

The Business Negotiation Styles, Practices and Behaviour of Chinese
Employees Working in Western Multinational Companies within China

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MBus

2012

The Business Negotiation Styles, Practices and Behaviour of Chinese
Employees Working in Western Multinational Companies within China

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A thesis submitted to
Auckland University of Technology
in partial fulfilment of the requirements for the degree
of
Master of Business (MBus)

2012

Faculty of Business and Law

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Attestation of Authorship

I hereby declare that this submission is my own work and that, to the best of my knowledge and belief, it contains no material previously published or written by another person (except where explicitly defined in the acknowledgements), nor material which to a substantial extent has been submitted for the award of any other degree or diploma of a university or other institution of higher learning.

Signed: _____ Date: 20 June 2012

Name: Honglin Zhu

Acknowledgments

I would like to take this opportunity to express my deepest appreciation to my supervisor, Dr. Romie F. Littrell for his consistent help, suggestions, and guidance. Dr. Littrell provided great help to me, especially in reviewing my work, amending the survey questionnaire, and giving valuable suggestions in both academic and practical fields. When I have had questions, he has always answered promptly and without any delay. His rich professional knowledge has helped me to finish this research successfully, and on time.

I would also like to thank the following people,

The senior managers of the participating company, for their support, and for giving permission for this research to be conducted in their department. Managers from other parts of the company and designated support people for their support and help.

All of the participants for taking time out from their busy daily work to complete the questionnaire.

Professor Tom Brittain of the University of Auckland, for reviewing my thesis and providing valuable suggestions.

My friends for attending the focus group discussions, reviewing the two versions of the survey questionnaire, pre-testing the questionnaire, and giving me valuable feedback regarding amendments.

Catrina Carruthers for proof-reading services.

Finally, most importantly, I must thank my parents for their continuing support and care.

Ethical Approval

Ethical approval of this project was granted by the Auckland University of Technology Ethics Committee (AUTEC), 11 October 2011, Reference Number: 11/208.

Abstract

This study represents a quantitative research project aimed at investigating the business negotiation styles, practices, and behaviour of Chinese employees working in Western Multinational Companies (MNCs) within China (the target Chinese employees). This research investigated whether these employees' business negotiation styles differ from that of employees of Chinese-owned companies (traditional Chinese negotiators), as has been reported in the literature. This study employed an original questionnaire used in a field survey to collect data from 160 Chinese employees working in a single department of a Western MNC in China.

Results of this study show there are six areas in which the target Chinese employees differ from traditional Chinese negotiators, usually involving the use of a more westernised style. These areas include; the influence of *guanxi*, use of negotiation tactics, Chinese business etiquette (such as banquets and gifts), the importance of relative status (age, company rank), contract rules, and attitude towards time spent in negotiation. However, the target Chinese employees still adopt some similar negotiation approaches to traditional Chinese negotiators. Specifically, they still see *guanxi* as important in negotiation, value face, communicate indirectly, and focus on the people participating in the negotiation. Thus, employees of the Western MNC retain the wish to know their negotiation counterpart well, whilst still emphasizing the forging of a long-term business relationship in negotiation.

This research also shows that both Chinese and Western values and beliefs co-exist among the target Chinese employees. Although these employees adopted more westernised negotiation styles, practices, and behaviour, and Westerners might find it easier to deal with them in negotiation, these employees' attitudes toward negotiation still differ from those of Western negotiators. Moreover, this research finds the target Chinese employees ranked the negotiation goal of building a long-term business

relationship as the most important element in negotiation. The importance of *guanxi* had similar rankings for both the target Chinese employees and traditional Chinese negotiators indicating that, although *guanxi* is still important, it is no longer the crucial element in negotiation to either group.

In addition, this study does not find any significant correlation between the participants' term of service, age, overseas experience or gender, and their overall negotiation styles, practices, and behaviour. It finds that participants who had overseas experience have less interest in knowing their counterpart at the beginning of a negotiation as compared to participants who have had no overseas experience. Male participants see *guanxi* as more important in negotiation than female participants do.

Overall, this study will enhance our understanding of the effects of working for Western MNCs on the negotiation styles, and practices of white-collar employees in China. Practical implications and recommendations are also provided for Western business managers and negotiators, based on the findings of this research.

1 Introduction

In 2011, China's economic aggregates exceeded Japan's, and it became the world's second largest economic entity behind the United States. China's influence on the global economy and its involvement in global businesses have increased in recent years, especially after the global financial crisis of 2008, and the recent European debt crisis. In recent years, many Chinese domestic companies have begun global expansion. For example, as indicated by many scholars and institutions (Boateng, Wang, & Yang, 2008; Deng, 2009; Luo & Tung, 2007; Rui & Yip, 2008; UNCTAD, 2006), more and more Chinese firms are actively involved in international mergers and acquisitions of businesses, seeking strategic assets, that could improve their core competitive advantage in technology, management, supply chain and distribution chain. They are entering global markets, especially developed markets, seeking business diversification and acquiring natural resources, etc.

At the same time, China's rapidly increasing economy, its huge potential market, its rising middle class population, the continuously increasing purchasing power of the Chinese population, all attract many foreign companies to enter the Chinese market; either in the form of import and export, joint venture, or green field investment. Moreover, China's relatively low production and labour costs, strong infrastructure development, strong manufacturing capability and rapid delivery of products attract many Western companies to outsource their production or product assembly to contractors in China (Apple's products, Microsoft Xbox are good examples), or even to shift their entire company's manufacturing divisions to China (Björkstén & Hägglund, 2010; Collins & Block, 2007).

It could be said, that doing business with the Chinese is common nowadays. When doing business with the Chinese, regardless of whether importing, outsourcing or entering into a joint venture, negotiation is a very important process that Westerners

cannot avoid. Therefore, engaging in negotiations with the Chinese is becoming more common for Westerners. However, cross-cultural negotiation is not easy; it often gives rise to distrust, conflict or misunderstandings caused by cultural differences (Zhu, McKenna, & Sun, 2007), resulting in negotiation failure, or it may influence negotiation contract implementation, future cooperation between the two parties, future company management, and may even cause financial loss or even business investment failure (often seen in cross cultural joint-ventures) (McGregor, 2005). As mentioned by Pye (1982), cultural factors influence all aspects of people's behaviour and actions. The Chinese and Westerners do differ in their negotiation styles, practices, and behaviour. Such differences can frustrate Westerners in Sino-Western negotiations to various degrees, as pointed out by many Western business people who have had business negotiation experience with the Chinese (Blackman, 2000; Collins & Block, 2007; McGregor, 2005), and by scholars who have studied Sino-Western negotiation (Buttery & Leung, 1998; Graham & Lam, 2003; Herbig & Martin, 1998; Pye, 1982). Therefore, it is crucial to study and understand Chinese negotiation styles from a cultural perspective in order for negotiations with the Chinese to go smoothly.

Over the past 30 years, many Chinese and Western researchers, scholars, and business people have studied Sino-Western negotiation, and published articles and books on Chinese business negotiation from different perspectives. The current understanding of Chinese negotiation is mainly focused on the Chinese as a whole, and less research focus has been put on subgroups such as the younger generation, or Chinese employees working at Western Multinational Corporations (MNCs). However, as suggested by some scholars (Stark, Fam, Waller, & Tian, 2005; Tung, Worm, & Fang, 2008), the Chinese and their negotiation styles, practices, and behaviour have been changing over the past 30 years. In particular, the younger generation and those exposed to Western culture and values are changing rapidly; they are now more open-minded and adopt more westernised negotiation styles. Chinese employees working at Western MNCs are perhaps the best example of this group. It is therefore, important to study Chinese

employees working at Western MNCs, as their negotiation styles might well be different from that of traditional Chinese negotiators as indicated in various articles.

Moreover, the increasing number of Chinese people employed by Western MNCs also makes this group important for research. Although accurate figures for the number of Chinese people employed in Western MNCs in China is not available, according to Chinese official statistics, the number of Chinese people employed by foreign-funded companies increased from 6.88 million in 2005 to 9.78 million in 2009 (NBSC, 2010), an annual increase of over 8 percent, revealing an increase in Chinese employment in Western companies in China in recent years. In addition, the annual survey of the American Chamber of Commerce in Shanghai shows that more than 1300 US companies were operating in China in 2010; a successful year for US companies in China, in terms of financial performance (ACCS, 2011a). The majority of the US companies surveyed have a positive outlook on their next five years' business in China, and have planned to increase related investments there (ACCS, 2011b). All these figures reveal a trend towards Chinese employment in Western companies in China over recent years and into the future, increasing the chances of Westerners negotiating with Chinese employees working for Western MNCs.

It was for these reasons that the business negotiation style of Chinese employees working for Western MNCs in China (the target Chinese employees) was chosen to be the research focus for this thesis report. This research will try to reveal in detail the negotiation styles, practices and behaviour of this group and compare them with those of the general population of Chinese business people working in Chinese-owned companies (traditional Chinese negotiators), as reported in the literature, to find out whether there are any significant similarities or differences. This research also intends to answer the following three questions.

- Do Chinese employees working for Western MNCs in China engage in traditional Chinese negotiation styles and practices, as reported in the literature, or do they adopt more westernised negotiation styles, practices, and behaviour?
- Which aspect of negotiation is the most important to Chinese employees working at Western MNCs? Do these employees see the importance of the various elements of negotiation in the same way as traditional Chinese employees, as perceived by the literature review?
- If they do adopt westernised styles, and practices, can indications that work experience at Western MNCs in China, overseas study or work experience in Western countries explain their negotiation styles, practices, and behaviour?

This research aims to generate recommendations for Westerners who might negotiate with Western-influenced Chinese people. This research can be seen, as an addition to the research literature on the topic of Chinese negotiation, and could enhance Chinese and Westerners' understanding of recent changes among Chinese business people working for Western MNCs. This research will allow Westerners to negotiate with Chinese white-collar employees more effectively, and vice versa. Unlike most of the published research on Chinese negotiation, which has been conducted from the perspective of the Chinese negotiators' counterpart, this research will investigate this topic from the point of view of the Chinese themselves.

2 Literature Review

2.1 Chinese Business Negotiation Styles and Strategies

The Chinese negotiation style has been studied by many Chinese and Western researchers using different perspectives, research methods and instruments. Such different perspectives, methods and research designs have led to different conclusions. In addition, people who have had different business experiences in China also describe Chinese negotiation styles differently, and these can at times be conflicting.

Ma (2007) finds that Chinese negotiators prefer compromise and avoidance rather than direct confrontation to handle conflict in negotiation due to their collectivistic beliefs. On the other hand, Pye (1982) and McGregor (2005) point out that the zero-sum is the dominant belief in China. The Chinese believe if one wins, the other must lose, so the concept of win-win is still fresh, and has not been widely recognised in China. However, other scholars such as Fang (2006) and Faure (1999), explain the Chinese negotiation style in a more comprehensive way, saying that the Chinese negotiation style and strategy is a combination of cooperation and competition. The former emphasizes mutual respect, harmony and cooperation and maintains both parties' face, seeking to achieve a win-win solution. Fang calls the person who adopts such a negotiation strategy the "Confucian gentleman". The latter uses different means, tricks and stratagems, which come from Sun Tzu's "The Art of War" (an ancient Chinese strategist) and "The 36 Chinese Stratagems" to compete with or to outmanoeuvre counterparts to get their way in negotiation, even using unethical negotiation tactics (Miles, 2003; Rivers, 2009) to pursue a zero-sum outcome. Fang calls this style the "Sun Tzu-like strategist". Faure (1998, 1999) also outlines two similar opposed styles that include the "joint quest" and the "mobile warfare" style. People adopt the former style of negotiation under the principle of harmony, reciprocity, and an emphasis on maintaining both parties' face, sharing common values, and solving problems jointly, which is a relationship-fostering style. However, this style also requires a keen ability to sense the

progress of the whole negotiation, which is time-consuming. The latter style treats the counterpart as an opponent, competing with them by using various tricks and tactics from different Chinese war and strategy books to gain advantage and reach the desired end. Zhao (2000) also confirms that the Chinese use both win-win and win-lose strategies after investigating cases of negotiation mentioned in various Chinese negotiation textbooks.

Fang (2006) and Faure (1998, 1999) ascribe this inconsistent negotiation style to cultural and social influences including China's unique socio-political system and national characteristics (*guoqing*) which include its transitional economic system and attendant attributes, traditional Chinese philosophical beliefs, such as Confucianism and Taoism, and the Chinese Stratagems (*Bingfa/Jimou*). Fang also points out that when the Chinese government is involved in big industrial project negotiations, the Chinese act in a bureaucratic style, which is to follow the political order and focus on national interest. This style is what Fang calls "Maoist bureaucrat in learning". This style was quite obvious when China first opened up its market to the world, when every aspect of foreign trade was planned and centrally controlled by the government (Tung, 1982). Leung and Yeung (1995) and Stewart and Keown (1989) also find through quantitative research, that the Chinese do not just use one strategy in negotiation, but rather use different strategies including, cooperation, assertiveness and defensiveness.

2.2 Factors Involved in Choosing Different Negotiation Styles

Fang (2006) points out that trust in their counterparts is the key factor that influences Chinese negotiators in choosing between the two negotiation styles. Faure (1999) however, suggests that the choice of style depends on the Chinese perception of their Western counterparts; whether they represent an adversary or a friend. Both viewpoints can be linked to the concept of *guanxi*, which has the literal meaning of relationship in English. Ghauri and Fang (2001) and Rivers (2009) posit that *guanxi*/relationship with

counterparts influences the Chinese in their choice of negotiation strategies. Rivers's (2009) research finds that Chinese business negotiators are less likely to use unethical negotiation tactics such as dishonesty, threats or deception in negotiation if they have a relationship or friendship with their counterparts.

Ma (2006) indicates that negotiation style is influenced by the individual's perception of the negotiation situation as a whole, such that Chinese negotiators are more cooperative if they feel the negotiation situation is cooperative, although Ma's research examines negotiations among the Chinese themselves. Lee, Yang, and Graham (2006) find that the more tension the Chinese feel in a negotiation, the more probable it is that they will sign the agreement. However, signing a contract under stress will damage the mutual relationship and sense of trust. In contrast, the more tension Americans feel, the less likely it is they will sign an agreement, and while this does not affect their relationship, it does affect their sense of trust.

Research conducted by Zhao (2000) investigates the Chinese negotiation style from the point of view of Chinese negotiation training content through interviewing negotiation trainers in China. Zhao also analysed Chinese negotiation textbooks commonly used in negotiation training in China. The analysis shows that all textbooks mentioned win-win, win-lose, cooperative-egoistic, and concession negotiation strategies, but only win-win and cooperative-egoistic strategies are recommended. Negotiation training also teaches negotiators to act or change their behaviour according to the strategy adopted by their counterparts. Various communication, interaction and negotiation techniques from cooperation to competition were all mentioned in such textbooks, so Chinese negotiators can choose different strategies accordingly. Zhao also finds that the recommendations of the textbooks and negotiation training reflect Chinese government policies on foreign trade that advocate long-term cooperation in international business, mutual gain and trust, and emphasize a win-win strategy. Such findings, according to Zhao, might suggest that Chinese negotiators would adopt a win-win style and strategy

more often in the future.

The type of foreign company is another important factor that would influence the Chinese negotiation styles or practices according to Pye (1982). Pye summarises companies into four major types; large and high-tech companies that are trying to explore the market in China, companies buying raw materials from China, companies importing Chinese consumer goods, and companies trying to establish factories to take advantage of low production costs in China. Due to the nature of the different types of companies and businesses, and their different purposes, foreign companies would encounter different negotiation styles and strategies when negotiating with the Chinese.

2.3 Sino-Western Negotiation Process

Peterson (2008) interviewed 24 Chinese and 28 American small business entrepreneurs (rather than company managers) to try and determine the importance of the three different negotiation stages; pre-negotiation, active-negotiation, and post-negotiation for the Chinese and American respondents. The research results reveal that the Chinese negotiation process has no obvious difference to the American negotiation process. Chinese negotiators spend time and commit resources in a similar way to Americans in each of the three stages. In other words, Chinese entrepreneurs view the importance of the different negotiation stages in a way similar to American entrepreneurs, whether or not they are facing competitive or collaborative circumstances. Peterson's research does not prove that the Chinese pay more attention to activities in the pre-negotiation stage, planning and preparation for example, while Americans focus more on the persuasion part of the negotiation. The disparity of these results with other researchers' findings could be due to the fact that the research chose entrepreneurs as the research sample, and that it was a small research sample. Additionally, the Chinese participants were part of an executive education program held in both China and the U.S. They were selected for this program by central government representatives as the "future of the region as it

relates to commerce". They may not have been typical Chinese entrepreneurs. Although people who come from two different countries see negotiation processes similarly, due to cultural factors, the Chinese and Americans differ in negotiation practices and behaviour.

2.4 Key Chinese Negotiation Practice

Pre-negotiation stage. According to Ghauri and Fang (2001), in the pre-negotiation stage, the Chinese are more interested in knowing their counterparts, in terms of company strength, technology, etc. and seek any possible collaboration. At this stage, activities such as lobbying Chinese government officials, introduction of company products, informal discussions, and trust building with the other side are often undertaken.

Herbig and Martin (1998), Stark, Fam, Waller and Tian (2005), and Zhu et al. (2007) all find that the Chinese do not rush into the negotiation, but rather, spend a lot of time in getting to know their counterparts as much as possible, even including personal information in order to build *guanxi* and trust from the beginning. According to Faure (1999), the Chinese focus more on relationship building during this stage, as they need to know their counterparts for any business deal to occur. This negotiation practice might cause conflict with Westerners, as Westerners prefer to start negotiations straight away after basic greetings and introductions.

Zhu et al. (2007) carried out research studying and analysing the cases of ten negotiations between Australians or Americans and the Chinese based on cross-cultural theories. They find that due to the concept of *guanxi* in Chinese culture, the Chinese place greater emphasis on the non-task sounding stage before negotiation, which makes the initial meeting crucial for successful negotiations with the Chinese. Lewicki and Hiam (2006) indicate that, compared with Americans, the Chinese focus more on the

opening stage than on the actual bargaining and closing stage of a negotiation, spending a long time on relationship building and information gathering, while Americans pay less attention to relationship building. Graham and Lam (2003) also point out that the Chinese spend a long time on non-task sounding and expect formal meetings, while Americans prefer short and informal non-task sounding. Zhu et al. (2007) and Fang (2006) explain this trait in the Chinese as a product of the Confucian tradition.

Buttery and Leung (1998) point out that the Western style of negotiation focuses more on the negotiation process and the business deal itself rather than on the people participating. The Western style of negotiation is more of a "transaction". In contrast, while the Chinese also consider the business deal itself, they also focus on the people they are negotiating with, which involves the concept of *guanxi*.

Another important negotiation practice of the Chinese in this opening stage is what the most famous scholar in Chinese negotiation, Pye (1982) summarised as "you show your hands first" (p.35). According to Pye's research, Miles's (2003) summaries, his own negotiating experiences with the Chinese, and analysis of early published articles, Chinese negotiators normally do not take the initiative to show interest in products, or services of their counterparts. They do not make the first offer, hiding their own position and interests. The Chinese will normally wait and require others to show their position and interest first. This practice, as explained by Pye, is a common bargaining tactic adopted for getting a better price.

Actual-negotiation stage. Pye (1982) points out in his early research that the Chinese start a negotiation with an attempt to reach an agreement on general principles for setting up an objective for the negotiation, and leave the details for later. However, in contrast, Americans emphasize the discussion of the substantive contents, such as details of the business and contract terms, when starting the negotiation. Moreover, according to Graham and Lam (2003), the Chinese prefer to discuss all of the issues in

negotiation at once, while Americans prefer to discuss issues step-by-step, and one-by-one. Such practices of the Chinese can be seen as a sign of the adoption of holistic thinking.

According to Pye's (1982) research and Miles's (2003) summary, the Chinese believe that a time delay is an effective tool to put pressure on their counterparts, which could maximise their interest. Referring back to prices or terms agreed in previous negotiation deals is commonly used by Chinese negotiators in their current negotiation. Relationship and friendship are commonly used to obtain a better price and more concessions. Chinese negotiators also prompt the other party to make concessions by use of real or misleading information on policies or budget. Chinese negotiators or managers normally avoid making decisions and leave it to top managers, thereby causing delays in negotiation. Pye (1982) explains this avoidance behaviour, from Chinese political survival philosophy, as a way of avoiding taking responsibility and facing possible future criticism for the decision made.

Zhu et al. (2007) find that normally there is an imbalance of information sharing between Chinese and Western negotiators. The Chinese do not give details or descriptions of their business at this stage; instead, they would rather express appreciation to the government or others who support them, this being part of the Chinese collectivistic culture. Collins and Block (2007) also confirm this imbalance in information exchange between Westerners and the Chinese at this stage of a negotiation. Hofstede's cultural dimensions (ITIM, n.d.) also confirm the high score of the Chinese on the collectivistic trait.

The actual business experience of Westerners in China indicates that Chinese negotiators are masters of negotiation. They make excessive requests or conditions. They use psychological strategies, all sorts of unreal or misleading information, non-existent rules, regulations or customs to gain advantage in negotiation (McGregor,

2005). In addition, according to McGregor (2005) and Pye (1982), the Chinese will also seek advantage by exploiting the competition between foreign companies. For example, the Chinese always claim to a foreign company in a business negotiation meeting that other foreign companies could offer much better conditions.

Post-negotiation stage. Chinese people see signing the contract as the start of the business with their counterparts, while Westerners see getting the contract signed as the final object or goal (Buttery & Leung, 1998; Neidel, 2010). Graham and Lam (2003) indicate that the Chinese focus on forming a long-term business relationship when signing a contract, while Americans focus on the content of the current deal whether the signed deal is good or not. Faure (1999), and the business consultants Collins and Block (2007), also suggest that Westerners see a signed contract as the key outcome and goal of any negotiation, as opposed to the Chinese who see trust and a relationship being established as the outcome, and a signed agreement is not the end of a business deal. As a result, the Chinese use relationship to resolve future conflict, while Westerners rely more on the signed contract itself (Graham & Lam, 2003; McGregor, 2005).

As indicated by Pye (1982), the Chinese place more emphasis on moral and ethical principles, while Americans on the other hand, depend on legalistic principles, which cause the two sides to have a different understanding of a contract. Pye (1982) and Faure (1999) confirm that due to these cultural differences, Westerners and the Chinese have different views toward a signed contract or agreement. Westerners believe that a signed written contract is what both parties eventually agreed on, and it has to be fully implemented, and a signed contract means the end of a negotiation. However, the Chinese have a different view in that a signed contract is what both parties agreed to, based on the current situation or the situation in the past, which might be subject to future changes when circumstances changes. The Chinese believe that proposing changes to the agreed deal is completely acceptable, they also believe that they can depend on the *guanxi* they have built with their Western counterparts to make changes

the signed contract possible. Such conflicting views raise issues on contract implementation such that the Chinese might not fully fulfil their contract, but rather re-open the negotiation on the agreed contract (Collins & Block, 2007). Ghauri and Fang (2001) point out that the Chinese might not be willing to implement the signed contract, but instead, may wish to make changes that are more favourable to them. This conflicts with the Western idea that a signed contract must be implemented by both parties. Miles (2003) also confirms this trait in negotiation, that the Chinese often change the signed contract in order to maximise their interests while Western negotiators see signing a contract as the end of the current negotiation.

2.5 Chinese Communication Style in Negotiation

Communication is another issue in cross-cultural negotiation with the Chinese. Communication style is also part of the overall Chinese negotiation style. Zhu et al. (2007) find in their case study that communication barriers existed in the whole negotiation process. Although communicating with the Chinese face-to-face is not easy for Westerners, and often causes misunderstanding or issues, it is probably the best way of fostering trust and a *guanxi* network with the Chinese (Collins & Block, 2007).

According to Hall (1976), Chinese are a high-context culture, and thus value interpersonal social relationships and context. Written documents are not seen as important, as people of a high-context culture believe in the information behind the document, and exchange information in a more implicit way. Moreover, Chinese communication in negotiation is indirect, while for Westerners, for example, Americans communication is perceived as direct (Graham & Lam, 2003; Sheer & Chen, 2003). In other words, the Chinese way of communication is more a circular movement where they do not talk directly to the point, but rather, talk around the point using hints. More importantly, the Chinese care more for other people's feelings and relationship while expressing their ideas. In contrast, Westerners are quite straightforward in the point they

want to express (Blackman, 2000). Woo and Prud'homme (1999), Pye (1982) and Collins and Block (2007) also outline this indirect style used by the Chinese which stems from the importance of minimising direct conflict, not causing others to lose face, and showing politeness to others. This indirect communication style can make their answers quite ambiguous. For example, the Chinese do not normally directly reject others' requests by saying "No"; sometimes, the real meaning of a "Yes" is actually "No", or the meaning behind answers such as "still under consideration", "it takes time", "this may be a bit difficult" or "possibly" is simply a "No" or a rejection. This indirect communication style is even more obvious when subordinates talk to their bosses in Chinese culture (Blackman, 2000).

Indirect and ambiguous communication both in oral and written documents can also be regarded as a tactic adopted by the Chinese to give them more space for explanation, bargaining, renegotiation (Pye, 1982), and to hide their real business intent (Blackman, 2000).

In terms of non-verbal communication, Chinese people tend to avoid eye contact (Woo & Prud'homme, 1999), while Westerners see avoiding eye contact as disrespectful behaviour (Sheer & Chen, 2003). Chinese people prefer to respond with body language such as nodding or smiling, which confuses Western negotiators to a large degree (Zhu et al., 2007). According to Faure (1999), Chinese smiles have different meanings, depending on situation or context, which could be to agree, disagree, show politeness, ignorance, etc.

2.6 Chinese Negotiation Traits Summarised

Woo and Prud'homme (1999) interviewed six people from different organisations including business companies and universities, and identified eight cultural traits in Chinese negotiation being; trust, face, *guanxi*, friendship, ambiguity, patience, status

and hierarchy, and Chinese protocol.

Horwitz, Hemmant, and Rademayer (2008) surveyed and interviewed negotiators from over 50 South African firms that had business negotiations with the Chinese, finding that South African negotiators feel the Chinese value trust, face, status and hierarchy, emphasize building *guanxi*, and spend a lot of time in long-term business relationship building.

The influence of traditional Chinese philosophy. Traditional Chinese philosophy and beliefs have a huge influence on Chinese negotiators (Fang, 2006; Graham & Lam, 2003). The dominant traditional philosophy that influences Chinese society is Confucianism. According to Ghauri and Fang (2001), Confucianism has six key values and these values influence Chinese behaviour in negotiation. Confucianism emphasizes the importance of morality; that people have to keep improving their own moral standard in order to become gentlemen. Confucianism emphasizes the five major relationships (ruler/subject, father/son, husband/wife, brothers, friends) in society and therefore, *guanxi*, status and hierarchy are important. Confucianism also emphasizes the importance of family whether big or small, respect for age and hierarchy in society, harmony and the avoidance of conflict in society, and knowing shame which brings about the concept of face. Among the five relationships in Confucian ideology, four of them are directly or indirectly related to family relationships, bringing up the issue of corruption and nepotism in business (Blackman, 2000).

Face (*Lian* or *mianzi*). As explained by Pye (1982), the concept of face is about dealing with people's reputation, "prestige" and "dignity" ; either gaining it or losing it. The concept of face exists both in Western and Chinese culture, however it is more obvious in Chinese culture (Ghauri & Fang, 2001). Chinese people value maintaining their own face and, at the same time, they understand the importance of saving and giving others face. The meaning of giving others face is to ensure others look good in

front of other people, which can be seen as showing respect to others; saving others' face is to avoid others perceiving a loss of face; and conflict or embarrassment may cause others losing face in negotiation (Björkstén & Hägglund, 2010; Buttery & Leung, 1998; Collins & Block, 2007). Therefore, saving both parties' face is essential to the Chinese (Zhu et al., 2007). Li and Labig Jr. (2001) point out that Chinese negotiators often give face to Chinese government officials who hold power because of their *mianzi*, thus face influences negotiation. Giving and maintaining others' face is a way to maintain harmony, which can also help form mutual relationships (Woo & Prud'homme, 1999). If the counterpart makes the Chinese negotiator lose face in the negotiation, then the negotiation might easily fail (Graham & Lam, 2003). According to Faure (1999), due to the influence of Confucianism, maintaining harmony and face are important in Chinese society, thus, some of the commonly used negotiation tactics in Western society such as "emotional outburst, face and reputation challenges" (p.204), or putting counterparts into embarrassing situations, are regarded as totally unethical and unacceptable by Chinese negotiators.

Leung and Chan (2003) conducted a mixed method research composed of survey questionnaires (152 companies in Hong Kong - mainly small businesses) and interviews (5 senior business managers and scholars). They find that the concept of face has four aspects including reciprocity (interaction between people), response (how you react to giving others face, maintaining others' face, and building *guanxi*), respect (showing respect to others), and reputation (people's status). They also find that, with the proper use of "face work" in interpersonal interaction, mutual *guanxi* can be improved. Therefore, face and *guanxi* are closely linked, and it is important for Westerners to use the concept of face to help them in negotiating with the Chinese more easily and successfully. Yeung and Tung (1996) also suggest that people need to pay a lot of attention to the issue of face when building or maintaining *guanxi* in Chinese society.

Time & patience. As pointed out by Tung (1989) and Faure (1998, 1999), the

Chinese and Westerners have a different understanding of the concept of time, Chinese people see time as an unlimited resource, while Westerners view time as a valuable good, and such conflicting views may cause the Chinese to take much longer in negotiations than Westerners. Tung (1982, 1989) finds that US firms feel the Chinese take longer in making decisions than themselves. However, Collins and Block (2007) give another explanation as to why the Chinese take longer in negotiation; they are cautious and are willing to spend more time to make sure they have made the correct decision, so that everything will go smoothly in the future.

Overall, the Chinese are patient in negotiation (McGregor, 2005), and persuasion (Graham & Lam, 2003). The Chinese do not rush to reach an agreement, and are not rushed in negotiation (Faure, 1998, 1999); they see delay as a tactic to put pressure on counterparts, making them concede and obtain better prices or terms. So the Chinese normally take much longer in negotiation, this being different to Western culture which assumes that “time is money” (Collins & Block, 2007; Leung & Yeung, 1995; Miles, 2003; Pye, 1982; Woo & Prud'homme, 1999). As the Chinese see time as an unlimited resource, time pressure or delay tactics do not really work when negotiating with the Chinese (Faure, 1998, 1999). Pye's (1982) research finds that patience is of the utmost importance when negotiating with the Chinese and is a vital factor in negotiation success with the Chinese.

Long-term orientation. As discussed in the previous section of this literature review, many of scholars and business people find or indicate that the Chinese see the goal of any negotiation as building a long-term business relationship, rather than merely the signing of a deal, and they see signing a deal as just the start of a long-term business relationship (Buttery & Leung, 1998; Collins & Block, 2007; Faure, 1999; Graham & Lam, 2003; McGregor, 2005). The above findings on building long-term business relationships is in accordance with Hofstede's finding in his cultural dimension theory (ITIM, n.d.), that the Chinese are long-term orientated. Tung (1982, 1989) also finds in

her research that US firms perceive that the Chinese are interested in building long-term relationships with their business negotiation counterparts, and building a long-term business relationship means cooperation and reciprocity.

Social status and hierarchy. According to Woo and Prud'homme (1999), and Graham and Lam (2003), the Chinese emphasize the importance of social status and company hierarchy in negotiation. The Chinese are not willing to negotiate with a person who has a lower company hierarchical level or who is much younger than they are. The seating arrangements of a Chinese delegation team also reflect this concept. Westerners' business experience suggests that even at banquets, top managers from both parties will normally sit next to each other, and others will sit according to their company rank and hierarchy (Blackman, 2000; Collins & Block, 2007). Buttery and Leung (1998) indicate that the negotiator's status or rank needs to be appropriate and reach the level expected by the Chinese, or the negotiation may not succeed. According to Herbig and Martin (1998), the Chinese believe that older people are wiser and more experienced than younger people, so the Chinese normally show respect and treat elderly people and people with power and authority accordingly (Woo, Wilson, & Liu, 2001). Hofstede's cultural dimensions (ITIM, n.d.) also confirms the importance of social status and hierarchy in cultural dimension theory, rating the Chinese high in power distance.

According to Sheer and Chen (2003), the Chinese are more hierarchical, the top ranking manager in a negotiation delegation has absolute decision-making authority, regardless of skills or business knowledge. Westerners, American negotiators for example, are equal in the delegation, and lower ranked people can also share ideas in the negotiation. Western negotiators who ignore this status and hierarchy issue might easily experience failure in their negotiations.

