

# China manufacturing



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## Abstract

Negotiations with Chinese businesses are difficult and very different when considering the business styles of Western businessmen. To perform a successful negotiation, there is code of ethics one must follow. This paper is designed to inform the reader of how the Chinese businessman works through negotiations and what must be done to reach a successful deal. Only through patience, respect, and an establishment of friendship can a negotiation be made.

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In the western world businessmen and women are direct when establishing a negotiation. They will state their goals and reach a compromise which allows both to achieve their needs but when negotiating with Chinese businessmen the playing field changes entirely. The Chinese businessman is suspicious of other Chinese businessmen especially that of western businessman. To reach the end of a compromise takes much effort and work for the westerners. The goal to perform a successful negotiation is to please the business owner and establish a friendship.

The Chinese are living in a Collectivist society set by Communist rule. China has the lowest Individualism ranking when compared to other Asian countries (20 to 24). Chinese do not hold many close ties outside of their immediate family which places an importance to establish a trusting friendship with Chinese businessmen. Whenever a western businessman begins a negotiation, the Chinese businessman will relay the deal to his/her boss. This is also a reflection of the high score in Power Distance ranking. Lower members of a strata, a group, community or organization highly

respects the authority. That is why when negotiating with the Chinese, it is assumed that the person would relay all the details to the boss. The boss will make a decision on the negotiation deal. He may require a meeting with the westerner. When in a meeting, it is crucial to know Chinese ethics.

Certain areas of concern to the western businessman such as intellectual property is also a problem in China. Apparently, China is used to mass production and would mimic or copy any product at a lower price. Unlike westerners, they do not have much respect for intellectual property. Because of this, many western businessmen get upset when their product has been cloned or copied outright. It is therefore important for an American businessman to secure his own products legally unless he sees a copycat at a lower price.

When it comes to manners, there are many things a businessman can do to humiliate a Chinese businessman. A western businessman must never say or perform actions that may humiliate the Chinese business man. The Chinese value their honor and they do not want to be publicly embarrassed. Also, actions such as pointing a finger or sharpened objects also causes distress. Nor should we raise our voice or express anger. Chinese businessmen like to win a negotiation like everyone else. If ever they have to lose a negotiation, it must not be projected that way. They want their honor and respect intact. The Hofstede analysis has shown that the Chinese have a high score in Long Term Orientation. This implies that the Chinese are persevering in use time as a leverage. They are not in a rush to do things which is the opposite of westerners. Because of this, American businessmen may fall into the trap of making decisions impulsively without knowing that the Chinese is just setting up a scenario. On conclusion, the Hofstede analysis gives American

businessman valuable insights that could help him in negotiating with the Chinese. Moreover, the westerners would be able to adjust to the Chinese culture seamlessly; if they do so, then they would earn not only profits but respect as well.

#### References

Hofstede, G. China. Retrieved from [http://www. girtohofstede. com](http://www.girtohofstede.com) on Nov 16 2009.