

Negotiating with the Chinese: Paradox and invisibility management

Dr. Eliane Karsaklian

Professor, LARGEPA-Sorbonne
(Panthéon-Assas Research Laboratory of Management Science)
Paris, France
eliane.karsaklian@univ-paris3.fr

Abstract

Literature about difficulties in negotiating with the Chinese is abundant and the use of traditional western-culture based cultural frameworks is used to decipher the Chinese enigmatic behaviour in negotiations. However, to date, no research has analysed one of the Chinese specific key actors in all negotiations – the invisible negotiator. Depending on the context, the invisible negotiator can be an influencer, a decision maker and a mediator. In our research we reveal the existence of the invisible negotiator and illustrate his practice and roles by analysing the education industry in China via an ethnographic approach. We take an alternative cultural analysis framework in applying the paradox management paradigm based on the eight contradictory value orientation (Fang and Faure, 2011).

Key words: China, cultural dimensions, decision making, education industry, negotiation,

Introduction

The difficulties of negotiating with the Chinese are clearly expressed by Western negotiators in number of publications: *Chinese negotiators are immoral business people who cheat, lie or do whatever is necessary to throw you off balance* (Fang, 2006). *Bargaining never stopped after the original agreement was signed and business actually started* (Eiteman, 1990). *The Chinese make sudden demands or changes to put Western teams in a disadvantageous position* (Stewart and Keown, 1989). *China is possibly the toughest business environment in the world because of the enormous intricacy and competitive intensity of the culture. In China, honesty is paramount only among members of closely-knit in-groups, while engaging in deception to obtain advantage is seen as acceptable conduct* (Shi and Wright, 2003). *We know that management practice in China can be difficult and that foreign companies do leave in frustration* (Walsh et al., 1999). *Negotiating with the Chinese can be a daunting challenge to foreign businesspeople given the complex cultural roots of the Chinese negotiation style* (Tian, 2007).

The quotes above, excerpted from interviews in previous researches, are current when disrupted negotiators from abroad work with the Chinese. Surprises, disappointments and frustration often seem to be inherent in any business Westerners would like to do with the Chinese because China is a special challenge (Ghuri and Fang, 2001). Indeed, the continuous

back and forth bargaining feature in the Chinese negotiating style (Ghauri and Fang, 2001) can be highly disturbing to Westerners working with them.

These characteristics of the Chinese negotiating style are perceptible by the non-Chinese negotiators although they cannot always explain the reasons for such behaviours. Presumably, what is not perceptible to the non-Chinese senses is the existence of the **invisible negotiator**. The invisible negotiator plays a key role in every kind of negotiation in China, no matter what the object of the negotiation is and what is at stake. It can be as banal as a traffic accident (Faure, 1995) or as complex as an international joint venture. The negotiation process is the same.

The sociological approach to understanding the underlying role of the invisible negotiator in China has not been largely discussed in academic research and few authors have described and explained it as a phenomenon inherent in the Chinese culture (Faure, 2015). To understand this phenomenon we suggest alternative lenses for interpretation of the Chinese culture beyond the prevailing models that permeate cross-cultural analysis. We echo Fang and Faure's (2011) suggestion that there is a need to extend the prevalent cultural dimensions frameworks for the analysis of the Chinese cultural values in order to capture the paradoxes inherent in today's Chinese society. In order to understand the "Chinese culture not just as a tradition but more as a socially constructed changing phenomenon which embraces diversified and even paradoxical mental switching and value orientations," (Fang and Faure, 2011, p. 321), we adopt the philosophical approach using the symbolism of mutually opposed yet complementary forces of Yin and Yang.

Using this prism for interpretation of the Chinese culture, we view the existence and the role of the invisible negotiator as a natural expression of this worldview where everything embraces opposite properties; the worldview which is 'both-and', instead of 'either-or' (Fang, 2003). If China is seen as a country where paradoxes are interdependent and seek mutual harmony, then the invisible negotiator is the personification of this cultural trait. His role is to find common interest between parties and help them get to an agreement without being officially part of the team of negotiators.

