Negotiating with the Chinese: Insights from Australian Managers

by
Ruby Ming Ming Ma
BAppSc (MedLabSc), MBA

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I am the author of the thesis entitled Negotiating with Chinese: Insights from Australian Managers

submitted for the degree of Doctor of Philosophy

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LIST OF PUBLICATIONS


ABSTRACT

This thesis explores the insights of Australian managers’ cross-cultural negotiation experiences with their Chinese counterparts in business and examines how these experiences are influenced by cultural aspects and emotions. This research uses a constructivist and interpretivist approach with a qualitative research design. Semi-structured interviews were conducted with 25 Australian managers about the insights of their negotiation experiences with the Chinese. Three research questions (RQ) were formulated from literature to guide this research: RQ1. How do cultural aspects influence the negotiation experience between Australian and Chinese managers? RQ2. How do emotions influence the negotiation experience between Australian and Chinese managers? RQ3. What are the insights of Australian managers’ negotiation experiences, when negotiating with the Chinese?

This thesis has made a number of contributions in terms of: contribution to the literature on empirical studies, contribution to the theoretical literature, contributions to practice and contribution to policy, from the insights of the Australian managers’ cross-cultural negotiation experience with their Chinese counterparts. This study contributed to knowledge, by demonstrating that having cultural awareness of values (such as guanxi and mianzi) and nuances are imperative in negotiating with the Chinese. Cultural and generational differences between the older and younger Chinese cohorts during the negotiation approaches were also found. Observing Chinese cultural values and modifying self-behaviours can positively influence the negotiation process, outcomes and experience for the Australian managers and their counterparts. Emotions were found to influence cross-cultural negotiations between Australian managers and their Chinese counterparts.
with the emergence of various positive and negative emotions during negotiations. Thus, the detecting of emotions during negotiations through both visible and the less visible body language changes was found to be important, as emotions that can influence the behaviours of negotiators and outcomes. Similar to cultural awareness, it was important for Australian managers to have emotional awareness to detect changing emotions, and alter their behaviour and that of their Chinese counterparts accordingly to influence negotiations. Cultural differences exist between the Australian and the Chinese emotional displays. Furthermore, generational differences were found with younger Chinese being more expressive, than the older Chinese during negotiations. This thesis adds to the research literature by developing a conceptual framework that explains how Australian managers negotiated with the Chinese and the effect of culture and emotions on this cross-cultural negotiation process. The conceptual framework contributes to knowledge by depicting that the cross-cultural business negotiation process between Australian managers and their counterparts is a dynamic process that is circular in nature involves many stages or phases. Various factors such as the strength of guanxi, the negotiators’ cultural and emotional awareness capabilities, and if negotiators regulate their self-emotions and the emotions of the negotiation counterparts, can influence the negotiation outcomes. Furthermore, culture and emotions play a role in influencing the overall negotiation experiences between Australian managers and the Chinese counterparts by affecting the negotiators’ behaviours and their decision-making in negotiations.

This research has a number of practical implications beneficial for Australian managers, business enterprises, and government agencies conducting business and negotiations with the Chinese. Based on the findings of this research and the conceptual framework, management training modules can be developed which focus on developing skills in the following areas:
• Chinese cultural aspects, values and communication styles (e.g. collectivism, relationship/guanxi, face/mianzi, low versus high context communication styles, etc.), to enhance cultural awareness and improve their cultural nuances.

• The generational differences in culture between older and younger Chinese cohorts in terms of the communication, negotiation approaches and tactics.

• Identifying the differences in emotional displays or expressions between Australian managers and their Chinese counterparts.

• The possibility of different emotions occurring during negotiations (e.g. anger, fear, calm, humour, joy, etc.) and the importance of converting negative emotions into positive emotions during negotiations to increase negotiation successes.

• Emotional awareness to improve their emotional composure to enable the Australian managers to be better equipped with controlling and regulating their own and monitoring the counterpart’s emotions.

• Recognising the cross-cultural negotiation process between Australian and their Chinese counterparts can be cyclical and is dynamic in nature, involving phases such as the informal, formal, final signing up, and post-negotiation scenario phase, that can be quite time consuming, so patience is required.

This research also has practical implications for government from a policy perspective for trade with China. The knowledge derived from the findings of this research is timely, as it can enable better trade policies to be implemented for trade between Australia and China. Post mining boom, the implementation of the China and Australia free trade agreement (ChAFTA), the further collaborations of e-commerce (e.g. the Chinese e-commerce giant Alibaba, set up headquarter, in Melbourne, Australia), requires Australian managers and businesses to be more savvy in negotiating with their Chinese counterparts. In sum, findings from this
research can be used to formulate policies and incentives targeting the needs of Australian managers and businesses to kick start negotiating with the Chinese. Lastly, there are implications arising from the type of international business conducted, i.e. the kind of business is considered when analysing the negotiation process between Chinese and Australian managers. Predominately, the managers interviewed in this study were linked to different sectors/industries, and they were mainly involved in trade and exporting not Foreign Direct Investment (FDI), which then impacts on the types of negotiations had, and the importance of those negotiations.
CHAPTER 1: INTRODUCTION ................................................................. 1

1.1 Overview and Introduction ........................................................... 1

1.2 Research Background ..................................................................... 2

1.2.1 Changing global environment and remaining competitive .......... 2

1.2.2 Importance of International Business in Changing Global Environments................................................................. 3

1.2.3 China: The fastest growing economy – an attractive market for the
global economy ................................................................................ 4

Table 1.1: Chinese Economic data showing surge in Chinese GDP and
FDI Flows from 2012-2017..................................................................... 5
Table 1.2: China’s principal trading partners (export and import) and principal FDI Inward and Outward destinations ..................................................6
1.2.4 China as Australia’s largest two-way trading partner .......................6
Table 1.3: Australia’s trade relationships with China: export and import, of merchandise and service for 2016 .................................................................7
Table 1.4: Australia’s investment relationships with China (total and FDI) for 2016 ........................................................................................................8
1.2.5 China-Australia Free Trade Agreement (ChAFTA) ......................8
1.2.6 Australian and Chinese business relationships and business negotiations .............................................................................................................9
1.2.7 Rationale of this research .................................................................10

