



Management Communication B

Week 10

Chinese Negotiation Style

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Learning Objectives

The following key points constitute the main learning objectives of this unit:

1. Understanding the nature and special characteristics of negotiations in China.
2. Understanding how the Chinese negotiation style differ from The Japanese's
3. Launching a discussion on the issue

General Context of the PRC

1. Politics
2. Economic Planning
3. Legal Framework
4. Technology
5. Great Size
6. Development Stage
7. Rapid Change
8. Chinese Bureaucracy

Confucianism

1. Moral cultivation
2. Importance of interpersonal relationships
3. Family & group orientation
4. Respect for age & hierarchy
5. Avoidance of conflict & need for harmony
6. Concept of Chinese “face”



Chinese Stratagems

- A stratagem is a military maneuver designed to deceive or surprise an enemy. Also defined as a clever ruse or trick used for deceiving opponents or for achieving an objective.
- Chinese stratagems are used to gain psychological and material advantages over the other side.
- Chinese can use Chinese stratagems intentionally or unintentionally



Hi Santa, tell me why do the Chinese use stratagems in business?



Typical Chinese Business Negotiation Process

1. Pre-negotiation: lobbying, presentation, informal discussion & trust building
2. Formal negotiation: task-related exchange of information, persuasion, concessions and agreement
3. Post-negotiation: implementation and new rounds of negotiations



*Hi Santa,
why is #3
important
in China?*



1. Pre-negotiation

- Chinese negotiators make sure that the foreign firm has: (1) the most advanced technology required; (2) the willingness to sell or transfer it; and (3) the capacity of delivering the products on time.

Why (1) & (2) ?



Lobbying

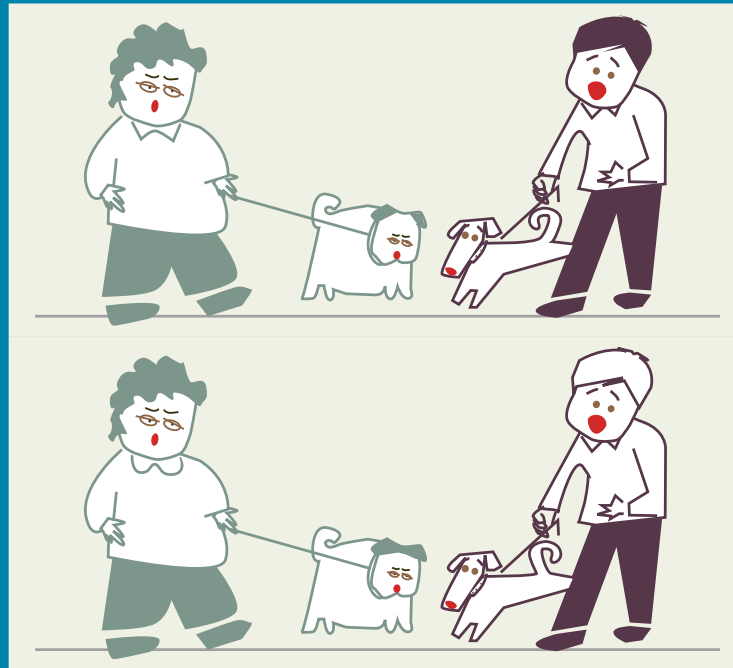
Lobbying the Chinese government authorities is one of the most important. It includes visits to government authorities, presentations, technical seminars, advertising in Chinese professional journals and informal channels such as dinner parties.

Presentation

- presenting the company, products and negotiating team members is an important step
- Convince the Chinese of the sincerity of the deal and that your products are an advanced technology with high quality and reasonable price

Trust Building

Can you find any similarities or differences between the trust building process in Japan and China? (refer to the handout: *Ghuri & Fang. pp 423-424*)



Spot the Difference

Look carefully and see if you can spot the five differences between these two pictures.

