

Study on The Construction of Corporate Negotiation Power Based on Cultural Differences in International Business Negotiations Between The United States and China

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Abstract. Traditionally, business negotiation is seen as a face-to-face competition of skills and psychological acumen. However, it can also be viewed as a cultural collision and integration. This paper analyzes three actual business negotiation cases between China and the United States to explore the impact of cultural differences on trade negotiations. The analysis reveals that while cultural differences are inevitable, cultural commonalities can be leveraged. The first case focuses on the pre-negotiation phase, highlighting differing cultural attitudes toward establishing interpersonal relationships. Chinese culture, rooted in collectivism, emphasizes human feelings and interpersonal connections, whereas American culture prefers a direct approach. The second case addresses a common issue in Sino-US negotiations: the challenge of Chinese euphemisms and implicit expressions, which can hinder mutual understanding. The third case examines the power dynamics and identity considerations exhibited by Chinese negotiators. This study concludes that recognizing and understanding cultural differences is crucial in international negotiations. By embracing cultural pluralism, negotiators can develop new strategies and perspectives to enhance negotiating power in Sino-US trade.

Keywords: Sino-US business, Negotiation, Cultural Differences.

1. Introduction

1.1. Research Background

China and the United States business negotiations, from the standpoint of globalization, are bound to face a huge challenge, for enterprises, risk, and opportunity exist at the same time, and want to make good use of the “sails on the hand” must use the “wind” power. Accompanied by the deepening of globalization, frequent international business activities are the trend, and the economic behavior of the factors affects not only the political environment but also the two sides of the enterprise’s negotiating power to build. Diversification of negotiation subjects, increase in the content of negotiations, bigger negotiation space, differentiation of negotiation skills, etc., international business negotiation is advancing with each passing day, and the challenge is increasing. The mastery of “wind” is the determination of the current situation and the mastery of negotiation skills. Business negotiation in the transnational field is an economic activity with multiple interactions from its own standpoint, and this kind of negotiation takes the country, nation, and culture as the boundaries of the Chu River and Han River carry out the value exchange in the international market. Value exchange is a psychological preconception, and business negotiation is a competition of skills and mental qualities to realize the psychological preconception. Standing in the position of the times, China and the United States international business negotiation opportunity is given by the times, China and the United States as the main body of economic activity in the international arena is very active, the logic of business negotiation is the most scientific and effective of a variety of research topics studied and discussed, but the subjectivity of the position, the subjectivity of the value of the decision that it will inevitably be the existence of the influence of the subjective factors, and it is often these subjective factors, resulting in the failure of the cooperation. The cooperation is often a failure. Differences in cultural backgrounds create differentiated values, customs, religious beliefs, etc., which further shape different behavioral patterns among actors. Understanding and learning about different cultures has



become an inherent responsibility and obligation of a competent negotiator. The formation of subjective factors is long-term and difficult to change, but only by realizing this and making profound reflection and experience can create a better future for China-U.S. commercial trade.

1.2. Literature Review

Some scholars have focused on the construction of discourse in intercultural business negotiations, such as Hristina Bratt Paulston, Scott F. Kiesling, Elizabeth S. Rangel's book *The Handbook of Intercultural Discourse and Communication* is organized into five sections, bringing together internationally renowned scholars in a range of fields to survey theoretical perspectives and applied work, including sample analyses, in this new field of linguistics [1].

A number of scholars have examined the importance of culture when negotiating in the context of international business from the disciplines of marketing and international business negotiation. For example, Brian J. Hurn's article covers the language of negotiation, the need to study the cultures of the parties involved, the building of trust and personal relationships, and the proper training of international managers [2]. These studies show that although cultural "gurus" cover cultural differences, there is relatively little literature on cross-cultural negotiation [3,4]. The continued spread of globalization and joint ventures also suggests that it will become increasingly important to demonstrate recommendations for cross-cultural negotiation.

Some scholars have focused on the style differences between Chinese and American business negotiations from a cross-cultural perspective. For example, Yang from the University of International Business and Economics aims to explore the differences between Chinese and American business negotiation styles from a cross-cultural perspective. Using the classic cross-cultural communication theory, combined with the basic characteristics of negotiation and related theories, he will summarize the eight cultural variables affecting the negotiation styles of China and the United States: negotiation goals, negotiation attitudes, personal styles, communication styles, time concepts, contract forms, decision-making styles, and risk-taking, and then use this as a "framework of cross-cultural negotiation styles" to conduct a deep comparative study of the negotiation styles of China and the United States in conjunction with case studies [5].

