

Comparison of Business Negotiations within the Ethnic Chinese Community– An Example of Malaysian Ethnic Chinese

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ABSTRACT

Methods of communications vary among different cultures. In some countries, people tend to use direct and simple methods of communications, while in other countries, indirect or complex methods of communications may be preferred instead. Cultural backgrounds not only affect how negotiators act the way they do, but also determine their values. Each negotiator may subconsciously bring his or her long held values to the negotiating table. A competent negotiator should be able to utilize his or her strengths, understand the foreign cultural practices and Ethnic characteristics, understand the negotiating style of the other party and respect others' negotiating methods (Niereoberg, 1995).

LITERATURE REVIEW

The Evolving Relationships of Malaysian Ethnic Chinese

The Ethnic Chinese are not indigenous in the Malaysian area. In fact, the Ethnic Chinese started to arrive to Malaysia in significant numbers in the past two or three hundred years. Initially, the boats owned by the Ethnic Chinese merchants sailed along the coast to adventure into the South Pacific for trade; some merchants and various workers even immigrated.

Some of those who arrived were merchants, while others provided various labor services. Originally, the majority of the Ethnic Chinese arrived served as labors to Malaysia. It wasn't long before the Ethnic Chinese showed their merchant talents. As the business and industry quickly developed in the Malaysian area, since they were successful at running businesses and have established good relationships with the indigenous population as well as the colonial government, they gradually became the middleman between the indigenous population and the colonialists. Also, the Ethnic Chinese cooperated with the indigenous and colonial leaders by providing capital, technology, and labor. The economic activities of the Ethnic Chinese during the period include commerce and agriculture activities (mainly tropical crops), rubber, tin ore mining, and some manufacturing industries. It can be said that during this period, the Ethnic Chinese existed in various levels of the Malaysian economic area, as capitalists, pepper farmers, miners in tin ore mines, and etc. The Ethnic Chinese in Malaysian society gradually became the middle class. They were mostly owners of small businesses (Liu, Wenrong, 1988: 29-77). Prior to independence, the British colonial government pursued liberal policies so in the areas of economics and education, the Ethnic Chinese were on equal par with indigenous Malaysians (aside from politics). The colonial government at the time did not have any special economic policies to discriminate against the Ethnic Chinese (Yang, Jianchen, 1982: 92-127).

Through immigration, the Ethnic Chinese population in Malaysia came to the new world of Malaysia

from China. The Ethnic Chinese here worked hard to achieve very good results in economic development, thus being awarded with citizenship. Although the status of the Ethnic Chinese in Malaysia has risen, it did not substantially help the relationship between Malaysia and China. The main reason is the subsequent international developments. The Malaysian Communist Party that was initially anti-Japanese became the most significant concern for the Malaysian Government during the initial period in power.

Operation Models of the Ethnic Chinese Businesses

Ethnic Chinese businesses are known for their independent family management models. The formation of this model is a result of various historical backgrounds and social factors which has a very important relationship with the development of the Ethnic Chinese businesses and the evolution of the Ethnic Chinese community. The Ethnic Chinese family businesses are the results and the witness to the difficulties faced by overseas Ethnic Chinese in a foreign land. Most Ethnic Chinese are emotionally attached deeply to their family business, viewing it as an important symbolization of their own family. Therefore, the controls of the businesses are usually securely held in the hands of family businesses and are passed to the later generations in the family (Guo, Liang, 1998: 213). When the ownership of the business changes hands in the family, the control right also changes hands in the family. Members who are not part of the family cannot truly gain control of the business.

Partnerships are favorable in Chinese society. Though as a result of earlier historical social conditions, it conforms to the behavior of earlier Chinese. Partnerships are built through the combination of relatively economically successful people. Through the union of marriages, the early family businesses were created. The extension of the family is the village clan. The Ethnic Chinese formed the partnership system through special interpersonal relationships so funds can be raised to establish businesses. This method reflects the basic characteristic of the Ethnic Chinese society (Dan, Chun, 1999: 191-120), which is to be able to amass various business resources of different sources to form an interpersonal relationship. The division of labor network is also an excellent method in ensuring sufficient qualities of labor.

