Negotiating International Business - China

This section is an excerpt from the 2017 edition of the book "Negotiating International Business - The Negotiator's Reference Guide to 50 Countries Around the World" by Lothar Katz.

The People's Republic of China has progressed far in its transition from rigid communist country to free-market society. Major style variances have evolved across the country's business population and must be considered when doing business here. For instance, significant cultural differences exist between rural and urban areas as well as between old people and younger ones. Generally, young people in major urban areas are more aggressive and willing to move faster than older ones in rural areas may be. Because of the highly competitive job markets in some of China's business hot spots, such as Shanghai or Shenzhen, employee turnover is significant among the younger population. This makes them more near-term oriented and less focused on relationships than other parts of the Chinese workforce. In addition, the rapid expansion of the middle class and adaptation of Western styles somewhat de-emphasizes traditional Chinese business practices. Nevertheless, the country's culture is still quite homogeneous overall.

While most Chinese businesspeople and officials have only limited exposure to other cultures, some are very savvy in doing international business and may appear quite westernized. Nevertheless, realize that people may expect things to be done 'their way' and let them set the pace initially until you have had a chance to determine how your interaction can be most effective.

Owing to China's long periods of isolation and a history of foreign intrusions, there used to be a general bias against foreigners. This is gradually disappearing in the country's business centers. However, it is crucial to show respect for the country's history and importance. While there is no problem with calling China a developing country, do not refer to it as a third-world country. After all, China's importance as a powerful nation reaches back some 5,000 years. It was the cradle for countless groundbreaking inventions and has dominated the world as its economic center over the course of several centuries.

Relationships and Respect

China's culture is strongly group-oriented. Individual preferences are considered far less relevant than having a sense of belonging to a group, conforming to its norms, and maintaining harmony among its members. This is gradually changing among the younger generation, though. In any case, building lasting and trusting personal relationships is critically important. While members of other cultures may expect this to happen gradually over the course of a business engagement, many Chinese expect to establish strong bonds prior to closing any deals and to continue developing them into true friendships as the business partnership continues. Consequently, proceed with serious business discussions only after your counterparts have become comfortable with you, and keep in touch on a regular basis during negotiations and beyond. Since the Chinese orientation towards time is also different from most western countries, it is very important to remain patient and emphasize frequently the long-term benefits as well as your commitment to the business relationship you are seeking to build.

As in other Asian societies, relationships can create powerful networks. The Chinese concept, called *Guanxi*, is based on very strong commitments and mutual obligations. In western societies, people connected through close relationships expect certain favors of each other but they are usually forgiving if circumstances get in the way. In China, such obligations are almost non-negotiable and must be fulfilled. *Guanxi* can open doors and solve problems that would otherwise be very difficult to master. This

makes relationship building vitally important when doing business in this culture. Being able to leverage *Guanxi* can be highly beneficial for a negotiator.

Relationships are based on familiarity, respect, and personal trust. Business relationships in this country exist between individuals or groups of people, not between companies. Even when you have won your local business partners' friendship and trust, they will not necessarily trust others from your company. This makes it highly beneficial to keep company interfaces unchanged. Changing a key contact could require the relationship building process to start over.

'*Saving face*' is crucial. Harmony must be maintained at all cost and emotional restraint is held in high esteem. Causing embarrassment to another person could cause *loss of face* for all parties involved and can be disastrous for business negotiations. Reputation and social standing strongly depend on a person's ability to control his or her emotions and remain friendly at all times. If you have to bring up an unpleasant topic with a person, never do so in public and always convey your message in ways that show respect for the other person. The importance of diplomatic restraint and tact cannot be overestimated. Keep your cool and never show openly that you are upset. Also, consider that a person's *face* is a company's *face* – any individual employee's embarrassment may be felt by the whole company and could put you in a bad position.

