While a new, market-driven China has been emerging fast in the global marketplace, Western companies have often reported frustration and confusion when negotiating in China. To identify the roots of the problems, this study investigated what Chinese negotiators are trained to do in the global marketplace by examining China's international business negotiation textbooks used in their training programs. The results indicate the following: (a) The win-win, win-lose, cooperative egoism, and concessive negotiation strategies are taught in China with the win-win recommended and the cooperative egoism controversially recommended, and Chinese negotiators are also trained to probe the counterparts' strategies and then act accordingly; (b) Chinese negotiators are taught a large variety of communication techniques for negotiation arrayed along a continuum from the relationship-based win-win strategy to the pure competition-based win-lose mentality; however, the win-win techniques are taught and used far more frequently; and (c) the Chinese textbooks clearly reflect China's foreign trade and economic cooperation principles: equality, mutual understanding, mutual trust, mutual benefit, and long-term cooperation. At the same time, the textbook authors may see a need to emphasize the win-win strategy because in nearly half the cited real-life cases it was not used.

Keywords: Chinese Business Communication, Cross-Cultural Negotiation, International Negotiation, Negotiation

The Chinese Approach to International Business Negotiation

Jensen J. Zhao
Ball State University, Muncie, IN

During the last 22 years, China has made great economic progress and has opened itself to foreign investment. By June 1999, China had approved more than 332,700 foreign-funded enterprises such as automobile, chemical, computer, electronics, food, beverage, retailing, banking, and insurance, with foreign investments of more than $286 billion (Che, 1999). According to the International Monetary Fund's (IMF) 1999 World Economic Outlook, China has maintained an average annual GDP growth rate of 9.8% from 1979 to 1998, with a projected growth around 7% for 1999 and 2000, respectively.

While a new, market-driven China has been emerging fast in the global marketplace, numerous U.S. and other Western companies, large and small, have encountered problems when negotiating business ventures with their counterparts in China (see, for example, Barnathan, 1994; Clif-
ford, Roberts, & Engardio, 1997; Goldberg, 1988; Leung & Yeung, 1995; Mann, 1989; Webber, 1989; Zirin, 1997). U.S. business managers have complained that many times they have been intimidated by U.S. specialists on Chinese culture when attending workshops on how to do business with the Chinese. Many of these specialists were alert only to what might annoy the Chinese and gave little thought to ways of getting ahead of them (Pye, 1982).

Stewart and Keown's (1989) survey of 50 traders with China found the following characteristics: (a) The most important pre-negotiation contacts came from requests from China and from regular sales calls; (b) the Chinese negotiating team typically was twice as large as the Western team; (c) one-third of the negotiation time was spent on talking about technical specifications and another third was spent on price; and (d) although both sides tended to use a cooperative strategy, the Chinese team could make sudden demands, apparently to put the Western team in a disadvantageous position. Stewart and Keown point out that Sun Tzu's (256B.C./1984) *Art of War* taught the Chinese long ago the value of unsettling the mind and upsetting the plans of one's opponent. Therefore, they conclude that negotiating processes in China are likely to continue to be full of surprises.

Another survey (Leung & Yeung, 1995) of 163 Hong Kong-based small international companies doing business in China reported that personal relationship is still an important factor for the success of business negotiations with China. Social meetings in restaurants and sending gifts are the two most popular means of building up a relationship (guanxi), followed by sending samples and proposals in the prenegotiating stage. The major reasons for negotiation failure as reported by the Hong Kong firms are lack of funds on the Chinese side and insincerity. The survey also found that the Chinese negotiators manipulate various strategies such as cooperation, assertiveness, and defensiveness. In addition, they manage to lengthen the negotiation time to put the other side at a disadvantage in order to get concessions.

Adler, Brahm, and Graham (1992) conducted negotiation simulations between American and Chinese business people. Their study found that negotiators in both cultures are more successful when taking a cooperative approach. The Chinese negotiators tend to ask many more questions and to interrupt more frequently than their American counterparts. Such subtle differences point to a potential problem: When the Chinese do not reciprocate with cooperative behavior, their counterparts' economic returns are diminished. Therefore, the researchers suggest further research to identify the signs of Chinese non-reciprocation and to develop proactive measures in Chinese-American negotiations.

These empirical studies have focused on Chinese behaviors during negotiations or on the negotiation outcomes to figure out Chinese nego-
tiating styles and to provide suggestions. No empirical research has been
done to investigate (a) how Chinese negotiators are trained for the global
marketplace, and (b) what the international business negotiation text-
books that have been used in their training programs say about how nego-
tiations should be conducted. This study attempts to explore the Chinese
approach to international business negotiation by examining the negotia-
tion textbooks used in China's training programs. Three research ques-
tions guided this study: (a) What key Chinese cultural values are reflected
in the Chinese strategies of international business negotiation? (b) What
training do the Chinese receive in international business negotiation? And
(c) what Chinese government policies about international negotiations are
reflected in the textbooks?

The findings of this study can help Western business managers develop
appropriate strategies when negotiating in China. Second, the findings
enable business educators and trainers to update their curricula and pre-
pare competent business graduates for the global marketplace. Most
importantly, the findings provide a database for future comparative stud-
ies on national strategies of various countries in training business nego-
tiators for the global marketplace.

**Review of Related Literature**

Literature related to the research questions comes from three interre-
lated areas: cultural dimensions, negotiating strategies, and communica-
tion styles.

**Cultural Dimensions**

China is known as a collectivist culture that values relationships and
the harmony, cooperation and facework that nurture them. These cultural
dimensions have been shown to be important to successful business inter-
action with China (Adler & Graham, 1989; Hofstede, 1980, 1983; Hofstede
& Bond, 1984, 1988; Kahn, 1979; McClelland, 1961; Ralston, Gustafson,
Elsass, Cheung, & Terpstra, 1992; Tung & Miller, 1990). These findings
may help to explain the causes of the frequently reported difficulties of
setting up joint ventures in China. Companies, even those from Hong
Kong, have cited frustration over the years about the negotiation needed
to establish a working relationship (Campbell, 1987; Eiteman, 1990, Zhao,
1996). As Tung (1988, 1991) noted, although some of the problems stem
from the bureaucracy and the need to get approval from above, much of
the delay can be attributed to cultural differences in priorities. Americans
like to sign a legally binding agreement and get started with the task,
whereas the Chinese wish to have better knowledge of the individuals with
whom they are contemplating doing business. Therefore, negotiations do
not go forward until the Chinese are satisfied that a harmonious working
relationship can be established.
Negotiating Strategies


Other negotiation strategies are also discussed. Bargaining strategies work best when relationships are not important to negotiators (Schoonmaker, 1989). Lebow (1996) suggests that competitive and accommodating strategies in combination are actually what Fisher and Ury (1981) recommend. When negotiators are urged to walk away rather than accept an unattractive compromise, that actually is a competitive strategy. Clearly, while many negotiators practice the win-win strategy, many others resist it and prefer using aggressive strategies guided by the win-lose mindset.

