

Chinese Stratagem and Chinese Business Negotiating Behaviour: An Introduction to Ji

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ABSTRACT

The paper aims to arrive at an understanding of Chinese business negotiating behaviour from a Chinese stratagem perspective. The Chinese concept Ji (stratagem) which has its roots in ancient Chinese military thought is introduced to fill the gap in scholarship. The author has proposed a “S-B Model” which interpretes the strategic patterns of Chinese business negotiating behaviour from The Thirty-Six Stratagems, an ancient Chinese stratagem treatise. The paper argues that Chinese stratagems have relevance for the study of Chinese business negotiating behaviour and that the “S-B Model” offers a reasonable alternative to the existing “Culture” and “Bureaucracy” schools.

Background

Chinese business negotiating behaviour has attracted much research interest in recent years as a consequence of China's "open door" policy and the unprecedented Sino-foreign business activities generated thereby. Theoretically, existing literature can be classified into three schools of thought. First, the "Culture School". Chinese business negotiating behaviour is interpreted from the traditional Chinese cultural values (e.g., Kindel 1990; Kirkbride, Tang and Westwood 1991; Shenkar and Ronen 1987; Withane 1992). The essence of the traditional Chinese culture is considered to reside largely in the philosophical tradition of Confucianism with five characteristics often singled out: (1) respect for age and hierarchical position; (2) group orientation, especially toward the family; (3) the concept of Face; (4) the importance of Guanxi (relationship, contacts), involving continuing mutual obligation (e.g., Child and Markoczy 1993; Lockett 1988, 1990); and (5) the need for harmony (e.g., Shenkar and Ronen 1987; Tan 1990; Withane 1992). Researchers like Withane (1992) and Kindel (1990) turn directly to Chinese cultural values to develop their "framework" or "model" to anticipate Chinese business negotiating behaviour.

The second school is the "Bureaucracy School" which concentrates its attention on the institutional variables or bureaucratic practices in the PRC (People's Republic of China) (e.g., Davidson 1987; Hendryx 1986; Pye 1992). Davidson (1987) discovers that the front-line Chinese negotiators perform the roles of "questioner" and "reporter", whereas the unseen officials behind the negotiators are the real "authorities". Pye (1992) holds that, "in almost all cases, what makes Chinese practices distinctive is that they reflect Chinese culture as it has responded to three decades of Communism" (p.93). Pye believes that the use of time by Chinese reflects their lack of experience, bureaucratic problems, and subordinate's fears of criticism from above (p.xv). He pictures the nature of Chinese bureaucracy in a vivid manner when he writes, "In Chinese political culture there is no assumption that power must be tied to responsibility", "the critical art is to avoid responsibilities, diffuse decisions, and blunt all commands that might later leave one vulnerable to criticisms" (p.18). Given the impact of China's poor infrastructure, still strongly centralized state economic planning system,

legacy of the Cultural Revolution, etc., Hendryx (1986) identifies that the real problems don't come in negotiating the deal - the real problems start after you sign the contract.

Scholars of the third school approach the issue from a perspective that combines those of the above two schools (e.g., Deverge 1986; Harris and Yau 1993; Knutsson 1986; Warrington and McCall 1983). For example, Deverge (1986) maintains that the Chinese negotiating skills "are not tactical practices but stem directly from Confucian philosophy and the Chinese bureaucratic culture it created." (*italics added*). Besides, there are a number of influential works on Chinese business negotiations which are mainly concerned with practices, procedures and outcomes of the negotiations, although the issue of Chinese business negotiating behaviour is generally touched upon (e.g., De Pauw 1981; Lee and Lo, 1988; Stewart and Keown 1989; Tung, 1982).

Surprisingly, very little has been written on strategic patterns of Chinese business negotiating behaviour: there is an obvious lack of debates on how Chinese manipulate stratagems in business negotiations. Several researchers, especially some political scientists, like Pye (1992) and Solomon (1987), have discovered the Chinese use of "tactics" and "ploys", for example, emphasizing and utilizing the "spirit" or "general principles" of negotiations to their advantage, manipulating the feelings of obligation of friendship and hospitality, playing the home court, using the "shaming" technique, playing the competitors off against each other, etc. (e.g., Frankenstein 1986; Pye 1992, Seligman 1990; Solomon 1987). Nevertheless, their sporadic collection of points is characteristic more of an anecdotal or episodic nature than of a systematic effort of scientific theorizing in order to generate a school of thought. Furthermore, they show cultural weakness to provide any convincing explanations for the identified Chinese "tactics" and "ploys". It seems that the Chinese behaviours could be more justifiably explained by referring to theory generated by the Chinese themselves. Methodologically, the existing research is dominated by U.S. - China trade negotiation literature. The majority of the existing literature on Chinese business negotiating behaviour simply rely on American business people's perceptions of marketing and negotiating in the PRC. There is an obvious lack of presence of views from the mainland Chinese or ethnic Chinese side among internationally published literature in the area. Strangely enough, Pye, frequently quoted as the most authoritative voice on the

study of Chinese negotiating style, wants to present the realm of Chinese negotiating style without even talking to or interviewing the Chinese themselves (Fang and Timm 1995).