1.3 Definitions of Key Terms ....................................................................13

1.4 Aim of the Research ..........................................................................16

1.5 Research Questions .............................................................................16

1.6 Theoretical perspectives utilised in the research ..............................17

1.7 Structure of the Thesis .......................................................................18

Chapter 2 – Literature Review .................................................................18
Chapter 3 – Research Method of this Study ............................................18
Chapter 4 - Results and Discussion on RQ1 ...........................................18
Chapter 5 – Results and Discussion on RQ2 ..........................................19
Chapter 6 – Results and Discussion on RQ3 ..........................................19
Chapter 7 – Discussion, Limitations and Conclusions ............................19

1.8 Contributions ....................................................................................20

1.8.1 Contribution to the literature on empirical studies .......................20
1.8.2 Contribution to the theoretical literature ........................................... 22
1.8.3 Practical Contributions ...................................................................... 22
1.8.4 Contributions to Policy ...................................................................... 23

1.9 Chapter Conclusions .............................................................................. 24

CHAPTER 2: LITERATURE REVIEW ................................................... 25

2.1 Overview of this Chapter ...................................................................... 25

2.2 Negotiation and Communications ......................................................... 25
  2.2.1 Communication ................................................................. 26
  2.2.2 Communication, culture and its effect on language ................. 28
  2.2.3 Cross-Cultural Communication theories/models ..................... 29
  2.2.4 Cross-cultural, Inter-cultural and Intra-cultural Communication ..... 32
  2.2.5 Communication and negotiation research .......................... 33
  2.2.6 Negotiation ...................................................................... 34

2.3 Culture ..................................................................................................... 36
  2.3.1 Definitions of culture .......................................................... 38
  2.3.2 Hall’s High and Low Context cultures and communication ....... 39
  2.3.3. Hofstede’s cultural dimensions of national culture ............... 43
  2.3.4 Cross-cultural and negotiation studies that used Hofstede and Hall’s cultural models .......................................................... 44

  Figure 2.1 Hofstede’s Individualism versus Collectivism cultural dimension for Australia and China ......................................................... 46

  2.3.5 Culture’s influence on negotiation ........................................ 47
  2.3.6 Chinese cultural orientations in negotiations ....................... 54
  2.3.7 The significance of ‘Guanxi’ on Chinese culture and its influence ..60
2.3.8 Guanxi Bases..................................................................................... 63
2.3.9 Maintaining Guanxi........................................................................... 65
2.3.10 The role of guanxi in the negotiation process ................................. 67

2.4 Emotions.................................................................................................. 70
2.4.1 Emotions and emotions in organisational life................................. 70
2.4.2 Emotional displays and culture’s influence on emotions................. 71
2.4.3 Emotions’ role and influence on negotiations............................... 76
2.4.4 The role of emotions in the Australian and Chinese Business
negotiation........................................................................................................ 81
2.4.5 Emotions’ influence on negotiator’s behaviour in cross-cultural
negotiation........................................................................................................ 83
2.4.6 Culture’s influence on negotiator’s emotions in negotiations.......... 84
2.4.7 Emotional composure and emotional regulation............................. 85
2.4.8 Emotions (positive and negative emotions) and negotiations......... 85
2.4.9 Emotional displays differences of Australian and Chinese.............. 86
2.4.10 Emotions and generational differences .......................................... 87
2.4.11 Emotions used as a tactic in negotiations..................................... 88
2.4.12 Emotions and Chinese cultural values in negotiations.................. 90
2.4.13 Emotions, Emotional intelligence and negotiations....................... 92

2.5 Australian and Chinese negotiation experiences............................... 93
2.5.1. Negotiating with Chinese ............................................................... 93
2.5.2 The Negotiation process and stages ............................................... 95
2.5.3 Business negotiation process with the Chinese counterparts .......... 96
2.5.4 Obstacles and challenges in negotiating with Chinese.................... 99

Figure 2.2: Research Questions (RQ) 1, 2 and 3................................. 100
CHAPTER 3: RESEARCH DESIGN AND METHODS

3.1 Overview of this Chapter

3.2 Research Philosophy for this Research
   3.2.1 The Role of Theory
   3.2.2 Research paradigm
   3.2.3 The interpretive paradigm
   3.2.4 Constructivist/constructionist ontological approach
   3.2.5 Interpretivist and ‘transactional/subjectivist’ epistemological orientation

3.3 Methods
   3.3.1 Research design – qualitative
   3.3.2 Rationale for interview research
   3.3.3 Enhanced Interview Format in the Present Research

3.4 Role of the Researcher

3.5 Ethics Approval for this Research

3.6 Measures: Interview Protocol
   3.6.1 Research Questions
   3.6.2 The interview
   3.6.3 Measures used in the interview

3.7 The Procedure
   3.7.1 Sampling process
Table 3.1 – Research participants’ characteristics of the twenty-five Australian Executives and Managers interviewed ......................................................... 124

3.7.2 Sample and sample size ......................................................................... 127
3.7.3 Recording process of the interviews ....................................................... 127
3.7.4 Transcribing the interview recordings ..................................................... 129
3.7.5 Interview recall ....................................................................................... 131
3.7.6 Data analysis .......................................................................................... 132

3.8 Establishing Trustworthiness in Data ...................................................... 135

3.8.1 Credibility ............................................................................................ 135
3.8.2 Transferability ....................................................................................... 136
3.8.3 Dependability ....................................................................................... 137
3.8.4 Conformability ..................................................................................... 138

3.9 Summary of the Chapter ........................................................................ 139

CHAPTER 4: DISCUSSION OF THE FINDINGS: CULTURE’S INFLUENCE ON NEGOTIATION ............................................................... 140

4.1 Overview of this Chapter ......................................................................... 140

4.2 Results and Discussion ........................................................................... 140

4.2.1 When in Beijing do what Beijinger’s do: Cultural nuances and
awareness in negotiations ............................................................................... 140

4.2.1.1 Cultural nuances and awareness enable better negotiation ....... 141

4.2.1.2 Communication styles of the counterparts can impact on
negotiation experience ............................................................................... 144

4.2.2 Collectivism makes the Chinese more group-orientated in negotiation
...................................................................................................................... 146
4.2.2.1 Chinese are more group and family-orientated in negotiation. 146

4.2.2.2 Collectivism makes Chinese more ‘Tribal like’ in negotiations

................................................................. 148

4.2.2.3 Chinese in-group and out-group view effects on negotiation 150

4.2.2.4 Seniority matters in negotiations because Chinese are hierarchical ........................................... 152