Moreover, hierarchy affects the information flow within Chinese negotiation teams.

Chinese people see information differently to Westerners, the Chinese believe information is power and advantage, and people with key information can use it to distinguish themselves from others, and hence might block information flow between hierarchies (Blackman, 2000).

***Guanxi* (relationship), friendship, *renqing* (favour), and trust.** *Guanxi* is the relationship, connection, or network between people; it exists as the foundation and bond of Chinese society. According to Yeung and Tung (1996), *guanxi* involves "a bilateral flow of personal or social transactions", while "both parties must derive benefits from the transaction to ensure the continuation of such a relationship", and is "maintained and reinforced through continuous, long-term association and interaction" (p.55). It can be said that *guanxi* is a unique concept that Westerners usually do not fully understand. However, if according to Björkstén and Hägglund's (2010) definition of *guanxi*; it is "a general 'lubricant' of business transactions", it will not be hard to understand the concept of *guanxi*. According to Björkstén and Hägglund, the concept of *guanxi* commonly exists worldwide, is similar to the "relationship marketing theory" in Western textbooks, and can be found in a "US ivy-league school or country golf club" (p.31).

Guanxi is important to Sino-Western negotiation in that good *guanxi* with Chinese negotiators could make the negotiation easier and more successful (Buttery & Leung, 1998; Collins & Block, 2007; Fang, 2006; Graham & Lam, 2003; Miles, 2003; Rivers, 2009; Wong, 1998; Woo & Prud'homme, 1999; Yeung & Tung, 1996; Zhu et al., 2007). Rivers (2009) finds that the Chinese see friendship as more important than loyalty toward their company in circumstances where following their company's order to use unethical tactics will lead to loss for their friends. Li and Labig Jr. (2001) suggest that Asian business negotiators could reach an agreement more easily with the Chinese than Western negotiators because they understand the importance of *guanxi*. *Guanxi* is not about entering into business, it is about long-term business relationships, and more

importantly, it is about reciprocity (Collins & Block, 2007) and mutual benefit (Björkstén & Hägglund, 2010). Moreover, *guanxi* is between people rather than companies (Rivers, 2009), it is people's private assets and resources that cannot be borrowed or transferred to others (Yeung & Tung, 1996), and it needs to be developed before it can be used (Björkstén & Hägglund, 2010). Finding a person with good and strong *guanxi* with a Chinese negotiator, and relying on this person as the mediator to form ties with the Chinese negotiator, would increase the success rate of a business deal or negotiation (Graham & Lam, 2003). *Guanxi* can also be seen as an approach to obtaining required information and solving problems (Björkstén & Hägglund, 2010).

Buttery and Leung (1998) find Chinese negotiators emphasize building *guanxi* and trust as the basis for making business deals and signing business agreements. Yeung and Tung (1996), interviewed, in semi-structured interviews, the executives of 19 companies of diverse size and industrial backgrounds, who take charge of their company's Chinese operations. Yeung and Tung have found that *guanxi* with the Chinese counterpart was the most important factor the 19 company managers had chosen for achieving long-term business success in terms of company finance in China from 1991 to 1994. However, *guanxi* alone cannot assure business success in China. *Guanxi* is just like a key or guiding tool, the success of business in China depends on how business people use this tool to explore business opportunities, and enter into the Chinese market. Yeung and Tung also find that people with more than 10 years' experience in China see *guanxi* as being less important than people who have just entered the Chinese market, and small to medium sized companies see *guanxi* being more important than larger companies do.

According to McGregor (2005), his many years of front line experience in China and the experience of many other Western business people suggest that if a company's Western executive is recognised by the Chinese as a friend, then the company's negotiation delegation would meet with government officials more easily, and the Chinese would talk more sincerely and openly with them, so that doing business would

become easier. However, the Chinese and Americans have a different understanding of friendship, particularly in the expected duties of friendship, and Chinese beliefs of what friends should do for each other goes far beyond the American understanding (Pye, 1982). According to Pye, friendship means *guanxi* to the Chinese, so where there is friendship, the Chinese believe asking for favours of the counterpart in negotiation is fully acceptable and will not frustrate the counterpart. Friendship can be seen as a double-edged sword in China, as it not only means convenience in business, but also includes duties or the return of favours for friends. For example, rejecting the request of a friend is regarded as immoral in China, so Westerners need to return a favour to the Chinese when they request a favour, so as not to damage the current friendly relationship (McGregor, 2005). Such a concept has another well-known name in Chinese, which is *Renqing*.

Renqing is a favour, given or returned, which is the rule or basis for maintaining *guanxi* and face in Chinese society (Buttery & Leung, 1998; Pye, 1982). Whether people can build *guanxi* or not is all dependent on whether or not people understand the rule that a favour needs be to returned in the future (Collins & Block, 2007). Owing others' *renqing*, while not returning the *renqing* can be regarded as damaging to the current *guanxi*, and the bigger the returned favour the tighter the *guanxi* will be (Wong, 1998). Wong also mentions that *guanxi* and *renqing* could influence a negotiator's final decision; *guanxi*, trust and *renqing* are all linked together, and trust can help enhance the relationship between negotiation parties. According to Yeung and Tung (1996), tendering favours, nurturing long-term mutual benefit, building personal relationships and trust are the four essential ways of building and maintaining *guanxi*, which confirms the important link between favour, trust, and *guanxi*. Tendering favours such as giving gifts or having formal meals are commonly used and are essential for building *guanxi* with the Chinese.

Li and Labig Jr. (2001) find the majority of the interviewees in their research admit

relationship building is the key to making the negotiation a success. As Chinese government officials are often involved in negotiations, having *guanxi* with officials with influence and power in the Chinese government could lead to the negotiation's success and make business investments easier. If the company's home government could be involved as an intermediary, it would make the investment negotiation easier and more efficient. Relationship building is required before actual negotiation.

Although *guanxi* is important to the Chinese, Westerners should also be aware that Chinese negotiators will not ignore their own interest in order to build the relationship, especially when they have other choices or other business partners (Ma, 2006, 2007). Hupert (2010) describes *guanxi* as an information tool such as a map or an address book that allows people to find the resources they need. Hupert also points out that if Westerners relied solely on *guanxi*, then very likely the business deal and negotiation would fail. McGregor (2005), Collins and Block (2007), and Björkstén and Hägglund (2010); those who have real-world business experience in China, all point out that the effect of *guanxi* has been exaggerated by many people, it is temporary, and non-transferable. A good *guanxi* would not be able to solve all issues for Western business people while doing business in China or negotiating with the Chinese. A good business plan or contract is more important than *guanxi* nowadays. Overall, many recent experiences suggest that *guanxi* is not as important as it was in the past, especially where the Chinese counterpart is a private interest-driven company (Fang, Worm, & Tung, 2008).

Yang, Dean of the Beijing International MBA program at Peking University in China (as cited in McGregor, 2005), and Collins and Block (2007) mention that the Chinese will not do business with people unless they are friends and have mutual trust, or they are introduced by friends. Therefore, trust is the basis of *guanxi* (Björkstén & Hägglund, 2010; Collins & Block, 2007; Ghauri & Fang, 2001).

The etiquette of business in China. Ritual actions such as gift-giving, social functions involving opening speeches and formal meals, appropriate social behaviour (e.g. exchanging business cards with two hands, and contract signing ceremonies), are the criteria people use to evaluate their counterparts in a negotiation, their approach towards relationship building, and are also elements influencing negotiation (Faure, 1999).

Woo and Prud'homme (1999) find that when two negotiation parties first meet, the Chinese prefer to have a formal introduction including shaking hands for longer than 10 seconds, exchanging business cards with two hands, and an introduction to the negotiators starting from the highest company position. The Chinese do not keep eye contact, which is a sign of respect. Other commonly adopted etiquette includes giving gifts at the end of the meeting and having a formal meal together (in other words a banquet), which enhances the mutual relationship. Stewart and Keown (1989) found that having a meal together, and giving small gifts were common in negotiating with the Chinese during the mid 1980s. Leung and Yeung (1995) found in their research that having a meal at a restaurant and giving gifts were the two most popular ways of enhancing the relationship. Western business people's front line experiences in China suggest that banquets, alcohol (such as Moutai or wine), toasting, and *karaoke* afterwards are important aspects of negotiating with the Chinese. These are negotiation tools, especially for building relationships, signing deals (Collins & Block, 2007; McGregor, 2005), gathering information, and solving issues (Blackman, 2000) in China. The banquet is an activity that cannot be avoided by Westerners when doing business with Chinese people, and can be seen as a negotiation tactic used by Chinese negotiators (Pye, 1982).

Chinese stratagems (*Bingfa/jimou*). *Bingfa* or *Jimou* can be translated as tactics or stratagems. These stratagems, along with traditional Confucian culture, have an extensive influence on Chinese negotiation styles, practices and behaviour (Ghauri &

Fang, 2001). As pointed out by Zhao (2000) and Fang (2006), the Chinese belief in "The market place as a battlefield" reflects Chinese views toward business deals and negotiation to a large degree, which explains why *Jimou* is an important aspect of negotiation. There are many different historical stratagem books such as Sun Tzu's "The Art of War", "The 36 Chinese Stratagems", "*Sanguoce*", and "*Guiguzi*" and, together with the thick face and blackheart strategies used in China, all provide a range of different tactics, tricks, stratagems, means, or tools in business. Sun Tzu's "The Art of War" and "The 36 Chinese Stratagems" are the two most widely known books among the Chinese (Fang, 2006). Generally speaking, *Jimou* are commonly known by almost every Chinese person, but to different degrees. Littrell (2002) points out that the younger generations in China are less interested in studying *Bingfa* or *Jimou* and are not familiar with these stratagems or tactics, perhaps due to the highly controlled education system in China. Some people see these stratagem books for the first time in English or another foreign language.

Due to cultural differences, Westerners and the Chinese have different views toward stratagems. Some of the commonly adopted *Jimou* in Chinese culture, although regarded as dirty tricks by Westerners, are, seen as a sign of intelligence and cleverness by the Chinese. *Jimou* can be seen as the art of manipulating intelligence or mind power to control physical power or strength (Faure, 1999). Moreover, *Jimou* is also related to some Chinese practices or behaviour in negotiation. For example, the commonly known stratagem of "pretend to aim at one target while really after another", makes the Chinese indirect, and hides their real intent in a business negotiation. Therefore, the indirect and ambiguous Chinese communication style is related to stratagems and can be seen as using *Jimou*. (Blackman, 2000).

2.7 Conflict Management Style

Ma (2007) finds that the Chinese tend to adopt indirect conflict handling styles such as

compromise and avoidance in negotiation. This derives from the collectivistic culture of China that emphasizes social and personal harmony. However, Pye (1982) points out that the word "compromise" in Chinese has a negative meaning similar to "give away" or to "lose" in Chinese minds, which is the opposite to the American definition.

When Chinese negotiators are faced with conflict in negotiation, Tjosvold and Sun (2001) find that Chinese negotiators are more likely to accept a persuasive, instead of coercive manner, and accept a cooperative rather than a competitive negotiation environment. This persuasive manner and cooperative environment would lead to the development of mutual respect and better relationship building. With mutual respect and better relationship building, the Chinese would be more willing to take differing views seriously, and would be willing to deal with the conflict directly, openly, and thus solve conflict more easily.

2.8 Ten Negotiation Factors Summarised

Through a literature review, and interviews with business negotiators, Salacuse (1998), has summarised ten factors or traits as being fundamental elements in the negotiation process that can be used to study cross-cultural negotiation. According to Salacuse, these ten negotiation factors or traits are influenced by people's culture, and form the distinctive negotiation style of people from different cultural backgrounds. Table 1 presents Salacuse's ten negotiation factors.

Table 1 - The Impact of Culture on Negotiation - Ten Negotiation Factors

Negotiation Factor	Bi-polar dimensions of the factor	Salacuse's (1998) Research Results
1. Goal	Contract --- Relationship	The proportion of Americans who see the goal of negotiation as the contract is more than that of the Chinese; however, the Chinese are not as relationship-orientated as often portrayed.
2. Attitudes	Win/Lose --- Win/Win	Compared to Americans, there is a higher proportion of Chinese who would take a win-win strategy in negotiation.
3. Personal Styles	Informal --- Formal	The Chinese are more likely to adopt a formal style in interpersonal interaction (such as calling their counterparts by their title, focusing fully on the business deal, and avoiding asking their counterpart private questions) than Americans.
4. Communications	Direct --- Indirect	There is a higher proportion of people who adopt the direct style in interpersonal communication among Americans than among Chinese people.
5. Time Sensitivity	High --- Low	There is a higher proportion of Chinese who have high time sensitivity, when compared to Americans.
6. Emotionalism	High --- Low	The Chinese and Americans are similar in proportion as to how they will express their own emotions in negotiation.
7. Agreement Form	Specific --- General	The Chinese are similar to Americans in that they both prefer to form a detailed and specific contract.
8. Agreement Building	Bottom Up --- Top Down	The proportion of Chinese people who are willing to start negotiating on general principles instead of detailed terms is slightly higher than Americans; however, the difference is not obvious.
9. Team Organization	One Leader --- Consensus	The Chinese prefer one leader in decision making as opposed to the Americans.
10. Risk Taking	High --- Low	The Chinese and Americans are almost proportionate in choosing high-risk taking, in that they are willing to accept uncertainty and take risks in negotiations.

Salacuse (1998), conducted a study surveying 310 people from different backgrounds, from 11 different countries (including 41 respondents from the USA, and 11 from China), employing an original questionnaire based on the 10 summarised factors. The survey questionnaire required respondents to rate the 10 negotiation factors on a 5-point scale. Salacuse's main findings concerning the comparisons between Americans and the Chinese are shown in Table 1.

In summary, some of Salacuse's (1998) findings conflict with other researchers' findings. This might be due to the following reasons. Firstly, the type of questions included in the survey questionnaire only allowed respondents to choose answers between the bi-polar dimensions of the factors. However, as indicated by other scholars (Fang, 2006; Faure, 1998, 1999), Chinese negotiation style is a mixture of the win-win and win-lose styles, which mainly depend on factors such as *guanxi* with counterparts. Therefore, Salacuse's research results may not be accurate. Secondly, as indicated by Salacuse, all of the respondents had many years of international business experience, their negotiation styles might be influenced by other cultures and customs in negotiation. Therefore, the research sample may not represent the target population the research is aimed to measure. Thirdly, although more than 300 respondents participated in the survey; the sample size of each country is relatively small. For example, there were only 11 respondents representing China. Therefore, the research results may lack representation and generalisation to the whole population of a culture. Fourthly, the survey questionnaire lacks detailed explanation of the meaning of each factor, and clear interpretations of the terms used in the questionnaire. These issues can be seen as limitations of Salacuse's research results.

2.9 Changes in Negotiating with the Chinese

With thirty years of open market, China has undergone enormous change and development in its economy. Some of the findings in the previously published literature have limitations, being out of date with regard to the negotiation styles, assuming

common practices over the whole of China, and not considering recent cultural changes (Tung et al., 2008).

Tung et al. (2008) find, through interviewing 38 Western expatriates and Chinese executives working at foreign-invested companies in China, that people in more economically-developed regions are more open-minded and take a Western approach to negotiation. Younger people in China are more direct, open-minded, less likely to play tricks, and find it easier and quicker to adopt Western styles and values compared to older people. People with overseas experience or having received Western-style education are less bureaucratic and hierarchical. People with work experience in foreign-invested firms are influenced by Western working styles, concepts and values, and thus have changed their negotiation style to a more westernised style, which Western negotiators find easier to deal with. Tung et al. also find that people in different regions of China exhibit different negotiation styles, such that people in more economically-developed regions are more likely to accept and adopt international business standards.

The research of Stark et al. (2005) summarises the changes in the Chinese negotiation process over the past 40 years, and also confirms that Chinese negotiators from more economically-developed regions (such as the south and coastal regions) are more influenced by Western working styles, practices, concepts and values, and are thus more open and easier for Westerners to deal with. Stark et al. also find that contemporary Chinese negotiators are more focused on business itself as compared with 20 years ago, and relationship is not as important as it was.

Recent research conducted by Viergge and Quick (2011) also focuses on changes in terms of culture and negotiation behaviour among younger generations in Asian countries. Their research surveyed 224 hospitality professionals from 17 Asian countries including China. Their research results indicate that the younger Asian

generations (people born between 1980 to 2000) are more individualistic than older generations (people aged over 50), while Hofstede's other four cultural dimensions are not significantly different in the younger and older generations. The results also indicate that compared to older generations, the younger generations, especially people born between 1980 and 2000, have changed their negotiation behaviour and focus, spending less time on *guanxi*-building before the formal negotiation, and instead, focusing on the persuasion and compromise stage of the negotiation process and the business deal itself. Although their research adopted an interpretivist research approach, which lacks generalisation, and did not indicate the proportion of Chinese participants in the research sample, it can still be seen as an exploratory study, which may show changes in negotiation behaviour in younger Chinese to a certain degree.

Although the Chinese negotiation style is changing, especially in more economically-developed regions, there are still some differences in Sino-Western negotiation styles. For the Chinese, negotiation still takes a long time; building and maintaining *guanxi* is still important, although the way to build *guanxi* might change from social drinking to playing a sport in coastal regions; face and hierarchy are still important; they still take an holistic view that focuses on the overall goal rather than the means or details in negotiation (Tung et al., 2008).

Shi (2001) also finds that despite these changes and regional differences, traditional Chinese cultural values still influence Chinese people to a large degree, thus face-saving, social harmony and etiquette are still consistent in people from Beijing, Shanghai, and Guangzhou (the more economically-developed areas of China).

Both Chinese and Western values and beliefs co-exist among Chinese negotiators (Shi, 2001; Tung et al., 2008). The common belief of many Westerners who are experienced in doing business with the Chinese, is that negotiation in today's Chinese business environment is similar to the rest of the world. However, due to historical and cultural

influences, core Chinese business behaviour and ways of thinking have hardly changed (McGregor, 2005).

2.10 Factors affecting Success and Failure in Negotiating with the Chinese

Another major research topic in Chinese negotiation are factors that affect success or failure in negotiation with the Chinese, and this has been studied by researchers and scholars (Fang et al., 2008; Leung & Yeung, 1995; Stewart & Keown, 1989; Tung, 1982, 1989) from 1980 to the present. These researchers' findings also show clear signs of change in negotiating with the Chinese since China adopted policies that reformed and opened its economic markets at the end of 1970. Tung (1982) conducted research during 1979 by surveying 138 American companies, being the first firms involved in business negotiation with Chinese companies pursuing different forms of investment after China opened up its market to the West. The research results indicated that the US firms' "Attitude of the US firm" was the key factor that contributed to the success of the negotiation with the Chinese, while "Cultural differences" was the most important factor that caused negotiation failure during that period. Eight years later, Tung (1989) conducted follow-up research on the same topic but with a modified questionnaire. The survey questionnaire was sent to 500 US firms that had made business deals with Chinese firms. Based on 87 returned questionnaires, Tung (1989) found that "Familiarity with Chinese culture systems" was the key factor that contributed to the success of business negotiations, and "Cultural differences" remained the key factor that caused business negotiation failure. The results also indicated that "Use of influential intermediary" was a success factor linked to all aspects of negotiation with the Chinese. Tung's findings in 1982 and 1989 clearly revealed that Westerners were gradually becoming more aware of the importance of cultural understanding in Sino-Western business negotiation, a few years after starting business with the Chinese.

Stewart and Keown (1989) surveyed 50 Western companies in Hong Kong in 1985, and

found that "uniqueness of respondents' product", "China's need for respondents' product", and "China's budget availability" were the three most important factors for successful negotiation with the Chinese. The factors "China's shortage of foreign exchange", and "China's lack of budget" were the most common reasons that caused negotiation failure in their research. Stewart and Keown's findings showed cultural factors were less important than product and budget factors, which conflicts with most other researchers' findings. Perhaps, the sample size and sampling method were reasons for such contrary research results.

Leung and Yeung (1995) conducted similar research to Stewart and Keown's (1989) research, but adopted a modified questionnaire after consulting with a few businessmen who were experienced in negotiating with the Chinese. Leung and Yeung surveyed 168 companies, mostly small businesses in Hong Kong and Macau, about their perception of Chinese counterparts. They find a "good personal relationship" with the Chinese counterpart is the most important factor contributing to the success of negotiation with mainland Chinese followed by an understanding of Chinese negotiation practices. Social meetings in restaurants and sending gifts were the two most commonly adopted ways of making pre-negotiation contacts with the Chinese, and enhancing *guanxi* with their Chinese counterpart. Leung and Yeung find similar results to Stewart and Keown (1989) in that China's lack of budget was the main reason for negotiation failure at that time. However, Leung and Yeung's research results were different to Stewart and Keown's in that *guanxi* is more important than product or financial factors in successful negotiations with the Chinese.

This same research was conducted once again by Fang et al., (2008) employing Leung and Yeung's (1995) survey questionnaire. This recent research adopted both quantitative and qualitative studies, surveying 53 Swedish companies doing business with China in different industries, and interviewing 40 Swedish managers and Chinese businesspeople in China. Fang et al.'s qualitative interviews find that the Chinese business environment

and negotiation practices have changed from both the Western and Chinese managers' perspectives, that competition in the Chinese market has become intense, making professionalism more and more important in China today. Therefore, business deals no longer rely on *guanxi* alone, but instead, professional business competence matters more, and perhaps, even takes the place of *guanxi* in influencing business deals nowadays. Fang et al.'s quantitative study results, as compared to the two earlier studies, show factors found in the last century, such as "uniqueness of respondent's product", "China's need for respondents' product", "good personal relationship" and "respondent's knowledge about Chinese business practices" are no longer contributing factors to the success of negotiations with the Chinese. Instead, "sincerity on the part of respondents' team", "preparation by respondent's team", and "respondent firm's technical expertise" are the top three factors that contribute to successful negotiations with the Chinese.

Such findings reveal the importance of trust to the Chinese and the Western firm's own technological expertise in making successful deals with the Chinese. In addition, the key failure factors found earlier, such as China's lack of budget and shortage of foreign exchange have also changed to "Westerner's inability to lower the price", "too many competitors offering the same product" and "lack of preparation by respondent's team". According to Fang et al., (2008) their findings confirm the intense competition in the Chinese market, thus bringing up the importance of technological expertise to the success of Sino-Western business negotiations. Fang et al. also find in their research that culture still matters in China today, while trust is still one of the most importance factors influencing the outcome of negotiations. Fang et al.'s findings on pre-negotiation contact show that "social meetings in restaurant", "request for formal quotation bid", and "request for technical information" are the most commonly used practices in pre-negotiation contact with the Chinese.

When comparing Fang et al.'s (2008) research results with the earlier research, it is found that "visiting by Chinese representatives", and "giving a seminar" are more

commonly used in pre-negotiation contact than before, indicating that the Chinese are more business and technologically orientated. In other words, the Chinese now focus more on first-hand experience and knowledge of the content of business deals in terms of pricing, and technology. Moreover, Fang et al. also find that "giving gifts" has become less important compared to the earlier research. Overall, Fang et al.'s findings can be seen as a summary of changes in Chinese commercial negotiation starting from the end of 1970 to the present. The success factors have changed from mainly political factors in the 1980s, to a mixture of political and technological factors in the mid 1980s, to social and cultural factors in the first half of 1990s, and to a mixture of both cultural and technological factors in Sino-Western business negotiation today. Failure factors changed from cultural to financial to market competition factors over the same period.

3 Issues in the Literature Review and Significance of the Research Topic

Most of the articles in the published literature regard negotiation styles, and practices as the same over the whole of China (Tung et al., 2008), and little attention has been paid to negotiation styles, behaviour and practices of Chinese employees working in Western MNCs in China or those of younger Chinese people. Although Tung et al. (2008) mention some changes and differences among Chinese who have been influenced by the West, the findings are not very detailed. Their research adopted a qualitative study, leaving a gap for research in empirical quantitative research. This research report will investigate in detail the negotiation styles, practices and behaviour of Chinese employees working in Western MNCs in China, and explore some key findings of Tung et al. (2008) through quantitative research. This research topic will contribute to current knowledge about Chinese negotiators, and extend understanding of negotiation styles, practices and behaviour of a particular group of people in China. In addition, this research will investigate Chinese negotiation styles from the perspectives of Chinese employees, which is a viewpoint rarely taken by either researchers or Western business people.

4 Research Questions and Hypotheses

Based on the findings of this literature review, and the research gap found in the literature, the main research question of this research is "What are the actual negotiation styles, practices and behaviour of Chinese employees working in Western MNCs in China, and do these business negotiation styles, practices, and behaviour differ from those of the general population of Chinese business people working in Chinese owned companies, as reported in the literature?". From the main research question, the following questions and hypotheses emerged.

- Sub-research Question 1: Do Chinese employees working in Western MNCs in China engage in traditional Chinese negotiation styles and practices or adopt more westernised negotiation styles, practices, and behaviour, as reported in the literature?

Hypothesis 1. The employees working in Western MNCs do not adopt different business negotiation styles, practices, or behaviour from traditional Chinese negotiators as described in the literature.

- Sub-research Question 2: Which aspect of negotiation is the most important to Chinese employees working in Western MNCs? Do Chinese employees working in Western MNCs see the importance of the various negotiation elements in the same way as traditional Chinese negotiators, as seen in the literature review?

Hypothesis 2. The ranking of the different aspects of negotiation by Chinese employees working in Western MNCs will be no different from the ranking by traditional Chinese negotiators as seen in the literature review.

- Sub-research Question 3: If the participants adopt westernised styles, practices, and behaviour, can it be said that work experience in Western MNCs in China, overseas

study or work experience in Western countries relates to their negotiation styles, practices, and behaviour?

Hypothesis 3. The length of work experience in Western MNCs by a participant is not correlated to the participant's negotiation styles, practices, and behaviour.

Hypothesis 4. The participant's age is not correlated to the participant's negotiation styles, practices, and behaviour.

Hypothesis 5. The participant's overseas study or work experience in Western countries is not correlated to the participant's negotiation styles, practices, and behaviour.

Hypothesis 6. The participant's gender is not correlated to the participant's negotiation styles, practices, and behaviour.

The research report of this thesis will test the six hypotheses stated above and attempt to answer the research questions using a cross-sectional research design (conducting a social survey through an original survey questionnaire to collect data), and quantitative analysis of the data obtained, employing various statistical tests. The hypotheses proposed in this research are null hypotheses (null hypothesis means no difference between variables), as statistical data analysis cannot prove the hypothesis to be true, but rather only reject a null hypothesis, in other words, prove the hypothesis wrong (Field, 2009).

5 Methodology and Methods

This research project was a deductive, quantitative study, adopting cross-sectional methodology. The project used only primary data from field survey research. The study surveyed the sample group using an original questionnaire that contained fixed choice questions and rating scale questions to collect data.

Such collected data was used to discover the current negotiation styles and approaches of the sample group, and compared the sample's negotiation styles, practices, and behaviour with the general understanding of Chinese negotiators with regard to their negotiation styles, practices, and behaviour as defined in the literature. This study also used various statistical techniques for investigating the relationships between variables. Variables included age, length of time participants worked for Western MNCs, overseas study or work background, negotiation styles, practices, and behaviour.

5.1 Data Analysis Procedure and Explanations

As this research project adopted a quantitative research approach, after collecting the survey data, all of the survey questions were converted to different variables and all of the answers were input into PASW Statistics (formerly known as SPSS - Statistical Package for the Social Sciences) spreadsheets for data analysis. When inputting participants' responses with regard to the second part of the questionnaire, the 5-points of the Likert scale were converted to numbers. Specifically, A (Strongly Disagree)=1, B (Disagree)=2, C (Neither Agree nor Disagree)=3, D (Agree)=4, and E (Strongly Agree)=5. In order to analyse the collected data in a more comprehensive way, descriptive statistics including mean, standard deviation, and frequency table were used to analyse the first part of the survey questionnaire to identify the participants' personal backgrounds in relation to negotiation.

The next step was to use factor analysis to group the 55 rating scale statements into

underlying meanings for negotiation practices and behaviour, while validating the survey questionnaire. Such statistical techniques can reorganise the information in the questionnaire and create new composites (factors regarding negotiation styles, practices, and behaviour) that contain multiple items for future analysis. As pointed out and confirmed by Gliem and Gliem (2003), when employing Likert rating scale questions in research, a multiple item scale is more reliable than a single item in measuring people's attitude toward a concept. For the factor analysis, "Principal components" method of extraction, oblique (non-orthogonal) - Promax rotation, and the option to exclude cases pairwise for missing values were set in PASW Statistics. A factor loading of 0.4 was used as the cut-off value in the factor analysis. A focus group study was used to test the validity and reliability of the survey questionnaire. Cronbach's alpha analysis was also used to test the scale reliability of the generated factors. The minimum acceptable Cronbach's alpha used for this research was 0.5.

Next, descriptive statistics were used to calculate mean factor scores, and standard deviations of factors, so that the participants' valence for each of the factors, and the rank of the factor's importance were revealed. For the data interpretations, the mean factor score and standard deviation were reviewed. However, in order to minimise interpretation error in means that might be caused by a bimodal distribution of participants' scores, both a table with the frequency and percentage of participants' scores, and a histogram along with a normal curve were used to show the distribution of the participants' scores for each factor. Such distribution graphs and tables were used mainly to check the normality of the participants' rating scores, and show the results in a more clear and comprehensive manner in order to improve the accuracy of data interpretations.

A bimodal distributed score has two peaks in the score distribution chart (for example, a majority of the participants either agree or disagree to a factor, with only a few participants in-between, who take a neutral view). If the participants' scores were

bimodally distributed, then the mean would not be able to show the overall data accurately. For example, the mean factor score of 3, which represents a neutral rating, could result in averaging an agreement score of 4, and a disagreement score of 2. Therefore, a histogram, along with a normal curve, and a table were needed for each factor in this research. For data interpretations, this research adopted the following standard for assessing the participants' answers. (1 to 1.44=Strongly disagree, 1.45 to 2.44=Disagree, 2.45 to 3.44=Neutral, 3.45 to 4.44=Agree, and 4.45 to 5=Strongly agree). Two comparisons were then made. One was between the participants' beliefs towards different factors regarding negotiation styles, practices, and behaviour and the negotiation approaches of traditional Chinese negotiators as defined in the literature. The other comparison was made between the participant's beliefs regarding the importance of various elements in negotiation and traditional Chinese negotiators' beliefs as perceived in the literature.

In order to examine the relationship within the participants' demographic profiles, and the relationship between the participants' demographic profiles (various set independent variables such as age, the length of time they have worked for Western MNCs, their overseas experience,) and their negotiation styles, practices, and behaviour, Multivariate Analysis Of Variance (MANOVA), and bivariate correlation analysis were employed. This research used a two-tailed test for non-directional hypotheses, and treated possibility $p < 0.05$ as the maximum significant level for all statistical tests.

5.2 Issues Regarding Treating Likert Scale Data as Interval or Ordinal Data

This research treated the 5-point Likert scale answers as interval data where the distances between each point on the scale were assumed to be the same. There is a debate on whether the Likert rating scale is ordinal data or interval data. Such debate brings up an argument about whether or not parametric statistical analysis methods such as Mean, Pearson's correlation, Factor analysis and Analysis Of Variance (ANOVA) are

appropriate for use on Likert scale data. Some scholars such as Jamieson in 2004 (as cited in Norman, 2010), point out that Likert scale data is ordinal data, using parametric statistical tests on this data could lead to wrong or misleading conclusions. However, Norman (2010), through combining other scholars' arguments and results, and in his own tests of data comparisons, demonstrates that Likert scale data can be treated as interval data, thus, parametric statistical techniques can be used with no issues, even when the data comes from a small sample size, and is not normally distributed or indicative of unequal variances. Therefore, Likert scale data is treated here as interval data, and various parametric tests for data analyses, interpretations and conclusions are used in this study.

5.3 Issues Regarding Determining the Number of Response Categories in Likert Scales

Before making the decision on the number of response categories to have in a Likert scale, the question of what number of responses in a rating scale is optimal must be answered. There are debates on this issue; different researchers and scholars have different views and conclusions based on different criteria such as scale reliability and validity (Maydeu-Olivares, Kramp, Garc á-Forero, Gallardo-Pujol, & Coffman, 2009), or respondent preferences (Preston & Colman, 2000). Preston and Colman (2000), and Weng (2004) all suggest that scales with less than 5 response categories should not be used as it affects scale validity and reliability, while Preston and Colman (2000) suggest that scales with 7, 9, or 10 response categories are preferred in overall evaluations of scale validity, reliability, and respondent preferences. Nevertheless, according to Preston and Colman, there is no specific optimal number of response categories in rating scales; rather it is determined by considerations of research design, research requirements, and circumstances. For example, when time pressure is an issue in research, a 5-point or even a 3-point scale should be used, while a 10-point scale is most suitable for research that requires high scale validity. Considering the scale validity and reliability of the

various numbers of response categories as covered by Preston and Colman, and Weng's research results, the optimal number for this research is narrowed down to three choices, 5-point, 7-point, and 10-point scales.

