

A Study on the Style of Business Negotiation of Overseas Chinese

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ABSTRACT

Chinese immigrants are scattered around the world. They identify strongly with their homeland, work hard, and value honesty and friendship. In this study, the characteristics of the negotiation style of overseas Chinese merchants will be discussed. The overseas Chinese not only have the Chinese characteristics but also used to living abroad, they thus show different kinds of negotiation patterns. Besides to explore the differences in the negotiation styles in Chinese merchants who live in different countries, it's important to improvise based on what happens in the actual negotiations and adjust our negotiation styles when we do businesses with them.

The Definition of Overseas Chinese

The broad definition of "overseas Chinese" is "the Chinese who live abroad." Zhu & Xia (2007) believe this kind of definition is the most precise, concise, and natural one. In other words, overseas Chinese are simply the Chinese population who lives abroad. However, since it is common to see mixed race marriages in the overseas Chinese population, anyone who lives abroad and has partial Chinese heritage is considered an overseas Chinese. If we use nationality to define whether one is an overseas Chinese, Zhu & Xia (2007) propose that a Chinese who has lived abroad for a certain period of time and retains his/her Chinese citizenship is considered an overseas Chinese. Also, a person who meets the above prerequisites but also has other citizenships should also be considered an overseas Chinese.

Overseas Chinese can be further divided into "old overseas Chinese" and "new overseas Chinese." According to Zhu & Xia (2007), old overseas Chinese are the massive immigrants who moved abroad in the latter half of the 19th Century. In a new land where these immigrants faced estrangement and language barriers, these people gathered together due to psychological, social, and economical needs, forming Chinatowns. They have not only formed traditional Chinese groups but also secret societies in order to reinforce cohesion. Therefore, the Chinese groups such as regional organizations, kinships, and secret societies in the U.S. in the earlier days have direct influence on the sustaining and expressing of the Chinese culture.

The "new overseas Chinese" are those who live outside the traditional groups. They include the following types:

1. Children of old overseas Chinese: The children of the old overseas Chinese are born and raised locally and undergo the same education. Also, most old overseas Chinese emphasize on advanced education and want their children to be highly educated, get truly involved in the society, and have a good job or social status. Therefore, the children of old overseas Chinese are able to interact with the locals without having to rely on Chinatowns. Most old overseas Chinese' children are able to completely be assimilated into the local

culture and society. Their businesses also show less Chinese features, and they have less difficulty in working in different kind of jobs.

2. **Overseas Taiwanese:** Overseas Taiwanese are those who left Taiwan and immigrated elsewhere. The overseas Taiwanese who moved to developed nations in the earlier days were mostly students who studied abroad. Attracted by the living condition in these developed nations, most of these Taiwanese students stayed there after finishing their studies. Also, many Taiwanese merchants decided to stay in the developing nations in Southeast Asia due to business concerns. Generally speaking, the Taiwanese students do better than the old overseas Chinese since they have specialized skills. The Taiwanese merchants in Southeast Asian countries mostly are well respected due to their contributions.

3. **Overseas Mainlanders**

Back in the days when the living standard in mainland China was still low, 80% of the elites who were able to leave China and study abroad tried to stay abroad. Some got residence from their employers, some applied for political asylum, some stayed illegally and waited for amnesty, and some married with the locals. Today, the mainlanders in nations such as UK, U.S., and Canada have formed a significant force. It is estimated that there are more than 100,000 mainlanders in southern California who have opened thousands of mid-scaled companies. After the Chinese government welcomed capitalism, many elites and the children of powerful authorities are able to move to the U.S., Canada, Australia, New Zealand, Southeast Asia, Hong Kong, and Macau. The number of overseas mainlanders would surely be on the rise as this kind of population becomes the mainstream of new overseas immigrants.

4. **Immigrants from Hong Kong (Macau) and other Southeast Asian Nations**

Due to political reasons and the fact that Hong Kong and Macau were to be returned to the Chinese government in 1997 and 1999, many people in these two regions immigrated to member nations of the British system, the U.S., and Taiwan. With their social status, education, and wealth, these people have formed a new power.

Characteristics of the Negotiation Style of Overseas Chinese Merchants

Chinese immigrants are scattered around the world. They identify strongly with their homeland, work hard, and value honesty and friendship. Due to different experience and environment, their negotiation styles are different from those of the locals as well as the mainlanders. They are decisive, fast, good at bargaining, and negotiations are mostly conducted by the bosses themselves. Even if a boss sends an agent or a worker for initial negotiations, nothing is final unless the boss makes the last decision. Therefore, it is extremely important to understand a boss' personal situation and express sincerity. After interacting with overseas Chinese for a number of years, a person once gave the following remark about the Chinese people: "The Chinese who are not religious are remarkably smart. They are active and witty like the northerners in the U.S., they are good at money and business management like the Jewish, they are calm and aggressive like the Scottish, and they are patient and moderate like the Turkish. You could say that they have got the best qualities."

Of course, with the rapid development of global economy, communication, and frequent interactions between international merchants, the merchants around the world influence each other and learn from each other.

Their individual characteristics are not as obvious before.