2. Formal Negotiation

Task-Related Exchange of Information

- Could you find any difference between the Chinese and the Ericssons' team?
- What differences can you find in terms of (1) Equity share; (2) Contribution of each party; (3) Management control; (4) Technology; and (5) price

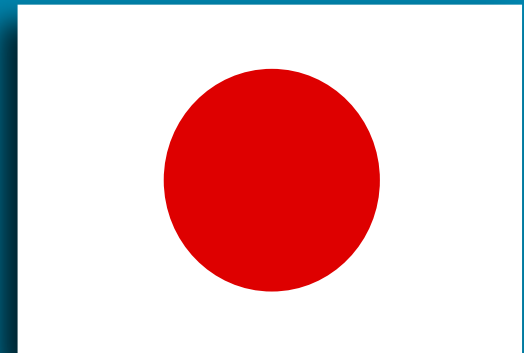
Persuasion

Negotiation tactics often use:

- Flattery, identifying the opponent's problems, shaming, deception and pitting competing foreign firms against one another.



Any Similar tactic
use in Japan?



Concessions and Agreement

-The Chinese concession very often turned out to be a disguised gesture devised to attract the counterpart into making real concessions.

(to exchange a
the opponent's

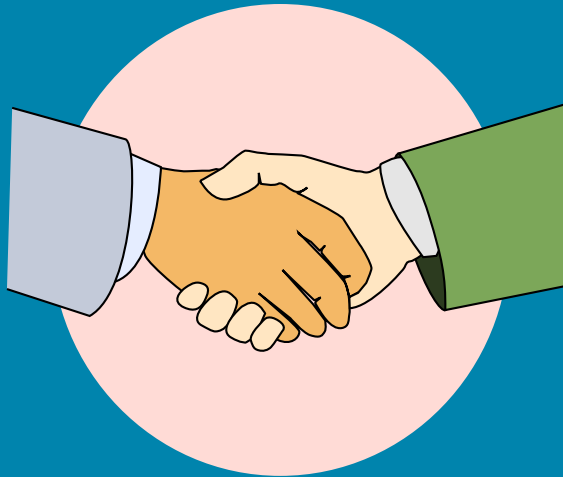


a small thing with
big things).

- Anything about the contract drafting? (p. 427)
- What tactic the Chinese use to pressure the other side?
- Why do the Chinese ask many questions? Are the reasons similar to the Japanese style?

Concessions and Agreement (cont.)

-What do you think of the Chinese reference to the Thailand project (p. 428)? Would you use such a tactic in international negotiation?

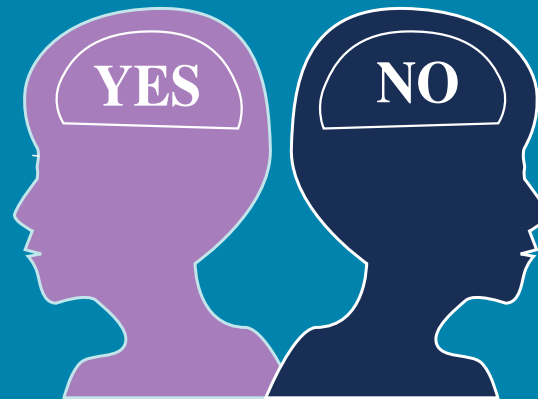


Post-Negotiation

- **Implementation and New Rounds of Negotiations**

In general Chinese managers honor their contract; however, cases of Chinese non-fulfillment of their obligations do occur.

The basic Chinese attitude toward contracting is problem-solving based on the changing situations instead of contracts.



How do you feel about the above Chinese attitude?

Managerial Implications

- **Priority:** be sensitive to the Chinese social and economic development principles (discuss why?)
- **Patience:** negotiation in China takes time (discuss why?)
- **Price:** carefully calculate prices and bargaining limits; always reserve certain margins (discuss why?)
- **People:** the Chinese believe in people more than contracts. A trusting relationship is also the best way to neutralize the Chinese stratagems

Happy New Year!

新年おめでとうございます

新年好

(チンネンハオ)