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Negotiation Differences between China and Poland

Abstract: Interaction is a vital part of every business transaction. In creating an international agreement, communication being an important assignment can be very demanding. In business negotiation, interactions do not only evolve within the business and customers but also with the dealers and every stakeholders that is included in the business transaction. More and more transactions are cross-cultural in their nature. Cross-cultural negotiation is prone fail as the individuals involved in these transactions are ignorant on how to pact with individuals of different cultures. This paper seeks to explore differences in cross-cultural negotiation between Polish and Chinese business people.

Key words: Negotiations, Cross-cultural negotiations, China, Poland

Introduction

With the world becoming universal, various firms around the world are getting involved with each other business wise, and with these business evolution intercultural interactions is inevitable (Chmielecki, 2012). Aside

the above outlined factors, culture is known to be the most essential factor accountable for intercultural negotiation. Except an individual has familiarity and knowledge of a certain culture he would experience difficulty learning and understanding (Zhang & Zhou, 2008). In addition, the improvement of technology and communication enables the general public to acquire more knowledge about the cultural values and information of other countries via diverse means.

Cross-cultural negotiations

International commercial transactions are fundamentally complex. The procedure turns out to be more complicated when the groups involved have contradictory prospect that are embedded into diverse cultural values. For example, in a contract transaction, a Polish manager would generally be fascinated with the intent of controlling his exposure, whereas expanding and developing ability would be the focus of his foreign partner; the Polish manager would target straight at his objectives, while his foreign partner might desire caution and total guardedness. Poles may search for practical answers, but his foreign partner may choose to maintain logical steadiness; Poles would want simplicity in the estimated plans awaiting execution, but his foreign partner may prefer the elasticity of indistinctness. The set out goals observed in transactions between different countries, maybe well suited, but their blend needs thoughtful discretion (Chmielecki, 2013).

For a definite and unquestionable dialogue between these individuals, a commonly understood language is necessary. English may well have been the most acceptable language in the global market, but sometimes it is not the language of the individuals or group of people involved in the negotiations. In these conditions, similar word could mean differently for various groups or individual and this could possibly lead to conflict in interpretation. The obstinate language often seen in international agreements has

this problem clearly indicated with inadequate and disappointing efforts to deal with it (Przytuła, Rozkwitalska, Chmielecki, Sułkowski, Basinska, 2015).

Unuttered dialogues are likewise significant in international transactions. They also have strong roots in various cultural backgrounds. What is said to be a safe and harmless reply to a suggestion by a group could seem highly important to another and thereby affecting the transactions badly. Different cultures create different ways of transactions, some cultures lay emphasis on deals made on every transaction, while the objectives of some cultures are laid on long-term basis.

These interactions are not always easily accomplished due to differences in languages of these different countries as lingua diversity stands as a huge problem (Chmielecki, 2010). In this case, an interpreter is duly required if a Polish corporation rightfully wants to do business with a Chinese firm in China.

Aside lingua diversities, timing could also affect business interactions because different countries have different working hours. For example European working hours is at closed period in countries like Thailand. Notwithstanding, this factor may not be regarded as a setback and may not have effect on transaction processes because it can be tackled effortlessly if by technical means a time and date is agreed upon by these business partners from different countries or one could travel to the other's country so as to start up negotiation process.

Certain culture needs unanimity in decision-making, whereas in some cultures one person could compel a noteworthy decision. Even as some adequate practices in some culture may seem to be immoral and unprincipled in other cultures. All of these alterations and modifications should be totally taken into consideration so as to attain the completion of international negotiations.

The final test of a contract positively transacted arises during its execution. The management of international agreements is based on the individuals involved, having great understanding and respect for their differences,

particularly in classes of management. The necessity for local "know-how" often commands starting up a joint project with counterparts from the country where the agreement is to be done. Combined transactions are always difficult, and the international body of foreigners who have their separate ways of getting things done emphasizes on this fact by accumulating several aspects which are complicating. In addition, the joint projects must obey the rules of its locality, which introduces a different topic of the lawful framework of international commerce.

Interaction is the link to a positive business because with good interaction plans are carried out successfully and stability is achieved.

However an entrepreneur who involves himself in international commerce should have little or more knowledge of the valid laws in his locality, and the help of a local adviser would be recommended to compel obedience. Choosing a local adviser and maintaining link with the local adviser is achieved by contacting the business's major attorney.

During business transactions the individuals involved interact with one another with the purpose of getting opportunities, solutions and benefits during this process. Ghauri and Fang (2001) outlined five phases of transaction procedure:

- 1) Pre negotiation period,
- 2) Negotiation period,
- 3) Post negotiation period,
- 4) Strategic factors,
- 5) Cultural factors.

In the pre-negotiation period, both parties tend to comprehend the needs and offers of one another. And also, both sides should be aware of the procedure which is to be taken in making decisions by his counterpart and make a tactical approach towards it.