In this paper, we discuss the importance of the invisible negotiator as an underlying yet neglected concept in the negotiation academic research. In order to dig deeper into the main elements that drive the negotiation process in China, we conducted an ethnographic study with parents of children attending both Chinese traditional schools and Western afterschool language programs. Our focus on the Chinese private education dynamics aimed at analysing the importance of invisible negotiators in the Chinese culture and the multiple levels of paradox management. In particular, we shed light on the role of grandparents as the embodiment of the invisible negotiator's role between the children, parents, and Western educators. Although they remain invisible and in the background, their role in this process is paramount and complex, and is aimed at bringing together numerous differences in the Chinese society which are a result of an unparalleled societal change. Arguably, this decision-making process reveals many inherent cultural traits and values that affect negotiation and communications dynamics. Thereby, knowledge from our research helps to understand the underlying factors that affect the negotiation process in China through the lenses of the education industry because adult negotiators are a product of their education.

We draw attention to a relatively unexplored cultural trait of the Chinese and its manifestation through the invisible negotiator. Our ethnographic research enabled us to capture experiences in the dynamic, real-life settings, revealing subtle nuances and insights which helped shed light on important new concepts. We present our findings in a narrative, conversational format, focused around the key emerging themes.

Literature review

Traditional definitions interpret negotiation as a process of two or more parties combining their conflicting points of view into a single decision of mutual interest (Zartman, 1978) or as “a process between people who share some common interests, people who stand to benefit from bringing the process to a successful conclusion” (Ferraro, 2002, p. 127). Fisher and Ury (2011) describe negotiation as a basic means of getting what we want from others. When people differ, they use negotiation to handle their differences. Cellich and Jain (2003) define negotiation as a process by which two or more parties reach agreement on matters of common interest. Lewicki et al. (2011) state that goals are the focus that drives a negotiation strategy. Determining the negotiation goals is the very first step in developing and executing a negotiation strategy.

Although the scientific validity of the above definitions is not questionable, they do not capture the complexity of the Chinese paradoxical value-based negotiation style. For instance, Cellich and Chain (2003) don't mention the invisible negotiator among the parties involved in a negotiation although his intervention is critical to the Chinese negotiations. Literature on negotiation in China discusses concepts such as reliance on relationships, prevalence of moral over legal principles, and importance of hierarchy and face, and is thus based on Western cultural dimension frameworks (Chuah et al., 2014; Osman-Gani and Tan, 2002; Shi and Wright, 2003; Bhattacharjee and Zhang, 2011; Leung et al., 2011; Rivers, 2009). Additional studies have focused on differences between American and Chinese negotiating styles as antipodes, interpreting them on a scale of individualist versus collectivistic; egalitarian versus hierarchical; task versus relationship oriented; and sequential versus circular (Walsh et al., 1999; Palich et al., 2002; Cardon, 2009; Eiteman, 1990).

As an alternative to interpreting the negotiation process as that of mediating between differences towards finding a common ground between two negotiating parties, or as a way of framing an issue from two perspectives, we suggest an approach to the negotiation process in China which focuses on paradox management. We posit that the inherent Chinese paradox management tendency as one of the key drivers of negotiation process is an important factor that has been overlooked in the academic research thus far. Furthermore, the existence of the intermediary in the Chinese negotiation process has been interpreted as a result of the Chinese suspicion and distrust of foreigners (Graham and Lam, 2003). While we do not question the validity of prior research on Chinese negotiations, we raise the importance of Chinese cultural characteristics such as paradox management and non-linear thinking patterns which are inherent in the culture and not a result of cross-cultural encounters (Ghauri and Fang, 2001). Paradox management and non-linearity permeate daily life as well as business practices in China. As an underlying driving force in the negotiation process, the invisible negotiator is the embodiment of the inherent Chinese cultural tendency to harmonize between paradoxes. Negotiation is a

circular, rather than a linear process, and it is without an apparent sequential order. It is geared towards finding a compromise and with clear separation from standard negotiation understood as being the interaction between sellers and buyers. Rather than being driven by negotiation goals, the process is driven by paradox management towards achieving harmony.