Most of the scholars' research direction lies in the cross-cultural context of language communication skills, and there is also some research focusing on Sino-US trade scholars. They emphasize the cultural differences, but their analysis of business negotiation is limited to the categories according to the political and economic categories, but can not relate to the specific economic industries, ignoring the point of view of how to tap and express the commonality of interests and lead to cooperation, this paper is the author's analysis of the This paper is a summary of the author's theoretical study and analysis of three Chinese and American business negotiation cases.

1.3. Research Framework

This paper starts with three cases to find the behavioral differences and commonalities in the negotiations between China and the U.S., and analyzes the differences from the cultural and social perspectives, with the basic ideas as follows: theoretical analysis - problem elaboration - cause analysis - The basic idea is as follows: Theoretical analysis - Problem elaboration - Reason analysis - Countermeasure proposal. From the perspective of negotiation style and preference, the construction of negotiation power is proposed. The construction of negotiation power in Sino-US business negotiation requires enterprises to have a corporate culture that understands differences and respects them, as well as to be both tolerant and open-minded and united as a team.

2. Case Description

2.1. Case 1

Canwall, a U.S. company specializing in wallpaper printing equipment, negotiated with a wallpaper printing company in Jiangsu Province, which had never conducted international business before. When the Chinese delegation arrived in the U.S., Canwall's president, Charlie Burton, and marketing director, Phil Raines, were on vacation. Consequently, the Chinese manager, Li, and his team met only with Kenworth's senior sales representative and production manager.

In contrast, when the American delegation arrived in China, Mr. Li personally greeted them at the airport, arranged accommodations at a new hotel, and hosted a welcoming dinner with senior municipal leaders. This hospitality led the American team to be optimistic about the upcoming negotiations. On the second day, the American guests toured local attractions, eager to begin negotiations, but were given a break for dinner. On the third day, the negotiations began slowly, with the Chinese side detailing the company's history, culture, and philosophy. Impatient, the U.S. representative interrupted, expressing frustration at the perceived waste of time, stating, "Why are you always introducing something irrelevant? How can we negotiate without understanding this information? Now, all this is a waste of time" [6].

2.2. Case2

After a 21-hour flight, a Chinese delegation arrived in Seattle to discuss technology cooperation with a local company. Their plane landed at 9:50 a.m. local time, and the American side sent a PR manager, a deputy manager, an interpreter, and two drivers to meet them at the airport. The U.S. manager asked, "How are you all feeling, fatigued?" The Chinese staff politely replied, "Oh, okay, okay." This was translated as "It's OK" by the Chinese interpreter and "Yes, we are ok" by the American interpreter. The American manager, interpreting this as an indication that the delegation was not tired, enthusiastically suggested starting the negotiations immediately, stating that the company had already made all the preparations.

The Chinese team, feeling both angry and helpless but too embarrassed to refuse, proceeded directly to the company without a break. Their luggage was sent to the hotel while they sat at the negotiation table, drowsy and exhausted. Despite their fatigue, they were subjected to a continuous presentation of information and data from the American side. After a simple lunch, when the American negotiators showed no sign of stopping, the Chinese side finally requested a halt, citing physical exhaustion. The U.S. representatives reluctantly paused and rescheduled the agenda for the next day.

On the way back to the hotel, the Chinese team complained about the American company's lack of consideration for their need to rest after such a long flight. Meanwhile, the U.S. negotiators criticized the PR manager for starting negotiations when the Chinese team was clearly tired, disrupting the plans for both days. The PR manager felt unfairly blamed, believing the clear answer at the airport indicated no problem.

The next morning, the Chinese delegation postponed the negotiations again for medical reasons, further disrupting the original agenda and frustrating the American representatives even more [7].

2.3. Case 3

A Chinese state-owned company decided to purchase new automatic control equipment from a U.S. company. The negotiating team, led by the company's general manager and city leaders, flew to the United States. The U.S. company hosted a welcome dinner, where the city leaders toasted to the success of the negotiations and long-lasting friendship.

The next morning, the U.S. side arranged a plant tour for the Chinese representatives, where technical personnel explained various aspects of the equipment. The Chinese team asked questions, creating a harmonious atmosphere. However, in the afternoon negotiations, the U.S. team noticed that those

who had visited the plant were absent from the table. Instead, the Chinese delegation consisted of finance and operations managers who lacked firsthand experience from the tour. The U.S. team had to present information and data again, expecting that the apparent interest shown in the morning would lead to a straightforward negotiation. However, the Chinese negotiators did not provide clear answers, prolonging the discussions into the third day.

