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RESEARCH ARTICLE

A REVIEW OF CULTURAL-BASED CHINESE AND AMERICAN BUSINESS NEGOTIATIONS THROUGH BACKGROUND INFLUENCES

***Salim.Masood Nassery, AkramZamani and MehrdadMosadegh**

Department of Management, Industrial Management Institute (IMI), Isfahan Province Representative
Isfahan, Iran

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ABSTRACT

A great and huge deflection exists between the American and Chinese mores as to foundational philosophical hypothesizes, epochal effects, financial systems, business tactics and, innumerable business-linked commentaries and conceptions. These discrepancies lead to make a great challenging start for business negotiations between these two nations. The survey reviews divisions in the cultural contexts of the United States and China which includes business negotiations, and detect differences in debate approaches and also some cultural maxims which are followed by the Chinese negotiators found in their approach to negotiate and of course the way of folks life. The article reveals the American methods to business negotiations as well and the impressive factors.

INTRODUCTION

Negotiations between borders are formed because of historical and local cultures. Negotiators mainly include the prevalent approach of business in a foreign country with various cultures and traditions. Historical and old events led some cultures to be formed that made it very different and distinct from each other. These cultural molds are the most important factors of business negotiations. This issue will inquire and measure negotiation types of two important cultures in the globe that are the United States and China. The Chinese market got too popular during last thirty years. A comprehension of cultural diversities between these two countries became very important for companies and factories in the US and China. The most important discrepancy of business in the survey is cultural impacts on negotiations between China and the US that'll verify more bases of the cultural context negotiations, (Hofstede, 1980).

Background

In this subdivision, the description of worldwide commerce will be clarified briefly. The aspects of relationships and fundamentals and details of negotiation will be presented. As explaining negotiation generally we are able to express as conceivable consequences and flairs moreover, the negotiation approaches would be betrayed by significant instructions in negotiation.

**Corresponding author: Salim. Masood Nassery*

Department of Management, Industrial Management Institute (IMI),
Isfahan Province Representative Isfahan, Iran.

Training in China is following roots and instruction. That's why Chinese people admit things without asking. The Americans exert a constructivist way to teach and asking about things is encouraged. The different educational styles have led the Chinese to be overconfident in their negotiations and draw hurried interposition from things said during negotiations. This can present that why the Chinese businesspeople must be careful not to read too much tacit meaning into spoken and written words that incorporate negotiations. (Li, Chen, & Yu, 2006). Relatively according to nonverbal communication Americans use lots of eye contact. It's a way of showing that they're happy. Vice versa The Chinese prefer to show respect through doing completely the opposite way and forbear eye contact. They believe too much eye contact is considered gazing. This discord in such behaviors can lead to a huge and major misunderstanding. It also can damage the trust, so it's truly crucial to be successful in negotiating with the Chinese. (Pye, 1992). Also Xenophobia is sort of distrust to foreigners. Xenophilia is a desire to achieve and *get all* new things from foreigners (Pye, 1992). The Chinese have distrusted from everything and everyone comes from foreign lands due to their background of revolutions and governmental changes. They also reviewed the modern technologies and high lifestyle in the Western countries and it leads them to follow the business way that the west has. That's why they try to achieve western technologies and lifestyle. (Pye, 1992). In order to this portion there are three principal philosophical bases of Chinese traditions, Taoism, Buddhism, and Confucianism (Fang, 2006). The Famous one philosopher Confucius has been living 2000 years ago and taught to people about the significance of human

correlations and their pyramid. Taoism is the second philosophical basis which is about a harmony between human and nature. Within Taoism an implication of dualism is considered, or the requirement for two dissident power to work in harmony. The last one, Buddhism is related to the indestructible world and religious aspects in Chinese culture. Although entire these philosophies might impact the Chinese beliefs and behaviors, but the most effective influence is greatly by China's Confucian heritage. For instance majority of the things discussed above like Chinese overconfidence is thought by Confucianism (Fang, 2006). Also China's economic system is very different in comparison with the west, and also it's very different from the US system specially. The Chinese system entirely is a socialist government with a socialist economic system, based on boosting the well-being of all folks. Socialist nations may have just one business in a certain craft, while Americans utilize a capitalist economic system with multiple privately-owned companies challenging for the same sales in the same markets. Generally, cultures organized in socialist societies tend to establish a higher hegemony on collaboration both within and between business people, while cultures which are high capitalist countries put immense values on competition (Ralston, Holt, Terpstra and Kai-Cheng, 2007).