The invisible negotiator's role is to bring all parties together by fulfilling their respective requirements, needs and goals. Indeed, the invisible negotiator is not clearly identified as a negotiator participating in the negotiation process and his approach is not based on straight talking, on facts and figures and on direct questioning. Au contraire, his approach is subtle and circular whereby he centrifuges all parties in a whirl of thoughts, events and opinions until an agreement is reached. Unlike the parties involved in the negotiation who focus on achieving their goals, the invisible negotiator assumes a holistic approach to the negotiation process.

Cultural framework

Our theory rests on Fang and Faure's (2011) contradictory values' framework. The authors posit that from a Chinese perspective, everything embraces opposite properties; Chinese worldview is essentially *both-and* instead of *either-or* (Chen, 2001; Fang, 2003). They argue that there is a need to extend the existing methodology for the analysis of the Chinese cultural values in order to capture the complexity, paradoxes and changes in today's Chinese society. The authors suggest that recent advances in psychology, sociology and cross-cultural research present helpful frameworks for achieving a dynamic vision of Chinese culture and communication. As a result, Fang and Faure (2011) established a framework based on the principle of contradictory values and communication patterns referring to business and society at large:

(1) Personal connections X Professionalism, (2) Importance of face X Self-expression and directness, (3) Thrift X Materialism and ostentatious consumption, (4) Family and group orientation X Individuation, (5) Aversion to law X Respect for legal practices, (6) Respect for etiquette, age and hierarchy X Respect for simplicity, creativity and competence, (7) Long-term orientation X Short-term orientation, (8) Traditional creeds X Modern approaches.

Methodology

We opted for an ethnographic research method, acknowledging advantages of ethnography in maximizing understanding of the social and cultural context in which human behavior occurs. Data collection was first operationalized through extensive participatory observations held over an 18 month-period from November 2013 till April 2015 within the school facilities on a sample of 150 consumers in a Western afterschool centre in Beijing. Then, stratified random sampling was used to obtain a sample population that best represents the entire population being studied and in-depth interviews in Mandarin language were held with 49 respondents amongst this group. Acknowledging the lack of consensus on the optimal sample size or saturation point in qualitative research, we used Morse's (1994) recommendation on sample size of 30-50 interviews. At the same time however, we echo Green and Thorogood's (2009) observation that after the 20th interview, little new comes out in most qualitative research.

Findings

Parents need to cope both with the guidance of the grandparents and the demands for new skills

needed for their children to succeed professionally, which represents the first level of negotiation, as stated by one respondent: *We are in the middle between our past and our future, looking both ways. It is deeply ingrained in our culture to revert to the tradition and hold it as superior. Even in our language, the past is always 'above' (上, shang, meaning 'up'). Our parents see it that way. Our children look in a different direction, and we are in the middle, trying to reconcile between both. We do not know what the right formula is, but we know that we must connect between the two or otherwise, we lose the thread.*

The second level of negotiation happens through the school's staff in the role of educators who negotiate both with children and parents because they need to reassure both and provide the required guarantees of a promising professional future to the children without replacing the traditional Chinese education system. More than that, the role of negotiation here is to provide safety for the parents who are faced with uncertainties in their daily life. In words of one educator: *In search of safety which is currently missing in their lives due to the unparalleled changes that have been happening in China, they come here for more than just learning. They do not know what it is exactly that they are seeking, and they seek our help to find out.*

The third level of negotiation happens in the broader family through grandparents and their involvement. Their constant commitment and responsibility upon the wellbeing of the family namely of their grandchildren turns the grandparents into powerful invisible negotiators because of the unquestionable influence they have on the decisions made by their children and grandchildren. Mainly, they become an invaluable reference point for the parents who are struggling to find the right formula for bringing up international citizens while retaining the strong Chinese roots. The responsibility that is placed on the grandparents in this process is paramount, and this is a self-inflicted task, which they have taken upon themselves in order to ensure collective wellbeing. This also includes their own wellbeing and the understanding of the new context and the never seen challenges they have to face at this point in time.