About this Study

Differing from the main streams of current thought, this study aims to arrive at an understanding of Chinese business negotiating behaviour from a brand-new perspective: a Chinese stratagem perspective. The article is written to fill the gap in scholarship by introducing to the field the Chinese word Ji (stratagem) which is rooted in ancient Chinese military thought. The author interpretes the strategic patterns of Chinese business negotiating behaviour on the basis of the Chinese stratagems contained in The 36 Stratagems (e.g., Gao 1991; Senger 1991a; Sun 1991), an ancient Chinese military stratagem treatise, while making references also to Sun Tzu's Art of War (e.g., Sun Tzu 1982), the world's earliest work on military theory. The article is based, first of all, on the author's understanding of Chinese business culture; secondly, on the literature studies; and finally, on the author's interviews during 1993-1995 with some 30 Chinese and Scandinavian managers who have rich experience in Sino-foreign business negotiation practices. The present work is intended to serve as an introduction to the subject to generate further research efforts in the future.

In the rest of the paper, I will begin with an introduction to Ji. Then, the cultural origins of the Chinese stratagem are explored. Further, the limitation of the existing schools and the relevance of the Chinese stratagem for the study of Chinese business negotiating behaviour are argued. A so-called "S-B Model" is finally proposed to present the strategic patterns of Chinese business negotiating behaviour. The paper concludes with managerial implications as well as suggestions for future research.

Chinese Stratagem: An Element of Chinese Culture

What is Ji ?

There is a Chinese word that already appears as early as more than 2000 years ago in the world's earliest treatise on military theory, the Art of War, by the great ancient Chinese military theorist Sun Tzu. This Chinese word is Ji. Of total thirteen chapters contained in his Art of War, Sun Tzu begins with the Chapter of Ji in which the art of war is pictured as "the art of deception". However, the word Ji which forms part of the title of Sun Tzu's very first chapter was not introduced in its original form in any official foreign translations which can be traced by the author. Although the Art of War was first published in the West in 1772 (Sun Tzu 1982, p.ix) and has since been translated into ten different foreign languages (Wu 1991), the Chinese word Ji is still unknown to the West.

What is Ji? In Chinese, Ji means (1) to count, compute, calculate, number (as a verb); (2) meter, gauge (as a noun); and (3) idea, ruse, stratagem, plan (as a noun)¹. The English translation of Ji in the various available English versions of Art of War is found divergent among translators. For example, Ji is translated as "estimates" and "strategy" by Griffith (Sun Tzu 1982), and as "estimation", "strategy", "tactics", and "strategic plan" by Sawyer (Sun Tzu 1994). Recently, Ji was formally translated into English as Stratagem and into German as Strategeme by several scholars in connection with their introduction to the West of a compendium of ancient Chinese wisdom entitled The Thirty-Six Stratagems (36 Ji) (Gao 1991; Lip 1991; Senger 1991a, 1991b). Senger, a Swiss sinologist who has spent much time in mainland China and Taiwan systematically studying Chinese stratagems, considers "stratagem" or "strategem" the best English translation of Chinese Ji (1991b, p.6). Ji, in the Chinese sense, is quite a value-neutral word (character) conveying both positive and negative meanings depending on the context in which it is used.

There are some other words in the Chinese language which also more or less contain the meaning of stratagem. Senger (1991) believes that the Chinese have four words (characters) which have been used from ancient times to modern days to designate the concept of stratagem, i.e. Ji, Mou, Ce,

Zhao. These characters have the following two distinct and closely related meanings in certain contexts: (1) a tactic or ruse of war; and (2) artifice in political and/or private life (p.2). In modern Chinese language, the character **Ji** is often combined with the character **Mou** or **Ce** in the formulation of **Jimou** or **Jice** to also mean stratagem.

Based on his study of the vocabulary of “stratagem” in the Western languages which is originated from the Greek word **Strategema**, Wheeler (1988, p.XI) defines the word **stratagem** as follows:

“a strategic or tactical act of trickery, deceit, or cunning in military affairs and especially war, whereby one attempts to gain psychological or material advantage over an opponent, to neutralize some part of an opponent’s superiority, to minimize one’s own expenditure of resources, or to restore the morale and physical state of one’s own forces.”

While I consider that this definition of stratagem and Senger’s explanation of **Ji**, **Mou**, **Ce**, **Zhao** embody the most important properties of the Chinese notion of **Ji**, I would, however, prefer to use the term **Chinese stratagem(s)** in English language to replace the Chinese word **Ji**, because all the stratagems discussed in the scope of this paper are Chinese inventions to which the Western civilization has never produced anything remotely similar (Senger 1991a, p.1).

Chinese Stratagem and Chinese Culture

The Chinese stratagem has its origins in Chinese philosophies. Fung Yu-Lan (1948, p.30) has discussed six major schools of ancient Chinese philosophies, namely (1) **Yin-Yang** School; (2) School of Literati (known in Western literature as the Confucianist school); (3) Mohist School; (4) School of Names; (5) Legalist School; and (6) School of the Way (**Tao**) (known in Western literature as the Taoist School). The concept of Chinese stratagem is found being permeated with the spirit of the **Ying-Yang** School’s **Ying-Yang** principle and the Taoist School’s **Wu Wei**² principle. The principle that the interaction of **Yin** (female elements, “shadow of secrecy”) and **Yang** (male elements, the “bright”, “visible”) determines the development of events can be found in the myriad of relationships explored in the Chinese stratagems: between offense and defense, strength and

suppleness, regularity and surprise, void and solidity, the enemy and oneself, guest and host and so on (Gao 1991, p.17). The Chinese stratagem asserts the superiority of avoiding pitched battle, using indirect means, deceit, trickery, etc. to gain both psychological and material advantages over an opponent. These philosophical principles may well be expressed by the writings of Sun Tzu (1982) in his Art of War:

"All war is based on deception. Therefore, when capable, feign incapacity; when active, inactivity. When near, make it appear that you are far away; when far away, that you are near." (p.66)

"...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 strategy³; Next best is to disrupt his alliances; The next best is to attack his army; The worst policy is to attack cities." (p.77-78)

Senger (1991, p.5-6) holds that some Chinese stratagems also bear the spiritual legacy of the Legalist School which preached to Chinese rulers the importance of Shu (the techniques of power), Fa (the primacy of the law as an instrument of rule), and Shi (personal position as the foundation of power and influence), and that "many instances of applied Chinese stratagems demonstrate the Legalist School's insistence on 'reasons of state', the priority of state interests over Confucian ethical norms". However, if we regard the Chinese thought as being composed of two main trends, i.e. Taoism and Confucianism (Fung 1948, p.19), we can say that the Chinese stratagems are a product of Taoism, not Confucianism.

Why not Confucianism? Confucianism, which confines itself essentially to the morality of human-heartedness, righteousness, as well as to the rites, ceremonies and rules of proper conduct, contributes little to the notion of Chinese stratagems. In Chinese history, the validity and usefulness of Confucianism (School of Literati) were questioned by, for example, the Mohist School, the Taoist School, and the Legalist School. Mo Tzu (between 479-381 B.C.), the next major philosopher after Confucius and the founder of a school after his name known as the Mohist School, says that,

"Even those with long life cannot exhaust the learning required for their [Confucianists] studies. Even people with the vigor of youth cannot perform all the ceremonial duties. And even those who have amassed wealth cannot afford music. They [the Confucianists] enhance the beauty of wicked arts and lead their sovereign astray. Their doctrine cannot meet the needs of the age, nor can their learning educate the people." (Fung 1948, p.52)

Taoists taught the theory of "doing nothing", whereas the Confucianists taught that of "doing for nothing". Taoists often ridiculed Confucianists as those who were conscious only of "moral values", "Superficially they were right, but actually they were wrong" (Fung 1948, p.45-46). Legalists criticized the Confucianists' "bookish" and "impractical" proposition that the people should be governed by Li (rites, ceremonies, proper conduct) and morality, not by law and punishment. Fung (1948, p.164-65) concludes that, "The Confucianist ideas are idealistic, while those of the Legalists are realistic".

In modern times, Confucianism has been criticized by Lu Xun, Bo Yang, among many others. For example, Bo Yang (1992) blames the "Ugly Chinaman syndrome" (crass, arrogant, noisy, uncivilised, uncooperative, boastful, dirty, unforgiving) largely on the legacy of Confucianism.

In The 36 Stratagems, with Examples from Times Past and Present, the authors (Ma and Zhang, in Senger 1991a, p.12) write as follows:

"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."

Mao Zedong (Mao 1938, p.240) laughed at the stupid moralistic mentality of Duke Hsiang of Sung (also known as Song Xiang Gong) in his famous treatise On Protracted War:

"We are not Duke Hsiang of Sung and have no use for his asinine ethics. In order to achieve victory we must as far as possible make the enemy blind and deaf by sealing his eyes and ears and drive his commanders to distraction by creating confusion in their minds."⁴

Liu and Zhu (1991b, p.434) maintain that the Chinese stratagems are an outcome of the Chinese society which attaches greater importance to interpersonal relationships than do the Western societies. Perhaps on this point the Chinese stratagem is most reasonably associated with the human relationship oriented Confucianism: Chinese stratagem also reflects the sophisticated Chinese skills of spinning the web of Guanxi and trading Face.

Chinese stratagem is an important element of traditional Chinese culture. While the Chinese stratagems are little known in the West, they are, as a Chinese saying put it, "known to every household and even to women and children" in China. If there were no ancient Chinese military thought, the value of Chinese culture would be greatly discounted and damaged (Shi 1993, p.543-44). Chinese stratagem has crystallized the intelligence and wisdom aspect of the Chinese nation's personality (Liu and Zhu 1991, p.434). Into these Chinese stratagems the Chinese have compressed much of their thousands of years of experiences in dealing with enemies and overcoming difficult and dangerous situations (Senger 1991a, p.1). Sun Tzu's Art of War, a Chinese stratagem masterpiece, is found in the list of twenty books which are considered as best representing the Chinese culture (Senger 1991b, p.9). The great popularization of Chinese stratagems is perhaps due to Chinese popular literature as well as the form they are preserved. Through TV, radio, theater, and even grandfather's bedtime stories, Chinese children have automatically learned various kinds of Chinese stratagems contained in the folk literature, such as The Romance of the Three Kingdoms (San Guo Yan Yi) which is commonly regarded as a "stratagem textbook". The Chinese stratagems are preserved in the simple or condensed form of Chinese idioms the majority of which consist of no more than four written Chinese characters arranged so that when recited they produce a rhythmic effect, making it easier even for children to remember them. In the book Stratagems Bank, for example, among totally about 470 pieces of Chinese stratagems, there are about 400 pieces each of

which consists of four or less than four Chinese characters (Chai 1992). The Chinese stratagem is a Chinese way of life. The Chinese people are a mix of characters: they are not only mystic sages who sit in eternal meditation on mountain peaks below pine trees, but also exceedingly practical and somewhat matter-of-fact men of affairs (Fung 1966, p.xii).

