 57).

According to my familiarity with Chinese business practices, social customs and interpersonal relationships will lead to successful international business negotiations. Factors which lead to failures of international business negotiation usually include communication breakdown, differences in business practices and negotiation style, and differences in social customs, culture, and ideology. For example, Chinese people like to do business with old friends. Thus, interpersonal relationship forms a very important factor in doing business with the Chinese. Also, Chinese people put much emphasis on the notion of "face": the "loss of face" or "not giving face" will cause disgrace on the Chinese side. Consequently, "giving face" to the Chinese and not causing them to "lose face" becomes very important in Sino-American business negotiation.

Following a brief review of the literature of negotiations between Chinese and American business people, I will discuss extensively the influence of Chinese cultural factors on the development of Chinese psyche, on Chinese conflict-management preferences, and on Chinese negotiation behavior.
Value of this Study

Among studies of negotiation behavior conducted in the United States, little has been written on marketing negotiation behaviors between Chinese and Americans. While there is no lack of anecdotal and descriptive evidence confirming East/West differences and difficulties Westerners have in negotiating with the Chinese, little research exists documenting the actual negotiation behavior itself.

This study is focused on the negotiation behavior between Chinese and American business people. Specifically, I discuss the cultural influences on the Chinese psychologies and the Chinese conflict management preferences in negotiations. What can be learned from the experiences of business should be of value for government-to-government negotiations, given the substantial differences between commercial and diplomatic relationships.

At present, both Beijing and Washington wish to put their adversarial competition behind them and seek a more cooperative and complementary relationship. Thus, if Americans can better understand the Chinese style of negotiating in the commercial realm, they may avoid misunderstandings and achieve desired goals in the political realm. Thus, this writer aims to provide American negotiators a better chance to understand the Chinese
negotiation behavior, which will lead to a greater opportunity to succeed in negotiating with Chinese people—a benefit to both countries involved.
CHAPTER II
REVIEW OF THE RELATED LITERATURE

International trade between China and the United States began in 1978 just after the normalization of Sino-American relations. For the first time in history, the U.S.-China trade negotiation became a popular topic. Many books were written on Chinese cultures, the East-West differences, and the difficulties Westerners have in negotiating in China.

Among the early research, Harris and Moren (1979) offered new insight into the Chinese perception of dignity as well as Chinese pride psychology. In their classic book, Managing Cultural Differences, they pointed out that the Chinese have always held themselves in high esteem. The name of China translates as "middle kingdom," for the Chinese saw themselves, their country, and their culture as the center of human civilization (Harris and Moran, 1979, p.393). The Chinese expected that all other peoples and nations would pay tribute and homage to them. The situation continued until modern times, when the Chinese met head on with Europeans and Americans who did not understand this attitude nor accept it as a condition for working and doing
business with them. Thus, problems occurred in international trade. As a solution to these problems, Harris and Moran (1979) suggested proper etiquette, personal touch, dignity, reserve, patience, persistence, and a sensitivity to and respect for Chinese customs and temperament in negotiating with Chinese business people.

Similar to Harris and Moran's study of the Chinese concept of dignity is Brunner and Wang's (1989) study of Chinese concept of "face." According to Brunner and Wang, the Chinese "face behavior" involves two sets of criteria by which prestige is gained and one's status in society is enhanced or attained. Two words distinguish these criteria, both of which mean "face." "Lien" refers to society's respect for an individual with a good moral reputation, thereby perceiving him as one who fulfills his responsibilities, regardless of the efforts and consequences involved, and demonstrates decency as a human being.

The other concept, "mien-tzu," refers to the attainment of an achieved status by working hard, negotiating with skill, working well with others, and effectively applying knowledge and personal judgement. Nonpersonal factors, such as authority, social status and wealth, also contribute to mien-tzu.

In practice, as Brunner and Wang point out, the Chinese emphasize that one should not only protect one's own face
(lien) but also extend face (mien-tzu) to others, which is of equal importance.

In terms of negotiations, face is a reciprocal relationship, implying respect and deference which each negotiating party expects from the other, and, which in turn, is extended to the other person. Foreigners involved in negotiations with the Chinese must be cognizant of the patterns of face behavior, endeavoring to "give face" to the Chinese, and avoiding actions which will cause them to "lose face." To do otherwise is to ignore the importance of the face behavior, its pervasiveness in social interaction and its role in successful negotiating with the Chinese (p. 44).

Shenky and Ronen (1987) conducted another study on Chinese interpersonal norms which exert great influence in Chinese negotiation behavior. They found that Confucian philosophy continues to provide the foundation of Chinese cultural traditions and values, with the tenants of harmony, development of one's moral potential, and kinship affiliation having relevance for interpersonal behavior. The Chinese preference for harmony and developing one's moral potential suggests that American negotiators should avoid overtly aggressive behavior in negotiations. The American task-oriented approach, which allows for the admission of differences in the positions of the parties to
a negotiation so as to promote "honest confrontation," is viewed by the Chinese as an aggressive and is therefore an unacceptable mode of behavior. Thus, emotionally charged attempts at persuasion remain likely to fail when directed at the Chinese, and negotiators should consider other modes of persuasion. Also, the Chinese preference for kinship affiliation indicates that American negotiators should take a long-range view and enter negotiations even when they can not determine immediate returns. Similarly, during negotiations, American firms may find it worthwhile to forgo some advantages for the sake of establishing a long-lasting mutual attraction.

In terms of nonverbal communications, Shenker and Ronen point out that Americans negotiating with the Chinese must learn not to interpret silence or the lack of direct eye contact as either simple disapproval or disinterest, nor should they necessarily respond to such behavior by making additional concessions. American negotiators should act patiently in negotiations and should suggest brief recesses more frequently so that, upon reaching an apparent impasse, the negotiating parties may make decisions in private.

Pye (1982), professor of political science at Massachusetts Institute of Technology, conducted several studies on negotiations between Chinese and American business people. Pye, a specialist on Asian affairs, and an
advisor to U.S. government officials negotiating with the Chinese, conducted his research on the experiences of American and Japanese business negotiators which led to his book *Chinese Commercial Negotiating Style*, a classic book in the field of negotiating with China.

Pye thoroughly studied the sources of difficulties between the negotiation teams of the two countries, the ambience of negotiation, the opening moves, the substantive negotiating session, and the emotional basis for the Chinese negotiating style. According to Pye, the general sources of difficulty arise from three areas: (1), the newness of the relations and lack of experience on both sides, (2), problems inherent in capitalist enterprises seeking to do business with a centrally planned, socialist economy, and (3), the cultural characteristics of both Chinese and American--namely, the different concepts of friendship and law.

In terms of the emotional basis for the Chinese negotiating style, Pye indicates that the blending of xenophobia and xenophila in the Chinese psychology explains some of the strong behaviors of the Chinese negotiators who, at one moment, may seem carried away with enthusiasm for the novelty of foreign products, but then suddenly turn defensive as they feel the need to assert Chinese superiority. Pye suggests that Americans take great care
not to hurt the Chinese pride and remain alert to the meanings behind their actions. Finally, Pye recommended staying patient and steadfast, preventing exaggerated expectations, considering seriously the general principles of relationship, and mastering the record of previous negotiations as techniques in negotiating with the Chinese.

In "The China Trade: Making the Deal," Pye (1986) discusses in great detail the differing negotiation styles, concepts of things, and attitudes towards work between Chinese and American negotiators. According to Pye, the Chinese are more restrained and more passive in negotiations. They simply ask questions and probe for information, concealing any eagerness they may feel. They are wary of showing enthusiasm—an attitude that contrasts sharply with the American salesperson's excitement at the mere prospect of a deal. Pye describes the Chinese as quick to talk about friendship and ready on short acquaintance to call them "old friend." "What may seem to Americans as mere conviviality is to the Chinese an essential negotiation element" (p. 78). The Chinese can make heavy demands on friends and place few limits on how they use friendship to material advantage, while the Americans see friendship as built on a natural give-and-take.