Communication Styles

Poor communication in negotiation can lead to misunderstanding, unhelpful emotions, distrust, sloppy thinking, and poor outcomes (Fisher & Brown, 1998, p. 84). In cross-cultural business negotiations, communication is even more complicated because of different cultures and languages.

Hall's (1976) study posits that cultures range from high context to low context. In high-context cultures such as China, the social context (personal relations and nonverbal behavior) that surrounds a formal, written document is far more important than the written, legal documentation. By contrast, in low-context cultures such as Anglo-American and Scandinavian countries, what counts is primarily what has been written in legal documents and contracts. Take contract forms, for example. The Chinese contract law is more flexible than that of the United States. China's new Uniform Contract Law (The Uniform Contract Law of the People's Republic of China, 1999) states in Article 10 that contracts can be in written, oral, or other forms, except for those required by law to be written. Article 11 defines written form to include letters, telegrams, telexes, faxes, electronic data exchanges, and e-mail. Even for contracts that are required by law to be written, there is an exception: If one party has begun the performance of the contract's essential obligations without a written contract, and the other party accepts the performance, then the contract is legally enforceable (Article 36). By contrast, the U.S. Uniform Commercial Code states in Article 201 that a contract for the sale of goods for the price of $500 or more is not enforceable by way of action or defense unless there is some writing sufficient to indicate that a contract for sale has been made between the parties and signed by the party against whom
enforcement is sought or by his or her authorized agent or broker. Recently President Clinton signed a bill granting the legality of an electronic signature, which makes electronic data exchanges and e-mail contracts legally enforceable in the United States.

Therefore, when members of low-context cultures communicate with members of high-context cultures, they need to be especially aware of the cultural context and such concerns as harmony, status, and showing respect. When members of high-context cultures communicate with members of low-context cultures, they need to pay special attention to the words and what the words actually say, not what may be implied by the words or inferred from the words (Varner & Beamer, 1995, p. 234).

Research also has found that the way people negotiate is influenced by culture and values. In the initial stages of negotiation, the Chinese teams tend first to establish agreement on general principles before moving to more specific issues, as the Chinese generally try to avoid or postpone direct confrontation (Chen, 1993). However, this Chinese negotiation style is the exact opposite of the U.S. belief that progress in negotiations is usually best facilitated by adhering to concrete and specific details (Pye, 1982, p. 40).

The Chinese also prefer to make concessions at the end, and they seldom indicate when negotiations have reached their apex. It is, therefore, often the last minute before Westerners realize that a deal is about to be concluded (Chen, 1993). The China-U.S. WTO negotiation is an example. Just hours before the closing of the deal, the U.S. chief negotiator, Charlene Barshefsky, had phoned President Clinton that there was little chance of a deal on China's entry into WTO. However, with a last-minute intervention by China's Prime Minister Zhu Rongji, the Chinese turned around, granting numerous key concessions, and made the deal with the U.S. team (Hirsh, Pappas, & Esaki-Smith, 1999).

**Methodology**

This study used content analysis as the primary research method. Content analysis is one of the dominant methodologies employed in communication research (Frey, Botan, Friedman, & Kreps, 1991; Krippendorf, 1980). This research method is ideal for making inferences by systematically and objectively identifying characteristics of messages embedded in the texts and the causal relationships of message contents and outcomes (Stone, Dunphy, Simith, & Ogilvie, 1966; Weber, 1990). The systematic, step-by-step procedure used in this study consisted of (a) selecting texts, (b) developing content categories, and (c) coding and analyzing data.

**Selecting Texts**

texts. I contacted the major Chinese publishers of business negotiation books, asking for lists of business negotiation books published in China in the last 10 years. I identified 31 Chinese-authored business negotiation books, of which 14 were widely adopted textbooks for international business negotiation, according to the publishers and the trainers I interviewed. Therefore, those 14 textbooks were selected for the content analysis. Table 1 shows these texts' authors, titles, author background information, and number of printed copies. The Appendix provides each textbook's Chinese title in pinyin, its English translation, publication year, publisher, and location. Among the 14 texts, five were published by China's three leading universities and a higher education consortium; six were published by the publishing firms annexed to the central government agencies such as Ministry of Aerospace Industry, Ministry of Justice, and Ministry of Foreign Trade and Economic Cooperation; two were published by provincial government-owned publishing firms; and one was published by Zhongxin Publishing, a subsidiary of the China International Trust and Investment Corporation, a central government-owned leading player in international business. Some of the books were also foreworded by high-ranking government officials such as Wu Yi, Commissioner of State and former Minister of Foreign Trade and Economic Cooperation, and Wang Jun, President and CEO of the China International Trust and Investment Corporation.

Content Categories

International business negotiation can deal with international trade, technology transfer, direct investments, service contracts, and contract disputes and claims. This study focuses on negotiation contents rather than types. Based on international business negotiation practice, eight discrete content categories were established for identifying and classifying recurring concepts and themes. These were negotiating strategies, cultural values, and six areas of communication for negotiation: (a) creating atmosphere, (b) communicating about position, (c) making offers and counteroffers, (d) gaining agreement on principles and making concessions on specifics, (e) resolving conflicts, and (f) closing the deals.

Data Coding and Analysis

Two research assistants who are natives of mainland China and have been graduate students in the United States were trained to develop a common understanding of the content categories. Then they independently read the researcher-selected chapters of one textbook line by line to code and classify messages into their respective categories. Using the Pearson product-moment correlation, a strong between-coder correlation coefficient (.92) was identified on the ratings at the .05 significance level. Next, the two research assistants began coding each book independently.
Table 1.
Major Textbooks Used in Training China's International Business Negotiators

<table>
<thead>
<tr>
<th>No.</th>
<th>Author, Title</th>
<th>Author Background</th>
<th>Printed Copies</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Cheng, <em>Foreign business negotiation</em> (6th printing)</td>
<td>Educator</td>
<td>37,000</td>
</tr>
<tr>
<td>2</td>
<td>Li, <em>Commercial negotiation eloquence</em> (2nd printing)</td>
<td>Trainer</td>
<td>18,000</td>
</tr>
<tr>
<td>3</td>
<td>Zhang, <em>International business negotiation: Principles, methods, and art</em> (2nd printing)</td>
<td>Practitioner, educator, and PhD from U.S.</td>
<td>18,000</td>
</tr>
<tr>
<td>4</td>
<td>Zhao, <em>International industrial and commercial negotiation skills</em></td>
<td>Educator</td>
<td>15,000</td>
</tr>
<tr>
<td>5</td>
<td>Ding, <em>The science of negotiations for international commerce</em></td>
<td>Practitioner, educated in Mideast</td>
<td>10,000</td>
</tr>
<tr>
<td>6</td>
<td>Cao &amp; Dong, <em>Contemporary business negotiation</em></td>
<td>Educator</td>
<td>9,000</td>
</tr>
<tr>
<td>7</td>
<td>Tang, <em>Negotiation art and etiquette</em></td>
<td>Educator</td>
<td>3,000</td>
</tr>
<tr>
<td>8</td>
<td>Guo, <em>A course of international business negotiation</em></td>
<td>Educator</td>
<td>6,000</td>
</tr>
<tr>
<td>9</td>
<td>Xiao, Shi, &amp; Wang (Eds.), <em>A complete book of the People's Republic of China's foreign trade laws and practices</em> (Vols. 1-2)</td>
<td>Educators and practitioners</td>
<td>6,000</td>
</tr>
<tr>
<td>10</td>
<td>Li, Xia, &amp; Li, (Eds.) <em>Negotiation wisdom</em> (Vols. 1-2)</td>
<td>Trainers</td>
<td>5,000</td>
</tr>
<tr>
<td>11</td>
<td>Lu, <em>International business warfare and strategies</em></td>
<td>Educator</td>
<td>5,000</td>
</tr>
<tr>
<td>12</td>
<td>Zhang, <em>The science of negotiations</em></td>
<td>Educator</td>
<td>5,000</td>
</tr>
<tr>
<td>13</td>
<td>Zhang, &amp; Hu, <em>International business negotiation</em></td>
<td>Trainers</td>
<td>5,000</td>
</tr>
<tr>
<td>14</td>
<td>Zhang, Zhang, &amp; Mei, <em>Essentials of international business negotiation</em></td>
<td>Practitioners and military veteran</td>
<td>5,000</td>
</tr>
</tbody>
</table>