At this period, both sides acquire loads of information for one another. This transaction is categorized by the face-to-face transaction between the provider and the consumer.

Post-negotiation is categorized by the overall agreement by both parties based on the arrangement and language of the contract, and lastly the contract signing (Ghauri, Fang, 2001). If a firm moves to a foreign country, transactions with dealers and other individuals are also included in the business and most times includes face-to-face transactions. Every culture needs a specific strategy.

Active interaction ability would assist managers to attain a concrete communication with others. Business transactions can never be achieved without communication and interaction. To interact, languages, signs and symbols are used which are determined by our various cultures. Active interactions need understanding of cultural impacts. Interaction has vital effect on humans, parties and group performance. Interaction and communication is seen as the distribution of information between two or more parties to attain mutual understanding. In other words, attaining a mutual understanding do not necessarily mean that both parties have to agree with one another, it simply means that both parties must have a fair and precise knowledge of what is said by an individual or group. It looks sensible to ascertain that the major barrier to a positive group ability to perform is nothing but lack of active communication. Through communication transaction is achieved. Interaction and communication is a creation of negotiation. Clarity in communication is the foundation for a positive transaction.

Values

Hofstede (1980) established dimensions after which a culture can be classified. The dimensions that are likely to be most powerful for the internal communication are stated and defined below:

- 1) Individualism/Collectivism: The grade of individual or group coordination, including the ideas of shame, face, and honesty. The collective mode of culture is a shame culture where it is significant to save faces

of individuals of a group not to feel embarrassed when rules have been wrecked. Contrary, the unusual culture values decency and I said to be a culture with fault.

2) Power Distance: The class of preference for equality or inequality between groups. Poor power space regards managers as expert in generating goals and visions for the organizations, later making decisions personally. In other words High power distance, indicates that directors are capable of taking quick decisions and later making the employees obey the business policies.

3) Uncertainty avoidance index

4) The fondness for danger versus structure. Cultures that have great uncertainty measures have loads of formal and informal rules, laws, and regulations. Directors in these cultures are likely to give out clear orders. On the other hand, individuals in cultures that are filled with doubt have much readiness to take on dangers and less quality is attached to devotion to the director.

5) High/Low Context: This Framework affects how participant of a particular culture interacts. In a low context culture, the information appears to be extremely definite and detailed. In a high context culture, on the other hand, most of the messages is seen found in the physical context or assumed in the person communicating. Usually, Asian countries, countries in the Mediterranean and in the Middle East, are indicted to be high-context cultures whereas US, Scandinavia and Germany are indicted to be low-context cultures.

The differences in behavior of negotiators from different countries also include different patterns of communication and information exchange methods. In countries with high context the importance of expression must be sought rather in its context, than the words themselves. The situation is different in cultures of low context, which are strongly associated with the content transmitted during the negotiations. An important aspect of communicating parties to the negotiations is also non-verbal communica-

tion. Expressive culture is characterized by a high intensity of expression. Rich facial expressions and animated gestures partners are expressions of good manners. Reserved culture contrary – pay attention only to the verbal communication, so be sure to minimize gestures and facial expressions in negotiations. One of the most important forms of such communication is eye contact. Looking directly into the eyes of the interlocutor you can be interpreted either as an attempt to seize a dominant position or as an openness and willingness agreement.

Negotiation differences between China and Poland

Letters of intent

In accordance with laid down customs, a foreigner is required to first show his hand, or proposal during a visit to the Chinese (Pye, 1992). Once letters of intent are made available, more negotiations can take place, and are usually very fruitful as a result of following this process. However, the Chinese do not believe these letters have any binding effect. General negotiations kick-off, and gradually, the negotiations come to focus on the specific details. China has a high context culture, and Poles need to understand that they cannot just hurry through or jump the process of negotiation from the general stage to the main details.

The Context of a Deal

A high level of familiarity with the deal's context has a lot of benefits, and this makes it really important. When a westerner is very knowledgeable about the roles played by local government in local business transactions, it increases their credibility. A westerner would also be doing themselves

a whole world of good, if they have a sound idea of the policies and regulations guiding their industry of operations in China (Neidel, 2010). Your Partner in Negotiations. Do your homework, and know one or two things about your Chinese business partners (Zhang, 2008). You need to be aware of the Chinese government's ownership or management of all enterprises in the Nation. This is why you should remain updated about the policies, plans as well as priorities of the government (Neidel, 2010). One smart step Polish firms must consider is the direction of socio-economic development by the Chinese communist party. To be sure your Chinese partner is credible and has business integrity; try doing a background check on their previous business dealings with other companies. Be True to Yourself. The Chinese have quite the nose for smelling credibility, and can tell if you are sure of the values and goals of your company, as well as the effect which the deal is going to have on your organization (Neidel, 2010). The Chinese are very comfortable with government influence in all business aspects of their country, and the fact that you are not ignorant of the effect of government regulations in your own country may offer you certain advantages (Zhang, 2008).