4.2.3 Conflict avoidance characteristic of the Chinese counterpart 154

4.2.3.1 Chinese have a more in-direct communication style 154

4.2.3.2 Chinese use a roundabout way to express rejection in negotiations ........................................... 155

4.2.3.3 Chinese want to please their Australian counterparts in negotiations ........................................... 157

4.2.4 Guanxi is important for negotiations with Chinese 157

4.2.4.1 Guanxi building and maintenance for negotiation 158

4.2.4.2 Guanxi strength can solve problems and influence business and decision-making 158

4.2.4.3 Two bowls of rice price or a one bowl of rice price: Chinese price negotiations 159

4.2.4.4 Trust is important for negotiation but it takes time to build 162

4.2.4.5 Face/mianzi can help to build guanxi which can benefit negotiations ........................................... 163

4.2.5 Face (mianzi) is important for negotiation with the Chinese 164

4.2.5.1 Not causing the Chinese counterparts to lose face (mianzi) 164

4.2.5.2 Face/mianzi is an abstract concept to Australian managers 167

4.2.6 Changes in Chinese culture are making negotiations more Western 168

................................................................. 168
4.2.7 Generational differences can influence negotiation differently

4.2.7.1 Older Chinese generation is more traditional

4.2.7.2 Younger generation is more willing to negotiate on win-win basis with mutual benefits basis

4.3 Summary of the findings

Figure 4.1: Culture and its interplay during Australian and Chinese negotiations

Table 4.1: The major findings (themes) of RQ1 and the number of interviewees reporting this theme (statistics)

CHAPTER 5: DISCUSSION OF THE FINDINGS: EMOTION’S INFLUENCE ON NEGOTIATION

5.1 Overview of this Chapter

5.2 Results and Discussion

5.2.1 Emotions can affect a negotiator’s behaviour, so emotional awareness is important in negotiations

5.2.2. Emotional composure and regulation are needed in negotiating with the Chinese

5.2.3 Chinese counterparts have subtle emotional displays in negotiations

5.2.3.1 Australian managers need to detect the negative emotions in negotiations

5.2.3.2 Chinese counterparts regard emotional display to be a weakness in negotiations
5.2.3.3. Australian managers may have difficulties detecting anger in Chinese ............................................................................................................. 188

5.2.3.4 Chinese are less guarded emotionally with people they have good guanxi with ............................................................................................................. 190

5.2.4. Chinese counterparts’ emotional displays are rare in negotiations 192

5.2.4.1 Negative emotions (e.g., anger) are rare in Chinese, but can enable Australian managers to resolve issues in negotiations .......................... 192

5.2.4.2 Emotional display in the older Chinese is less common, even when they are offended by their Western counterparts .......................... 194

5.2.5 Accumulation of negative emotions in the Chinese can negatively influence negotiations ............................................................................................................. 196

5.2.5.1. Emotional display of anger in the Chinese can be ‘silence’ and/or body language changes during negotiations .......................... 197

5.2.5.2 When negotiation ‘goes on and on’: an indicator of negative emotions experienced by the Chinese ................................................. 201

5.2.5.3 Australian managers adjusted their behaviours, when negative emotions were detected ............................................................................................................. 202

5.2.6 Australian managers experienced negative self-emotions (e.g., fear) when negotiating with their Chinese counterparts ................................................. 203

5.2.7 Chinese use emotions (game playing) on Australians for a more favourable outcome in negotiations ................................................. 205

5.2.8 Australian managers use emotions on their Chinese counterparts to achieve a winning outcome ................................................. 207

5.2.9 Chinese have a strong sense of national pride in negotiations .......................... 210

5.2.10 Losing face by the Chinese counterparts can result in negative emotions and negotiation outcomes ................................................. 211
5.2.11 Focus on a win-win by giving face prevent negative emotions impacting negotiations .................................................................212

5.2.12 Humour can lighten the mood and resolve tensions in negotiations ..............................................................................................214

5.3 Summary of the Findings .............................................................................216

Figure 5.1: A summary of the emotions Australian managers and their Chinese counterparts experienced during negotiations .........................217

Figure 5.2: Representation of how emotions can influence negotiations between Australian managers and their Chinese counterparts (RQ2) .............218

Table 5.1: Selection of the emotions emerging from the cross-cultural negotiations between Australian managers and Chinese counterparts ..........218

Table 5.2: The major findings (themes) of RQ2 and the number of interviewees reporting this theme (statistics) .......................................................220

CHAPTER 6: DISCUSSION OF THE FINDINGS: INSIGHTS FROM THE NEGOTIATION EXPERIENCE OF AUSTRALIAN MANAGERS AND THEIR CHINESE COUNTERPARTS .........................................................223

6.1 Overview of this Chapter .............................................................................223

6.2 Results and Discussion .............................................................................223

6.2.1. Chinese have different communication styles in negotiations ......223

6.2.1.1 Chinese counterparts tend to have a more formal communication style during negotiations .................................................................224

6.2.1.2 Chinese circular but tough approach with negotiations .............225

6.2.1.3 Non-verbal communication is an important aspect of Chinese negotiation and communication. .................................................................228
6.2.2 Building relationships / guanxi with the Chinese is an important part of the negotiation experience .................................................................230

6.2.2.1 Before negotiation starts, negotiators need to first build guanxi .............................................................................................................231

6.2.2.2 After guanxi is built, problems can be resolved better in negotiations. ...............................................................................................232

6.2.3 Hierarchy makes senior Chinese members the key decision makers in negotiations. ..................................................................................233

6.2.4 Language is a barrier in negotiating with the Chinese ....................235

6.2.4.1 Language barrier leads to frustrations in negotiation with Chinese ........................................................................................................235

6.2.4.2 Important to have the Intermediary and an interpreter when negotiating with the Chinese. ..........................................................................237

6.2.5 Negotiation with the Chinese is a time-consuming process............238

6.2.6 Chinese negotiation tactics (outnumbering, and dragging out time). .........................................................................................................241

6.2.6.1 Other negotiation tactics (e.g., face) used by the Chinese counterparts. .................................................................................................242

6.2.7 Australian managers used negotiation tactics (e.g., face saving, giving) on their Chinese counterparts .........................................................244

6.2.8 Chinese conflict avoidance confuses Australians in negotiations...247

6.2.9 Achieving a win-win for both sides in negotiation is important to preserve face and the relationship. .........................................................248