Traditional Ethnic Chinese society was just an extension of family relationships. The ancestors of overseas Ethnic Chinese had left their original villages to get away from human and natural disasters and settled in villages in foreign countries in search for living in harmony. Since the Ming Dynasty, the overseas Ethnic Chinese had received little support from the Chinese government. Without the protection of a nation while desiring to live in harmony in a foreign land, the unity of families and village clans was the source of security. After the Ethnic Chinese had immigrated and settled, various teams were formed according to the he same local dialects they spoke or the original pre-immigration geographic population areas they were from, resulting the establishment of various business teams. Among them, the major ones include the Canton Group, Chaozhou Group, Fujian Group, Hakka Group and Hainan Group. Many blood relationships and geographically based organizations such as ancestral associations and same-village associations were formed to provide mutual assistance (Wu, Zhuhui, 1983: 81-85). Immigrants from each group were all talented merchants and focused on different products. Take the rice industry for example. Early settlers from Chaozhou settling in Thailand, Singapore and Malaysia each traded their own rice. As the businesses operated by immigrants in various groups, the Ethnic-Chinese-based industry associations became an important intermediary for the Ethnic Chinese business to connect with one another (Li, Guoqing, 2000:115); the industry associations formed by the Ethnic Chinese overcame the limitations of blood relationships and geographical restrictions. Thus the Ethnic Chinese merchants started to develop their industry associations. From ancestral associations and same-village associations, through dialect-group-halls, industry associations and the Chinese Federations, each level kept expanding. They

were not based on political ideology, but civil organizations formed from various groups, forming a gathering place for overseas Ethnic Chinese and an Ethnic Chinese business network. Also, aside from the Ethnic Chinese business groups, the Ethnic Chinese clubs, communities, education, and newspaper all formed connections between the Ethnic Chinese (Chen, Liefu , 1979).

RESEARCH HYPOTHESIS

Business Conflicts and Negotiation Strategies

The hypotheses of this research that inference other related research are:

- H₁: During business conflicts in Malaysia, there are significant differences in accommodative and competitive aspects in negotiation techniques among different individuals.
- H₂: During business conflicts in Malaysia, there are significant differences in the competition in negotiation techniques among different groups.
- H₃: During business conflicts in Malaysia, there is no significant difference in the accommodativeness aspect among different individual and the competition aspect among different groups in conflict and negotiation techniques..

Conflicts among Friends and Negotiation Strategies

The hypotheses of this research that inference from other related research are:

- H₄: During conflicts among friends in Malaysia, there are significant differences in avoidance and competition aspects in negotiation techniques among difference individuals.
- H₅: During conflicts among friends in Malaysia, there are significant differences in the collaboration aspects in negotiation techniques among different groups.
- H₆: During conflicts among friends in Malaysia, there is no significant difference in the accommodativeness aspect among different individual and the competition aspect among different groups in conflict and negotiation techniques..

RESEARCH DESIGN

Sampling Design

First, we had the Malaysian Ethnic Chinese students at Tamkang University, Malaysian Ethnic Chinese students at National Taiwan Normal University, and the students whose parents have work experience in Malaysia as the preferred sampling subjects. The survey was conducted between January 1st, 2007 and May 28th, 2007, with the sampling method being individually administered. The distributions are as follows: the northern, central, and southern regions are each allocated with 50 copies. A total of 150 copies were released, 105 of them were returned, and 85 of those that were returned are effective. The rate of effectiveness is 56.57%.

The results of the 85 effective negotiation strategies survey that were returned are as follow: more females (69.41%) than males (30.59%); the unmarried (74.12%) higher than the married (25.88%); 29~31 years old as the first largest age group (30.59%), 26~28 years old as the second largest group (27.06%); and 20~22 (18.82%) as the groups with the least people and 23~25 groups (17.65%). This conforms to the current business development trends of Malaysia.

EMPIRICAL ANALYSIS AND RESULTS

Business Conflicts

When there are business conflicts, the adaptation, collaboration and avoidance of the group and are higher than the individual's avoidance process. This leads to the result that the group competition behavior and the individual's adaptation, collaboration, and competition during business conflicts are not valued, as shown in Table 1.

The F value for the degree of self concern during business conflicts is 27.2595 ($p < 0.001$); R^2 is 0.5460. In particular, a competition of 17.2576 is the most significant while adoption 1.5017 is the secondly significant. The collaboration means the intentions are similar, while avoidance presents the inverse explanations. This explains that some business negotiations in Malaysia emphasize on the competition and accommodation towards the environment. The effects on group agreement and flexibly dealing with contingency are weak.