Cultural influences in negotiations

Hofstede's (1980) identified various dimensions of culture, and his idea has led to a framework named High and Low context cultures. In high context cultures like the Chinese, there is more group work rather than individual profits (Ford, LaTour, Vitell, & French, 1996). Friends are supposed to cooperate more with each other. Americans have what we call a low context culture and work individually. They apply the legitimate systems to execute agreements in lieu of trust-based connections. Chinese and American managers have got many distinct expectations concerning the atmosphere that should overcome business negotiations. In China mainly there are many businesspeople from both companies meeting to debate topics in order to the negotiations, while in the US usually only one person or a very few people from each company visit to work out a bargain. In a high context culture such as the Chinese, social context, personal connections and non-verbal demeanor are very serious in negotiation (Zhao, 2000). These are even more significant than the legal agreements that materialize from the negotiation. A few words can show a lot of meaning. The atmosphere of the meeting can build or destroy the negotiations. In China the group interests is more acceptable than individuals. The Chinese believe in to do the right things, not only pursuing legal needs. They will sacrifice short term verdicts for the greater long term destinations (Zhao, 2000). When a high context culture and a low context culture like Chinese and Americans are negotiating the prudential words should be chosen. Words have got a lot of special meanings in low context cultures and almost all of the words in communication are conveyed through them.

What can be transmitted or deduced over words is less significant rather than focusing on the words themselves (Zhao, 2000). In a low context culture, the written agreement or legal document is prepared. (Palich, Carini, & Livingstone, 2002). So, in low context cultures it's possible to take many words to transmit very little meaning. In addition, contracts are focused on the short term, circa five to ten years (Ford *et al.*, 1996).

When managers of low context cultures face with high context cultures they'd better focus on a few important key dimension of cultural alterations. First, a high desire of harmony in the negotiation meetings is needed, and avoiding unnecessary words should be taken. (Palich, Carini, & Livingstone, 2002). Additionally Chinese culture contains in four major factors that have a history of about 5000 years (Graham & Lam, 2003). The first one is agrarianism. Majority of the Chinese people live in villages and their job is cultivating wheat or rice. The Chinese agrarian culture is rooted in more than just farming. China has historically been characterized by bucolic farming, which is communal and not individualistic. Farming needs cooperation and harmony of everyone considered. Most of people who live in urban area in China today have moved from the country side and brought many of the traditions that they learned previously. The second root is their morality. Notes of the great philosopher Confucius which discussed above have effected on the Chinese culture morality for over 2000 years (Graham & Lam, 2003). Although Confucius wrote his books two thousand years ago, his didactics continue to emblazon much of Chinese morality even to the present day. For example, prospective government officials are needed to study Confucian moral teachings before they are allowed to take office. Confucius's focal philosophical rules include as below.

- A society which is organized under a humane moral code will be successful and permanent.
- There are five focal connections: the ruler and the ruled, the husband and the wife, parents and their children, older and younger siblings, the friend and friend. There is a pyramid of relation to each of mentioned relationships except the last one. These teachings play a role in Chinese attitudes toward vigor yet (Graham & Lam, 2003).
- The third root of Chinese tradition is their pictographic language. Chinese children learn thousands of pictorial characters in their alphabet from childhood, while American children learn few characters in Greek alphabet. These highly visual natures of these pictorial characters are thought to enable the Chinese mentality for considering the big picture, mentioned above. The American children are taught delicate differences in characters, which chip in to the relative orientation of American business negotiators to focus on details. (Graham & Lam, 2003).
- The fourth main root in Chinese culture is wariness of foreigners, based on incursion from all directions throughout their era (Graham & Lam, 2003). The "Great Wall" was built for entrenchment against incursion from the north enemies.