In this study Pye pointed out that the Chinese and the Americans have different concepts of reaching agreements.
Americans believe that it follows a process of give-and-take that culminates when both sides have maximized their position while the Chinese negotiators see an agreement more as a pledge from both sides. They believe a bond is sealed from the point where each side works out the benefits it will receive. At the conclusion of the study, Pye again suggested patience and courtesy as remedy in negotiation with the Chinese executives.

Lubman (1983) conducted a study based on a decade of participation in commercial negotiations with Chinese. From the perspective of a lawyer, Lubman identified some of the problems Westerners encounter in commercial negotiations in China and isolated certain unique characteristics of the negotiations. According to Lubman, the differences between Chinese and Westerners in commercial negotiation exist at the most obvious levels, such as the inability of each side to speak the other's language or to grasp the subtleties of etiquette that each culture expects. Less obvious, but perhaps more significant, disparities may occur in the perception of the nature and implications of basic concepts so that the two sides often appear to be talking at, rather than with, each other.

A specific illustration of such differences over fundamental legal concepts appear in negotiations over guarantees in licensing agreements. According to Lubman,
the language of guarantees to which the Chinese rigidly insist the licensor agree is general and uncertain while Americans demand specificity. Moreover, Lubman pointed out that the Chinese and Americans have different concepts of the negotiation contract. While the Chinese view the contract as a commercial document which defines the desired outcome of the transaction, Westerners view the contract as a legal document which defines the responsibilities of parties to each other and to third parties and the consequent rights that each party enjoys. Thus, the draft contract suggested by the American side tends toward great complexity and the revised contract suggested by the Chinese side tends toward simplicity. The lack of common conceptual ground causes delays in negotiations. Lubman suggests that before the U.S. businessmen and lawyers come to China to negotiate, they should inform themselves about the basic negotiation concepts as well as Chinese bureaucracy to avoid delays and misunderstanding in negotiations.

Davidson (1987) recommends some solutions in managing Sino-American commercial negotiations. Before going to the negotiation table, Davidson suggests that American firms should prepare an initial written agreement of a set of goals which provide a sound starting point for the negotiation process. The American team should also acquire a translator familiar both with China and the business in
question. Davidson also advises that the American team should know the negotiators and the authorities and how they fit into the scheme of approval. An understanding and appreciation of the approval process is vital to each potential tension at the negotiation table. Further, in order to avoid future problems and conflicts, Davidson suggests that the foreign investors should consider as many potential problems as possible and prepare written procedures to solve them. Many American firms already in China offer "write it down" as their first bit of advice.

Frankenstein (1986) conducted a survey among 26 American business people to determine which issues were the most difficult to solve in negotiating with the Chinese. He names the following issues in rank order: price, technology protection, valuation of capital contributions for joint ventures, training for Chinese personal, delivery schedules, penalty clauses, warranty protection, and determining technical specifications. Price comes as the first most difficult issue because "price is uppermost in the minds of Chinese negotiators" (Frankenstein, 1986, p. 151).

One reason for the difficulty of the price issue, according to Frankenstein, is that the Chinese bureaucrats and managers want to make the best deal they can. The political and career consequences for not doing so can be serious. Further, Chinese enterprises, under the Deng
regime's economic reform package, are now responsible for both profit and loss and can retain portions of profit for their own use. Indeed, Chinese enterprises are under considerable pressure to improve what the Chinese authorities call "economic results."

As for other issues, most of them are caused by the lack of experience in doing business with each other as well as different conceptions about doing business. Frankenstein finally recommends that American business people use caution in dealing with these issues with the Chinese negotiators.

Campbell and Adlington (1988) conducted another survey concerning the speed and ease in Sino-American negotiations. Their study indicates that negotiating with the Chinese tends to be slow compared to other developing countries. However, negotiations in China have become much faster now than previously. The Chinese have become much quicker and more practical at negotiating contracts. Further, Campbell and Adlington found the following factors make negotiation in China go faster: (1) the project is compatible with central government development priorities; (2) the project is compatible with municipal and /or district priorities; (3) there are few Chinese organizations involved; (4) a trading relationship already exists between the Chinese and the foreign firm; (5) the complexity of the technology is low; (6) the Chinese negotiators have previous experience
negotiating with foreign companies and understand Western business concepts; (7) the composition of the Chinese negotiation team remains stable throughout the proceeding; (8) the foreign company stresses mutual benefit for both sides; and (9) the foreign company remains flexible and creative during negotiations, rather than legalistic and rigid.

Among other studies, Graham, Kim, and Robinson (1988) together conducted a laboratory simulation on buyer-seller negotiations among 138 Americans, 54 Chinese, 42 Japanese, and 38 Koreans. The finding of the simulation indicates that in negotiations between Americans, the use of more task oriented, problem-solving approach positively influences negotiation outcomes. In negotiations between Chinese, more competitive strategies led to better results. In Japanese and Korean negotiations, buyers achieved higher economic rewards than sellers. In all four cultures, bargainers were more satisfied with negotiation outcomes when partners were rated as more interpersonally attractive.

Furthermore, the findings of the simulation indicate that the behavior of Chinese negotiators is "generally honest," very price conscious, and very competitive. Chinese initially ask for a lot, make group decisions from the top down, and let age and status affect negotiation outcomes. Graham, Kim, and Robinson also found that buyer-
seller negotiation data for the Chinese group differed from the American model of buyer-seller negotiation. Problem-solving bargaining strategies had a direct and negative effect on the Chinese group's profit. Chinese negotiators who used more competitive strategies did better in the buyer-seller simulation.

Adler, Brahm, and Graham (1992) offered a recent study on Sino-America negotiations. Based also on a laboratory simulation, they examined the face-to-face buyer-seller negotiation process. They indicated that a problem-solving approach was helpful for both the Chinese and the American negotiators. Such an approach, emphasizing the exchange of information, appears to have facilitated partner satisfaction. Also, negotiator problem-solving strategies apparently encouraged partners to reciprocate with problem-solving behaviors, which, in turn, increased the negotiators' own profits. The authors suggest that when the Chinese negotiators were positively attracted to partners, they were also more satisfied with negotiation outcomes.

In addition, they point out that the Chinese bargainers tended to ask many more questions and to interrupt one another more frequently than their American counterparts. Such subtle differences in style, according to them, may cause problems in Sino-American negotiation, which, in turn, sour otherwise fruitful commercial alliances.
Among other recent studies, Hellweg, Samovar and Skow (1993) have offered a comparative study on cultural variations in negotiation style. They point out that Americans differ from the Chinese and other cultures in three large aspects in negotiation: (1) rules for conducting business, (2) the selection of negotiators, and (3) methods of decision-making. According to the authors, American negotiators assume an attitude of "economic gain" in the negotiation process. They expect others to display what they conceive of as "American professionalism," including an aggressive approach toward that which is to be negotiated. They are uninterested in establishing long-term relationships, and view socializing as unimportant. The Chinese negotiators, on the contrary, feel that mutual interests and friendships are important in the negotiation process, so socializing during the contract agreement process is an expectation. The nature of the relationship between the parties involved is critical to the success or failure of a negotiation.

In selecting negotiators, technical expertise serves as critical concern in the selection of American negotiation representatives. The social background, education, and age of candidates have little to do with their selection as negotiating team members or leaders. The selection of Chinese negotiators is based on largely on status and
knowledge, with age seniority being the single most important criterion used in the selection of team leaders. Also, Chinese negotiators expect to deal with someone of authority and high status, and they feel slighted if they do not negotiate with such individuals.

