

*Full Length Research Paper*

# **An empirical study of business activities and negotiation styles between Taiwan and mainland China**

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**Due to political issues in the past 60 years, the differences between Mainland China and Taiwan are only not in geographic location, but also in physical and psychological factors. The purpose of the study was to discuss whether these cultural differences influence the business negotiating behavior between Mainland China and Taiwan. Research questionnaires were given out to businessmen in both Taiwan and Mainland China. The framework of this research was based on the dual concern model by Virginia Pearson, covering the tendencies of negotiations and categorizing respondents' attitudes into five negotiation styles; accommodation, collaboration, avoidance, competition, and consultation. The results indicated that the accommodation, avoidance and competition styles are influenced by Taiwanese and Mainland Chinese cultural areas. The findings also indicated the existence of large cultural and negotiation differences between Taiwanese and Mainland Chinese businessmen.**

**Key words:** Negotiation styles, culture differences, dual concern model, Taiwanese merchant, Chinese merchant.

## **INTRODUCTION**

With the progress of economic reform and liberalization, China has attracted a great deal of foreign capital, and it has developed a highly significant role on the international economic stage (Tai, 2008). In recent years, based on market considerations, Taiwanese corporations have also invested in China, and the investment objects have turned from mid and small-cap businesses to large businesses. The magnetic effect of the Mainland Chinese economy and its trend of development as a world factory have caused the manufacturing and service industries in Taiwan to devote high levels of capital for investment in China (Tsai, 2006). According to statistics from the Investment Commission of the Ministry of Economic Affairs of the Republic of China, as of April 2007, over 35,000 Taiwanese companies had invested in China, and the amount had exceeded 58 billion USD (Ku, 2008).

Taiwan and Mainland China share the same origin of culture. Past studies generally believe that due to the influence of Confucian tradition, Taiwan and China have similar social and cultural values. However, after being separately governed for 60 years, differences in socio-economic backgrounds and social systems have resulted

in cultural differences. Cheng (1993) summarized the differences between Taiwan and China in terms of politics, economy and society, as shown in Table 1. In the international market, foreign small and medium-sized entrepreneurs have commonly seen Taiwan and China as a single entity with similar cultures and negotiation styles. However, due to political factors, there has been a sixty-year separation between the people of China and Taiwan in terms of psychology and biology. Thus, the long-term obstacles between China and Taiwan have resulted in cultural differences. The research motivation and exploratory purpose of this study was to consider whether these differences influence business negotiations in China and Taiwan.

## **LITERATURE REVIEW**

### **Lifestyle analysis of Taiwanese and Mainland Chinese consumers**

There are many differences between Mainland China and

**Table 1.** Comparing Taiwan and China in terms of politics, economy, and society.

System	Item	Taiwan	China
Political system	Ideology	Weak	Strong
	Political parties	Multi-party	One-party authoritarian
	Legitimacy	Free elections	Tradition of inheritance
	Political party control	independent from various organizations	Entrenched in various organizations
	Free speech	Open	Restricted
Economic system	Economic form	Capitalist	Socialist
	Ownership	Private	Public
	Government role	Limited government intervention	Full government control
	Corporation type	High ratio of private enterprise	High ratio of public enterprise
Social system	Social welfare	Social welfare institutions	Service departments
	Class relations	Harmonious classes	Class conflict
	Social classes	Middle-class as primary	Laboring class as primary
	Gender relations	Men superior over women	Egalitarian

Source: Cheng, B. S. (1993), Comparison of organizational culture between the two sides across the Taiwan strait, *Indigenous Psychological Research in Chinese Societies*, 11: 3-58.

Taiwan, as the two areas have been divided for more than 60 years. In-depth analysis of the lifestyles of the two groups (Taiwan and Mainland China) has been done in the past.

Li (2003) found in his research on digital cameras that consumers on the two sides of the strait have different buying results when faced with the same level of brand confidence.

