

THE “COOP-COMP” CHINESE NEGOTIATION STRATEGY

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ABSTRACT

The purpose of this article is to explore the cultural roots of Chinese business negotiation strategy. The article argues that, Chinese culture, with its cooperative and competitive components, has bestowed upon Chinese negotiators a distinctive “coop-comp” negotiation strategy. The Chinese are culturally capable of negotiating both sincerely and deceptively at the international business negotiation table.

1. INTRODUCTION

As we approach the next millennium, China is emerging as one of the most dynamic elements in world trade (Child and Lu 1996; Lardy 1994). There has been an upsurge in Western interest, both academic and commercial, in Chinese business negotiations since the country opened her economy in the late 1970s. However, despite growing publications on Sino-Western business relationships, scholars seem to have been remiss in studying one important issue: What characterizes Chinese business negotiation strategy *culturally*?

The purpose of this article is to explore the cultural roots of Chinese negotiation strategy. The article begins with “eight illustrations” of Chinese business negotiating style selected from the author’s seventy-one interviews conducted with both Chinese and Swedish negotiators during 1995-1996. Then, the article discusses Chinese culture and its fundamental influence on Chinese negotiating style. The article concludes with a metaphor, as an aid, to understanding Chinese business negotiation strategy.

2. EIGHT ILLUSTRATIONS

(1) Chinese negotiator:

“How could we plan for divorce when we were just talking about marriage?”

Foreigners just loved to work on the contract text. This was like calculating family property in preparation for a future divorce at the time when we were just beginning to fall in love. How could we plan for divorce when we were just talking about marriage? I respect the foreign party’s intention to seek legal protection. They are accustomed to placing emphasis on it. But we really cannot agree to this practice. ... In my opinion, when negotiating a joint venture contract, we must first grasp the core issues, for example, equity share, composition of the board of directors, distribution of power, payment of various key charges, pricing, financing. We must look at the foreign party’s technology, market, and economic strength. These are the points which we should by no means forget. Once we have got the OK on these points, the contract is basically workable. After we have signed the contract, we mainly rely on the spirit of cooperation to do things. What is most important is *not* to do things according to the contract but on the basis of mutual cooperation, of the spirit of cooperation. ... For example, let us say the contract is now signed. How could we turn over the pages to check what is restricted by the contract? It’s absolute impossible. Most probably, the contract file would be locked into the drawer and nobody would read it anymore. After the opening of the joint venture, people would be doing what is actually required by reality, which will not necessarily be the same as what is specified by the provisions of the contract. As long as the parties have the spirit of cooperation, the project can be operated well.

(2) Chinese negotiator:

“The lawyers were *most troublesome!*”

We did not wish [foreign] lawyers to participate in negotiation. The lawyers were *zui taoyan* [“*most troublesome*”]! They were “picking up the bone in the egg” [Chinese saying, i.e., splitting hairs]. This was a sheer waste of time. The joint venture was to be set up in China. It should be negotiated on the basis of Chinese law. However, foreign lawyers hardly knew Chinese law. What they knew was to help the foreign party and were biased against the Chinese party. So, the more you talked, the more I disliked it. The presence of lawyers only served the opposite purpose, indeed. ... It would be OK if you dispatched your lawyers to talk with a small *danwei* [“work unit”]. But no way here. We are also a large company and we know the policy. We would not accept that you sent your lawyers to negotiate with us. If you sent your lawyer here, we would also send our lawyer; the outcome would certainly be two lawyers biting each other. ... The key [to effective negotiation] rests on *chengyi* [“sincerity”].

(3) Swedish negotiator:

“Business is done not in a conference room or in an official negotiation, but rather over the mahjongg table at home or in a hotel room.”

Business in China is very much personal-chemistry-steered and relationship-driven. I think that people here always do business with relationships. It is always the persons in the companies who have relations who develop business processes with each other. In China, this is more prominent than in Sweden. You may be an expert on other Asian markets and able to tackle problems in one country after another, but China is by no means the same. ... There are two kinds of relationships in China. One is the relationship in which people feel empathy, i.e., people know each other as persons. This type of relationship is probably not so common actually. A common relationship which I have perceived is when people feel mutual benefit. People build relationships upon the fact that they need and depend on each other and also have reciprocal joy from each other. ... Another important point which I believe is that we Westerners, that is, we who do not speak Chinese, will always remain “visitors” and “secondhand people”. We will not be on site when business is done. Business is done not in a conference room or in an official negotiation, but rather over the mahjongg table at home or in a hotel room. It is very much a question of language and also, a question of culture. ... I don’t know if you met P [local Chinese]. He is in a totally different situation. Although we have the same position, he can go out and do business with customers, but I can’t. I can start up and define the project and so on, but do business, no.

(4) Swedish negotiator:

“Chinese do business with you, *not* with your company.”

I did not come to live in China until February last year [1994]. But I had lived in Hong Kong since 1983 and in Singapore since 1979. I have worked with Chinese all the time and I like to work with the Chinese. If you have got a Chinese as your friend, he is your friend for life. Business in China is not about doing business between organizations, but about doing business between people. If people are business partners, they get to know each other and become personal friends who visit each other frequently. So, you have business when you have established an interpersonal relationship. This is what Swedish companies find difficult to comprehend. Therefore, you cannot change your people frequently. Your successor does not automatically inherit your friends and relationships. As I perceive, Chinese do business with you, *not* with your company. You have a certain influence over how your company functions. The company does what you promise, for example, deliver in time. ... You can't be blue-eyed and believe that you have made friends through one or two deals. It takes a little more time.

(5) Chinese negotiator:

“Lao Han often appeared absent-minded, not listening to his counterpart, or just keeping silent, as if he didn't understand anything.”

Both Lao Han and I are able to *understand* English quite well. There is no big problem for us to understand and read English. Yet, it's true that we are no good at spoken English. ... *Laowai* ["foreigners"] often judge us at face value and believe that we do not understand English. In the meeting, they explained again and again to us, even with pictures. ... As a matter of fact, we knew at quite an early stage what our counterpart meant. We merely did not want to state our opinions in a rush. This is a *celue* ["stratagem"]. For instance, Lao Han often appeared absent-minded, not listening to his counterpart, or just keeping silent, as if he didn't understand anything. Sometimes he went so long that I became bewildered and couldn't help interrupting him. That's why Lao Han lost his temper with me. Afterwards, I had listened to Lao Han's explanation and realized that my interruption was childish indeed.¹

¹The Chinese name "Lao Han" is fictitious. The author also got the chance to interview Lao Han, the chief Chinese negotiator in this case. Lao Han said: "I understood *thoroughly* the meaning of my Swedish counterpart. No sooner had my interpreter finished her translation than I was already prepared to answer the question without a hitch".

(6) Chinese negotiator:

“What was important was to let them feel they were being put in a *comparison situation*.”

... At that time, we had arranged, rather *ingeniously*, the timing of the meetings with these two companies, so that they would not clash with each other. That is, the timing allowed us to negotiate with both companies comfortably at different times. ... After we signed the feasibility study report with F [foreign company], our factory’s Deputy Director came personally to the negotiation table, giving the news to the S [Swedish company] people. He said we were prepared to sign a similar report with S. ... Our method was neither too implicit nor too explicit. What was important was to let them feel they were being put in a *comparison situation*. The same rule was applied to both S and F, making both of them feel uneasy and uncertain in their heart, while keeping alive their hopes. ... From my point of view, we should not hide what did not need to be hidden. Open and frank talking would yield greater profit.