However, the overseas Chinese not only have the Chinese characteristics but also are used to living abroad, they thus show different kinds of negotiation patterns. We should not only understand the differences in the negotiation styles in Chinese merchants who live in different countries, but also improvise based on what happens in the actual negotiations and adjust our negotiation styles in order to be successful.

Relationship

The Chinese people care greatly about relationships. They like developing relationships with the people around them, and they can even develop close relationships with strangers. The Chinese also have a subtle concept of “sameness” through which new relationships can be developed. Identities such as fellow townsman, classmates, one who shares the same last name with, and colleagues...also demonstrate how important relationships are (Chen, 1984).

Huang (1983) believes that under the influence of Confucianism, a person basically a relationship between him/her and another person in of the three categories and interacts with that person in accordance with different social rules:

1. Affective relationship: the rule of need

Affective relationship is usually a long and steady social relationship. The main purpose for an individual to establish an affective relationship with another is to satisfy his/her needs in terms of love, warmth, security, and a sense of belongingness. Of course, the individual can also use this relationship as an instrument to acquire other needed resources when necessary. Among this kind of relationship, the affective component is still greater than the instrumental one.

2. Mixed Relationship

Mixed relationships refer to the social relationships with others outside of individual or family relationships. According to Confucianism, the norm of social interactions in a mixed relationship is “harmony.” Each person must do his/her best to maintain a harmonious relationship with others. He/she should not only protect others’ honor at all times but also must be considerate.

3. Instrumental Relationship

This kind of relationship is used by an individual as an instrument or a tool rather than establishing a steady long-term relationship with another. For example, the relationship between a merchant and a customer is an instrumental one. The rule of this kind of relationship is the “rule of fairness.”

To the Chinese, interpersonal relationships are an important part of the self-concept. Therefore, an important indicator for one’s self-esteem is whether one is able to appropriately arrange his/her interpersonal network. Based on the correlation between interpersonal relationship and the self, two types of interpersonal relationships have been identified: “inside-family relationships” and “outside-family relationships” (Wei, 2001). These two kinds of relationships have different meanings to an individual’s social network and determine the different rules for different interpersonal obligations.

In an individual’s social network, the “inside-family relationship” is defined by the existing relationships

instead of the relationships one chooses to establish. This kind of relationship is often based on kinship such as one's relationship with his/her parents or the direct relatives (siblings) (Yang, 1993). This kind of relationship is not established through interactions, and it does not move from "being estranged" to "being familiar." Such relationships exist and disappear with the cycle of life. Although one may be close to or distant from one's family members, the relationships between them would never disappear. In other words, this kind of relationship does not begin with or disappear with social exchange. As the Chinese believe a family is a unified body, this kind of relationship is complete and inseparable, and it should be included in one's "superego" regardless the time or place. The subjects in an inside-family relationship are often irreplaceable. They have unique roles in one's life, and since one cannot freely choose the subjects in the inside-family relationship, he/she is definitely not allowed to choose whether he/she wishes to continue or discontinue the interactions with them. This forces the individual to strictly abide by the given role.

Although inside-family relationships are built on the common bloodline, not all blood relatives are the subjects in an inside-family relationship. Only a few are tightly connected to an individual, and these inseparable relationships include parents-children, grandparents-grandchildren, and siblings. Therefore, kinship is a necessary – but not sufficient, condition for forming an inside-family relationship. Other relatives or in-laws are not included in this kind of relationship since an individual's interpersonal obligations toward these members are mostly influenced by their interactions or affects rather than their role expectations. Further, an individual often has long-term interactions with the subjects in an inside-family relationship, and their interpersonal obligations remain the same regardless the time they spend with them. Since the scope of "family members" is not stable, an individual may consider different subjects as his/her "family" as the situation changes. Thus, besides the subjects in an inside-family relationship, certain subjects from outside-family relationships may also be included in the definition of the "self." For example, when facing strangers or competitors, we may view our classmates, colleagues, or other inner groups as our families even though they are not the subjects in our inside-family relationships nor are they closely connected to us at all times.

Another type of relationship is the outside-family relationship, which is established by an individual based on his/her free will. When an individual interacts with people outside the family, this kind of relationship begins to take place, and friends or colleagues are based on this kind of relationship (Yang, 1993). Before an individual starts interacting with these subjects, they were just strangers who did not care about one another. However, once the two sides engaged in social exchange, they gradually form a steady pattern of interaction and finally establish an official role-relationship. Since this kind of relationship may not be established based on the existing kinship, a continued social exchange is important to maintain the relationship. Under the circumstances, an individual can consider whether a relationship or a social exchange is satisfying in order to determine whether he/she would continue to interact with those subjects. Although an individual's relationships with a social group or friends can be incorporated to the "superego," the termination of this kind of relationship does not necessary mean that the individual has lost the integrity of the "self" since an individual is entitled to terminate his/her interactions with the subjects willingly just as he/she establishes the relationships based on the free will. In the context of "outside-family relationship," the two parties jointly develop a standard for interaction after negotiation; they surely can change it based on an agreement (Huang, 1988).