Wang (1996) also carried out a comparison on buying decisions in China and Taiwan, using sports leisure goods as a research target. Research on lifestyles has revealed that consumers in Taipei, Shanghai and Beijing have significant differences in two aspects; appreciation for order, outdoors and fashion. Regarding the complementary relationship between buying decisions and lifestyles, again there are significant differences between consumers in Taipei, Shanghai and Beijing, and the combination of the two complementary relationships will change depending on population statistics. Li (2003) focused his research on the lifestyles and consumer habits of Taiwanese businessmen, and arrived at two main conclusions.

First, Taiwanese businessmen with different lifestyles (he divided the lifestyles of businessmen into eight main types, including; home-bound, stable and sensitive, energetic and fashionable, leisurely and social, savvy and healthy, practical and thrifty, nature-oriented, and sociable but scientific) will have significantly different spending habits.

Secondly, the length of stay in China (divided into long, medium and short) will significantly affect the spending patterns of Taiwanese businessmen with various lifestyles.

### **Mainland Chinese and Taiwanese characteristics and negotiation styles**

According to Liao (1999), the negotiation practices used by businessmen in Mainland China are highlighted thus:

- 1) When negotiating, they will create an impasse to lower their opponents' expectations and destroy the tone of the negotiation.
- 2) When negotiating, they will purposely create failures, and will attribute those failures to their opponents.
- 3) When negotiating, patience is a key ingredient. Participants should not set time limits on negotiations.
- 4) When negotiating, they are used to double-dealing, or saying one thing while doing another.
- 5) When negotiating, they will place equal emphasis on viewpoints and practical needs.
- 6) When negotiating, they are adept at using their strengths against the other side's weaknesses, or using those weaknesses as a bargaining chip.
- 7) When negotiating, they are adept at making minuscule concessions in exchange for bargaining space.
- 8) When negotiating, they are used to dealing with only the head or the highest level of an organization.
- 9) When negotiating, they will frequently go back on their word, or will set traps for their opponents.
- 10) When negotiating, they excel in the art of moving forward while seeming to move backward, or exchanging a small concession for a large profit.
- 11) When negotiating, they will frequently bait the negotiations with a high offer, and then cut the offer down through talks.
- 12) When negotiating, they will deliberately offer

something small in exchange for something big.

## **Negotiation styles of the Mainland Chinese businessman**

### ***Establishment of relationships in negotiation***

Solomon's (1987) study showed that Mainland Chinese businessmen pay much attention to interpersonal relationships. In China, the establishment of a relationship is a manifestation of the seeking of trust and security. Relationships permeate into every segment of the business arena and social interactions. Relationships have become an important channel that people rely on to communicate and connect with others and society.

### ***Strategy formulation***

The structure of strategy is similar to that of relationships. Pye (1982) indicated that people factors are strategic in nature. To a certain extent, the strategies of enterprises in China are more complicated. There are many types of enterprises and their differences are great. High-level enterprise leaders are usually the decision-making persons during negotiations. Obtaining their participation helps in articulating the responsibilities to be assumed by each party and in executing the agreements of negotiations.

### ***Concept of time***

Bond (1986) noted that, Mainland Chinese are not very sensitive to the passing of time. People like to be methodical and systematic. In business dealings, their judgement of the opportune time directly affects their dealing behaviour. They believe that speed brings no success, and thus, will prevent hasty and rash moves that are overreaching. If the time is not right, they will rather take no action than act hastily. With the establishment and the penetration of the market economy, the Mainland Chinese concept of time is gradually improving and their work efficiency is continuously increasing.

### ***Communication method***

De Mente (1989) explained that Mainland Chinese culture is in pursuit of harmony and balance in a broad sense. Influenced by Confucian culture, the notion of "face" penetrates into every aspect and layer of society and life, and it directly influences business negotiations. During negotiations, businessmen dislike direct and unyielding communication methods. They often give

vague and ambiguous answers to requests raised by the other party and use counter questions to shift the focus. However, regardless of the topic, participants must be humble and courteous. Humility is a virtue advocated by Confucian thinking.