In the process of decision-making, the authors point out that American negotiators view negotiations as problem-solving sessions, even if no real problem exists. They tend to compartmentalize issues, focusing on one issue at a time, instead of negotiating many issues together. For the Chinese, decision-making is more authoritative with decisions made by high authorities without the inclusion of subordinates. Also, the Chinese state their propositions in the beginning and do not change it even if the opposing side raises questions. Concessions may come near the end of the negotiations. Hellweg, Samovar and Skow's study, although brief, offers enlightening insight in the different negotiation styles of Chinese and Americans. It can serve as guidelines for Sino-American negotiation.

Of all the previous studies mentioned above, each offers new insight into the field of Sino-American negotiation. They have covered almost every aspect of Sino-American negotiation. Studies such as Shenky and Ronen's (1987) interpersonal norms, Brunner and Wang's (1989) concept of Chinese face, and Hellweg, Samovar and Skow's
(1993) cultural variations in negotiation style offer very good understanding as well as sharp insight to Chinese culture and Chinese negotiation behavior. Also, Pye's study on Chinese commercial negotiating style, although a little cynical sometimes, has become a classic of Sino-American negotiation. However, all these studies, approaching the subject of Sino-American negotiation from the American perspective or Western perspective, offer only the American view or "Western view" of the subject.

In the following chapters, I endeavor to approach the subject from a different perspective—a Chinese view of Sino-American negotiation. Following a general overview of nine important Chinese cultural factors, I will discuss the influence of these cultural factors on Chinese conflict-management preferences and negotiation behavior.
Kirkbride defines culture as "the means for, and the outcomes of, attempts by people to locate and confer meaning upon their lives, experience, events, and objects through the application of shared symbolic systems" (Kirkbride, 1991, p. 366). Cultural values, defined by Samovar and Porter (1991), are a set of organized rules for making choices, reducing uncertainty, and reducing conflicts within a given society.

Cultural values usually derive from the large philosophical issues inherent in a culture. These generally normative values inform a member of a culture what is good and bad, right and wrong, true and false, positive and negative. Cultural values define what is worth dying for, what is worth protecting, what frightens people, and what types of events lead individuals to group solidarity. Cultural values also specify important behavior and avoidance behavior within a culture. An exploration of certain fundamental Chinese cultural values should offer not only some insight into the perception and management of
conflict situations among the Chinese business people but also better understanding of the Chinese commercial negotiation behavior.

The culture of traditional China encompasses diverse and competing philosophies, including Confucianism, Taoism, Buddhism, Legalism, and a host of local traditions. Nevertheless, the essence of traditional Chinese culture resides in the philosophical traditions of Confucianism and Taoism. These two philosophies continue to provide a moral, intellectual and social nexus for the Chinese psyche (Cheng, 1986).

In addition to this philosophical tradition, a body of more recent empirical work also pertains to Chinese values. Pye (1982), in his Chinese Commercial Negotiation Style, mentions four Chinese values: friendship, time, face, and Guanxi, which are important to the understanding of Chinese negotiation practices, while Shenkar and Ronen (1987) have studied five values in their research: harmony, hierarchy (which includes the notion of conformity), reliance on kinship affiliation, collectivism, and indebtedness, which named also as reciprocity. In Redding's (1980) study, he mentions another four values important to the Chinese management process: holism or contextualism, polychronic time, morality, and practicality. In Beyond Culture, Edward Hall (1989) classifies Chinese culture as high context
culture. I have extracted, even at the risk of oversimplification, nine key terms which depict core aspects of Chinese value orientations and psychological processes and which retain great relevance to conflict management preferences and negotiation behavior. These include harmony, collectivism, conformity, holism, contextualism, time, high-context, face, reciprocity, and quanxi.

Harmony

Confucianism stresses the notion of harmony between man and nature, between man and heaven, and between man and man. The Confucian "Doctrine of Mean" urges individuals to adapt to the collectivity, to control their own emotions, to avoid confusion, competition and conflict, and to maintain inner harmony. Showing restraint is the responsibility of the "gentleman" who, in the Confucian hierarchy, is the cultivated and learned person situated above all others. The cultivated person strives to maintain self-control regardless of the situation and thus conform to the Chinese ideal of "xinpinqihe" which means "being perfectly calm."

Furthermore, to promote harmony, one must carefully control one's emotions in public. Raw emotions (even righteous indignation), once expressed, threaten the Confucian principle of harmony and tend to arouse strong
distrust, if not antipathy, among individuals. Therefore, no one expects a well-mannered Chinese to depart significantly from the norms of self-control. The idea of emotional control resides in the Chinese psyche.

When harmony is important in interpersonal communications, politeness means more than showing common courtesy: it approaches a formal, stylized behavior. Such behavior does not depend on individual discretion, but is fixed according to social position and norms. Polite behavior is both expected and easily recognized, for example, in elaborate preparations for invited guests, or in the way one personally escorts one's guests beyond the front door, either part way to their homes or to their next destination. Similarly, impoliteness is considered not merely a simple oversight, but an insult not easily forgiven.

The Chinese preference for restrained, moderate behavior suggests that one should avoid overtly aggressive behavior. The American task-oriented approach, which allows for the admission of difference in the positions of the parties to a negotiation so as to promote "honest confrontation," is viewed as aggressive and, therefore, as an unacceptable mode of behavior. Thus, emotionally charged attempts at persuasion are likely to fail when directed at the Chinese, and negotiators should consider other modes of
persuasion. However, negotiation is a transaction processed between both parties. Chinese negotiators need to understand and adapt to American culture and expectations in negotiation as well.

**Collectivism**

Chinese societies (including the People's Republic of China, Hong Kong, Singapore and Taiwan) have frequently been described as "collectivist" (Bond and Hwang, 1986; Hofstede, 1980; Lai and Lam, 1986; Westwood and Everett, 1987. The stress is not so much upon the individual and his/her interests, but on the maintenance of members within the society. Collectivism is frequently contrasted with the greater individualism and egocentrism said to be characteristic of American culture or Western culture.

The collectivist position has implications for relationships within organizations. In problem situations or non-routine situations, including conflict and negotiation, a tendency may exist to locate the issue in terms of its importance for the group, organizational unit, or even society at large. Efforts arise to avoid antagonisms that unsettle the group or that place the individual in confrontation with his/her group. It also suggests that the value patterns associated with
collectivism will be likely to lead to the avoidance of conflict and to the seeking of harmonious relationships and collective positions within the organization.

Conformity

Conformity serves as a central theme in the traditional Chinese societies. The idea of conformity relates to two key Confucian values. First, it relates to the "rules of propriety" which structure interpersonal relationships into hierarchy dualities such as "prince-minister," "father-son," "husband-wife," "elder brother-younger brother," and "senior friend-younger friend." Each individual is to adjust him/herself to these prescribed interpersonal relationships. Second, there exists the Confucian concept which emphasizes that man does not exist as a separate entity but remains inextricably bound within his context: his family, his clan, and his sovereign. Each individual is to conform to prescribed social structures and relationships and to the appropriate forms of social behavior. Thus, there exists a strong and ritualistically reinforced set of norms that guides behavior and is difficult to negate.

Hofstede's (1980) empirical study reports South-East Asian Chinese-dominated societies scoring high on power distance, a view corroborated by others (Lai and Lam, 1986;
Westwood and Evertt, 1987). These societies accept large power distances between individuals, groups, and social status, and they view this state of affairs as right and natural.

A further conformity, then, exists to the natural power relationships. This conformity, together with the associated collectivism, leads individuals to consider the relationship between themselves and the other party as one of the crucial factors in any conflict situation. There exists a tendency for the Chinese to avoid confrontation for fear of disturbing the relationships and their mutual dependence. When a dispute begins between a supervisor and a subordinate, the natural deference to authority will lead to the subordinate accommodating the superior's wishes. The perceived authority and status of parties to an organizational exchange has a strong bearing upon the manner in which the exchange is able to develop and the types of outcome that can be expected.