(7) Swedish negotiator:

“The Chinese said, ‘... Before the negotiation, we had divided our work internally.’ ”

That was in Beijing in 1986. We were negotiating with *zhongcan* [“Headquarters of the General Staff of the People’s Liberation Army”] about selling our products. The contract was not large, valued at under US\$ xxxxxxx. In the midst of one face-to-face negotiation, a Chinese team member whom I did not know at all suddenly stood up, shouting angrily at me: “YY [full Chinese name of the interviewee]! You cannot cheat me! I am from Guangdong, I know your price there. ...” I was totally lost. I didn’t know this person at all. How could he be so rude to me? ... It was exactly two years after this encounter that we met each other again at a dinner party. We had got acquainted with each other during the years due to the business we did. We were there chatting quite friendly. When we recalled that past unpleasant encounter, the Chinese said: “I am sorry. It was not my intention to attack you personally, you who I did not know. Before the negotiation, we had *fen gong* [‘divided our work’] internally. If you came up with a price above our line, I would stand up and shout. If not, my colleagues would play the game differently. ...”.

(8) Swedish negotiator:

“He utilized *face*, I would say.”

I can give an example of how face influences our business environment. We have a director [Chinese] as our customer. His demands are often high and has ideas about doing things his way. I understand that one should never say “No” to a Chinese. It’s just impossible and it won’t work. This [“No”] is a

word that one does not use here. It happened that Director C [Chinese negotiator] took advantage of our silence. He treated it as a confirmation, a “Yes”. He interpreted more than what we actually promised. Then he went out, talking to all the sub-bureaux and local operators under his control that A [Swedish company] would be doing this and that. Afterwards, when we presented our plans which turned out not to be the ones he had demanded, he “lost face”, because he had promised everyone and everywhere. Therefore, he put very much pressure on us to live up to his demands. Furthermore, he had to make sure that everyone knew that it was the fault of A, which did not live up to its promise. ... He had not misinterpreted anything. On the contrary, he had interpreted it as he liked and it was clear that he did this on purpose. He utilized *face*, I would say. This influenced our business situation. He had had a major influence on our working and business environment. ... To deal with the Chinese, you need patience, patience, and patience.

3. A CONTRASTING PICTURE OF CHINESE NEGOTIATING BEHAVIOR

The above eight illustrations present a contrasting picture of Chinese negotiating behavior. One the one hand, the Chinese negotiator is found to be a person who negotiates sincerely according to “the spirit of cooperation” (see Illustration 1). He does not like lawyers to be involved in negotiations; instead, he emphasizes doing business based on sincerity and mutual trust (see Illustration 2). He views contracting not as signing a once-off neatly wrapped legal package but as initiating an ongoing relationship to solve problems that he believes are bound to happen during the course of the project life (see Illustration 1). He is interpersonal relationship-oriented, making signing a business contract a highly sophisticated process of building long-term interpersonal trust and bonds between the parties involved (see Illustration 3, 4). In short, the Chinese seems to be a “sincere” negotiator who is cooperation-oriented and seeks a “problem-solving” approach to negotiations.

On the other hand, the Chinese negotiator is found to be a person who negotiates deceptively according to his own rules of the game. He is competition-oriented, skillful in using various tricks and ploys to gain psychological and material advantage over his opponents. He carefully plans negotiations and attaches great importance to intelligence and information gathering (see Illustration 7). In order to obtain the maximum profit, he can feign being an “absent-minded” negotiator (see Illustration 5), conduct shrewd parallel negotiations with several foreign competitors at the same time (see Illustration 6), and deliberately utilize the foreigners’ stereotype about Chinese cultural complexity (e.g., the concept of face) to his own advantages (see Illustration 8). In a word, the Chinese seems to be a “deceptive” negotiator who loves to play the mind game; he takes a “competition” approach to negotiations.

The contrasting picture of Chinese negotiating behavior can also be discerned from existing literature. For example, the Chinese negotiators are described as cooperative on

the one hand (Deverge 1986), but competitive on the other hand (Pye 1992); very “honest” at one moment, but “not honest” at the next (March 1994). The Chinese view a co-signatory to an agreement as establishing a relationship between friends and adopt a positive problem-solving attitude toward business transaction; however, at the same time, they do not hesitate to employ a daunting array of ploys and tricks to knock their “friends” off balance (Seligman 1990). Knutsson (1986), after his brief discussion about the literature on Chinese negotiating style, suggests that Chinese negotiating behavior paints a “mixed picture”. Now the question is – How can we understand this “contrasting” or “mixed” picture of Chinese negotiating behavior?

4. COOPERATION AND COMPETITION AS NEGOTIATION STRATEGIES

Cooperation and competition as general business strategies have been an interesting topic in the IMP literature (see, e.g., Araujo and Mouzas 1996; Axelsson 1992; Håkansson 1989, 1982; Johanson and Mattson 1992; Juettner 1995). Cooperation and competition can also be isolated as the two generic negotiation strategies from the negotiation literature (see, e.g., Fisher and Ury 1981; Graham 1986; Hall 1993; Pruitt 1981, 1991; Pruitt and Rubin 1986; Putnam 1990; Walton and McKersie 1965). Competition strategy (also known as contending, distributive bargaining, etc.) is a strategy used by a negotiator to pursue his goals by persuading his opponent to concede. Based on the game theory, competition strategy entails “efforts to maximize gains and minimize losses within a ‘win-lose’ or self gain orientation” (Putnam 1990, p.3). This “win-lose” approach highlights the negotiating tactics and tricks to be employed to overpower the other party and ensure victory. Cooperation strategy (also referred to as problem-solving, collaboration, integrative bargaining, etc.) “aims to reconcile the interests of both parties, reach joint benefits, or attain ‘win-win’ goals” (Putnam 1990, p.3). The parties work together to find solutions that satisfy their common goals. Given the illustrations and discussions so far and the definition of negotiation strategy as a “means” used to “influence the behavior of others” at the negotiation table (March 1988, p.127), we can arrive at an initial understanding that the Chinese negotiator uses both “cooperation” and “competition” strategies in business negotiations.

The conventional wisdom regarding cooperation and competition as business and negotiation strategies, however, tends to produce a stereotype: cooperation and competition are but two universal concepts without any regard to specific cultural values and motivations. This stereotyped mentality fails to understand the fact that indigenous cultural values, norms, and habits may have contributed greatly to the shaping of patterns of cooperative and competitive behaviors among people in a specific culture and society. In order to obtain an in-depth understanding of Chinese negotiation behaviors and strategies, we need to examine the idiosyncratic components of Chinese culture that has

fundamental bearings on Chinese negotiators at the international business negotiation table.