Eight Cultural Maxims

The four cultural roots lead to a various set of eight cultural maxims (Graham & Lam, 2003). First,

- *Guanxi* was concluded from the cultural necessities of living in self-supporting societies. The lifelong relationships and sometimes cross-generational connections have kept family units and pals together for thousand years and are still an accurate portion of the Chinese culture (Buttery & Leung, 1996). If the Chinese don't know you, they won't do business with you--no

matter your intelligence, earning potentials, or abilities. How exactly relationships form and work within *guanxi* is not very well understood

- **Zhongjianren** adverts to the traditional intermediary who treats both parties involved in negotiations (Graham & Lam, 2003). The Chinese wariness of foreigners made them to need a third party when doing any type of business. The current trust that the Americans develop, up to they have a symptom not to, has never been pleased by the Chinese. Business in China would never be possible without a reliable arbitrator. In China the current way in business refers to a trust through business cooperation that has some common background like hometown, school or family (Graham & Lam, 2003). Those nexus need to be based on personal experiments, and this is very difficult. Pricy meals at nice restaurants are a good way of starting relationships with a very old classmate that they want to cooperate on business. This will make your friend to operate as *zhongjian ren* and allow for the primary meetings to come up. The *zhongjian ren* is not expendable at this section. Also the intermediary is required to interpret the inconsiderable changes that the Chinese use to say no because saying no forthwith is very taboo in Chinese tradition. It is also typical for the *zhongjian ren* to operate as a mediator and place any arguments that may take place. (Zhang, 2008). These *zhongjian ren* should also know deeply and completely about background and actions of the Chinese state owned finance so that they'll know whom to contact. (Graham & Lam, 2003).
- **Shehui Dengji** is another maxim that refers to social situations, and is about showing a great regard for one's boss. The notes of Confucius that influence the way of life in China mention that subordination and regard to one's superiors is needed. This regard also made the Chinese to have gatherings with people of higher social and business positions. This means the managers of the Chinese companies will want to meet with the CEO of the American corporations. (Graham & Lam, 2003).
- **Renji Hexie** is another maxim that involves the desire for individual harmony. The conception is that one should be attractive and have an easy going personality. Friendships of equals are kept by *renji hexie*, while hierarchy is focusing together by regard and accountability. This builds trust and balance more significant than any piece of paper. There should be a sense that the business peers are human and not machines or devices in service of huge corporations. (Graham & Lam, 2003).
- **Zhengti guannian** is the perfect and complete mind which is typical in the Chinese culture. This involves considering the whole country and not the interpersonal business, or individual person. The great Chinese crafts have to perceive how their operations might influence the other state owned investment. This kind of contemplations seems to frustrate westerners, but it's good for the Chinese who seem to get additional prerogatives out of the Americans just before they

inform their intent to admit or deny the bargain. The Americans like to analyze things into individual parts and review them carefully while the Chinese will skip from one subject to the other and discuss everything all right away. This jumping around is not acceptable by the Americans. All important things to do are to pay attention to the high Chinese executives at the meetings. (Graham & Lam, 2003).

- **Jiejian** means frugality and it was a very important part of the Chinese culture. This is normal since they have had very few belongings for ages. The Chinese save almost four times as much as a typical American does (Graham & Lam, 2003), and they typically have to work hard for their belongings. Because of *jiejian* the Chinese usually use amore negotiation rooms in their proposals than do Americans. This will make for even longer negotiations. (Buttery & Leung, 1996).
- **Mianzhi** is a maxim of Chinese culture that refers to one's "face" or the keeping of solemnity. The keeping of tranquility and lack of embarrassment forms an underpinning of a business person's credit in China. If a CEO or agent from China feels embarrassed, they lose respect. Showing resentment, disappointment or aggression at the negotiation table will cause both sides to lose credit and it is calamitous for negotiations (Buttery & Leung, 1996).
- **Chiku Nailao** means patient to the end and being atrocious (Graham & Lam, 2003). The working routines of the Chinese are well regarded over the world. The Chinese are very hard working, fortified and refractory. They send their kids to school whole year that the westerners aren't like this. The Chinese do more research about the running business while Americans usually do when making ready for negotiations. They more expect to be at the negotiation table than do the Americans. The three things that can illustrate a person's *chiku nailao* are, (1) asking many questions, (2) training the Chinese about your company's desires, priorities and situation, (3) by demonstrating fortitude. Be careful not to find by chance as merciful (Graham & Lam, 2003).