Chinese Stratagem and Chinese Business Negotiating Behaviour

Applying Chinese stratagems in business context is not a new invention. There have existed numerous books and articles about the everyday life and managerial applications of the Chinese stratagems from The Thirty-Six Stratagems and Sun Tzu's Art of War (e.g., Chu 1991; Gao 1991; Khoo 1990; Li, Yang and Tan 1986; Lip 1991; Liu 1994; Min 1990; Senger 1991a, 1991b; Wu 1991; Xiang 1994). It needs to be mentioned that most of these writers are Chinese or ethnic Chinese. Interestingly, Westerners try to understand the Chinese mind from Confucianism, whereas Chinese themselves rely, instead on Chinese stratagems. Nevertheless, very few publications can be traced either in Chinese or in English which specifically deal with the application of Chinese stratagems in analyzing Chinese business negotiating behaviour⁵. This paper intends to give a try to filling this scholarship gap.

Limitation of the Existing Schools

One of the chief negotiators from a Swedish multinational company gives his fresh impression of the Chinese business negotiating style by commenting that,

"First of all, the most significant Chinese style is that they simply put the competitors' proposals on the table before your eyes."

This often talked about Chinese stratagem of playing competitors against each other is found, however, neither in Kindel's "V-B-S model" (1990), nor in Withane's "Five Hypotheses" (1992) both of which are based on the Confucian values. The existing "Culture" and "Bureaucracy" schools

show their inability to explain the strategic patterns of Chinese behaviours, such as, deliberately causing delay, feigning anger, losing temper before the public (note: a clear violation of the Confucian ethic), exerting pressure to test reactions, exploiting the divergent opinions on the foreign team, provoking the opponent to show hands first, etc. as identified in this study. Furthermore, the existing schools are found awkward at explaining the “strange contradiction” of the Chinese behaviour (Pye 1992, p.78): Chinese are both “unyielding” and “highly adaptable”, at one moment they are “stubborn, firm, and tenacious, willing to wait with Oriental patience for the other side to give in”; but they are also “realists, ready to adjust quickly to imperatives of human relations, and always anxious to be conciliatory if given a chance”.

The “Culture School” ’s five elements as discussed above (see under **Background**) belong only to what I term the value element of the Chinese culture category, the Chinese business negotiating behaviours based on the interpretation from the value element are called the value patterns of Chinese business negotiating behaviour. Similarly, the “Bureaucracy School” has identified the “bureaucratic patterns” from the bureaucratic element of the Chinese culture category. Together, the existing schools have drawn a picture of the rational patterns of Chinese business negotiating behaviour. By contrast, Chinese stratagem is called the strategic element of the Chinese culture category, the Chinese business negotiating behaviours based on the understanding of the strategic element of the Chinese culture are the strategic patterns of Chinese business negotiating behaviour. Swidler (1986) proposes that culture influence action not by providing the ultimate values toward which action is oriented, but by shaping a repertoire or “tool kit” of habits, skills, and styles from which people construct “strategies of action”. By analogy, Chinese stratagems are the “repertoire” of Chinese culture from which the strategic patterns of Chinese business negotiating behaviour are constructed.

The highest principle of the Chinese stratagems is flexibility. Sun Tzu says (1982, p.101):

“...an army may be likened to water, for just as flowing water avoids the heights and hastens to the lowlands, so an army avoids strength and strikes weakness. And as water shapes its flow in accordance with the ground, so an army

manages its victory in accordance with the situation of the enemy. And as water has no constant form, there are in war no constant conditions.”

It is not the rational patterns but the strategic patterns that are characteristic of a high flexibility. It is not strange at all to find the Chinese behaviours “divergent”, “illogical”, “irrational”, or “contradictory”. Indeed, it is not only the logic patterns, but also, more importantly, the strategic patterns that make the Chinese known as “tough”, “shrewd”, and “tenacious” negotiators. The existing schools which indulge in high talk on the rational patterns but ignore the significance of the strategic patterns are found rigid, naive and misleading.

Relevance of Chinese Stratagem

There are a number of reasons why Chinese stratagem is relevant for our study of Chinese business negotiating behaviour. First, Chinese are game-oriented people. They believe that “the marketplace is a battlefield”, and that the wisdom that guides the general in battle is the same one that guides all of us in our daily lives including business life (Chu 1991, p.12). The “win/win” attitude towards business negotiation is not the Chinese type, for “the Chinese believe that where there is a winner there is also a loser”, “They seldom give up anything without a fight” (Seligman 1990, p.136-137). In this context, the Chinese stratagems are used by the Chinese in order to gain competitive advantage over the opponents. Some researchers (e.g., Adler, Brahm and Graham 1992; Deverge 1986), however, have found that Chinese search for a “win/win” solution. But their observations and explanations seem superficial on which further debates are called for. Secondly, merchants or business people were looked down upon in the traditional Chinese society. They were the last and lowest of the four traditional classes of society, the other three being scholars, farmers, and artisans. Merchants were regarded as corrupt, obedient, treacherous, and selfish (Fung 1948, p.18). Traditionally, Shang Ren (merchant) was almost a synonym of Jian Shang (unscrupulous merchant, dishonest trader). In present China where a fair-play market mechanism is far from being established, the market is full of unethical “fishing hooks” (Chen and Ying 1994), and counterfeit products are merely a commonplace, this traditional Chinese stereotype is not removed but only reinforced. In this sense,

the Chinese stratagems may be not only utilized by the “evil” to outwit the “good”, but also adopted by a “good” person, pursuing an honorable goal but finding himself or herself in a weak position, to achieve that goal (Senger 1991a, p.11). Thirdly, now middle aged Chinese managers/officials, though many of whom did not have the chance to receive formal and qualified higher education because of the Cultural Revolution (1966-1976), were once upon a time in their youth and childhood imperceptibly influenced by the vivid narratives of the stories from Chinese folk literature in which the manipulation of Chinese stratagems is a main topic. Last but not least, the Chinese managers/officials have been heavily indoctrinated with Mao’s works. The Chinese characters like Ji, Mou, Ce, Zhao often appear in Mao’s writings (Senger 1991b, p.5).