5. CHINESE CULTURE AND CHINESE BUSINESS NEGOTIATION STRATEGIES

There has been international consensus that the Chinese are skillful negotiators possessing a unique negotiating style, despite their isolation for many years from the rest of the world and the lack of international business experience (see, e.g., Deverge 1986; Kazuo 1979; Lee and Lo 1988; Mann 1989; Pye 1986, 1992; Stewart and Keown 1989; Warrington and McCall 1983). Lucian W. Pye (1986, p.74), the founder of the field of Chinese business negotiating style, states that, “for centuries”, the Chinese have found few peers in the “subtle art of negotiating”:

The Chinese may be less developed in technology and industrial organization than we, but *for centuries* they have known few peers in the subtle art of negotiating. When measured against the effort and skill the Chinese bring to the bargaining table, American executives fall short. [italics added]

Pye’s (1986) remark reminds us of the influence of Chinese culture on Chinese negotiators. “People’s behavior is defined by their culture” (Adler 1991, p.17). Cultural explanations of behavior have been increasingly favored in recent decades (see, e.g., Adler 1991; Franke, Hofstede, and Bond 1991; Fukuyama 1995; Hofstede and Bond 1988; Kahn 1979; Naisbitt 1996; Weinshall 1977). China is the world’s “longest continuous civilization with the longest tradition of record-keeping and collection” (Ropp 1990, p.x). It is therefore reasonable to speculate that Chinese culture must have contributed to the “contrasting picture” of Chinese negotiating style or the cooperation and competition Chinese negotiation strategies discussed earlier.

In the remainder of this section, we discuss the basic characteristic of Chinese culture, its cooperative and competitive components, and their influence on Chinese negotiation strategies. Here, culture is viewed as a *system* of transmitted and created content and patterns of values, norms, and customs rooted in philosophies and/or religions in the shaping of human behavior and the artifacts produced through behavior (see Kroeber and Parsons 1958).

5.1 Chinese culture: “A wonderful way of life”

Chinese culture has been molded by three philosophical traditions – Confucianism, Taoism, and Buddhism. Briefly, Confucianism deals with human relationships; Taoism, life in harmony with nature; and Buddhism, people’s immortal world. For Chinese

people, Confucianism, Taoism, and Buddhism are more philosophies than religions. Fung (1966, p.3) explains that “Chinese people have been less concerned with religion than other peoples are”. He further explains that Confucianism is not a religion but a philosophy, while distinctions exist between Taoism and Buddhism as philosophies and religions. Lee (1995) also clarifies that, for the Chinese, Confucianism, Taoism, and Buddhism are *not* religions but philosophies or teachings. He goes on to call this an important characteristic of Chinese culture which makes the Chinese “intensely practical”. Lee (1995, p.12) writes:

This is a wonderful way of life which some Westerners cannot understand – how can a person follow the teachings of three teachers who have always been regarded by many Western and even Chinese writers as the founders of the three religions of China – Confucianism, Taoism and Buddhism? The fact is they are not religions, and that is why the Chinese can follow all three teachings, each for one aspect of his life. This foundation of Chinese culture has made the Chinese intensely practical, as I have said earlier, and given them great power for absorbing all things that are good and beneficial, irrespective of their origin. Chinese culture has survived and has been enriched by this power.

This capacity of the Chinese culture for following *different* teachings at the same time is a *key* to understanding the contrasting picture of Chinese negotiation strategies.

The *essence* of indigenous Chinese culture is considered to have resided in the philosophical traditions of Confucianism and Taoism (e.g., de Bary, Chan, and Watson 1960; Chan 1963; Fung 1966; Kirkbride, Tang, and Westwood 1991; Ren 1986; Tang 1991; Weber 1951), despite the great influence of Buddhism in Chinese society. Tang (1991, p.62) states: “For Chinese culture, philosophy, art and psychology the greatest influences have been Confucianism and Taoism”. Fung (1966, p.19) calls Confucianism and Taoism “the two main trends of Chinese thought”. As to Buddhism, which came to China from India around the first century AD, Tang (1991, p.70) writes: “Buddhism, acting like a catalyst, escalated the development of Taoism”. In Chinese history, the propagation of Buddhism in China was greeted with protests by the bearers of the old Chinese cultural tradition. This defensive attitude acted as “a stimulus spurring the Chinese to strive even harder towards establishing an indigenous religion” (Tang 1991, p.71). In this study, Chinese culture is viewed as being composed of the two main trends of Chinese thought: Confucianism and Taoism.

5.2 Confucianism: the cooperative component in Chinese culture

Confucianism (*Rujia* or *Rujiao* in Chinese) is a fundamental force that has shaped Chinese culture for about 2500 years.² The basic elements or core values of Confucianism have

²In this report, the term “Confucianism” involves not only the thoughts of Confucius and Mencius, but also Neo-Confucianism, which thrived from the twelfth to the sixteenth century. This interpretation of

been studied by many scholars (e.g., Bond and Hwang 1986; Child and Markoczy 1993; Hofstede and Bond 1988; Lockett 1988, 1990; Shenkar and Ronen 1987; Tan 1990; Tu 1984, 1990). Drawing on the available studies, especially those on Confucianism (Tu 1984, 1990) and its influence on Chinese management (Child and Markoczy 1993; Lockett 1988, 1990; Tan 1990), and relying on the original texts of the Confucian classic, – *The Four Books*³, I have singled out the following six basic elements of Confucianism for business research on China in general and on Chinese business negotiating style in particular: (1) Moral cultivation; (2) Importance of interpersonal relationships, concept of *guanxi*; (3) Family and group orientation; (4) Respect for age and hierarchy; (5) Avoidance of conflict and need for harmony; and (6) Concept of face.

5.2.1 Moral cultivation

Confucianism can be viewed as a form of moral ethic (Tu 1984). The term *junzi* (“gentleman”, “profound man”, “superior man”, “cultivated man”, “princely man”, “noble man”, etc.) has appeared 107 times in Confucius’ *Analects*. In some cases, it refers to the ruler; yet, in most cases it means a morally superior person who embodies a number of virtues. Confucius advocates people’s commitment, continuous learning and self-cultivation based on moral principles. Confucianism teaches a kind of social order that emphasizes virtues such as *zhong* (loyalty), *xiao* (filial piety), *ren* (humanity, benevolence), *ai* (love), *xin* (trust, sincerity), *yi* (righteousness, justice), *he* (harmony), *ping* (peace) (Seligman 1990). Above all, Confucianism emphasizes *sincerity*. It is written in *Doctrine of the Mean* that (in Chan 1963, p.107-108):

Sincerity is the Way of Heaven. To think how to be sincere is the way of man. ... Sincerity means the completion of the self, and the Way is self-directing. Sincerity is the beginning and end of things. Without sincerity there would be nothing. Therefore the superior man values sincerity. Sincerity is not only the completion of one’s own self, it is that by which all things are completed.

Legal power does not feature at all in Confucianism. Confucius advocates ruling by morals and by *li* (ritual propriety, etiquette, etc.) through instilling “a sense of shame” into people’s mind. Confucius says (in *Analects*, in Chan 1963, p.22):

A ruler who governs his state by virtue is like the north polar star, which remains in its place while all the other stars revolve around it. ... Lead the people with governmental measures and regulate them by law and punishment, and they will avoid wrong-doing but will have no sense of honor and shame.

Confucianism is based on the Confucian classic *The Four Books* which was compiled by a Chinese philosopher Chu Hsi (1130-1200) in 1190 (see also “Footnote 3”).

³*The Four Books (Si Shu)* involves (1) *Great Learning (Da Xue)*, (2) *Doctrine of the Mean (Zhong Yong)*, (3) *Analects (Lun Yu)*, and (4) *Book of Mencius (Meng Zi)*.