6.2.9.1 Common ground and goals in negotiations can enhance success. ...............................................................................................................250
6.2.10 Negotiation process is dynamic, cyclical and involves different phases ................................................................. 251

6.2.11 Be open-minded, humble, respectful, have awareness and be adaptive to enhance negotiation with Chinese .............................................. 252

6.2.12 Chinese are long-term orientated in negotiations and business. ... 254

6.3 Summary of the Findings................................................................................. 254

Figure 6.1: The key themes of the insights of Australian managers’ negotiation experiences with the Chinese (RQ3) ........................................ 255

Figure 6.2: The influence of cultural aspects (RQ1) and emotions (RQ2) on the overall negotiation experiences between Australian managers and their Chinese counterparts (RQ3) ............................................. 256

Table 6.1: The major findings (themes) of RQ3 and the number of interviewees reporting this theme (statistics) ......................................... 258

CHAPTER 7: DISCUSSION, LIMITATIONS AND CONCLUSIONS

................................................................................................................................. 260

7.1 Overview of this Chapter.............................................................................. 260

7.2 Major findings of the thesis ......................................................................... 260

7.2.1 Conceptual Framework ........................................................................ 260

Figure 7.1 Conceptual framework depicting cross-cultural business negotiation between Australian managers and their Chinese counterparts...... 261

7.2.2 Culture influencing negotiations .............................................................. 265

7.2.3 Emotions influencing negotiations .......................................................... 269

7.2.4 Cross-cultural negotiations ...................................................................... 272
Table 7.1 Summary of the key findings of the thesis listed against the research questions: RQ1, RQ2, and RQ3............................................................274

7.3 Contributions and Implications ..........................................................278
    7.3.1 Contribution to the literature on empirical studies.........................278
    7.3.2 Contribution to the theoretical literature .........................................282
    7.3.3 Practical Implications ....................................................................283
    7.3.4 Contributions to Policy.................................................................287

7.4 Limitations of this study .................................................................289

7.5 Strengths of the current research and future research ......................291

7.6 Conclusion of the thesis.................................................................295

References ............................................................................................300

APPENDICES ........................................................................................347

Appendix 1 - Ethics approval letter from ‘Standing Committee on Ethics in Research Involving Human (SCERH)’ from Monash University........348
Appendix 2 - the Interview Consent Form..............................................349
Appendix 3 - the Explanatory Statement for the interviews. ...............350
Appendix 4 – Deakin University approval email from Deakin Human Research Ethics, Deakin Research Integrity with project ID..........353
Appendix 5 - Interview questions ..........................................................354
LIST OF TABLES

Table 1.1: Chinese Economic data showing surge in Chinese GDP and FDI Flows from 2012-2017.................................................................5

Table 1.2: China’s principal trading partners (export and import) and principal FDI Inward and Outward destinations.................................6

Table 1.3: Australia’s trade relationships with China: export and import, of merchandise and service for 2016 .........................................................7

Table 1.4: Australia’s investment relationships with China (total and FDI) for 2016 .........................................................................................8

Table 3.1: Research participants’ characteristics of the twenty-five Australian Executives and Managers interviewed.................................124

Table 4.1: The major findings (themes) of RQ1 and the number of interviewees reporting this theme (statistics)........................................172

Table 5.1: Selection of the emotions emerging from the cross-cultural negotiations between Australian managers and Chinese counterparts.........218

Table 5.2: The major findings (themes) of RQ2 and the number of interviewees reporting this theme (statistics)........................................220

Table 6.1: The major findings (themes) of RQ3 and the number of interviewees reporting this theme (statistics)........................................258

Table 7.1: Summary table of the key findings of the thesis listed against the research questions: RQ1, RQ2, and RQ3........................................274
LIST OF FIGURES

Figure 2.1 Hofstede’s Individualism versus Collectivism cultural dimension for Australia and China.................................................................46

Figure 2.2: Research Questions (RQ) 1, 2 and 3.................................100

Figure 4.1: Culture and its interplay during Australian and Chinese negotiations..................................................................................172

Figure 5.1: A summary of the emotions Australian managers and their Chinese counterparts experienced during negotiations..................217

Figure 5.2: Representation of how emotions can influence negotiations between Australian managers and their Chinese counterparts (RQ2) ..........218

Figure 6.1: The key themes of the insights of Australian managers’ negotiation experiences with the Chinese (RQ3).................................255

Figure 6.2: The influence of cultural aspects (RQ1) and emotions (RQ2) on the overall negotiation experiences between Australian managers and their Chinese counterparts (RQ3)......................................................256

Figure 7.1 Conceptual framework depicting cross-cultural business negotiations between Australian managers and their Chinese counterpart........261
CHAPTER 1: INTRODUCTION

1.1 Overview and Introduction

The purpose of this thesis is to explore the cross-cultural business negotiation experiences of Australian managers and their Chinese counterparts, and how these experiences are influenced by cultural aspects and emotions. This research is set against the backdrop of China which has recently emerged as ‘the fastest-growing economy in the world’ (Paul, 2015; Paul, 2016, p. 207) and as a powerful global influence. China is now an important two-way trading partner of Australia, and the recent negotiations implementing a China-Australia Free Trade Agreement (ChAFTA) offer great opportunities for Australia to foster a closer business relationship with China (DFAT, 2017c). Drawing on the insights from the Australian managers’ negotiation and business experiences with their Chinese counterparts, the findings provide new insights into the ways Australian managers and policy-makers can more successfully negotiate and do business with the Chinese.

The purpose of this chapter is to introduce this research and to provide the background for this thesis. First, the research background is presented which discusses the changing global environment and increased competition; presenting the new opportunities for international business. This is followed by discussion of the rise of China as a new super economy for international business activities, and as Australia’s largest two-way trading partner. The development of the ChAFTA is briefly discussed, followed by the importance of Australian and Chinese business relationships and business negotiations; the rationale of this research; and the Australian and Chinese business negotiation process. In addition, the definitions of key terms used in this research have also been overviewed. Furthermore, the aims of
this research, the research questions, and theoretical perspectives used in the research are briefly introduced and discussed. The chapter ends with an overview of the theoretical, practical and policy contributions that will be made in this thesis and the conclusion.