An evidence of the Chinese use of stratagems in negotiation at the government officials level is provided as follows:

“In a meeting between Henry Kissinger and Zhou Enlai, Secretary Kissinger made a comment that demonstrated an awareness of the strategies that Zhou was employing with him. Zhou complimented him by saying, ‘You are very smart.’ Kissinger replied, ‘You mean, smart for an American.’ Zhou smiled and said nothing.” (Chu 1991, p.17)

The interviews in this study also show that the PRC managers/officials adopt Chinese stratagems deliberately and/or inadvertently in Sino-foreign business negotiations. Furthermore, they have demonstrated a varying degree of strategic behaviour when negotiating with American, European, Japanese, and Scandinavian managers. Although no substantial materials have been obtained to investigate the Chinese in other countries and regions, one documented study of the Taiwan Chinese does indicate that “The Chinese participants, ... did better in the negotiation game when they used deceptive bargaining strategies.” (Allerheiligen, Graham and Lin 1985, italics added).

The Thirty-Six Stratagems and Sun Tzu’s Art of War

“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” (Pye 1986). It deserves to be

mentioned, however, that the Western marketing theory is a new “imported goods” which has been developed in China only after the late 1970s and the early 1980s (Mei and Zhang 1990). Few Chinese managers involved in my study have had formal advanced management education. But their negotiating techniques are spoken highly of by their foreign adversaries. One significant reason is that the Chinese have their own theory of Chinese stratagems.

The Thirty-Six Stratagems and Sun Tzu’s Art of War are the best introduction to Ji or Chinese stratagems which underlie the forces driving the Chinese and Asian mind (Chu 1991). The Thirty-Six Stratagems (also known as Secret Art of War: Thirty-Six Stratagems) was written by an anonymous Chinese scholar in late Ming (1368-1644) or early Qing (1644-1911) dynasties (Sun 1991, p.i). It is a condensed catalogue of 36 pieces of Chinese stratagems entirely consisting of a mere 138 Chinese characters. “But Western civilization has never produced anything remotely resembling the highly condensed catalog of devious tactics known as ‘36 Stratagems’ ” (Senger 1991a, p.1). “For Westerners, knowledge of the 36 stratagems can provide a key to much of Chinese thinking” (Senger 1991a, p.12). Sun Tzu’s Art of War was written in the period of about 400-320 B.C., it forms the earliest of known treatises in the world on the subject, but have never been surpassed in comprehensiveness and depth of understanding (Sun Tzu 1982, p.v, p.11).

Most of the stratagems contained in The Thirty-Six Stratagems can be directly coupled with the writings of Sun Tzu. For example (see under “S-B Model”), the Stratagem 1 is what Sun Tzu says “All warfare is based on deception” (1982, p.66), and “Subtle and insubstantial, the expert leaves no trace; divinely mysterious, he is inaudible. Thus he is master of his enemy’s fate” (p.97); Stratagem 3, “To subdue the enemy without fighting is the acme of skill” (p.77); Stratagem 4, “Close to the field of battle, they await an enemy coming from afar; at rest, an exhausted enemy; with well-fed troops, hungry ones. This is control of the physical factor” (p.109); Stratagem 5, “When the enemy is in chaos, exploit the opportunity to overpower him” (Sun Tzu, in Senger 1991a, p.374); Stratagem 8, “Generally, in battle, use the normal force to engage; use the extraordinary to win” (Sun Tzu 1982, p.91); ... etc..

Strategic Patterns of Chinese Business Negotiating Behaviour ("S-B Model")

In this section, the strategic patterns of Chinese business negotiating behaviour are interpreted on the basis of the 36 pieces of Chinese stratagems contained in The Thirty-Six Stratagems⁶. Each of the stratagems (S) is presented first with the English translation, followed by its Chinese Pinyin spelling, meaning, and then the expected Chinese behaviours (B) identified in this study. As opposed to Kindel's "V-B-S Model", and in order to attract many pieces of "jade" opinions as implied by Stratagem 17, I am presumptuous to call my method of explanation the "S-B Model". Due to limited space, the detailed historical and legendary origins of these Chinese stratagems as well as references to Sun Tzu's Art of War are omitted⁷.

Stratagem 1 Cross the sea without Heaven's knowledge (Man Tian Guo Hai):

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 the deepest secrets in the most obvious situations.

Expected Chinese behaviours:

- "Chinese always promised 'No Problem!', but it turned out that they seldom accomplished something without problem or discount."
- "They say 'Yes'. But actually no concrete opinions can be obtained from them."
- Change their team members and deny any knowledge of previous talks.
- Change the site of negotiation.
- A gesture of making concession, but in reality no concession at all.
- Deny the existence of problems.

Stratagem 2 Besiege Wei to rescue Zhao (Wei Wei Jiu 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.

Expected Chinese behaviours:

- Attack and shame the adversary's vulnerable points, mistakes, etc..