On the third day, the Americans were surprised to see a leader from the first day's dinner and several new faces at the negotiating table. Frustrated by the repeated changes in the Chinese delegation, an American negotiator expressed annoyance, stating, "From yesterday morning to now, you have changed three groups of personnel. Is this how you show sincerity?" The Chinese representative replied, "We are very sincere; the city leaders have personally come to negotiate with you. Can't you see this sincerity?"

This situation highlights the cultural differences in negotiation approaches, with the Chinese side emphasizing hierarchical involvement and the U.S. side seeking consistency and direct engagement [8].

3. Analysis on the Problem

3.1. Problems on Case 1

This case focuses on the pre-negotiation phase, highlighting cultural attitudes towards establishing interpersonal relationships before negotiations. In Chinese culture, forming good personal relationships is considered crucial for successful negotiations. This stems from the collectivist nature of Chinese society, which values human feelings and harmonious relationships. In China, individuals are part of a broader social network, and maintaining these relationships is vital for collective success.

Conversely, Americans, coming from an individualistic culture, prefer to get straight to business, considering anything unrelated to business details a waste of time. They view negotiations as a direct and pragmatic process. In this case, while the Americans appreciated the thoughtful reception by the Chinese, they did not grasp its deeper cultural significance. On the other hand, the Chinese team did not fully understand the American preference for a direct negotiation style, which led to frustration and tension at the negotiation table.

This case illustrates the importance of understanding cultural differences in negotiation approaches. The Chinese emphasize relationship-building as a foundation for successful negotiations, while Americans prioritize efficiency and directness. Recognizing and bridging these cultural differences is essential for smooth and effective international negotiations.

3.2. Problem on Case 2

This case highlights a common issue in Sino-American negotiations: the challenge posed by Chinese euphemisms and implicit expressions, which can hinder understanding and communication. In this instance, the Chinese representative's use of "okay" was intended to convey disagreement, a nuance typical of high-context cultures subtly. However, their American counterparts, coming from a low-context culture, interpreted it literally, missing the implied meaning.

High-context cultures, like China's, rely on context, silence, and non-verbal cues to communicate. This indirect approach often frustrates Americans, who prefer clear, direct communication and find it difficult to interpret these subtler forms of expression. Additionally, the Chinese representative's sudden change in itinerary due to physical reasons caused further tension.

While the Chinese view postponing negotiations for health reasons as reasonable, Americans, who value efficiency and strict adherence to schedules, see it as unacceptable. To them, delaying the agenda for personal reasons is a costly disruption, as they prioritize completing tasks within the stipulated time. This cultural difference underscores the broader challenge: the Chinese approach values harmony and context, while Americans prioritize directness and punctuality. Understanding

these differences is crucial for improving mutual comprehension and achieving successful negotiations.

3.3. Problem on Case 3

This case highlights the power differentials and hierarchical identities that Chinese negotiators exhibit. In Chinese negotiation groups, a hierarchical division exists, with roles including the top boss, the second boss, and the specific clerk. While this hierarchy is not overtly displayed, it is understood among the Chinese. The clerk handles specific tasks, but the top boss oversees the situation and makes final decisions. This explains why there may be three sets of negotiators.

However, for the Americans, this creates confusion and frustration as they struggle to identify the main negotiator, which keeps changing, leaving them uncertain about whom they are actually negotiating with. Additionally, the combination of government and enterprise representatives in Chinese delegations adds another layer of complexity. Americans often question whether government leaders truly understand the company's business and financial operations. This common Chinese practice can make American negotiators uncomfortable and unsure about the negotiation dynamics.

Understanding these cultural and structural differences is crucial for smoother and more effective negotiations between Chinese and American parties.

4. Suggestion

Negotiation is a combination of science and art. The scientific nature of negotiation is mainly manifested in its objective regularity, such as negotiation needs scientific decision-making, scientific planning, scientific operation, the need to understand the objective environment of the negotiation project and the market competition, mastering the relevant technology, understanding the situation of the negotiation opponent, control the negotiation process, so that we are in a favorable position. The art of negotiation manifests itself in many aspects, such as the arrangement of time, the choice of negotiation location, the language used in the negotiation, and the kind of attitude reflected in the art of negotiation.