Many older Chinese, even among those with extensive international experience, consider the demanding and fast-paced western business style as arrogant, even rude. They are particularly critical of Westerners who appear to show off and 'blow their own horn.' Remaining modest and doing everything you can to maintain cordial relations is crucial to your success. When receiving praise, contrary to western practice, it is customary to insist that your are not worthy of it or to belittle your accomplishments. Thanking the other for the praise may be taken as arrogance since doing so signals that you accept the praise as valid. This should not stop you from complimenting others. While the Chinese view politeness and humility as essential ingredients for a successful relationship, these factors do not affect their determination to reach business goals. They are patient and persistent in pursuing their objectives. It is in your best interest to do the same.

In traditional Chinese business culture, the respect a person enjoys depends on age, rank, and, to a lesser degree, one's achievements. You will commonly find leaders in senior roles to be of advanced age. It is very important to treat elderly people with the greatest respect. Admired personal traits include patience, humility, and fine manners.

Communication

There are several related but different Chinese languages and dialects, the most important of which are Mandarin and Cantonese. While most businesspeople speak at least some English, their command of the language may be limited. It could be best to use an interpreter, in which case it is often better to employ your own rather than rely on someone provided by your local counterparts. This will help you understand the subtleties of everything being said during your meetings. However, keep in mind that even professional interpreters may not always speak and understand English at a fully proficient level. When communicating in English, speak in short, simple sentences and avoid using slang and jargon. It will help people with a limited command of English if you speak slowly, summarize key points, and pause frequently to allow for interpretation.

Chinese businesspeople usually speak in quiet, gentle tones, and conversations may include periods of silence. At times, Chinese people talking among themselves can appear emotional, but this would be misleading. To the contrary, emotional restraint is held in high esteem. At restaurants, especially those used for business lunches and dinners, keep conversations at a quiet level. Loud and boisterous behavior is perceived as a lack of self-control. The Chinese generally converse while standing around three feet

apart. However, it is also not unusual to encounter situations where a counterpart may seem to ignore one's personal space altogether.

Because the concept of '*saving face*' is so important in this culture, communication is generally very indirect, especially with older people. When responding to a direct question, the Chinese may answer 'yes' only to signal that they heard what you said, not that they agree with it. Open disagreement should be avoided and any kind of direct confrontation is discouraged. People rarely respond to a question or request with a direct 'no.' Instead, you may receive seemingly ambiguous answers, such as 'I am not sure,' 'we will think about it,' or 'this will require further investigation.' Each of these could mean 'no.' It is beneficial to use a similarly indirect approach when dealing with the Chinese, as they could perceive you as rude and pushy if you are being overly direct. Only a person with whom you have no relationship yet may occasionally give you a straight 'no.' This is a bad sign since it could mean that your counterpart is not interested in engaging in business with you. If you have to convey bad news to the Chinese side, a *face*-saving way is to use a third party instead of communicating it yourself.

Gestures are usually very subtle in China. It is advisable to restrict your body language. Non-verbal communication is important, though, and you should carefully watch for others' small hints, just as they will be watching you. Avoid touching others. Do not cross your legs since this could be viewed as a lack of self-control. Also, do not wave your hands around much when speaking since the Chinese will likely get distracted. When pointing at people or objects, use an open hand rather than a finger. Lightly tapping on the table using all fingers of one hand means 'thank you.' When referring to themselves, people put an index finger on their nose rather than pointing at their chest, as Westerners do. It is considered improper to put your hand in your mouth or to cross your legs while seated. Eye contact should be infrequent. While it is beneficial to make some eye contact when meeting a person for the first time, the Chinese consider frequent eye contact intrusive and rude. It is generally considered respectful to look down when speaking with senior and/or older people.

Do not take offense in the Chinese answering their mobile phones all the time, even in the middle of important discussions. In this polychronic culture, interrupting one conversation to have another one and then coming back to the first one is perfectly acceptable. It is not a sign of disrespect.

Initial Contacts and Meetings

Before initiating business negotiations in China, it is advantageous to identify and engage a local intermediary. This person will help bridge the cultural and communications gap, allowing you to conduct business with greater effectiveness. The person may be able to leverage existing relationships, which could significantly shorten the time it takes until your potential partner is ready to do business with you.