- Take “surprising actions” which may distract the opponent: stop the meeting, announce the “deadline”, change the negotiating team, etc..

Stratagem 3 Kill with a borrowed knife (Jie Dao Sha Ren): Make use of outside resources for one’s own gain.

Expected Chinese behaviours:

- Play competitors off against each other, conduct “parallel negotiations”.
- The “real authorities” generally do not show up in negotiations while the front-line Chinese negotiators act on his behalf.
- Use the “third force”, such as “I have no final say”, “Chinese government authorities will not approve it”, “This is the internal regulation”, “because of Chinese characteristics”, etc. to deal with you.
- “Record” down what you have said and throw your words back in your face whenever it serves their purposes.

Stratagem 4 Await leisurely the exhausted enemy (Yi Yi Dai Lao): Relax and preserve your own strength while the enemy exhausts himself.

Expected Chinese behaviours:

- Play the home court: Chinese seldom accept invitations to negotiate abroad and most of the important negotiations take place on the Chinese soil.
- Chinese may insist that Chinese law govern the contract and disputes be arbitrated in Beijing before the Foreign Economic and Trade Arbitration Commission (FETAC) of China Council for the Promotion of International Trade.
- The Chinese team usually outnumbers the counterpart’s.

Stratagem 5 Loot a burning house (Chen Huo Da Jie): Take advantage of the opponent’s trouble or crisis.

Expected Chinese behaviours:

- Take advantage of the opponent’s lack of preparedness and local knowledge.
- Protracted negotiations are a commonplace.

Stratagem 6 Clamour in the east but attack in the west (Sheng Dong Ji Xi): Devise a feint eastward but launch an attack westward.

Expected Chinese behaviours:

- Few openly stated Chinese interests are real, especially in the initial stages. They may act in a diametrically opposite way.

Stratagem 7 Create something out of nothing (Wu Zhong Sheng You): Make the unreal seem real. Gain an advantage by conjuring an illusion.

Expected Chinese behaviours:

- Maneuver the Chinese "respect for age" making the younger opponents feel "inexperienced".
- Though knowing in their mind that the adversary's price is low enough compared with those of other suppliers, the Chinese continue complaining about it based on the Chinese standard: this created "too high price" becomes a bargaining point.

Stratagem 8 Openly repair the walkway but secretly march to Chen Cang (An Du Chen Cang): Play overt, predictable, and public maneuvers (the walkway) against covert, surprising, and secretive one (Chen Cang).

Expected Chinese behaviours:

- Privately conduct "parallel negotiations" with two or more competitors while keeping alive all the opponents' hopes.
- Chinese may make an eager enquiry and seek considerable advice from you but place order elsewhere at the last minute.
- Take "surprising actions".

Stratagem 9 Watch the fire burning from across the river (Ge An Guan Huo): Master the art of delay. Maneuver patience and allow favourable events to continue.

Expected Chinese behaviours:

- "We were asked to wait in the hotel rooms while the Chinese were believed to be dealing with the Chinese authorities to obtain the permission. But the time was on their side which they could use to wait us out."

- Exploit the opponent's uncertainty, inconsistency and divergent interests.
- Chinese will not rush into a detailed discussion of contract provisions. They may deliberately cause delay, use slowdown technique especially in early stages in order to test the foreigners' sincerity and heart.

Stratagem 10 Hide a knife in a smile (Xiao Li Cang Dao): Hide a strong will under a compliant appearance, win the opponent's trust and act only after his guard is down.

Expected Chinese behaviours:

- The Chinese notion of "friendship" means obligation. "Foreign friends speak first."
- Chinese negotiators seem to have a double-sided personality: both obstinate and flexible, both aggressive and conciliatory.
- Engage a considerable amount of social or "non-economic" activities (e.g., sightseeing, Karaoke, banquet, etc.).

Stratagem 11 Let the plum tree wither in place of the peach tree (Li Dai Tao Jiang):

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

Expected Chinese behaviours:

- The front-line Chinese negotiators tend to take a position in a "sharper" or "ruder" manner than that of their superiors who will enter the negotiations when an agreement seems near.
- Chinese team is composed of a group of well coordinated "good cop/bad cop" people with internal consultations constantly made: some seem to be quite sympathetic with you, but some (so-called "red face" playing the role of the "heavy" on the Chinese team) seem always misinterpreting you and getting you off balance.
- Prefer a "give and take" package deal instead of legalistic approaches.

Stratagem 12 Lead away a goat in passing (Shun Shou Qian Yang): Take advantage of (even minor) opportunities when they arise.

Expected Chinese behaviours:

- Always try to bargain more than what you agree to give them: old issues may be raised again by the Chinese to press out additional profit.
- Training Chinese staff is a "must issue" that Chinese will definitely negotiate for.
- Use face-to-face meetings as a means for training themselves: eliciting information, exercising English, etc..

- Withhold the payment for petty reasons.

Stratagem 13 Beat the grass to startle the snake (Da Cao Jing She): Use indirect warning and agitation.

Expected Chinese behaviours:

- Not “beating the grass to startle the snake”: go to great lengths and in great secrecy to collect information on the counterparts.
- Ask and repeat asking a host of questions.
- Exert pressure to test the opponent’s reactions and provoke him into showing hands first.

Stratagem 14 Borrow a corpse to return the soul (Jie Shi Huan Hun): 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.

Expected Chinese behaviours:

- The “dying” Chinese companies view the establishment of Sino-foreign joint venture as the means to solve their serious capital and technology problems. They enter into a JV (joint venture) in the hopes to bring a new life into them. They tend to bring as many old resources as possible into the JV.