Finally, the young children manage paradoxes imposed by the pressure from the Chinese public schools, parents, grandparents and the afterschool centres where they spend as much time or more than they spend in their public schools. Since their young age, they learn to cope with all these different and often opposed values, opinions and communication patterns as well as to manage them all simultaneously, as per one parent:

We are not afraid that they may experience conflict or confusion because they spend their days in a very different English-speaking environment from the one they come back home to. There, they have to face the grandparents as well as us who are continuously adjusting ourselves between the two worlds. While we know it is not easy for them, we fully trust their ability to adjust. Our traditional family setup has prepared them for it from early age, as it prepared us, and also our parents. The main difference between our parents and our children is in expression, and not in flexibility.

Discussion

The invisible negotiator is the one who helps in the decision making process or someone who will make the decision, or even bring more people to the table of negotiation. Because negotiation is a collective and evolving process in China, the invisible negotiator intervenes in all phases of the negotiation where he is needed. His role is to make the negotiation move forward.

More often than not, he is the one bringing common interests to light and helping all parties to become aware of their respective (and now convergent) interests (Fisher and Ury, 2011). While in the Western cultures negotiators and mediators' roles are disentangled, the invisible negotiator is both a negotiator and a mediator.

Negotiating in China is managing paradoxes

Because the ability to manage paradoxes is inherent in the Chinese culture, Chinese negotiators have a natural ability of bringing together opposed positions and points of view. By putting cards on the table, one by one, at the opportune moments and at the appropriate pace, Chinese negotiators move smoothly towards their goals by collecting the agreement of other people involved in the process. Their culturally inherent non-linear, cyclical approach to time allows for more flexibility during the negotiation process than their Western counterparts who view time as racing away unutilized if decisions are not being made. Despite the fact that the role of the invisible negotiator is to reach compromise, his intervention extends negotiations to a longer period of time because it brings more people into the process. Approval of others is crucial to Chinese negotiators, not only because of their collective values but also and mainly because of the hierarchical nature of interactions. Confucian ethos exerts strong influence on behaviour and interactions and it presents a set of ethical and moral rules that drive behaviour, dictate interpersonal relationship and serve as guidelines in forming individual and societal norms (Huang and Gove, 2012).

The non-Chinese negotiators quickly arrive to deadlocks because to them there are only two linear paths to follow - the right one and the left one. In contrast, the Chinese see multiple paths that can be followed to arrive at the same place and they are not linear. Their holistic non-linear vision of things enables them to circumvent difficulties by finding additional alternatives more easily. In the highly contextual Chinese culture (Hall, 1976), negotiation is an evolving, dynamic process that takes into account the contextual – that is, changing – circumstances, rather than the fixed, pre-determined contractual absolutes. Thus, when a conflict emerges a humanistic approach overrides the legalistic one (Leung et al., 2010). As laws, rules, and policies can suddenly change in China, people tend to make their own rules. These rules could change according to context, and the seemingly contradictory principles could be applicable in one context and not the other. Here again, we see the paramount importance of context.

The dialectical logic of the Invisible Negotiator

The inability in predicting the future as a linear sequence from the present leads the Chinese negotiators to reviewing clauses of contracts with considerable frequency, which is perceived by Westerners as a lack of reliability to whom trust and reliability are based on consistency, thus changes in prior agreements are seen as a lack of consistency. Following their dialectical logic, the Chinese have the ability to both embellish and deny facts (Rivers, 2009). As a result, the invisible negotiator has the power of shaping the future in several unexpected yet accepted ways. Our research shows that the grandparents play a prominent role in maintaining this harmony. Although the parents, as buyers of education are the ultimate decision makers, hierarchical nature of family relationships implies that the elder generation has a strong influence on this dynamics. While the parents negotiate between the worlds of their parents and their children, ultimately it is the grandparents who negotiate between the traditional Chinese culture and modern influences in the more holistic sense. They are the invisible, yet powerful force in the

children's day-to-day life, helping the parents figure out the 'middle way' of retaining the core of the Chinese culture while preparing the children for the international world.

Implications for theory and practice

Our research aimed at highlighting the relevance of contradictions in the Chinese thinking patterns which permeates all levels of their lives. The invisible negotiator involves the negotiating parties within a commitment from which trust can be built. Ultimately, it is trust (信任) that binds business partners. Unlike being built on a legal and social system, this trust is built on personal interactions.

