Subcultural Influence on Chinese Negotiation Styles

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ABSTRACT

While the influence of culture on negotiation styles has seen increased coverage recently, research on subcultural differences has been scarce. Especially, a rare example of subcultural effects is the study of negotiation styles of Chinese. This study will discuss the effect of subcultural differences on negotiation styles in Chinese society. A few key cities in China such as Beijing, Shanghai, Guangdong (Canton), Heilongjiang, Jilin, Liaoning, Sichuan, and Zhejiang will be described for the characteristics of the inhabitants in these cities. In addition, Hong Kong and Taiwan have developed their different subcultures from Mainland China.

Keywords: subculture, negotiation, Chinese

INTRODUCTION

While the influence of culture on negotiation styles has seen increased coverage recently, research on subcultural differences has been scarce. Examples of the former are comparisons of national cultures in terms of negotiation styles (Glen, Witmeyer & Stevenson 1997, Graham 1985, Ting-Toomey et al. 1991, Elsaed-Ekhouley & Buda 1996, Chang 1999). Their research and observations indicate that negotiation practices differ from culture to culture and that culture can influence negotiating style. A rare example of subcultural effects is the study of negotiation styles of Chinese. Yet, knowledge of intranational variations may be as important for effective negotiation styles as crossnational differences. In some instances subcultures may be as far removed from each other in terms of negotiation styles as are national cultures. Without knowledge of possible subcultural differences, the top management of multi-national business would naturally assume that all friends or business customers from a particular country approach negotiation styles in the same manners.

This study will discuss the effect of subcultural differences on negotiation styles in Chinese society. A few key cities in China such as Beijing, Shanghai, Guangdong (Canton), Heilongjiang, Jilin, Liaoning, Sichuan, and Zhejiang will be described for the characteristics of the inhabitants in these cities. In addition, Hong Kong and Taiwan have developed their different subcultures from Mainland China. Thus, the special features of the subcultures in Hong Kong and Taiwan will also be addressed.

LITERATURE REVIEW

Within a larger society, group, or nation sharing a common majority or macroculture, there may be subgroupings of people possessing characteristic traits that distinguish them from the others (Harris, Moran, and Moran 2004). These subcultures might be described in group classification by class, age, location, gender, race, or some entity that differentiates this microculture from the macroculture. Youth, or more specifically teenagers who share certain cultural traits, as do other ethnic groups. There are many microcultures, such as white- or blue-collar workers, teacher or the military, consumer behavior differences between northern and southern in a country. Within a particular religious culture, there might be many sects or subcultures. As with any profession or vocational field that also has unique, there are differing specialties and focus that are subcultures of the main group. Academia has a general culture and lots of subdivisions by discipline of study or specialization (Harris, Moran, and Moran 2004).

There is a general understanding among marketers that a wide array of social factors influence buyer behavior (O’Guinn, Faber, and Imperia 1986). Subculture is one factor. Even though many research papers understand the importance of subculture as a relevant concept. However, there are many papers discuss the comparative buyer behavioral investigations of subcultures; the research reports of subculture negotiation have been relatively rare.
Definition of Subculture

“Subculture” means a group, of which the members are different from the majority group in viewpoint and lifestyle, and they do think they’re different from the other groups, and members of the group share common norms, attitude and value (Lin, 1997). They even create symbols and a language that can be only understood by its members. These subcultures provide a basis for the establishment of individual status and group status, and most of them can be identified by a special style (especially language, behavior, music, dress and dance). Therefore, subculture is a product created by a group, just like the general culture (Chou, 2001). Since subcultural characteristics often appear in individual groups, it would be better to measure and to define the characteristics at both individual and societal levels to tap into different types of individualism and collectivism. In addition, many researchers (Triandis, 1995; Schwartz, 1992) suggest that it would be necessary to conduct a separate analysis for each culture studied.

“Subculture” is the reactions (emotional reaction, beliefs, value and target) and actions (custom, script and ceremony, behavior norms) of “specific groups in the society” on emotion and cognition, and the environmental factors (living standard, geographic region, important target), and etc. It has the same cultural meanings. Although most subculture and overall society or other subcultures may recognize some common cultural meanings, certain meanings recognized by subculture itself should be unique and have obvious alternatives (Lai, 2001). For example, age subculture can be compared by age, which causes members of different subcultures have different sense of belongings, students in Grade 5, Grade 6 or Grade 7 will have different cultural recognition.

Within a group there may be different subcultures. There are large or small subcultures, and their superpositions are different. There are also hidden subcultures that cannot be found, and maybe some members belong to two or more subcultures, and maybe no member belongs to any subculture, please refer to Figure 1 (Shih, 2000).