Stratagem 15 Lure the tiger to leave the mountains (Diao Hu Li Shan): “Descending on the plain, the tiger is bullied by dogs” (Hu Luo Ping Yang Bei Quan Qi). Draw the opponent out of his favourable natural environment from which his source of power comes to make him more vulnerable to attack.

Expected Chinese behaviours:

- Play the home court and control the schedule and timing.

Stratagem 16 In order to capture, first let it go (Yu Qin Gu Zong):

The enemy should be given room to retreat in order to avoid his valour out of desperation.

Expected Chinese behaviours:

- “Chinese hospitality causes many foreign businessmen to make unrealistic promises” (Pye 1992, p.33). Use flattery to disarm the inexperienced opponents.

Stratagem 17 Toss out a brick to attract a piece of jade (Pao Zhuan Yin Yu): Trade something of minor value for something of major value in exchange.

Expected Chinese behaviours:

- “The Chinese claimed that they already made a host of concessions and asked for our turn to give in. But their concessions were actually no more than a ‘ping pong ball’ ”.
- Price-sensitive: hard bargaining on price, keeping bargaining until a “good” level from their own point of view is reached.
- Chinese may begin with an insignificant contract in order to test the sincerity and credibility of the adversary.
- Intend to use strict, measurable contractual wordings for the adversary, but vague, immeasurable ones for Chinese themselves.

Stratagem 18 To capture bandits, first capture the ringleader (Qin Zei Qin Wang):

Attack the vital problems first.

Expected Chinese behaviours:

- Conscious of the position or title of the foreign adversaries, Chinese are unwilling to meet or negotiate seriously with an adversary who has lower position than that of the Chinese.
- Do business only with the “best” firms, buy the “best” technologies.

Stratagem 19 Remove the firewood from under the cooking pot (Fu Di Chou Xin):

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

Expected Chinese behaviours:

- Focus on the opponent's “vulnerability”: attack the price if the quality is high; attack the quality if the price is low.

Stratagem 20 Muddle the water to catch the fish (Hun Shui Mo Yu):

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

Expected Chinese behaviours:

- "Reshuffle elements of the deal in a rapid and complex way so as to confuse you" (Knutsson 1986, p.113).
- Engage a variety of programs and protracted negotiations causing physical and psychological inconveniences for the opponents.

Stratagem 21 The golden cicada sheds its shell (Jin Chan Tuo Qiao): Pose apparently the original formation to cause illusion to the opponent while withdrawing in secrecy the real strength from the danger.

Expected Chinese behaviours:

- In order to get rid of you, Chinese will put an excessive demand on you that may be very difficult for you to accept, making you the breaching party.

Stratagem 22 Shut the door to catch the thief (Guan Men Zhuo Zei): Create a favourable enveloping environment to encircle the opponent and close off all his escape routes.

Expected Chinese behaviours:

- Propose a "deadline" by announcing that the signing ceremony, banquet, etc. with the presence of high ranking government officials have already been arranged on a certain date, then time-press the opponent.
- Initiate with agreement on some general principles (e.g. Letter of Intent), later press the counterpart to abide by these principles.
- Foreign firms, regardless of sellers and buyers, are often forced to use the "model" form contracts provided by the Chinese party.
- Chinese tend to demand the exclusive distributorship in selling the JV partner's products in China.

Stratagem 23 Befriend the distant states while attacking the nearby ones (Yuan Jiao Jin Gong): Deal with the enemies one by one. After the neighboring state is conquered, one can then attack the distant state.

Expected Chinese behaviours:

- Chinese firms may compete fiercely with themselves to obtain chances to do business with a foreign company.
- When they befriend you, it may be possible that trouble is approaching you.

Stratagem 24 Borrow the road to conquer Guo (Jia Dao Fa Guo): Dealing with the enemies one by one. Use the nearby state as a springboard to reach the distant state. Then remove the nearby state.

Expected Chinese behaviours:

- In establishing a joint venture, one of the Chinese motives is to utilize the foreign partner's proprietary technologies as well as marketing and sales network to export to international markets.

Stratagem 25 Steal the beams and change the pillars (Tou Liang Huan Zhu): In a broader sense the stratagem refers to the use of various replacement tactics to achieve one's masked purposes.

Expected Chinese behaviours:

- "Chinese are known for copying foreign intellectual properties."
- "Chinese were suspicious of everything. They seemed to be worried all the time that we were trying to cheat them."

Stratagem 26 Point at the mulberry tree but curse the locust tree (Zhi Sang Ma Huai): Convey one's intention, opinions in an indirect way.

Expected Chinese behaviours:

- Lose temper with his/her own team members before the eyes of the foreign party.
- "Chinese can be very 'angry', storming out of the meeting room without a word."

Stratagem 27 Play a sober-minded fool (Jia Chi Bu Dian): Hide one's ambition in order to win by total surprise.

Expected Chinese behaviours:

- Feign anger.
- "They are rather humble, reserved, formal, patient, unsophisticated, and indecisive."

- “Chinese steel themselves against feelings of empathy and are quick to move aggressively if they sense that the other party has problems.” (Pye 1992, p.xv)

Stratagem 28 Lure the enemy onto the roof, then take away the ladder (Shang Wu Chou Ti): Lure the enemy into a trap and then cut off his escape route.

Expected Chinese behaviours:

- Take advantage of the adversary's time schedule: squeezing him out and signing the contract shortly before his scheduled departure for the airport.