For the Chinese, relationships are lifetime commitments. In particular, we have observed a consistency between the nature of parental and grandparental relationships with education providers. The busy parents who have entrusted their children to grandparents and educators form the relationships with education providers faster from practical reasons. Conversely, the grandparents gravitate towards slower relationship building whereby it takes much longer for them to explicitly express their views, needs and wants. In both cases however, these relationships are not transactional, but are embodied in the service which is provided. No matter what their outside expression is, the essence of these relationships is driven by the traditional values. They are built as long-term, based on personal trust and integrity.

The Chinese manage the family paradox in their day-to-day life. If on the one hand, family represents safety, respect and hierarchy, on the other hand, it creates tension when younger generations adventure towards non-traditional systems. Education in China is a very good example of this dynamics. Traditional education in China obeys to traditional Chinese values anchored in Confucian teachings. These include the traditional Confucian belief in exams and testing as a primary determinant of success; egalitarian and merit-based education system; rote-learning expectations due to the nature of Chinese characters; and the role of the family and parental involvement in the education process (Lee, 2000; Starr 2012; Huang and Gove, 2012; Ching, 2012; Cortazzi and Jin, 1996; Chen, 1999). The desire to cultivate uniqueness in each child is met with peer pressure and societal expectation to excel in multiple academic areas. At the same time, as one of our respondents stated,

Most Chinese parents want their children to be the best in everything yet at the same time not to stand out too much. Something like the boss who is friends with everyone. This requires some internal negotiation between the traditional values and contemporary considerations.

While the parents are fascinated with connectivity and have accepted this mode for their children too as natural part of their own process of adjustment to the new social reality, the grandparents play the invisible role of negotiating between the new and traditional values. These traditional values evolve around modesty, silent hard work towards long-term goals, and intrinsic rewards rather than extrinsic motivation.

Conclusion

Understanding paradox management and invisible influences in business is paramount for all those who are to do business in China. The invisible negotiator unfolds the negotiation process as it evolves constantly bringing new inputs to all parties. Such inputs are not necessarily facts.

They can be perceptions, interpretations, anecdotes and subjective information which can count more than objective facts. Often, objective facts are omitted when they can potentially make someone lose face or lead to a conflicting situation. They are replaced with an interpretation of the facts which can sound more sympathetic to the people involved in the negotiation. As the invisible negotiator is the one providing such inputs, no-one will search for the sources of the information provided by him in order to check authenticity. Protecting relationships and face is often more important than reporting objective facts and therefore, the invisible negotiator is the one who saves everyone's faces by acting as an intermediary. In other words, he is the one that stirs everything towards balance and harmony. In China, people are better valued and trust is built quicker if the foreign negotiator is introduced by a third party. This person might become the invisible negotiator. He might not be seen at the table of negotiation but will be present during the whole process behind the curtains.

As a new business context emerges we suggest that there is more subtlety in the Chinese culture than what is observed. Our research has revealed important cultural factors which exert profound influence on the negotiations' dynamic, namely paradox management and the existence of the invisible negotiator as the key forces in the Chinese negotiation process. We provide empirical insight from ethnographic research in the education industry and we encourage further research in other sectors in China in order to identify the role and relevance of the invisible negotiator.

References

- Chen, D. (1999), *Three-dimensional Chinese rationales in negotiation*. In Kolb D. M., *Negotiation Eclectics*, Cambridge, Mass., PON Books.
- Chen, G. M. (2001), "Towards transcultural understanding: A harmony theory of Chinese communication", in Milhouse, Y. H. Asante, M. K. and Nwosu, P. (Eds.), *Transculture Realities: Interdisciplinary perspectives on cross-cultural relations*, Thousand Oaks, CA, Sage, pp. 55-70.
- Ching, G. (2012), "Looking Into the Issues of Rewards and Punishment in Students", *International Journal of Research Studies in Psychology*, Vol. 1 No 2, pp. 29-38.
- Confucian Analects (1893). Translated by James Legge. Oxford, Clarendon Press.
- Cortazzi, M. and Jin, L. (1996), "English Teaching and Learning in China", *Language Teaching*, Vol. 29 No. 2, pp. 61-80.
- Economist Intelligence Unit (2010), "Greater expectations: Keeping pace with customer service demands in Asia Pacific", available at http://graphics.eiu.com/upload/customerservice_DHL.pdf (Accessed 1 September 2015).
- Fang, T. (2003), "A critique of Hofstede's fifth national culture dimension", *International Journal of Cross Cultural Management*, Vol. 3 No. 3, pp. 347-368.
- Fang, T. (2005-2006), "From "onion" to "ocean": Paradox and change in national cultures", *International Studies of Management and Organization*, Vol. 35 No. 4, pp. 71-90.