**Holism-Contextualism**

Redding states that a holistic perspective and a high degree of sensitivity to context characterizes Chinese thought process (Redding, 1980). Therefore, Chinese people will attempt to relate a particular issue or event to the
total situation and to the context in which the event or issue occurs. An unwillingness to separate specific from the totality and from the wider context makes it difficult to deal with particular issues in isolation. This holism and contextualism may, for example, take the form of placing events and issues in their historical context.

When conflicts emerge, a tendency to diffuse them may arise by locating the issue in terms of the wider scheme of things. For example, many American business people in China have complained that the Chinese negotiators like to bring up the past mistreatment of China in regard to the present issues at hand. Thus, many American commentators warn American business people to be very careful not to mix present issues with the past performances. However, this process also connects with the search for harmony by seeing issues as part of a united whole. The Chinese will seek harmonious relationship even when there are issues at hand. They will make concessions at the very end of the negotiation.

Time

In Beyond Culture, Hall (1981) introduces two kinds of time concepts: monochronic time (M-time) and polychronic time (P-time). According to Hall, monochronic time
emphasizes schedules, segmentation, and promptness. Polychronic time systems are characterized by several things happening at once. They stress involvement of people and completion of transactions rather than adherence to present schedules. Polychronic time is treated less tangibly than monochronic time. Polychronic time is apt to considered a point rather than a ribbon or a road, and that point is sacred. Redding (1980) suggests that the Chinese perceive time as polychronic, non-linear, repetitive and associated with events, in contrast with what he takes to be a Western orientation, where time exists as monochronic, sequential, absolute and prompt. He quotes another philosopher’s comment about the Chinese concept of time:

Absolute time was hardly touched upon in Chinese philosophy. With Chinese philosophers, time has always been associated with events. In Buddhism, since events are illusory, time is illusory. As such it moves on but will come to an end in Nirvana. In Taoism, time travels in a circle, since a thing comes from non-being and returns to non-being (Redding, 1980, p. 134).

The polychronic time concept has implications for the way to handle conflict situations in general and negotiations in particular. China traders and communicators such as Pye (1982) and Rae (1982) have repeatedly referred to the difficulties and frustrations that follow from Americans encountering a different view of the time dimension and different conceptions of urgency. The
different notions about the timeliness of events and about progress represents a potential source of confusion between American and Chinese negotiators. It may mean that the Chinese fail to provide, or fail to work to, a schedule that American negotiators can identify. The American may become confused and frustrated at the apparent insensitivity of the Chinese to time, procedure, schedule and deadline, and at their habit of negotiating several issues at one time.

**Face**

Face has been defined as "the positive social value a person effectively claims for himself by the line others assume he has taken during a particular contact. Face is an image of self delineated in terms of approval social attributes" (Goffman, 1955, p. 213). Face, a concept which has universal application and significance (Bond and Hwang, 1986; Ho, 1986), has particular salience for the Chinese. This salience relates to the greater collectivism of Chinese cultures and to the greater focus on "shame" as a method of social control.

The Chinese express their concern about face in this proverb: "People want their face the same as a tree wants its bark." Generally, there are two Chinese concepts of face: lien and mian-tzu. Lien usually refers to society's
respect for an individual with a good moral reputation, thereby perceiving him as one who fulfills his responsibilities regardless of the efforts and consequences involved, and who demonstrates that he is a decent human being. Mian-tzu, on the other hand, refers to the attainment of an achieved status by working hard, negotiating with skill, working well with others, and effectively applying knowledge and personal judgement. Nonpersonal factors such as authority, social status and wealth also contribute to mien-tzu. Currently, political status remains a primary factor in determining an individual's status in society.

Mien-tzu exemplifies the type of prestige emphasized in the United States. Mien-tzu depends on personal effort and nonpersonal factors, while lien is an internalized as well as socialized sanction enforcing moral standards. Furthermore, one cannot gain lien, as one is expected to live according to the precepts of his culture; favorable or exemplary acts will, however, add to one's mien-tzu. Thus, a person's face relates to his station in society and not to his personality.

In Chinese society one's face is not solely the responsibility of the individual, but is influenced also by the actions of those with whom he is closely associated, and how he is perceived and dealt with by others. The emphasis
is upon the reciprocity of obligations, dependence and the protection of the esteem of those involved. The key to an understanding of face dynamics, therefore, is reciprocity; the Chinese emphasize that one should not only protect one's own face but extend face to others. Both are of equal importance.

In conflict situations, aggressive behavior from either party can damage the face of the other. Not giving face to a person is perceived as denying that person's pride and dignity, so the Chinese maintain the implications of antagonism and aggression and normally hesitate to engage in such behavior (Brunner and Wang, 1988). In addition, the adoption of "face-giving" and "face-saving" behavior in conflict situations is valued as means to maintain a sense of harmony. The Chinese view it as shameful to disturb group or interpersonal harmony, a sensitivity rooted in the culture which is developed but reinforced through childhood rearing practices based upon shaming techniques and group loyalty.

**Shame**

A number of commentators (Pye, 1982, Cheung, 1986, Brunner and Wang, 1988) characterize Chinese and other Asian societies as "shame" orientated cultures, where shame refers
to an interpersonal frame in which behavior is compared to social norms rather than internalized personal standards, as in Western guilt cultures. Thus, despite the pervading tendency to avoid aggressive behavior in conflict management situations, one can not rule out the possibility of shaming behaviors in certain contexts.

Brunner and Wang (1988) indicate that the Chinese shaming approach permeates Chinese relations with others and is developed early in childhood as a means by which parents maintain parental control. The primary sanction is through the arousal of the fear of abandonment. The techniques which are used in shame societies involve training in controlling one's behavior manifested by morals and perfecting one's behavior. It is a feeling of inferiority, embarrassment, dishonor, ridicule and a "loss of face" on the shamed ones who sometimes goes so far as to commit suicide because of loss of face. In fact, shaming functions as one of the major forces in Chinese group interaction; it permeates Chinese relations and is used to control others. The Chinese genuinely believe that if the other party can be shamed into doing the right thing, the offender will be grateful and not resentful.

However, when the Chinese use the tactic of shaming, they can be easily satisfied by symbolic responses that do not affect the substance of the issues being protested. An
admission that what was done may not have been appropriate can, by itself, satisfy the Chinese without the need of retraction (Pye, 1985, p. 97).

Reciprocity

Like face, the principle of reciprocity or indebtedness is a universal one, but in the Chinese societies the concepts of "ranging" (favor) and "Pao" (reciprocation) have particular salience:

The Chinese believe that reciprocity of actions (favor and hatred, reward and punishment) between man and man, and indeed between man and supernatural beings, should be as certain as a cause-and-effect relationship, and therefore, when a Chinese acts, he normally anticipates a response or return. Favors done for others are often considered what may be termed "social investment" for which handsome returns are expected (Yang, 1957, p. 291).

Thus, concessions made by one party are normally expected to be responded to by an equal amount of concessions made by the opposing party. Favor is expected to be reciprocated by the Chinese, and therefore they are more willing to invest in conflict situations by initiating a compromise solution. While the principle provides a justification for retribution, it is also likely to lead to mutual benefit seeking and compromise rather than destructive tit for tat.
In short, the principle of reciprocity indicates that the Chinese will surely expect favors or concessions from the Americans if the Chinese have made concessions in their negotiation with the Americans. Similarly, the Chinese will certainly return favors or make concessions to the Americans if they have received favors from them. This principle may be also practiced in American, but it has great importance in Chinese business transaction.

High Context and Friendship

Hall (1981) categorized cultures as either high-context cultures or low-context cultures. In high-context cultures most of the information is either in the physical context or is internalized in the people who are a part of the interaction. Very little information is actually coded in the verbal message. In low-context cultures, however, most of the information is contained in the verbal message and very little is embedded in the context or within the participants. In high-context cultures people tend to be more aware of their surrounding and their environment and do not rely on verbal communication as their main information source.