Stratagem 29 Flowers bloom in the tree (Shu Shang Kai Hua): (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.

Expected Chinese behaviours:

- Use Guanxi, Feng Shui, superiors, translators, press, political situations, etc. to influence the negotiation.
- Use the counterpart to deal with the Chinese authorities.

Stratagem 30 The guest becomes the host (Fan Ke Wei Zhu): Turn one's defensive and passive position to an offensive and active one.

Expected Chinese behaviours:

- Play the card of “the world's largest market” when negotiating abroad as well as in China: it is the foreign counterpart who is asking for something from China.
- Use China's present economic weakness as a bargaining point.

Stratagem 31 The beautiful woman stratagem (Mei Ren Ji): Use women, temptation and espionage to overpower the enemy.

Expected Chinese behaviours:

- Cultivate friendship, capture your feeling of kindness.
- Use banquets, sightseeing, Karaoke bar, gifts, and even bribes to demoralize you.
- Go to great lengths to collect information on you.

Stratagem 32 The empty-city stratagem (Kong Cheng Ji): 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. A deliberate display of weakness can conceal the true vulnerability and thus confuse the enemy.

Expected Chinese behaviours:

- Taking advantage of the adversary's stereotype about China (e.g., "cultural complexity", "political bureaucracy") to create favourable bargaining situation.
- "The Chinese do have a well-deserved reputation for being skilled and hard headed negotiators. At times, however, this reputation may become a liability because it causes others to expect trickery where none exists - a clever move when in fact there is only confusion or indecision." (Pye 1992, p.61)

Stratagem 33 The counter-espionage stratagem (Fan Jian Ji): 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.

Expected Chinese behaviours:

- Maneuver friendship with and apply calculated pressure to the ethnic Chinese (or Chinese speaking persons) on the foreign team making them not an automatic advantage for the adversary.

Stratagem 34 The self-torture stratagem (Ku Rou Ji): Display one's own suffering in order to win sympathy from others.

Expected Chinese behaviours:

- "Frank" admission of China's backwardness (e.g., lack of foreign exchange).

Stratagem 35 The stratagem of interrelated stratagems (Lian Huan Ji): a stratagem combining various stratagems into one interconnected arrangement.

Expected Chinese behaviours:

- Chinese may use several interrelated stratagems in an action or during the whole negotiation process.

Stratagem 36 Running away is the best stratagem (Zou Wei Shang Ji): Run away, when all else fails. Accept temporary disgrace to win ultimate victory.

Expected Chinese behaviours:

- Avoid open conflicts, discontinue and withdraw negotiation when the open conflicts emerge.
- A “long-term” view or “everything is in China” mentality: deal with you after the signing of the contract.

Conclusion

The paper argues that Chinese stratagem is an important element of the Chinese culture category, it has relevance for analyzing the Chinese business negotiating behaviour. The “S-B model” has provided one reasonable alternative to the existing “Culture” and “Bureaucracy” Schools. From the foreign managers’ point of view, the implications of Chinese stratagem for effective business negotiations with the People’s Republic of China may be best expressed in the following three points: (1) “Know the enemy and know yourself, in a hundred battles you will never be in peril”, as the great Chinese strategist Sun Tzu admonishes (1982, p.84). (2) “A heart hostile to others is inexcusable. But a heart wary of others is indispensable”, as another Chinese sage Hong Zicheng advises (in Senger 1991a, p.12). (3) “Know Chinese culture, but be yourself”, as tipped by some Western researchers (e.g., Pye 1992, Solomon 1987). Future research questions could be: How and under what circumstances the Chinese stratagem is an important factor? The degree of importance of Chinese stratagem compared with that of other schools is to be measured. China is changing every day. How about the younger generation’s behaviour? Chinese is a vast country peopled by different individuals, what’s the difference between the Chinese from developed coastal areas and those from less developed inland regions? Some initial findings reveal that the Chinese demonstrate a varying degree of using Chinese stratagems when meeting with American, European, Japanese, and Scandinavian managers. A further study to unfold the whole picture seems to be interesting.

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NOTES:

¹ See A Modern Chinese-English Dictionary, p.412, edited and published by Foreign Language Teaching and Research Press, 14th printing, Beijing, 1994.

² In Chinese, Wu Wei means literally "doing nothing", "non-action".

³ The Chinese word Mou in the original text is translated by Griffith as "strategy".

⁴ "Duke Hsiang of Sung ruled in the Spring and Autumn Era. In 638 B.C., the state of Sung fought with the powerful state of Chu. The Sung forces were already deployed in battle positions when the Chu troops were crossing the river. One of the Sung officers suggested that, as the Chu troops were numerically stronger, this was the moment for attack. But the Duke said, 'No, a gentleman should never attack one who is unprepared.' When the Chu troops had crossed the

river but had not yet completed their battle alignment, the officer again proposed an immediate attack, and once again the Duke said, 'No, a gentleman should never attack an army which has not yet completed its battle alignment.' As a result, the Sung troops met with a disastrous defeat and the Duke himself was wounded." (Mao 1938, p.267)

⁵ One article is found entitled "Negotiating Skills for Economic Contract Negotiations", unknown author, in Chen and Xiao (1992), 445-459.

⁶ The author has chosen his own translation of the 36 stratagems that he considers best convey the meaning to the Western readers.

⁷ Western readers who have interest are recommended to read, for example, Gao 1991; Senger 1991a; Sun 1991.