Table 1. Multiple Regression Analysis of Business Conflicts on Concern for Self

Variable	AdjustedR ²	Change in adjustedR ²	F value	β	t-value
Concern for self	0.5460	0.5352	27.2595***		
Accommodation			1.8610	0.5862	3.2863***
Collaboration			1.5017	-0.6439	-4.1948***
Avoidance			13.7351	-0.1356	-1.2971**
Competition			17.2576	0.5274	6.8607***

Note: *: Significance Level 0.05 **: Significance Level 0.01 *** Significance Level 0.001

The F value for the degree of concern of others during business conflicts is 67.8104 ($p < 0.001$); R^2 is 0.6357. As shown in Table 2, the emphasis is on group collaboration mechanisms. In particular, competition 59.0216 is the most significant followed by adoption 19.0431*, explaining the business collaboration relationships. The inverse relationship of avoidance can explain that the negotiation strategies applied in Malaysia are still typically the result of group censuses, with no decisions made personally. Its accommodation to competition reflects the social cultural environment today.

Table 2. Multiple Regression Analysis of Business Conflicts on Concern for Others

Variable	AdjustedR ²	Change in adjustedR ²	F value	β	t-value
Care for Others	0.6363	0.6357	67.8104***		
Accommodation			19.0431***	0.1985	2.3809**
Collaboration			64.8877***	0.0680	0.4949
Avoidance			5.6906***	0.4949	-1.8452***
Competition			59.0216***	0.2646	3.8456***

Note: *: Significance Level 0.05 **: Significance Level 0.01 *** Significance Level 0.001

H₁: During business conflicts in Malaysia, there are significant differences in accommodative and competitive aspects in negotiation techniques among different individuals.

The t-value for accommodation is 3.2863***, and the t-value for competition is 6.8607***, which both have reached levels of significance. The β value of both are over 0.8, indicating that accommodation and competition can significantly explain variance of the negotiation strategies. The concern for self

regression coefficient is 0.5352, and has a significant positive correlation with business conflicts as shown in Figure 1.

H₂: During business conflicts in Malaysia, there are significant differences in the competition in negotiation techniques among different groups.

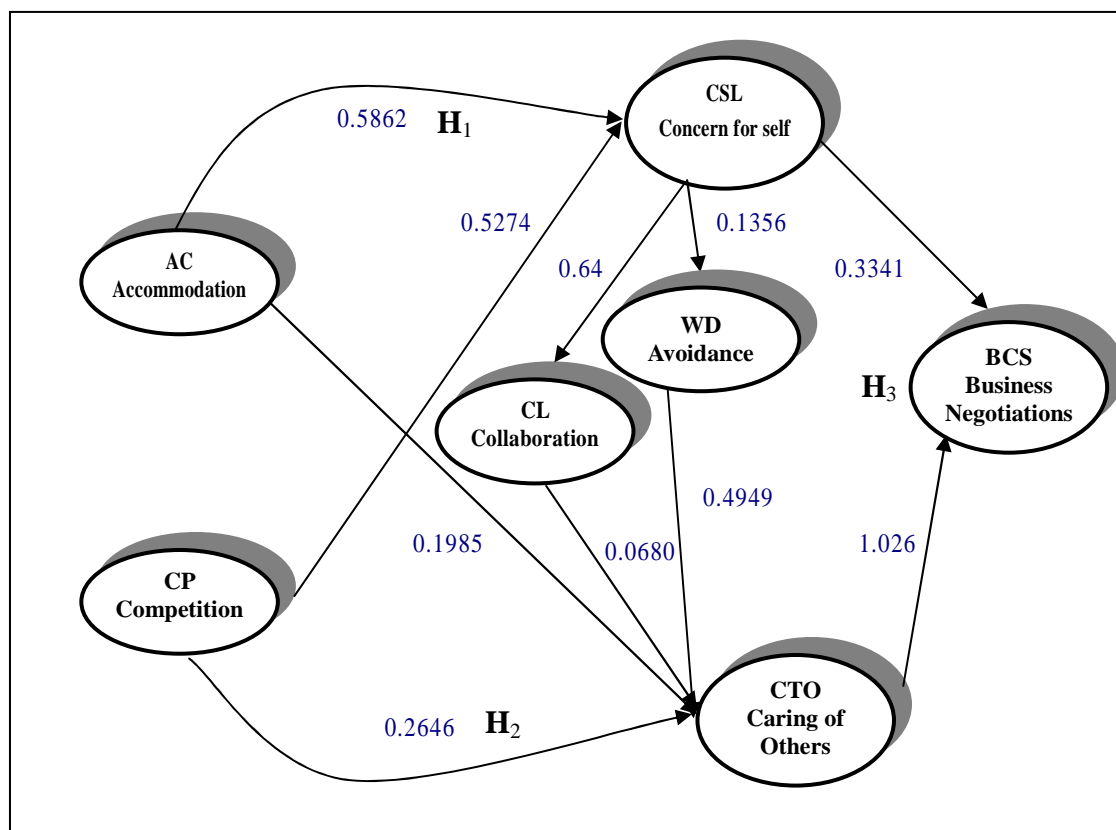
Competition has a t-value of 3.8456***, which has reached levels of significance. The β value is over 0.5, indicating competition can significantly explain variance of the negotiation strategies. The concern for others regression coefficient is 0.5352, and has a significant positive correlation with business conflicts. It is shown in Figure 1.