The significance of relationships in negotiations

It's an Americans belief that the connections will form after a contract, while the Chinese believe that there needs to be a relationship before an agreement gets started. Making a relationship needs time and is a good result can lead negotiations to take longer than held forth. The Chinese daresay personal connections create trust and should take priority over the contract (Friedman, 2007). They also believe that a stable correlation leads to making a successful contract. Opposite to America, Chinese believe partnering companies and individuals ought to have a great mutual warrant. There are some kinds of relationships that take priority in the Chinese culture. These connections involve schoolmates, family members, relatives, hail-fellow, superiors and subordinates (Friedman, 2007). The hierarchal base of this lattice of connections is based on "face" and regard (Wong, Tam, 2000). Besides there are three clarifications of Chinese business cultures which were made by Zhang. The first includes the

effects of nation on the culture, recognized as the People's Republic of China and what is sometimes termed the "PRC condition. This means that the government puts on trade and negotiations. The government protects the owner's rights, profits and franchising of majority of the big industries (Zhang, 2008). The country has an organized economic system, legal framework, and drawn technology extension. The second cultural influence, Confucianism (mentioned above) is around moral tillage, how significant relationships are, the significance of family, respect for age, and the avoidance of contradictions (Fang 2006). Third part is Chinese stratagems. Some of these contain deceit and underhand (Ford *et al.*, 1996). When negotiators begin to use such strategies, balance wouldn't be longer dominant and the negotiation probably won't have a good end. (Zhang, 2008). Whereas in American business culture individualistic tends to be greater affirmation on personal desires than that of the group. In the individualistic American business culture, quick reflexes are what count the most. Managers are looking for making the deal and go home (Ford *et al.*, 1996). Quick conclusion makes them to have the next bargain. Typical American deal-makers evaluate to further their personal profits through committees and compensation (Tinsley & Pillutla, 1998).

Tactics

The Chinese Negotiator: The Chinese negotiator is instructed by the three cultural aspects which are manifest in their culture, The PRC status, Sun Tzu stratagems and Confucian philosophy. These are background notions that are very distinct than those that known by western negotiators. The Chinese prefer to ask lots of questions within the negotiations and they also interrupt very often (Ghauri & Fang, 2001). The Chinese often place all postpone items of the bargain in a package deal. They prefer to make monopoly at the end of the negotiations. Although these reciprocating monopolies may not follow right away, the Chinese look for them over time. The Chinese have various kinds of negotiations that they apply with several types of corporations (Pye, 1992). This sort of product being sold and the supply chain of the yield effects on such negotiation tactics. The Chinese enjoy making their task seem very significant and useful compared to the westerner's issues. The agreements or contracts are always signed in front of a government agent. The Chinese enjoy trying to retouch the American side through collaboration, assertiveness, defensiveness, sycophancy, knowing the rival's difficulties, deceit, pitting foreign corporations against each other (Ghauri, Fang, 2001). Going on long negotiations from the Chinese, is a tactic to get privilege, and is very popular between them. They rarely give symptoms when the negotiations are attaining their end (Zhao, 2000). It's best to nigh negotiations as if it were a political discussion and not a rational discussion (Lavin, 1994).

The Western Negotiator: The American negotiators prefer to have collaboration and believe in rivalry. Their target is to build economic wealth and enlarge allotted interests. Although challenge may be useful in the American's attention provisionally, but it will harm the whole important individual connections that tie up more forcefully than any agreement can (Lee *et al.*, 2006). These connections are very important to keep long term contracts going and to form new ones.

Motivations: The Chinese businesspeople often try to boost their personal political business. They want to be agreed with

the current policies and routines. They seem to avoid risky positions. The Americans are looking for their personal gains, often gaining money. They are looking for raising their own rewards (Zhang, 2008).

Business Channels: The first thing that must be done is to build trust. This needs time and knowing the business partner personally is necessary. Within the procedure the partner will know you too (Zhang, 2008). Having the Chinese representatives meet a western company's home country can do surprise to build trust. The arbitrator must go along all of these events because that is usually the one who introduces the connection and creates all the relationships. The arbitrator sometimes is the one who stipulates the best trust- building events. These arbitrators can also be as the cultural interpreter (Zhang, 2008).