### ***Attitude toward contracts***

Buchan (1998) noted that traditional society in China attaches more importance to relationships than law. After reform and liberation, China has strengthened the establishment of its legal system and the vigour of its law enforcement. The people's concept of the legal system and of contracts is continuously improving. China is in a stage of rapid development. After a large number of conditions have changed, the government and enterprises will make certain adjustments to affect the execution of previously signed agreements.

### ***Principles first vis-à-vis details first***

Goldenberg (1988) mentioned that Mainland Chinese businessmen like to obtain unanimous agreement on the general principles of the relationship between both parties before handling the details of the issue. They leave the concrete problems to the end of the negotiations, that is, principles come first, and details come second. Hsu (1981) indicated there are a number of reasons for the Mainland Chinese placing importance on principles first. Firstly, talking about principles can establish the fundamentals of the negotiation and the framework that controls the scope of the negotiation. On the other hand, the opportunity to exchange ideas when establishing the general principles can be used to appraise and test the other party for possible weakness and to create beneficial opportunities. Thirdly, the agreement in principle can be converted quickly into an agreement fact. Furthermore, talking about principles first can be advantageous in terms of logic or ethics and lastly, discussions about principles can usually be established during negotiations with the higher-level personnel of the other party, thereby avoiding possible friction with lower level personnel who are astute about the concrete problems during negotiations. To a certain extent, the actions of the lower level personnel can be controlled.

### ***Valuing collectivism more than individualism***

Negotiations in China are unlike those in the West that places more emphasis on group authority, delegation, and individual responsibility. Meindl and Lee (1989) stated that Mainland Chinese places more emphasis on group responsibility and individual authority (centralised

authority). At the negotiation table, the Mainland Chinese know very well, how to make use of third party competition to win more bargaining chips. When they realise that two competitors are fighting for the contract at the same time, Mainland Chinese will deliberately let the two competitors battle among themselves.

### ***Valuing stands vis-à-vis valuing interests***

Pye (1992) noted that the Mainland Chinese place more emphasis on stands, while the West places more emphasis on interests. The Mainland Chinese, due to their citizenship, view “face” as being very important. During negotiations, they are very sensitive toward their stand. Differences in stands will often cause negotiations to enter into a stalemate that turns both parties against each other. Partners of many years can go separate ways, and friends can become strangers. As mentioned before, attention must also be paid to the cultural background of “face” and the pulling of strings during negotiations with the Mainland Chinese. Zhao (1991) reminded that, businessmen must remember to give “face” to the Mainland Chinese, and spare them from embarrassment if they have made errors.

### **Negotiation characteristics of the Taiwanese**

Taiwan has always been an international focus due to its island-type economy and sensitive political position. Although, Taiwan inherited Chinese culture, the Taiwanese have special circumstances. Therefore, methods that are applicable to the Chinese in China and Hong Kong may not be relevant to the Taiwanese. The Taiwanese are believers of real politics and they have no doubt about their economic standpoint. As purchasers, they adopt tough standpoints. On the other hand, they are prepared to make appropriate compromises when they become sellers. Taiwanese businessmen often give in to trivial matters in the early stages of negotiations and make their biggest compromises reluctantly at the final stages. They frequently use envelope strategies on their opponents. They entertain with good food and wine, and will even pay for airfare and accommodation. Furthermore, they may hire a chauffeur to meet the other side’s travelling needs and invite them to scenic resorts, where the negotiations are held. These acts tend to make the other side feel indebted to them. Many visitors from abroad are surprised at the amount of social activities conducted after work. Taiwanese hosts will try their best during the negotiations and be able to find new team members to participate in discussions on following days. The principles of negotiation used by the Taiwanese as proposed by Ma (2000) are presented thus:

1. The principle of tradition: By doubting or challenging

traditional matters.

2. The principle of identification: By identifying and agreeing with matters.

3. The principle of adventure: By being adventurous, and at the same time, grasping opportunities and the potential for innovation or the final strike.

4. The principle of competing authority: The more money that others want from you, the more valuable your money is.

5. The principle of due date: Time pressure caused by the timeframe for negotiations can be used to hasten compromise or agreement in negotiations.