4.1. Choosing the Right Negotiation Strategy

Negotiation techniques are ever-changing, with a variety of means, but there are also internal rules to follow. Choosing appropriate negotiation strategies, collecting and analyzing information before negotiation, and correctly handling differences in conflict areas will all help to improve the scientific nature of negotiation.

4.1.1. Soft Negotiation

Soft negotiation, also known as friendly negotiation, is used to reach the goal of negotiation as soon as possible. All other conditions can be for the agreement on the results of concessions for those who may lead to the failure of the negotiation of the issue, are willing to make concessions, and do not waste extra time and cost waste. The use of this strategy will have two kinds of results. One is that if both sides hold this attitude, then the negotiation atmosphere will be cordial and efficient, and they can soon reach an agreement. Negotiation skills are changing, and there is a variety of means, but there is an internal law to follow. Choosing the appropriate negotiation strategy, doing a good job of collecting and analyzing information before the negotiation, correctly handling the conflict domain differences, etc., will help to improve the science of negotiation.

4.1.2. Hard Negotiation

The opposite of soft negotiation is hard negotiation. The use of this negotiation strategy often results in a firm position even if the final goal can not be achieved, but it also will not easily let go of the promised conditions or give up its position. The negotiator may use this strategy for political or corporate image reasons or because of the negotiator's personal style preference. If the negotiator uses

this strategy, they will also face two possibilities of results. One side uses a soft strategy, and the other side uses a soft strategy. The purpose of the negotiations can be achieved very quickly, but if the other side chooses a hard negotiation strategy, then the atmosphere will be very tense, the negotiation time will drag on, the difficulty will increase, and finally, even failure to achieve the goal set.

4.1.3. Principle-Based Negotiation

The so-called principle-based negotiation is between the soft and hard negotiation strategy, a more neutral negotiation strategy. Principle-based negotiation is characterized by.

(1) Their side in the negotiation should be determined before the negotiation, and the principles must be firm. (2) The negotiators should adopt a flexible negotiation attitude toward the requirements that do not violate the principles in the negotiation, and they should take a firm position and make their attitude clear toward the issues that are contrary to the principles. (3) Adhere to the matter in the negotiation and present the facts and reasoning in a sincere and friendly attitude to maintain a friendly and harmonious negotiation atmosphere. Respect each negotiation opponent. (4) From the description, principle-based negotiation should be the ideal strategy to achieve the negotiation goals while not losing grace and maintaining a good image. However, in the reality of negotiation, with the different specific circumstances, principle-based negotiation often appears to favor the soft or hard strategy, both in adherence to the principle-based negotiation on the basis of the choice of negotiation style to focus on and flexible use.

4.2. Perform Pre-Negotiation Information Gathering and Analysis

Preparation before negotiation should start from three aspects: the project to be negotiated, the analysis of their own conditions, and the collection and analysis of the information of the negotiation opponent.

4.2.1. Analysis of Negotiation Items and Objectives

Business negotiations are, of course, centered on economic interests. The goal of the negotiations is a batch of goods, prices, technology, and so on, so before the start of the formal negotiations, the negotiating party for the maturity of the technology, the market, other suppliers of the offer, the opponent's country's political and economic situation, policies and regulations, must be familiar with.

4.2.2. Analysis of Party Conditions

Since the occurrence of business negotiations, the company has not been able to complete the task independently but must use outside help. Therefore, a correct understanding of their own conditions is also very important. This understanding can not be abstract, out of thin air; it must be a quantitative analysis with the help of objective data.

(1) Industry Capability: Industry capability is the ability and position of the enterprise in the corresponding industry. If the enterprise is in the leading position in the industry, it will naturally hold more initiative in the negotiation. In addition, the relationship of the enterprise in the industry is also very important. Although some enterprises in the industry are not ideal positions or industry emerging enterprises, because the industry has a good reputation and cooperative relations, it is also an advantage.

(2) Technical Ability: Technology does not mean simply a project, financial, and other specific technologies but refers to all technologies used to support the negotiation goals. The analysis of their own technical capabilities can help negotiators clear advantages and disadvantages at the negotiating table, which can be conceded, which must adhere to the principle of the bottom line.

(3) Selection of Negotiators: Negotiation goals ultimately rely on the outstanding performance of the negotiation team to achieve how to choose the most appropriate negotiators. The configuration of an efficient and collaborative negotiation team is also very important. The ideal negotiation team is that each member has the background of excellent professional knowledge and efficiency, each in their

respective roles to collaborate. However, in the actual negotiation, the negotiator's style of choice, combined with the choice of negotiation strategy, is what two have to focus on.