Lead them with virtue and regulate them by the rules of propriety (*li*), and they will have a sense of shame and, moreover, set themselves right.

Therefore, the Chinese negotiators believe that “all successful negotiations call for a high level of mutual trust and respect” (Pye 1992, p.37). The Chinese place great value on reputation, credibility, personal character, and quality on the part of both Western firms and their negotiators (e.g., Frankenstein 1986; Kindel 1990). “Honesty is probably the most important factor in negotiating in China because it builds trust, a major consideration in the Chinese decision” (Yuann 1987, p.52). When negotiating with foreign business people, the Chinese think: “Are you and your company sincere?” (Hoose 1974, p.464). In China, “one can negotiate a deal most effectively when there is enough trust between the parties that a verbal agreement is as good as a written contract” (Roehrig 1994).

5.2.2 Importance of interpersonal relationships, concept of *guanxi*

Confucianism is “a practical philosophy of human relationships and conduct (Lee 1995, p.7) or “philosophy of daily life” (Fung 1966, p.22). The Confucian notion of self is conceptualized in a relational context. Self is not individuality, but rather the sum of its relationships or a center of dynamic relationships entering into communion with others, i.e., family, community, country, etc. (Tu 1984). The Confucian “Five Cardinal Human Relationships”, known as *wulun* in Chinese, are defined as follows (in *Doctrine of the Mean*, in Chan 1963, p.105):

There are five universal ways [in human relations], ... The five are those governing the relationship between ruler and minister, between father and son, between husband and wife, between elder and younger brothers, and those in the intercourse between friends. These five are universal paths in the world.

All five relationships are characterized by three prominent features: they are *hierarchical*, *reciprocal* and *interpersonal*. The superior (older) is righteous and charismatic; while the inferior (younger) is obedient and respectful. By referring to the *Book of Mencius*, a Confucian classic, Tu (1984, p.24) explains the Confucian principle of “reciprocity”: if the ruler is not righteous and loving, “the subject can revolt and choose a better one”. The Confucian relationships are essentially *interpersonal* relationships under the ceiling of a family rather than *organizational* relationships between institutions. In other words, the Confucian relationships are family-type relationships (see also 3.2.3). Kao (1993, p.25) argues that given China’s long history of political upheaval, natural disasters, waves of emigration, and, above all, economic scarcity, the well-defined Confucian relationships have often helped keep social chaos at bay.

Guanxi is one of the most important cultural traits of Chinese people the world over. The term literally means “relationship”, but “personal contact” or “personal connection” is a better translation for this sense of the word. *Guanxi* can be understood as “reciprocal obligation” (Seligman 1990, p.45), a “special relationship individuals have with each other in which each can make unlimited demands on the other” (Pye 1992, p.101), “friendship with implications of a continual exchange of favors” (Chen 1996, p.224), “the establishment of a connection between two independent individuals to enable a bilateral flow of personal or social transactions” (Yeung and Tung 1996, p.55), or “dyadic relationships that are based implicitly (rather than explicitly) on mutual interest and benefit (Yang 1995, p.1). *Guanxi* comes essentially from the Chinese family system (a more detailed discussion will be given in 3.2.3). In the traditional Chinese family, whether immediate or extended, members are mutually obligated to help one another. *Guanxi* is essentially a “network” (Davies et al. 1995, p.209).

In a business context, the Chinese view a transaction broadly as a sort of human relationship. In China, it is the “strong personal relationships that provide some assurance that an agreement can come to fruition” (Seligman 1990, p.113). Chinese negotiators look more for a sincere commitment to working together to solve problems than for a neatly decorated legal package (Seligman 1990). In other words, the Chinese rely on a network of relationships to solve problems that may crop up at any time in China. Chinese negotiators seem to expect and desire a level of personal relationship with their counterpart that would be viewed as unnecessary in the West (Kirkbride, Tang, and Westwood 1991).

5.2.3 Family and group orientation

Of the five cardinal human relationships defined by Confucius, three, i.e., father-son, husband-wife, elder brother-younger brother, are direct family relationships, while the remaining two, i.e., ruler (sovereign)-minister (subject), friend-friend, can also be perceived as kinds of family relationships (Fung 1966; Lin 1939). Relationships of a purely organizational type independent of family do not exist in Confucian terms.

Confucianism sees a direct transition from *jia* (family) to *guo* (state). It considers *xiushen* (moral cultivation of personality), *qijia* (orderly regulation of family), and *zhiguo* (governing of state) as interrelated processes. In *Great Learning*, we can read this famous Confucian aphorism (in Wu 1990, p.1):

If you want to rule the state, first put your family in order; if you want to put your family in order, first cultivate your morality; if you want to cultivate your morality, first set your heart right; and to set your heart right, you must be sincere.

One important feature of the Chinese family system is that those with wealth and power have obligations to less fortunate relatives (Hsu 1963). In other words, “the strong must help the weak” to overcome difficulties.

The family system has shaped Chinese social characteristics (Lin 1939). For example, the Chinese are well known for their noble virtue of *patience* and subtle art of handling interpersonal relationships. Lin (1939, p.45) points out that the “training school” is the big Chinese family, “where a large number of daughters-in-law, brothers-in-law, fathers and sons daily learn this virtue by trying to endure one another”.

Lin (1939) observes that the relationship toward “strangers” or “others” is not among the five cardinal relationships. The Chinese family is a “walled castle”, where trust is high inside and low outside the family border. Fukuyama (1995) also regards China as a “familistic” and “low-trust” society where there has been a strong distrust of outsiders (non-family members).

Given Confucian family values, the Chinese negotiating team is a “consensus-reaching group” (Deverge 1986). The Chinese show a strong preference for meeting in groups rather than in one-to-one settings (Kindel 1990; Shenkar and Ronen 1987). The Chinese family awareness that “the strong must help the weak” explains, in part, why they often feel that investors from “rich” industrialized countries should make concessions to help “poor” developing countries. As will be discussed later (see 5.3.4), the strong Chinese family orientation can be a reason behind Chinese competitive behavior at the negotiation table.

5.2.4 Respect for age and hierarchy

One important hallmark of Confucianism is its teaching on respect for age and authority (Lin 1939). Confucius says (in *Analects*, in Chan 1963, p.22):

At fifteen my mind was set on learning.

At thirty my character had been formed.

At forty I had no more perplexities.

At fifty I knew the Mandate of Heaven.

At sixty I was at ease with whatever I heard.

At seventy I could follow my heart’s desire without transgressing moral principles.

By this succinct aphorism, Confucius is believed to highlight the character-building of a great personality through a life-long process of self-cultivation. At the same time, the words also convey an important Confucian message that age means wisdom. Hierarchy or “the principle of inequality” is expressed in the “Five Cardinal Human Relationships” (see 5.2.2). Eberhard (1971, p.6) states that these five relationships involve three principles of ranking: (1) age (older ranks above younger), (2) social status (ruler above subject), and

(3) sex (male above female). These three principles can usually be reduced to one, namely age.

Instead of social equality, Confucianism stresses social hierarchy and differentiation. Everyone has their position in the social hierarchy. This can be seen from Confucius' aphorism *Jun jun, chen chen, fu fu, zi zi* as follows (in *Analects*, in Chan 1963, p.39):

Duke Ching of Chi asked Confucius about government. Confucius replied, "Let the ruler *be* a ruler, the minister *be* minister, the father *be* a father, and the son *be* a son."