1.2 Research Background

1.2.1 Changing global environment and remaining competitive

In the last few decades, the world has experienced fast-paced economic growth and the development of communities in emerging economies and low-income countries (Allen, Behrman, Birdsall, Fardoust, Rodrik, Steer & Subramanian, 2014). In addition, a shift in the global economy from the developed to the developing economies has been witnessed. Barriers to cross-border trade and investment have been eroded. Technological developments, improved transportation, and faster information communication technology are reducing distances, making time zones less relevant, and overriding language differences. In addition, increasing wealth and the integration and merging of the various national economies into an interdependent global economy further add to forces compressing the world and making trade more global (Hill, Cronk & Wickramasekra, 2011; Gupta, 1989; Govindarajan & Gupta, 2000). At the same time, there is also intense competition as a result of the forces of globalisation (Porter, Magretta & Kramer, 2014).

For individuals and businesses to survive and thrive they need to have a willingness to adapt and change to stay competitive. Organisations must be quick to respond to the external environment and be ready to improve and recreate their businesses (Reeves & Deimler, 2011). Furthermore, the changing global environment is creating better opportunities for businesses to transcend borders and is giving rise to international businesses.
1.2.2 Importance of International Business in Changing Global Environments

‘Definitions of success now transcend national boundaries, in fact; the very concept of domestic business may have become anachronistic’ (Adler & Gundersen, 2008, p. 5). Companies need to engage in international business activities in order to survive and prosper (Gupta, 1989; Knight & Cavusgil, 2004; Peng, 2003; Zander, McDougall-Covin & Rose, 2015). International business can be defined as any form of business activity, which can encompass ‘the creation and transfer of resources, goods, services, know-how, skills and information, which transcend national boundaries’ (Menipaz & Menipaz, 2011, p. 22). Also, international business commonly includes trade and investment activities across national boundaries (Hitt, Li & Xu, 2016; Cavusgil, Knight, Riesenberger, Rammal & Freeman, 2012; Beugelsdijk & Mudambi, 2013). In short, international business can be any form of business transaction between private individuals, an individual or groups of companies, government and its agencies, non-profits and the various international organisations in different countries (Fisher, Hughes, Griffin & Pustay, 2009; Menipaz & Menipaz, 2011; Hitt, Li & Xu, 2016; Cavusgil & Knight, 2015).

Managers and businesses need to accept that the forces of globalisation have changed the way management and businesses are conducted. The ability to engage in cross-cultural negotiation and communication as a managerial skill is particularly important, as negotiation is regularly cross-cultural in business (Rivers & Volkema, 2013). Furthermore, managers need to be equipped with skills to communicate in various international and cultural environments for successful business negotiations (Schoop, Kohne & Ostertag, 2010; Khakhar & Rammal, 2013).
1.2.3 China: The fastest growing economy – an attractive market for the global economy

The emergence of developing economies in the world and China’s economic growth and strength in exports (Paul & Mas, 2016; Paul, 2016) have also seen China rising as a key international player in business offering great opportunities for companies (Economist, 2007; IMF, 2014). In 2011, China has surpassed the United States and become the leading country for manufacturing goods. Leveraging its manufacturing ability, China increased its Gross Domestic Product (GDP) per capita two-fold, thus improving the living standards of its citizens (Eloot, Huang & Lehnich, 2013). China is viewed as the top emerging market based on financial-market statistics in line with International Monetary Fund (IMF) forecasts and the World Bank (Bloomberg Markets, 2013). China is one of the most rapidly growing economies in the world, and was ranked the second largest world economy (World Bank, 2015; Jorgenson, & Vu, 2016), thus becoming a powerful player in the global economy (DFAT, 2012; BBC News, 2011; World Bank, 2015). Recent research has also predicted ‘China will surpass the United States as the largest economy by 2050’ (Paul, 2016, p. 216).

Since China’s market reforms in 1978, the country went from a previously centrally planned economy to a more market-based system, with continuous and fast-paced development of its economy, legal and social systems. China, with a population of around 1.38 billion and a GDP growth average of approximately 10.6 per cent in 2010 to about 7.9 in 2012, and 6.7 per cent in 2017. China is rapidly transforming and, in the process, has alleviated poverty for more than 500 million people (World Bank, 2015; DFAT, 2017a). There has been a steady surge in Chinese GDP, as seen in Table 1.1; there has been a steady upward trend of China’s GDP and GDP per capita from 2012 to 2017. In addition, there has also been a steady upward
trend of increasing Foreign Direct Investment (FDI) flows both inward and outward, indicating a vibrant growing Chinese economy. The figures of the real GDP growth are suggesting a slowing down in economic activities in China, however compared to the other nations, China’s economy is still showing signs of strength (UNTAD, 2017; DFAT, 2017).

*Table 1.1: Chinese Economic data showing surge in Chinese GDP and FDI Flows from 2012-2017*

<table>
<thead>
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</thead>
<tbody>
<tr>
<td>GDP (US$b) (current prices)</td>
<td>8,570.3</td>
<td>9,635.0</td>
<td>10,534.5</td>
<td>11,226.2</td>
<td>11,218.3</td>
<td>11,795.3</td>
</tr>
<tr>
<td>GDP per capita (US$)</td>
<td>6,329.5</td>
<td>7,080.8</td>
<td>7,701.7</td>
<td>8,166.8</td>
<td>8,113.3</td>
<td>8,480.7</td>
</tr>
<tr>
<td>Real GDP growth (% change yoy)</td>
<td>7.9</td>
<td>7.8</td>
<td>7.3</td>
<td>6.9</td>
<td>6.7</td>
<td>6.7</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FDI Flows Inward</th>
<th>2005-2007 pre-crisis annual average</th>
<th>123 911</th>
<th>128 500</th>
<th>135 610</th>
<th>133 700</th>
<th>Not available at the time of reporting</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>76 214</td>
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<thead>
<tr>
<th>FDI Flows Outward</th>
<th>2005-2007 pre-crisis annual average</th>
<th>107 844</th>
<th>123 120</th>
<th>127 560</th>
<th>183 100</th>
<th>Not available at the time of reporting</th>
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<tr>
<td></td>
<td>18 800</td>
<td></td>
<td></td>
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</table>

Source: United Nation Conference on Trade and Development (UNTAD) world investment report (2017) and Department of Foreign Affairs and Trade (DFAT) China country Fact sheet, (2017a)

China also plays an active role in world trade and investment. As seen in table 1.2, China top three trading partners in export are United States, ranked first, Hong Kong ranked second, and Japan ranked third, with Australia ranked fourteenth.
In terms of China’s trade in import, the top importing nations are Republic of Korea, ranked first, Japan, ranked second, Taiwan, third and Australia ranked seventh.