Berger and Luckmann (1966) analyzed subjective experiences from the perspective of phenomenology. A subjective experience is a space that is most intimate to an individual as well as modifiable. Although the reality of the daily life is mutually subjective to an individual, the two sides interacting with each other may not have an identical interpretation for the reality. However, since a person shares a world with another, the meaning of the reality is also shared. This shared world is shaped in an experience shared by the two individuals who created this world and have the power to change or abandon this world. The daily interactions are the process through the reality is shared and subjective meanings are exchanged. Even if an individual uses his/her previous experience to categorize and put the interacting individuals in the existing models, any fixed model can be constantly adjusted as subjective meanings are exchanged. Thus, there is great flexibility between an individual and others. In other words, a shared world is created when an individual interacts with others, and the meaning for each event and object is recreated. Researchers believe that under the context of “outside-family relationship,” it is likely for an individual to freely determine the pattern of interaction or even whether the relationship would be continued during his/her interactions with others. However, under the context of “inside-family relationship,” an individual is less able to freely determine the pattern of interaction as its flexibility is more limited.

Overseas Chinese’ Attitude toward Conflicts

People’s Daily (2006) pointed out that the overseas Chinese in Europe often face many problems, conflicts, or trouble at work and life. For example, the police would conduct unexpected searches under different excuses. Taxation agencies would often visit them for auditing. Many overseas Chinese would face intentional difficulties inflicted by the local officers due to language barriers or other reasons. Things such as theft, robbery, or scams are committed against these Chinese happen in France and other European nations on a regular basis. In the earlier days, the overseas Chinese preferred to let bygones be bygones after they were mistreated since the traditional Chinese culture focuses on peace and harmony. As a result, most old overseas Chinese tend to yield or concede when facing conflicts, and they had flexible and independent rather than fixed definitions for “harmony.” Individuals and groups can choose different courses of actions and strategies in order to maintain harmony. This is also observable in Chinese’ business structures in which the turnover rate is extremely high. This kind of voluntary job-change is not only caused by the environment but also employees’ pessimistic attitude of quitting the job whenever there is trouble, resulting in labors’ unwillingness to actively participate in decision-making or work hard to get promoted (Ye, 2005).

However, new overseas Chinese handle trouble or conflicts differently. Most of their education and language capacity is greater than that of the older generation, and their way of thinking is more westernized and familiar with the concepts of fairness and aggressiveness. When dealing with daily conflicts, new overseas Chinese prefer to settle disputes through law. However, if they were unable to hire lawyers, they would protect themselves through legal means made available by the local governmental agencies. The mission statement of these local governmental agencies is to protect each and every citizen and provide free consultations. Moreover, compared to the old overseas Chinese, new overseas Chinese have more legal knowledge on business management since they know that the only way to keep their companies surviving is to carefully observe the

local laws and practice their rights.

Overseas Chinese' Management Model

A typical business among the older overseas Chinese is restaurant, and managing Chinese restaurants is what many old overseas Chinese started with. The financial foundation of their younger generation is built from the restaurant business, and instead of continuing the restaurant business, the younger generation is capable of running diverse businesses.

In his book "Overseas Chinese' Business," Long (2006) discusses how modern overseas Chinese determine their investment goals and strategies in the global economy. In the global industrial chain, overseas Chinese merchants build their competitive edge with low-cost management and increase their profit by seeking out opportunities in the risky emerging markets.

The unique survival story of the overseas Chinese network taking its root in the immigrants and minority groups is a collaborative mechanism through which the Chinese merchants gain their competitive edge through their reputation and their own advantages. Family business is their first choice as they respond to the environment and allocate their resources. The degree of socialization of family businesses is determined by the market as well as the standard of the capital society. Cross-cultural human resource management brings out the best in both cultures and provide a competitive edge. For example, through internalized employee services and unified management, Chinese companies reinforce the control and encouragement for their employees and achieve low-cost operation. The confidential compensation system also provides a logical management practice and cultural adaptation.

CONCLUSION

The public places more and more attention on the business behaviors and negotiation patterns of today's cross-continental corporations, and there are a lot of relevant literatures available. However, more studies on cross-continental businesses owned by the Chinese are still needed. The Chinese population is scattered around the world, and although these Chinese still have their original bloodline, they are deeply influenced by the local education, business practice, and cultures. Gradually, the overseas Chinese around the world have developed different types of sub-cultures. This dissertation focuses on overseas Chinese, summarizes their types, and discuss how they negotiate, solve conflicts, and conduct business. It is obvious that the old overseas Chinese, who moved to other countries in the earlier days, tend to be conservative in terms of business management, negotiation, and solving conflicts. Most of them started from restaurant-related family businesses. They focus on harmony, yielding, and peace in terms of negotiating and dealing with conflicts. However, the new generation is significantly different from the older one. The new overseas Chinese demonstrate different business styles since they are raised and educated locally. Although many new overseas Chinese have taken over their family businesses, they still utilize their own advantages such as their people network, being fluent in two languages, international perspective, advanced education, and knowing the local laws. These advantages westernize the new overseas Chinese' business management, negotiation, and conflict-solving, make them more confident in

entering the international market, allowing the overseas Chinese to make more contributions to the places they live in.

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