According to Confucianism, social harmony or stability can be realized through everyone's fulfilling the requirements of their role in the social hierarchy.

The Confucian value of respect for age and hierarchy has implications for foreign negotiators. The age and rank of foreign negotiators will determine the attitude of the Chinese host organization towards your company (Seligman 1990). For example, if your rank is low, the Chinese may feel "insulted" and doubt your "sincerity" to do business (Seligman 1990, p.117).

5.2.5 Avoidance of conflict and need for harmony

One basic tenet of Confucian philosophy is the principle of harmony, which reflects an aspiration toward a conflict-free, group-based system of social relations (Shenkar and Ronen 1987). Confucianism urges individuals to adapt to the collectivity, to control their own emotions, to avoid confusion, competition and conflict, and to maintain harmony (Hsu 1963). "Social harmony was achieved when the 'Five Relations' were fulfilled" (Deverge 1983). The Chinese avoidance of conflict and the need for harmony is a product of the Confucian notion of *zhong yong* (literally, "moderation", "compromise", "harmonization", and "Mean"; the Confucian classic *Zhong Yong* is translated as *The Doctrine of the Mean*). Wu (1990) maintains that *ren* (humanity, benevolence), *li* (propriety, ceremony, rites, rules of proper conduct), and *zhong yong* form the foundation of Confucian philosophy. The "cultivated person" strives to maintain self-control regardless of the situation (Shenkar and Ronen 1987). The Chinese avoid passing harsh judgment or criticism and find it difficult to have frank dialogues except among trusted friends (Tan 1990). Direct and open conflict upsets interpersonal relationships and causes the people involved to lose face. Therefore, conflict is frequently resolved by bringing in a third-party-mediator who is respected and accepted by both parties.

Pye (1992a, p.91) observes that, in business negotiation, the Chinese never show "emotions". As a "cultivated man", the Chinese negotiator masters prudently the opportunities available through self-control. He considers negotiation as a simultaneous discussion of issues that leads him to integrative solutions, to adopt a slow but steady

approach, through “collaborative measures”, and to win his opponent’s heart (Withane 1992, p.71-72).

5.2.6 Concept of face

Though a universal aspect of human nature and a ubiquitous concept that occurs in all cultures (Goffmann 1955), face is particularly salient for the Chinese culture (e.g., Hu 1944; Lin 1939; Redding and Ng 1982; Stover 1962; 1974). Actually, the concept of *face* is Chinese in origin. The term is a literal translation of the Chinese *lien* (or *lian*). In *The Shorter Oxford English Dictionary on Historical Principles* (1975, see “Face”, p.716), “to lose face” is rendered directly from the Chinese phrase *tiu lien* (or *diu lian*): “to lose one’s credit, good name, or reputation”. Face is one of the most important elements in Chinese social psychology and the most delicate standard by which Chinese social intercourse is regulated (Lin 1939; Stover 1974).

Hu (1944) explains that face involves the respect of the group for a person with a good moral reputation as well as his or her prestige. What makes “Chinese face” special is that it is not only a person’s private affair but also, more importantly, the business of the person’s whole family, social networks and community at large.

The Chinese concept of face is embedded in the Confucian notions of shame and social harmony. “Harmony” is found in the maintenance of an individual’s face (Hofstede and Bond 1988, p.8). As noted earlier, Confucius did not advocate ruling by law; rather, he advocated instilling “a sense of shame” into people’s mind as a self-regulating mechanism for people’s social behaviors.

The Chinese face may not only be saved or lost, but also be “traded”: to give and be given. Chinese commonly use the term “giving face to someone” to mean doing a favor for someone. The person who has been given face is expected to give face in return – a face trading thus begins. Therefore, the Chinese concept of face is inextricably linked to the Chinese concept of *guanxi*, and reciprocity is inherent in the Chinese face behavior (Brunner and Wang 1988; Hwang 1987; Ho 1976). The self in Chinese culture is bounded by mutual role obligations and duties and structured by a patterned process of give-and-take reciprocal facework negotiations.

Face is evident in Chinese business negotiation contexts, where it is observed as a decisive reason for the Chinese preference for doing business with large companies with worldwide reputations (Chu 1991). Chinese negotiators try to avoid saying “No” in order to maintain the face of all the parties involved (Dunung 1995). The Chinese often say “I know, I know”; however, in some cases they actually do not understand (March 1994). This may be interpreted as a typical Chinese behavior to protect face. It would be difficult for a Chinese negotiator to make concessions because of his face-consciousness (Warrington and McCall 1983). Moreover, the Chinese propensity to re-negotiate has much to do with face (Schnepp, von Glinow, and Bhambri 1990).

To sum up, Confucianism is the cooperative component in Chinese culture. It offers Chinese negotiators a set of rules to behave themselves and influence others in business negotiations. In an ideal Confucian working environment, Chinese negotiators will negotiate sincerely to find “win-win” solutions for all the members of the “family” to succeed. Business relationships are long-term geared and conditioned by the Confucian notions of *guanxi*, face, harmony, etc. In this Confucian environment, negotiations, as Deverge (1986, p.35) states, “are not seen as a win/lose battle but as a dignified process of compromise”.

The following is a picture of the Confucian “gentleman” or “superior man” depicted by Confucius himself (in *Analects*, in Chan 1963, p.45):

The superior man has nine wishes. In seeing, he wishes to see clearly. In hearing, he wishes to hear distinctly. In his expression, he wishes to be warm. In his appearance, he wishes to be respectful. In his speech, he wishes to be sincere. In handling affairs, he wishes to be serious. When in doubt, he wishes to ask. When he is angry, he wishes to think of the resultant difficulties. And when he sees an opportunity for a gain, he wishes to think of righteousness.

5.3 Chinese stratagem: the competitive component in Chinese culture

Traveling in China and across East Asia, management readers can hardly fail to notice a shared phenomenon: local books and articles on business strategies often mention the name of a Chinese other than Confucius and illustrate how to use his *Art of War* to do business – this is Sun Tzu. It can also be found that Chinese and East Asian business people tend to use “military talk” or “war terminology” in business contexts more frequently than do their Western counterparts; examples like “We must *win* this *war*!”, “This *battle* is difficult to *fight*” are common. These interesting phenomena, together with the “contrasting picture” of the Chinese negotiator shown in our earlier illustrations, inspire us to question Confucianism as the only cultural explanation of Chinese negotiation strategies.

Recent years have witnessed a strand of managerial and academic works on the relationships between the strategic Chinese thinking and Chinese and East Asian business strategies (see, e.g., Chu 1991; Chen 1995; Fang 1995, 1996, 1997; Mun 1990; Tung 1994). These authors emphasize that Chinese and East Asian business strategies have been shaped, at least in part, by what Fang (1995, 1996, 1997) terms the “Chinese stratagem” (*ji* in Chinese). In his earlier IMP article, Fang (1995) introduced the Chinese concept *ji* to the research area of Chinese business negotiating style, and put forward the so-called “S-B model” (“Stratagem-Behavior model”) to link Chinese negotiating tactics with the famous 36 ancient Chinese stratagems. Fang further developed this idea in his later works (e.g., 1997) and argued that *ji* provides Chinese negotiators with a competitive Chinese negotiation strategy at the international business negotiation table.