Total                                           152,000

After coding each book, the coders worked together and reached agreement on the thematic units that they had coded differently. Finally, the coders translated all the coded data into English under the supervision of the researcher, who is also a native of mainland China and a professor of business communication at a U.S. university.
Coding and classifying the thematic units into the discrete content categories generated both quantitative and qualitative data for analysis. First, the frequency counts and percentages of the coded units were analyzed descriptively to show how often these types of messages occurred. Then, an interpretive analysis of the qualitative thematic units in each content category was conducted to reveal the concepts and themes presented and their interrelationships.

To supplement the content-analysis results, ethnographic interviews were conducted in Beijing, Shanghai, and Guangzhou, the three leading commercial, financial, and industrial centers of China. As Frey et al. (1991, p. 135) indicate, ethnographic interviews rely on judgment samples of interviewees who possess a particular characteristic. I interviewed nine informants: four in Beijing, three in Shanghai, and two in Guangzhou. All of them had been or still were negotiators at the time of the interviews. At that time, four had already become full-time professors teaching international business negotiation courses at universities in the three cities and part-time consultants in the field. The other five were still international business negotiators and also taught the subject on a short-term, project basis at the training centers of their respective ministries and commissions. The trainees were mainly managers, engineers, accountants, and interpreters from the subsidiaries who would participate in the future negotiation projects. I asked open-ended questions based on the three research questions of the study as the beginning questions; then I raised followed-up questions on how they teach international business negotiation. Each person was individually interviewed for the purposes of accuracy, confidentiality, and elimination of groupthink. Interviewee responses to the questions were recorded. Finally, the data from the content analysis and ethnographic interviews were analyzed to provide answers to the research questions of the study.

Limitations of the Study

The findings of the study are limited to what the textbooks and the trainers described and prescribed. In general, textbooks and educators tend to use representative materials and recommend workable strategies and techniques for students to achieve desirable objectives. However, no one can guarantee that students always accept the recommendations from their teachers and textbooks.

Results and Analysis

The results of the study and the analysis are presented in the sequence of (a) Chinese international business negotiating strategies and cultural values, (b) Chinese training in international business negotiation, (c) Chinese negotiation outcomes, and (d) the textbooks' reflection of Chinese government policies.
Negotiating Strategies and Cultural Values in the Textbooks

Research Question 1 asked what key Chinese cultural values are reflected in the textbooks' strategies of international business negotiation. As Table 2 indicates, the Chinese texts frequently address four strategies: win-win (64%), win-lose (64%), cooperative egoism (he zuo de li ji zhu yi), meaning selfish competition through cooperation (50%), and concessive negotiation (43%). Nine textbooks (64%) say the win-win strategy is an opportunity for the parties to work together cooperatively to adjust their individual needs and to expand their mutual benefits, thereby creating a win-win outcome. Nurturing mutual trust and long-term relationships, working cooperatively, and expanding mutual benefits are frequently mentioned as the foundation of the win-win strategy. Seven texts (50%) strongly recommend using the win-win strategy in international business negotiations, because they say it accurately reflects China's foreign trade and economic cooperation principles: equality, mutual understanding, mutual trust, mutual benefit, and long-term cooperation. They also maintain that a win-win strategy is in line with the mega-trend of the global economic cooperation. For example, the Basic Policies Governing China's Foreign Trade and Economic Cooperation (MOFTEC, 2000) states the following:

In all foreign trade and economic cooperation activities, China has always upheld the principle of equality and mutual benefit and made consistent efforts to respect each other and consult with each other on an equal footing. We oppose the attachment of any unfair and unreasonable conditions. We maintain that pricing should be as fair as possible and beneficial to both parties and that all economic and trade activities must meet the needs and capabilities of the parties concerned. We oppose any party's use of certain advantages to gain unreasonably huge profits. Trading terms and conditions, methods of payment, commodity inspection, customs, transport, insurance and arbitration should follow international norms and practices. (III)

With regard to the relations with international organizations for multilateral economic and trade cooperation, our principle is to strengthen trade and economic contacts with all members of international multilateral organizations on the basis of mutual respect, equality and mutual benefit so as to promote common development. We are of the view that economic development and common prosperity can not be achieved without constantly strengthened cooperation and coordination as well as exchange of needed goods and complementing each other on the basis of equality and mutual benefit. We shall strictly abide by this principle in the relevant activities in GATT, WTO, UNCTAD and APEC. (XIII)

By contrast, the win-lose strategy is addressed by 64% of the texts in relation to an old Chinese saying, Shang chang ru zhan chang, which means "the marketplace is a battlefield." The texts say the win-lose strategy believes that the marketplace is a battlefield without guns and blood,
Table 2.
Strategies of International Business Negotiations in the Textbooks

<table>
<thead>
<tr>
<th>Strategy Type</th>
<th>Addressed Frequency (%)</th>
<th>Recommended Frequency (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Negotiation is creating a win-win outcome.</td>
<td>9 (64%)</td>
<td>7 (50%)</td>
</tr>
<tr>
<td>Negotiation is a win-lose game or warfare.</td>
<td>9 (64%)</td>
<td>0 ( 0%)</td>
</tr>
<tr>
<td>Negotiation is a cooperative egoistic competition.</td>
<td>7 (50%)</td>
<td>7 (50%)</td>
</tr>
<tr>
<td>Negotiation is reaching an agreement by concessions.</td>
<td>6 (43%)</td>
<td>0 ( 0%)</td>
</tr>
</tbody>
</table>

and the negotiation is a win-lose battle or game. The harder, the tougher you are, the more you will get from your opponents (dui shou), according to this view. However, those who have made a fortune at their clients' expense are labeled as unscrupulous merchants (jian shang) or profiteers (bao li zei), which are very negative in China. Words like “deceiving,” “cheating,” “lying,” “extreme position,” “extremely selfish,” and “dirty tricks” are frequently used to refer to such merchants and their behavior (see, for example, Cheng, 1991; Ding, 1996; Xiao, Shu, & Wang, 1995; Zhang, Zhang, & Mei, 1994). People are constantly advised to watch out for such merchants; in the meantime, they are warned not to be such merchants. The texts further point out that the win-lose negotiators may win first, but later they may fall into legal battles or lose clients forever. Therefore, the win-lose strategy is not recommended for international business negotiations in any of the 14 texts. These messages clearly reflect the importance of business ethics, mutual benefit, and long-term cooperation in the Chinese culture and the promotion of the Basic Policies Governing China's Foreign Trade and Economic Cooperation (MOFTEC, 2000). Chinese negotiators who become profiteers by taking bribes or other illegal means are punished with years of imprisonment or even death when caught. Those who show gross negligence on the job are disciplined by being moved from their positions.