Figure 1. Subculture Pattern


Subculture in China

China not only is a historical country but also is an ethnically and culturally diverse country. Its traditional culture has been heavily influenced by Confucianism and Taoism, but within that tradition are many different subcultures. Chinese culture is a compound, there are cultures of different nationalities, cultures of different regions, cultures of a same region at different times and cultures of a same time but in different region, and at the same time these cultures penetrate each other. These subcultures cause people speak different mother language in different region.

Chen (2004) mentions most Chinese people attach great importance to cultivating, maintaining, and developing connections. In addition, anything you do with a Chinese you must recognize issues of face. “Face” is a term of human feelings, personal dignity or public respect but more often means a favor that involves obligation to reciprocate, usually with a sentimental element. If anyone lets Chinese lose “face” in the eyes of those around them will be a very serious
issue. China's regional subcultures give these common values different weights in their daily interactions—including their social life or business dealings. Thus, to realize those social values would be essential for understanding their subcultures. Doing business in China successfully requires an understanding of China as a nation and of the culture of the Chinese people.

In Chen’s (2004) article, the author has studied different subcultures from a few key cities in China such as Beijing, Shanghai, Guangdong (Canton), Heilongjiang, Jilin, Liaoning, Sichuan, and Zhejiang. The major characteristics of the inhabitants in these cities are summarized as follows: (Chen, 2004, pp.54 –pp.56)

1. Beijingers: Beijing is China's political capital for many decades. Therefore, politics is the salt in Beijing life. Most Beijingers are up-to-date on the latest political news. They not only love to chat with people on the political issues but also respect who serves in the government. This particular interest makes Beijingers pursue fine name and title. Thus, most Beijing businesspeople treat seriously and with great respect someone whose business card displays the title in the top management level, especially of a big corporation. Furthermore, Beijingers' business behavior often changes with official policy shifts, responding more to the needs of government than the market.

2. Shanghaiese: Shanghai is China's economic center, a highly competitive and dense populated city. Most of famous corporations around the world in finance, insurance, domestic and international trade, and other services are concentrated or established branches here. Various foreign businesses give Shanghai an international and modern look. Moreover, they bring in a western life style. Under the strong foreign influence, most Shanghaiese adopt Western ways of business and conform to international standards. Shanghaiese tend to treat Westerners more equally, thus allowing Western businesspeople to do business more easily with Shanghaiese.

3. Cantonese: Guangdong's special geography and bad weather have contributed to Cantonese’s personalities. Difficult living conditions led Cantonese believe in religions and local superstitious practices, such as face reading and fengshui. Since most Cantonese believe in fate and they cherish the opportunity to encounter with people, businesspeople are also usually more welcoming to outsiders, whether Chinese or foreigners. However, their life is difficult. Many Cantonese will do a high risk job or a risky business for a better salary or a great benefit. In results, numerous underground workshops produce counterfeit branded products from daily necessities to electronics, from labor intensive to technology intensive products.

4. Northeasterners: Heilongjiang, Jilin and Liaoning are called three northeastern provinces, and people who live in these three provinces are Northeasterners. Because of frozen weather, Northeastern men are fond with alcohols and meats, and they often invite their friends to eat and drink together. This life style affects their personalities. Northeasterners are well known for their ebullience, generosity, sincerity, and friendliness in friendship as well as in business. When Northeasterners are in a good mood, they do not hesitate to shell out large sums of money, whether in business or service. Therefore, to become their friend would be the best way to earn the business.

5. Sichuanese: Sichuan province is located in remote western part of china. Its geographical isolation has fostered conservative attitudes and relative complacency. Similar to other farm-based provinces, Sichuanese were traditionally uninterested in business and tended to lack commercial drive. Only a small minority and the poor are willing to leave their homeland, and to find jobs in other provinces. Sichuanese are known for their honesty and sincerity. They used to helping others. Once they have made a promise, they will do their best to keep the promise. Thus, borrowing and lending money among Sichuanese was traditionally done orally, without contracts. For foreign businesspeople, as long as business terms are reasonable and negotiated in good faith, Sichuanese will keep a long term relationship with you loyally.

6. Zhejiangese: Most Zhejiang people are good at applying their sophisticated social skills into their business. For examples, during negotiations, Zhejiangese tend to say something happen in their life or greetings which are not related to the business to decrease the vigilance, letting their prospective business partners feel relax and friendly. In handling relationships, Zhejiangese know how to adjust their tactics to the social status, position, purpose, and perspectives of their counterparts.