5.3.1 The concept of “ji”

According to Fang (1997), *ji* (Chinese stratagem) can be understood as (1) a tactic or ruse of war, (2) an artifice in political and/or private life (von Senger 1991, p.2), and (3) a socially allowed, though not necessarily encouraged, scheme with which an individual or a group of individuals try to acquire certain benefits or avoid disasters (Chiao 1981, p.429).⁴ At the heart of *ji* lies Sun Tzu’s strategic thinking – “victory without fighting”: a skillful strategist subdues the enemy without engaging it; takes the enemy’s cities without laying siege to them; and overthrows the enemy’s state without bloodying swords. Sun Tzu (1982, p.77) writes:

To win one hundred victories in one hundred battles is not the acme of skill. To subdue the enemy without fighting is the acme of skill. Thus, what is of supreme importance in war is to attack the enemy’s strategy; Next best is to disrupt his alliances; The next best is to attack his army; The worst policy is to attack cities. Attack cities only when there is no alternative.

In short, *ji* asserts the superiority of using human wisdom rather than engaging in pitched battle to cope with various situations and gain advantage over the opponent – the most distinctive characteristic of Chinese competitive strategy.

5.3.2 Art of War and The Thirty-Six Stratagems

Two classic works on Chinese stratagem – *Art of War* and *The Thirty-Six Stratagems* – are the best introductions to the Chinese concept of *ji*. Sun Tzu’s *Art of War*, a 13-chapter treatise, forms the “the earliest of known treatises on the subject, but has never been surpassed in comprehensiveness and depth of understanding” (Hart 1982, p.v). *The Thirty-Six Stratagems* (or *The 36 Ji’s* in Chinese) was written by an anonymous Chinese writer in the late Ming (1368-1644) and/or early Qing (1644-1911) dynasties. It is a condensed compendium containing 36 pieces of Chinese stratagems. Though entirely consisting of a mere 138 Chinese characters, it has systematically crystallized the “Chinese nation’s wisdom and personality” (Liu and Zhu 1991, p.434), and provided “a means for comprehending other people’s behavior, including both deliberate and inadvertent actions” (Gao 1991, p.16). “For Westerners, knowledge of the 36 stratagems can provide a key to much of Chinese thinking” (von Senger 1991, p.12).

Figure 1 provides Sun Tzu’s “competition model” with 15 principles singled out from the *Art of War* (based on Mun 1990). Table 1 lists the famous 36 ancient Chinese stratagems. Stratagems contained in *The Thirty-Six Stratagems* and *Art of War* can, in many cases, be directly coupled with one another. For example, the essence of Stratagems

⁴In Chiao (1981), *ji* is translated as “strategy”.

1, 2, 3, 4, 8, 29, 33, 36 in *The Thirty-Six Stratagems* can also be found in Principles 10, 14, 5, 8, 11, 6, 15, 13, respectively, in Sun Tzu's *Art of War*.

5.3.3 Taoist influence

Ji, or Chinese stratagem, is permeated with Taoist philosophy (see Chen 1995; Chu 1991; Gao 1991; von Senger 1991). “The ancient Chinese embraced the essence of Tao and I-Ching and discovered the natural rhythm of military strategy” (Chu 1991, p.14). The Taoist Yin Yang principle that the interaction of Yin and Yang determines the harmonious development of universal phenomena can be found in the myriad of relationships explored in Chinese stratagems. Chinese stratagems, often planned and implemented in secrecy, may be understood as belonging to Yin (Gao 1991). However, Taoism emphasizes exactly the strength of Yin. “One of the outstanding teachings of Taoism is the strength of weakness. The *yin* power of passivity is more enduring than the *yang* force of direct action” (Cooper 1990, p.40). Given appropriate circumstances, Yin can conquer Yang, weak can defeat strong, small can overpower big.

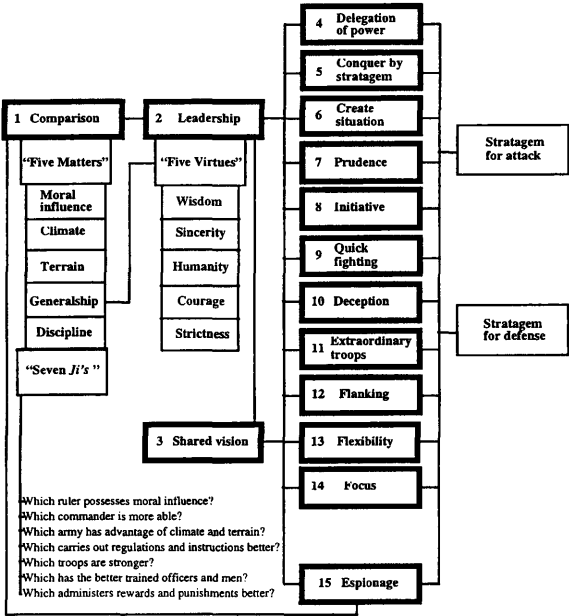


Figure 1 The competition model of Sun Tzu's *Art of War*

Source: Based on Mun (1990), p.931

Stratagem 1 Cross the sea without Heaven's knowledge

Deceive the Emperor (Heaven) into sailing across the sea by inviting him into a seaside city which is in reality a huge camouflaged ship. Hide the deepest secrets in the most obvious situations.

Stratagem 2 Besiege Wei to rescue Zhao

Save the state of Zhao by besieging the state of Wei, whose troops are out attacking Zhao. Avoid the strong to attack the weak.

Stratagem 3 Kill with a borrowed knife

Make use of outside resources for one's own gain.

Stratagem 4 Await leisurely the exhausted enemy

Relax and preserve your strength while watching the enemy exhaust himself.

Stratagem 5 Loot a burning house

Take advantage of the opponent's trouble or crisis.

Stratagem 6 Clamor in the east but attack in the west

Devise a feint eastward but launch an attack westward.

Stratagem 7 Create something out of nothing

Make the unreal seem real. Gain advantage by conjuring illusion.

Stratagem 8 Openly repair the walkway but secretly march to Chen Cang

Play overt, predictable, and public maneuvers (the walkway) against covert, surprising, and secretive ones (Chen Cang).

Stratagem 9 Watch the fire burning from across the river

Master the art of delay. Wait for favorable conditions to emerge.

Stratagem 10 Hide a knife in a smile

Hide a strong will under a compliant appearance, win the opponent's trust and act only after his guard is down.

Stratagem 11 Let the plum tree wither in place of the peach tree

Make a small sacrifice in order to gain a major profit.

Stratagem 12 Lead away a goat in passing

Take advantage of opportunities when they appear.

Stratagem 13 Beat the grass to startle the snake

Use direct or indirect warning and agitation.

Stratagem 14 Borrow a corpse to return the soul

According to popular Chinese myth, the spirit of a deceased may find reincarnation. Revive something "dead" by decorating or expressing it in a new face.

Stratagem 15 Lure the tiger to leave the mountains

Draw the opponent out of his natural environment from which his source of power comes to make him more vulnerable to attack.

Stratagem 16 In order to capture, first let it go

The enemy should be given room to retreat so that he is not forced to act out of desperation.

Stratagem 17 Toss out a brick to attract a piece of jade

Trade something of minor value for something of major value in exchange.