A 5-point Likert scale was chosen for the following reasons. Firstly, the participants are taking time from work to complete the survey, thus, the participants will complete the survey under a measure of time pressure. In this case, a 5-point scale would be more suitable. Secondly, Lee, Jones, Mineyama and Zhang (2002) have reported a high rate of item skipping in responding to Likert scale questions among Chinese respondents, when compared with U.S. and Japanese respondents in their research. Seven-point or 10-point scales are more complex than 5-point scales, and more time-consuming to respond to, and are therefore more likely to lead to item-skipping by participants, as the survey is long, having 55 items. Thirdly, recent research conducted by Dawes (2008), found that the mean scores of data collected from a 5-point scale were no different to mean scores from a 7-point scale, when both mean scores were rescaled to an equal basis. Thus, a 7-point scale would add little useful information when compared to data collected from a 5-point Likert scale. In addition, data collected from 5-point, 7-point, and 10-point scale questions were very similar in areas such as standard deviation, skewness, and kurtosis. Thus, when confirmatory factor analysis is involved in data analysis, there is little difference between results obtained from the three scales. Based on the considerations mentioned above, a 5-point Likert scale was chosen for this study.

5.4 Measures - The Survey Instrument

A survey questionnaire designed by the researcher (See Appendix A) was developed and distributed to the participants to measure negotiation styles, practices, and behaviour of the Chinese employees working in a Western MNC in China. The survey questionnaire included two parts. The first part of the questionnaire collected demographic information such as age, gender, work experience in Western MNCs, participants'

background information concerning negotiation related trainings attended, traditional cultural influences, Western cultural influences, and their own negotiation styles and strategies. The second part of the questionnaire consisted of 55 rating scale statements in regard to negotiation practices and behaviour. The participants were given a scenario background, that they were involved in a business negotiation deal as a representative of their current company, with a hypothetical negotiation team from a company in the USA. The participants were asked to rate 55 statements based on their personal beliefs on a 5-point Likert type scale from A (Strongly Disagree), B (Disagree), C (Neither Agree nor Disagree), D (Agree), to E (Strongly Agree). The main reason a Likert type scale was chosen for the second part of the survey questionnaire was that it is a popular research tool that is commonly used for measuring beliefs regarding a series of different statements.

As a pre-existing survey questionnaire that had been used for this topic could not be found, and after discussion with the researcher's supervisor (R. Littrell, personal communication, July, 2011), an original questionnaire was chosen as the survey instrument for this research. The contents of the survey questionnaire were initially derived from the summaries and findings regarding Chinese negotiation in the literature review. In order to increase the validity of the survey questionnaire, the questionnaire was reviewed and amended by the research supervisor, Romie Littrell, (who had lived and worked in China for more than 4 years, had carried out management and leadership research there for 15 years and had a great deal of negotiation experience with the Chinese), and a few Chinese business people living in China who had many years of negotiation experience. The survey questionnaire was given to 7 Chinese and Western people to review for verification and pre-testing for appropriateness. The survey questionnaire was also sent to the participating company managers to review. All of their review suggestions and comments were used to modify the original questionnaire to improve its validity.

As the target participants are Chinese employees, a Chinese version of the survey questionnaire was used in this research project. Although those employees were working for a Western MNC in China (their English language skills were tested by the company before they were hired, and English was the working language), the survey questionnaire was still translated into Chinese to suit their native language reading customs and in accordance with the requirements of the AUT Ethics Committee. The researcher translated the survey questionnaire; in order to ensure the accuracy of the translation, the Chinese version was reviewed and verified by two bilingual native Chinese speakers. In order to check for any ambiguous or improper use of words, two Chinese native speakers reviewed the Chinese version of the questionnaire. As a result, a few words such as "a competent negotiator" in Chinese were replaced with "一个称职的谈判代表", being more appropriate.

5.5 Participants

The sample participants chosen for this research project were the Chinese employees working for the supply chain department of a Western MNC operating in China. Due to limited time and resources, only one Western MNC in China was contacted. This sample frame was chosen because, firstly, the company is an enterprise in the global market that has a well-known global brand, and is highly diversified. It has had a long period of operation in China, and it has branches and operation centres in almost all of the major cities in China. The wide business spread makes the chosen company highly recognised by the Chinese, especially among younger people in the labour market. The company has employed many Chinese people in its Chinese operations. The company is representative of a successful MNC operating in China and employing local Chinese people. Secondly, the company chosen is a Western-based company which has a Western dominated organisational culture, working environment, and business procedures. The company's Chinese subsidiary is fully involved in its global business, and is highly influenced by the Western culture of its headquarters. Such strong Western influence can be expected to have had an influence on its employees, which is worth

investigating, and fits with the topic of this research. Thirdly, the job descriptions in the supply chain department of the chosen company require active involvement of employees in business negotiations, both domestically and internationally. Fourthly, access to the company was facilitated by the researcher having good personal contact with the department manager of this company through previous work in China. Contacting the company's senior management team and obtaining permission for the study was supported by this relationship. When the email was sent to the company to explain the purpose of this research and present the main benefits for the company, the department manager helped to contact the senior manager, and eventually obtained approval to carry out the research at this MNC in Shanghai. Having personal contacts with company management and executives is essential for obtaining cooperation for research in China.

The research was carried out in October 2011 in Shanghai, China, with the support of three high-ranking department managers and the designated support person in the company. As some of the Chinese employees are located in different cities, and some are hardly ever in the office due to the nature of their jobs, the company facilitated distribution of the electronic survey questionnaire to all participants who were off-site or located at other offices, and the return of the data directly to the researcher by email. For local participants, as permission to enter the company's premises had been granted, the researcher distributed the paper version of the questionnaire in person to potential Chinese participants throughout the whole department including both Chinese employees and Chinese managers. A detailed participant information sheet was also included on the first page of the questionnaire, giving participants a brief description of, and related information about the research project.

The anonymity of the participants was guaranteed by the company, so participants could choose answers that reflected their actual beliefs rather than choose answers that might reflect the desired answers of the company management team or answers that conform

to company regulations. Such procedures were aimed at reducing response-rating error, and enhancing the reliability of answers overall.

When meeting with the chosen company's managers before starting the research, they suggested that as this is a multinational company and the potential participants use English in their work, it would be better to include both the English version and the Chinese translation in the questionnaire. Participants only read the Chinese translation, as it was their first language. However, the English version was the original version; it could be seen as a reference for participants. Nevertheless, after discussion with the research supervisor, and reading Harzing (2005) and Ralston, Cunniff and Gustafson (1995), there are clear differences in responses when surveys are completed in a second language (English) as compared to the participant's first language (native language). When measuring cultural values, using an English language survey questionnaire on non-English native speakers may cause research response loss of the characteristics of the respondents' original culture. Hence, only the Chinese version was used.

6 Results & Findings

6.1 Demographic Profile

The survey questionnaire was distributed to almost all of the Chinese employees in the selected department, and 164 completed questionnaires were returned. Among those returned, four participants' surveys were determined to be invalid, and were excluded from data analysis because of insufficient answers, and unreasonable answers in part two of the survey. Two missed almost one quarter of the answers; one chose the "Neutral" answer for the rating scale questions from the middle of the questionnaire to the end, and one chose the "Strongly Agree" answer for all the rating scale questions. Among the remaining 160 participants, it was found that the majority (83.1%, n=133) of the participants were female, and 16.9% (n=27) of the participants were male. The reason why such a large proportion of the sample was female was mainly due to the employee structure in the chosen company. There were more female employees working for the company than male employees. Perhaps, the nature of the positions in the supply chain department involving negotiation, communication work, and requiring accuracy, is thus more suitable for females. The age of the participants ranged from 21 years old to 38 years old, with a mean of 26.55 years old (n=156, s.d.=3.19), being a young workforce.

The participants were asked how long they have worked for this company and how long they have worked for Western MNCs in total. 156 out of 160 participants revealed their term of service, and the survey results can be seen in Table 2. Short work tenure is influenced by the youth of the participants.

Table 2 - Participants' Term of Service in Western MNCs in China

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Years worked at the current Western MNC	156	0.2	8.0	2.73	2.16
Total Years of Western MNC work experience	156	0.2	13.0	3.13	2.44
Valid N (listwise)	156				

Participants were also asked whether they have overseas study or work experience in Western countries, and the amount of time they have spent there. All of the 160 participants answered this question. 16.3% (n=26) of the participants indicated that they have either worked or studied in Western countries, and the length of time they have spent for overseas study was between 0.5 to 6 years (mean=1.95 years, s.d.=1.31), and the length of time they spent working overseas was between 0.1 to 3 years (mean=1.34, s.d.=1.07).

In regard to the respondents' educational background (please refer to Table 3 below), 158 respondents revealed their educational background. A majority of the participants (91.8%, n=145) have studied at Chinese domestic universities, 7.6% (n=12) have received tertiary educations from universities in other regions of Asia including Hong Kong, Japan, Thailand and Vietnam, 5.7% (n=9) of the 158 respondents graduated from Western universities in overseas countries, and 3.2% (n=5) of the 158 participants have received an education from Sino-Western joint school/courses in China. Employees with Chinese domestic qualifications are still the main workforce at the Western MNC.

Table 3 - Participants' Educational Background

Type of University	Total (N)	Valid Total	Frequency	Percent	Valid Percent
Chinese Domestic University	160	158	145	90.6%	91.8%
Other Overseas University	160	158	12	7.5%	7.6%
Western University Overseas	160	158	9	5.6%	5.7%
Sino-Western Joint School in China	160	158	5	3.1%	3.2%

6.2 Negotiation Related Training

The participants were asked to reveal any negotiation related training they have received from their current company; they were allowed to choose more than one option based on their own experience. Table 4 shows a clear summary of the participants' answers.

Table 4 - Negotiation Related Training Received by the Participants

Type of Negotiation Related Training	Total and Valid Total	Frequency	Valid Percent
Business conduct training	160	93	58.1%
Negotiation process training	160	75	46.9%
Negotiation practices training	160	52	32.5%
Cultural difference training	160	50	31.3%
Have not received any training	160	32	20.0%
Other training (e.g.: dealing with clients, language, negotiation skills, presentation skills, and other work related training)	160	11	6.9%

All of the 160 participants revealed their negotiation training backgrounds. The results show: 58.1% (n=93) of the total participants indicated they have attended the company's internal business conduct training, which is the most commonly provided training course at this company, 46.9% (n=75) of the participants have received negotiation process training, 32.5% (n=52) of the participants have attended negotiation practices training, 31.3% (n=50) of the participants have received cultural difference training, and

20% (n=32) of the participants have never received any negotiation related training from this company. It was also found that 11 participants (6.9%) indicated that they have received other kinds of training from the company, including dealing with clients, language, negotiation skills, presentation skills, and other work related training.

6.3 Personal Changes and the Influence of Western Beliefs

The next two questions asked participants about personal change due to Western influence. Participants were given options of no change/influence to a large amount of change/influence. The first question asked to what degree participants think they have changed their personal working style, practices and behaviour due to working at their current company.

Table 5 - Participants' Beliefs Regarding Personal Changes to their Working Style, Practices, and Behaviour due to Working at their Current Company

	Frequency	Percent	Valid Percent	Cumulative Percent
No change at all	4	2.5%	2.5%	2.5%
Small amount of change	31	19.4%	19.5%	22.0%
Moderate change	101	63.1%	63.5%	85.5%
Large amount of change	23	14.4%	14.5%	100.0%
Total	159	99.4%	100.0%	
Missing	1	.6%		
Total	160	100.0%		

As one can see from Table 5, 159 participants revealed their personal change. Most of the participants (63.5%, n=101) believed they have changed moderately in their personal working style, practices and behaviour. 19.5% (n=31) of the participants thought they had changed slightly, 14.5% (n=23) of the participants believed they changed a large amount, and only 2.5 percent (n=4) felt no change at all since working

at their company. Overall, the results reveal that the majority of the participants believed they have changed because of Western cultural influence.

Table 6 - Participants' Beliefs about the Influence of Western Concepts and Beliefs on their Business Behaviour

	Frequency	Percent	Valid Percent	Cumulative Percent
No influence at all	5	3.1%	3.1%	3.1%
Small amount of influence	43	26.9%	26.9%	30.0%
Moderate influence	97	60.6%	60.6%	90.6%
Large amount of influence	15	9.4%	9.4%	100.0%
Total	160	100.0%	100.0%	

The second question asked participants what influence Western concepts and beliefs had on their business behaviour. As seen from Table 6, all of the 160 participants answered this question. Similar to the above result regarding personal change, the majority of the participants (60.6%, n=97) thought Western concepts and beliefs regarding business behaviour had a moderate influence on them, 26.9% (n=43) of the participants chose a small amount of influence, 9.4 percent (n=15) chose a large amount of influence, and only 3.1% (n=5) thought it had no influence on them at all.

6.4 Negotiation Style and Strategy

The next question in the questionnaire asked the participants to select the closest description of their negotiation style and strategy. Participants were given the choices of "Cooperation" (emphasizes mutual respect, harmony, and seeking to achieve Win-Win solutions), "Competition" (using different means to compete, and seeking to achieve a Win-Lose/Zero-sum solution), "Combination of cooperation and competition, depending on the situation" (mixed style), or "Other".

Table 7 - Participants' Negotiation Style and Strategy

	Frequency	Percent	Valid Percent	Cumulative Percent
Cooperation	72	45.0%	45.3%	45.3%
Competition	1	0.6%	0.6%	45.9%
Combination of Cooperation and Competition, depending on the situation	86	53.8%	54.1%	100.0%
Other	0	0.0%	0.0%	100.0%
Total	159	99.4%	100.0%	
Missing	1	0.6%		
Total	160	100.0%		

As can be seen from the summarised Table 7, 159 participants revealed their negotiation style and strategy. The most commonly chosen negotiation style is the mixed style, which accounts for 54.1% (n=86) of the participants. 45.3% (n=72) of the participants chose "Cooperation", which is slightly less than the first choice, and only 0.6%, in other words, only 1 participant believes "Competition" best describes their negotiation style and strategy.

6.5 Influences on Negotiation Practices

Question 11 from the questionnaire asked participants, if any negotiation books had had a strong influence on them in their negotiation practices. Participants were asked to list the book name, if there was one. Among the 157 participants who answered this question, only 16 participants admitted there were books that had had a strong influence on their negotiation practices. These books include books on Chinese diplomacy, culture shock, negotiation skills for people doing foreign trade, MBA negotiation, the company's internal materials, and stratagem books such as "The Art of War" by Sun Tzu, "Guiguzi" (a Chinese stratagems book), "Sanguoce" (a historical Chinese book, which also mentions traditional Chinese stratagems).

The last question in Part 1, Question 12, asked participants whether they are aware of, and have applied Sun Tzu's "The Art of War", "The 36 Chinese Stratagems", the thick face and blackheart strategies, Confucian ideology (such as the principle of harmony), or any other models to their negotiation practices, in order to examine the influence of traditional Chinese culture on them. Participants were allowed to choose multiple answers. A summary of the findings is shown in the table below.

Table 8 - The Influence of Traditional Chinese Culture on the Participants' Negotiation Practices

Models	Total	Missing	Valid total	Frequency	Percent	Valid Percent
Confucian ideology such as the principle of harmony	160	6	154	77	48.1%	50.0%
"The Art of War" by Sun Tzu	160	6	154	37	23.1%	24.0%
Not aware of any traditional Chinese cultural models	160	6	154	32	20.0%	20.8%
"The 36 Chinese Stratagems"	160	6	154	29	18.1%	18.8%
Other (articles and books from the Internet, internal company negotiation skills, win-win strategy)	160	6	154	9	5.6%	5.8%
Thick face and blackheart strategies	160	6	154	6	3.8%	3.9%

As indicated in Table 8, 154 out of 160 participants answered this question. 50% (n=77) of the participants are aware of and have applied Confucian ideology to their negotiation practices, 24% (n=37) of the participants are aware of and have applied Sun Tzu's "The Art of War". 20.8% (n=32) of the participants do not know any of the four options, 18.8% (n=29) chose "The 36 Chinese Stratagems", and 3.9% (n=6) chose the thick face and blackheart strategies. In addition, 5.8% (n=9) of the participants have specified other sources, including the win-win strategy, internal company negotiation

skills, and articles and books about negotiation from the Internet. Such answers clearly show that Confucian harmony is the dominant ideology that influences employees working in the MNC in China, followed by the ideologies of various other sources.

6.6 Factor Analysis

The second part of the survey questionnaire contains 55 statements of various negotiation practices and beliefs, asking the participants to rate their personal feelings and beliefs on a 5-point Likert scale. In order to reduce the total amount of items to a more reasonable and manageable size while maintaining as much of the original information as possible, variables that share the same underlying concept were grouped for better data analysis (Field, 2009). Factor analysis can be seen as a tool to validate a survey questionnaire. An exploratory factor analysis was conducted on the 55 rating scale items (variables) regarding negotiation practices and beliefs. Principle component extraction with oblique (non-orthogonal) rotation - Promax rotation was used in PASW Statistics. Costello and Osborne (2005), Field (2009), and Garson (2011) note that oblique (non-orthogonal) rotation permits the generated factors to be correlated. As it is expected that some factors of negotiation practices and beliefs should be correlated to a certain degree (for example, as Woo and Prud'homme (1999), Pye (1982) and Collins and Block (2007), suggest that an indirect communication style and the concept of giving face are related, as people who value the face concept will use an indirect communication style to give face), oblique rotation was used. Promax rotation was chosen because it is an oblique rotation method, and is optimal for use on large datasets (Field, 2009; Garson, 2011). The Kaiser Meyer Olkin (KMO) measure of sampling adequacy analysis of the 55 variables gives a value of 0.75, which is over the minimum value of 0.5 required for factor analysis (Kaiser, 1974, as cited in Field, 2009), and Bartlett's Test of Sphericity indicates statistical significance between the variables ($p < 0.001$, S), which all prove that factor analysis is adequate and appropriate for use in this case.

Table 9 - Results of the First Exploratory Factor Analysis**Total Variance Explained**

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings ^a
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total
	1	8.877	16.140	16.140	8.877	16.140	16.140
2	6.512	11.840	27.980	6.512	11.840	27.980	6.015
3	2.453	4.461	32.441	2.453	4.461	32.441	5.606
4	2.137	3.886	36.327	2.137	3.886	36.327	4.402
5	2.080	3.782	40.109	2.080	3.782	40.109	3.855
6	1.995	3.627	43.735	1.995	3.627	43.735	3.500
7	1.733	3.151	46.887	1.733	3.151	46.887	3.537
8	1.656	3.011	49.898	1.656	3.011	49.898	3.703
9	1.585	2.881	52.779	1.585	2.881	52.779	2.473
10	1.430	2.601	55.380	1.430	2.601	55.380	3.505
11	1.373	2.497	57.876	1.373	2.497	57.876	1.816
12	1.273	2.315	60.192	1.273	2.315	60.192	3.360
13	1.241	2.256	62.448	1.241	2.256	62.448	4.482
14	1.174	2.134	64.582	1.174	2.134	64.582	2.184
15	1.079	1.962	66.544	1.079	1.962	66.544	1.882
16	1.062	1.930	68.474	1.062	1.930	68.474	1.832

Extraction Method: Principal Component Analysis.

a. When components are correlated, sums of squared loadings cannot be added to obtain a total variance.

Table 9 shows that 16 components (factors) with eigenvalues over 1.0 were extracted which in total explain 68.5% of the variance. Therefore, only these 16 factors were reviewed and investigated in the following analysis. The following table (Table 10) reveals the detailed results of the factor loadings after Promax rotation, which aids interpretation of the 16 factors. As mentioned by Garson (2011), and suggested by Dr. Littrell (R. Littrell, personal communication, January, 2012), the factor loading cut-off rate (the rate that determines an item to be important or not to a factor) is purely arbitrary. Different researchers use different cut-off rates from 0.3 to 0.6 depending on

their research contexts; however, there is a rule of thumb for cut-off rates at 0.4, which suggests that items with factor loadings less than 0.4 are considered weak representatives of the factor. A cut-off rate of 0.4 for factor analysis was used in this research.

Table 10 - Rotated Solutions for the 16 Factors of the First Exploratory Factor Analysis

Pattern Matrix

Items	Component/Factor															
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1. It is essential to build personal <i>guanxi</i> /relationships before actually starting the negotiation.	0.97															
2. I try to build <i>guanxi</i> with the counterparts before the actual negotiation.	0.91															
11. I am NOT prone to rush in to reach a business deal or sign a contract with the counterpart.	0.82															
3. I see signing the contract as the start of the business with the counterparts, rather than the final object or goal of the business deal.	0.44															
21. If I had good <i>guanxi</i> with my negotiation counterpart, I would NOT use any unethical tricks such as giving misleading information in negotiation.	0.39															
55. I tend to change my negotiation style when negotiating with individuals or groups from different countries, based upon which country they are from.																
20. I think I am patient in persuading my counterpart in negotiation.																

Items	Component/Factor															
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
50. If the counterpart had good personal <i>guanxi</i> with me, then I would sign the business deal without considering my company's interest.		0.93														
51. If the counterpart had good personal <i>guanxi</i> with me, then I would consider that the most important condition in signing the business deal.		0.91														
54. If I owed my counterpart a favour (<i>renqing</i>), then I would return this favour when my counterpart asked me in negotiation.		0.88														
53. I value interpersonal <i>guanxi</i> and friendship more than the interests of my company.		0.64														
36. I will avoid eye contact with the counterpart to show respect.		0.59														
28. I prefer to adopt an indirect communication style; e.g., I will NOT express my feelings or responses in clear words or sentences, but instead use gestures such as smiles or nods.			0.91													
32. People of lower company rank can share and exchange their ideas freely with their manager in negotiation.			0.58													

Items	Component/Factor															
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
27. If I want to reject my counterpart's request in negotiation, I will NOT say "No" directly, but rather, use an ambiguous reply such as "let me think about it" or "I need to report to my manager".			0.56	0.40												
26. I would focus on long-term business relationship building when making the business deal or signing the contract.			0.50													
19. I will adopt questioning rather than behaving in an aggressive way in order to persuade.			0.40													
25. I see the goal of negotiation as being the building of long-term mutual business relationships rather than the signed contract itself.																
37. It is important to pay attention to maintaining my own face in the negotiation.				0.92												
40. If the counterpart made me lose face in the negotiation (e.g. pointing out my mistake in front of many other people), then it would have a negative effect on the negotiation process and the final business deal.				0.71												
39. Giving and maintaining a counterpart's face is important in negotiation.				0.54						0.36						

Items	Component/Factor															
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
30. I am only willing to negotiate with a counterpart whose age is similar to my own or is older than myself, but definitely NOT a counterpart much younger than myself.				0.49			0.45									
38. I bear in mind protecting my counterpart's face when rejecting the counterpart's request.				0.36												
46. <i>Guanxi</i> is important in negotiation.					0.81											
49. If there were a good <i>guanxi</i> between the counterpart negotiator and me, then it would influence the negotiation and the business deal, which could make the negotiation easier and more successful.					0.78											
48. Building <i>guanxi</i> and trust are necessary bases for making business deals and signing business agreements.					0.45											
4. I am interested in knowing my counterparts as well as possible, even their personal information, before the negotiation.						0.87										
6. Understanding the people I am negotiating with is as important as understanding the business deal.						0.64										

Items	Component/Factor															
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
5. At the initial meeting, I usually spend a long time building <i>guanxi</i> with the counterpart negotiator after basic greetings and introductions, rather than starting the negotiation straight away.						0.53										
14. I only focus on the content of the contract, and look at the information provided by the counterpart, and <i>guanxi</i> will not influence me in the negotiation and in making decisions or signing the contract.						-0.39										
7. I always expect my negotiation counterpart to engage in misleading practices and make misleading statements in an attempt to gain an advantage in the negotiation.							0.89									
18. I will prompt the counterpart to make concessions by using misleading information on company policies, prices or budget.							0.81							0.36		
9. When starting the negotiation, I will NOT take the initiative to show interest in the products or services of the counterpart company.					0.39		0.64									

Items	Component/Factor															
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
29. I am only willing to negotiate with a counterpart who holds a similar company rank or hierarchical level to myself, and I definitely will NOT negotiate with a counterpart who is of much lower company rank or hierarchical level than myself.							0.37									
35. I expect the counterpart to offer me a formal business meal (such as dinner) after the negotiation meeting.			-0.35					0.76								
34. Having business meals with the counterpart after the first meeting is an acceptable means of enhancing our relationship.		-0.49						0.75								
47. I always offer a small gift to build a relationship with my counterpart.								0.71								
23. I expect and will accept a small gift from my counterpart as a souvenir at the first negotiation meeting.								0.64								

Items	Component/Factor															
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
52. The age and the company rank of the negotiators from two companies must be similar; otherwise, it will influence the negotiation and the business deal. e.g., if the negotiator assigned by the counterpart company was an older senior manager, then it is improper for us to send a young, low ranked employee.									0.99	0.50						
31. When sitting in the negotiation room, the seating position and order must be in accordance with the company rank of the participants. e.g., the negotiation team leader or manager must sit in the front or centre.									0.78							
42. Even if the negotiation takes a long time or passes a deadline, this is acceptable behaviour.										0.91						
17. I will attempt to use my relationship and friendship (<i>guanxi</i>) with my counterpart to obtain a better price and more concessions.										0.51						
24. After both parties have signed a binding contract, both parties must implement it without making any changes.											-0.90					

Items	Component/Factor															
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
13. It is OK to change the terms in the contract to maximise the interest of my company, even after the contract has been signed by both parties.											0.82					
16. I will refer to the price or terms agreed in previous negotiation deals in a negotiation.												0.79				
43. I believe that time is money, so I should follow the negotiation schedule, end the negotiation as quickly as possible, and avoid any delay.										-0.42		0.76				0.39
8. The personal characteristics and social behaviour of the people participating in the negotiation will influence the success of the negotiation more than the details of the business deal and its contract.													1.01			
33. When I meet with the negotiating counterpart for the first time, I prefer to have a formal introduction including shaking hands, exchanging business cards with two hands, rather than a casual introduction.													0.52			
10. I will NOT make the first offer in order to hide my own position and interests, but rather wait for the counterpart to show their position first.													0.50			0.37

Items	Component/Factor															
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
15. In negotiation, I will use time delay as a tactic in bargaining to put pressure on my counterparts.				0.43										-0.72		
44. A competent negotiator will usually take a long time to complete the process.														0.54		
22. I will avoid making final decisions and leave it to the top company manager, even though I have been given such authority in negotiation.	0.42													0.49		
41. I am NOT sensitive to time in negotiation.															-0.72	
12. If the counterpart company changed their negotiator in the middle of the negotiation, assigned a new negotiator, and the person I was familiar with (had a good friendship and <i>guanxi</i> with) was no longer the negotiator representing the counterpart, then it would require restarting the negotiation process from the beginning.															0.71	
45. It is an acceptable goal to make the deal or sign the contract as quickly as possible.																0.90

To assess and summarize Table 10, Factor 1 is a "*guanxi* building" factor, which measures the importance of building *guanxi* at the beginning of a negotiation. Factor 1 contains four items. Items 1 and 2 directly measure the need to build *guanxi* at the start of a negotiation. Item 11 is explicitly about measuring negotiation efficiency. However, Faure (1999) indicates that Chinese business people who do not start the negotiation straight away, or rush to reach an agreement with their counterpart, are interested in knowing their counterpart. This, therefore, touches on the concept of *guanxi* building. Item 3 is specifically about measuring the goal of a negotiation. As suggested by Salacuse (1998), the bi-polar dimensions in regard to negotiation goals is either contract based or relationship based. As the Chinese see the outcome or goal of a negotiation as being the forming of mutual trust and the establishment of a long-term relationship (Collins & Block, 2007; Faure, 1999), there is a strong link between *guanxi* building and the negotiation goal. Moreover, according to Collins and Block (2007), *guanxi* is about a long-term business relationship to the Chinese. Therefore, although, Item 3 and Item 11 measure concepts other than *guanxi*, these two items implicitly measure the importance of *guanxi* development in negotiation to a certain degree.

Factor 2 is an "influence of *guanxi*" factor concerned with the effects or values of having *guanxi* in a negotiation, and examines the importance of *guanxi* versus company interest. Factor 2 contains five items. Items 50 and 53 directly measure whether *guanxi* is more important than the participant's company's interest. Items 51 and 54 imply that the participants will focus less on the terms and conditions of the actual deal, and sign the contract without concern for their company's interest. In other words, whether participants will put aside their company's interest due to the *guanxi* and *renqing* factors associated with their counterpart. Item 36 has the lowest factor loading score compared to the other four items, and although its factor loading value for Factor 2 is 0.59, it cannot be used to measure "influence of *guanxi*" in negotiation.

Factor 3 does not represent a clear theme. Items 28, 27 and 19 share the concept of using an indirect communication style in negotiation. However, Items 32 and 26 do not

adequately measure this interpersonal communication style.

Factor 4 is a "face" factor representing the importance of the concept of face in negotiation, and contains four items. Items 37, 40 and 39 directly measure the importance of the concept of face in negotiation, while Item 30 relates to the importance of social status in negotiation. Item 30 can be seen as a "face" related item. As indicated by Graham and Lam (2003), if a Western company sent a negotiator whose social status, or company rank was much lower than their Chinese counterpart in a negotiation, then the Chinese would feel insulted, and might perceive a loss of face.

Factor 5 is an "importance of *guanxi*" factor measuring whether having *guanxi* is important in negotiation. Factor 5 contains three items, Items 46, 49, and 48. All three items measure the importance of *guanxi* in negotiation.

Factor 6 is a "knowledge of counterpart" factor concerned with whether the participants focus on understanding the people participating in the negotiation or on the business deal and the contract itself. There are three items that form Factor 6. Items 4, and 6 both measure the same concept of "knowledge of counterpart". Although Item 5 measures *guanxi* building, it is also related to "knowledge of counterpart". As indicated by many scholars (Herbig & Martin, 1998; Stark et al., 2005; Zhu et al., 2007), the Chinese prefer to know their counterparts as much as possible in order to build *guanxi* and trust at the beginning of a negotiation, therefore, understanding one's counterpart is an indispensable step in building *guanxi*.

Factor 7 is composed of Items 7, 18 and 9, dealing with "negotiation tricks" and the likelihood of playing tricks, such as giving misleading information or hiding one's own position to gain an advantage in negotiation. All three items share the clear underlying theme of negotiation tricks.

Factor 8 is a "Chinese etiquette" factor regarding Chinese etiquette in business, which

includes having banquets and offering or accepting gifts in negotiation. The four items, Items 35, 34, 47 and 23 all measure these practices.

Factor 9 has only two items (Items 52 and 31), this being a "social status and company hierarchy" factor and questions whether a negotiator's age and company rank matter in negotiation. Item 52 directly mentions the correspondence in age and company rank of the two negotiating representatives from the respective companies. Item 31 is about seating order and position in negotiation, but it fully reflects the concept of social status and company hierarchy among the Chinese (Blackman, 2000; Collins & Block, 2007; Woo & Prud'homme, 1999).

Factor 10 consists of Items 42 and 17; but lacks a clear common theme.

Factor 11 is an "importance of contract rules" factor dealing with whether changes in terms are allowed after both parties have signed a contract. There are only two items (Items 24 and 13) under this factor; both of which mention making changes to contract terms after signing a contract.

Factor 12 has only two items (Items 16 and 43); but they measure different concepts, making it hard to identify a clear common theme.

Factor 13 consists of Items 8, 33 and 10, which is a "social behaviour" factor concerned with the importance of social behaviour in influencing a negotiation. Both Items 8 and 33 are directly linked to a negotiator's social behaviour or activities in negotiation. However, Item 10 may not accurately represent Factor 13. Item 10 is about a commonly used negotiation strategy in Chinese negotiation; hiding one's own interest or business intent in order to gain advantage in bargaining (Miles, 2003; Pye, 1982).

Factor 14 is a "time delay" factor regarding using time as a tactic in negotiation, which is composed of Items 15, 44, and 22. Item 22, about avoiding making final decisions,

can be seen as an item that indirectly measures this factor. As indicated by Pye (1982) and Miles (2003), the Chinese normally avoid making decisions, leaving it to their top managers, and such a practice will cause delays in negotiation.