It is much better to conduct negotiations in China with a team of negotiators than to rely on a single individual. This signals importance, facilitates stronger relationship building, and may speed up the overall process. In addition, Chinese teams usually include highly skilled negotiators who know how to outmaneuver even well prepared individual counterparts. Facing them as a team will significantly strengthen your position. It is vital that teams be well aligned, with roles clearly assigned to each member. The Chinese can be very good at exploiting disagreements between members of the other team to their advantage. Changing a team member could require the relationship building process to start over and should be avoided. Worst case, such a change can bring negotiations to a complete halt.

Given the strong emphasis on hierarchy in the country's business culture, a senior executive should lead major negotiations for your company and your negotiating team should include senior leaders who know your company well. In accordance with business protocol, people should enter the meeting room in hierarchical order. The Chinese will likely assume that the first foreigner to enter the room is the head of your delegation. The same is true on their side, which allows you to identify the most senior person.

You may get other clues by observing who receives the highest amount of deference within a group of Chinese. That way, you may actually be able to identify the hierarchical structure across the whole group.

If possible, schedule meetings at least four weeks in advance. Since the Chinese want to know who they will be meeting, provide details on titles, positions, and responsibilities of attendees ahead of time. Agreeing on an agenda upfront can also be useful. If you are trying to meet with company executives or high-ranking officials, be prepared for extensive back-and-forth communications until everything is finalized, and do not postpone or cancel meetings on short notice.

Punctuality expectations largely depend on the meeting participants' status and rank. The Chinese are careful not to waste a senior person's time. Being late to a meeting or social event without having a valid and plausible excuse can be a serious affront, so it is usually best to show up right on time. Meetings with lower-level managers are typically more flexible and may not even have a set start time. In that case, arrive at your convenience and be prepared that you may be kept waiting for a while.

Chinese names are usually given in the order of family name, first name. The latter could consist of two parts, the generational name and the given name. However, the two are often spoken and written as one. Some Chinese people use assumed western first names, in which case they give theirs in the order of first name followed by family name. When addressing people, use *Mr. /Ms.* plus the family name. Only close friends call each other by their first names, and you should never do so unless a person explicitly asked you to. Furthermore, the Chinese are very status-conscious. If a person has a title or doctorate degree, use it to address him or her, for example, 'Doctor Yu', 'Director Wang', 'President Chen.' Leave out 'Deputy' or 'Vice', even if that part of the person's title is showing on the business card.

In general, introduce and greet older people first. Introductions are accompanied by handshakes and/or slight bows. Some people may not want to shake hands, so it is best to wait for your counterparts to initiate handshakes, which should be light and may last as long as ten seconds.

The exchange of business cards is an essential step when meeting someone for the first time, so bring more than you need. If someone presents you with his or her card and you do not offer one in return, the person will assume that you either do not want to make their acquaintance, that your status in your company's hierarchy is very low, or, quite to the contrary, that your status is very high. Since many people are unable to read English, it is better to use cards with one side in English and the other in Chinese. Show doctorate degrees on your card and make sure that it clearly states your professional title, especially if you have the seniority to make decisions. If any facts about your company are particularly noteworthy, for instance if it is the oldest or largest in your country or industry, mention this on your card since the Chinese view this very favorably. Also, consider having your company logo (but not the whole card) printed in gold ink. In Chinese culture, gold is the color of prosperity.

Present your business card with two hands, and ensure that the Chinese side is facing the recipient. Similarly, accept others' cards using both hands if possible. Smile and make eye contact while doing so, then examine the card carefully. Not reading someone's card can be an insult. Next, place the card on the table in front of you or into your card case. Never stuff someone's card into your back pocket or otherwise treat it disrespectfully. Do not write on a person's business card.

At the beginning of a meeting, there is normally some small talk. This allows participants to become personally acquainted. It is best to let the local side set the pace and follow along. People appreciate a sense of humor, but keep it light and friendly, and be careful not to overdo it. Business is a serious matter in China.

The primary purpose of the first meeting is to get to know each other, start building relationships, and gather information about the other side's areas of interest, goals, and weak points for the upcoming negotiation. In general, meetings do not serve as events for decision-making. Instead, they are opportu-

nities to indicate interest, intensify relationships, gather and exchange more information, or to communicate decisions. It would be unrealistic to expect a meeting to lead to a straight decision.