Stratagem 18 To capture bandits, first capture the ringleader

Deal with the most important issues first.

Stratagem 19 Remove the firewood from under the cooking pot

Avoid confronting your opponent's strong points and remove the source of his strength.

Stratagem 20 Muddle the water to catch the fish

Take advantage of the opponent's inability to resist when they are put in a difficult and complicated situation.

Stratagem 21 The golden cicada sheds its shell

Create an illusion by appearing to present the original “shape” to the opponent while secretly withdrawing the real “body” from danger.

Stratagem 22 Shut the door to catch the thief

Create a favorable enveloping environment to encircle the opponent and close off all his escape routes.

Stratagem 23 Befriend the distant states while attacking the nearby ones

Deal with the enemies one by one. After the neighboring state is conquered, one can then attack the distant state.

Stratagem 24 Borrow the road to conquer Guo

Deal with the enemies one by one. Use the nearby state as a springboard to reach the distant state. Then remove the nearby state.

Stratagem 25 Steal the beams and change the pillars

In a broader sense the stratagem refers to the use of various replacement tactics to achieve one’s masked purposes.

Stratagem 26 Point at the mulberry tree but curse the locust tree

Convey one’s intention, opinions in an indirect way.

Stratagem 27 Play a sober-minded fool

Hide one’s ambition in order to win by total surprise.

Stratagem 28 Lure the enemy onto the roof, then take away the ladder

Lure the enemy into a trap and then cut off his escape route.

Stratagem 29 Flowers bloom in the tree

One can decorate a flowerless tree with lifelike yet artificial flowers attached to it, so that it looks like a tree capable of bearing flowers. One who lacks internal strength may resort to external forces to achieve his goal.

Stratagem 30 The guest becomes the host

Turn one’s defensive and passive position to an offensive and active one.

Stratagem 31 The beautiful woman stratagem

Use women, temptation and espionage to overpower the enemy; Attach importance to espionage, intelligence and information collecting.

Stratagem 32 The empty city stratagem

If you have absolutely no means of defense for your city and you openly display this vulnerable situation to your suspicious enemy by just opening the city gate, he is likely to assume the opposite. Something with a grand exterior but a void interior.

Stratagem 33 The counter-espionage stratagem

When the enemy’s spy is detected, do not “beat the grass to startle the snake”, but furnish him with false information to sow discord in his camp. Maintain high intelligence and alertness.

Stratagem 34 The self-torture stratagem

Display one’s own suffering in order to win sympathy from others.

Stratagem 35 The stratagem of interrelated stratagems

A stratagem combining various stratagems into one interconnected arrangement. Deliberately planning a series of stratagems.

Stratagem 36 Running away is the best stratagem

Run away, when all else fails. Accept temporary disgrace to win ultimate victory. Running away to gain bargaining power.

Table 1 The Thirty-Six *Ji*’s ⁵

⁵I have chosen to translate the 36 stratagems from Chinese to English in a way that I consider best conveys their meaning to Western readers. Other English translations include those by Gao (1991), von Senger (1991a), and Sun (1991), etc.

The strategic Chinese thinking of “victory without fighting” (see 5.3.1) also reflects the Taoist Wu Wei principle. Literally, Wu Wei means “inaction”, “non-action” or simply, “doing nothing”. However, only a superficial look at Wu Wei can misinterpret the philosophical profoundness that the term embraces. For “the Taoist is not indifferent” but rather “totally committed to life” (Cooper 1990, p.77). In Chinese philosophical parlance, Wu Wei may be better rendered as “to act without acting”, “actionless activity”, “non-interference”, “letting-go” (e.g., Copper 1990; Henricks 1990). Wu Wei is the supreme moral integrity of Taoism (Tang 1991). Lao Tzu, the founder of Taoism writes (in *Tao-Te Ching*, in Chan 1963, p.167):

I take no action and the people of themselves are transformed.
I love tranquillity and the people of themselves become correct.
I engage in no activity and the people of themselves become prosperous.
I have no desires and the people of themselves become simple.

Wu Wei possesses a *strategic* orientation. *Tao-Te Ching* is virtually a *strategic* teaching. Read Lao Tzu’s words:

The softest things in the world overcome the hardest things in the world.
Non-being penetrates that in which there is no space.
Through this I know the advantage of taking no action.
(in *Tao-Te Ching*, in Chan 1963, p.161)

Operate the army with surprise tactics. Administer the empire by engaging in no activity.
(in *Tao-Te Ching*, in Chan 1963, p.166)

The strategists say:
“I dare not take the offensive but I take the defensive;
I dare not advance an inch but I retreat a foot.”
This means:
To march without formation,
To stretch one’s arm without showing it,
To confront enemies without seeming to meet them,
To hold weapons without seeming to have them.
(in *Tao-Te Ching*, in Chan 1963, p.172)

Lin Yutang (in Cooper 1990, p.80), explains Wu Wei as the Chinese “principle of yielding” as follows:

It is the secret of mastering circumstances without asserting oneself against them; it is the principle of yielding to an oncoming force in such a way as it is unable to harm you. Thus the skilled master of life never opposes things ... he changes them by acceptance, by taking them into his confidence, never by flat denial ... he accepts everything until, by including all things, he becomes their master.

5.3.4 Legacy of Confucianism?

The relationship between Confucianism and Chinese stratagem deserves more research. It is observed that some writers regard Chinese stratagem as directly opposing Confucianism. For example, in *The 36 Stratagems with Examples from Times Past and Present*, the authors Ma and Zhang (in von Senger 1991a, p.12) write:

Stratagems are the exact opposite of “Confucian” humanity and virtue. But he who treats his enemy with humanity and virtue only harms himself... Using the rhetoric of virtue to maintain a pretense to others ... is acceptable. But you must not fool yourself [with such rhetoric], at least not when engaged in combat, whether with the weapons of reason or of force ... Our age boasts of being civilized. Yet the more civilized a society, the more rampant are lies and deception. In such an environment, the 36 Stratagems are the perfect means of offense and defense. They constitute a body of practical knowledge which is far more valuable than empty moralistic phrases.

However, this argument might not be completely sound, especially if we view Chinese stratagem broadly as systematic knowledge about strategic Chinese thinking rather than narrowly as a collection of specific tactical “recipes”. As a matter of fact, in *Art of War*, Sun Tzu not only prescribes “deceptive” stratagems, but also elaborates, to a considerable extent, the art of managing leadership, organization, human resources and so forth. For example, according to Sun Tzu, a general commander must possess “Five Virtues”: wisdom (*zhi*), sincerity (*xin*), humanity (*ren*), courage (*yong*), and strictness (*yan*). Through his good *moral influence*, the general commander is able to make his soldiers accompany him in life and unto death without fear of mortal peril (also, see Sun Tzu principle 2 in 5.3.2). Here, we see the thread of the Confucian “moral persuasion” that runs through this principle.