4.2.3. Analyzing Negotiation Opponents: Competitive to Cooperative Transition

Analysis of the negotiation opponent in the negotiation process: parties are in a competitive relationship. After the success of the negotiations, each party forms a cooperative relationship; therefore, before the formal negotiations, they collect and analyze the opponent's information, and in the negotiation process, they carefully analyze the opponent.

(1) Complementary situation negotiation is to get the part lacking from the other company; therefore, the complementary ability of the two sides is very important. Of course, the other party's basic industry strength, technical capabilities, and capital capacity are the first to be examined. Only with a full understanding of each other's technical capabilities in order to take the initiative in the negotiations for long-term joint ventures or important project development the degree of mastery of the core technology will become the most powerful in the negotiations of the basis for comparison.

(2) Sincerity: Before the negotiation, the two sides do not have any mutual commitment, so do not take responsibility. Therefore, the analysis of the sincerity of the negotiation opponent can reduce the unnecessary waste of time and cost. The reasons for the lack of sincerity in double reverse are manifold, and if there is still hope for cooperation, then there should be active communication to eliminate the other party's concerns and promote the negotiation. If the party has a choice of options, then it should be changed as soon as possible to seek other cooperation; do not miss the opportunity.

(3) The Other Side of the Negotiators: The other party's negotiators are the real face-to-face opponents at the negotiation table. Of course, this aspect of the collection of information may be a little difficult, and the opponent may not disclose the full list of negotiators at this time. Combined with the negotiation project and past experience, the other side of the negotiators to make predictions as much as possible to collect information.

4.3. Learning about Different Cultures to Improve the Art of Negotiation

Compared with the traditional negotiation theory that requires negotiators to master more negotiation skills, modern business negotiation emphasizes negotiators' cross-cultural negotiation skills. Cross-cultural negotiation skills include cross-cultural communication skills and cross-cultural understanding skills.

(1) Cross-Cultural Communication Skills: Communication competence was initially considered to be verbal communication competence, but with the development of cross-cultural negotiation, as mentioned earlier, linguistic symbols are given different meanings in different cultural contexts, and expressions that are recognized in one culture may be ambiguous when placed in another cultural context. In addition to verbal communication, non-verbal communication also occurs [9]. Non-verbal communication, the meaning of intercultural communication competence is expanded. Intercultural communication competence emphasizes the importance of context, not only the effectiveness and appropriateness of interpersonal interactions but also the interaction between the person and the communication environment and the cultural identity of both parties. Learning about different cultures and understanding the cultural system in which the negotiation partner is located is of great help in understanding the communication symbols and negotiation context.

(2) Cross-Cultural Understanding Ability: Cross-cultural comprehension is a necessary quality for an excellent cross-cultural negotiator. Understanding is formed on the basis of learning; that is to say, only learning about culture is not enough. Comprehension provides a dynamic process. In the negotiation process, differences or cultural differences appear randomly, requiring the negotiator to react instantly to them, thereby reducing the contextual ambiguity and uncertainty generated by cross-cultural communication [10]. Intercultural comprehension requires recognizing the essence of a disagreement through superficial phenomena, avoiding misunderstandings due to preconceptions or stereotypes, and minimizing the time it takes to receive information, understand it, and give feedback.

5. Conclusion

This paper systematically integrates cultural theories with weight and value in the field of cross-cultural negotiation, offering a comparative analysis of behavioral disparities between Chinese and American business negotiation practices. Through case studies and comparative analyses, it delves into the cultural underpinnings behind these differences. While the introduction of theories establishes a foundational framework, it acknowledges the limitations in capturing the rapid changes and unpredictable external factors inherent in negotiation environments. Notably, existing theories often fall short in delineating the variances between Chinese and American negotiation practices, highlighting a lag in theoretical development.

Historically, China's research on negotiation has been skewed towards the study of business negotiation skills, emphasizing interests and economic competition, while neglecting the profound cultural dimensions of negotiation such as psychology, conflict, patterns, and backgrounds. This narrow focus has resulted in a lack of comprehensive and systematized theories in Chinese negotiation research. However, with the transition from traditional to modern culture in China, there has been a growing recognition of the importance of cultural factors in business negotiation.

Building upon existing theories, this paper examines the influence of cultural factors on Sino-American business negotiations, aiming to offer theoretical guidance for practitioners engaged in such negotiations in China. Through its comprehensive approach, it seeks to bridge the gap between theory and practice, providing valuable insights for effective cross-cultural negotiation strategies.

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