The most senior members of your group should lead the discussion. In Chinese business culture, it is inappropriate for subordinates to interrupt. It is good to make a presentation, but keep it simple and avoid over-designing it. Verify through diplomatic questions whether your audience understands you. Since saving *face* is so important, people will not openly admit it in front of others if they do not understand what you are presenting.

You will likely find the atmosphere of the first meeting to be pleasant and amicable. Do not take this to mean that your negotiation will be easy. People could becometough and much more intense as soon as the real negotiation starts. In this culture of respecting each others' *face*, the context of a situation determines which behaviors are appropriate.

Most Chinese are comfortable with a high degree of initial vagueness. They may seem disinterested in clarifying many details until you have both come a long way with the business deal. Westerners may be uncomfortable with this perceived level of uncertainty. While it is acceptable and useful to try and clarify as much detail as possible even when your counterpart may not be eager to do so, do not read anything else into this style.

You should bring a sufficient number of copies of anything you present, such that each attendee gets one. The appearance of your presentation materials is not very important as long as you include good and easy-to-understand visuals. Use diagrams and pictures wherever feasible, cut down on words, and avoid complicated expressions. Because many colors have a special meaning in China, it is advisable to keep presentation copies, even your actual slides, to black and white. Red is generally safe to use for illustrations and backgrounds since the Chinese consider it a happy color, but do not use it for text. Having your handout materials translated to Chinese is not a must but helps in getting your messages across.

You may have to make presentations to different levels of the organization in subsequent meetings; make sure that each is tailored to its audience. The Chinese side may also ask you at the end of the first meeting to sign a Letter of Intent. The role of this document is to confirm the seriousness of your intentions, not to serve as a legal contract. Check it carefully, though, since the Chinese may abruptly terminate the negotiation if you do not strictly follow your commitments.

When the meeting is over, you should leave before your Chinese counterparts do.

Negotiation

Attitudes and Styles – In China, the primary approach to negotiating is to employ distributive and contingency bargaining. While the buyer is in a superior position, both sides in a business deal own the responsibility to reach agreement. They expect long-term commitments from their business partners and will focus mostly on long-term benefits. Although the primary negotiation style is competitive the Chinese nevertheless value long-term relationships. Chinese negotiators may at times appear highly competitive or outright adversarial, fiercely bargaining for seemingly small gains. However, even when negotiating in a fairly direct and aggressive fashion, they ultimately maintain a long-term perspective and remain willing to compromise for the sake of the relationship. Do not confuse the sometimes-aggressive style with bad intentions. Keeping relationships intact throughout your negotiation is vital. It is best to remain calm, friendly, patient, and persistent, never taking anything personally. It will also be very important to maintain continuity in the objectives you pursue, the messages you deliver, and the people you include in the negotiation.

Should a dispute arise at any stage of a negotiation, you may be able to reach resolution through emphasizing the benefits to both sides, remaining flexible and showing willingness to compromise. Show your

commitment to the relationship and refrain from using logical reasoning or becoming argumentative since this will only make matters worse. Patience and creativity will pay strong dividends. In extreme situations, leverage your local relationships (*Guanxi*) to influence your negotiation counterpart's decisions, or use a mediator, ideally the party who initially introduced you.

Sharing of Information – Chinese negotiators are willing to spend considerable time, sometimes many weeks or even months, gathering information and discussing various details before the bargaining stage of a negotiation can begin. Information is rarely shared freely, since the Chinese believe that privileged information creates bargaining advantages.

Be careful with what you are willing to share yourself and protect your intellectual property. In China, people may consider all information available to them a property they are entitled to use to their best interest.

Keep in mind that humility is a virtue in Chinese business culture. If you make exaggerated claims in an effort to impress the other side or to obtain concessions, they will likely investigate your claims before responding. This could prove very embarrassing.

Pace of Negotiation – Expect negotiations to be slow and protracted. Relationship building, information gathering, bargaining, and decision making may all take considerable time. Furthermore, negotiators often attempt to wear you down in an effort to obtain concessions. Be prepared to make several trips if necessary to achieve your objectives. Throughout the negotiation, be patient, show little emotion, and accept that delays occur.