6. The principle of understanding: Adequate understanding of the negotiation topics by both parties can eliminate inaccuracies in negotiations.

7. The principle of communication: Without communication, there will be no negotiation.

8. The principle of authority: Authority is the path from one place to another.

9. The principle of upgrading authority: To compel the opponent to negotiate truthfully.

10. The principle of staying clear of the opponent’s main force and striking at his weakest point: The higher the goal, the more that can be attained.

The following are the strategies and techniques of negotiation proposed by Liu (1997) and used by Taiwanese:

1. Fully understanding the meaning of negotiation: Fully understanding the purpose of negotiation and the critical conditions for successful negotiations.

2. Understanding the conditions for negotiations to occur: Including the formation and resolution of deadlocks, understanding the needs and fears of both parties, and increasing the attractiveness of negotiations so as to strike back at the appropriate time.

3. Understanding oneself thoroughly: Understanding one’s advantages, disadvantages, opportunities, threats, authority and bargaining power.

4. Fully preparing for negotiation: Selecting negotiating personnel, forming a complete plan for allocating personnel as tough and lenient negotiators, and planning the flow of the meeting and time of the negotiation.

5. The use of information: Collecting information and making judgments based on body language, employing timeout techniques, applying information collected and using silence appropriately.

6. Appropriate compromise: Understanding each side’s bottom-line, and the techniques of giving in and initiating compromises.

7. Sticking to one’s own principles: The appropriate use of offense and defence techniques.

8. The use of negotiation tactics: Exploring the movements of anticipation, attainment and options that lie between satisfaction and dissatisfaction, and raising the opponent’s anticipation of prospects.

9. Encouraging negotiation and the conclusion of negotiation: The ability to understand how the negotiators' characters will benefit reaching mutual agreements after back and forth discussions.

10. Paying attention to differences in negotiation styles and cultural backgrounds: Understanding that local and international cultural differences may cause negotiation modes to vary.

### Dual concern model

The dual concern model is a conflict resolution theory developed by Blake and Mouton (1985). It is based on the managerial grid, and emphasizes two aspects of leadership: concern for successfully completing the task and concern for interpersonal relationships (or task orientation and employee orientation). The dual concern model matrix consists of five leadership styles: the laissez-faire management style, the country club management style, the task management style, the team management style, and the middle-of-the-road management style (Blake and Mouton, 1985). In conflict resolution projects, two dimensions are identified: the degree of concern for oneself (self interest), and the degree of concern for relations with others (interests of others), which roughly correlate to Hofstede's individualism and collectivism concepts. Blake and Mouton categorized conflict resolution strategies into five types: withdrawing, accommodating, collaborating, consulting, and competing.

1. Competition is assertive and uncooperative: An individual pursues his own concerns at the expense of others, focuses on his own interests, and does not care about others' expectation. This is a power-oriented mode in which an individual uses whatever power seems appropriate to gain his own position, including his ability to argue, his rank, and economic sanctions. Competition means standing up for one's rights, defending a position that one believes is correct, or simply trying to win.

2. Accommodation is unassertive and cooperative: It is the complete opposite of competition. When accommodating, the individual neglects his own concerns to satisfy the concerns of others; there is an element of self-sacrifice in this mode. Accommodating might take the form of selfless generosity or charity, obeying another person's order when one would prefer not to, or yielding to another's point of view.

3. Withdrawal is unassertive and uncooperative: The person neither pursues his own concerns nor those of the others, and thus he does not deal with the conflict. He will feel comfortable only in a non-threatening situation. Withdrawing might take the form of diplomatically sidestepping an issue, postponing an issue until a better time; or simply withdrawing from a threatening situation. It signifies avoidance.

4. Collaboration is both assertive and cooperative: It is

the complete opposite of avoidance. Collaborating involves an attempt to work with others to find a solution that fully satisfies everyone's concerns. It means digging into an issue to pinpoint the underlying needs and wants of the two parties. Collaboration between two persons might take the form of exploring a disagreement to learn from each other or trying to find a creative solution to an interpersonal problem. Collaboration, hopes to reach a mutual understanding between the parties.