Subculture in Hong Kong and Taiwan

Besides there are different subcultures in Mainland China, the cultures in Hong Kong and Taiwan should also be
discussed. Because of political and geographic estrangement for over 50 years, the people in Hong Kong, Taiwan and China are different in each subcultural respect such as age, religion, income level, sex, family type, occupation, community, and etc, and these different subcultures will certainly cause different negotiation styles in Hong Kong, Taiwan and the Mainland China.

Hong Kong was dominated by British at year 1841. And, it was one of the Crown Colonies of United Kingdom till Year 1997. Most Hong Kongese receive western education when they study in college level. Before Year 1997, the official languages are Cantonese and English. Since Hong Kong has received a great influence from British, it is very sophisticated and cosmopolitan, blending the cultures of Asia and Europe. Most people are highly educated, very motivated and westernized. Although Hong Kong’s majority is Cantonese, the people view themselves as different from other Chinese. However, in their private life, Cantonese habits and customs are still dominant. An individual's actions, prestige, education, wealth and reputation reflect positively or negatively on the entire family. Doing business with Hong Kongese can simply follow the western rules.

Taiwan has a population of approximately 23 million, which makes it one of the world's most densely populated places. Most of the Taiwanese population originates from Mainland China. But, some of their ancestors from Fujian Province immigrating to Taiwan in Ch'in Dynasty declare themselves are “local Taiwanese”. Others who immigrated from Mainland China during the time Communists took over Mainland China are called “Mainlander”. This distinguish issue has made a great conflict among political parties in Taiwan. A typical Local Taiwanese speak Taiwanese and enthusiastic in attending any political activities. Most people of Taiwan value hard work, patience, humility, friendliness and respect for others. They are highly motivated and centered around the extended family, their most important economic resource. Building relationship is vital for business success in Taiwan. Taiwanese rather do their business with friends not the strangers. Therefore, most Taiwanese businesspeople bring gifts to their first visit, and they want to know you personally before they do business with you. Speaking even a few words of Chinese is greatly appreciated. Thus, during the business negotiations, there’s a greater chance to win the business if you show more respect, friendship, patient and professions.

How the Chinese negotiate business

A foreigner doing business in China must have prior knowledge and appreciation for the subtleties of China business culture. Although Chinese businesspeople from different regions exhibited distinct characteristics, these distinctions have contributed to the formation of unique competitive advantages. The following six points are the analyses of Chinese culture that influence how the Chinese negotiate business.

The first point is that agriculture is valued whereas commerce is neglected. Two-thirds of the entire Chinese population are farmers. Farm lands belong to the public rather than individuals; survival depends on group cooperation and harmony. The loyalty toward social status tightly connects the labor force together. Many city dwellers in China were actually born and raised in rural villages, and they have kept this kind of value towards land.

Prior to the 1980s, the value of land defeated the value of commerce. During the Cultural Revolution, Mao sent government officials and students to rural villages to get “reeducated” by the farmers, and this decision is a reflection of the agricultural life that had been deeply rooted in his mind. Socioeconomic theories and policies were all focused on agriculture and neglected commerce; people who were in commerce tended to be despised.

The second point is that the Chinese value interpersonal relationships and harmony. This is a result of Confucianism proposed by Confucius, who taught us to respect knowledge and our relationships with our relatives. Confucius specified the five most important relationships: king-subject, husband-wife, father-son, brothers, and friends. Except for the last one, the other four are of the strict social class system. Obeying these rules stringently leads to social harmony, and this was the best method to deal with the violence and civil wars that were seen in Confucius’ time. Good relationships also are determined by a rigid “reciprocal mechanism” that is commonly known to the Chinese as “benefits.” In China, rural villages prefer to “economize and avoid running short.” If you have helped others, they will remember, and they will return the favor eventually – perhaps not right away. This kind of long-term reciprocity is the foundation of personal relationships. Due to poverty and the emphasis on money, it is very common to see kickbacks, “benefit” money, gifts, or feasts involved when doing business in China as these efforts are the first step for building a relationship.
Moreover, Chinese negotiators care more about methods and the process rather than results and objectives. The best compromise can only be reached by constant haggling, and there is no shortcut in this process. Compromise allows both parties to maintain an equal and effective status. Americans believe that the truth is worth discussing – even when anger is expressed during discussions. The Chinese, on the other hand, believe that the truth is difficult to be found, thus they rely on haggling to solve their differences.

The third point is that the Chinese are very cautious with foreigners. This is a lesson learned from the hardships they endured such as the long and fierce battles with other nations that turned China into a scapegoat of internal conflicts, civil wars, and the struggle of the empire. As a result, many Chinese people have taken a cynical attitude toward laws and regimes. It is safe to say that the Chinese only trust in two things: family and bank accounts.