The Chinese generally employ a polychronic work style. They are used to pursuing multiple actions and goals in parallel. When negotiating, they often take a holistic approach and may jump back and forth between topics rather than addressing them in sequential order. In multi-item negotiations, people may bargain and haggle over several aspects in parallel. It is not unusual for them to re-open a discussion over items that had already been agreed upon. In addition, they may take phone calls or interrupt meetings at critical points in a negotiation. While they may be doing some of this on purpose in order to confuse the other side, there are usually no bad intentions. Negotiators from strongly monochronic cultures, such as Germany, the United Kingdom, or the United States, may nonetheless find this style highly confusing and irritating. In any case, do not show irritation or anger when encountering this behavior. Instead, keep track of the bargaining progress at all times, often emphasizing areas where agreement already exists.

If your counterparts appear to be stalling the negotiation, assess carefully whether their slowing down the process indicates that they are evaluating alternatives or that they are not interested in doing business with you. While such behavior could represent attempts to create time pressure in order to obtain concessions, the slow decision process in the country is far more likely causing the lack of progress. People from fast-paced cultures often underestimate how much time this takes and make the mistake of trying to 'speed things up', which is usually counterproductive. Again, patience and persistence are vitally important.

Bargaining – Most Chinese businesspeople are shrewd negotiators who should not be underestimated. Bargaining and haggling are aspects of everyday life, and people may use a wide array of negotiation techniques competently.

The bargaining stage of a negotiation can be extensive. Prices may move by 40 percent or more between initial offers and final agreement. Leave yourself sufficient room for concessions at many different levels and prepare several alternative options. This gives the Chinese negotiators room to refuse aspects of your proposal while preserving *face*. Ask the other side to reciprocate if you make concessions. It is not advisable to make significant early concessions since your counterparts will expect further compromises

as the bargaining continues. You can use the fact that aspects can be re-visited to your advantage, for instance by offering further concessions under the condition that the Chinese side reciprocate in areas that had already been agreed upon.

Deceptive techniques are frequently employed, and Chinese negotiators may expect you to use some of them as well. This includes tactics such as telling lies and sending fake non-verbal messages, pretending to be disinterested in the whole deal or in single concessions, misrepresenting an item's value, or making false demands and concessions. Lies will be difficult to detect. It is advisable to verify all information received from the local side through other channels. Similarly, they treat 'outside' information with caution. Do not take such tactics personally and realize that overt attempts to lie at or bluff your counterparts could backfire and might damage business relationships. Since negotiation teams must be well aligned and always have to preserve *face*, people rarely use 'good cop, bad cop.' It can sometimes be beneficial to use these tactics in your own negotiation approach. Carefully orchestrated, they may allow you to obtain valuable concessions without damaging the overall relationship. However, it could be devastating if the other side recognized this as a tactic, and any 'bad cop' member of your team also needs to be excluded from future negotiation rounds. The Chinese are not likely to use the 'limited authority' technique because groups rather than individuals normally make decisions. Be cautious when using the techniques of making false demands or false concessions. Since you must avoid causing loss of *face*, any overt attempts to bluff your counterparts could also backfire.

Negotiators may use pressure techniques that include keeping silent, making final or expiring offers, applying time pressure, or nibbling. Silence can sometimes be effective as a way to convey displeasure. Skilled Chinese negotiators may remain silent for a long time without showing any signs of impatience. Don't let this fool you into thinking that they are not interested. Final offers may be made more than once and are almost never final. Do not announce any of your offers as 'final'– your counterparts will likely not believe that you are serious and may turn the tactic against you. Time pressure can be difficult to counter. If Chinese negotiators learn that you are working against a deadline, they may exploit this knowledge to increase the pressure on you to make concessions. Near the end of a negotiation, they may suddenly request large discounts, calling their request a 'compromise.' In extreme cases, they may try to renegotiate the whole deal on the final day of your visit. It is important never to take such techniques personally and to avoid open conflict. On the other hand, time pressure techniques rarely work against them since the Chinese are patient and persistent enough to overcome such challenges. However, you may be able to use these techniques should the negotiation take place on your home turf rather than in China. Nibbling may prove useful in the final phases of negotiations. None of this will take your counterparts by surprise, though. Avoid other common pressure tactics such as opening with your best offer or showing intransigence, since they cannot be applied effectively without running the risk of causing loss of *face*.