5. Consultation focuses on low assertive confidence and high cooperation: The target of consultation is acquiescence. Styles of negotiation that involve third parties in this study were called an indirect style of negotiation (Dos Santos, 1995). Indirect styles of negotiation, such as consultation and third party advocacy, were considered in this study because collectivist cultures have a high level of concern for the group's needs and are closely attached to their in-groups (Trubisky et al., 1991). Therefore, consulting with others and inviting third parties to intervene in their conflict settlements is expected to be part of their usual negotiation behavior.

In this study, consultation was defined as the process of searching for advice, suggestions or solutions from others (impartial or partial, resolution-oriented or relationship-oriented, formal or informal). It did not imply the presence of a third party at the conflict discussion. The presence of an invited third party to help an individual defend his or her point of view at the negotiation table was defined in this study as third-party advocacy (Dos Santos, 1995).

This framework has been used extensively in the past, particularly to evaluate cross-cultural negotiation styles (Chang et al., 2010). This study intended to use this framework to show differences between the two cultures examined in this study.

### RESEARCH METHODS

To explore the international business negotiations between Taiwan and Mainland China, this study employed Blake and Mouton's (1985) conflicted management model and dual concern model as a foundation, as well as, the negotiation type presented by Glaser and Glaser (1991), and Dos Santos's (1995) negotiation style profile. The author divided negotiation strategies into five categories: accommodation, collaboration, withdrawal, competition, and consultation. Based on the aforesaid research motives, reference documents and research structure, this study examined five research hypotheses:

H<sub>1</sub>: There is a significant difference between small and medium-sized entrepreneurs in Taiwan and Mainland China regarding their accommodation negotiation patterns.

H<sub>2</sub>: There is a significant difference between small and medium-sized entrepreneurs in Taiwan and Mainland China regarding their collaboration negotiation patterns.

H<sub>3</sub>: There is a significant difference between small and medium-sized entrepreneurs in Taiwan and Mainland China regarding their withdrawal negotiation patterns.

H<sub>4</sub>: There is a significant difference between small and

**Table 2.** Cronbachs alpha for each measure.

<b>Negotiation type</b>	<b>Cronbach's <math>\alpha</math></b>
Accommodation negotiation	0.770
Collaboration negotiation	0.845
Withdrawal negotiation	0.600
Competition negotiation	0.787
Consultation	0.897

medium-sized entrepreneurs in Taiwan and Mainland China regarding their competition negotiation patterns.

H<sub>5</sub>: There is significant difference between small and medium-sized entrepreneurs in Taiwan and Mainland China regarding their opinions on a third party's consultation negotiation pattern.

### Sampling

To study Taiwanese merchants, a total of 250 questionnaires were handed out to the Chung Hsing Branch of the International Lions Club in Taipei City, Taiwan, the International Rotary Club of Taiwan and the Federation of the International Management Council of Taiwan. Of the 250 questionnaires, 148 valid questionnaires were returned.

Data on Mainland Chinese merchants were gathered by handing out questionnaires to small and medium-sized enterprises in Shanghai, Dongguan Guangdong, Xiamen Fujian, and members of the Mainland China small and medium-sized enterprises information network.

### Scenario

Subjects were randomly assigned into one of two scenarios, business conflicts or friend conflicts, which were taken from Santos (1995), and were asked to answer a series of questions after reading their scenario. Questionnaires were used to understand the subjects' negotiation styles in conflict situations. Five hundred questionnaires were distributed, and 350 were returned, with a response rate of 70%. A total of 298 questionnaires were valid returns, of which 148 were from Taiwanese small and medium-sized entrepreneurs, and 150 were from Mainland Chinese small and medium-sized entrepreneurs. All of the subjects participated in the survey voluntarily.