- Fang, T. and Faure, G.O (2011), “Chinese communication characteristics: A Yin Yang perspective”, *International Journal of Intercultural Relations* Vol. 35, pp. 320–333.
- Fang, T. (2014), “Understanding Chinese culture and communication: The Yin Yang approach”, in *Global Leadership Practices*, Gehrke, B. and Claes, M.C. (Eds), Palgrave Macmillan, London, pp. 171-187.
- Faure, G.O. (1995), “Nonverbal Negotiation in China: Cycling in Beijing,” *Negotiation Journal*, Vol. 11 No. 1, pp. 11–17.
- Faure, G.O. (2003), “China: New Values in a Changing Society”, in *China Europe International Business School (CEIBS), Academia Sinica Europæa, Shanghai Euro China Forum*, Dublin.
- Faure, G.O. and Fang, T. (2008). “Changing Chinese values: Keeping up with paradoxes”. *International Business Review*, Vol. 17 No.2, pp. 194-207.
- Geddie, M.W., Defranco, A.L. and Geddie, M.F. (2002). “From guanxi to customer relationship marketing: How the constructs of guanxi can strengthen CRM in the hospitality industry”, *Journal of Travel and Tourism Marketing*, Vol. 13 No. 3, pp. 614-632.
- Graham, J. L., and Lam, N. M. (2003), “The Chinese Negotiation”, *Harvard Business Review*, Vol. 81, pp. 82-91.
- Hall, E. (1976), *Beyond Culture*, New York, Anchor Books.
- Hofstede, G. (1980), *Culture's Consequences: International differences in work related values*, Beverly Hill, CA, Sage.
- Hofstede, G. (1991), *Cultures and Organizations: Software of the mind*, London: McGraw-Hill.
- Hofstede, G. (2001), *Culture's consequences: Comparing values, behaviors, institutions, and organizations across nations*, Thousand Oaks, CA, Sage.
- Hu, G. (2009), “The craze for English-medium education in China: driving forces and looming consequences”, *English Today*, Vol. 25 No. 4, pp. 47-54.
- Huang, G. and Gove, M. (2012), “Confucianism and Chinese Families: Values and Practices in Education”, *International Journal of Humanities and Social Science*, Vol. 2 No. 3, pp.10 – 12
- International School Consultancy Group (2014), “The Booming International Schools Sector”, available at <http://wenr.wes.org/2014/07/the-booming-international-schools-sector/> (Accessed July 12 2015)

Kaplan R. B. (1966), "Cultural thought and patterns in intercultural education", *Language Learning*, Vol. 16, pp. 1- 20.

Karsaklian, E. (2014), *The Intelligent International Negotiator*, New York, Business Experts Press.

Lee, T. (2000), *Education in Traditional China: A History*. Leiden, Boston & Köln, Brill, p. 12

Matthew, M. R. (2011). *Explaining Cultural Differences in Decision Making Using Decision Field Theory*, Bora Raton, CRC Press, pp. 17–33.

McKinsey and Company (2014), "A Pocket Guide to Doing Business in China", available at http://www.mckinsey.com/insights/strategy/a_pocket_guide_to_doing_business_in_china (Accessed 23 September 2015).

Nakamura H. (1964), *Ways of thinking of Eastern people*, Honolulu, East- West Center Press.

Oh, T.K (1992), "Inherent limitations of the Confucian tradition in contemporary East Asian business enterprises", *Journal of Chinese Philosophy*, Vol. 19 No. 2, 1992, pp. 155-69.

Starr, D. (2012), "China and the Confucian Education Model", *Universitas 21 Positioning Paper*, available at www.universitas21.com/relatedfile/download/343, (Accessed June 10 2015)