H₃: During business conflicts in Malaysia, there is no significant difference in the accommodativeness aspect among different individual and the competition aspect among different groups in conflict and negotiation techniques..

The data indicates that collaboration relationships with concern for self have reached the level of significance; however, there is an inverse interpretation. Yet, collaboration relationships with concern for others have not reached the level of significance, indicating that the two cannot explain fully for the negotiation strategies variation or an inverse relationship, as shown in Figure 1.

Summing the explanations above and based the path analysis shown in Figure 1, the advantage of concern for self during business negotiations is greater than caring of others. The business conflicts management assumptions have the result and support of an empirical experiment.

**Figure 1: Business Conflicts and the Degree of Care Empirical Research Path Analysis
Friend Conflict**



The F value for the degree of self concern during conflicts with is 32.1312 ($p < 0.001$) and R^2 as 0.4415.

In particular, a competition of 31.8053 is the most significant while avoidance 37.4894 is the secondly significant. Collaboration has an inverse explanation. This explains that during some conflicts among friends in Malaysia, accommodation has no significant difference towards negotiation strategies. In terms of accommodation towards the environment, it can adapt to it naturally without any constraints.

Table 3. Multiple Regression Analysis of Conflicts among Friends on Concern for Self

Variable	AdjustedR ²	Change in adjustedR ²	F value	β	t-value
Concern for self	0.4317	0.4415	32.1313***		
Accommodation			13.0925***	0.0277	0.2696
Collaboration			9.6863***	-0.5600	-6.2085***
Avoidance			37.4894***	0.2866	3.6546***
Competition			31.8053***	0.4817	7.8717***

Note: *: Significance Level 0.05 **: Significance Level 0.01 *** Significance Level 0.001

The F value for the degree of concern of others during conflicts with friends is 19.9280 ($p < 0.001$) and R^2 is 0.2282. As shown in Table 3, in particular, collaboration 411.0347 is the most significant followed by avoidance 174.7942. There are also differences in competition while resulting in inverse explanations for collaboration. This explains that during conflicts among friends in Malaysia, negotiation strategies doesn't have any significant regression behaviors and the collaboration process is conservative.

Table 4. Multiple Regression Analysis of Conflicts among Friends on Concern for Others

Variable	AdjustedR ²	Change in adjustedR ²	F value	β	t-value
Concern for others	0.2143	0.2282	19.9280***		
Accommodation			114.0789***	-0.3686	-3.5309***
Collaboration			411.0347***	0.4492	4.7892***
Avoidance			174.7942***	0.2015	2.1938**
Competition			173.7298***	0.0559	0.2777

Note: *: Significance Level 0.05 **: Significance Level 0.01 *** Significance Level 0.001

H₄: During conflicts among friends in Malaysia, there are significant differences in avoidance and competition aspects in negotiation techniques among difference individuals.

The t-value of avoidance is 3.6546*** while the t-value for competition is 7.6717***, which both have reached levels of significance. The β value of are 0.2866 and 0.4817 respectively, indicating that avoidance and competition cannot significantly explain variance of the negotiation strategies. The concern for self regression coefficient is 0.4415 and has a significant positive correlation with conflicts among friends. It is shown in Figure 2.

H₅: During conflicts among friends in Malaysia, there are significant differences in the collaboration aspects in negotiation techniques among different groups.

Collaboration has a t-value of 4.7892***, which has reached levels of significance. The β value is over 0.4492, indicating competition can be collaboration to explain the variance of the negotiation

strategies. The concern for others regression coefficient is 0.2282 and has a significant positive correlation with business conflicts. It is shown in Figure 2.

H₆: During conflicts among friends in Malaysia, there is no significant difference in the accommodativeness aspect among different individual and the competition aspect among different groups in conflict and negotiation techniques..

The data indicates that accommodation relationships with concern for others have not reached the level of significance, indicating both cannot explain the variations of negotiation strategies. As shown in Figure 1.