## DATA ANALYSIS AND FINDINGS

### Analysis of samples

Of the respondents, 154 were males (51.7%), and 144 were females (48.3%). In terms of marital status, the subjects were mostly married (280, or 94%). In terms of age, most of the subjects were over 40 years of age (292, or 97.9%).

### Analysis of validity

Reliabilities for the measures are presented in Table 2.

With one exception, Cronbach's  $\alpha$  for all of the measures were better than 0.7, indicating an acceptable good reliability. Although, the withdrawal negotiation had a Cronbach's  $\alpha$  of 0.6, this study believed that the measure was reliable enough to use in the current study.

### Hypothesis testing

In order to understand whether there were significant differences between Taiwanese small and medium-sized entrepreneurs and Mainland Chinese small and medium-sized entrepreneurs in terms of negotiation types, a t-test was conducted using the nationality of the subjects as the independent variable. The results are shown in Table 3.

For the accommodation negotiation type, cultural differences reached significance ( $T=-4.170$ ,  $P<0.01$ ), which showed that Mainland Chinese small and medium-sized entrepreneurs are more inclined toward accommodation negotiation than are Taiwanese small and medium-sized entrepreneurs, and that Mainland Chinese small and medium-sized entrepreneurs are more likely to accommodate requests by the other party. This is related to the Mainland Chinese cultural environment; since China is under a one-party authoritarian government, the people are used to following orders from the top. Therefore, when facing negotiation, they are less likely to use direct communication and negotiation, resulting in an inclination toward accommodation.

For the collaboration negotiation type, cultural differences were not significant ( $T=-1.608$ ,  $P>0.05$ ), which showed that both Taiwanese and Mainland Chinese small and medium-sized entrepreneurs have the ability of collaboration. Through purely engaging in rationality, both have the objective of finding a win-win solution. Thus, being guided by rationality, their collaboration abilities are naturally revealed. For the avoidance negotiation type, cultural differences reached significance ( $T=-4.170$ ,  $P<0.01$ ), which showed that Mainland Chinese small and medium-sized entrepreneurs are more inclined toward avoidance negotiation than are Taiwanese small and medium-sized entrepreneurs, and that Mainland Chinese small and medium-sized entrepreneurs are more likely to avoid requests from the other party. Similar to the results for the accommodation negotiation type, it is clear that

**Table 3.** Analysis of negotiation style differences in Taiwan and Mainland China.

Negotiation style	Taiwan (n=148)		Mainland China (n=150)		t	p
	M	SD	M	SD		
Accommodation	4.2611	0.89653	4.6927	0.89045	-4.170	0.000**
Collaboration	5.3159	1.04356	5.5350	1.29684	-1.608	0.109
Withdrawal	4.2611	0.89653	4.6927	0.89045	-4.170	0.000**
Competition	5.1443	0.98467	4.3885	1.14295	6.113	0.000**
Consultation	5.6800	1.36549	5.6388	1.36186	0.261	0.795

\*p<0.05, \*\*p<0.01.

Mainland Chinese small and medium-sized entrepreneurs are not only inclined to accommodate the requests of the other side, they are also inclined toward avoidance negotiation. This shows that Mainland Chinese small and medium-sized entrepreneurs tend to use a more passive attitude when facing negotiations. According to the author's on-site interviews, when Mainland Chinese small and medium-sized entrepreneurs face negotiation bottlenecks (when the differences are too great), they will be inclined either toward avoidance negotiation, or toward ending the negotiation in a polite matter, with a principle of not hurting either side's feelings.

For the competition negotiation type, cultural differences reached significance ( $T=6.113$ ,  $P<0.01$ ), which showed that Taiwanese small and medium-sized entrepreneurs are more inclined toward competition negotiation, and that Taiwanese small and medium-sized entrepreneurs are more likely to engage in head-on competition with the other party. As described in the accommodation negotiation inclination, Mainland Chinese small and medium-sized entrepreneurs are more likely to be accommodating, and consequently their competition negotiation inclinations are naturally lower. This is unlike Taiwan's mature political democracy, which has resulted in many different social aspects and a higher inclination toward competition negotiation. For the consultation negotiation type, cultural differences were not significant ( $T=0.261$ ,  $P>0.05$ ), which showed that both Taiwanese and Mainland Chinese small and medium-sized entrepreneurs have a similar willingness for third parties to participate in consultation negotiation, and both hope to gain third party opinions. The social cultures of both Taiwan and China emphasize that there should be third party communication and coordination in order to achieve difficult objectives.