Warrington and McCall (1983, p. 5), among others, have characterized the Chinese culture as a high-context culture.
In this culture people communicate allusively rather than directly, and nonverbal communications and hinted meanings are as important as the explicit messages. Generally, the Chinese people are highly sensitive to the effect on others of what they say. They weigh their words carefully and know that whatever they say will be scrutinized and taken to heart. In face-to-face conversations, a few words spoken by one party may contain a variety of meanings in it. Chinese people generally prefer indirectness and dislike contradiction. It is usually hard for a Chinese to deliver a blunt "no." They wish to please their interlocutors, and they prefer inaccuracy and evasion to painful precision.

Unlike the Americans, who generally seek equality and informality in their relationships, the Chinese put much emphasis on personal relationships. They distinguish levels of friendships, separating the acquaintances from the intimates. Whereas formality and distance characterize one's relationship with one's colleagues, one expresses himself freely and openly only with his intimates.

The Chinese usually attempt to separate affective association from economic association, preferring to do business with friends but not intimates. They regard as valued business colleagues or acquaintances those with whom one interacts regularly, whose behavior has become predictable, and against whom one may apply limited
sanctions without destroying relationships with them. As some American negotiators have noted, Chinese business has the norm of keeping relationships going on long after business has been done.

The Chinese perception of friendship as an important factor in doing business with others determines the Chinese outlook on the informal phase of the negotiation process. In contrast to Americans, who may view breaks in the negotiation process as mere relaxation or social gathering, the Chinese regard behavior away from the negotiation table as having importance equal to that during negotiation.

Because the Chinese develop close friends slowly, the American negotiators should remain keenly aware of both the limits of familiarity and specific social obligations appropriate to the type of contact being made. Also, because the Chinese pay much attention to hinted meanings, American negotiators should pay special attention to nonverbal gestures in negotiating with the Chinese.

Guanxi

The concept of guanxi, which refers to the status and intensity of an ongoing relationship between two parties, also serves as an important factor in Sino-American negotiation. In a collectivist society, guanxi between two
parties is extended to include other parties who are within the social network of the interacting parties but who may not actually be present in the interaction. Thus, when two parties interact, they will not only consider their own relationship and its future but also their relationship with those external third parties and how they will perceive and receive the behavior of the interacting parties.

It could be argued, then, that one would be likely to seek mutually satisfying compromise or accommodation if one works with the anticipation of a continuing relationship with the other party. The relationship particularly applies if the other party is perceived to be of high social status or associated with a prestigious social network. On a similar note, the traditional Chinese respect for age and status also has a bearing upon conflict situations. The Chinese will be cognizant of the age and status of those with whom they are in conflict, and that awareness will affect the manner in which the situation will be handled. Relationships with older people and those of higher status will be more highly valued and there will be greater attempts to maintain guanxi and to protect face in such circumstance.
How do traditional Chinese values and cognitive processes affect conflict management preferences? In order to answer this question, we need a theoretical framework for describing potential conflict management orientations. Perhaps the most well-known and widely accepted model is that of Thomas (1976), which identifies five different conflict-handling styles—competing, collaborating, compromising, avoiding, accommodating—all of which result from different levels and mixtures of assertiveness and cooperation. (See Figure 1 on next page.)

Competing is a power-oriented mode in which one pursues one's own concerns at the other person's expense in a manner which is both assertive and cooperative. In this approach one party attempts to talk with the other party in an effort to find an interactive and mutually satisfying solution. Avoiding occurs when one is unassertive and yet uncooperative. Interests are not articulated, and the conflict is postponed to resurface at a later stage.
Accommodating represents a mix of cooperativeness and unassertiveness and occurs when one neglects one's own concerns in order to satisfy the concerns of the other party. Compromising represents an intermediate position in terms of both assertiveness and cooperation and a situation where both parties satisfy at least some of their concerns. However, the conceptions of compromise may vary cross-culturally.

The Thomas model is operationalized via the Thomas-Kilmann Conflict Model Instrument (Thomas and Kilmann, 1976), which consists of thirty pairs of statements describing different behavioral responses to conflict situations. Typical items contrast responses such as these:
"I try to avoid creating unpleasantness for myself" and "I try to win my position"; or "I try to find a compromise solution" and "I sometimes sacrifice my own wishes for the wishes of the other person." Respondents are forced to choose the response most typical of their own behavior from each pair of statements, and the resulting pattern of responses generates individual scores for each of the five conflict orientations. This model and instrument has universal applications and can be used cross-culturally. Specifically, it can be used as the theoretical foundation for Chinese conflict-management preferences.

As mentioned before, the traditional Chinese culture puts much emphasis on conformity, collectivism and harmony. These orientations combine to create social pressures and expectations which influence Chinese people to be less openly assertive and emotional in conflict situations. Thus, they naturally lead to the adaption of high compromising and avoiding behaviors and a relatively low preference for competing and assertive postures. The cultural imperative towards harmoniousness, group mindedness, relationship-centeredness and the need to maintain interpersonal equilibrium militates against the adaptation of openly confrontational and overtly competitive styles of behavior.

Similarly, a holistic perspective may at times lead to
a consideration of the total situation, and the broader context and meta-perspective may further work to reduce antagonism that might otherwise surface in the immediate situation. The fear of shame as a result of damaging or breaking social norms or damaging someone else's face also leads Chinese people to avoid assertive or aggressive styles. All these characteristics suggest a likely preference for compromising and avoiding styles. The conformist tendencies and hierarchical nature of the Chinese social structure would also indicate the undesirability of being too assertive in conflict situations.

Taking responsibilities suggests the risk of being wrong; it also opens up the possibility of engaging in behaviors that are perceived to be antithetical to social expectations and the required mechanism of the hierarchy. It may seem better to avoid that possibility by seeking safe common ground or collective responsibility, or again to engage in avoidance behavior.

The operations of guanxi, face, power, and reciprocity are somewhat more complex. The degree of assertiveness and cooperativeness that a person can exhibit in a given situation may depend upon known or perceived differences in the authority, power, status, social connectedness, and face of the conflicting parties. An individual who is high in organizational or social status can appear to be less
accommodating, while his opponent may need to accede to him. However, if the two parties are of similar status or are closely associated, they will either compromise or collaborate. Thus, all orientations may occur in situations of unequal status or power. Even in unequal situations there is value in maintaining guanxi, in saving face, and in the widely held norms of reciprocity. The nonassertive styles of compromise and avoidance remain the clear preferences in most situations.

The Chinese conflict management preferences have been empirically identified by Tang and Kirkbride (1986), who report cultural differences in conflict management orientations in Hong Kong Civil Services between local Chinese and expatriate British executives. The results of the study suggest significant differences in conflict management preferences with the Chinese executives favoring less assertive compromising and avoiding behaviors as their dominant orientation while their British counterparts preferred more assertive collaborating and competing orientation.

Hwang (1985) examined the social-cultural stress, coping strategies, and psychopathological symptoms of 180 married men who were household heads of families residing in urban Taipei, Taiwan. The age of the subjects ranged from 30 to 60 years and their socio-economic status from low to
high. On the basis of his results, Hwang developed a model to illustrate the dynamic process of coping with interpersonal conflicts in Chinese culture. The model indicates that, when facing an interpersonal conflict situation, an individual may adopt an active or passive coping strategy. The active coping strategy includes two alternatives: the mechanism of facing reality or the mechanism of self-assertion. The passive coping strategy is mainly characterized by perseverance or avoiding. Eighty percent of Hwang's interviewees adopted the avoidance strategy; only twenty percent adopted the self-assertion approach.