Factor 15 is composed of Items 41 and 12, and also lacks a clear theme. Item 41 directly measures people's attitudes to time in negotiation, while Item 12 measures the importance of *guanxi*. Although the underlying meaning for Item 12 is low time sensitivity, the link between the two items is not obvious.

Factor 16 has only one item (Item 45), which deals with "negotiation efficiency".

In summary, the results of the factor analysis of the collected data did not show perfect factor results. Some of the factors generated lacked a clear underlying theme, or contained items which were measuring unrelated concepts (multiple themes). The reason for such results might be due to the following:

1. The research questionnaire had a large number of rating scale items (55 variables), whilst the research sample size was relatively small (160 valid participants). The ratio of variables to participants was about 1:3. The "rule of thumb" for factor analysis suggests that the sample size should be 10 to 15 times more than the variables used to ensure the reliability of the factor solutions (Field, 2009). Other scholars recommended having a sample size 5 to 10 times greater than the variables for factor analysis (Kass and Tinsley, 1979, as cited in Field, 2009).
2. The non-orthogonal rotation used in the factor analysis allowed the generated factors to be correlated, thus causing more cross-loaded variables, and increased difficulty in result interpretation (Field, 2009; Garson, 2011).
3. Some items were not phrased simply and clearly, which might have caused confusion to Chinese participants.

Therefore, the factor analysis solutions may not be reliable, meaning the construct validity and reliability of the survey questionnaire employed in this research is questionable, which may require in-depth investigation.

6.7 Focus Group Study

In order to test the validity and reliability of the survey questionnaire and testify the assignment of the items to the 16 generated factors, a focus group study with native Chinese speakers was organised. Although focus group study is a qualitative research method, it can be seen as a supportive method for this study that may help understand the real meaning of the 55 rating scale items in Chinese, and examine the Chinese people's understanding of those items. In addition, due to the relatively small sample size of this research, and the limited time and resources, focus group studies may be the most time and resource efficient method to use for testing the validity of the research instrument.

With the help of the researcher's supervisor and postgraduate office, three invitation emails were sent to the school's current postgraduate students at the end of April and the beginning of May, 2012 to recruit five Chinese native speakers. However, due to the difficulties in recruiting volunteers from the school's postgraduate students, the researcher organised three independent focus groups through personal contacts. Of the three focus groups, two of the discussions were each attended by two Chinese business people. The reason they were chosen was that these four participants had extensive experience in business negotiation and were familiar with Chinese negotiation practices. Another discussion was attended by a young Chinese businessman, aimed mainly at receiving comments from the perspective of a young person. During the discussion, the five participants were asked to rate the 55 rating scale items from the Chinese version only, and then discuss the meaning of each item, review the factor structure, and discuss the validity of each factor. As this research employed the Chinese version of the questionnaire, the three discussions were conducted in Chinese. Detailed results of the

focus group study are shown and discussed below. As people have a different understanding of the items and the factors, the comments shown in the table below are those agreed on by all of the three groups, unless otherwise noted.

Table 11 - Comments from Three Focus Group Discussions on the Results of the First Factor Analysis

Factor	Item	Comments from the three focus group discussions
Factor 1 - <i>Guanxi</i> building	1. It is essential to build personal <i>guanxi</i> /relationships before actually starting the negotiation.	
	2. I try to build <i>guanxi</i> with the counterparts before the actual negotiation.	
	11. I am NOT prone to rush in to reach a business deal or sign a contract with the counterpart.	They did not think this item was measuring " <i>guanxi</i> building", until it was explained to them. They thought the measurement was indirect.
	3. I see signing the contract as the start of the business with the counterparts, rather than the final object or goal of the business deal. ★ Δ	Goal of negotiations. Long-term business relationship orientated.
	21. If I had good <i>guanxi</i> with my negotiation counterpart, I would NOT use any unethical tricks such as giving misleading information in negotiation.	
	55. I tend to change my negotiation style when negotiating with individuals or groups from different countries, based upon which country they are from.	
	20. I think I am patient in persuading my counterpart in negotiation.	
Factor 2 - Influence of <i>guanxi</i> (<i>Guanxi</i> VS company	50. If the counterpart had good personal <i>guanxi</i> with me, then I would sign the business deal without considering my company's interest.	
	51. If the counterpart had good personal <i>guanxi</i> with me, then I would consider that the most important condition in signing the business deal.	

interest)	54. If I owed my counterpart a favour (<i>renqing</i>), then I would return this favour when my counterpart asked me in negotiation.	
	53. I value interpersonal <i>guanxi</i> and friendship more than the interests of my company.	
	36. I will avoid eye contact with the counterpart to show respect. ★	Interpersonal interaction.
Factor 3 - Indirect communication style	28. I prefer to adopt an indirect communication style; e.g., I will NOT express my feelings or responses in clear words or sentences, but instead use gestures such as smiles or nods.	
	32. People of lower company rank can share and exchange their ideas freely with their manager in negotiation. ★	Hierarchy in teamwork.
	27. If I want to reject my counterpart's request in negotiation, I will NOT say "No" directly, but rather, use an ambiguous reply such as "let me think about it" or "I need to report to my manager".	
	26. I would focus on long-term business relationship building when making the business deal or signing the contract. ★ Δ	Long-term business relationship orientation.
	19. I will adopt questioning rather than behaving in an aggressive way in order to persuade.	
	25. I see the goal of negotiation as being the building of long-term mutual business relationships rather than the signed contract itself. Δ	Goal of negotiation. Long-term business relationship orientated.
Factor 4 - Face	37. It is important to pay attention to maintaining my own face in the negotiation.	
	40. If the counterpart made me lose face in the negotiation (e.g. pointing out my mistake in front of many other people), then it would have a negative effect on the negotiation process and the final business deal.	

	39. Giving and maintaining a counterpart's face is important in negotiation.	
	30. I am only willing to negotiate with a counterpart whose age is similar to my own or is older than myself, but definitely NOT a counterpart much younger than myself. ★ Δ	One group believed Item 30 is face related, but does not actually measure the concept of face. Another group believed it has nothing to do with the concept of face, rather it is about business rules in China. All three groups believed it measures the importance of social status in negotiation.
	38. I bear in mind protecting my counterpart's face when rejecting the counterpart's request.	It also measures Factor 4 - face.
Factor 5 - Importance of <i>guanxi</i>	46. <i>Guanxi</i> is important in negotiation.	Factor 5 measures the importance of <i>guanxi</i> in negotiation.
	49. If there were a good <i>guanxi</i> between the counterpart negotiator and me, then it would influence the negotiation and the business deal, which could make the negotiation easier and more successful.	
	48. Building <i>guanxi</i> and trust are necessary bases for making business deals and signing business agreements.	
Factor 6 - Knowledge of counterpart	4. I am interested in knowing my counterparts as well as possible, even their personal information, before the negotiation.	Factor 6 is about the negotiation practice of knowing the counterpart. One group described this factor as <i>ZhiJiZhiBi</i> (know yourself as well as the adversary).
	6. Understanding the people I am negotiating with is as important as understanding the business deal.	
	5. At the initial meeting, I usually spend a long time building <i>guanxi</i> with the counterpart negotiator after basic greetings and introductions, rather than starting the negotiation straight away.	

	14. I only focus on the content of the contract, and look at the information provided by the counterpart, and <i>guanxi</i> will not influence me in the negotiation and in making decisions or signing the contract.	
Factor 7 - Negotiation tricks	7. I always expect my negotiation counterpart to engage in misleading practices and make misleading statements in an attempt to gain an advantage in the negotiation.	The word "trick" is a negative word that has a derogatory meaning in Chinese. One focus group thought the three items in Factor 7 were negotiation skills or techniques.
	18. I will prompt the counterpart to make concessions by using misleading information on company policies, prices or budget.	
	9. When starting the negotiation, I will NOT take the initiative to show interest in the products or services of the counterpart company.	
	29. I am only willing to negotiate with a counterpart who holds a similar company rank or hierarchical level to myself, and I definitely will NOT negotiate with a counterpart who is of much lower company rank or hierarchical level than myself. Δ	Measuring the importance of company rank. Similar to Item 30.
Factor 8 - Chinese etiquette	35. I expect the counterpart to offer me a formal business meal (such as dinner) after the negotiation meeting.	Two groups thought it is not appropriate to call Factor 8 Chinese etiquette, rather, Factor 8 is Chinese <i>guanxi/renqing</i> customs in business, and is related to <i>guanxi</i> building.
	34. Having business meals with the counterpart after the first meeting is an acceptable means of enhancing our relationship.	
	47. I always offer a small gift to build a relationship with my counterpart.	
	23. I expect and will accept a small gift from my counterpart as a souvenir at the first negotiation meeting.	

Factor 9 - Social status and company hierarchy	52. The age and the company rank of the negotiators from two companies must be similar; otherwise, it will influence the negotiation and the business deal. e.g., if the negotiator assigned by the counterpart company was an older senior manager, then it is improper for us to send a young, low ranked employee.	
	31. When sitting in the negotiation room, the seating position and order must be in accordance with the company rank of the participants. e.g., the negotiation team leader or manager must sit in the front or centre.	
Factor 10 -	42. Even if the negotiation takes a long time or passes a deadline, this is acceptable behaviour. ★ Δ	Measuring time
	17. I will attempt to use my relationship and friendship (<i>guanxi</i>) with my counterpart to obtain a better price and more concessions. ★ Δ	Strategy of utilizing a <i>guanxi</i> network. Factor 7
Factor 11 - Importance of contract rules	24. After both parties have signed a binding contract, both parties must implement it without making any changes.	Item 24 and Item 13 are the similar, just phrased in the opposite way.
	13. It is OK to change the terms in the contract to maximise the interest of my company, even after the contract has been signed by both parties.	
Factor 12 -	16. I will refer to the price or terms agreed in previous negotiation deals in a negotiation. ★ Δ	Strategy. Factor 7
	43. I believe that time is money, so I should follow the negotiation schedule, end the negotiation as quickly as possible, and avoid any delay. ★ Δ	Time. Negotiation efficiency. Factor 16
Factor 13 - Social behaviour	8. The personal characteristics and social behaviour of the people participating in the negotiation will influence the success of the negotiation more than the details of the business deal and its contract.	Social behaviour, relating to <i>guanxi</i> .

	33. When I meet with the negotiating counterpart for the first time, I prefer to have a formal introduction including shaking hands, exchanging business cards with two hands, rather than a casual introduction.	
	10. I will NOT make the first offer in order to hide my own position and interests, but rather wait for the counterpart to show their position first. ★	Trick. Factor 7
Factor 14 - Time delay	15. In negotiation, I will use time delay as a tactic in bargaining to put pressure on my counterparts.	Items 15 & 22 can be seen as tricks used in negotiation.
	44. A competent negotiator will usually take a long time to complete the process. ★ Δ	Belief about time.
	22. I will avoid making final decisions and leave it to the top company manager, even though I have been given such authority in negotiation.	Measures decision making.
Factor 15 -	41. I am NOT sensitive to time in negotiation. ★ Δ	Belief about time.
	12. If the counterpart company changed their negotiator in the middle of the negotiation, assigned a new negotiator, and the person I was familiar with (had a good friendship and <i>guanxi</i> with) was no longer the negotiator representing the counterpart, then it would require restarting the negotiation process from the beginning. ★	Measuring the importance of <i>guanxi</i> , Factor 5, and negotiation efficiency, Factor 14
Factor 16 - Negotiation efficiency	45. It is an acceptable goal to make the deal or sign the contract as quickly as possible. ★ Δ	Time, negotiation efficiency.

Δ : Item chosen for a second factor analysis.

★: Item omitted from the factor.

As a result of the focus group study, a few items were pointed out by the three focus groups as not actually measuring the same topic or concept as the other items within the factor and were omitted from the factors, while some items were chosen for a second factor analysis.

6.8 Second Exploratory Factor Analysis

The comments of the three focus group discussions suggested that there were 12 items which measured some common concepts independent of the generated factor solutions. Those 12 items were subjected to another separate factor analysis to examine their inter-correlation coefficients. Principle component extraction with oblique rotation - Promax rotation was used once again. KMO test shows a value of 0.59, and Bartlett's Test indicates statistical significance between variables ($p < 0.001$, S), which all prove that factor analysis is adequate and appropriate for use in this case.

Table 12 - Results of the Second Exploratory Factor Analysis
Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings ^a
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total
	I	2.742	22.853	22.853	2.742	22.853	22.853
II	2.034	16.954	39.807	2.034	16.954	39.807	1.950
III	1.363	11.358	51.166	1.363	11.358	51.166	1.976
IV	1.179	9.827	60.993	1.179	9.827	60.993	1.377

Extraction Method: Principal Component Analysis.

a. When components are correlated, sums of squared loadings cannot be added to obtain a total variance.

Table 12 shows that four components (factors) with eigenvalues over 1.0 were extracted, and which in total explain 61.0% of the variance. Therefore, only those four factors were reviewed and investigated in the following analysis. The following table shows clear results of the factor loadings after the rotation.

Table 13 - Rotated Solutions for the 4 Factors of the Second Exploratory Factor

Analysis

Pattern Matrix^a

Items	Component/Factor			
	I	II	III	IV
25. I see the goal of negotiation as being the building of long-term mutual business relationships rather than the signed contract itself.	0.84			
26. I would focus on long-term business relationship building when making the business deal or signing the contract.	0.79			
3. I see signing the contract as the start of the business with the counterparts, rather than the final object or goal of the business deal.	0.67			
17. I will attempt to use my relationship and friendship (<i>guanxi</i>) with my counterpart to obtain a better price and more concessions.	0.61			
16. I will refer to the price or terms agreed in previous negotiation deals in a negotiation.	0.46			0.45
41. I am NOT sensitive to time in negotiation.		0.86		
42. Even if the negotiation takes a long time or passes a deadline, this is acceptable behaviour.		0.71		
44. A competent negotiator will usually take a long time to complete the process.		0.59		
29. I am only willing to negotiate with a counterpart who holds a similar company rank or hierarchical level to myself, and I definitely will NOT negotiate with a counterpart who is of much lower company rank or hierarchical level than myself.			0.98	
30. I am only willing to negotiate with a counterpart whose age is similar to my own or is older than myself, but definitely NOT a counterpart much younger than myself.			0.80	
43. I believe that time is money, so I should follow the negotiation schedule, end the negotiation as quickly as possible, and avoid any delay.				0.86
45. It is an acceptable goal to make the deal or sign the contract as quickly as possible.				0.59

Extraction Method: Principal Component Analysis.

Rotation Method: Promax with Kaiser Normalization.

a. Rotation converged in 5 iterations.

Factor I is a "negotiation goals" factor about long-term business relationship building being the goal of a negotiation. Items 25, 26 and 3 directly mention the goal of a negotiation. However, as suggested by the three focus group discussions, Item 16 and Item 17 measure bargaining tactics which refer to friendship or previously agreed prices or terms, to get a better price and more concessions from the counterpart. These items share a similar underlying concept with Factor 7 (Negotiation tricks) in the first factor analysis. Factor II is a "time sensitivity" factor regarding participants' attitude toward time taken in negotiation. Factor III is an "age and company rank requirement" factor which asks whether participants have a requirement regarding counterpart's age or company rank, and this shares a similar underlying concept to Factor 9 (Importance of relative status) in the first factor analysis that measures whether a counterpart's social status and company rank matter in negotiation. Factor IV is a "negotiation efficiency" factor about participants' attitude as to whether or not a negotiation needs to be finished as early as possible. Overall, the results of the second factor analysis confirmed the comments made by the three focus groups that some items shared common concepts.

6.9 A Summary of the Final 15 Factors and a Reliability Test

By combining the results of the two rounds of factor analysis with the comments made by the three focus groups, 15 factors emerged. A detailed summary of the 15 factors and their components is presented in Table 14. Cronbach's Alpha (α), along with item to scale analysis was used to test the reliability of the 15 factors. Cronbach's α analysis was chosen because it could show indications of the consistency of the survey questionnaire; whether the items within a generated factor all measure the same concept (Field, 2009; Pallant, 2007). As indicated by Field (2009), a Cronbach's α value over of 0.7 is a commonly accepted value for proving the reliability of a scale. Rules of thumb suggested by other scholars are that a Cronbach's α value below 0.5 is unacceptable, while one over 0.8 is good (George and Mallery, 2003, as cited in Gliem & Gliem, 2003). Considering the small sample size of this research project, this research used an α value of 0.5 as an acceptable rate for the reliability test. Examining the results of the

Cronbach's α analyses in Table 14, the first 12 factors had α value range from 0.53 to 0.82, denoting acceptable reliabilities. However, Factor 13 (Negotiation Efficiency), Factor 14 (Time Utilisation), and Factor 15 (Social Behaviour) had an α value below 0.5 each, indicating that these three factors were unreliable in terms of their internal consistency and were consequently dropped. Factor 1 (*Guanxi* Building), and Factor 11 (Negotiation Goals), each had one item that would substantially increase the overall alpha value if the item was to be deleted from the scale. However, as deleting one item would leave only two items, it was decided not to remove the items from the factors. Although Factor 10 (Importance of Contract Rules) had two items only, it was still regarded as a reliable factor as there were only two items measuring attitudes toward contract implementation in the questionnaire. Ultimately, 12 factors were kept as reliable factors; representing 12 aspects and elements of Chinese negotiation, and these would be used for further analysis as detailed in the following sections.

Table 14 - A Summary of the 15 Factors and Results of the Reliability Test Using Cronbach's Alpha and Item to Scale Analyses

Factor Number & Name	Item Description	Cronbach's α	Cronbach's α If Item Deleted
Factor 1 - <i>Guanxi</i> Building	Statement 1. It is essential to build personal <i>guanxi</i> /relationships before actually starting the negotiation.	0.77	0.58
	Statement 2. I try to build <i>guanxi</i> with the counterparts before the actual negotiation.		0.63
	Statement 11. I am NOT prone to rush in to reach a business deal or sign a contract with the counterpart.		0.82
Factor 2 - Influence of <i>Guanxi</i>	Statement 50. If the counterpart had good personal <i>guanxi</i> with me, then I would sign the business deal without considering my company's interest.	0.82	0.72
	Statement 51. If the counterpart had good personal <i>guanxi</i> with me, then I would consider that the most important condition in signing the business deal.		0.77
	Statement 54. If I owed my counterpart a favour (<i>renqing</i>), then I would return this favour when my counterpart asked me in negotiation.		0.76
	Statement 53. I value interpersonal <i>guanxi</i> and friendship more than the interests of my company.		0.82
Factor 3 - Indirect Communication Style	Statement 28. I prefer to adopt an indirect communication style; e.g., I will NOT express my feelings or responses in clear words or sentences, but instead use gestures such as smiles or nods.	0.59	0.56
	Statement 27. If I want to reject my counterpart's request in negotiation, I will NOT say "No" directly, but rather, use an ambiguous reply such as "let me think about it" or "I need to report to my manager".		0.44

	Statement 19. I will adopt questioning rather than behaving in an aggressive way in order to persuade.		0.45
Factor 4 - Importance of Face	Statement 37. It is important to pay attention to maintaining my own face in the negotiation.	0.73	0.63
	Statement 40. If the counterpart made me lose face in the negotiation (e.g. pointing out my mistake in front of many other people), then it would have a negative effect on the negotiation process and the final business deal.		0.66
	Statement 39. Giving and maintaining a counterpart's face is important in negotiation.		0.67
	Statement 38. I bear in mind protecting my counterpart's face when rejecting the counterpart's request.		0.69
Factor 5 - Importance of <i>Guanxi</i> in Negotiation	Statement 46. <i>Guanxi</i> is important in negotiation.	0.74	0.64
	Statement 49. If there were a good <i>guanxi</i> between the counterpart negotiator and me, then it would influence the negotiation and the business deal, which could make the negotiation easier and more successful.		0.58
	Statement 48. Building <i>guanxi</i> and trust are necessary bases for making business deals and signing business agreements.		0.73
Factor 6 - Knowledge of Counterpart	Statement 4. I am interested in knowing my counterparts as well as possible, even their personal information, before the negotiation.	0.68	0.57
	Statement 6. Understanding the people I am negotiating with is as important as understanding the business deal.		0.56
	Statement 5. At the initial meeting, I usually spend a long time building <i>guanxi</i> with the counterpart negotiator after basic greetings and introductions, rather than starting the negotiation straight away.		0.64

Factor 7 - Negotiation Tactics	Statement 7. I always expect my negotiation counterpart to engage in misleading practices and make misleading statements in an attempt to gain an advantage in the negotiation.	0.53	0.48
	Statement 18. I will prompt the counterpart to make concessions by using misleading information on company policies, prices or budget.		0.34
	Statement 9. When starting the negotiation, I will NOT take the initiative to show interest in the products or services of the counterpart company.		0.51
	Statement 16. I will refer to the price or terms agreed in previous negotiation deals in a negotiation.		0.54
	Statement 17. I will attempt to use my relationship and friendship (<i>guanxi</i>) with my counterpart to obtain a better price and more concessions.		0.49
Factor 8 - Chinese Business Etiquette	Statement 35. I expect the counterpart to offer me a formal business meal (such as dinner) after the negotiation meeting.	0.64	0.51
	Statement 34. Having business meals with the counterpart after the first meeting is an acceptable means of enhancing our relationship.		0.68
	Statement 47. I always offer a small gift to build a relationship with my counterpart.		0.54
	Statement 23. I expect and will accept a small gift from my counterpart as a souvenir at the first negotiation meeting.		0.53
Factor 9 - Importance of Relative Status	Statement 52. The age and the company rank of the negotiators from two companies must be similar; otherwise, it will influence the negotiation and the business deal. e.g., if the negotiator assigned by the counterpart company was an older senior manager, then it is improper for us to send a young, low ranked employee.	0.61	0.60

	Statement 31. When sitting in the negotiation room, the seating position and order must be in accordance with the company rank of the participants. e.g., the negotiation team leader or manager must sit in the front or centre.		0.55
	Statement 29. I am only willing to negotiate with a counterpart who holds a similar company rank or hierarchical level to myself, and I definitely will NOT negotiate with a counterpart who is of much lower company rank or hierarchical level than myself.		0.45
	Statement 30. I am only willing to negotiate with a counterpart whose age is similar to my own or is older than myself, but definitely NOT a counterpart much younger than myself.		0.54
Factor 10 - Importance of Contract Rules	Statement 24. After both parties have signed a binding contract, both parties must implement it without making any changes. (Score reversed)	0.66	N/A
	Statement 13. It is OK to change the terms in the contract to maximise the interest of my company, even after the contract has been signed by both parties.		N/A
Factor 11 - Negotiation Goals	Statement 26. I would focus on long-term business relationship building when making the business deal or signing the contract.	0.77	0.62
	Statement 25. I see the goal of negotiation as being the building of long-term mutual business relationships rather than the signed contract itself.		0.56
	Statement 3. I see signing the contract as the start of the business with the counterparts, rather than the final object or goal of the business deal.		0.88
Factor 12 - Time Sensitivity	Statement 41. I am NOT sensitive to time in negotiation.	0.57	0.36
	Statement 42. Even if the negotiation takes a long time or passes a deadline, this is acceptable behaviour.		0.56
	Statement 44. A competent negotiator will usually take a long time to		0.49

	complete the process.		
Factor 13 - Negotiation Efficiency	Statement 43. I believe that time is money, so I should follow the negotiation schedule, end the negotiation as quickly as possible, and avoid any delay.	0.33 ◆	N/A
	Statement 45. It is an acceptable goal to make the deal or sign the contract as quickly as possible.		N/A
Factor 14 - Time Utilisation	Statement 15. In negotiation, I will use time delay as a tactic in bargaining to put pressure on my counterparts.	0.02 ◆	N/A
	Statement 22. I will avoid making final decisions and leave it to the top company manager, even though I have been given such authority in negotiation.		N/A
Factor 15 - Social Behaviour	Statement 8. The personal characteristics and social behaviour of the people participating in the negotiation will influence the success of the negotiation more than the details of the business deal and its contract.	0.32 ◆	N/A
	Statement 33. When I meet with the negotiating counterpart for the first time, I prefer to have a formal introduction including shaking hands, exchanging business cards with two hands, rather than a casual introduction.		N/A

N/A: Not applicable, as there are only two items within the factor and Cronbach's alpha analysis cannot be used on a single item.

◆: Cronbach's alpha value below 0.5.

6.10 Results of the Participants' Ratings of the 12 Emergent Factors

The next step was to review the participants' rating results from the descriptive summaries of the 12 factor scores (as shown in Table 15), so that their beliefs regarding the various negotiation styles, practices, and behaviour could be revealed. When calculating mean factor scores, a statement phrased conversely to the other statements in the factor, was reversed in scale to ensure the consistency of the rating score.

Table 15 - Descriptive Summary of the Participants' Rating Scores of the 12 Factors Sorted by Factor Mean

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation	Skewness		Kurtosis	
						Statistic	Std. Error	Statistic	Std. Error
Factor 11 - Negotiation Goals	158	1.00	5.00	4.27	0.75	-1.69	0.19	4.06	0.38
Factor 5 - Importance of <i>Guanxi</i> in Negotiation	155	1.33	5.00	3.89	0.63	-0.63	0.19	1.35	0.39
Factor 1 - <i>Guanxi</i> Building	159	1.00	5.00	3.85	0.77	-1.04	0.19	1.58	0.38
Factor 6 - Knowledge of Counterpart	160	1.00	5.00	3.71	0.76	-0.57	0.19	1.34	0.38
Factor 3 - Indirect Communication Style	159	1.00	5.00	3.60	0.72	-0.71	0.19	1.72	0.38
Factor 4 - Importance of Face	152	1.00	5.00	3.31	0.66	-0.33	0.20	1.38	0.39
Factor 7 - Negotiation Tactics	153	1.00	5.00	3.01	0.54	0.05	0.20	2.05	0.39
Factor 10 - Importance of Contract Rules	159	1.00	5.00	2.87	0.98	-0.22	0.19	-0.45	0.38
Factor 9 - Importance of Relative Status	160	1.00	4.50	2.85	0.63	-0.01	0.19	0.05	0.38
Factor 8 - Chinese Business Etiquette	156	1.25	4.50	2.84	0.61	-0.26	0.19	-0.12	0.39
Factor 12 - Time Sensitivity	154	1.33	5.00	2.78	0.67	0.80	0.20	0.86	0.39
Factor 2 - Influence of <i>Guanxi</i>	160	1.00	5.00	2.21	0.80	1.22	0.19	2.41	0.38
Valid N (listwise)	132								

Table 16 - Frequency and Percentage of Responses to Factor 1 (*Guanxi* Building)

Likert Scale Anchors		Frequency	Percent	Valid Percent	Category Frequency	Valid Category Percent
Strongly Disagree	1.00	1	0.6%	0.6%	3	1.9%
	1.33	2	1.3%	1.3%		
Disagree	1.67	1	0.6%	0.6%	5	3.1%
	1.67	1	0.6%	0.6%		
	2.33	3	1.9%	1.9%		
Neutral	2.67	6	3.8%	3.8%	39	24.5%
	3.00	9	5.6%	5.7%		
	3.33	24	15.0%	15.1%		
Agree	3.67	23	14.4%	14.5%	77	48.4%
	4.00	28	17.5%	17.6%		
	4.33	26	16.3%	16.4%		
Strongly Agree	4.67	27	16.9%	17.0%	35	22.0%
	5.00	8	5.0%	5.0%		
Total		159	99.4%	100.0%	159	100.0%
Missing		1	0.6%		1	
Total		160	100.0%		160	

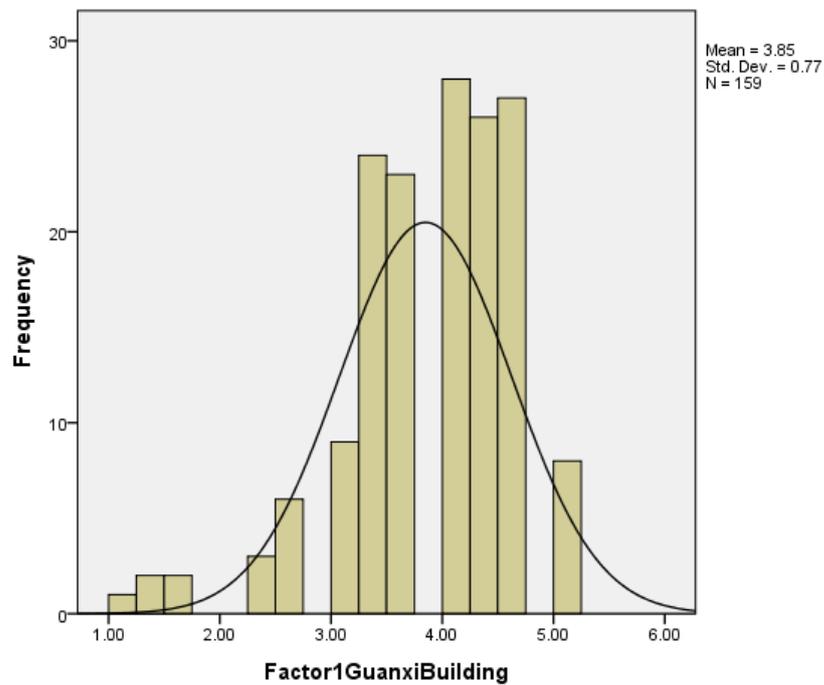


Figure 1 - Distribution of Responses to Factor 1 (*Guanxi* Building)

Factor 1 - Guanxi Building. As seen from Table 15 and Figure 1, the mean factor score of Factor 1 is 3.85 (n=159, s.d.=0.77), which shows a high level of agreement among the participants to this factor. Table 16 shows 70.4 % (n=112) of the participants agree on this factor (specifically, as rounded up to one decimal place, 48.4% agree, n=77; 22.0% strongly agree, n=35), which indicates that building *guanxi* with the counterpart is important and necessary at the beginning of negotiation. This result suggests that the participants adopt similar negotiation styles and practices to traditional Chinese negotiators and all regard *guanxi* building as essential, although the level of agreement might differ between the sample population and the traditional Chinese negotiators defined in the literature review.

Table 17 - Frequency and Percentage of Responses to Factor 2 (Influence of *Guanxi*)

Likert Scale Anchors		Frequency	Percent	Valid Percent	Category Frequency	Valid Category Percent
Strongly Disagree	1.00	13	8.1%	8.1%	17	10.6%
	1.25	4	2.5%	2.5%		
Disagree	1.50	15	9.4%	9.4%	92	57.5%
	1.75	19	11.9%	11.9%		
	2.00	33	20.6%	20.6%		
	2.25	25	15.6%	15.6%		
Neutral	2.50	12	7.5%	7.5%	40	25.0%
	2.75	17	10.6%	10.6%		
	3.00	9	5.6%	5.6%		
	3.25	2	1.3%	1.3%		
Agree	3.75	2	1.3%	1.3%	6	3.8%
	4.00	4	2.5%	2.5%		
Strongly Agree	4.50	1	0.6%	0.6%	5	3.1%
	4.75	1	0.6%	0.6%		
	5.00	3	1.9%	1.9%		
Total		160	100.0%	100.0%	160	100.0%

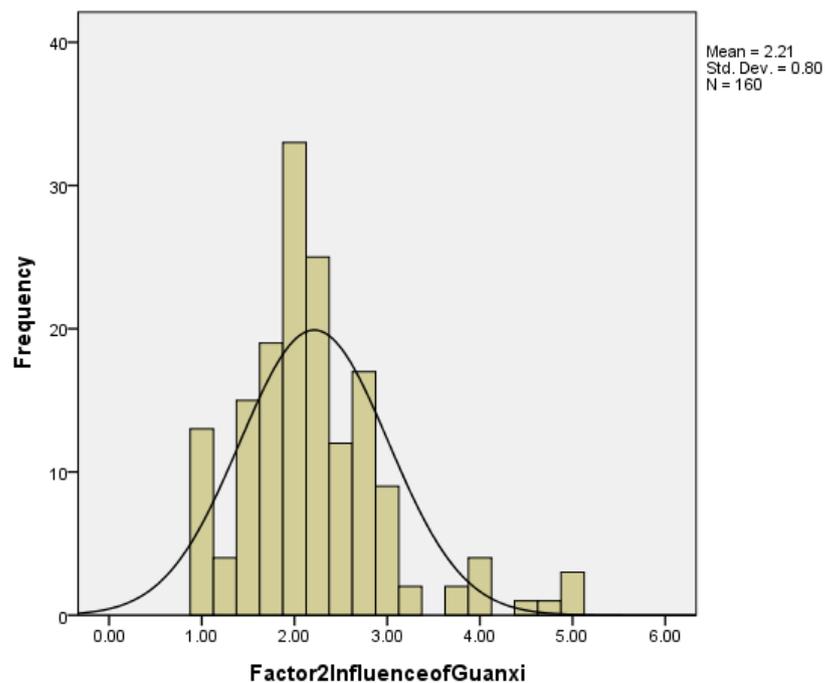


Figure 2 - Distribution of Responses to Factor 2 (Influence of *Guanxi*)

Factor 2 - Influence of *Guanxi*. The mean factor score for Factor 2 is 2.21 (n=160, s.d.=0.80), which is a disagreement rating. Figure 2 also indicates a high level of disagreement with this factor, and Table 17 shows 68.1% (n=109) of the participants disagree with this factor (specifically, 57.5% disagree, n=92; 10.6% strongly disagree, n=17). Such results suggest participants will not return favours or give up their company's interests simply because of the *guanxi* they have with their counterpart when signing a contract. This finding suggests that the sample population conflicts with what Rivers (2009) has found, that the Chinese put their company's interest behind the friendship and *guanxi* with their friend. The reason behind this could be the business conduct training they have received from the company. A more detailed one-way between-group ANOVA analysis will be conducted, to test the correlation between business conduct training and the participants' rating result for Factor 2.