Chinese negotiators rarely employ aggressive or adversarial techniques since they affect *face*. The risk of using any of them yourself is hardly worth the potential gain. Exceptions are extreme openings, which people use frequently, as well as threats and warnings. As long as extreme opening offers are not openly aggressive, this approach can be effective. Should your counterparts appear aggressive as the bargaining gets more heated, remind yourself that they may not perceive it that way. It might be wise to deflect the pressure, for example by explaining other arrangements you have accepted for similar deals in the past.

As in most strongly relationship-oriented cultures, negotiators may sometimes use emotional techniques such as attitudinal bargaining, attempting to make you feel guilty, grimacing, or appealing to personal relationships. Be cautious when doing this yourself. You might cause the other side to lose *face*, which could damage your negotiating position.

At times, defensive negotiation tactics may be used. Note that opening with written offers and attempting to introduce written terms and conditions as a negotiation tactic is rarely successful. In most cases, businesspeople will ignore or tactfully reject them and request that each aspect be negotiated individually.

Corruption and bribery are quite common in China's public and private sectors. However, people may draw the line differently, viewing minor payments as rewards for getting a job done rather than as bribes. Also, keep in mind that there is a fine line between giving gifts and bribing. What you may consider a bribe, a Chinese could simply view a nice gift. Introducing and explaining your company's policies early on might help, but be careful not to moralize or appear to imply that local customs are unethical.

Decision Making – Organizations are usually very hierarchical. However, while there is a growing number of western-style entrepreneurs who may be the sole decision makers within their companies, decision making is normally a consensus-oriented group process in China. This can be confusing for Westerners looking to identify the 'key decision maker' in an organization, while in reality such a role might not exist at all. Decisions are often made through a process involving many stakeholders who establish consensus through a series of deliberations and internal politics into which outsiders have very limited insight. This process can take a long time and requires patience. Influencing the decision making requires understanding the Chinese side's intentions and building strong relationships with as many influential stakeholders as you possibly can. The role of senior leaders is to orchestrate the process, not to make decisions themselves. Nevertheless, their input carries a lot of weight and they may have the final say, so do everything you can to win their consent and support, too.

While the People's Republic has made significant strides to open its economy to global trade, do not underestimate the extent to which government bureaucrats still influence company decisions. It is wise to contact national, provincial, and local government representatives to fill them in upfront about your plans to negotiate with a local company if there is even a small chance of these representatives taking an interest in them. This way, you are also more likely to receive preferential treatment from your desired Chinese business partners as they do not want to displease their government. If your business interactions include a party or local government representative, it is essential to include the person into the negotiation and treat him or her as a senior decision maker, even if the person is or appears unfamiliar with the subject.

When making decisions, Chinese businesspeople may not rely much on rules or laws. They usually consider the specific situation rather than applying universal principles. Personal feelings and experiences weigh more strongly than empirical evidence and other objective facts do. Exceptions exist where party rules or government objectives force them to be more dogmatic. The Chinese are often reluctant to take risks. If you expect them to support a risky decision, you may need to find ways for them to become comfortable with it first. You are much more likely to succeed if the relationship with your counterparts is strong and you managed to win their trust.

Agreements and Contracts

Capturing and exchanging written understandings after meetings and at key negotiation stages is useful since oral statements are not always dependable. While these serve as tools to improve the communication and strengthen commitments, they should not be taken for final agreements. Any part of an agreement may still change significantly before both parties sign the final contract.