**Table 1.2: China’s principal trading partners (export and import) and principal FDI Inward and Outward destinations**

<table>
<thead>
<tr>
<th>China's principal export destinations, 2016 Rank and percentage of total export</th>
<th>China's principal import sources, 2016 Rank and percentage of total export</th>
<th>China’s principal FDI Inward destinations, 2016 (as a percentage of gross fixed capital formation)</th>
<th>China’s principal FDI Outward destinations, 2016 (as a percentage of gross fixed capital formation)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 United States 18.2%</td>
<td>1 Republic of Korea 10.4%</td>
<td>USA 10.8%</td>
<td>USA 8.2 %</td>
</tr>
<tr>
<td>2 Hong Kong 13.7%</td>
<td>2 Japan 9.5%</td>
<td>India 7.0%</td>
<td>India 0.8 %</td>
</tr>
<tr>
<td>3 Japan 6.1%</td>
<td>3 Taiwan 9.2%</td>
<td>Developing economies 7.1%</td>
<td>Developing economies 4.2 %</td>
</tr>
<tr>
<td>14 Australia 1.8%</td>
<td>7 Australia 4.2%</td>
<td>Asia and Oceania 5.8%</td>
<td>Asia and Oceania 4.7%</td>
</tr>
</tbody>
</table>

Source: United Nation Conference on Trade and Development (UNTAD) world investment report (2017) and Department of Foreign Affairs and Trade (DFAT) China country Fact sheet, (2017a)

1.2.4 China as Australia’s largest two-way trading partner

China’s importance to Australia is evident from its trade records. China is ranked first as Australia’s largest merchandise trading partner and has recently become Australia’s largest export market for both goods and services, accounting for nearly a third of total exports. China is also the country that Australia imports the most from and is also a growing source of foreign investment (DFAT, 2017a; Austrade, 2015; and DFAT, 2017b). According to Mark Thirlwell of Austrade’s Economic Analysis, almost 80 per cent of all Australian export growth in value terms in 2013-2014 was made by China (Thirlwell, 2015).
China is Australia’s biggest two-way trading partner (DFAT, 2017a; Austrade, 2015, 2016) and this ongoing relationship is significant to Australia’s economic prosperity. The Australian government has carefully pursued opportunities to strengthen the relationship between the two countries by focusing on trade, growth, investment and business. This is because the growth of Australia’s bilateral relationship with China will benefit Australian businesses and households from ‘diversifying trade, increasing investment, deepening integration into global value chains, and enhanced international competitiveness’ (ACBC, 2014, p. 4).

Australia has a strong and positive trade and investment relationship with China, as supported by the recent statistics of Exports, Imports, and FDI, as seen in Table 1.3. China is ranked first as Australia’s trading partner for both export and import of merchandise and ranked first in terms of 2016 investments export of services to China, and ninth in terms of importing services from China. In terms of the recent 2016 investment and FDI statistics, as seen in Table 1.4, Australia also has a strong relationship with China, with Australia investing a total of $87.86 billion Australian dollars in China, and $13.33 billion in FDI. On the other hand, China also invested a total $87.25 billion Australia and $41.88 billion is in FDI.

Table 1.3: Australia’s trade relationships with China: export and import, of merchandise and service for 2016

<table>
<thead>
<tr>
<th>Australian merchandise and services trade with China, 2016</th>
<th>(A$m)</th>
<th>Total share</th>
<th>Rank</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Exports of merchandise to China</strong></td>
<td>81,780</td>
<td>31.6%</td>
<td>1st</td>
<td>8.0%</td>
</tr>
<tr>
<td><strong>Imports of merchandise from China</strong></td>
<td>59,504</td>
<td>22.3%</td>
<td>1st</td>
<td>-3.7%</td>
</tr>
<tr>
<td><strong>Total merchandise trade (exports + imports)</strong></td>
<td>141,284</td>
<td>26.9%</td>
<td>1st</td>
<td>2.7%</td>
</tr>
<tr>
<td><strong>Exports of services to China</strong></td>
<td>11,260</td>
<td>15.8%</td>
<td>1st</td>
<td>16.1%</td>
</tr>
<tr>
<td>Imports of services from China</td>
<td>2,616</td>
<td>3.5%</td>
<td>9th</td>
<td>6.9%</td>
</tr>
<tr>
<td>Source: Department of Foreign Affairs and Trade (DFAT) China country Fact sheet (2017a)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 1.4: Australia’s investment relationships with China (total and FDI) for 2016

<table>
<thead>
<tr>
<th>Australia's investment relationship with China, 2016 (A$m)</th>
<th>Total</th>
<th>FDI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia's investment in China</td>
<td>87,861</td>
<td>13,336</td>
</tr>
<tr>
<td>China's investment in Australia</td>
<td>87,246</td>
<td>41,880</td>
</tr>
</tbody>
</table>

Source: Department of Foreign Affairs and Trade (DFAT) China country Fact sheet (2017a)

Furthermore, the diplomatic ties between the two countries has been positive with China clearly positioned as one of Australia’s key trading partners and Australia one of China’s. In the recent Australian Department of Foreign Affairs and Trade data of 2016, Australia is ranked the seventh largest principal import sources for China, and ranked fourteenth in terms of China's principal export destinations (DFAT, 2017a).

1.2.5 China-Australia Free Trade Agreement (ChAFTA)

Australia and China want to foster and consolidate the trade and investment relationship between the two countries. Accordingly, Australia and China commenced negotiations for a Free Trade Agreement (FTA) on 18 April 2005 after a joint FTA Feasibility Research was completed in March 2005, which concluded there would be substantial economic benefits for both Australia and China with the signing of an FTA. Even though the study was done more than a decade ago, it set the context for the commencement of the talks between Australia and China for the
establishment of the ChAFTA. The negotiations were complex, covering a range of issues including agricultural tariffs and quotas, manufactured goods, services, the temporary entry of people and foreign investment (DFAT, 2015, 2017c).