Seven texts (50%) address the strategy of cooperative egoism and point out its popularity among some negotiation researchers and practitioners in the global marketplace. The messages embedded in this strategy include the idea that negotiation is a unity of two opposites: cooperation and competition. Although at first glance this may seem similar to Fisher and Ury’s (1981) “principled negotiation,” it is actually very different. Principled negotiation looks for mutual gains wherever possible; where interests conflict, negotiators insist that the result be based on some fair standards independent of the will of either side. By contrast, cooperative egoists believe that negotiators cooperate to get what they cannot get elsewhere;
at the same time, without damaging the cooperative relationship, they negotiate competitively and selfishly against each other for maximizing their own benefits. The cooperative egoism strategy emphasizes using cooperation to reach a skewed win-win result: you win more than your counterpart does. These seven texts also recommend this strategy for international business negotiations. But the win-win advocates oppose it because they say that cooperative egoism cannot help establish a long-term, cooperative relationship between the two parties. The argument between win-win and cooperative egoism advocates represents the conflict between positive and negative values in China. While establishing a long-term, cooperative relationship is promoted as a Chinese virtue, some people still believe the old Chinese saying, Wu shang bu jian, meaning “there is no businessman who does not rip off customers.”

The fourth strategy, agreement by concessive negotiation or “friendly negotiation,” emerges in 43% of the texts. This strategy is based on the belief that negotiators should concede as long as they can reach an agreement that satisfies their basic interests. Messages frequently occurring in the discussion include the following: (a) Business counterparts are considered not as enemies but as friends; (b) negotiation is about making a proposal, trusting your counterpart, offering concessions, maintaining a friendship, and avoiding conflicts; (c) during the negotiation the parties focus on how to reach an agreement rather than how to take advantage of their counterparts; (d) if both sides are willing to concede, then agreement can be reached at high speed and low cost, and the relationship can be further strengthened. However, the texts point out that concession negotiators will end up feeling unhappy when they are exploited by non-concession negotiators. Therefore, the texts do not recommend this strategy unless the parties have had extremely good business relationships in the past and want to continue them. The messages about the concessive negotiators reflect that they believe in harmony, stability, and respect for tradition, which are named by Hofstede and Bond (1984, 1988) as past- and present-oriented values in Confucian Dynamism. Although China still preserves such values, more emphasis is on promoting future-oriented values such as persistence, forward-looking relationships, thrift, and a sense of shame, which are in line with China’s reform and policy of openness.

Interviewees’ Recommendations for Negotiation Behavior

The interviewees discussed their beliefs, practice, and teaching. While two trainers promote cooperative egoism, seven believe in a win-win strategy. All nine interviewees consider win-lose as harmful and did not recommend it for international business negotiation. Concerning agreement by concession, mixed messages came out. Five trainers teach it as a supplement to the win-win approach in case both sides have to meet a dead-
line and there is no time for exploring innovative alternatives. Three advise using it among partners who are willing to make mutual concessions; otherwise, they advise not using it. One interviewee said, "The agreement-by-concession strategy is so easy to use that I do not need to teach it to my students."

Another interviewee said,

More importantly, we also teach students to probe the other side's strategies not only in words but also in deeds, then act accordingly. We Chinese have learned from the past that when you advocate the win-win strategy, and the other side does not reciprocate, then your opponent (dui shou) gains the most and you get the least or even lose. Sun Tzu (256 B.C./1984) said, "If you know others and know yourself, you will not be imperiled in a hundred battles" (p. 3), and we Chinese should know this, shouldn't we?

The interviewees indicate that they look for a win-win outcome or fair deal for both sides, and also that they do not want to allow others to take advantage of them. These messages are in line with China's Basic Policies (MOFTEC, 2000), which states, "We maintain that pricing should be as fair as possible and beneficial to both parties. . . . We oppose any party using certain advantages to gain unreasonably huge profits."

Chinese Training in Techniques of Negotiation Communication

Research Question 2 asked what training the Chinese receive for negotiating international business. Table 3 summarizes the communication techniques frequently taught and used in Chinese international business negotiations.

Creating the Negotiating Atmosphere

Five negotiating atmospheres are identified in the texts, which could be arrayed along a continuum from friendly through formal, to indifferent, to adversarial, to hostile. The most frequently discussed real-life examples illustrate how to create and maintain a friendly atmosphere for building a long-term cooperative relationship. Methods that appear frequently in advice about creating and maintaining a friendly atmosphere include making small talk about personal interests, hobbies, education, or travel experience, reserving a hotel for one's counterparts, receiving the counterparts at the airport, and holding social meetings in restaurants.

Much less frequently, the textbooks recommend creating and maintaining a formal atmosphere when meeting with arrogant or unfriendly opponents. This advice is based on the Chinese tradition yi li xiang dai, meaning "treat people with due respect." However, as three texts and five interviewees said, "As long as a cooperative prospect exists between both
Table 3.
Communication Techniques Frequently Taught and Used in Chinese International Business Negotiations