It is important to realize that the Chinese have a view of written agreements and contracts that is very different from most Westerners' views. While the People's Republic realizes that it needs to establish and support the necessary legal framework to participate in global trade, most Chinese businesspeople rely primarily on the strength of relationships rather than written agreements when doing business. In the traditional Chinese view, agreements are just snapshots in time. People could view contracts as papers that document the intent of a working relationship at the time they were written up and signed, not as final agreements designed to stand the test of litigation.

Written contracts are usually kept high-level, capturing only the primary aspects, terms, and conditions of the agreement. Writing up and signing the contract is a formality. The Chinese believe that the prima-

ry strength of an agreement lies in the partners' commitment rather than in its written documentation. Before signing a contract, read it carefully. The local side may have made modifications without flagging them. While this could be perceived as bad-faith negotiation in other cultures, Chinese businesspeople may view the changes as clarifications.

Although your legal rights may not be enforceable, you should consult a local legal expert, ideally throughout the negotiation or at the very least before signing a contract. However, do not bring an attorney to the negotiation table, since this may be taken as a sign that you do not trust your counterparts.

Contracts alone are not dependable. Because of their view of the role that contracts play, the Chinese often continue to press for a better deal even after a contract has been signed. They might call 'clarification meetings' to re-discuss details. If you refuse to be flexible, allowing the relationship to deteriorate, contract terms may not be kept at all. Arbitration clauses often do little to resolve such a situation since arbitration can be very one-sided in China and you do not have the option to use a foreign arbitrator. Your best chance to ensure that your partners follow through on their commitments is to stay in regular contact and nurture the relationship throughout your business engagement.

Women in Business

Gender roles in China are clearly distinct. Although women officially have the same rights as men, they rarely manage to reach positions of similar income and authority. However, western-style equality is beginning to have an influence in urban areas.

As a visiting businesswoman, you will generally encounter few problems when visiting China, provided that you exercise caution and act professionally in business and social situations. Displaying confidence and some degree of assertiveness can be effective, but it is very important not to appear overly bold and aggressive. If you feel that your counterparts are questioning your competence, it can be helpful to emphasize your company's importance and your role in it. A personal introduction or at least a letter of support from a senior executive within your company may help a lot. If a negotiating team includes women, it will be wise to let the Chinese side know about this up front so they can mentally prepare for it.

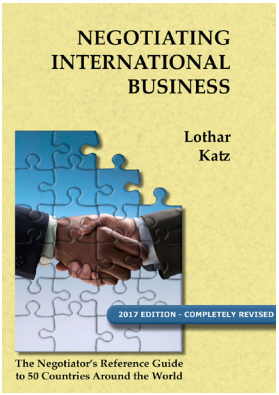
Other Important Things to Know

Business meals and entertainment, in particular banquets and other evening events, are very important as they help advance the vital process of building strong relationships. Refusing to participate in such activities is a signal that you are not seriously interested in doing business with your counterparts. Although business is commonly not discussed during these events, there can be exceptions. Your Chinese counterparts may use such events as opportunities to convey important messages or resolve disputes. Sometimes they may also try to obtain information from you that could strengthen their negotiating position. While you will want to remain watchful, deflecting such inquiries if needed, never show signs of mistrust in your counterparts' intentions.

Especially with local companies that lack international expertise, business entertainment may sometimes include invitations Westerners might find highly inappropriate. In such cases, it will be very important to find a way to avoid the issue without openly rejecting the invitation, as this may be the only way to preserve *face* for all involved.

Gift giving is common in social and business settings in China. If you received one, it is best to reciprocate with an item of similar value that is typical of your home country. Giving a gift after signing a contract is viewed very favorably. Give and accept gifts using both hands. Do not open gifts in the presence of the giver unless your host did so first. There are numerous potential pitfalls in what to give and how to wrap it, so prepare upfront or ask someone from the country to avoid causing embarrassment.

Topics to avoid in discussions are China's relationship with Taiwan, Hong Kong's changing role, or negative aspects concerning the government, such as the censorship it exerts over the media and the Internet.



Negotiating International Business (CreateSpace, 2017 edition) is available from Amazon.com and other bookstores for $29.99. A reference guide covering 50 countries around the world, the 479-page book includes an extensive discussion of the negotiation principles and tactics frequently referred to in this excerpt.

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