Table 18 - Frequency and Percentage of Responses to Factor 3 (Indirect Communication Style)

Likert Scale Anchors		Frequency	Percent	Valid Percent	Category Frequency	Valid Category Percent
Strongly Disagree	1.00	2	1.3%	1.3%	3	1.9%
	1.33	1	0.6%	0.6%		
Disagree	2.00	2	1.3%	1.3%	6	3.8%
	2.33	4	2.5%	2.5%		
Neutral	2.67	9	5.6%	5.7%	55	34.6%
	3.00	17	10.6%	10.7%		
	3.33	29	18.1%	18.2%		
Agree	3.67	37	23.1%	23.3%	80	50.3%
	4.00	28	17.5%	17.6%		
	4.33	15	9.4%	9.4%		
Strongly Agree	4.67	9	5.6%	5.7%	15	9.4%
	5.00	6	3.8%	3.8%		
Total		159	99.4%	100.0%	159	100.0%
Missing		1	0.6%		1	
Total		160	100.0%		160	

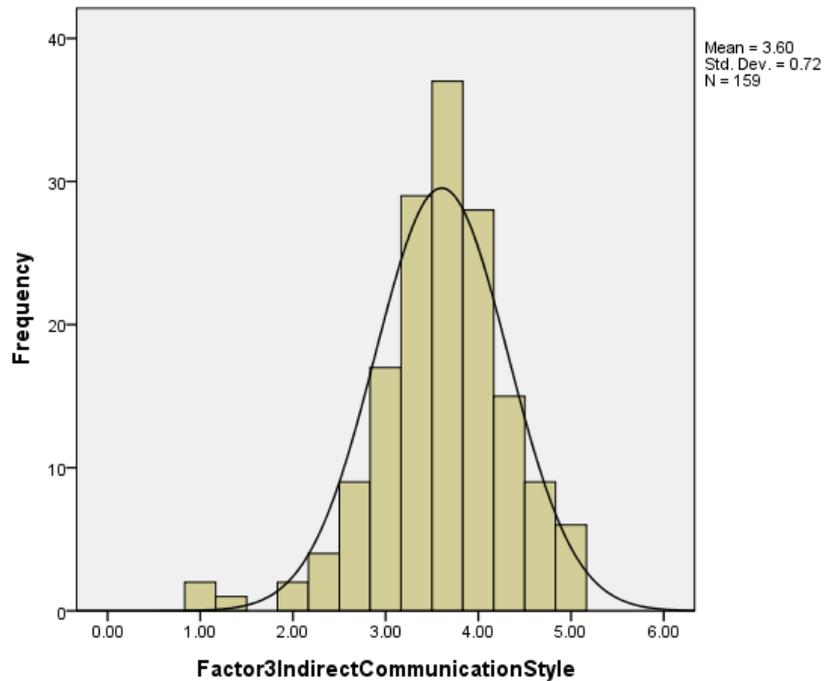


Figure 3 - Distribution of Responses to Factor 3 (Indirect Communication Style)

Factor 3 - Indirect Communication Style. The average score for Factor 3 is 3.60 (n=159, s.d.=0.72), which shows agreement to the factor. The distribution of the sample's responses shown in Figure 3 confirms agreement to the factor among the participants. The percentage of the participants' responses shown in Table 18 also shows a high percentage (59.7%, n=95) of the participants agree with this factor (specifically, 50.3% agree, n=80; 9.4% strongly agree, n=15). Such results indicate that the sample population still adopts an indirect communication style, for example using an ambiguous reply, or the use of questioning for persuasion in negotiation. As the mean factor score is relatively low, although they agree with the factor, it might suggest that the participants are more free and flexible in expressing their feelings, or more likely to respond in direct statements, as compared to traditional Chinese negotiators as defined in the literature review. Based on the literature review, one can conclude that traditional Chinese negotiators prefer to adopt an indirect communication style in negotiation (Blackman, 2000; Collins & Block, 2007; Graham & Lam, 2003; Sheer & Chen, 2003; Woo & Prud'homme, 1999).

Table 19 - Frequency and Percentage of Responses to Factor 4 (Importance of Face)

Likert Scale Anchors		Frequency	Percent	Valid Percent	Category Frequency	Valid Category Percent
Strongly Disagree	1.00	2	1.3%	1.3%	2	1.3%
Disagree	2.00	3	1.9%	2.0%	8	5.3%
	2.25	5	3.1%	3.3%		
Neutral	2.50	15	9.4%	9.9%	64	42.1%
	2.75	9	5.6%	5.9%		
	3.00	19	11.9%	12.5%		
	3.25	21	13.1%	13.8%		
Agree	3.50	29	18.1%	19.1%	71	46.7%
	3.75	28	17.5%	18.4%		
	4.00	11	6.9%	7.2%		
	4.25	3	1.9%	2.0%		
Strongly Agree	4.50	1	0.6%	0.7%	7	4.6%
	4.75	3	1.9%	2.0%		
	5.00	3	1.9%	2.0%		
Total		152	95.0%	100.0%	152	100.0%
Missing		8	5.0%		8	
Total		160	100.0%		160	

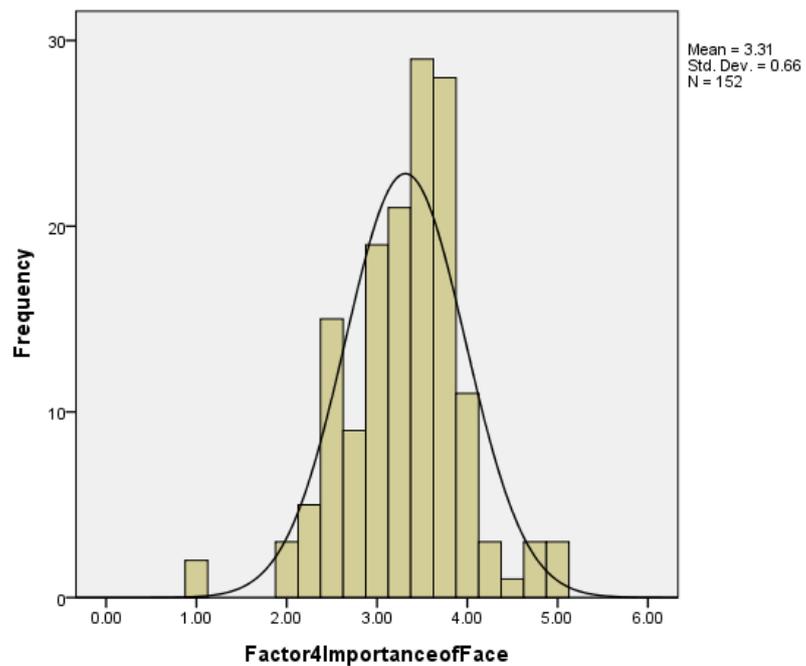


Figure 4 - Distribution of Responses to Factor 4 (Importance of Face)

Factor 4 - Importance of Face. Factor 4 has an average score of 3.31 (n=152, s.d.=0.66), which is a neutral rating. However, the distribution of participants' responses in Figure 4, and the frequency and percentage of the participants' responses in Table 19, indicate agreement to this factor among the participants. In detail, 51.3% (n=78) of the participants agreed to this factor (46.7% agree, n=71; 4.6% strongly agree, n=7). Such results suggest that the traditional concept of face is still evident among the participants, and the face concept is still important to them in negotiations. However, as the mean factor score is close to 3, the result might suggest that the importance of the concept of face may not be as strong in the sample population as compared with traditional Chinese negotiators defined in the literature review. According to many scholars and business people, traditional Chinese negotiators value face in negotiation (Björkstén & Hägglund, 2010; Buttery & Leung, 1998; Collins & Block, 2007; Faure, 1999; Ghauri & Fang, 2001; Graham & Lam, 2003; Woo & Prud'homme, 1999; Zhu et al., 2007). Overall, the participants are similar to what has been found in regard to traditional Chinese negotiators concerning issues of face in the literature.

Table 20 - Frequency and Percentage of Responses to Factor 5 (Importance of *Guanxi* in Negotiation)

Likert Scale Anchors		Frequency	Percent	Valid Percent	Category Frequency	Valid Category Percent
Strongly Disagree	1.33	1	0.6%	0.6%	1	0.6%
Disagree	2.00	1	0.6%	0.6%	3	1.9%
	2.33	2	1.3%	1.3%		
Neutral	2.67	3	1.9%	1.9%	37	23.9%
	3.00	11	6.9%	7.1%		
	3.33	23	14.4%	14.8%		
Agree	3.67	16	10.0%	10.3%	92	59.4%
	4.00	54	33.8%	34.8%		
	4.33	22	13.8%	14.2%		
Strongly Agree	4.67	10	6.3%	6.5%	22	14.2%
	5.00	12	7.5%	7.7%		
Total		155	96.9%	100.0%	155	100.0%
Missing		5	3.1%		5	
Total		160	100.0%		160	

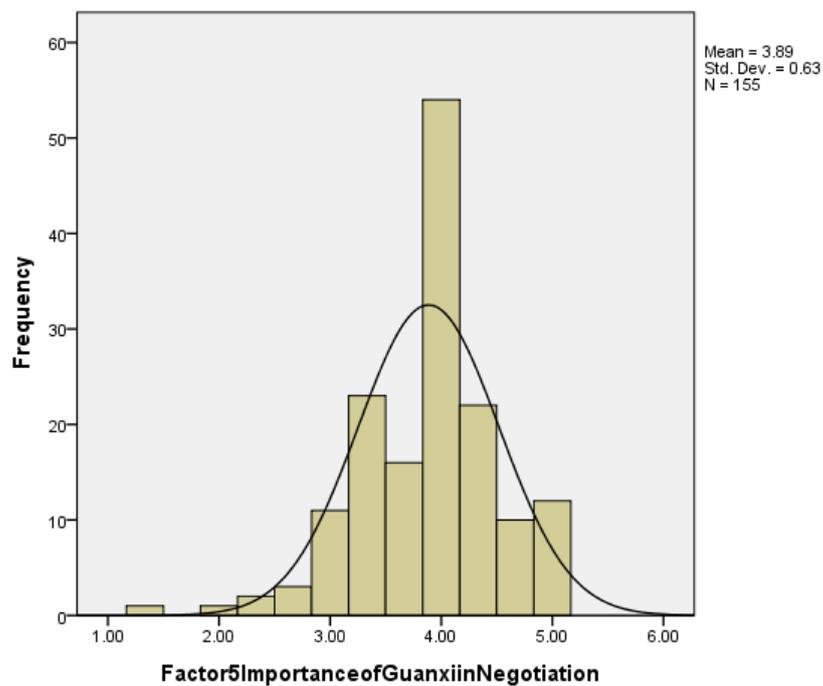


Figure 5 - Distribution of Responses to Factor 5 (Importance of *Guanxi* in Negotiation)

Factor 5 - Importance of *Guanxi* in Negotiation. The participants rated Factor 5 with an average score of 3.89 (n=155, s.d.=0.63). Figure 5 shows a high level of agreement among participants, and Table 20 shows the majority (73.5%, n=114) of the participants agree with this factor (more specifically, as rounded up to one decimal place, 59.4% agree, n=92; 14.2% strongly agree, n=22). Such results mean that they believe *guanxi* is important and necessary in negotiation and making business deals. However, as only 14.2% (n=22) of the participants strongly agree to this factor and the average score is below 4, the degree to which they believe *guanxi* is important, might not be as high as has been found in the literature for traditional Chinese negotiators. As pointed out by many scholars, *guanxi* is important when negotiating with traditional Chinese negotiators, and a good *guanxi* could make the negotiation easier and more successful (Buttery & Leung, 1998; Collins & Block, 2007; Fang, 2006; Graham & Lam, 2003; Miles, 2003; Rivers, 2009; Wong, 1998; Zhu et al., 2007).

Table 21 - Frequency and Percentage of Responses to Factor 6 (Knowledge of Counterpart)

Likert Scale Anchors		Frequency	Percent	Valid Percent	Category Frequency	Valid Category Percent
Strongly Disagree	1.00	2	1.3%	1.3%	2	1.3%
Disagree	1.67	1	0.6%	0.6%	7	4.4%
	2.00	3	1.9%	1.9%		
	2.33	3	1.9%	1.9%		
Neutral	2.67	6	3.8%	3.8%	50	31.3%
	3.00	12	7.5%	7.5%		
	3.33	32	20.0%	20.0%		
Agree	3.67	33	20.6%	20.6%	77	48.1%
	4.00	31	19.4%	19.4%		
	4.33	13	8.1%	8.1%		
Strongly Agree	4.67	8	5.0%	5.0%	24	15.0%
	5.00	16	10.0%	10.0%		
Total		160	100.0%	100.0%	160	100.0%

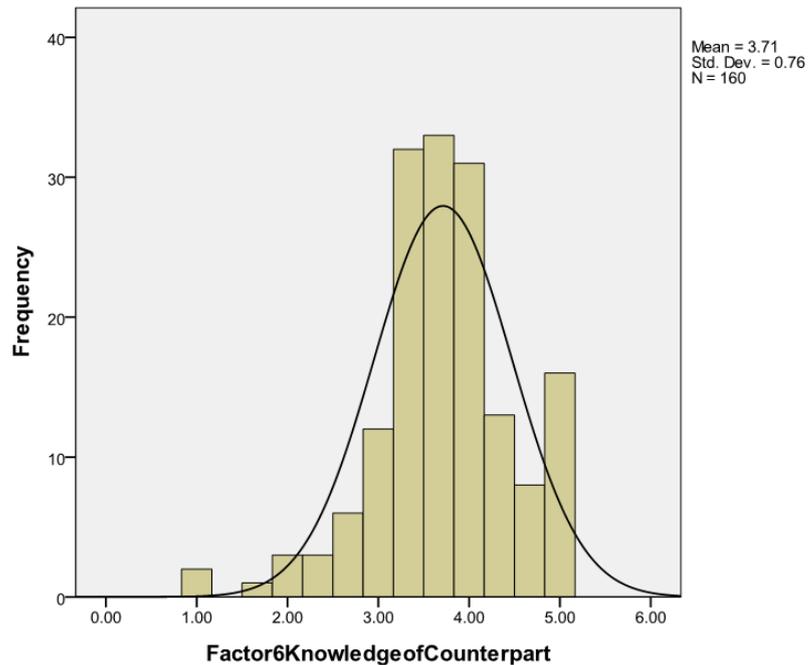


Figure 6 - Distribution of Responses to Factor 6 (Knowledge of Counterpart)

Factor 6 - Knowledge of Counterpart. The mean score for Factor 6 is 3.71 (n=160, s.d.=0.76), which shows participants basically agree with this factor. The distribution of the sample's rating scores shown in the histogram (Figure 6) also confirms such agreement to the factor among participants. The percentage of respondents' rating scores shows 63.1% (n=101) of the participants agree to this factor (specifically, 48.1% agree, n=77; 15.0% strongly agree, n=24). Knowing one's counterpart is still important before the actual negotiation to the participants, which is different to Western practices indicated by Graham and Lam (2003), with Westerners being less interested in knowing their counterpart well, preferring to start negotiation straight away. As the mean of this factor is below 4, it might suggest that the sample population is less interested in knowing their counterpart as compared with traditional Chinese negotiators defined in the literature review. Many scholars have pointed out that traditional Chinese negotiators show great interest in knowing their counterpart, and spend a lot of time on *guanxi* building during the pre-negotiation stage (Faure, 1999; Ghauri & Fang, 2001; Herbig & Martin, 1998; Stark et al., 2005; Zhu et al., 2007).

Table 22 - Frequency and Percentage of Responses to Factor 7 (Negotiation Tactics)

Likert Scale Anchors		Frequency	Percent	Valid Percent	Category Frequency	Valid Category Percent
Strongly Disagree	1.00	1	0.6%	0.7%	1	0.7%
Disagree	1.80	4	2.5%	2.6%	20	13.1%
	2.00	1	0.6%	0.7%		
	2.20	7	4.4%	4.6%		
	2.40	8	5.0%	5.2%		
Neutral	2.60	14	8.8%	9.2%	110	71.9%
	2.80	32	20.0%	20.9%		
	3.00	19	11.9%	12.4%		
	3.20	23	14.4%	15.0%		
	3.40	22	13.8%	14.4%		
Agree	3.60	11	6.9%	7.2%	20	13.1%
	3.80	5	3.1%	3.3%		
	4.00	3	1.9%	2.0%		
	4.20	1	0.6%	0.7%		
Strongly Agree	4.80	1	0.6%	0.7%	2	1.3%
	5.00	1	0.6%	0.7%		
	Total	153	95.6%	100.0%	153	100.0%
Missing		7	4.4%		7	
Total		160	100.0%		160	

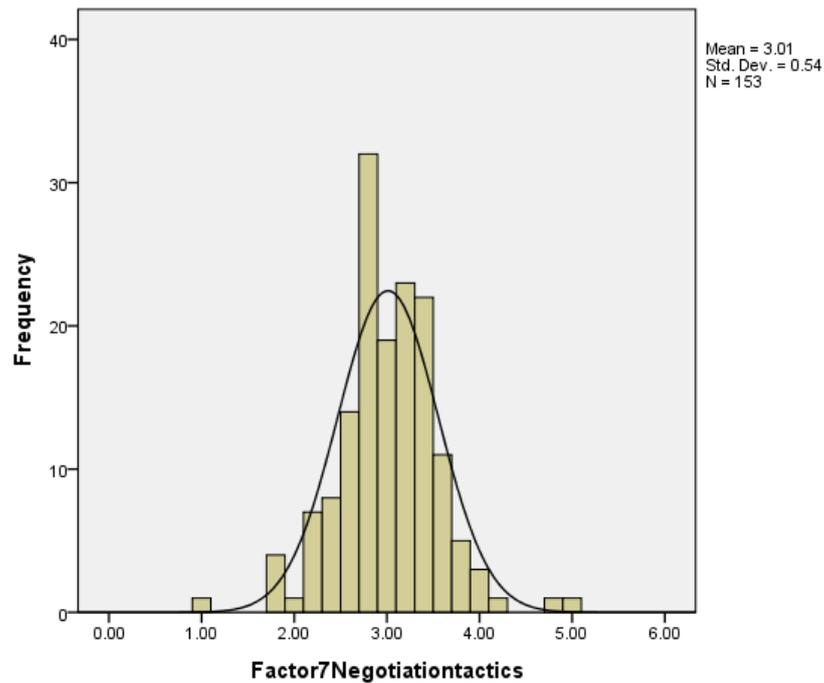


Figure 7 - Distribution of Responses to Factor 7 (Negotiation Tactics)

Factor 7 - Negotiation Tactics. The mean factor score for Factor 7 is 3.01 (n=153, s.d.=0.54), and a majority (71.9%, n=110) of participants rated neutral on this factor (as shown in Table 22 and Figure 7), which suggests that the participants neither agree nor disagree that they use various negotiation tactics as found in the literature review. Thus, the participants might be less likely to use various negotiation tactics as compared with traditional Chinese negotiators.

As the five component items of Factor 7 measure five different negotiation tactics or tricks, it is worth reviewing each item separately. When looking at each statement within this factor, it can be seen in Table 23 that the participants are neutral in NOT taking the initiative to show interest in the products or services of the counterpart's company (Statement 9, mean=2.98, s.d.=0.95, n=157). Table 24 also confirms this neutral rating, with 44.6% (n=70) of the participants rating neutral on this statement.

As can be seen from Table 23, participants are neutral on Statement 18 (mean=2.75, s.d.=0.94, n=159). However, the frequency and percentage of the participants' responses

in Table 24 shows disagreement to this statement; 41.5% (n=66) of the participants disagree with this statement (specifically, 33.3% disagree, n=53; 8.2% strongly agree, n=13). In this case, the frequency and percentage of the participants' responses show the result more accurately. The result suggests that the participants disagree that they use misleading information on company policies, prices or budgets to make their counterparts concede. At the same time, the participants do not expect their negotiation counterpart to engage in misleading practices and make misleading statements in an attempt to gain an advantage in the negotiation (Statement 7, mean=2.22, s.d.=0.84, n=160). Table 24 also confirms disagreement to Statement 7, with 65.6% (n=105) of the participants disagreeing with this statement (specifically, as rounded up to one decimal place, 46.9% disagree, n=75; 18.8% strongly disagree, n=30).

Table 23 shows that participants basically agree that they use bargaining tactics in negotiation, referring to prices or terms agreed in previous negotiation deals (Statement 16, mean=3.52, s.d.=0.93, n=159), or using their friendship with the counterpart (Statement 17, mean=3.56, s.d.=0.92, n=158) to obtain a better price and more concessions. Table 24 also confirms broad agreement to these two statements by participants. Specifically, 61.6% (n=98) of the participants agree with Statement 16 (52.8% agree, n=84; 8.8% strongly agree, n=14), and 57.0% (n=90) of the participants agree with Statement 17 (more specifically, as rounded up to one decimal place, 43.0% agree, n=68; 13.9% strongly agree, n=22).

Table 23 - The Descriptive Summary of the Participants' Rating of the 5 Component Items within Factor 7 (Negotiation Tactics)

Descriptive Statistics

Item description	N	Minimum	Maximum	Mean	Std. Deviation	Skewness		Kurtosis	
						Statistic	Std. Error	Statistic	Std. Error
Statement 7. I always expect my negotiation counterpart to engage in misleading practices and make misleading statements in an attempt to gain an advantage in the negotiation.	160	1	5	2.22	0.84	0.58	0.19	0.85	0.38
Statement 18. I will prompt the counterpart to make concessions by using misleading information on company policies, prices or budget.	159	1	5	2.75	0.94	0.06	0.19	-0.57	0.38
Statement 9. When starting the negotiation, I will NOT take the initiative to show interest in the products or services of the counterpart company.	157	1	5	2.98	0.95	0.13	0.19	-0.14	0.38
Statement 16. I will refer to the price or terms agreed in previous negotiation deals in a negotiation.	159	1	5	3.52	0.93	-0.84	0.19	0.47	0.38
Statement 17. I will attempt to use my relationship and friendship (<i>guanxi</i>) with my counterpart to obtain a better price and more concessions.	158	1	5	3.56	0.92	-0.36	0.19	-0.28	0.38

Table 24 - Frequency and Percentage of Responses to the 5 Component Items within Factor 7 (Negotiation Tactics)

Likert Scale Anchors		Statement 7		Statement 18			Statement 9			Statement 16			Statement 17		
		Freq.	Percent and Valid Percent	Freq.	Percent	Valid Percent	Freq.	Percent	Valid Percent	Freq.	Percent	Valid Percent	Freq.	Percent	Valid Percent
Strongly Disagree	1	30	18.8%	13	8.1%	8.2%	8	5.0%	5.1%	6	3.8%	3.8%	2	1.3%	1.3%
Disagree	2	75	46.9%	53	33.1%	33.3%	38	23.8%	24.2%	17	10.6%	10.7%	19	11.9%	12.0%
Neutral	3	48	30.0%	57	35.6%	35.8%	70	43.8%	44.6%	38	23.8%	23.9%	47	29.4%	29.7%
Agree	4	4	2.5%	33	20.6%	20.8%	31	19.4%	19.7%	84	52.5%	52.8%	68	42.5%	43.0%
Strongly Agree	5	3	1.9%	3	1.9%	1.9%	10	6.3%	6.4%	14	8.8%	8.8%	22	13.8%	13.9%
	Total	160	100.0%	159	99.4%	100.0%	157	98.1%	100.0%	159	99.4%	100.0%	158	98.8%	100.0%
Missing		0	0.0%	1	0.6%		3	1.9%		1	0.6%		2	1.3%	
Total		160	100.0%	160	100.0%		160	100.0%		160	100.0%		160	100.0%	

Statement 7 - I always expect my negotiation counterpart to engage in misleading practices and make misleading statements in an attempt to gain an advantage in the negotiation.

Statement 18 - I will prompt the counterpart to make concessions by using misleading information on company policies, prices or budget.

Statement 9 - When starting the negotiation, I will NOT take the initiative to show interest in the products or services of the counterpart company.

Statement 16 - I will refer to the price or terms agreed in previous negotiation deals in a negotiation.

Statement 17 - I will attempt to use my relationship and friendship (*guanxi*) with my counterpart to obtain a better price and more concessions.

Table 25 - Frequency and Percentage of Responses to Factor 8 (Chinese Business Etiquette)

Likert Scale Anchors		Frequency	Percent	Valid Percent	Category Frequency	Valid Category Percent
Strongly Disagree	1.25	2	1.3%	1.3%	2	1.3%
Disagree	1.50	4	2.5%	2.6%	33	21.2%
	1.75	3	1.9%	1.9%		
	2.00	12	7.5%	7.7%		
	2.25	14	8.8%	9.0%		
Neutral	2.50	19	11.9%	12.2%	92	59.0%
	2.75	24	15.0%	15.4%		
	3.00	22	13.8%	14.1%		
	3.25	27	16.9%	17.3%		
Agree	3.50	17	10.6%	10.9%	28	17.9%
	3.75	7	4.4%	4.5%		
	4.00	4	2.5%	2.6%		
Strongly Agree	4.50	1	0.6%	0.6%	1	0.6%
Total		156	97.5%	100.0%	156	100.0%
Missing		4	2.5%		4	
Total		160	100.0%		160	

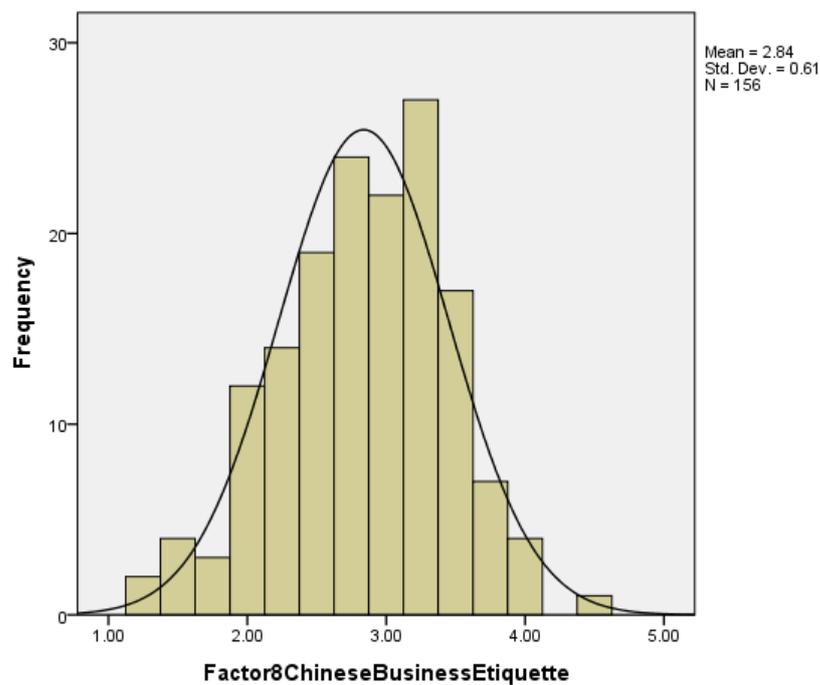


Figure 8 - Distribution of Responses to Factor 8 (Chinese Business Etiquette)

Factor 8 - Chinese Business Etiquette. The mean factor score for Factor 8 is 2.84 (n=156, s.d.=0.61), which is a neutral rating for this factor. The distribution of the participants' answers shown in Figure 8 also confirms this neutral rating, and 59.0% (n=92) of the participants (as shown in Table 25) rated neutral on this factor. Therefore, major Chinese etiquette or business customs such as having a banquet or offering gifts are seen as neither necessary nor unnecessary in establishing a relationship in negotiation by the sample population. Such results might suggest that the participants have adopted a different style of etiquette compared with traditional Chinese negotiators, as described in the literature review.

Table 26 - Frequency and Percentage of Responses to Factor 9 (Importance of Relative Status)

Likert Scale Anchors		Frequency	Percent	Valid Percent	Category Frequency	Valid Category Percent
Strongly Disagree	1.00	1	0.6%	0.6%	3	1.9%
	1.25	2	1.3%	1.3%		
Disagree	1.50	1	0.6%	0.6%	33	20.6%
	1.75	2	1.3%	1.3%		
	2.00	11	6.9%	6.9%		
	2.25	19	11.9%	11.9%		
Neutral	2.50	27	16.9%	16.9%	88	55.0%
	2.75	21	13.1%	13.1%		
	3.00	26	16.3%	16.3%		
	3.25	14	8.8%	8.8%		
Agree	3.50	18	11.3%	11.3%	35	21.9%
	3.75	12	7.5%	7.5%		
	4.00	2	1.3%	1.3%		
	4.25	3	1.9%	1.9%		
Strongly Agree	4.50	1	0.6%	0.6%	1	0.6%
Total		160	100.0%	100.0%	160	100.0%

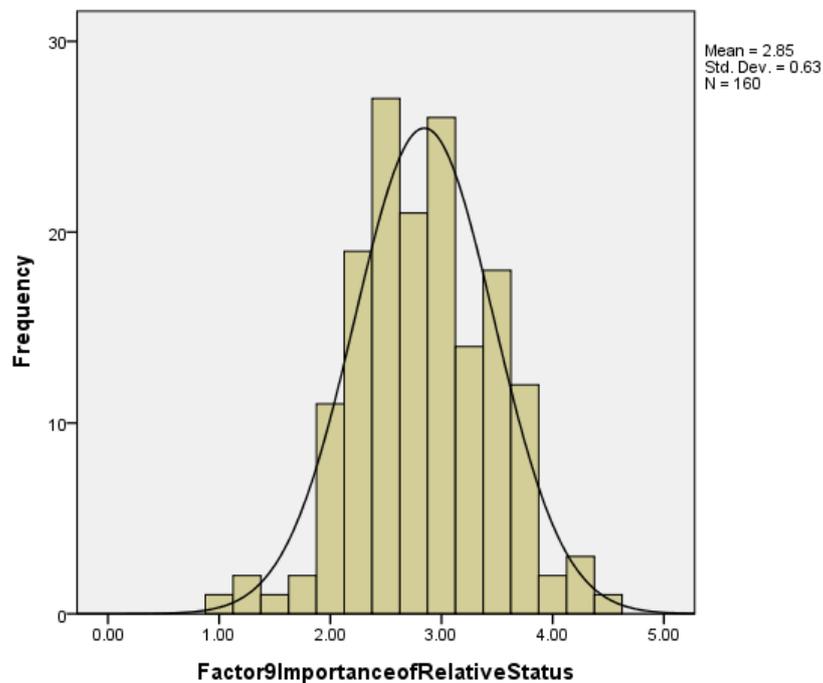


Figure 9 - Distribution of Responses to Factor 9 (Importance of Relative Status)

Factor 9 - Importance of Relative Status. Factor 9 has a mean factor score of 2.85 (n=160, s.d.=0.63), which means the participants are neutral on this factor. Figure 9 also shows a high percentage of participants rated neutral on this factor. The percentage of participants' answers (shown in Table 26) shows 55.0% (n=88) of the participants rated neutral on this factor. These results suggest negotiators' social status and the company rank are not considered in negotiation, and the participants are less hierarchical than traditional Chinese negotiators. These findings also suggest that the participants have adopted a more westernised style that is less hierarchical than traditional Chinese negotiators.