<table>
<thead>
<tr>
<th>Techniques Frequently Used at Different Stages</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>a. Creating negotiation atmosphere</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• a friendly atmosphere for building a relationship</td>
<td>28</td>
<td>7.6</td>
</tr>
<tr>
<td>• a formal atmosphere to the arrogant opponents</td>
<td>10</td>
<td>2.7</td>
</tr>
<tr>
<td><strong>b. Putting forward negotiating positions</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• suggest timetable and mutual benefit/relationship</td>
<td>24</td>
<td>6.5</td>
</tr>
<tr>
<td>• express position firmly</td>
<td>6</td>
<td>1.6</td>
</tr>
<tr>
<td><strong>c. Making the first offer</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• initiate the first offer</td>
<td>5</td>
<td>1.4</td>
</tr>
<tr>
<td>• follow the international general practice</td>
<td>15</td>
<td>4.1</td>
</tr>
<tr>
<td>• suggest they make first offer</td>
<td>10</td>
<td>2.7</td>
</tr>
<tr>
<td>• reasonable offer</td>
<td>8</td>
<td>2.2</td>
</tr>
<tr>
<td>• package offer</td>
<td>5</td>
<td>1.4</td>
</tr>
<tr>
<td>• piecemeal offer</td>
<td>2</td>
<td>0.5</td>
</tr>
<tr>
<td><strong>d. Making counteroffers</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• accept reasonable offer</td>
<td>2</td>
<td>0.5</td>
</tr>
<tr>
<td>• request justification</td>
<td>10</td>
<td>2.7</td>
</tr>
<tr>
<td>• give justification</td>
<td>15</td>
<td>4.1</td>
</tr>
<tr>
<td>• counteroffer below their bottom line</td>
<td>6</td>
<td>1.6</td>
</tr>
<tr>
<td>• reject firmly and ask to reconsider</td>
<td>4</td>
<td>1.0</td>
</tr>
<tr>
<td><strong>e. Negotiation techniques</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• get an agreement on the principles first</td>
<td>28</td>
<td>7.6</td>
</tr>
<tr>
<td>• make the first concession for a long-term relationship</td>
<td>17</td>
<td>4.6</td>
</tr>
<tr>
<td>• make a concession as willingness for compromise</td>
<td>15</td>
<td>4.1</td>
</tr>
<tr>
<td>• make mutual concessions</td>
<td>15</td>
<td>4.1</td>
</tr>
<tr>
<td>• show the maximum you can pay</td>
<td>2</td>
<td>0.5</td>
</tr>
<tr>
<td>• show the market competition</td>
<td>15</td>
<td>4.1</td>
</tr>
<tr>
<td>• make indirect confrontation</td>
<td>12</td>
<td>3.3</td>
</tr>
<tr>
<td>• make direct confrontation</td>
<td>9</td>
<td>2.4</td>
</tr>
<tr>
<td><strong>f. Breaking a deadlock</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• create more value</td>
<td>13</td>
<td>3.5</td>
</tr>
<tr>
<td>• improve two-way communication</td>
<td>12</td>
<td>3.3</td>
</tr>
<tr>
<td>• leverage price with technology, delivery time, quantity, intangible value, service, referral, market entrance, ...</td>
<td>61</td>
<td>16.6</td>
</tr>
<tr>
<td>• suggest a recess</td>
<td>12</td>
<td>3.3</td>
</tr>
<tr>
<td>• friendly walk out</td>
<td>1</td>
<td>0.3</td>
</tr>
<tr>
<td>• use mediation</td>
<td>2</td>
<td>0.5</td>
</tr>
<tr>
<td>• use arbitration</td>
<td>1</td>
<td>0.3</td>
</tr>
<tr>
<td><strong>g. Closing the deal</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• resolve the deadlocks of governing laws</td>
<td>2</td>
<td>0.5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>367</td>
<td>100%</td>
</tr>
</tbody>
</table>
sides, we should try to turn the formal, impersonal atmosphere into a friendly one." "Arrogant or unfriendly people might change their attitude if we listen to them attentively and respond or comment with good understanding, wisdom, originality, or uniqueness." No text among the 14 gives examples of creating indifferent, adversarial, or hostile atmospheres. When asked about this omission, several interviewees responded that since the Chinese are used to doing business with friends, they could not comprehend how enemies could come together to do business. Clearly, building a long-term, cooperative relationship is valued highly by the texts and by the interviewees.

**Putting Forward Negotiating Positions**

When the textbooks address ways to communicate a negotiating position, they suggest messages in a range from indirect to direct statements. Indirect, polite requests appear most frequently in the text narratives and case examples. They include such queries as "May I suggest this timetable?" "We suggest mutual benefit and long-term cooperation be our basic principles; what do you think about it?" "Would you please share your position and expectation with us?" By contrast, direct, firm declarative statements are far less frequently identified. Such statements appeared mainly in claim negotiations. Examples include the following statements: "Our side firmly declares that your side breached the contract and sold us defective products." "Your side must be responsible for the misconduct." "Our side seriously claims compensation." As the interviewees stated, claim negotiations are often the consequence of the win-lose strategy. They said that those who win the deal by cheating and deceiving are bound to suffer from their own unscrupulous conduct. Claim negotiations are not only time-consuming, costly, and tiresome, but also hurt both sides' feelings and public images. They further stated that they believe cooperation is far more profitable than competition.

**Making the First Offer**

The texts discuss both advantages and disadvantages of initiating the first offer and frequently state that, in international trade, usually sellers make the first offer. They advise that the decision should be based on how well one knows the market, the counterpart, and negotiator him- or herself. They point out that the first offer sets the ceiling of the price range; thus, someone uncertain of the market and counterparts should suggest that the counterparts make the first offer. The texts further caution that as a seller, one's first offer should be higher than the price one wants to get; while as a buyer, the first offer should be lower than the price one is willing to pay. Both sellers and buyers should make reasonable first offers; unreasonable offers will hurt the other side's feelings and damage the atmosphere. As Table 3 shows, the Chinese textbooks most frequently

Ranked second is suggesting that the other side make the first offer. Initiating the first offer is least frequently used. Most Chinese offers reported in the textbooks are described as reasonable to both sides. Some Chinese offers were Western-style package offers, which had room for negotiation and concession. Only two were identified as Japanese-style piecemeal offers, in which the basic price was quite low to attract the buyer, but profitable extras were added on when the buyer asked for them. These messages inform Chinese negotiation trainees that making reasonable offers is a desirable, encouraged behavior.

Making Counteroffers

The texts address a series of techniques for counteroffers ranging from accepting a reasonable offer, through requesting or giving justification, or making a counteroffer lower than the other side's bottom line, to rejecting their offer and asking them to reconsider it. Among the techniques, giving justification is most frequently identified in the discussion and illustrated in the real-life cases, followed by requesting justification. The least recommended is accepting a reasonable offer without a counteroffer.

Two contrary messages emerge in the texts. While the win-win advocates advise negotiators to give justification with sufficient evidence and persuasion, the cooperative egoists teach negotiators to answer every question fully, but not to volunteer information. In addition, the interviewees gave the following statements: The first offer or counteroffer should be reasonable, or negotiable. Factual evidence and persuasive skills are very important to justify the offer or counteroffer. In order to make a reasonable offer or counteroffer, accurate information about the market and counterpart is of vital importance. Finally, the interviewees advised that negotiators should be sure to avoid misunderstandings caused by misinterpretation or cultural differences, such as billion, which means a thousand million in the U.S. but a million million in Great Britain, or the confusion of yes and no by Westerners.

Negotiating Techniques

When teaching how to negotiate effectively, the texts address a large variety of techniques, which could be arrayed along a continuum ranging from first reaching agreement on the principles, to making the first concession for the sake of a long-term relationship, to compromise, to indirect confrontation, to direct confrontation. As Table 3 shows, the technique of first getting an agreement on the principles emerges most
frequently in the discussion and real-life cases. Messages embedded in the principles are to achieve (a) mutual understanding, (b) mutual trust, (c) mutual benefit, and (d) long-term cooperation. The belief behind the technique is that once the parties have agreed on these principles, other issues will be easy to handle.

The technique recommended as a distant second is to make the first concession to indicate willingness to enter into a long-term relationship. The key points this technique should address are (a) being sure to state clearly that this concession shows willingness to establish a long-term relationship and achieve mutual benefit, and (b) making sure this concession will satisfy the other side about one’s cooperative attitude.