An announcement of the conclusion of the negotiations for ChAFTA was made in 2014, by the then Australian Prime Minister, Tony Abbott, and the Chinese President, Xi Jinping. It is believed the FTA will enrich the continued trade and investment relationships between Australia and China. In a joint media release between the Prime Minister and the then Minister of Trade and Investment, the landmark ChAFTA was announced. The Trade and Investment Minister, Andrew Robb, and the Chinese Commerce Minister, Gao Hucheng, signed a Declaration of Intent in the presence of both countries’ leaders at Parliament House in Canberra on 17 November 2014 (DFAT, 2015; DFAT, 2017). The ChAFTA came into force on 20 December 2015 (DFAT, 2015, 2017a, 2017b, 2017c; Austrade, 2016).

1.2.6 Australian and Chinese business relationships and business negotiations

Despite China’s importance globally and its role in trade and the future of the Australian economy, negotiations with the Chinese have continued to be challenging for most Western business people (Ma, Dong, Wu, Liang & Yin, 2015). Furthermore, a closer assessment of the international business interactions between China and Australia reveals marked differences in the Australian and Chinese cultures, and their respective negotiation and communication styles and tactics (Rivers & Volkema, 2013). Previous research has provided suggestions on the Eastern and Western differences in negotiations, plus some of the potential obstacles that Westerners might be faced with in negotiating with their Chinese counterparts. These differences could potentially lead to challenges for Australian managers and business executives negotiating and doing business with the Chinese (Lee & Lo, 1988; Miles 2003; Pye, 1992; Pervez & Fang, 2001; Hutchings, 2005; Fang, 2006;
Hwang & Han, 2010; Fang, 2014; Ma, et al., 2015). Other elements beyond just effective communication, relationship building (i.e., *guanxi* in Chinese), and the understanding of the role of emotions and culture (Hartel & Ma, 2006; Ma & Hartel, 2005; Ma & Hartel, 2006; Ma, Hartel & As-Saber, 2006; Hartel, Ma & As-Saber, 2010; Ma, Hartel & As-Saber, 2011) are also important.

Researchers of cross-cultural business negotiations with the Chinese and Australians have been looking at how factors such as cultural aspects and emotions impact on business negotiations and communications (Carnevale & Leung, 2008; Leung, Chan, Lai & Ngai, 2011; Rivers & Volkema, 2013; Hartel et al., 2010). With the commencement of ChAFTA on 20 December 2015, more opportunities will open up to Australian businesses (DFAT, 2015, 2017a, 2017b, 2017c; Austrade, 2016). However, there will also be the challenges and risks that come with increased trade and business activities. Therefore, it is imperative for Australian managers to know how to better communicate with their Chinese business counterparts, especially their negotiation tactics (Rivers & Volkema, 2013). Important factors such as the level of trust between firms and people may need to be developed, to further strengthen business relationships and enhance business success and trust which is most important in international business negotiations (Lee, Yang & Graham, 2006), especially in the Australian and Chinese business contexts (Zhang, 2014, p. 234).

### 1.2.7 Rationale of this research

China is now recognised as a super economy and Australia’s largest trading partner. Despite the slowing down of the Chinese economy to less than a 7 percent growth rate in 2015, after more than 30 years’ continuous growth, there are still opportunities and also challenges in doing business with China (Tung, 2016). The recent ChAFTA negotiations and the existing research suggest marked differences still exist in the Australian and Chinese cultures and in their respective negotiation
and communication styles, and negotiation tactics. For that reason, this research will investigate Australian and Chinese business negotiation experiences, as this area remains under-researched (Hartel, Ma & As-Saber, 2010; Ma, Hartel & As-Saber, 2011; Rivers & Volkema, 2013).

To develop successful business relationships between the two countries, Australian managers require a more in-depth understanding of cross-cultural negotiation and communication. Although challenging for inter-cultural negotiators (Adair & Brett, 2005; Brett, 2000; Bulow & Kumar, 2011; Hofstede, Jonker & Verwaart, 2012; Lee et al., 2006) greater understanding is crucial for the ongoing building and development of Australian and Chinese business relationships (Hartel et al., 2010; Ma et al., 2011). Therefore, Australian managers need to be equipped with specialised knowledge, a form of tacit or implicit knowledge, which comes from their experience (Nonaka, 1994) and learning (Kolb, 1984; Armstrong & Anis, 2008) when negotiating and communicating with their Chinese business counterparts.

Cultural understanding and experience in doing business with the Chinese is particularly important, as sound business negotiation requires an understanding of the respective business counterparts’ negotiation styles, which can be influenced by cultural beliefs and social norms (Gelfand & Dyer 2000; Gelfand, Brett, Gunia, Imai, Huang & Hsu, 2013; Ma, 2006, 2007). Specifically, in the case of the Chinese counterparts, certain aspects of Confucianism (Ma, et al., 2015), such as guanxi (Hartel et al., 2010; Chung & Menzies, 2012) can impact Chinese business negotiations. At times, the Chinese approach to business negotiation can challenge the conventional Western business logic. Despite China being an important economy in the global market, most Westerners still find negotiating with the Chinese a challenge (Ma et al., 2015). Therefore, it is important for Australian managers to
understand the business interactions from the Chinese viewpoint (Ma & Hartel, 2005, 2006; Hartel et al., 2010).

Past research identifies that contextual (Phatak & Habib, 1996; Risberg, 1997), social (Ghauri & Fang, 2001), and cognitive factors (George, Gareth & Gonzalez, 1998), as well as the intangible aspects of negotiation that include trust, reputation, relationship quality (guanxi in the case of the Chinese) and the moods and emotions, can shape the processes and outcomes of communication and negotiation in business (Griffith, 2002; Hartel & Ma, 2006; Ma & Hartel, 2005; Zhao & Krohmer, 2006; Hartel et al., 2010). However, limited literature exists on Australian and Chinese negotiation and communication processes, such as the preferred negotiation tactics employed by the Chinese (Rivers & Volkema, 2013). There is also limited research into the emotional reactions of negotiators in cross-cultural negotiating processes and how emotional responses can influence negotiation dynamics (Adam & Shirako, 2013; Cropanzano et al., 2012). Moreover, the relationships between culture, emotions and behavioural tendencies in intercultural business negotiations is another area of research (Luomala, Kumar, Singh & Jaakkola, 2015) and, more specifically, the roles of emotions and culture and how they impact on Australian and Chinese business negotiations and relationships are under researched (Hartel et al., 2010; Ma et al., 2011; Rivers & Volkema, 2013).