Frankenstein (1985) conducted a survey among 28 American business people in Beijing on the cooperativeness of Chinese negotiators. The result indicates that 77% of the interview group felt that Chinese negotiators tended to be cooperative rather than adversarial. Pye (1982), Brunner and Wang (1988) indicated similar findings: that the Chinese conflict preferences were for accommodation, flexibility and conciliation. These preferences, together with the ones we discussed above, can exert great impact on negotiation behavior. In the following chapters, I will discuss the application of these preferences on the process of Sino-American negotiation as well as their impact on Chinese negotiation behavior.
2. Chinese Conflict-Management Preferences and Negotiation

In this section I shall examine the different phases in Chinese business negotiation and the conflict-management preferences of the Chinese in each of the phases. Various schemes have been suggested for breaking the negotiating process down into its component parts. One of the most original is that of Zartman and Berman (1982), who talk of diagnostic, formula, and detail phases. Another imaginative model is that of Druckman (1986), who sees turning points and crises taking negotiators over a series of negotiating thresholds. Frankenstein (1986) introduced four phases of negotiation: opening moves, assessment, end-game, and implementation, while Cohen (1991) found five phases: prenegotiation, opening moves, middle game I, middle game II, and end game. For the sake of simplicity, I will use the framework suggested by the Industrial Relations Training Resource Center (1980), dividing negotiation into four general phases: exploration, expectation, solution and finalizing.

The first stage is exploration, where the two sides try to find out more about the position of the other and their willingness to move from it. In situations where the
parties are new to each other, this stage would also probably involve an exploration of the background, personality and character of the other party. In fact, this stage is similar to Frankenstein's (1986) first stage of opening moves and also similar to Cohen's (1991) prenegotiation phase.

The second stage is expectation structuring, where the two parties attempt to create favorable perceptions of their own positions and unfavorable perceptions of their opponent's. Each party also attempts to condition the other into an expectation of movement, concession, and compromise. This stage is similar to Frankenstein's (1986) assessment phase and to Cohen's (1991) opening moves.

The third stage is that of movement and solution building. Here, the emphasis is on linking issues, trading issues and concessions, and on the movement from initial positions in the search for an agreed basis for a settlement. The final stage is finalizing the agreement, which involves the reading of a final agreement followed by summarizing, recording and implementation.

A spiral is one way to visualize and summarize the model (see Figure 2).
The Chinese preference for compromise as a conflict resolution method has implication for the exploration phase of negotiation. It could suggest that parties who expect to reach compromise solution in the bargaining process will correspondingly give themselves greater room for maneuver and movement by setting higher initial demands or more extreme initial offers. This approach contrasts with those who might prefer confrontational styles and who retain greater expectations of resolving conflict on or near their own terms. In such situations, the negotiator might make an initial demand or offer which is nearer to the potential settlement (Graham and Herberger, 1983).

The less assertive compromising and avoiding
orientations of the Chinese also impact behavior in the second phase of expectation structuring. Lower assertiveness means that the Chinese will tend to engage in less extreme verbal posturing and aggressive position-taking. One would therefore expect less open argumentation and debate in the negotiation process. In fact, argumentation or debates usually contain elements of confrontation and offending, which are viewed as negative behaviors in China and should be avoided. Becker (1986) has traced this phenomenon beyond the narrow confines of conflict-management situations and suggests that the Chinese avoidance of open argumentation and dispute has its roots not only in philosophical traditions but also in social-linguistic and even geo-demographic factors. For example, the Chinese word “Mao ren,” which means “somebody,” is very often used in situations when someone has done something wrong and the misconduct or misbehavior needs to be criticized or blamed. Instead of mentioning the exact name of the person who has misbehaved and who should be blamed, the Chinese would mention “mao ren” did something and should be criticized. Further, people from North China speak more polite language than people from South China. The well-educated people speak more polite language and have less open argumentation than the uneducated people do.

As mentioned before, Chinese culture belongs to the
high-context cultural groups where face and harmony retain great importance and where people communicate allusively rather than directly. However, the Americans find it very frustrating when the Chinese avoid making any clear statement of position and argument in negotiations. Where Americans, because of their linguistic, social and educational backgrounds, will usually proceed by assembling a series of what they perceive to be logical points and arguments about a specific set of issues, the Chinese seem to remain at a level of general principles and of what is often taken to be rather vague and ambiguous language.

The American negotiators who are more used to the open verbal explication of bargaining positions may feel that the real issues of the Chinese are not emerging since the Chinese appear concerned only about the general principles, not the details. However, it turns out, as the negotiation progresses, that the general principles concerning agreement on intentions and mutual goals are as important for the Chinese as are the "real issues" for the Americans. As Becker (1986) points out, "Confusion about the real issues stems in part from a different perception of what the "real issues" are and from a conceptual and linguistic difference" (Becker, p. 37).

While the Chinese score low in terms of self-assertiveness, they may vary in terms of cooperativeness.
This point is picked up by Pye (1982), who argues that Chinese negotiators oscillate between obstinacy and flexibility:

At one moment they are described as being stubborn, firm, and tenacious, willing to wait with oriental patience for the other side to give in; but they are also said to be realists, ready to adjust quickly to imperatives of human relations, and always anxious to be conciliatory if given a chance. They are thus seen as being both unyielding and highly adaptable, determined to have things their own way, but also considerate of the other side's requirements (Pye, 1982, p. 68).

Generally, the Chinese will be obstinate in negotiating whenever they feel that the "principles" of the relationship are being challenged, their long-range objectives are being challenged, or what is being proposed does not fit in lines with their current economic plans and situations; otherwise, the Chinese are very adaptable and flexible. Pye also suggests that Chinese flexibility is related to the initial and terminal phases of the negotiation process. It is closely linked to Chinese practices of hospitality at the beginning and to their style of arriving at settlements near the end of negotiation (p. 69). This flexibility can be further associated with the need to settle basic principles that are holistic and contextual in nature in the early phase and with the perception of the relationship being an ongoing one that does not change in the later phases. Here, we come to know that during the middle phases the Chinese
negotiator may be very obstinate and unwilling to move. Thus, tactics in negotiation at this stage may involve referring back to the general principles stated by the Chinese and urging them to the adaptation of the principles.

The major implications of the Chinese conflict style preferences become most apparent in the third phase of negotiation: movement and solution building. In this stage the conflict escaping behaviors adopted by Chinese individuals make the resolution of conflict very difficult and slow. On the other hand, the relative preference for compromise solutions can affect the dynamics of this stage. However, despite the lack of concern for time pressures and long delays in negotiation, the Chinese are quite capable of suddenly constructing a compromise solution at this stage without any previous explicit verbal processes of linkage and trading. This sudden compromise is both a function of their expectation of the acceptability of a compromise and the greater amount of time spent in the earlier phases of negotiation. It is often put in terms of an inevitable discovery of a solution that is of "mutual benefit" by the Chinese terms. It is the idea of the Chinese negotiators that "mutual benefit" is held to be both desirable and discoverable right from the beginning and that the search for this mutual benefit is what the negotiation process is all about. The preliminary discussion on basic principles
will attempt to cast the negotiation in this light.

Another true explanation of the sudden compromise of the Chinese at the end of the negotiation is that after a long time of negotiation the Chinese have thoroughly studied the position of their opposing party and have come to the conclusion that their own benefit has been maximized. Thus, they make sudden and unpredicted compromises near the end of negotiation.

Concerning the concept of compromise, different notions exist between Chinese and Americans. In the United States, compromise is generally seen as a process of "horse trading, trade-offs, give-and-take, and mutual concessions." However, the Chinese, as Pye notes, "apparently see less inherent merit in the concept of compromise than Americans do. Instead, the Chinese prefer to hold up for praise the ideals of mutual interests, of joint endeavors, and of commonality of purpose" (p. 77). As is perhaps already clear, this concept of compromise could be a direct result of the influence of the traditional Chinese values. The effect is that the Chinese will set high opening positions and be willing to move to a compromise position—a common enough process. However, when they reach the point of settlement, they prefer to think that a retreat is conducted by both sides and that all along both sides have had their mutual interests realized finally.
Thus, for Americans, compromise is acknowledged as a necessary but sub-optimal solution where concessions are articulated and justified by identical concessions from the other side. For the Chinese, compromise is acknowledged as the reconciliation of mutual interests through a commonality of purpose and thus as optimum solution. These divergent views obviously have important implications for the tactics to be adopted in cross-cultural negotiations.
In this chapter I will discuss the application of the Chinese cultural factors on Chinese negotiation behaviors. For the sake of clarity, I will divide this chapter into two parts: (1) general applications of the cultural factors and (2) applications of the cultural factors to specific stages.