The next two techniques are to make a concession as a show of willingness to compromise, and to make mutual concessions. Eight out of nine interviewees stated the latter would be a time-saving approach if both sides were willing to compromise.

Another two techniques in the middle of the continuum are to show the maximum one can pay, and to show the market competition by revealing the offers from competitors of other countries. Embedded in the techniques were these messages: If after rounds of negotiation the other side’s price is still higher than one can afford, just tell them the total money one has for the deal; if they cannot lower their price, sincerely tell them that companies from other countries offered a lower price. The key point here is to be sincere, not play off one negotiating team against another; otherwise, the negotiators will end up losing their reputation and will face retaliation in the global marketplace. Furthermore, insincere behavior violates Chinese government policies. The techniques for indirect and direct confrontations are identified at different stages of the win-lose negotiations; most of them emerge in the textbooks’ discussions about claim negotiations.

**Breaking a Deadlock**

Conflict or deadlock resolution is a major part of the training. The most frequently taught and used techniques are (a) to create more value for both sides, (b) to improve two-way communication, and (c) to leverage price creatively with other aspects of the deal. One text illustrates with the following example of creating more value. A foreign government offered a big six-year loan to a Chinese project. The total loan was to be put in a designated bank and was to be spent only on the project. To secure the completion of the project as scheduled, the Chinese loanee was to pay the undertaking fee on the unused part of the loan every year, which meant the fee in six years would have eaten quite a large part of the loan. Therefore, the Chinese proposed to divide the loan into six portions based on the project schedule, and to have the loaner put one portion each year in the bank with the undertaking fee calculated based on the unused portion for that year only. By doing so, the loaner could better manage its funds
and avoid having a big sum of money sleeping in the bank for years, while at the same time the Chinese could lower the cost of the fee. Hearing this win-win proposal, the loaner agreed with the Chinese loanee, thereby saving the loanee several million U.S. dollars on the undertaking fee (Zhang, 1995, p. 33). Another text gave the following case. A Chinese corporation negotiated a big project with its long-time partner, a multinational corporation. As the project was funded by a low-interest loan, during the price negotiation the Chinese suggested paying 20% of the project as the down payment rather than the traditional 5%-10%, which would save the foreign partner quite a lot on its bank loan. In return, the foreign partner would lower the overall price to a level the Chinese could accept. The foreign partner agreed to this win-win idea; therefore, each side created more value for both sides (Tang, 1998, pp. 352-353).

Improving Two-Way Communication

Improving communication is taught as a way to resolve conflicts or deadlocks caused by misunderstanding. For example, when a multinational corporation’s CEO visited a well-known Chinese manufacturer for exploring the possibility of a joint venture, the Chinese general manager was very glad and gave a brief introduction to his company. The Chinese interpreter translated word for word, saying the company is one of China’s second-class enterprises. Upon hearing this, the foreign CEO’s excitement and interest immediately disappeared. On his way back, he complained to his friend, a Chinese official. How could his company be expected to cooperate with a second-class enterprise? His friend explained that actually, in China, a “second-class enterprise” refers to its status as a locally owned major state enterprise. Similarly, the Chinese yes, like the Japanese yes, can often be misunderstood by Americans and British as their English yes. But the Chinese yes often means “I am listening.” Or it may be understood in English as the opposite of yes. For example, when an American says to his Chinese counterpart, “I see you don’t agree with this clause,” the Chinese will usually reply, “Yes,” meaning a polite agreement with the negative question: “Yes, you are right. I do not agree with the clause.”

On the other hand, English expressions such as “I couldn’t agree more,” “Our company couldn’t be better,” “Our product couldn’t be more competitive,” and “We could never be too nice to our customers” are often misunderstood by the Chinese as “I don’t agree at all,” “Our company cannot be better,” “Our products are not competitive any more,” and “We will not be very nice to our customers.” These expressions often put negotiation into deadlock without the non-Chinese side understanding why the Chinese suddenly have changed their attitude and want to quit the negotiations (see, for example, Li, 1997; Tang, 1998; Zhang, 1995).

To improve two-way communication, the texts teach negotiators to verify understanding by using frequent summaries during the negotiation.
Expressions that are advised include “You said. . . . As I understand, you mean. . . .” “Please let me see if I am clear about what you said. Do you mean. . . ?” “May I sum up our discussion as follows. . . ?”

**Price Negotiation**

The textbooks and interviewees agree that price is the most sensitive and difficult part of the whole negotiation. To resolve conflicts or deadlocks on price, the texts provide a large variety of innovative solutions illustrated by real-life examples. The key point is to leverage the project price with technology, delivery time, quantity, intangible value, installation, training, warranty, after-sales service, referral, and market entrance issues. In technology transfer, for example, when the negotiation of a price cut on the transferor’s new technology is in a deadlock, the transferee should be willing to look at the transferor’s mature (or previous-generation) technology. Very often the mature technology is more cost-effective for developing countries. If the transferee really needs the new technology, then he or she could consider accepting the offered price if the transferor agrees to offer free training or consulting along with the technology. Or the transferor could consider making an exception and lowering the price to the level the transferee could afford in exchange for exclusive market entry or business referrals guaranteed by the transferee’s government.

Concerning merchandise import-export negotiation, the texts point out that the trading price relates not only to the merchandise quality but also to its quantity, payment method, shipping method, delivery schedule and method, and packaging requirements. The texts suggest that importing goods in larger quantity can mean a discount on unit price. They point out that an F.O.B. (free on board) price is much lower than the C.I.F. (cost, insurance, and freight) price, and that bulk packaging is far less expensive than unit packaging. The texts advise readers they can often create a satisfactory solution for both sides, if they think creatively and talk persuasively. Along with these messages are actual cases illustrating how the Chinese have applied the techniques to resolve conflicts or deadlocks with their foreign counterparts. Resolutions such as friendly walk out, mediation, and arbitration are considered as last-resort solutions before complete failures and are treated least frequently in the texts. The use of last-resort solutions indicates that negotiators would rather not let a deal die if there is a chance to save it as a possible fair deal.

**Closing the Deal**

Regarding deal-closing communication techniques, the texts teach negotiators to use both Chinese and English as the official contract languages. If a contract must use a foreign language other than English, then the textbooks say the Chinese version should govern. Concerning the law governing contracts, although all the contracts of technology transfers and foreign
joint ventures in China must be governed by China's laws and regulations, reasonable flexibility is possible. One example illustrates flexibility about contract law with the experience of a large American corporation that came to China in the mid-1980s for a joint venture. After many rounds of detailed negotiations, the two sides began drafting the contract and encountered conflict about which law would govern the contract. While the Americans insisted on using their home state law as the governing law, the Chinese insisted that the contract be governed by China's law because the venture would be in China. Facing a deadlock, having spent time and money, and seeing possible project failure, the American project manager sighed in despair, "It makes me crazy. I will lose my job." To break the deadlock, the Chinese consulted an international business law expert and talked with the American manager. They learned that the American company had taken the position they did in order to protect their intellectual property (IP), as they were not certain of China's IP protection regime. Once they understood the cause of the deadlock, the Chinese explained to their counterpart's legal department about China's continuous improvement in IP protection, and proposed that the contract-governing law still be China's law but the IP protection clause be governed by New York state law. The American side accepted the proposal with appreciation and the joint venture was established and running well. In 1992, the American partner reinvested $20 million in this joint venture for expansion. In a 1993 visit to China, the formerly despairing American project manager commented that the Chinese innovative resolution not only enhanced both sides' cooperation, but also led him to a significant promotion.