Table 27 - Frequency and Percentage of Responses to Factor 10 (Importance of Contract Rules)

Likert Scale Anchors		Frequency	Percent	Valid Percent	Category Frequency	Valid Category Percent
Strongly Disagree	1.00	13	8.1%	8.2%	13	8.2%
Disagree	1.50	13	8.1%	8.2%	24	15.1%
	2.00	11	6.9%	6.9%		
Neutral	2.50	27	16.9%	17.0%	65	40.9%
	3.00	38	23.8%	23.9%		
Agree	3.50	28	17.5%	17.6%	46	28.9%
	4.00	18	11.3%	11.3%		
Strongly Agree	4.50	8	5.0%	5.0%	11	6.9%
	5.00	3	1.9%	1.9%		
	Total	159	99.4%	100.0%	159	100.0%
Missing		1	0.6%		1	
Total		160	100.0%		160	

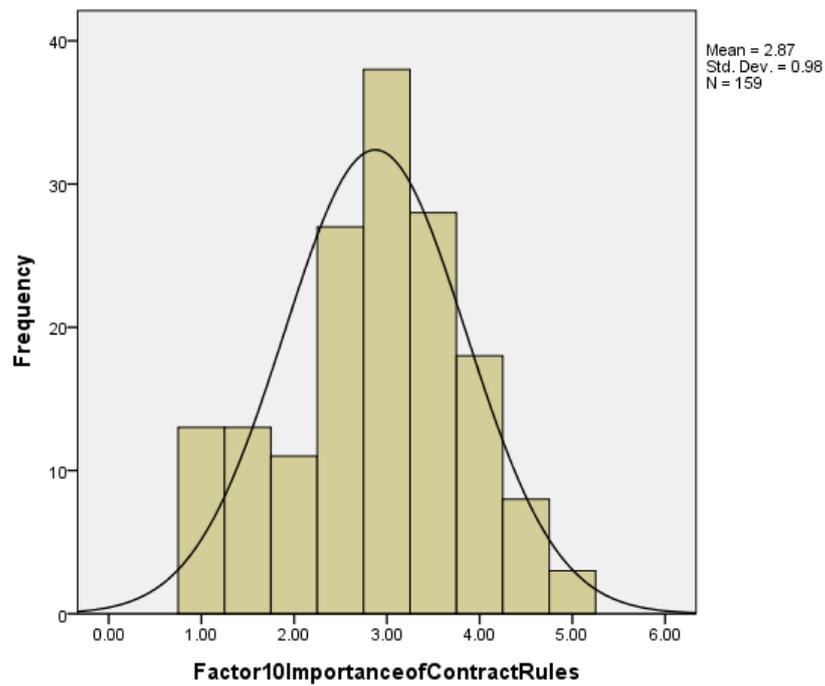


Figure 10 - Distribution of Responses to Factor 10 (Importance of Contract Rules)

Factor 10 - Importance of Contract Rules. The mean factor score for Factor 10 is 2.87 (n=159, s.d.=0.98), which represent a neutral attitude to this factor. Figure 10, and Table 27 also indicate a neutral rating by participants of this factor, with 40.9% (n=65) of the participants holding neutral beliefs about this factor. Therefore, this research finds participants are neutral about the importance of contract rules, and whether it is acceptable to make changes to terms in a binding contract that has been signed by both parties. This finding suggests that the participants' belief regarding contract implementation are different to the practices of Chinese negotiators mentioned in the literature.

Table 28 - Frequency and Percentage of Responses to Factor 11 (Negotiation Goals)

Likert Scale Anchors		Frequency	Percent	Valid Percent	Category Frequency	Valid Category Percent
Strongly Disagree	1.00	1	0.6%	0.6%	2	1.3%
	1.33	1	0.6%	0.6%		
Disagree	1.67	2	1.3%	1.3%	3	1.9%
	2.33	1	0.6%	0.6%		
Neutral	2.67	2	1.3%	1.3%	12	7.6%
	3.00	4	2.5%	2.5%		
	3.33	6	3.8%	3.8%		
Agree	3.67	16	10.0%	10.1%	75	47.5%
	4.00	23	14.4%	14.6%		
	4.33	36	22.5%	22.8%		
Strongly Agree	4.67	22	13.8%	13.9%	66	41.8%
	5.00	44	27.5%	27.8%		
Total		158	98.8%	100.0%	158	100.0%
Missing		2	1.3%		2	
Total		160	100.0%		160	

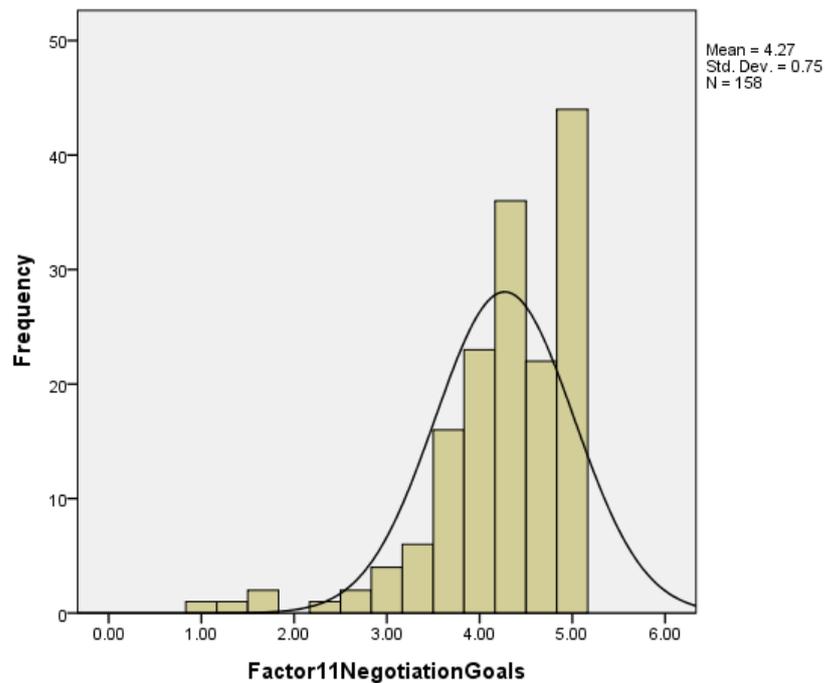


Figure 11- Distribution of Responses to Factor 11 (Negotiation Goals)

Factor 11 - Negotiation Goals. As can be seen from Table 15, the mean of Factor 11 (mean=4.27, s.d.=0.75, n=158), and the distribution of the participants' scores (Figure 11) show strong agreement to the factor by the participants. Specifically, Table 28 shows 47.5% (n=75) of the participants agree on this factor, and 41.8% (n=66) of the participants strongly agree on this factor, thus the negotiation goal of building a long-term business relationship is very important to the sample population. Such strong agreement results indicate that the participants have a similar style to traditional Chinese negotiators, which focuses on establishing a long-term business relationship when making a business deal or signing a contract, and sees long-term business relationship rather than signing the contract as the goal of negotiation.

Table 29 - Frequency and Percentage of Responses to Factor 12 (Time Sensitivity)

Likert Scale Anchors		Frequency	Percent	Valid Percent	Category Frequency	Valid Category Percent
Strongly Disagree	1.33	1	0.6%	0.6%	1	0.6%
Disagree	1.67	5	3.1%	3.2%	58	37.7%
	2.00	20	12.5%	13.0%		
	2.33	33	20.6%	21.4%		
Neutral	2.67	28	17.5%	18.2%	74	48.1%
	3.00	33	20.6%	21.4%		
	3.33	13	8.1%	8.4%		
Agree	3.67	9	5.6%	5.8%	18	11.7%
	4.00	6	3.8%	3.9%		
	4.33	3	1.9%	1.9%		
Strongly Agree	4.67	1	0.6%	0.6%	3	1.9%
	5.00	2	1.3%	1.3%		
Total		154	96.3%	100.0%	154	100.0%
Missing		6	3.8%		6	
Total		160	100.0%		160	

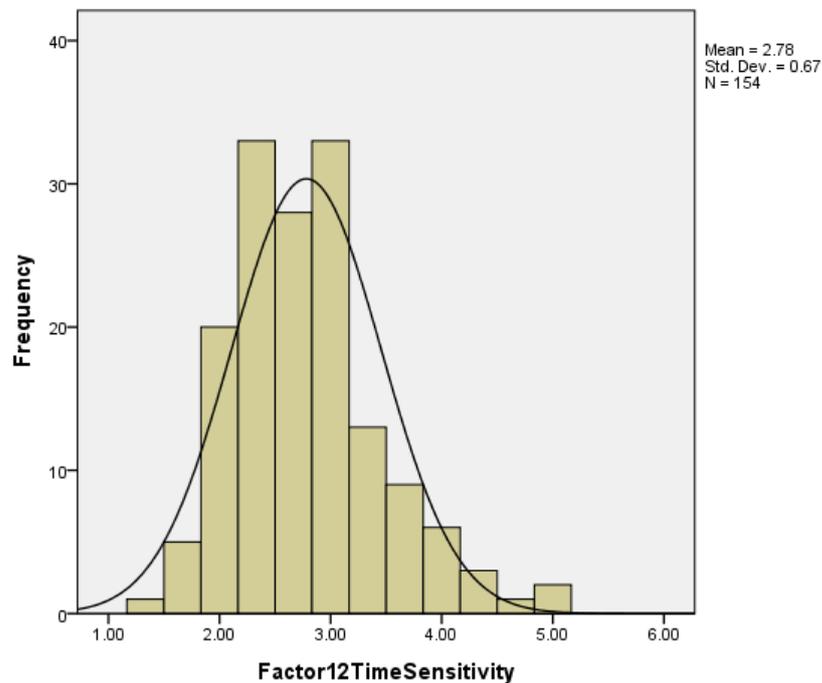


Figure 12 - Distribution of Responses to Factor 12 (Time Sensitivity)

Factor 12 - Time Sensitivity. Factor 12 has a mean factor score of 2.78 (n=154, s.d.=0.67). The distribution of the participants answers shown in Figure 12 reveals a bimodal distribution. However, when looking at Table 29, it can be found that the majority of the participants either take a neutral attitude (48.1% of the participants, n=74) or a contrary attitude (38.3% of the participants, n=59, more specifically, 37.7% disagree, n=58; 0.6% strongly disagree, n=1) towards time sensitivity in negotiation. Thus, they do not hold the beliefs which traditional Chinese negotiators normally hold, which include not focusing on time, taking a long time to complete negotiations, or believing that passing a negotiation deadline is fully acceptable.

6.11 Ranking of the Various Elements of Negotiation by the Sample Population

All of the 12 factors were sorted in descending order according to their means, so the importance of various negotiation aspects to the participants could be revealed. Table 30 below shows a detailed ranking list.

Table 30 - Rankings of the 12 Factors (Various Aspects of Negotiation) by the Participants by Means

	Rank	Mean	Std. Deviation
Factor 11 - Negotiation Goals	1	4.27	0.75
Factor 5 - Importance of <i>Guanxi</i> in Negotiation	2	3.89	0.63
Factor 1 - <i>Guanxi</i> Building	3	3.85	0.77
Factor 6 - Knowledge of Counterpart	4	3.71	0.76
Factor 3 - Indirect Communication Style	5	3.60	0.72
Factor 4 - Importance of Face	6	3.31	0.66
Factor 7 - Negotiation Tactics	7	3.01	0.54
Factor 10 - Importance of Contract Rules	8	2.87	0.98
Factor 9 - Importance of Relative Status	9	2.85	0.63
Factor 8 - Chinese Business Etiquette	10	2.84	0.61
Factor 12 - Time Sensitivity	11	2.78	0.67
Factor 2 - Influence of <i>Guanxi</i>	12	2.21	0.80

As can be seen from Table 30, the participants agree that forming a long-term business relationship is the most important aspect of negotiation. As the following three factors are all related to the concept of *guanxi*, *guanxi* can be seen as the second most important aspect of negotiation to the participants. When looking at the bottom of the ranking list, Chinese business etiquette (traditional business customs in China), low time sensitivity, and the influence of *guanxi* are regarded as the least supported aspects of negotiation according to the participants.

6.12 Correlation between Age and Term of Service at Western MNCs

A bivariate correlation analysis with Pearson's "r" was used to show the relationship between the participants' age and their term of service at Western MNCs. As the variables used for such analysis are all interval/ratio data, it is appropriate to use Pearson's "r" (Bryman & Bell, 2007; Pallant, 2007). The results shown in Table 31

below indicate a very strong positive correlation between the participants' age and their term of service at Western MNCs ($r=.727$, $p<0.001$, S) (S represents significant, while NS represents non-significant), which means older participants have more work experience at Western MNCs than younger participants. Such a result is fully accordant with people's normal expectation.

Table 31 - Correlation of Participants' Age and Term of Services at Western MNCs

		Age
Age	Pearson Correlation	1
	Sig. (2-tailed)	
	N	156
Total Years of Western MNC work experience	Pearson Correlation	.727**
	Sig. (2-tailed)	.000
	N	152

** . Correlation is significant at the 0.01 level (2-tailed).

6.13 Correlation between Term of Service at Western MNCs and the 12 Factors Regarding Negotiation

In order to examine the relationship between length of work experience in Western MNCs and participants' negotiation styles, practices, and behaviour in regard to the 12 factors, bivariate correlation analysis with Pearson's "r" was used. A detailed analysis is shown below.

Table 32 - Correlation of the Participants' Term of Service at Western MNCs and the 12 Factors regarding Negotiation

		Total Years of Western MNC work experience
Total Years of Western MNC work experience	Pearson Correlation	1
	Sig. (2-tailed)	
	N	156
Factor 1 - <i>Guanxi</i> Building	Pearson Correlation	.005
	Sig. (2-tailed)	.946
	N	155

Factor 2 - Influence of <i>Guanxi</i>	Pearson Correlation	-.101
	Sig. (2-tailed)	.209
	N	156
Factor 3 - Indirect Communication Style	Pearson Correlation	-.061
	Sig. (2-tailed)	.450
	N	155
Factor 4 - Importance of Face	Pearson Correlation	-.012
	Sig. (2-tailed)	.884
	N	148
Factor 5 - Importance of <i>Guanxi</i> in Negotiation	Pearson Correlation	.074
	Sig. (2-tailed)	.364
	N	151
Factor 6 - Knowledge of Counterpart	Pearson Correlation	-.035
	Sig. (2-tailed)	.668
	N	156
Factor 7 - Negotiation Tactics	Pearson Correlation	-.076
	Sig. (2-tailed)	.359
	N	149
Factor 8 - Chinese Business Etiquette	Pearson Correlation	-.014
	Sig. (2-tailed)	.863
	N	152
Factor 9 - Importance of Relative Status	Pearson Correlation	-.017
	Sig. (2-tailed)	.829
	N	156
Factor 10 - Importance of Contract Rules	Pearson Correlation	.159*
	Sig. (2-tailed)	.047
	N	155
Factor 11 - Negotiation Goals	Pearson Correlation	.046
	Sig. (2-tailed)	.573
	N	154
Factor 12 - Time Sensitivity	Pearson Correlation	.009
	Sig. (2-tailed)	.910
	N	150

*. Correlation is significant at the 0.05 level (2-tailed).

The relationship between the length of time the participants have worked at Western MNCs and the participants' negotiation styles, practices, and behaviour (the 12 factors) was investigated using Pearson correlation coefficient (both the variables were interval/ratio). A two-tailed test was used for the non-directional hypothesis. Exclude

cases pair-wisely was also set for missing values in PASW Statistics. The results in Table 32 indicate that there is no obvious statistically significant correlation between the term of service at Western MNCs and the 12 factors, except for Factor 10 (Importance of Contract Rules) ($r=.159$, $p=0.047$, S). The positive correlation between term of service and Factor 10 (Importance of Contract Rules) means that the longer participants have worked for Western MNCs, the more likely they see changing the signed contract as acceptable. However, the relationship between the term of service at Western MNCs and this factor is weak if one follows Cohen's suggestion in 1988, that r between .1 to .29 means a small correlation, r between .30 to .49 means a moderate correlation, while r between .50 to 1.0 means a strong correlation (as cited in Pallant, 2007). In addition, according to Pallant (2007), and Bryman and Bell (2007), a large sample size may cause a small correlation to reach statistical significance, so in this case, both the significance level and the strength of the correlation need to be considered. Therefore, participants' term of service at Western MNCs is not associated with, nor has it influenced their negotiation styles, practices, or behaviour. Hypothesis 3 is, therefore, supported.

6.14 Correlation between Age and the 12 Factors on Negotiation

In order to test Hypothesis 4, the relationship between the participants' age and the 12 factors on negotiation practices needs to be explored. A detailed statistical analysis is shown below.

Table 33 - Correlation of Participants' Age and the 12 Factors on Negotiation

		Age
Age	Pearson Correlation	1
	Sig. (2-tailed)	
	N	156
Factor 1 - <i>Guanxi</i> Building	Pearson Correlation	-.051
	Sig. (2-tailed)	.525
	N	155
Factor 2 - Influence of <i>Guanxi</i>	Pearson Correlation	-.165*
	Sig. (2-tailed)	.040
	N	156

Factor 3 - Indirect Communication Style	Pearson Correlation	-.079
	Sig. (2-tailed)	.330
	N	155
Factor 4 - Importance of Face	Pearson Correlation	-.032
	Sig. (2-tailed)	.695
	N	149
Factor 5 - Importance of <i>Guanxi</i> in Negotiation	Pearson Correlation	.121
	Sig. (2-tailed)	.138
	N	151
Factor 6 - Knowledge of Counterpart	Pearson Correlation	-.127
	Sig. (2-tailed)	.114
	N	156
Factor 7 - Negotiation Tactics	Pearson Correlation	-.166*
	Sig. (2-tailed)	.043
	N	149
Factor 8 - Chinese Business Etiquette	Pearson Correlation	-.070
	Sig. (2-tailed)	.389
	N	152
Factor 9 - Importance of Relative Status	Pearson Correlation	-.046
	Sig. (2-tailed)	.573
	N	156
Factor 10 - Importance of Contract Rules	Pearson Correlation	.073
	Sig. (2-tailed)	.366
	N	155
Factor 11 - Negotiation Goals	Pearson Correlation	-.039
	Sig. (2-tailed)	.628
	N	154
Factor 12 - Time Sensitivity	Pearson Correlation	.075
	Sig. (2-tailed)	.360
	N	150

*. Correlation is significant at the 0.05 level (2-tailed).

A bivariate correlation analysis with Pearson's r was used to investigate the correlation between the participants' age and their negotiation styles, practices, and behaviour (12 factors) (all variables in this analysis were interval/ratio). A two-tailed test was used for the non-directional hypothesis. Exclude cases pair-wisely was also set for missing values in PASW Statistics. Table 33 displays statistically significant correlations with Age for Factor 2 (Influence of *Guanxi*), and for Factor 7 (Negotiation Tactics). Specifically, the results show that the participants' age is negatively correlated to Factor 2 (Influence of *Guanxi*) ($r=-.165$, $p=0.040$, S), indicating that the older participants are

less likely to be influenced by *guanxi*, and tend to focus more on company interest than the younger participants in negotiation. The results also indicate a negative correlation between the participants' age and their scores on Factor 7 (Negotiation Tactics) ($r=-.166$, $p=0.043$, S), implying that older participants are less likely to use negotiation tactics than younger participants in Sino-Western negotiation. Although age has statistical significance to Factor 2 (Influence of *Guanxi*) and Factor 7 (Negotiation Tactics), the strength of the correlations is relatively weak. Therefore, this research finds that the participants' age does not influence their negotiation styles, practices, and behaviour. Hypothesis 4 is supported.

6.15 MANOVA by Overseas Study or Work Experience

A one-way between-group MANOVA was conducted between participants with overseas study or work experience in Western countries, and those without, regarding their beliefs about the 12 factors to examine the relationship between overseas experience (independent variable) and the 12 factors (dependent variables), and to test Hypothesis 5. This was to discover any influence the participants' overseas experience had on their negotiation styles, practices, and behaviour. Levene's test of equality of error variances was also conducted to check the homogeneity of variance assumption for each dependent variable across the two different groups. Table 34 below shows all 12 factors (dependent variables) have a significance value greater than 0.05, which indicates that the samples' scores across the two different groups in the 12 factors share homogenous variance.

Table 34 - Homogeneity Test for MANOVA by Overseas Study or Work Experience

Levene's Test of Equality of Error Variances^a

	F	df1	df2	Sig.
Factor 1 - <i>Guanxi</i> Building	.770	1	130	.382
Factor 2 - Influence of <i>Guanxi</i>	.068	1	130	.794
Factor 3 - Indirect Communication Style	.427	1	130	.515
Factor 4 - Importance of Face	.555	1	130	.458
Factor 5 - Importance of <i>Guanxi</i> in Negotiation	.009	1	130	.923
Factor 6 - Knowledge of Counterpart	1.830	1	130	.178
Factor 7 - Negotiation Tactics	1.321	1	130	.252
Factor 8 - Chinese Business Etiquette	1.692	1	130	.196
Factor 9 - Importance of Relative Status	.650	1	130	.422
Factor 10 - Importance of Contract Rules	.774	1	130	.381
Factor 11 - Negotiation Goals	1.429	1	130	.234
Factor 12 - Time Sensitivity	.332	1	130	.566

Tests the null hypothesis that the error variance of the dependent variable is equal across groups.

a. Design: Intercept + OverseasStudyWork

Table 35 - MANOVA Multivariate Tests by Participants' Overseas Study or Work Experience

Multivariate Tests^b

Effect		Value	F	Hypothesis df	Error df	Sig.
Intercept	Pillai's Trace	.980	476.109 ^a	12.000	119.000	.000
	Wilks' Lambda	.020	476.109 ^a	12.000	119.000	.000
	Hotelling's Trace	48.011	476.109 ^a	12.000	119.000	.000
	Roy's Largest Root	48.011	476.109 ^a	12.000	119.000	.000
OverseasStudyWork	Pillai's Trace	.146	1.689 ^a	12.000	119.000	.077
	Wilks' Lambda	.854	1.689 ^a	12.000	119.000	.077
	Hotelling's Trace	.170	1.689 ^a	12.000	119.000	.077
	Roy's Largest Root	.170	1.689 ^a	12.000	119.000	.077

a. Exact statistic

b. Design: Intercept + OverseasStudyWork

Table 36 - MANOVA Univariate Tests by the Participants' Overseas Study or Work Experience

Tests of Between-Subjects Effects

Source	Dependent Variable	With Overseas Work or Study Experience		Without Overseas Work or Study Experience		Type III Sum of Squares	df	Mean Square	F	Sig.
		Mean	Std. Deviation	Mean	Std. Deviation					
Corrected Model	Factor 1 - <i>Guanxi</i> Building	3.75	0.96	3.87	0.77	.275 ^a	1	.275	.425	.516
	Factor 2 - Influence of <i>Guanxi</i>	2.12	0.95	2.28	0.82	.453 ^b	1	.453	.640	.425
	Factor 3 - Indirect Communication Style	3.54	0.88	3.65	0.71	.198 ^c	1	.198	.365	.547
	Factor 4 - Importance of Face	3.26	0.81	3.33	0.65	.079 ^d	1	.079	.174	.677
	Factor 5 - Importance of <i>Guanxi</i> in Negotiation	4.05	0.62	3.85	0.62	.670 ^e	1	.670	1.758	.187
	Factor 6 - Knowledge of Counterpart	3.38	0.94	3.77	0.72	2.697^f	1	2.697	4.692	.032*
	Factor 7 - Negotiation Tactics	2.80	0.66	3.01	0.50	.745 ^g	1	.745	2.706	.102
	Factor 8 - Chinese Business Etiquette	3.01	0.50	2.84	0.62	.494 ^h	1	.494	1.355	.247
	Factor 9 - Importance of Relative Status	2.77	0.56	2.87	0.65	.154 ⁱ	1	.154	.381	.538

Dependent Variable	With Overseas Work or Study Experience		Without Overseas Work or Study Experience		Type III Sum of Squares	df	Mean Square	F	Sig.
	Mean	Std. Deviation	Mean	Std. Deviation					
Factor 10 - Importance of Contract Rules	2.67	1.10	2.90	0.96	.932 ^l	1	.932	.968	.327
Factor 11 - Negotiation Goals	4.03	0.98	4.31	0.76	1.331 ^k	1	1.331	2.099	.150
Factor 12 - Time Sensitivity	2.87	0.74	2.73	0.65	.363 ^l	1	.363	.816	.368

a. R Squared = .003 (Adjusted R Squared = -.004)

b. R Squared = .005 (Adjusted R Squared = -.003)

c. R Squared = .003 (Adjusted R Squared = -.005)

d. R Squared = .001 (Adjusted R Squared = -.006)

e. R Squared = .013 (Adjusted R Squared = .006)

f. R Squared = .035 (Adjusted R Squared = .027)

g. R Squared = .020 (Adjusted R Squared = .013)

h. R Squared = .010 (Adjusted R Squared = .003)

i. R Squared = .003 (Adjusted R Squared = -.005)

j. R Squared = .007 (Adjusted R Squared = .000)

k. R Squared = .016 (Adjusted R Squared = .008)

l. R Squared = .006 (Adjusted R Squared = -.001)

*. Mean factor scores are significantly different between groups.

As shown in Table 35 above, the multivariate test results indicate that there was no significant effect of overseas study or work experience on the combined dependent variables (12 factors regarding negotiation styles, practices, and behaviour), $F(12, 119) = 1.689$, $p=0.077$ ($p>0.05$, NS); Wilks' Lambda =0.854. However, when looking at the results for the dependent variables separately, the univariate test results shown in Table 36 indicate a significant difference between people with and without overseas study or work experience on Factor 6 (Knowledge of Counterpart) ($F=4.692$, $df=1$, $p=0.032$, S). Such results suggest that overseas study or work experience does not influence the participants' overall negotiation styles, practices, and behaviour; however, overseas experience does have a significant effect on participant's practices in regard to getting to know the counterpart in negotiation. The mean factor scores indicate that people who had no overseas study or work experience in Western countries (mean=3.77, s.d.=0.72, n=111) focus more on knowing their counterpart at the beginning of negotiation when compared to people who had overseas study or work experience (mean=3.38, s.d.=0.94, n=21). Such results also imply that people with overseas experience have more contact with Western culture and customs, thus are less interested in knowing their counterpart in detail and building *guanxi*, and more likely to start negotiation straight away. In other words, their negotiation practices are more similar to Western practices in this respect. Nevertheless, participants' overseas study or work experience is correlated to participants' negotiation practices in knowing their counterpart, thus Hypothesis 5 is not supported.

6.16 MANOVA by Gender

In order to test Hypothesis 6, a one-way between-group MANOVA was conducted between males and females regarding their negotiation styles, practices, and behaviour to examine the relationship between the participants' gender (independent variable) and their negotiation styles, practices, and behaviour in regard to the 12 factors (dependent variables). Levene's test of equality of error variances was also conducted to check the homogeneity of variance assumption for each dependent variable. The homogeneity test shown in Table 37 below indicates that Factor 12 reaches a significance level of less than 0.05 and thus has unequal variance in data across the male and female groups. Such violation of the homogeneity assumption indicates that the results of the MANOVA may lack certain validity for that factor. As suggested by some scholars, if a

variable has proven to be of unequal variance, then the conventional alpha value 0.05 that determines the variable's statistical significance in a univariate test is no longer convincing, and needs to be reduced to 0.025 or 0.01 (Tabachnick and Fidell, 2007, as cited in Pallant, 2007). In this case, as Factor 12 has not reached the conventional statistical significance level 0.05, there is no need to use the adjusted alpha value.

Table 37 - Homogeneity Test for MANOVA by Participants' Gender
Levene's Test of Equality of Error Variances^a

	F	df1	df2	Sig.
Factor 1 - <i>Guanxi</i> Building	.303	1	130	.583
Factor 2 - Influence of <i>Guanxi</i>	.001	1	130	.974
Factor 3 - Indirect Communication Style	2.268	1	130	.135
Factor 4 - Importance of Face	.072	1	130	.789
Factor 5 - Importance of <i>Guanxi</i> in Negotiation	.449	1	130	.504
Factor 6 - Knowledge of Counterpart	.856	1	130	.357
Factor 7 - Negotiation Tactics	.799	1	130	.373
Factor 8 - Chinese Business Etiquette	1.174	1	130	.281
Factor 9 - Importance of Relative Status	.552	1	130	.459
Factor 10 - Importance of Contract Rules	.456	1	130	.501
Factor 11 - Negotiation Goals	.001	1	130	.980
Factor 12 - Time Sensitivity	7.005	1	130	.009

Tests the null hypothesis that the error variance of the dependent variable is equal across groups.

a. Design: Intercept + Gender

Table 38 - MANOVA Multivariate Tests by Participants' Gender
Multivariate Tests^b

Effect	Value	F	Hypothesis df	Error df	Sig.	
Intercept	Pillai's Trace	.982	541.768 ^a	12.000	119.000	.000
	Wilks' Lambda	.018	541.768 ^a	12.000	119.000	.000
	Hotelling's Trace	54.632	541.768 ^a	12.000	119.000	.000
	Roy's Largest Root	54.632	541.768 ^a	12.000	119.000	.000
Gender	Pillai's Trace	.114	1.275 ^a	12.000	119.000	.242
	Wilks' Lambda	.886	1.275 ^a	12.000	119.000	.242
	Hotelling's Trace	.129	1.275 ^a	12.000	119.000	.242
	Roy's Largest Root	.129	1.275 ^a	12.000	119.000	.242

a. Exact statistic

b. Design: Intercept + Gender

Table 39 - MANOVA Univariate Tests by the Participants' Gender

Tests of Between-Subjects Effects

Source	Dependent Variable	Male		Female		Type III Sum of Squares	df	Mean Square	F	Sig.
		Mean	Std. Deviation	Mean	Std. Deviation					
Corrected Model	Factor 1 - <i>Guanxi</i> Building	3.67	0.89	3.89	0.78	.947 ^a	1	.947	1.472	.227
	Factor 2 - Influence of <i>Guanxi</i>	2.23	0.97	2.26	0.81	.018 ^b	1	.018	.026	.873
	Factor 3 - Indirect Communication Style	3.84	0.91	3.58	0.69	1.249 ^c	1	1.249	2.335	.129
	Factor 4 - Importance of Face	3.55	0.70	3.27	0.66	1.553 ^d	1	1.553	3.507	.063
	Factor 5 - Importance of <i>Guanxi</i> in Negotiation	4.16	0.52	3.83	0.62	2.115^e	1	2.115	5.717	.018*
	Factor 6 - Knowledge of Counterpart	3.68	0.93	3.72	0.74	.023 ^f	1	.023	.038	.846
	Factor 7 - Negotiation Tactics	3.06	0.70	2.95	0.49	.216 ^g	1	.216	.774	.380
	Factor 8 - Chinese Business Etiquette	2.98	0.52	2.85	0.62	.319 ^h	1	.319	.871	.352
	Factor 9 - Importance of Relative Status	2.98	0.73	2.83	0.61	.442 ⁱ	1	.442	1.102	.296
	Factor 10 - Importance of Contract Rules	2.93	1.04	2.84	0.97	.156 ^j	1	.156	.161	.689
	Factor 11 - Negotiation Goals	4.38	0.90	4.24	0.78	.363 ^k	1	.363	.566	.453

Dependent Variable	Male		Female		Type III Sum of Squares	df	Mean Square	F	Sig.
	Mean	Std. Deviation	Mean	Std. Deviation					
Factor 12 - Time Sensitivity	2.88	0.90	2.72	0.61	.482 ¹	1	.482	1.087	.299

a. R Squared = .011 (Adjusted R Squared = .004)

b. R Squared = .000 (Adjusted R Squared = -.007)

c. R Squared = .018 (Adjusted R Squared = .010)

d. R Squared = .026 (Adjusted R Squared = .019)

e. R Squared = .042 (Adjusted R Squared = .035)

f. R Squared = .000 (Adjusted R Squared = -.007)

g. R Squared = .006 (Adjusted R Squared = -.002)

h. R Squared = .007 (Adjusted R Squared = -.001)

i. R Squared = .008 (Adjusted R Squared = .001)

j. R Squared = .001 (Adjusted R Squared = -.006)

k. R Squared = .004 (Adjusted R Squared = -.003)

l. R Squared = .008 (Adjusted R Squared = .001)

*. Mean factor scores are significantly different between groups.