Chinese stratagem can also be associated with the Confucian notion of *guanxi*. Liu and Zhu (1991) believe Chinese stratagem reflects thousands of years of Chinese wisdom of spinning webs of *guanxi*. It is a product of Chinese society, which attaches greater importance to interpersonal relationships than do Western societies. Yang (1994, p.109) defines the “art” of *guanxi* as being composed of “three elements”: ethics, tactics, and etiquette, and argues that they intertwine with and merge into one another in the course of practice of *guanxi*. Thus, *guanxi* possesses a tactical dimension. Yeung and Tung (1996) assert that two of the 36 stratagems (i.e., Stratagem 11 “Let the plum tree wither in place of the peach tree” and Stratagem 17 “Toss out a brick to attract a piece of jade”,

see Appendix I) can be associated with the building and maintenance of *guanxi*: they “describe the distribution of favors to gain even bigger advantages or successes” (p.62). Earlier, we discussed the reciprocal nature of *guanxi* in Confucian terms. If the ruler is not righteous and loving, “the subject can revolt and choose a better one” (see 5.2.2). Therefore, the use of Chinese stratagems, as a “tit for tat” strategy against the insincere and unrighteous counterparts, seems to be morally justified even from the Confucian perspective.

Chinese stratagem may also be related to the “Chinese family”. In the light of his family’s interests, a Chinese can be extraordinarily motivated to try to “win” his opponent by employing whatever deceptive stratagems are required by the circumstances. Tung (1994) observes that, like “the empty city” stratagem, many of the Chinese stratagems involve “deceptive tactics or devices”, such as creating an illusion that an attack will be launched from the east, when the real offensive will start in the west. Tung (p.60) goes on to provide her analysis of the moral basis on which Chinese and East Asian “deceptive” tactics are used:

Because of the Judeo-Christian influence, Westerners consider such deception immoral. On the other hand, East Asians, who have no indigenous religion akin to Judaism and Christianity, consider deception a neutral term – it is amoral and acceptable if it results in a greater good. From the East Asian perspective, “the greater good” embraces the wellbeing of the nation-state, the clan (the geographic region from which a person’s ancestors came), the extended family, the nuclear family, the corporation (employer), and the self. Their order of importance, however, varies among East Asian countries. ... In China, Hong Kong, and Taiwan, the family is usually considered paramount.

I take the position that both Chinese stratagem and Confucianism are cultural forces that shape Chinese behaviors yet with two different orientations. The former is more “creative” than the latter. Chinese stratagem has its philosophical roots basically in Taoism, though Confucianism also contribute in a broad sense.

5.3.5 Chinese stratagem in Chinese culture

While little known in the West, “recipes” for Chinese stratagems are *jia yu hu xiao* (“known to every household”) in China. *Ji* is a cultural phenomenon which permeates the socialization process of the Chinese. The great popularity of Chinese stratagems is due perhaps to Chinese folk literature as well as the form in which they are preserved. Through TV, radio, theater, and even grandfather’s bedtime stories, Chinese children have learned automatically various kinds of Chinese stratagems. In China, the folk novel *Three Kingdoms* (Luo 1994) is commonly called the “textbook of *ji*”, in which various ancient Chinese stratagems can be found in real historical contexts.

Chinese stratagems are preserved in the simple and condensed form of Chinese idioms, most of which consist of no more than four Chinese characters arranged so that when recited they produce a rhythmic effect, making it easier even for children to remember them. For example, in *The Bank of Stratagems* (Chai 1992), of a total of 470 pieces of Chinese stratagems, four hundred pieces are made up of four or less Chinese characters. In Jin's (1994) book, all the Chinese stratagems contained are four-character idioms.

Chiao's (1981) research on "Social and Political Strategies in Chinese Culture" demonstrates that Chinese stratagem is an everlasting Chinese tradition that prevails in all Chinese societies, irrespective of whether they are communist or non-communist. Chiao (1981, p.436), further draws a picture of a deceptive Chinese strategist as follows:

He waits patiently for the right opportunity with full alert, constant observation and investigation on the situation. When he moves, his actions tend to be deceitful and indirect, and often he tries to achieve his goal by making use of a third party. He may exaggerate or fabricate occasionally, but always feigns. He does his best to stop his opponent's advance. He may allure, prod and warn his opponent, but unless it is absolutely necessary, he will not have a real direct confrontation with him. If he has to, he will move fast and try to quickly put his opponent under control. He is always ready to abandon or withdraw, that is only a step for coming back.

5.3.6 Chinese competitive negotiation strategy

A Chinese saying goes like this: *Shangchang ru zhanchang* ("The marketplace is like a battlefield"). The Chinese believe that business competition and military warfare share many common traits and strategies can thus be used interchangeably (Chen 1995; Chu 1991; Mun 1990). First, both enterprises and armies strive for a favorable position to protect themselves and to defeat the enemies/competitors. Second, enterprise competitions and wars are confrontational activities. Third, both organizations must be well organized and managed. Fourth, both require strategies and tactics. Fifth, the leadership of both an army and an enterprise plays a decisive role in achieving success. Sixth, both rely on high quality and committed people. Seventh, both require a supply of resources and logistics. Finally, both attach importance to intelligent gathering of information.

Fang (1997) argues that there are a number of reasons for which Chinese stratagem is relevant for our study of Chinese competitive negotiation strategy: (1) Chinese stratagems can be used by the Chinese as competitive strategies, because they believe the marketplace is like a battlefield; (2) Chinese stratagems can be reasonably used by the Chinese as "tit for tat" strategies and tactics to protect their "family" interests; (3) the traditional Chinese distrust of merchants gives rise to the Chinese use of Chinese stratagems as defense techniques; (4) Chinese stratagem pervades the socialization process of Chinese people and the Chinese may employ Chinese stratagems *deliberately* and/or *inadvertently*; (5) the

Western concepts of “negotiation” and “marketing” are new “imported goods” in China, but Chinese negotiators have inherited the Chinese theory of negotiation from the teachings of Confucius and Sun Tzu; (6) Chinese managers, especially middle-aged managers, have been heavily indoctrinated with Mao Zedong’s works in which strategies and tactics are a main theme; and (7) Chinese managers are educated to make use of *Art of War* and *The Thirty-Six Stratagems* to deal with foreign business people.

Various Chinese negotiating tactics, which can hardly be explained from the Confucian perspective, can, however, be reasonably explained from the Chinese stratagem perspective (cf. Table 1).⁶ In this article, for example, we can relate the “absent-minded negotiator” (see Illustration 5) to Stratagem 27 in *The Thirty-Six Stratagems*; “playing competitors against each other” (see Illustration 6) to Stratagem 3; “information gathering” and “theater playing” (see Illustration 7) to Stratagem 11, 33; and “utilize foreigners’ stereotype about face” (see Illustration 8) to Stratagem 32.

6. CONCLUSIONS

It has been found that the Chinese negotiator tends to demonstrate a contrasting negotiating behavior – both “sincere” and “deceptive”. If negotiation strategy can be defined as a means used to influence the behavior of others at the negotiation table, then the Chinese negotiator can be understood as adopting two different negotiation strategies – cooperation on the one hand and competition on the other. The Chinese negotiation strategies are a product of Chinese culture which has both cooperative and competitive components – Confucianism and Chinese stratagem (*ji*). The capacity of the Chinese culture for following different teachings at the same time enables the Chinese to use both cooperation and competition strategies at the same time at the international business negotiation table. Therefore, it can be concluded that, culturally speaking, the Chinese negotiator is both a “Confucian gentleman” and “Sun Tzu-like strategist” who adopts a “coop-comp” (cooperation-competition) Chinese negotiation strategy.

⁶See Fang (1995, 1996, 1997) for a complete account in this regard.

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