Summary of Cases in the Textbooks

The texts use many international negotiation cases to teach negotiating strategies, techniques, and problem-solving skills. Among those cases, 31 are detailed, real-life cases of Chinese-foreign business negotiations dating from 1978 to 1997. As Table 4 shows, 16 of the 31 cases reached win-win outcomes and most of them belonged to technology transfer and joint venture projects. However, two of the 16 actually did not achieve the win-win results until after both sides had experienced unsatisfactory and lose-lose outcomes caused by their cooperative egoism and zero-sum strategies, respectively. For example, the joint venture project with technology transfer started negotiations in 1982. During the first 18 months of negotiation, the U.S. company, while showing its cooperation, managed to invest less and get more in this way: They said their company would invest in this joint venture with their patents, trademark, and know-how. They claimed their trademark was well known in the world; therefore, it would help sell the venture's products. They further said that their trademark was also registered in China, so the joint venture should pay a fee to the U.S. parent company in order to use the trademark in China. Later
### Table 4.
Negotiation Strategies Related to the Outcomes of the Cases Discussed in the Textbooks

<table>
<thead>
<tr>
<th>Case Type</th>
<th>Foreign Party</th>
<th>Outcome Type Related to its Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Multinat'l corp</td>
<td></td>
<td>W-W</td>
</tr>
<tr>
<td>African country</td>
<td></td>
<td>CE</td>
</tr>
<tr>
<td>Japan</td>
<td></td>
<td>C</td>
</tr>
<tr>
<td>Imp/exp bank</td>
<td></td>
<td>L-W</td>
</tr>
<tr>
<td>Multinat'l corp</td>
<td></td>
<td>W-L</td>
</tr>
<tr>
<td>US corp</td>
<td></td>
<td>L-L*</td>
</tr>
<tr>
<td>European corp</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Multinat'l corp</td>
<td></td>
<td></td>
</tr>
<tr>
<td>US corp</td>
<td></td>
<td></td>
</tr>
<tr>
<td>US corp</td>
<td></td>
<td></td>
</tr>
<tr>
<td>US corp</td>
<td></td>
<td></td>
</tr>
<tr>
<td>European corp</td>
<td></td>
<td></td>
</tr>
<tr>
<td>US corp</td>
<td></td>
<td></td>
</tr>
<tr>
<td>US corp</td>
<td></td>
<td></td>
</tr>
<tr>
<td>African country</td>
<td></td>
<td></td>
</tr>
<tr>
<td>European corp</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Japanese corp</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Note:** The table entries indicate the type of outcome related to each strategy, with symbols representing specific outcomes such as W-W, CE, C, L-W, W-L, and L-L*. The number of symbols (e.g., x(2), x(1)**) may indicate the frequency or importance of each outcome type.
Table 4. (continued)

<table>
<thead>
<tr>
<th>Case Type</th>
<th>Foreign Party</th>
<th>Outcome Type Related to its Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Merchandise import (synthetic fiber)</td>
<td>Belgian corp</td>
<td>W-W CE C L-W W-L L-L*</td>
</tr>
<tr>
<td>Merchandise export (shrimps)</td>
<td>US corp</td>
<td>x(2) x(1)</td>
</tr>
<tr>
<td>Merchandise export (coffee beans)</td>
<td>Dutch corp</td>
<td>x</td>
</tr>
<tr>
<td>Aircraft import &amp; claim</td>
<td>British corp</td>
<td>x(1) x(2)</td>
</tr>
<tr>
<td>Automobiles import &amp; claim</td>
<td>Japanese corp</td>
<td>x(2) x(1)</td>
</tr>
<tr>
<td>Total</td>
<td>31</td>
<td>16 3 3 4 2 3</td>
</tr>
<tr>
<td>Percent</td>
<td>100%</td>
<td>51.6% 9.7% 9.7% 13% 6.5% 9.7%</td>
</tr>
</tbody>
</table>

*W-W = win-win outcome
CE = cooperative egoistic outcome
C = compromise outcome
L-W = Chinese lost and foreign opponent won
W-L = Chinese won and foreign opponent lost
L-L = both sides lost

**(1) and (2) indicate the outcome sequence of a business deal.

On, the Chinese partner learned that most of their counterpart's patents had expired and the trademark would not be used for domestic sales. The Chinese confronted their counterpart on these issues stating that since most of the patents had already expired, their value shouldn't be assessed so high. Furthermore, the Chinese parent company would be responsible for selling 55% of the venture's products inside China, and it did not need to use the American trademark to market domestically. If the American parent company wanted to use its trademark to sell its 45%, that would be their own decision and would have nothing to do with this joint venture. Therefore, there was no reason to ask the joint venture to pay the trademark license fee. After rounds of re-negotiations, both sides finally moved into win-win negotiations by working together on how to use the American technology and Chinese labor to produce high-quality products at low cost and how to expand market share in China as well as in the global market. In 1984, both sides closed the deal and reached a win-win outcome: At the first stage, both sides set up a $5 million U.S.-Chinese joint-venture company. Next, both sides agreed to invest in building a raw materials plant. The joint venture has carried on into the 21st century.
Nine cases (29%) had win-lose, lose-win, or lose-lose outcomes, and most of them belonged to merchandise import/export deals. In the four lose-win cases, the Chinese started negotiation with good intentions of cooperating for mutual benefit, but without knowing their market and counterparts and without following the standard international trade procedures, they ended up with losses. The win-lose cases also reveal a pattern of compound sequential outcomes. That is, first-time losers became second-time winners, because the losers, after realizing they had bought defective goods or had been cheated, filed claims against their counterparts and won the claim cases. In some claim negotiations, both sides reached a new compromise or ended up lose-lose. The use of a cooperative egoism strategy was identified in only three cases.

Textbooks' Reflection of Government Policies

Research Question 3 asked what Chinese government policies about international negotiations are reflected in the textbooks. The Basic Policies Governing China's Foreign Trade and Economic Cooperation (MOFTEC, 2000) can be briefly summarized in these key words and phrases: (a) equality, (b) mutual benefit, (c) mutual respect, (d) fair pricing, (e) multilateral cooperation and common prosperity, (f) adherence to international norms and practices, (g) opposition to the attachment of any unfair and unreasonable conditions, and (h) opposition to the use of advantages to gain unreasonably huge profits.

As we have seen, the textbooks support nurturing mutual trust and long-term relationships, working cooperatively, and expanding mutual benefits. The texts frequently mention these as the foundation of the win-win strategy. When discussing the win-lose strategy, the textbooks criticize the notion of the marketplace as a battlefield without guns and blood, the premise that negotiation is a win-lose battle or game, and the idea that the harder and tougher you are, the more you will get from your opponents. Those who have made a fortune at their clients' expense are labeled unscrupulous merchants (jian shang) or profiteers (bao li zei). These messages clearly voice China's international trade and economic cooperation policies to the textbooks' readers.