The fourth point is that the Chinese are very thrifty. Chronic socioeconomic instability has taught them to use money carefully, and this behavior is known as being thrifty. According to a report by Euro-monitor International, the amount of money saved by families in mainland China is four times as much as the income of American families. The focus on saving results in haggling and bargaining. Chinese negotiators allow more leeway in the price quotation they provide, and they would only yield, unwillingly, after the discussion has dragged on for too long.

The fifth point is that the Chinese are keen on “saving face”. In the Chinese commercial culture, if a party has either deliberately or indeliberately embarrassed or caused a Chinese person to be shamed into anger, this would mean a huge loss for the negotiation. The Chinese care about maintaining one’s reputation as much as Americans care about their dignity and prestige. One’s reputation determines his social status, and this is the most important indicator of social wealth. Sources of reputation include wealth, wisdom, charisma, skills, status, and, of course, good relationships.

The sixth point is that the Chinese are very hard working. They are known for their labor work ethic, and they have transformed diligence into forbearance. Americans value skills which are viewed as the key to success. On the contrary, the Chinese believe that it is more important and noble to be able to work hard and endure hardships. Chinese’ diligence in negotiations is mainly observed in two aspects: 1. The Chinese put in more effort in preparations than Westerners. 2. They expect to use more time for bargaining, and late night entertainment is also viewed as a part of their duties and business activities.

Lastly, forbearance is also an expression of being hard working. The Chinese seldom yield without extensive discussions or effective persuasions. It is true that things can become complicated since the Chinese tend to make a collective decision and consider their social status (social class); also, they are good at using “postponing” as a way to persuade their opponents.

Because of these six cultural qualities, the Chinese place the highest emphasis on relationships, followed by morals and laws. Since China’s economy has just begun, they do not have complete commerce laws, and the execution of contracts relies on relationships. People in mainland China place a tremendous emphasis on “harmonious relationships,” and leaders should never reveal “bad news.” Negative news will only be announced by their assistants after a negotiation has ended – usually at the party held after a contract has been signed. In order to reduce possible loss, therefore, at the initial stage of a negotiation, you should clearly tell the Chinese that new negotiations will be needed if an unexpected future event alters the agreement.

How the Chinese do business depends on their relationships with the opponents. If the opponent is indecisive, the Chinese will pressure him by using their relationship, accusing him of ignoring their friendship. Chinese people are natural-born businessmen. They love bargaining, thus they would begin by asking for a high price and yield slowly.

Subcultures in Mainland China’s Workplace

Although it seems that China’s economic and social aspects have changed greatly since its economic reform in 1979, it is still a socialist nation, thus it seems similar to other Asian nations. However, there are still many differences. China has 31 provinces/cities/municipalities, 57 ethnic groups, 9.6 million km² of land, different languages, different local lifestyles and cultures, and different climates, etc. These factors all influence our managerial tasks. We need to establish a management model that is designed for China and is focused on the merit system in order to build the appropriate HR management and strategies.

Hsiao (2002), a cross-strait commerce consultant working with the Taiwan Industrial Association, has pointed out
the following features in the Chinese workplace:
1. Under the ruling of socialism, workers focus on the superiority of social class. They demand pride and dignity.
2. Workers are “existence oriented.” Under materialism, they value the objective reality. They value benefits more than merits.
3. Work places are intertwined with individuals. Workers ask their business leaders to not only care about them at work but also their personal lives.
4. They like to boast their actual abilities and their relationship with employers.
5. Certain negative habits and behaviors are commonly seen in the workplace such as stealing, physical fighting, ratting others out, or having privileges.
6. Workers have a weaker understanding of the respect for personal property.
7. Workers are influenced by provincialism. They reject those who are not from the same homeland, resulting in conflicts and problems.
8. Workers’ habit of “clashing.” They are not afraid of criticizing others in public.
9. Workers would “talk the talk” rather than “walk the walk.” Their slogan is “it’s not a big problem,” yet they achieve little. They are not very spontaneous, afraid of taking on responsibilities, and like to point fingers at others.
10. They have more oratorical abilities than actual job skills – especially those who are born in the era of the Cultural Revolution. They are more eloquent than those of the same age in Taiwan.
11. They are fast learners and like to learn new things.

CONCLUSION

China is a huge country with diverse culture and most its major cities like commercial and political capitals around the world, attract many business people to visit. Doing Business in China is an exciting and challenging undertaking for any foreign individual or company. The business opportunities are prosperous, but the risk is also high if doing business with Chinese without knowing their subcultures. The Chinese business culture has many long held practices and traditions which are different from western business cultures. To be successful in doing business with Chinese, it is essential for Western businesspeople to understand differences in business practices among the Chinese from different parts of China, Hong Kong and Taiwan.

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