As shown in Table 38 above, the multivariate test results indicate that there was no significant effect of gender on the combined dependent variables (12 factors of negotiation styles, practices, and behaviour), $F(12, 119) = 1.275$, $p=0.242$ ($p>0.05$, NS); Wilks' Lambda =0.886. However, when looking at the results for the separate dependent variables, the univariate test results shown in Table 39 indicate significant difference between males and females on Factor 5 (Importance of *Guanxi* in Negotiation) alone ($F=5.717$, $df=1$, $p=0.018$, S). Such results suggest that gender does not influence the participants' overall negotiation styles, practices, and behaviour. However, male participants are different to female participants in terms of beliefs about the importance of *guanxi* in negotiation. That is, the mean factor scores indicate that male participants (mean=4.16, s.d.=0.52, n=23) see *guanxi* as more important in negotiation than female participants (mean=3.83, s.d.=0.62, n=109). The researcher speculates that this is due to the influence of Confucian ideology. Males are involved in all five of the relationships Confucianism emphasizes, thus males might be more *guanxi* orientated than females. Nevertheless, participants' gender is correlated to attitudes toward the importance of *Guanxi* in negotiation, thus Hypothesis 6 is not supported.

7 Discussion

The results of this study can be seen as a new viewpoint concerning this topic, as it surveyed Chinese employees directly and asked Chinese negotiators about their own beliefs. It differs from conventional research that studies the perceptions of Western business people toward their Chinese counterparts' negotiation styles, practices and behaviour.

7.1 Changes to Western-influenced Chinese Negotiators

The results regarding participants' demographic profiles show that the Chinese employed by the chosen Western MNC share some common characteristics, being young, and having relatively short work experience at Western MNCs. However, as indicated in the survey results, the majority of the participants believe working at the Western MNC and Western concepts and beliefs still had a substantial influence on them but to different degrees. Such findings from the participants' own viewpoint indirectly confirm changes to Chinese employees working at Western invested firms due to Western cultural influence, which is in accordance with Tung et al.'s (2008) findings. Moreover, such findings also support Tung et al.'s finding that younger people in China find it easier to accept Western concepts and values.

7.2 Negotiation Strategy

When looking at the research results of the participants' negotiation strategies (Table 7), it is interesting to find that the Chinese employees see themselves as either win-win cooperative negotiators (45.3%) or mixed-style negotiators (54.1%), with the exception of only one participant who chose the win-lose competition strategy. The results show over half the Chinese employees are in accordance with what Fang (2006) and Faure (1998, 1999) have described as mixed-style negotiators, who might change their strategies from win-win cooperation, to a win-lose competition depending on the

situation. The results also suggest that a competition or zero-sum strategy alone, is not a popular belief among the Chinese employees working for Western MNCs, rather the cooperation (win-win) concept is widely accepted by many of them, and this differs from what McGregor (2005) and Pye (1982) have indicated (which was based on Westerners' experiences when negotiating with the Chinese). This could be due to the following reasons. Firstly, by working at the Western MNC, the target employees are more accepting of the win-win concept in negotiation. Secondly, the target employees see the goal of negotiation as the building of a long-term business relationship and regard this as the most important element in negotiation (as also found in this study), and they might fully understand that adopting competition and the zero-sum strategy would neither bring benefit to business negotiation, nor facilitate the formation of a long-term business relationship. Thirdly, as the Chinese government maintains emphasis on the win-win concept, cooperation and sincerity in international business (Zhao, 2000) and international economic cooperation, the participants have started getting used to this concept. Moreover, what the participants believe about themselves and how they actually behave in real business negotiations might differ, so many of the participants only describe their negotiation strategy as win-win cooperative. Nevertheless, the above findings may suggest that Westerners might find negotiating with Chinese negotiators representing a Western MNC easier on the one hand, and, on the other hand, may also suggest the importance of avoiding situations that will turn the Chinese negotiation strategy to a win-lose competition.

7.3 Traditional Cultural Values

When looking at the participants' answers regarding the influences of negotiation books and the traditional culture, it can be found that the Confucian value of harmony still has a dominant influence on the target Chinese employees, in regard to their negotiations. There is still certain a proportion of employees working at the Western MNC, who are interested in stratagem books and who are familiar with Chinese stratagems. Overall, the results may imply that although the target Chinese employees have worked at a

Western MNC, have come into contact with Western beliefs and values, and thus may be influenced by Western culture, traditional Chinese philosophy and culture still influence them and their negotiation approaches to a large extent. Therefore, some of their core cultural values have hardly changed, which supports McGregor (2005), Shi (2001), and Tung et al.'s (2008) findings.

7.4 12 Aspects of the Chinese Approaches to Negotiation

Guanxi. Factors 1 (*Guanxi* Building), 2 (Influence of *Guanxi*), 5 (Importance of *Guanxi* in Negotiation), and 6 (Knowledge of Counterpart) are all either directly or indirectly linked to the concept of "*Guanxi*". The results in the previous section suggest that Chinese employees working for the Western MNC still see *guanxi* as an important element in successful negotiation. They still focus on the counterparts participating in the negotiation, are interested in knowing their counterparts even their personal backgrounds, and try to build *guanxi* with their counterparts at the start of negotiation. As *guanxi* is still found to be important to the participants, they may very well focus on the counterpart participating in the negotiation. Thus, they might still spend a relatively long time on non-task sounding processes to get to know the counterpart and build *guanxi*. Such findings indicate common negotiation styles and practices between the target Chinese employees and traditional Chinese negotiators described in the literature review. However, as the mean factor scores do not show strong agreement, the importance to the participants of *guanxi*, building *guanxi*, and knowing the counterpart might be not as strong as for traditional Chinese negotiators defined in the literature review, and the time they spend on non-task sounding processes might be less than traditional Chinese negotiators. It is possible that, by working at the Western MNC in China, Western culture and business concepts might have influenced the participants to a certain degree. However, as those Chinese employees are still living and working in the Chinese social context, their beliefs in relation to *guanxi* are still influenced by the Chinese social environment and the ways of Chinese society.

Although *guanxi* still plays an important role to the target Chinese employees, they will not sacrifice company interest in negotiation or in signing deals merely because they have *guanxi* with their counterpart, which shows strong loyalty toward their company. In other words, although *guanxi* is still important for those Chinese employees, when faced with a matter of principle, they will not cross this line. Such findings may suggest that these Chinese employees will carefully assess the details of the business deal, focus on the price and terms proposed by the counterpart, and make decisions based on what is best for the company. This may imply that the actual deal and its contents are key in influencing negotiation decision-making, thus Western companies and their negotiators should mainly focus on the actual business deal, the contract terms and conditions when negotiating with Chinese negotiators representing a Western MNC.

Such practice by the target Chinese employees mentioned above is in conflict with Rivers's (2009) findings that the Chinese value friendship and relationship more than their company's interest. The reason behind this difference might be that the company has a code of conduct for employees, and has provided business conduct training for them. Other MNCs in China often emphasize the importance of a code of conduct among their employees, to avoid their employees indulging in inappropriate business practices and behaviour (including bribery, taking commissions or gifts, attending entertainment or dinner parties). Having the code of conduct is quite an effective way to guarantee that business activities, including negotiations, are in compliance with the company's rules and principles (McGregor, 2005).

In order to explore the correlation between business conduct training and Factor 2 (Influence of *Guanxi*) in negotiation, a one-way between-group ANOVA was conducted. The result of the ANOVA indicates a significant difference between the employees who received business conduct training and the employees who did not receive it ($F=10.885$, $df=1$, $p=0.001$, S). It confirms that employees who have attended business conduct training (mean=2.04, s.d.=0.70, n=93) disagree more on this factor than employees who have not received this training (mean=2.45, s.d.=0.88, n=67), and means employees

who have attended the business conduct training place more emphasis on their company's interest. People who received business conduct training fully understand the company's code of conduct and its importance to their jobs, so, some behaviour, such as using *guanxi* to gain personal interest, influencing negotiation outcomes or contract terms through *guanxi*, while not considering the company's interest are not allowed.

Communication style and face. According to the summaries in the literature review, traditional Chinese people working at local Chinese companies adopt indirect communication styles and value face in negotiations. This research finds the Chinese employees working at the Western MNC will still use indirect communication styles, but might be more willing to respond directly. This study also finds that the concept of face is still an important factor in negotiation to the sample population, which is in accordance with Tung et al.'s (2008) findings. Thus, when a counterpart causes the Chinese negotiators representing the Western MNC to lose face; it would affect the overall negotiation and the negotiation outcome to a certain degree. However, the concept of face might be less obvious among the sample population when compared to traditional Chinese negotiators. It can be said that although the Chinese employees working at the Western MNC are similar to traditional Chinese negotiators in terms of communication style and face, they might have started adopting a more westernised style. This might suggest that they are influenced by both Western culture and traditional Chinese culture.

Negotiation tactics. As mentioned earlier, Factor 7 consisted of five different negotiation tactics. Some tactics (Statements 7, 18, and 9) referred to misleading tricks or even thick face and blackheart strategies, and others (Statements 16, and 17) can be seen as commonly practiced bargaining tactics. This research finds the target Chinese employees will still use bargaining tactics, such as referring to prices or terms agreed to previously, or using friendship to obtain a better price and more concessions. This makes the participants similar to traditional Chinese negotiators as defined in the literature review. However, this research does not find the employees support the use of

negotiation tricks, such as hiding one's own position to gain advantage; this research finds that they disagree with the use of misleading information to gain an advantage, at the same time, they do not expect the counterpart to use misleading information, which indicates a more honest and open negotiation atmosphere. Such findings suggest that the target Chinese employees are less likely to use negotiation tricks as compared to traditional Chinese negotiators, and Westerners might find Chinese employees working at a Western MNC easier to deal with, which is fully in accordance with Tung et al.'s (2008) findings.

In this case, the influence of Western culture in the company or the company's business principles or spirit might be reasons that cause this difference. The second explanation could be that the participants are quite young and less experienced, so they are less familiar with the various tricks the older generation use in negotiation. The third possible explanation is the influence of traditional Chinese culture on the participants. In order to examine the correlation between the various traditional Chinese philosophies and the five different negotiation tactics, one-way between-group MANOVAs were conducted on the four traditional Chinese philosophies ("The Art of War" by Sun Tzu, "The 36 Chinese Stratagems", the thick face and blackheart strategies, and Confucian ideology, as the four individual independent variables) and the five different tactics (dependent variables). The results of the MANOVAs' multivariate tests show no significant difference between people who are aware of and those who are not aware of the four traditional Chinese philosophies on the combined dependent variables. However, univariate tests show a significant difference between people who are aware of Confucian ideology and people who are not aware of it on Statement 17 (using *guanxi* to get a better price and more concessions) ($F=6.456$, $df=1$, $p=0.012$, S). People who are aware of Confucian ideology (mean=3.78, s.d.=0.84, n=73) are more likely to use *guanxi* to get a better price and more concessions in negotiation than people who are not aware of Confucian ideology (mean=3.41, s.d.=0.95, n=74). The researcher speculates that, as the five relationships in Confucianism introduced the concept of *guanxi* into Chinese society (Ghauri & Fang, 2001), participants who are influenced by

Confucian ideology are more likely to agree to using *guanxi* as a tool in negotiation bargaining.

Chinese business etiquette. This research does not find that the target Chinese employees see traditional Chinese business etiquette and customs, including having meals together or offering gifts, as important or essential in Sino-Western negotiations and building relationships, which suggests they adopt different practices and behaviour compared to traditional Chinese negotiators as described by many scholars (Collins & Block, 2007; Leung & Yeung, 1995; McGregor, 2005; Woo & Prud'homme, 1999). A possible explanation might be again, that the employees have a code of conduct to comply with, which regulates their practices and behaviour. This finding implies that the likelihood Westerners will have a banquet with the target Chinese employees in negotiation is less when compared to negotiation with traditional Chinese negotiators. Thus, Westerners might find negotiating with the target Chinese employees easier.

Importance of relative status. This study finds the target Chinese employees do not emphasize the importance of negotiators' social status and company rank in negotiation, as the traditional Chinese negotiators do (Graham & Lam, 2003; Woo & Prud'homme, 1999). This suggests employees working at a Western MNC, with exposure to Western culture and values, are less hierarchical than traditional Chinese negotiators, which confirms Tung et al.'s (2008) findings. However, another explanation could be the employees' age and position in the company. The majority of the participants are young, and have less work experience in Western MNCs, so their own position in the company could still be low by inference. Therefore, they are less likely to put emphasis on the issues of social status and hierarchy in negotiation. Overall, this finding might suggest that when selecting negotiators for negotiating with Chinese people working for a Western MNC, Western companies' managers do not need to consider the issue of whether the relative status of the delegation team matches their Chinese counterpart or not.

Importance of contract rules. This research finds the target Chinese employees hold beliefs neither similar to traditional Chinese negotiators, who believe it is ok to change a signed contract, nor similar to Western negotiators, who believe a signed contract should be fully implemented without any changes. This might indicate they have moved towards Western beliefs, thus, their practices regarding contract implementation are different to traditional Chinese negotiators, at the same time, they have not yet fully accepted Western approaches to contract rules. The explanation could be that China's unique *guoqing* (China's unique national character, as explained in the literature review), business and negotiation environment still affect the participants to a certain degree. Therefore, they understand the need to make changes to a signed contract in such a unique, complex, and fast-changing business environment. They also understand the importance of allowing changes to a signed deal in order to solve problems, minimise financial losses, and keep the rest of the contract implemented. In other words, while they do not expect changes to a signed contract, when it is necessary, or under special circumstances, they have no choice but to accept changes in order that the whole business project is not threatened. Moreover, the results may also suggest that the likelihood of re-opening negotiation with the target Chinese employees is relatively small when compared to traditional Chinese negotiators.

Goal of negotiation. This research finds a strong similarity between the target employees and traditional Chinese negotiators in regard to the goal of negotiation, in that both groups focus on long-term business relationship building when signing the current deal, rather than on the signed contract itself. Such practice by the participants is different to Westerners' practice, which sees signing a good contract as the goal of a negotiation (Buttery & Leung, 1998; Collins & Block, 2007; Faure, 1999; Graham & Lam, 2003). This finding is supported and can be explained by the findings on *guanxi* in this research. As *guanxi* is still important to them, and *guanxi* represents a long-term relationship, it is natural for them to take a long-term view in negotiation. Moreover, the strong concordance with traditional Chinese negotiators in taking a long-term view may suggest that some of the Confucian core values are solid and hardly change even among

the younger Chinese generation and those Chinese who are exposed to Western culture. Therefore, when negotiating with the Chinese from a Western MNC in China, Westerners will not see any differences between them and traditional Chinese negotiators from local Chinese companies in this regard.

Time sensitivity. This study does not find the target employees being consistent with traditional Chinese negotiators who are not sensitive to time. Rather, the target employees pay more attention to time than traditional Chinese negotiators. Such differences with the traditional Chinese might suggest that when negotiating with Chinese negotiators representing a Western MNC in China, Westerners will feel these Chinese negotiators focus more on the negotiation schedule, and thus, the whole negotiation process will be relatively more efficient, and take less time than negotiating with Chinese negotiators representing a Chinese local company.

7.5 Summary of Comparisons of the Negotiation Practices, and Behaviour of the Sample Population with Traditional Chinese Negotiators

In summary, this research finds Chinese employees working at the Western MNC adopt different negotiation styles, practices, and behaviour compared to traditional Chinese negotiators in some aspects of negotiation; while still keeping some traditional negotiation practices. Table 40 below shows detailed summaries of comparisons. It can be said from the research results that Chinese employees working for the Western MNC have moved toward Western negotiation styles, so, many of the negotiation practices and behaviour of traditional Chinese business people are not apparent among the target Chinese employees. Thus, Westerners might find them easier to deal with when negotiating. At the same time, traditional Chinese culture, and the Chinese business and social environment still influence the target Chinese employees. Hence, in many fields, they still engage in negotiation styles, practices, and behaviour similar to traditional Chinese negotiators. However, the degree to which they accept or adopt such negotiation styles and practices might not be as great as traditional Chinese negotiators.

Moreover, this research confirms the co-existence of Western and Chinese beliefs and values among the Chinese employees working at the Western MNC, and this fully supports the findings of Tung et al. (2008).

Table 40 - Comparisons between the Participants' Negotiation Styles, Practices and Behaviour and Traditional Chinese Negotiators on the 12

Elements of Negotiation

Factors	The Chinese employees working for a Western MNC in this study	Traditional Chinese negotiators defined in literature	Comparison between the two groups
Factor 1 - <i>Guanxi</i> Building	Building <i>guanxi</i> at the beginning of the negotiation is important.	Building <i>guanxi</i> at the beginning of the negotiation is important (Faure, 1999; Herbig & Martin, 1998; Zhu et al., 2007).	Similar
Factor 2 - Influence of <i>Guanxi</i>	Employees' company interest is more important than <i>guanxi</i> .	<i>Guanxi</i> is more important than employees' company interest (Rivers, 2009).	Different
Factor 3 - Indirect Communication Style	Still adopt an indirect communication style.	Adopt an indirect communication style (Blackman, 2000; Collins & Block, 2007; Graham & Lam, 2003; Hall, 1976; Pye, 1982; Sheer & Chen, 2003; Woo & Prud'homme, 1999).	Similar
Factor 4 - Importance of Face	Face is important in negotiations.	Face is important in negotiations (Björkstén & Hägglund, 2010; Buttery & Leung, 1998; Collins & Block, 2007; Faure, 1999; Ghauri & Fang, 2001; Graham & Lam, 2003; Pye, 1982; Woo & Prud'homme, 1999; Zhu et al., 2007).	Similar
Factor 5 - Importance of <i>Guanxi</i> in Negotiation	<i>Guanxi</i> is important in negotiations.	<i>Guanxi</i> is important in negotiations (as pointed out by almost all of the scholars in the literature reviewed in this research).	Similar

Factors	The Chinese employees working for a Western MNC in this study	Traditional Chinese negotiators defined in literature	Comparison between the two groups
Factor 6 - Knowledge of Counterpart	Interested in knowing the counterpart negotiator.	Interested in knowing the counterpart negotiator in detail (Faure, 1999; Ghauri & Fang, 2001; Herbig & Martin, 1998; Stark et al., 2005; Zhu et al., 2007).	Similar
Factor 7 - Negotiation Tactics	Neutral position to using various negotiation tactics.	Various negotiation tactics are commonly used in negotiations (McGregor, 2005; Miles, 2003; Pye, 1982).	Different
Factor 8 - Chinese Business Etiquette	Neutral position on the importance of Chinese business etiquette and customs in negotiations.	Chinese business etiquette and customs are important and essential in negotiations (Collins & Block, 2007; Faure, 1999; Pye, 1982; Woo & Prud'homme, 1999).	Different
Factor 9 - Importance of Relative Status	Neutral position on the importance of negotiator's relative status.	Negotiators relative status is important in negotiations, mismatching of the relative status of the two negotiating parties will cause negotiation failure (Buttery & Leung, 1998; Graham & Lam, 2003; Woo & Prud'homme, 1999).	Different
Factor 10 - Importance of Contract Rules	Neutral position on the importance of contract rules.	Making changes to a signed contract is fully accepted (Collins & Block, 2007; Faure, 1999; Ghauri & Fang, 2001; Miles, 2003; Pye, 1982).	Different

Factors	The Chinese employees working for a Western MNC in this study	Traditional Chinese negotiators defined in literature	Comparison between the two groups
Factor 11 - Negotiation Goals	Building a long-term business relationship.	Building a long-term business relationship (Buttery & Leung, 1998; Collins & Block, 2007; Faure, 1999; Graham & Lam, 2003; McGregor, 2005; Tung, 1982, 1989).	Similar
Factor 12 - Time Sensitivity	Neutral position on time sensitivity in negotiations.	Not sensitive to time in negotiations (Collins & Block, 2007; Faure, 1998, 1999; Leung & Yeung, 1995; Miles, 2003; Pye, 1982; Woo & Prud'homme, 1999).	Different

Overall, this research does not find enormous differences between the target Chinese employees and traditional Chinese negotiators. This could be due to the following reasons. Firstly, as the participants have relatively little work experience at the Western company, it is not expected that all of their negotiation styles, practices, and behaviour will have changed completely. Secondly, although they are working at the Western MNC, they are still working and living in Chinese society, thus, the social context of China, and its business practices and behaviour still have a strong influence on them. That is why this research finds *guanxi* still plays an important role. Thirdly, as suggested by Hofstede, Hofstede and Minkov (2010), people's core values change slowly, the effect of traditional Chinese cultural values such as Confucian ideology on the participants has hardly changed. This could be why participants are found to still hold onto the long-term view in negotiation, and value the concept of face in negotiations. However, it is interesting to find that the participants have different beliefs toward the importance of relative status in negotiation as compared to traditional Chinese negotiators, as this element is also a core value of Confucianism. The possible explanation is that the participants are quite young; and it can be speculated that young Chinese people pay less attention to relative status issues. Overall, Hypothesis 1 is not supported.

Although the target Chinese adopt more westernised styles, practices, and behaviour compared to the traditional Chinese in terms of relative status, contract implementation, and time sensitivity in negotiations, their beliefs regarding these aspects of negotiation are still different to Westerners'. Considering the findings discussed above, this research supports Tung et al.'s (2008) findings that, despite the influence of exposure to Western culture and values, there are still some persistent differences in negotiation between Westerners and the Chinese nowadays, which are; the importance of *guanxi*, face, relative status, and attitude towards time.

7.6 Comparison of Rankings of Various Aspects of Negotiation between the Sample Population and Traditional Chinese Negotiators

Through reviewing the literature on Chinese negotiations, The perception is that traditional Chinese negotiators place different importance on different elements of negotiation. In other words, some of the traits of traditional Chinese negotiators are more obvious than others, so Chinese people might agree more on those traits. Based on the findings of different scholars, researchers and business people (Horwitz et al., 2008; Rivers, 2009; Stark et al., 2005) on Chinese negotiators and also Westerners' perceptions of Chinese negotiators, the different elements of negotiation have been ranked from the most important to the least important. The perceived rankings are summarised in Table 41 below.

People's attitude to time in negotiation is perceived as the top ranking element in the list. Fang et al. (2008), and Horwitz et al. (2008), all find patience by Western teams is one of the most importance factors in making negotiations a success, ahead of the importance of *guanxi* with the counterpart, hence, it can be inferred that traditional Chinese negotiators would agree taking a longer time in negotiation (low time sensitivity) is seen as the most important element in Sino-Western negotiation.

Guanxi has been pointed out by almost all of the scholars and business people as the most important element in Sino-Western negotiation, however, as reported recently by some frontline business people (Björkstén & Hägglund, 2010; Collins & Block, 2007; Hupert, 2010; McGregor, 2005) and scholars (Fang et al., 2008; Stark et al., 2005; Tung et al., 2008; Vieregge & Quick, 2011), *guanxi* is not as important as formerly. Therefore, it can be implied that the importance of *guanxi* in negotiation should be second on the list. Knowing one's counterpart, building *guanxi*, and the influence of *guanxi* in negotiation are all *guanxi* related; knowing one's counterpart in detail and building *guanxi* are inter-related (Faure, 1999; Zhu et al., 2007), and the Chinese see friendship as more important than their companies' interests because of *guanxi* (Rivers, 2009), thus,

those three elements' rankings follow the importance of *guanxi*.

Negotiators' relative status and face are all found to be important traits to Chinese negotiators, and sometimes may even influence negotiation outcomes (Buttery & Leung, 1998; Ghauri & Fang, 2001; Graham & Lam, 2003; Horwitz et al., 2008; Tung et al., 2008; Woo & Prud'homme, 1999; Zhu et al., 2007), thus, those two elements are ranked at sixth and seventh in the list. Another important negotiation practice the Chinese normally adopt is that the Chinese focus on building a long-term business relationship as the goal of any negotiation (Buttery & Leung, 1998; Collins & Block, 2007; Faure, 1999; Graham & Lam, 2003; McGregor, 2005), thus negotiation goals is ranked as the eighth most important element.

Other important practices commonly perceived by Westerners include; negotiation tricks (McGregor, 2005; Miles, 2003; Pye, 1982), renegotiation (Collins & Block, 2007; Ghauri & Fang, 2001; Miles, 2003), and an indirect communication style (Graham & Lam, 2003; Horwitz et al., 2008; Woo & Prud'homme, 1999), which are all types of negotiation tactic for getting a better price or more favourable contract terms. It can be inferred that people do not normally know they have adopted an indirect communication style, and they do not realise their answers are ambiguous, so an indirect communication style is ranked as the second least important element on the list. In addition, as Chinese business etiquette, such as having meals at a restaurant or exchanging gifts are common business customs, it is the least important item in the ranking list.

Table 41 - Comparison of Rankings of the Importance of Various Aspects of Negotiation between the Sample Population and Traditional

Chinese Negotiators

Chinese employees working for a Western MNC in China	Rank	Perception of traditional Chinese negotiators based on the literature review	Perceived Rank
Factor 11 - Negotiation Goals	1	Time Sensitivity	1
Factor 5 - Importance of <i>Guanxi</i> in Negotiation	2	Importance of <i>Guanxi</i> in Negotiation	2
Factor 1 - <i>Guanxi</i> Building	3	Knowledge of Counterpart (Knowing one's counterpart)	3
Factor 6 - Knowledge of Counterpart	4	<i>Guanxi</i> Building	4
Factor 3 - Indirect Communication Style	5	Influence of <i>Guanxi</i>	5
Factor 4 - Importance of Face	6	Importance of Relative Status	6
Factor 7 - Negotiation Tactics	7	Importance of Face	7
Factor 10 - Importance of Contract Rules	8	Negotiation Goal (Long term business relationship building)	8
Factor 9 - Importance of Relative Status	9	Negotiation Tactics	9
Factor 8 - Chinese Business Etiquette	10	Importance of Contract Rules (Renegotiation)	10
Factor 12 - Time Sensitivity	11	Indirect Communication Style	11
Factor 2 - Influence of <i>Guanxi</i>	12	Chinese Business Etiquette	12

Through comparing the rankings of the two groups of people shown in Table 41, the participants' rankings of the importance of negotiation elements by statistical means in this study share some differences and similarities with the rankings of the traditional Chinese negotiators as perceived from the literature review. The major differences are that the participants ranked "Negotiation Goals", as the most important element in negotiation, while it was the eighth most important element in the perceived ranking for traditional Chinese negotiators. The participants ranked "Time Sensitivity" and "Influence of *Guanxi*" as the least important in the list, while "Time Sensitivity" was perceived as the most important negotiation element for traditional Chinese negotiators, and "Influence of *Guanxi*" was perceived as the fifth most important element for traditional Chinese negotiators.

The results of the ranking comparisons of the top ranking elements bring up the importance of cooperation, long-term reciprocity and win-win ideology in business to the participants, which might suggest that Chinese negotiators representing a Western MNC would see long-term business relationships as even more important than prices or contract terms in negotiation. Hence, the cheapest price or the best terms in the current contract may not guarantee a business deal; rather other elements that can benefit long-term business cooperation would finally ensure its success. Such a result implies that Chinese negotiators representing a Western MNC would negotiate, assess the business deal, and make decisions based mainly on the principle of long-term business cooperation. Thus, Western companies, and their negotiation representatives should have a long-term business mindset when negotiating with those Chinese.

The obvious difference in the rankings of "Time Sensitivity" and "Influence of *Guanxi*" between the participants in this study and traditional Chinese negotiators, might imply that the target Chinese employees will be more efficient in negotiation than traditional Chinese negotiators, and will not sacrifice their company's interest because of *guanxi* with a counterpart.

The participants ranked "Importance of *Guanxi* in Negotiation", "*Guanxi* Building", and "Knowledge of Counterpart" as the next most important elements in negotiation after "Negotiation Goals", which makes them similar to traditional Chinese negotiators as perceived from the literature review. This result supports the findings and suggestions of some scholars and business people, that *guanxi* is still important to the Chinese (Tung et al., 2008). However, it is no longer the vital element in Sino-Western negotiations, rather a good business plan, the business deal itself (Björkstén & Hägglund, 2010; Collins & Block, 2007; Fang et al., 2008; Hupert, 2010; McGregor, 2005), and contract contents that could benefit both companies' long-term interests might be the crucial elements for negotiation success. Overall, Hypothesis 2 is not supported.

7.7 Correlations between the Four Independent Variables and the Negotiation Approaches

By looking at the results of the multivariate analysis, they do not point to any obvious relationship between the participants' term of service and their negotiation styles, practices, and behaviour. Thus, the notion that the longer the Chinese employees work for the Western MNC, the more likely they will be to adopt westernised negotiation styles and practices is not supported. Perhaps, while working at the Western MNCs, the influence of Western concepts and values on Chinese employees is not a gradual process. Not enough senior participants with long work experience in the sample population could be another reason for such results.

The Chinese employees' age does not correlate with their negotiation styles, practices, and behaviour in this study either, so the notion that older Chinese people are more hierarchical than younger Chinese people is not supported. This is perhaps because the participants are all quite young in this study, and there are not enough older Chinese participants that can be used for correlation analysis.

This research does not find any obvious differences between people with overseas work

and study experience and people without in their overall negotiation styles, practices, and behaviour. However, the possibility in the multivariable test is 0.077 (Table 35), which is slightly higher than the maximum significant level 0.05 in this research; it may show a trend that the negotiation approaches of Chinese employees with overseas experience in Western countries (having more influence from Western culture) are moving toward to westernised negotiation styles. This research also finds that the Chinese employees who had overseas experience in Western countries have less interest in knowing their counterpart at the beginning of negotiation as compared to the Chinese who have had no overseas experience, supporting the finding of Tung et al. (2008), that the Chinese with study experience abroad are more westernised. The reason that this research does not find a relationship between the participants' overseas experience in Western countries, and their other negotiation behaviour could be due to the influence of their overseas experience being neutralised by the influence of work experience at Western MNCs. The relatively small sample size of people with overseas experience might be another reason.

The research does not find differences between male and female participants in their overall negotiation styles, practices, and behaviour either, but it finds that the male Chinese employees see *guanxi* as more important in negotiation than their female counterparts. The relatively small number of male participants in this study might have caused this result. In summary, Hypotheses 3 and 4 are supported, while Hypotheses 5 and 6 are not supported.

Based on the current collected data and the results of the correlation analysis between the participants' term of service, age and their negotiation styles, practices, and behaviour, the mechanism by which Chinese employees' negotiation approaches are influenced still remains unclear, and may need further investigation.

8 The Negotiation Model for Chinese Employees Working for Western MNCs

By combining the literature review and the findings of this research, a negotiation model of Chinese employees working at a Western MNC has been summarised, which generally explains what will influence their actual negotiation styles, practices, and behaviour in Sino-Western negotiation. As seen from the detailed model described in Figure 13 below, the negotiation styles, practices, and behaviour of the Chinese negotiators working for a Western MNC are influenced by six main factors. Those six factors include not only the elements shown in the "Ping-Pong" model (The PRC condition - *guoqing*, Confucianism, and Chinese stratagems) developed by Ghauri and Fang (2001), but also the elements of Western culture, China's social context, the Western company's requirements, and the counterparts in negotiation.