In addition, the textbooks also provide readers with negotiation techniques for implementing the policies. As Table 3 shows, the techniques for achieving equality, mutual benefit, mutual respect, and long-term cooperation are suggested most often. They include creating a friendly atmosphere for building a relationship, suggesting a timetable and mutual benefits/relationships, following the international general practice, making a reasonable offer, first getting an agreement on the principles, and creating more value for both parties.

On the other hand, the less frequently taught techniques are to be used for opposing the other side's attachment of any unfair and unreasonable...
conditions and taking advantage in order to gain unreasonably huge profits. They include expressing a position firmly, rejecting an unfair offer firmly and asking the other party to reconsider it, confronting the other side directly, and staging a friendly walk out. The low frequency of these techniques in the texts may also reflect the Chinese unwillingness to use such techniques when negotiating with their foreign counterparts.

**Discussion and Conclusions**

First, as the findings to Research Question 1 indicate, the win-win, win-lose, cooperative egoism, and concessive negotiation strategies are taught in China, but only the win-win and cooperative egoism strategies are recommended in the textbooks and by the interviewees. The recommended win-win strategy consists of Chinese virtues (positively viewed values) such as nurturing mutual trust and long-term relationships, working cooperatively, and expanding mutual benefit, which are also promoted in China’s *Basic Policies for International Trade and Economic Cooperation* (MOFTEC, 2000). These Chinese values are consistent with those advocated by Fisher and Ury (1981) in their *Getting to Yes* and by Fisher and Brown in *Getting Together* (1988). Therefore, if or when both Chinese and American negotiators follow their respective books’ recommendations and both adopt the win-win strategy, negotiation between the two sides may be easier, and more mutual benefits may be created for them.

The controversially recommended cooperative egoism, on the other hand, consists of both a positive Chinese cultural value (cooperation) and a negative value (egoism); that might be why it is controversial in China. However, even though egoism and win-lose are considered negative in Chinese culture, and the Chinese government policies also maintain that pricing should be as fair as possible and beneficial to both parties, and although official policy opposes taking advantage of the other side in order to gain unreasonably huge profits, a number of Chinese negotiators do use these strategies. As Table 4 shows, 48% of the Chinese international business negotiation outcomes in the cases were not in the win-win category. It is worth noting that while many negotiators practice the win-win strategy, many others resist it and prefer using aggressive strategies guided by the win-lose mindset. This reality is evidenced not only in China but also in the United States and other countries (Fisher & Brown, 1988; Lebow, 1996; Lewicki, Hiam, & Olander, 1996; Schoonmaker, 1989; Varner & Beamer, 1995; Walker & Harris, 1995). The old Chinese view of the marketplace as a battlefield and the Western tradition of athletic competition may cause certain types of people to prefer the win-lose mindset.

More importantly, Chinese negotiators are also trained to probe the other side’s strategies not only in words but also in deeds, and then act accordingly. In doing so, they can prevent those who are driven by a win-lose mindset from taking advantage to gain unreasonably huge profits.
This finding may be one explanation why the Chinese negotiating team may make sudden demands (Stewart & Keown, 1989). Other possible causes of making sudden changes or demands may relate to the misinterpretations and misunderstandings identified in the findings to Research Question 2.

The findings to Research Question 2 reveal a large variety of communication techniques taught in China for international business negotiation. These techniques can be classified into the following continua: (a) From friendly atmosphere to formal atmosphere, to indifferent atmosphere, to adversarial atmosphere, to hostile atmosphere; (b) from indirect, polite suggestions to direct, firm statements; (c) from general principles to specific details; (d) from concession for long-term relationship to concession for compromise, to indirect confrontation, to direct confrontation; and (e) from innovative problem solving to suggesting a recess, to friendly walk out, to mediation, to arbitration. The techniques based on relationships and a win-win strategy are mentioned by the Chinese texts more frequently than those at the opposite end, which represent a win-lose situation.

These findings are consistent with the previous research results that find China is a collectivist culture that values relationships and the harmony, cooperation and facework that nurture relationships (Adler & Graham, 1989; Hofstede, 1980, 1983; Hofstede & Bond, 1984, 1988; Kahn, 1979; McClelland, 1961; Ralston, Gustafson, Elsass, Cheung, and Terpstra, 1992; Tung & Miller, 1990), and that Chinese negotiators from the mainland use the win-win strategy more frequently than other strategies (Leung & Yeung, 1995; Stewart & Keown, 1989).

The findings also reveal these points: (a) The Chinese negotiation textbooks emphasize developing and using a wide variety of communication techniques to facilitate negotiation processes; (b) the continua of negotiation communication techniques enable negotiators to be flexible when negotiating with their foreign counterparts; and (c) with these continua of techniques, Chinese negotiators are able to implement China's foreign trade and economic cooperation policies.

Furthermore, as the findings to Research Question 3 indicate, the textbooks and cases clearly reflect the basic policies governing China's foreign trade and economic cooperation. The implementation of these textbooks and cases in Chinese international business negotiation training is evidence of the government's continuous advocacy of the win-win strategy and China's foreign trade and economic cooperation principles. The textbooks' emphasis on a win-win strategy may imply that negotiators need instruction because in nearly half the cases they cited, this strategy seems not to have been used. The government's advocacy of it may also imply that future Chinese international business negotiators will value the relationship-based win-win strategy more than other strategies, and that they will more frequently use the win-win techniques in the first place.
Managerial and Pedagogical Implications

The findings of this study should help Western business negotiators better understand Chinese negotiation strategies and techniques, so that they can develop appropriate strategies when negotiating in China. Western negotiators can consider sharing the Chinese view that negotiation is a process for achieving a long-term cooperative relationship and mutual benefit rather than just a written contract. To develop proactive strategies for negotiating with the Chinese counterparts, Western business negotiators can also consider using information from the Chinese contemporary business negotiation textbooks and training programs, as such information brings more predictability and certainty about how future Chinese negotiators will behave in their international business negotiations.

The findings of the study also provide Western business educators and trainers with important information that they need to update their curricula. In addition to teaching students that China is a collectivist culture that values relationships, educators can consider comparing the Chinese negotiation strategies and the continua of communication techniques to their own strategies and techniques. Teaching how the Chinese and the Westerners are comparatively trained to conduct international business negotiations would help students widen their world view, learn new approaches, and prepare themselves better for the global marketplace.

Previous empirical studies have focused on Chinese behaviors during negotiations and the negotiation outcomes to collect data and figure out Chinese negotiating styles. The findings of this study enrich the research database by adding new data collected from the current Chinese international business negotiation textbooks and from Chinese trainers. Such data can be used for comparative studies on national strategies of various countries in training business negotiators for the global marketplace. Further research could interview a group of Chinese negotiators who have used one of these textbooks and been taught by one of the nine trainers to determine how they negotiate in reality and what impact the texts and trainers made on them.

REFERENCES


APPENDIX

Textbooks Consulted