In general, for some types of negotiation inclinations, Taiwanese and Mainland Chinese small and medium-sized entrepreneurs are affected by their cultural regions; therefore, between Taiwan and China there are indeed cultural differences. Mainland Chinese small and medium-sized entrepreneurs are more inclined toward accommodation and avoidance, while Taiwanese small and medium-sized entrepreneurs are inclined toward

competition, making Taiwanese small and medium-sized entrepreneurs relatively stronger. However, China and Taiwan are similar in terms of collaboration and consultation a negotiation style, which explains why Taiwan and China both have high confidence in their decisions and high cooperation during negotiation, and why both seek to find win-win solutions. On the other hand, if there are differences in negotiations, in order to create breakthroughs, the parties will back down or find a third party for consultation. This may be due to the fact that both Taiwan and China have collectivist societies.

## CONCLUSIONS AND IMPLICATIONS

### *Accommodation negotiation*

Mainland Chinese small and medium-sized entrepreneurs are more inclined toward accommodation negotiation than are Taiwanese small and medium-sized entrepreneurs. Other than the political factors mentioned, reference to the dual concern theory, the results of collaboration negotiation and studies on the character of Mainland Chinese small and medium-sized entrepreneurs show that in negotiations, Mainland Chinese small and medium-sized entrepreneurs may urgently seek transactional success, resulting in a greater willingness to choose the accommodation negotiation model to quickly meet the negotiation objectives. This implicitly shows the proactive and passive aspects of Mainland Chinese small and medium-sized entrepreneurs when protecting personal interests. In addition, since China has long been under a one-party authoritarian system, when the Mainland Chinese face negotiations, they are less likely to take a leadership position, and are more inclined to listen to their authorities; this will result in an accommodating negotiation style.

Conversely, Taiwanese small and medium-sized entrepreneurs have a stronger concept of competition, so during negotiations they are less inclined to be accommodating. This may be related to the research perspective in this study on Taiwanese business negotiation styles, that "when in negotiations, Taiwanese

small and medium-sized entrepreneurs will take a position opposite to the other party when they have not reached a cooperative agreement” (Chang, 2006).

### ***Collaboration negotiation***

According to the study by Hofstede (1983) on national culture aspects, both Taiwan and China (under Chinese society) are inclined toward collectivism. In order to create win-win situations and to seek consensus from internal members, they are more concerned with the thoughts of others, and they have a greater ability in collaboration negotiation. In this study, the differences between Taiwan and China in terms of collaboration negotiation were less significant.

### ***Avoidance negotiation***

Mainland Chinese small and medium-sized entrepreneurs are more inclined toward avoidance negotiation than are Taiwanese small and medium-sized entrepreneurs. Verified with the dual concern theory of negotiation, the reason should be similar to the results of accommodation negotiation; when Mainland Chinese small and medium-sized entrepreneurs are faced with conflict, they are more inclined to use avoidance negotiation in order to avoid conflict.

On the other hand, Taiwanese small and medium-sized entrepreneurs show less significant inclination toward avoidance negotiation; seen from the results of competition negotiation, this result is quite reasonable.

### ***Competition negotiation***

The other conclusion of this study showed that Taiwanese small and medium-sized entrepreneurs have a higher degree of individualistic attitude, with greater characteristics of competition negotiation. Yin (1993), believed the unique qualities of the Taiwanese developed from their sea locked geography and recent immigration environment. Yin described the Taiwanese as innovative, dynamic, curious, courageous, and of a venturesome spirit; though sometimes expedient, rash and impetuous, Taiwan's economy is structured around small and medium-sized enterprises, making them flexible and adaptable.