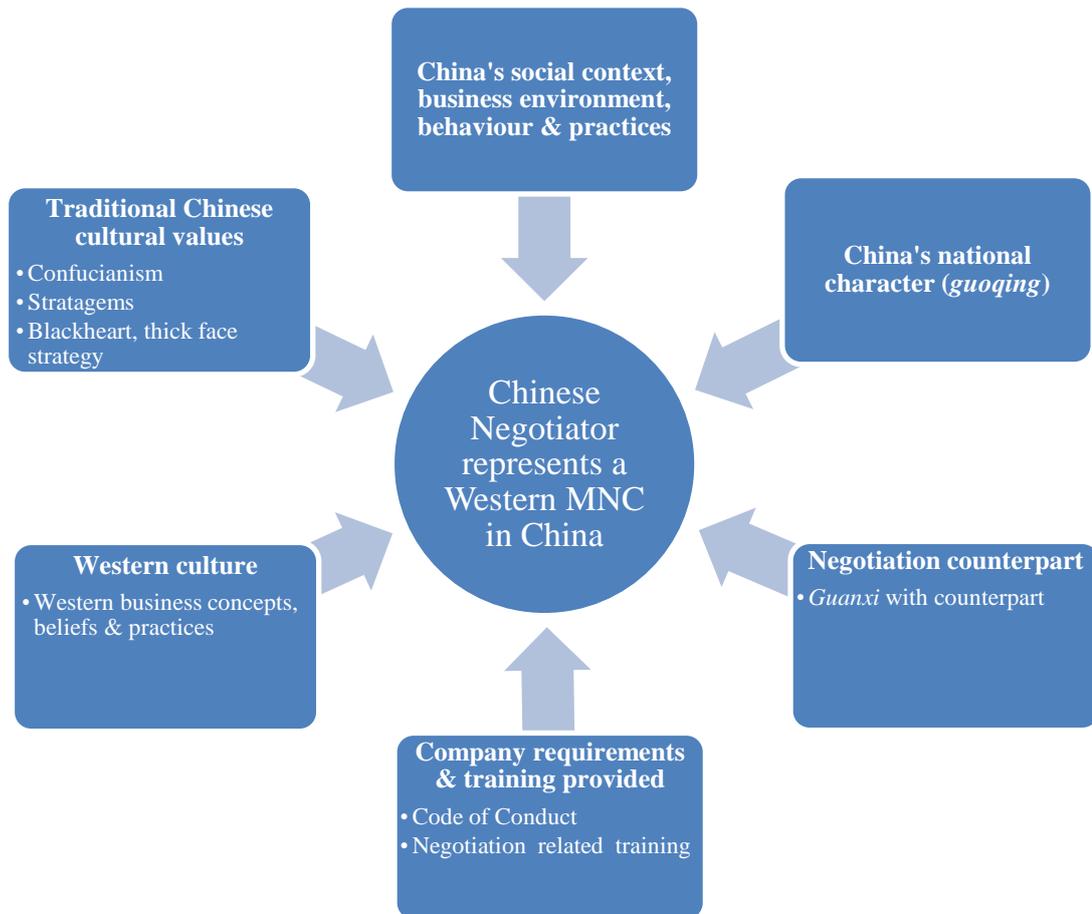


Figure 13 - The Negotiation Model for Chinese Employees Working for a Western MNC in China

9 Conclusions

Sino-Western negotiation is not a simple activity, there are many factors that can influence the negotiation, however, understanding the Chinese, more specifically their negotiation styles, practices, and behaviour is the first, and crucial step in successful Sino-Western negotiation. It can also minimise conflict or problems, and avoid misunderstandings caused by cultural differences. This research project has examined in detail business negotiation styles, practices, and behaviour of the target sample - Chinese employees working for a Western MNC in China by asking them about their own beliefs through a survey questionnaire. This study could enhance people's understanding of Chinese employees working at a Western MNC; thus, making negotiation between Chinese employees representing a Western MNC in China and Westerners easier.

The key findings of this research include the following. The target Chinese employees are young. Although they have little work experience with the Western MNC, they still believe they have changed to various degrees due to their work experience at the Western company and exposure to Western business concepts and beliefs. The cooperative and mixed style are the two major negotiation styles or strategies the Chinese employees working at the Western MNC will use in business negotiation. Traditional Chinese culture such as Confucianism, and stratagems still have influence on them. Confucian ideology is still the dominant philosophical belief the target Chinese employees hold.

By examining the beliefs of the participants, this research finds Chinese employees working at the Western MNC differ in many respects of business negotiation from the general population of Chinese employees working for Chinese domestic companies (known as traditional Chinese negotiators), and many of their negotiation styles, practices and behaviour are more westernised. Compared with traditional Chinese negotiators, the target Chinese employees put much more weight on their company's

interests than *guanxi* with their counterpart; are less likely to play tricks; see Chinese business etiquette, such as having meals or offering gifts, as less important; are less hierarchical; are more likely to fully implement the signed contract without making changes to it (take contract rules more seriously); and take relatively less time in negotiation. At the same time, this research also finds the target Chinese employees still adopt some business negotiation styles, practices, and behaviour similar to traditional Chinese negotiators. Specifically, *guanxi* still plays an important role in negotiations; the concept of face is still important in negotiations; the target Chinese employees still focus on the people participating in the negotiation, and are thus still willing to get to know their counterpart well and build *guanxi* at the beginning of negotiation; they still adopt an indirect communication style; and emphasize forging a long-term business relationship in negotiation. However, the degree of acceptance or adoption of such negotiation practices and behaviour for them might not be as strong as for traditional Chinese negotiators. Overall, the target Chinese employees' negotiation approaches are influenced by Western culture to a certain degree, however, they are still predominantly influenced by Chinese culture, thus both Chinese and Western values and beliefs co-exist among Chinese employees working at the Western MNC. Although the Chinese employees working at the Western MNC adopt many more westernised approaches to business negotiation, and Westerners might find them easier to negotiate with, there are still some major differences between the target Chinese employees and Westerners in negotiation styles, practices, and behaviour, which supports the findings of Tung et al. (2008).

Chinese employees working for the Western MNC see the importance of some negotiation elements differently, while still seeing the importance of some negotiation elements similarly to traditional Chinese negotiators, as perceived from the literature review. The target Chinese employees see the negotiation goal - building a long-term business relationship, rather than time sensitivity as the most important element in negotiation, which reveals the importance of long-term reciprocity and cooperation between business partners. Similar rankings for the importance of *guanxi* show that

guanxi is still important; however, it is not a crucial element in ensuring negotiation success to either group.

This research does not find obvious correlations between the participants' age, gender, term of service, overseas study or work experience, and the participants' overall negotiation styles, practices, and behaviour. Thus, the mechanism of how these Chinese employees are influenced remains unclear. However, this research finds participants' overseas study or work experience is correlated to participants' negotiation practice in terms of getting to know their counterpart. Participants' gender correlates to their attitudes toward the importance of *Guanxi* in negotiation.

Based on the various findings of this research, Westerners may need to change their negotiation strategies and preparation when engaging in business negotiation with Chinese representatives of a Western MNC in China. Some key managerial implications and recommendations are provided in the following section.

10 Practical Implications and Recommendations

The findings of this research report have some important practical or managerial implications for Western negotiators and their managers. Note that these implications are general ideas that could help Westerners negotiate more successfully with Chinese employees working for Western MNCs. Western negotiators and their managers need to set up their own business plan or negotiation strategies according to their company's situation taking into account the characteristics of the negotiation counterpart.

1. When negotiating with Chinese negotiators representing a Western MNC in China, Western negotiators still need to build *guanxi*. *Guanxi* still plays an important role when negotiating with these Chinese negotiators, however, good *guanxi* does not mean they will negotiate without concern for their company's interest. Therefore, it is crucial for Westerners to understand that the purpose of building *guanxi* with their counterpart is not to gain favour or to influence the final decision, but rather to form a mutual relationship, mutual trust, and a more cooperative negotiation environment that emphasizes harmony. This could prevent Westerners being treated competitively or being deceived by misleading information in the negotiation, and make the negotiation easier, and more likely to reach a win-win solution. That is, *guanxi* is useful, but it is definitely not a vital factor in reaching a business deal or making the negotiation a success. Chinese negotiators representing a Western MNC will stand by their principles in negotiation, for the sake of their company's code of conduct. Therefore, Westerners need to shift the focus from *guanxi* to business deals themselves such as the prices, contract terms, products or services, etc.
2. Spend slightly more time when the two parties first meet to allow both parties to get to know each other and start building *guanxi*. Try to build mutual trust during the negotiation, and put more focus on forging a long-term business relationship and emphasize long-term business cooperation when signing a deal. More importantly, Westerners should not only focus on the contract and its details. In other words, the

purpose of the negotiation is to build *guanxi*, establish mutual trust and a long-term business relationship, and also create the mindset of cooperation and problem solving. Such negotiation outcomes are called "the spirit of the deal" according to Fortgang, Lax, and Sebenius (2003), and are more important and useful in resolving future conflict and securing future business opportunities, than a signed paper contract according to McGregor (2005).

3. When negotiating with Chinese representatives of a Western MNC, offering gifts or having banquets can improve mutual *guanxi*, but are not necessary. As they all have the company's code of conduct to follow (which may preclude their accepting hospitality), there is no need to court them, for example, offering them gifts or meals, especially expensive ones, inviting them to negotiate overseas, or provide long-distance or overseas business trips which normally works well with traditional Chinese negotiators working at local Chinese companies (Fang, 2006; Ghauri & Fang, 2001; McGregor, 2005).
4. Do not assume all Chinese negotiators are the same, especially the older and younger Chinese, or people who have been strongly influenced by Western culture, values, beliefs and concepts as compared to people who have not. Do not stereotype the Chinese counterpart based on previous findings about Chinese negotiators. As found in this research, Chinese employees working at a Western MNC are different to traditional Chinese negotiators in terms of some negotiation practices and behaviour; Westerners might need to prepare differently and change their negotiation strategies for different Chinese negotiators, as suggested by Vieregge and Quick (2011). Therefore, it is important for Westerners to find out who their negotiation counterparts are.
5. Westerners should not treat Chinese negotiators representing a Western MNC as they would Western negotiators in a negotiation, simply because they have been exposed to Western culture and beliefs, and their negotiation approaches are more

westernised. As found in this research and also suggested by McGregor (2005), traditional Chinese culture still influences Chinese negotiators, and some of their core culture values and ways of thinking have hardly changed, there are still some major differences between Westerners and the Chinese in negotiation. Simply ignoring such differences might easily cause unnecessary conflict, which could be completely avoided. Therefore, Western managers and negotiators need to pay close attention to this issue.

6. Western companies should send appropriate negotiators to China, as recommended by Fang (2006) also. This research finds Chinese negotiators representing a Western MNC still focus on the people participating in the negotiation to a certain degree, people's personal characteristics and social behaviour will influence the outcome of a negotiation, hence careful selection of negotiators for the delegation team is an important step that could ensure the negotiation is successful. The ideal candidate from a Western company for Sino-Western negotiation should be open-minded, a fast learner, patient, extrovert and sociable, allowing them to adapt to other cultural environments, learn cultural differences, deal with others, and build *guanxi* with the Chinese more easily. However, it also needs to be noted that this suggestion does not mean that a person's professional knowledge, background and negotiation experience are not important, rather all these factors need to be considered by Western company managers when selecting negotiators.
7. Provide a comprehensive pre-departure training course to the Western delegation team involved with cross-cultural negotiation with Chinese negotiators representing a Western MNC. The training course should include the major differences in negotiation styles between traditional Chinese negotiators and Westerners, the major differences and similarities in negotiation between Chinese with a strong Western influence and traditional Chinese negotiators, and traditional Chinese culture including Confucian ideology and Chinese stratagems. Such a detailed training course would be mainly aimed at helping the Western delegation team in

understanding their Chinese counterparts from a cultural perspective.

8. Last but not least, Western negotiators and their company have to be fully prepared in both respects; technology, services, prices, payment terms, etc and the cultural dimension in order to complete the negotiation successfully. The key idea here is to "know who you are dealing with and what they really want and need" (McGregor, 2005, p. 56).

11 Limitations and Future Research

All research has its limitations, this research included. The first limitation was caused by the non-probability sampling method used and the relatively small sample size of this research. Due to limited time and resources, this research involved only one Western MNC in China as the research target company, through convenience sampling, and surveyed only 164 employees in the company, only 160 returning valid responses. These 160 employees from only one Western MNC can not represent the whole population of Chinese employees working for Western MNCs in China. Therefore, the information gathered and findings generated from this research may lack generalisation to a larger and broader population, hence, the external validity of this research is weak. Future research could be to involve more Western MNCs across a wide range of industrial backgrounds in China, and attract more potential participants.

This research collected data from the Chinese employees only, thus, all of the answers represent the Chinese employee's perspective. However, how they respond in the survey and what they actually do in negotiations might be different. Moreover, what they believe about their negotiation approaches and what Westerners feel when actually negotiating with them might be different. Therefore, the results of this research can show the negotiation styles, practices, and behaviour of the Chinese employees working at Western MNCs from one side only, which is another limitation. Future research could be to study this topic from the perspective of Western negotiators who have real business negotiation experience with Chinese employees representing a Western MNC.

Measurement validity and scale reliability are other limitations of this research. As a detailed pre-existing survey questionnaire could not be found, this research used an original questionnaire. However, this questionnaire has not been validated before, and the factor analysis conducted using the collected data did not show well-constructed factor solutions. Although three independent focus group discussions were employed to help with factor identification, factor structure review, and validity checking, three

factors used in the final data analysis and interpretation had Cronbach's alpha values below 0.6, and four factors had Cronbach's alpha values between 0.6 and 0.7. Although these seven factors were regarded as valid in this research, their internal consistencies were relatively low and unreliable. Therefore, the survey questionnaire's measurement validity and reliability might not be very strong.

Due to limited time and resources, this research did not include employees working for local Chinese companies. Thus, another major limitation is that the comparisons made in this research are based upon the mean scale score of the participants' answers measuring their negotiation styles, practices, and behaviour and the general understanding and findings concerning traditional Chinese negotiation styles, practices, and behaviour found in the literature review. Thus, the comparison might lack quantitative validity. In other words, the results of this research may lack comparability with the general understanding about traditional Chinese negotiation styles, practices, and behaviour. Such a limitation also applies to the comparisons of the rankings on the importance of various negotiation elements between the mean scale scores rated by the participants and the perceptions about traditional Chinese negotiators from the literature review. Future research should survey Chinese employees working for non-Western Chinese companies using the same questionnaire, to find out differences and/or similarities between the Chinese working for domestic Chinese companies and those working for Western MNCs.

This research has only studied the sample population once by conducting a social survey. Due to the nature of the research design employed, the results of the survey can be used to find the participants' current negotiation styles, practices, and behaviour and whether their negotiation styles are different from the styles of traditional Chinese negotiators defined in the literature. However, it cannot definitely prove that the changes to the participants' negotiation behaviour were caused by working at Western MNCs. Future research could employ another research design or methodology to find out whether working at Western MNCs will change Chinese employees over time.

The workforce in the chosen MNC consists of people from different regions, hence, there is a good chance that some of the participants are from provinces or cities other than Shanghai. However, the questionnaire used in this research did not ask participants about their province or city of origin. Such demographic data could be seen as a factor causing differences in negotiation styles, practices, and behaviour. Scholars such as Stark et al. (2005) and Tung et al. (2008) have all indicated that people from different regions of China are different in their negotiation styles, and practices. Therefore, including province of origin as a variable would be helpful in future research. If differences were found among participants from different regions of China, this variable could be used as an independent variable when analysing the negotiation differences between different groups. However, if province of origin was included as a demographic variable in future research, the issue of interprovincial movement of the workforce in China should be carefully considered before designing the questionnaire.

Subsequent to data collection, reviewing question 12 of the questionnaire, the phrasing of this question could be problematic. The way it was phrased has two assertions: "I am aware of, and have applied...", and six choices for answers were provided (notably the final choice: "I am not aware of those mentioned above") might cause confusion to some participants. Although the question was aimed at seeking awareness and application of various negotiation strategies, the phrasing made the participants who were aware of, but had not applied the various negotiation strategies unable to answer this question. Therefore, the phrasing of Question 12 is a shortcoming, which can be improved in future research. The improvement would be to phrase this question in a clearer way, for example, keep only the phrase "I am aware of" or "I have applied" in the question. Alternatively, one could provide additional choices of answer for those who are only aware of the various negotiation strategies.

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Appendix A: Survey Questionnaire



Survey Questionnaire/调查问卷

This survey is part of an academic research project aimed at studying negotiation styles, practices, and behaviour of businesspeople in China. The survey is neither used for assessing your work performance, nor linked to your career development. It is NOT conducted on behalf of the company, and all of the data will be kept anonymous to protect participant's privacy. The survey results will be used for academic research only. 此调查作为一项学术研究的一部分，旨在研究中国商务人士的谈判风格、习惯及行为举止。此调查既不用于评估您的工作绩效也不影响您的职业发展。此项调查与公司无关，所有的数据都将保持匿名，以保护参与者的隐私。此调查结果只用于学术研究。

By completing this questionnaire you are indicating your consent to participate in this research. You have the right not to give answers to questions which you regard as an invasion of your privacy.

填写完成这项调查问卷意味着您已同意参加这项研究。您有权跳过您认为侵犯了您的隐私的问题。

It should take you about 20 to 30 minutes to complete the questionnaire. If you have any questions or concerns about answering the questions, please do not hesitate to contact me (honzhu24@aut.ac.nz). Thank you.

完成此问卷会占用您 20 至 30 分钟的时间。如果您在回答问题中有任何的疑问或顾虑，请直接告诉我。谢谢。

Part One/第一部分:

1. What is your age? _____
您的年龄? _____
2. What is your gender? Male/男 Female/女
您的性别?
3. How many years have you worked at this company? _____ years/年
您在这家公司已经工作了多少年?
4. How many years in total have you worked at any Western multinational company?
_____ years
您在欧美跨国公司一共工作过多少年?
5. Amount of overseas study or work experience in a Western country? /您有任何西方国家海外学习或工作经历吗?
 None/无
Years of overseas study/海外学习年数 _____
Years of overseas work/海外工作年数 _____
6. Have you received an education from any of the following? /您在以下哪类学校接受过教育?
 Sino-Western joint school/courses in China/中外合作办学机构/课程
 Western university in an overseas country/国外的欧美大学

- Chinese domestic university/中国本土大学
 Other (please specify)/其他（请注明）： _____
(e.g. university in Japan/例： 日本的大学)

7. Have you ever received negotiation related trainings or courses from this company?
/您是否参加过这家公司内部与谈判相关的培训或课程？
- Not received any training/没参加过任何相关的培训
 Negotiation process training/谈判流程的培训
 Negotiation practices training/谈判习惯的培训
 Business conduct training/商业行为准则培训
 Training on cultural differences/文化差异的培训
 Other training (please specify)/其他培训（请注明）： _____
8. To what degree do you think you have changed your personal working style, practices and behaviour due to working at your current company?/您觉得通过在这家公司工作，您的个人工作风格、习惯和行为改变了多少？
- No change at all/无任何改变
 Small amount of change/改变较小
 Moderate change/改变中等
 Large amount of changes/改变巨大
9. Concerning Western concepts and beliefs about business behaviour, what effects have exposure to these had on you? /西方商业行为的观念和看法对您有什么影响？
- No influence at all/没有任何的影响
 Small amount of influence/较小的影响
 Moderate influence/中等的影响
 Large amount of influence/巨大的影响
10. Select below the business negotiation and strategy that most closely describe your own? /请选择以下最能代表及描述您商业谈判风格和策略的选项。
- Cooperation (emphasizes mutual respect, harmony, and seeks to achieve Win-Win solutions) only/合作（强调相互尊重，和谐，并寻求共赢的结果。）
 Competition (uses different means to compete, and seeks to achieve Win-Lose/Zero-sum solutions) only/竞争（用不同的手段来竞争，并寻求自我独赢/零和的结果。）
 It is a combination of cooperation and competition, depending on the situation/合作与竞争相结合，视不同情况而定。
-or-
 Other (please specify)/其他（请注明）： _____
11. Have any negotiation books had a strong influence on your negotiation practices? /是否有任何谈判方面的书籍对您的谈判风格和习惯起到很大的影响？
- No/否
 Yes (Please specify)/ 是（请注明）： _____

12. I am aware of, and have applied the following in my negotiation practices. /我了解并会运用以下的策略于我的谈判实战。
- "The Art of War" by Sun Tzu/孙子兵法
 - "The 36 Chinese Stratagems"/三十六计
 - Thick face and blackheart strategies/厚黑学，即不择手段
 - Confucian ideology such as the principle of harmony/儒家思想，比如和谐的思想
 - Other (please specify)/其他（请注明）： _____
 - I am not aware of those mentioned above/以上提到的我都不知道

Part Two/第二部分:

Instructions: Below you will find a series of statements. You are to imagine a scenario where you are involved in a business negotiation deal as a representative of your current company with a hypothetical negotiation team from a company in the USA, how strongly do you agree with the following statements?

说明：以下有一系列的陈述。现在，假设您代表您的公司和一家美国企业派到中国的谈判小组进行商业谈判，您对下列的陈述同意吗？

A = (Strongly Disagree) A 表示（非常不同意）	B = (Disagree) B 表示（不同意）	C = (Neither Agree nor Disagree) C 表示（中立）	D = (Agree) D 表示（同意）	E = (Strongly Agree) E 表示（非常同意）
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Please respond to each of the following by circling/choosing the letter that best describes your beliefs. Please circle/choose only one letter for each of the statements.

请依次圈出（或直接在电子文档中选择）每句之后最能体现您自己想法的选项。每句请只选择一个选项。

1. It is essential to build personal <i>guanxi</i> /relationships before actually starting the negotiation. 在谈判正式开始前建立相互的人际关系是必要的。	A B C D E
2. I try to build <i>guanxi</i> with the counterparts before the actual negotiation. 我会试着在谈判正式开始前和对方建立关系	A B C D E
3. I see signing the contract as the start of the business with the counterparts, rather than the final object or goal of the business deal. 我认为签合同只是和对方开始做生意的第一步，而不是做生意所要达到的最终目的。	A B C D E
4. I am interested in knowing my counterparts as well as possible, even their personal information, before the negotiation. 在谈判开始前我有兴趣尽可能多地了解我的对手，甚至包括他们的私人情况。	A B C D E

<p>5. At the initial meeting, I usually spend a long time building <i>guanxi</i> with the counterpart negotiator after basic greetings and introductions, rather than starting the negotiation straight away. 第一次会晤期间，在基本的寒暄及介绍后，我通常会多花些时间和我的谈判对手建立人际关系，而不是直接开始正式的谈判。</p>	<p>A B C D E</p>
<p>6. Understanding the people I am negotiating with is as important as understanding the business deal. 了解我的谈判对手与了解生意本身一样重要。</p>	<p>A B C D E</p>
<p>7. I always expect my negotiation counterpart to engage in misleading practices and make misleading statements in an attempt to gain an advantage in the negotiation. 我总是希望我的谈判对手采用误导的行为，并利用带有误导性的信息设法在谈判中争取优势。</p>	<p>A B C D E</p>
<p>8. The personal characteristics and social behaviour of the people participating in the negotiation will influence the success of the negotiation more than the details of the business deal and its contract. 参与商业谈判的人，其个人特质及社交行为，比生意本身的内容及合同细节更能影响谈判的成功与否。</p>	<p>A B C D E</p>
<p>9. When starting the negotiation, I will NOT take the initiative to show interest in the products or services of the counterpart company. 当开始谈判时，对对方公司的产品或服务，我一般不会主动表示出兴趣。</p>	<p>A B C D E</p>
<p>10. I will NOT make the first offer in order to hide my own position and interests, but rather wait for the counterpart to show their position first. 为了隐藏我的商业意向和底价，我不会率先出价，而是等对方先透露他们的意向。</p>	<p>A B C D E</p>
<p>11. I am NOT prone to rush in to reach a business deal or sign a contract with the counterpart. 我往往不急于谈妥生意或和对方签合同。</p>	<p>A B C D E</p>
<p>12. If the counterpart company changed their negotiator in the middle of the negotiation, assigned a new negotiator, and the person I was familiar with (had a good friendship and <i>guanxi</i> with) was no longer the negotiator representing the counterpart, then it would require restarting the negotiation process from the beginning. 如果对方公司在谈判中途撤换了我已熟悉的（和我关系很好的）谈判代表，并指派一位新的代表，那么谈判流程需要从头开始，重新谈判。</p>	<p>A B C D E</p>
<p>13. It is OK to change the terms in the contract to maximise the interest of my company, even after the contract has been signed by both parties. 为了自我公司利益的最大化，即使双方签完合同后，即合同生效后，更改这份合同中的内容是可以的。</p>	<p>A B C D E</p>

<p>14. I only focus on the content of the contract, and look at the information provided by the counterpart, and <i>guanxi</i> will not influence me in the negotiation and in making decisions or signing the contract. 我只关注合同内容并注重对方提供的信息。和对手的关系并不会影响我在谈判中做出决定或签定合同。</p>	A B C D E
<p>15. In negotiation, I will use time delay as a tactic in bargaining to put pressure on my counterparts. 在谈判议价环节中，我会采取拖延的方法给对手造成压力。</p>	A B C D E
<p>16. I will refer to the price or terms agreed in previous negotiation deals in a negotiation. 在当前谈判中，我会提及以前谈判合同中已经定好的价格或条款。</p>	A B C D E
<p>17. I will attempt to use my relationship and friendship (<i>guanxi</i>) with my counterpart to obtain a better price and more concessions. 我会尝试通过我和对手的关系来获取更好的价格，并得到更多的让步。</p>	A B C D E
<p>18. I will prompt the counterpart to make concessions by using misleading information on company policies, prices or budget. 我会利用在公司政策、价格或预算方面带有误导性的信息，使对方在谈判中做出让步。</p>	A B C D E
<p>19. I will adopt questioning rather than behaving in an aggressive way in order to persuade. 我会采用提问的方式而不是以强硬的态度说服对方。</p>	A B C D E
<p>20. I think I am patient in persuading my counterpart in negotiation. 我认为在谈判中，我在说服谈判对手方面是有耐心的，沉得住气的。</p>	A B C D E
<p>21. If I had good <i>guanxi</i> with my negotiation counterpart, I would NOT use any unethical tricks such as giving misleading information in negotiation. 如果我和我的谈判对手关系很好，那么在谈判中，我不会使用任何不道德的手段比如提供误导的信息。</p>	A B C D E
<p>22. I will avoid making final decisions and leave it to the top company manager, even though I have been given such authority in negotiation. 即使我有做最终决定的权限，我仍然会避免做最终的决定，而是交由公司总经理来做决定。</p>	A B C D E
<p>23. I expect and will accept a small gift from my counterpart as a souvenir at the first negotiation meeting. 在第一次会面期间，我期望并会接受对方送的纪念性的小礼物。</p>	A B C D E
<p>24. After both parties have signed a binding contract, both parties must implement it without making any changes. 双方公司都签定完合同后，双方必须履行这份有法律效益的合同，禁止任何的更改。</p>	A B C D E
<p>25. I see the goal of negotiation as being the building of long-term mutual business relationships rather than the signed contract itself. 我认为谈判的最终目的并不是签合同本身，而是建立长期的商业合作伙伴关系。</p>	A B C D E

<p>26. I would focus on long-term business relationship building when making the business deal or signing the contract. 在做当前生意或签当前合同时，我注重建立长期的商业合作关系。</p>	<p>A B C D E</p>
<p>27. If I want to reject my counterpart's request in negotiation, I will NOT say "No" directly, but rather, use an ambiguous reply such as "let me think about it" or "I need to report to my manager". 如果我想拒绝对方在谈判中的请求，我不会直接说“不”，而是采用一些比较委婉的回答，比如“让我考虑一下”或者“我需要向我的经理汇报一下”等。</p>	<p>A B C D E</p>
<p>28. I prefer to adopt an indirect communication style; e.g., I will NOT express my feelings or responses in clear words or sentences, but instead use gestures such as smiles or nods. 我更喜欢采用间接的沟通方式。比如，我会用微笑或者点头等肢体语言来回应对方，而不直接用清晰明了的句子来表达我的想法。</p>	<p>A B C D E</p>
<p>29. I am only willing to negotiate with a counterpart who holds a similar company rank or hierarchical level to myself, and I definitely will NOT negotiate with a counterpart who is of much lower company rank or hierarchical level than myself. 我只愿意与和我职位差距不大的对方谈判代表进行谈判，绝对不会与比我职位低很多的对方谈判代表进行谈判。</p>	<p>A B C D E</p>
<p>30. I am only willing to negotiate with a counterpart whose age is similar to my own or is older than myself, but definitely NOT a counterpart much younger than myself. 我只愿意和年龄与我相仿或年长的人进行谈判，但绝对不和比我年轻很多人谈判。</p>	<p>A B C D E</p>
<p>31. When sitting in the negotiation room, the seating position and order must be in accordance with the company rank of the participants. e.g., the negotiation team leader or manager must sit in the front or centre. 当在谈判会议室就座时，座椅的位置和座位的顺序必须按与会者的公司职位安排。比如谈判团团长或经理的座位必须在前面或中间。</p>	<p>A B C D E</p>
<p>32. People of lower company rank can share and exchange their ideas freely with their manager in negotiation. 在谈判中，低职位的员工们仍然能把自己的想法告诉他们的经理，并和经理自由的交换意见。</p>	<p>A B C D E</p>
<p>33. When I meet with the negotiating counterpart for the first time, I prefer to have a formal introduction including shaking hands, exchanging business cards with two hands, rather than a casual introduction. 当我第一次和谈判对手见面时，相比非正式的相互介绍，我更喜欢一个正式的介绍，比如握手及双手交换名片。</p>	<p>A B C D E</p>
<p>34. Having business meals with the counterpart after the first meeting is an acceptable means of enhancing our relationship. 在第一次碰面后，和对方一起吃个饭来增进相互间的关系是一种可以被接受的方式。</p>	<p>A B C D E</p>

35. I expect the counterpart to offer me a formal business meal (such as dinner) after the negotiation meeting. 我希望对方能在第一次的谈判会后请我吃顿饭。	A B C D E
36. I will avoid eye contact with the counterpart to show respect. 我会避免和对手的眼神交流以示敬意。	A B C D E
37. It is important to pay attention to maintaining my own face in the negotiation. 在谈判中，注重维护我自己的脸面是重要的。	A B C D E
38. I bear in mind protecting my counterpart's face when rejecting the counterpart's request. 当我拒绝对方的请求时，我会考虑如何保全他的面子。	A B C D E
39. Giving and maintaining a counterpart's face is important in negotiation. 在谈判中，卖对方面子或者维护对方的面子是重要的。	A B C D E
40. If the counterpart made me lose face in the negotiation (e.g. pointing out my mistake in front of many other people), then it would have a negative effect on the negotiation process and the final business deal. 如果对方在谈判中使我丢脸（比如在众人面前直接指出我的错误），那么这会对谈判的进程及结果产生负面的影响。	A B C D E
41. I am NOT sensitive to time in negotiation. 在谈判中，我不在意时间的长短。	A B C D E
42. Even if the negotiation takes a long time or passes a deadline, this is acceptable behaviour. 即使谈判花了很长时间，或者已经过了谈判的最后期限，这仍然是可以接受的。	A B C D E
43. I believe that time is money, so I should follow the negotiation schedule, end the negotiation as quickly as possible, and avoid any delay. 我认为时间就是金钱。所以我应该按照谈判的计划安排，尽早的完成谈判，避免任何的拖延。	A B C D E
44. A competent negotiator will usually take a long time to complete the process. 一个称职的谈判代表通常会花很长的时间来完成整个谈判。	A B C D E
45. It is an acceptable goal to make the deal or sign the contract as quickly as possible. 尽可能快地做成生意或签合同是一个可以接受的谈判目标。	A B C D E
46. <i>Guanxi</i> is important in negotiation. 关系在商业谈判中至关重要。	A B C D E
47. I always offer a small gift to build a relationship with my counterpart. 我总是会送点小礼物给对方来建立我们之间的关系。	A B C D E
48. Building <i>guanxi</i> and trust are necessary bases for making business deals and signing business agreements. 建立关系和互信是做生意和签合同的基本条件。	A B C D E

<p>49. If there were a good <i>guanxi</i> between the counterpart negotiator and me, then it would influence the negotiation and the business deal, which could make the negotiation easier and more successful. 如果我和对方谈判代表有着良好的关系，那么这将会影响到这次的生意和谈判，并使谈判变的更容易，更能成功。</p>	A B C D E
<p>50. If the counterpart had good personal <i>guanxi</i> with me, then I would sign the business deal without considering my company's interest. 如果我和谈判对手之间有着良好的私人关系，那么我在签合同同时不会考虑我公司的利益。</p>	A B C D E
<p>51. If the counterpart had good personal <i>guanxi</i> with me, then I would consider that the most important condition in signing the business deal. 如果我和谈判对手之间有着良好的私人关系，那么我会把这作为签合同最重要的条件。</p>	A B C D E
<p>52. The age and the company rank of the negotiators from two companies must be similar; otherwise, it will influence the negotiation and the business deal. e.g., if the negotiator assigned by the counterpart company was an older senior manager, then it is improper for us to send a young, low ranked employee. 两家公司派出的谈判代表必须在年龄和公司职位上相近，否则就会影响谈判和商业交易。比如，如果对方公司派出一位比较年长的高层经理，那我们派出一位年轻且在公司中职位很低的员工是不合适的。</p>	A B C D E
<p>53. I value interpersonal <i>guanxi</i> and friendship more than the interests of my company. 相对我公司的利益而言,我更注重人与人之间的关系和友谊。</p>	A B C D E
<p>54. If I owed my counterpart a favour (<i>renqing</i>), then I would return this favour when my counterpart asked me in negotiation. 如果我欠我的谈判对手一个人情，那么如果我的谈判对手在谈判中求我帮忙，我会还这个人情。</p>	A B C D E
<p>55. I tend to change my negotiation style when negotiating with individuals or groups from different countries, based upon which country they are from. 当和来自不同国家的个人或团体进行谈判时，我的谈判风格会随之改变。</p>	A B C D E

Thank you very much for your time! Have a nice day!
感谢您宝贵的时间! 祝您愉快!