Difficulty: There are three major sources of difficulty which normally get up within negotiations. The inexperience of both sides and the freshness of connections procreate issues on its own (Pye, 1992). The second difficulty is matching a capitalistic society with a socialistic one. Finally, cultural diversities cause the major difficulty while negotiating between the Chinese and the Americans. (Pye, 1992).

Successful negotiations: Those kinds of negotiations are usually more successful that the two sides of negotiators cooperate with each other (Zhao, 2000). Applying the cooperative Confucian ways instead of the warrior-like would have better outcomes. When problem solving tactics are applied by both companies there is a much better opportunity of achievement (Adler, Brahm, & Graham, 1992). This can be helpful if the American companies can indicate they have got governmental patronage --this represents that they are permanent, trustworthy and authentic. One of the Confucian abominations to law is talking to your peer instead of deterring legal action always results in a better solution. Also keeping things local should soothe the Chinese fear of alliance which has an important weight in their traditions. You ought to sustain the same team which you begin with. A deputy won't inherit your *guanxi*, or friends. Always consider that the Chinese prefer to do business with you not your company. Always present a reasonable price to the Chinese. Notice--too high price is a kind of insult to your Chinese counterpart, so choose your price reasonably and in an appropriate manner. Also it's really great if you can help to your counterpart about bureaucratic barriers that they may run into. Inviting the Chinese to your country also is greatly effective to reach to your destination and success. They need to suppose you are respecting them. Being patient would be more advantageous to you than any other features you might hold (Fang, 2006). Don't surrender to pressure from your superiors to rush and totalize the bargain. This causes to occur some problems since the time is not very important with the Chinese (Bredin, 1998). Moreover defeats might come from different unanticipated origins. The main reason for defeats is that the Chinese company is limited for the funds to complete a deal (Fang, 2006). Sometimes the cultural interpreter may not find out that the Chinese corporation was hypocritical in their proposal. If the intonation and tune of the negotiations gets frustrating and absence of collaboration, then defeat is almost decisive. Demonstrating fury, enhancing voice or changing your intonation can mean uncooperative demeanor (Zhao,

2000). Also if a low-ranking employee is sent to negotiate, the Chinese consider you are impolite and insulting them. They will send a low-ranking employee just for visiting you and not for negotiation. If you try to find out lawful aid you will destroy any reliance that has been created in connections. The Confucian abomination to law leads them to consider as trouble and relationship defeat when the lawful system gets involved (Fang, 2006). It's best to be considered that Chinese law says that you will never leave an agreement unless both sides of negotiation approve resolving (Sebenius, 2002). The Chinese have partial areas and they are multicultural just like the United States. Also customs and sometimes languages are different in these regions.

DISCUSSION AND CONCLUSION

According to the survey cultures possess significant figures in business negotiations. How an American firm and a Chinese sit at negotiation table is discussable. A high cultural context such as Chinese and a low cultural context such as America are negotiating but what they should know is their approach of negotiations. As mentioned above Chinese try more on working in groups, but the Americans prefer individually. One important Chinese tactic to negotiate is ignoring the time and they will stretch the negotiation to long times. Confucian was a philosophy that many Chinese rules and regulations for business and life are according to his writings. The only thing that is common between Chinese and Americans is being multicultural. It means that they can match themselves to different positions. Flexibility in such negotiations is the key of success. Cultures definitely have an enormous influence on the achievement of international business, and negotiations of international companies will be formed through some strategies and factors. The huge difference between Chinese culture, business, and negotiating ways and Americans is extensive. The traditions are different in the principal philosophies and profound stage presumptions, as well as strategies, tactics, and operational styles. While the two sides of cultures engage to negotiate, misunderstanding will be taken place. If American executives utilize their usual way of doing business and the Chinese so, there would be few bargains and two cultures would encounter failure. Being knowledgeable about cultural impacts and a willingness to link and engraft variations is therefore major to successful business partnerships like the U.S. and Chinese companies. This article was looking for subsequent such comprehension and help in bridging cultural disagreements.

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