However, an overemphasis on competition may cause the opposite party to criticize the first party for being too self-interested or for neglecting the relationship between the parties, and this is not beneficial for the future development of the relationship between the parties. Thus, this conclusion gives an important insight, in that Taiwanese small and medium-sized entrepreneurs should enhance their understanding and training for

negotiation, in order to make full preparations for mutually beneficial and win-win negotiation results.

Although, Taiwan is a society with high economic competition, due to the influence of traditional culture, it still generally emphasizes the harmonious treatment of issues and smooth interpersonal relationships. Thus, Taiwanese small and medium-sized entrepreneurs show a higher inclination toward competition negotiation, but their inclination is less obvious for collaboration negotiation in the pursuit of win-win situations. This is unlike the social expectations in Taiwan, and is an interesting conclusion of this study.

### ***Consultation negotiation***

The research conclusion showed that, both Taiwanese and Mainland Chinese small and medium-sized entrepreneurs tend to require a third party to participate in consultation negotiation during conflicts. Small and medium-sized entrepreneurs who hold an attitude of individualism have a greater need for third parties to join in consultation negotiation. As higher education is prevalent in both China and Taiwan, the tested small and medium-sized entrepreneurs can clearly determine rational consideration, and third party assistance may better help in obtaining an objective and fair result that satisfies the needs of small and medium-sized entrepreneurs in this context.

## **SUGGESTIONS**

In different cultural environments, people will negotiate differently. When problems with foreign negotiation strategies are discovered, people sense the influence of cultural differences. Understanding the effect of culture on negotiation is not only helpful in achieving success during foreign negotiations, it also broadens the negotiation strategies used in domestic culture.

The empirical study showed that intercultural negotiation manifests itself in different forms. For countries that are more passive in negotiation strategies, there should be education and training, environmental simulation, and cross-cultural exchanges, so that negotiators can gain experience and strengthen their abilities in negotiation strategies such as collaboration and competition. This will enable the citizens to have negotiation strategies that are more flexible in the context of increasingly frequent cross-cultural exchanges.

In addition, this study found that Taiwanese small and medium-sized entrepreneurs are more inclined toward competition negotiation. This study suggested that the above recommendations should be followed, and that education and training, simulation and exchanges should be used to adjust people's attitudes and techniques toward negotiation and allow them to learn abilities in



collaboration negotiation, in order to create win-win opportunities in future business communication.

This study showed that the negotiation styles of Taiwanese and Mainland Chinese small and medium-sized entrepreneurs had significant cultural differences with those of people in other cultures. These unlearned and intuitive negotiation methods may work in the home country, but there might be problems abroad. Thus, learning negotiation strategies from other cultures may lower the risks involved in cross-cultural negotiation and elevate an individual's negotiation techniques. This study suggested that individuals use three negotiation strategies commonly used in Asia: euphemistic responses, persuasion based on position, and using proposals to obtain information and to strengthen one's own negotiation ability (Brett and Gelfan, 2005):

1) Euphemistic responses are common in collective cultures. Most Asian countries uphold this sort of culture because it emphasizes social harmony and considers the benefits for other parties. Parties that have a conflict of interest do not need to directly face one another, and thus, negotiators in Asian countries often rely on go-betweens for coordination.

2) A rational negotiator tells the other side the reality he sees, hoping to convince the other side to relent. Usually, logical determinations based on fact contain both threats and promises. In Asia, individuals are located in complicated social networks. Emotional appeal itself can remind the other side of a certain relationship, and that one side has a higher position; the side with the higher position has the responsibility to help the side with the slightly lower position. Position refers to the responsibility of helping a partner recover from difficulties. When the negotiation style is rational, then the Western style of negotiation is better; conversely, one side's position should be used to get the other side to relent.

3) Proposals can be used to collect information about the preferences and main questions of the other party; however, this requires strong deductive powers and collaboration concepts. In a culture that emphasizes collectivism, this is a common method, since metaphors and euphemistic exchanges are the norm. If a proposal can cover all questions during negotiation, then the Western negotiation style will be even more effective.

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