Part I: General Applications

Traditional Chinese cultural values and cognitive processes have great influence on the Chinese negotiation and bargaining process. First of all, the Chinese respect for authority hierarchy, and power naturally leads to the relative status of the parties to the negotiation becoming a very important factor. The Chinese take a keen interest in people who are sent to negotiate with them and want to ascertain their authority and status. The status of the opposition will be read as measure of the seriousness with which the other party is approaching the negotiation and as
a reflection of the level of respect being shown. An opponent of insufficient status may give rise to a loss of face on the Chinese side. Thus, Brunner and Wang (1988) suggest that (the American team's) "president or other high officials should initiate the process, and thereby give face to the Chinese" (p. 37).

The Chinese respect for cultural traditions and social etiquette means that negotiations can take on a high level of formalism from an American point of view. Traditional Chinese hierarchies were in part maintained through a developed system of rites and rituals. Ritual remains a feature of formal interaction between parties in China. Generally, Chinese business meetings are highly formalized. There will probably be a carpet on the floor, a coffee table with a thermos of hot water, tea cups, expensive cigarettes, and flowers for the occasion to provide the desired atmosphere. The interpreter will introduce the Chinese in order of title or rank, and do likewise for the visitors. All will then be seated properly by status, and polite talk will continue which may be perceived by the Americans to last for an unduly lengthy time. The conversations will be polite, and well-chosen language will be used in the speeches.

Kazuo (1979) notes that even when the Chinese negotiator resorts to displays of anger and frustration, he
or she may appear to do so in ritualistic ways. Certainly, the highly formalized and ritualized behavior represents a symbolic form that can be confusing to the foreigner. For example, Graham and Herberger (1983) point out that the Americans' stress on informality and equality can be found in a "just call me Jack" mentality, blinding Americans to the importance of status differences and formal gestures and rituals.

Similarly, the Chinese emphasis on collectivity and conformity means that the Chinese negotiation team will be large, perhaps involving anywhere from five to ten times as many people as are actually present with the foreigners. Usually, the Chinese team will work as a group, not as individuals. While the head of the team plays an important role in decision making, the whole group is responsible for the whole process of negotiating.

In contrast to the American emphasis on individual success, the Chinese emphasize the success of the group, whether this group represents a kinship entity or a modern administrative unit. Anyone desiring personal gain and benefits threatens established group hierarchies and risks being accused of wild ambition. The Chinese generally take a negative view of any group member who actively seeks attention. The ideal behavior of a Chinese negotiating team member is to separate the public from the private—that is,
personal—interest. Often individual group members feel the need to reassure their colleagues that they do not seek personal gain at the group's expense. Consequently, social or organizational failure to cooperate is frequently attributed to personal jealousy. An American who tries to influence a Chinese counterpart by suggesting that this person will gain personal benefits will soon discover that such an approach will fail. Thus, the American negotiators should always approach the Chinese negotiation team as a group, never as individuals.

Further, the high-context culture of the Chinese indicates that keeping harmony and face in negotiation is very important to the Chinese, who will, by all means, try to avoid any open confrontations and conflicts as much as possible and who will shun any proposal-counter-proposal style of negotiating. They will make decisions privately or behind the scenes so that they may preserve both harmony and face. Brunner and Wang (1988) suggest that Americans should learn to "give face" while dealing with the Chinese. They should go to great lengths not to embarrass their Chinese counterparts and cause them to "lose face." In negotiations, if the Chinese negotiators have made an error, they will probably try to ignore the error or cover it up in order to save face. Thus, unless it is of major consequence, Americans should not comment on the Chinese
behavior, even though the Americans themselves have committed the error, they will admit it and rectify the problem.

Furthermore, the Chinese perception of time and the Chinese values of persistence and patience combine to ensure that negotiations continue longer than would be expected in the West. In China, the cultural values work with bureaucratic systems to produce "a rather round about process that proceeds at a leisurely pace through several phases" (Frankenstein, 1986). In fact, negotiators for the Chinese side generally possess little or no actual decision-making authority. They must review any proposals or agreements with their superiors or higher authorities to gain approval. These decisions may take an extended period of time. There are many tales of American business persons becoming very frustrated at the protracted nature of Chinese negotiations; this practice of protraction is compounded by an absence of any schedules so that there is no notion of time frame involved.

The Chinese place considerable emphasis upon personal relationships, even in the business context. This mode of behavior is manifested and reinforced by the notion of guanxi. The Chinese negotiator often seems to expect and desire a level of personal relationship with his counterpart that would be viewed as unnecessary in the West. Pye
(1982), perhaps somewhat cynical, tends to view this emphasis on personal relationship as an attempt by the Chinese to create some kind of emotional bond with the other party and to spin a web of dependency. The development of personal relationships in negotiations is consistent with the notion of guanxi and perhaps also with the notions of "interpersonal equilibrium," "relationship-centeredness," and with a general collectivist orientation (Hofstede, 1980).

Part II: Application to Specific Stages

As described before, negotiations can be divided into four stages: exploration, expectation, solution building and finalizing. During the first phase of the negotiation process, exploration, a number of distinct behaviors can be identified which appear to be related to the general Chinese cultural values. The first of these concerns is the expanded length of time this phase can take in a Chinese negotiation situation. This behavior pattern is in part explained by the concept of guanxi or relationship. The Chinese like to do business with friends, not strangers. The setting of relationship or guanxi between the parties not only can reduce the feeling of insecurity and uncertainty of the parties but also can create a kind of
affinity which will facilitate the later conduct of negotiation. Thus, the Chinese put much emphasis in setting up a relationship with American partners and are very careful in gathering information about their partner's needs and perceptions through informal contacts. For example, the Chinese will try to find out through informal contacts what the Americans really want from the business transaction, what their position is, what kind of proposal they will accept or not accept, etc. All these processes obviously delay the move to the second phase of the negotiation.

Another feature of what Frankenstein (1986) calls the "opening moves" phase of negotiation is the effort expended on establishing basic principles and upon locating general areas of mutual interests. For the non-Chinese, the emphasis on basic principles often appears to be merely philosophical rather than strategic, or ritualistic rhetoric rather than substantive content. It is a mistake to view it in these terms, since the principles may reflect the necessary holistic view the Chinese are taking and that, more pragmatically, will be used strategically in later phases.

Chinese negotiators often seem to want to stay at the level of generalities and to avoid details and specifics for much longer than is common in the West. This focus upon the general principles and mutual goals may also reflect a
culturally derived wish to postpone open confrontation and direct conflict, which may be hard to avoid once specific substantive issues are engaged. One could argue, however, that it is simply good negotiating strategy, since general agreement to key principles by the other side at an early stage can serve to bind them at a later stage. Moreover, the general principles agreed upon by the two parties at the early stage express good intentions and good will, paving the way for later successful negotiation.

During the second phase of the negotiation process, we can see the impact of at least two central Chinese values. The first value is the role of face. Given the importance of maintaining relationships and harmony, as well as the prescriptions of the Confucian ethic, it is important that each party gives face to the other. Thus, the expectation structuring phase can consist of extensive "facework," which may appear to Americans as excessive flattery or humility.