Summing the explanations above and based the path analysis shown in Figure 2, the advantage of concern for self is greater than concern for of others when negotiating with friends. The management of conflict with friends is assumed to have the result and support of an empirical experiment.

Figure 2: Conflicts among Friends and the Degree of Care Empirical Research Path Analysis

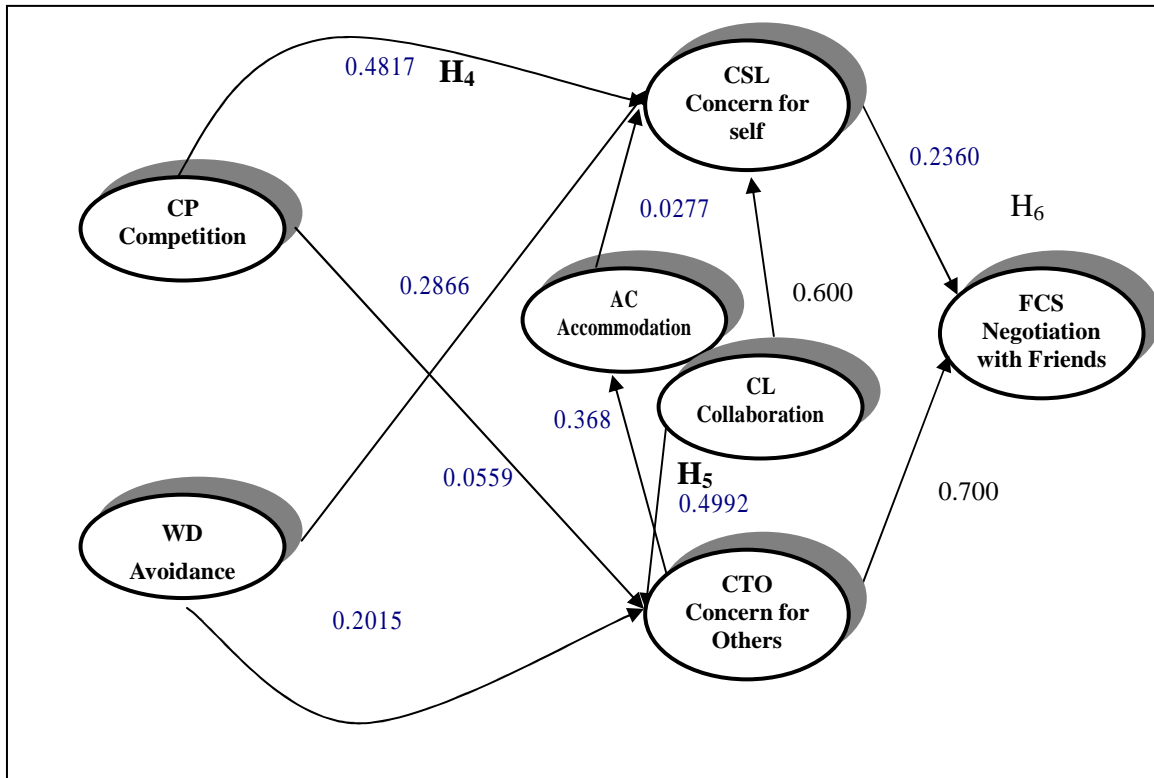


Figure 3: Malaysia Empirical Experiment Results Table

Differences	Aspects	Business Conflicts and Negotiation Strategies	Conflict Among Friends and Negotiation Strategies	Conflict Between Business and Friends, and Negotiation Strategies
National				
Malaysia	Personal	Accommodation and Competition	Avoidance & Competition	Competition
	Team	Competition	Collaboration	Collaboration Avoidance
	Personal & Team(no difference)	Personal & Team Collaboration	Personal and Team Competition	Personal and Team Accommodation

CONCLUSION

This research conducts a literature review and empirical analysis on competition strategies. The analysis, using math and statistical tools as foundations and follows the research objectives with flexible adjustment of the research aspects, combining the marketing strategies of intelligent capital and flow, and risk management strategies, investigates in depth on the economic performance of the Ethnic Chinese in the Malaysian area. The positive development of trade with Malaysia has a high degree of influence on the healthy industrial development on both sides of the straits. How to utilize economic models and control core production and marketing networks are keys to success. This is because only through the expansion of the network can sustainable innovative development be supported, and increase the integration of academic and industry resources. And only through the appropriate competition methods can economic performance be increased and the continuous development of the economy is ensured.

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