Strengths and Weaknesses of Both Parties

Ensure you display the socio-economic value which both parties stand to gain from the deal. Make an analysis on the social/ economic strengths as well as weaknesses of each side. Once this is done, situate the analyzed strengths and weaknesses within the local context of the deal you are working on. It might interest you to know that when businesses have gone through internal and external analysis, they stand a better chance of securing any deal (Neidel, 2010).

Prepare to Blend with The Operational Style of the Chinese

There are basic Chinese-style negotiations which the Polish company has to be prepared to flow with. Members of the negotiation team must be disciplined enough to speak with one voice (Neidel, 2010). They cannot have open disagreements, not even during talks away from the main meeting place that are considered off the record. Only one person must speak on behalf of the negotiation team, and anyone else at all, who has anything to say, has to read directly from a script. Why is this necessary? It shows that all opinions are representing the perspective of the company. Too much talk can be dangerous, and therefore should be avoided (Neidel, 2010). The best approach is to give the Chinese room to ask the questions, instead of feeding them information they may consider useless. For sound insights into unfamiliar non-verbal communications and body language, a native and cultural interpreter should be on ground. It does no harm either, if the company has a personal interpreter, despite the availability of an "official" one.

Negotiations are never over

You may have signed a contract or closed a deal with the Chinese; negotiations however, are anything but concluded (Zhang, 2008). Negotiations are used by the Chinese as the key to long-term relationships, and signing a contract is only the beginning of a lasting and mutual relationship. The Chinese expect that since a contract signifies the start of long term relationship, it has to be revisited once in a while, and this custom, just like their other beliefs, supersedes any written piece of paper (Zhang, 2008).

Venues and Places

The Chinese are more comfortable carrying out their business negotiations within their offices, and usually too, the venue must have been previously decided on by the parties involved. Negotiations have to be started in a proper way. First, the Chinese should be taken to an expensive restaurant, followed by expensive gifts (Zhao, 2000). The next step is, sending free samples as well as proposals as part of the pre-negotiations stage. These steps should be diligently followed to build the much needed trust, which is a main ingredient when dialoging with the Chinese.

Reputation

The Chinese love sincerity in every deal (Lee et al., 2006). In their expectation, communicating with kindness and good intention, heavily laced with complements is important. Chinese culture considers a direct no, as a taboo. They instead say "no" in a very subtle way, that would probably be caught only by an interpreter that is well versed in the culture of the Chinese. Sometimes, the Chinese give concessions only in a bid to avoid an embarrassing situation. It could also be used as a way of saving their reputation (Lee et al., 2006).

Communication

It is important that communications between the two parties involved are clearly understood, and Polish companies need to understand that this is very important. Poor communication often results in distrust, poor results and emotional turmoil in negotiations (Zhao, 2000). Under Chinese contract law, a contract can be in a variety of forms, which include oral and written. This is why personal and nonverbal relations cannot be handled with kid gloves, and they are way more important than any signed con-

tract. Chinese companies are all state-owned, and this sort of drags out negotiations, making quick answers impossible. Reviewing of contracts is carried out by the government, and this could be done several times, after which the business may be allowed to go ahead with the signing of any formal agreements. Polish contract law may be stringent, the Chinese prefer flexibility. Relationships are the key to a successful contract signing, not the documented writings. The Chinese would readily drop a deal if they find a better one they prefer (Friedman, 2007). Of utmost importance is the need for a pre-stated conflict resolution approach. This is achievable through the use of end- of- the –contract clauses, and arbitration may be involved in the process (Zhang, 2008).

Cross-culture and border businesses depend greatly on existing cultural values. There is basically a huge difference between the culture, business, and negotiating practices of the Chinese and that of Poles. Each culture has its own peculiar philosophies, methods, tactics, and styles of operation in all aspects (Buttery, Leung, 1998).

Summary

It is important for firms to commit their time, money and energy to acquire knowledge about good negotiation abilities. Currently more corporations are growing internationally and they cannot avoid cultural dissimilarities (Sułkowski, 2001). Many establishments regardless large or small are making same mistake when trying to negotiate with a foreign market. The mistake is that establishments approach the new unacquainted business the same way that they would their local businesses. The business ecosphere of today is changing continually Firms need to advance their business every day else the contender will take the lead straightaway (Rozkwitalska, Chmielecki, Przytuła, 2014). To uphold a competitive position in an international business world it is vital that establishments know how to interact efficient-

ly to attain what they want (Sułkowski, 2004). The same type of negotiation may not work in other location. International negotiation is very complex and difficult because it involves different laws, regulations, standards, business practices and above all cultural variances. Foreign businesses are expensive to start. A reason for selecting this research topic was to acquire more knowledge about the whole negotiation procedure. Perfect negotiation and communication abilities are important in life to be successful.

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