Despite requirements to save face, the Chinese may use "shaming" tactics in negotiations. Chinese negotiators will attempt to modify the other side's behavior or position by inferring, usually somewhat indirectly, that commonly accepted social norms and modes of behavior have been broken. In dealing with foreigners, they will attempt to make references to what they take as the norms and values of those societies or, referring to past actions or statements,
they will demonstrate deficiencies or inconsistencies. It has been argued that the Chinese are very skillful at picking out inconsistencies and other deficiencies in the opposing side's arguments and in exploiting them. The Chinese seem to take the view that they can directly influence the behaviors of others by such "shaming" tactics. This negotiation practice, according to Ho (1986), "reflects the wider ethical order of the Chinese and is an extension of traditional Chinese control and socialization patterns" (Ho, p. 45). However, during this second phase, the pace is leisurely and the approach is indirect. There may be an emphasis on what some American negotiators call the "soft" or peripheral issues. The "hard" items come in the third phase.

In the third stage of the negotiation process, the Chinese holistic perspective has great influence. As Yang has pointed out, "Chinese people, especially adults, tend to display a cognitive style of seeing things or phenomena in wholes rather than in parts while Westerners tend to do the reverse" (1986, p. 147). This tendency may, in turn, be related to traditional Chinese values associated with the concept of harmony. "In this spirit, the Chinese will try to synthesize the constituent parts into a whole so that all parts blend into a harmonious relationship at this higher level of perceptual organization" (Yang, 1986, p. 148).
For these reasons, The Chinese will adopt a holistic approach to negotiation and bargaining—a approach which is regarded as central to effective and successful negotiation, even in Western literature. As Graham and Herberger (1983) have noted:

Americans usually attack a complex negotiation task sequentially—that is, they separate the issues and settle them one at a time...thus, in an American negotiation, the final agreement is a sum of the several concessions made on individual issues, and progress can easily be measured....In other countries, particularly Far Eastern cultures, however, concessions may come only at the end of a negotiation. All issues are discussed with a holistic approach—settling nothing until the end (p. 164).

This holistic orientation also displays the characteristics of a polychronic time culture where time is considered as a sacred point rather than a ribbon or road and where people handle several things at one time.

When it comes to final stage of the agreement, American negotiators have a natural tending to see the phase as the ending or termination of a discrete social interaction and relationship. The Chinese, however, under the influence of a collectivist framework and emphasizing personal relationship and guanxi, will not perceive the reading of an agreement as a final ending of a process. The relationship continues past the point of obtaining an agreement with a different perception then of the conclusion of a negotiation process. For Americans, Pye (1982) suggests, the whole
process is viewed with an expectation that an outcome will be accomplished and that adherence to an agreement will provide for a period of stable and predictable behavior. The Chinese do not see the process in discrete terms and will not view a formalized contract as the conclusion of the process. Critics on current business negotiations with China point out the different conceptions of agreements and contracts and the tendency of the Chinese to attempt to renegotiate the agreement even after it seems to have been formalized and the documents signed.

This last point again reveals a very different orientation on the part of the Chinese: "For the Chinese the very achievement of a formalized agreement, like the initial agreement on principles, means that the two parties now understand each other well enough that each can expect further favors from the other" (Pye, 1982, p. 79). Thus, American business people should be very careful in doing business with the Chinese. Even after the contract has been signed, they should be prepared that the Chinese will bring up issues not discussed previously. They should be always ready for new issues to occur.
CHAPTER VI
RECOMMENDATIONS AND CONCLUSIONS

In this paper, I have identified some of the primary Chinese factors which have great influence on Chinese negotiation behavior and conflict-management preferences. Based on the cultural factors and Chinese negotiation behavior, I offer the following recommendations for American business people conducting negotiations in China.

Preparing for Negotiations

In preparing for negotiations with the Chinese, I recommend that Americans do the following:

1. Prepare an agenda for training and preparations; include a special training program on American and Chinese negotiating style.

2. Consider as many potential problems as possible and prepare written procedures to solve them; write as much on paper as possible.

3. Select negotiators whose style will be more acceptable to the Chinese—that is, more restrained.
4. Select senior negotiators with high status to start negotiations with the Chinese.

5. Choose interpreters familiar with both American and Chinese culture as well as the business in question.

6. Know who the Chinese negotiators and authorities are. Associate with the Chinese negotiators and the authorities before the actual negotiation begins or during the course of negotiation. Talk to them during informal interactions.

7. Develop personal relationships with the Chinese negotiators early in the negotiation process. Treat them as equals and friends, not as inferiors.

Carrying out the Negotiations

In carrying out negotiations with the Chinese, I recommend that Americans do the following:

1. Prepare initial written objectives with a set of specific goals for doing business in China.

2. Accept the Chinese offer of friendship in the spirit in which it is extended. The relationship can have practical and materialistic dimensions as well as a sentimental dimension.

3. Emphasize the strategic, long-range process of negotiation and the gradual accumulation of mutual
trust.

4. Accentuate the similarities rather than the differences between the two parties' bargaining positions when beginning the negotiations.

5. Plan for long negotiation sessions and allow for frequent recesses for private consultation by the negotiation teams. Do not set a deadline for conducting negotiations. Expect continuous delays.

6. Prepare for misunderstandings and avoid open confrontation and conflicts in negotiations with the Chinese.

7. Avoid aggressive behavior and practice patience.

8. Minimize expressions of emotion, and instead be politely formal.

9. Recognize that nonverbal gestures are as important as explicit language. Watch out for your nonverbal behaviors as well as that of the Chinese. Your nonverbal behavior will be read carefully by the Chinese, and the nonverbal behavior of the Chinese may contain symbolic meanings as well.

10. Remember that behavior outside negotiations is as important as behaviors during the formal process of negotiation.

11. Address the group as a whole, and do not attempt to
convince the Chinese to accept a position because it will bring one or more of them personal gain.

Concluding the Negotiation

In concluding negotiations with the Chinese, I recommend that Americans do the following:

1. Before offering or accepting concessions, carefully weigh the short-term benefits versus the long-term debts the concessions will cause a party to incur.

2. Accept that you cannot define or govern your Chinese company with any formal contract. Learn to shape it through the human relationships established through the negotiations and the actual conduct of business.

3. Be willing to forego some advantages and details so that a lasting mutual attraction may develop.

4. When negotiations approach the final stage, allow for a short delay before concluding them. This time frame will enable the Chinese to make decisions behind the scene.

5. At the successful conclusion of the negotiations, show your appreciation to the Chinese that the outcome of negotiation is to the satisfaction of both
sides.

6. Expect that new issues will occur and the Chinese will bring up new issues even after the contract has been signed.

Conclusion

This writer attempts to explore the cultural and psychological origins of Chinese conflict management and resolution preferences. The cultural values and cognitive styles forms only two of the many factors which influence conflict behavior (others include resource scarcities, position power, and environmental constraints). However, these cultural and psychological factors are major determining influences which need to be understood in order to facilitate cross-cultural conflict resolution.

The paper also attempts to show how a distinctive Chinese negotiating and bargaining style can be traced back to conflict management preferences and more general cultural positions.

In this study I attempted to approach the subject of Sino-American business negotiation from a new perspective—-a combination of the studies of national negotiation style and the conceptual theoretical analysis. I developed my study on Thomas's theory of conflict management style, and
analyze the Chinese conflict management resolutions to the extent that Chinese negotiators generally prefer compromising and avoiding style due to the influence of traditional Chinese cultural factors and values. Nine cultural values have been discussed, and applications have been made to the specific negotiation stages.

Nevertheless, this paper, based on library research, has its limitations. Further studies to this area should come from the use of experimental simulations in both intra-cultural and intercultural settings. However, only by pursuing the naturalistic observation of actual conflict and negotiating behaviors in both intra-cultural and inter-cultural settings can we fully establish the extent and form of cross-cultural differences.

Finally, it is important to note that this study has focused exclusively on conflict-management preferences and not upon the dynamics of the conflict process. Yet, the processual dynamics of conflict episodes are as open to cultural influences as are initial preferences for resolution mechanisms. Thus, much further study should be conducted in this important field.
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