This research will examine the elements associated with the more intangible aspects of negotiation and communication such as emotion, and the cultural aspects such as relationships or guanxi’s influence on cross-cultural negotiations between Australian managers and their Chinese counterparts (Hartel et al., 2010). These intangible elements coupled with the possible cultural differences of groups and individuals (Hall, 1976; Hofstede, 1980 a; Hofstede, 2001; Trompenaars, 1993; Hartel et al., 2010) can affect the possible success or failure of Australian and
Chinese negotiations and subsequent business relationships (Hartel et al., 2010; Chung & Menzies, 2012).

This research will explore the Australian managers’ reflections on their experiences of negotiating with their Chinese counterparts and, specifically, examine how emotions and cultural aspects influence the negotiation experience between Australian and Chinese managers. It will be these experiences that provide us with a better understanding of the way Australian managers achieve success by drawing from the insights into their Australian and Chinese business negotiations and relationships. This research will focus on negotiations in the broad context of trade between Australia and China. Specifically, it is focused on the small-scale trade negotiations and not the large scale FDI negotiations, where more money and investment is at stake, and as such the importance, and resources devoted to those FDI negotiations will be different. The findings are based on the analysis of the semi-structured in-depth interview data of Australian managers. Accordingly, qualitative research (Berg, 2007; Berg & Lune, 2012) adapted for social constructivist research (Lincoln & Guba, 1985; Guba & Lincoln, 2008; Bryman, 2008b) within an interpretive research paradigm (Guba & Lincoln, 1998; Guba & Lincoln, 2004; Bryman, 2008b; Creswell, 2009; Scotland, 2012, p. 12; Creswell, 2014) was used for analysis.

1.3 Definitions of Key Terms

This section defines the key terms used in the thesis. Hofstede (1997, p. 5) defined culture as: ‘the collective programming of the human mind that distinguishes the members of one human group from those of another. Culture in this sense is a system of collectively held values’. In this research, culture refers to the national culture of the individual. In the Australian and Chinese negotiation context, the Chinese and Australian cultures are examined in this research.
Rubin and Brown (2013) define negotiation as, ‘to deal and bargain with another or others so as to arrive at the settlement of some matter’ (p. 2). According to Morley (1981, p. 95), ‘negotiation occurs whenever people confer, or exchange ideas, to define or re-define the terms of their relationship’. The negotiation process assumes that the parties involved are willing to communicate and to generate offers, counter-offers, or both. In general, agreement results if the proposals made are recognised by both negotiating sides, and involves several key components including two or more parties to a negotiation, their interests, their alternatives, the process and the negotiated outcomes (Neale & Northcraft, 1991). Negotiation is a process where individuals work together to make a deal on what they want via communication, which can include some give and take to accomplish mutually agreed and beneficial outcomes, and where a number of objectives are achieved between the parties involved (Drake, 2001; Fisher & Ury, 1991; Ladegaard, 2011; Graumann, 1996; Fisher, Ury & Patton, 2011; Malhotra & Murnighan, 2008; Pruitt, 2013; Kobayashi & Viswat, 2016). In this research, negotiations are defined as the formal and informal negotiations conducted for business purposes between the two business counterparts, namely, the Australian and the Chinese executives and managers of the business ventures.

According to Dance (1970), there are many ways communication can be defined and as such it might be better theorised as a group of concepts. Communication in its simple form is a behaviour perceived by another that can be verbal, non-verbal or graphic. Information, feelings or thoughts are encoded and sent by the sender to the receiver, where the intended message is decoded by the receiver and an interpretation is made about the message. Information is shared or exchanged between people and a connection is created between the parties involved (Shannon & Weaver, 1949; Dwyer, 2013, p. 4). However, noise in the form of distraction during
the communication process can affect the communication flow between the sender and receiver. This can also result in the receiver not receiving the intended message; however, the receiver can provide feedback to the sender if the message sent is distracted by the noise. Overall, communication flows between the sender and the receiver (Shannon & Weaver, 1949). Furthermore, information can be transferred from one place to another (Miller, 1951) or a response initiated through verbal symbols in humans (Dance, 1967).

In the context of this research, business communication can be viewed as communication, including verbal, non-verbal, written and all the other forms of communication, conducted for business purposes between Australian and Chinese counterparts.

Business relationships are important for doing business. Business relationship development is a process where business counterparts each consider their own goals and objectives, exchange information purposefully and go for options that can provide mutual benefits (Robinson & Volkov, 1998).

Many senior corporate executives maintain a friendly business relationship with an extensive network of other executives, business people and contractors that they can call upon for advice or for other business purposes. However, business relationships can mean a more significant business relationship, a deeper bond, like the Chinese concept called guanxi (Lee, Pae & Wong, 2001). This research investigates the relationships cultivated over both the long and short-term for business purposes between Australian and Chinese counterparts.

Trust according to researchers can be an abstract and elusive concept. Rousseau, Sitkin, Burt and Camerer (1998, p. 395) define trust as ‘a psychological state comprising the intention to accept vulnerability based upon positive expectations of the intentions or behaviour of another’. Lewicki, McAllister and Bies
(1998) discuss trust as a person’s acceptance and preparedness to do something based on the words, actions and even on the grounds of the decisions of another individual.

Emotion is a concept understood by many as a state of feelings, an affective aspect of consciousness, or a conscious mental reaction (e.g., anger or joy) or even a psychological response, sentiments, a response, or even a sensation that may not be expressed or exhibited clearly through behaviour (Ekman, 1999; Rafaeli & Sutton, 1989; Niedenthal, Krauth-Gruber & Ric, 2006). However, there is often no agreement on its definition as it is a complex concept for which researchers struggle to agree on a single definition.

1.4 Aim of the Research

The broad aim of this research is to explore the influence of emotions and cultural aspects on cross-cultural business negotiations between Australian and Chinese managers.

Furthermore, it aims to examine the implications these elements have on Australian and Chinese negotiations and business outcomes. Additionally, the impact of the Chinese cultural aspects of relationship/guanxi and face/mianzi on the two parties in the Australian and Chinese business negotiation context is also examined.

1.5 Research Questions

Three research questions (RQs), as outlined below, are used to guide this research:

RQ1: How do cultural aspects influence the negotiation experience between Australian and Chinese managers?

RQ2: How do emotions influence the negotiation experience between Australian and Chinese managers?
RQ3: What are the insights of Australian managers’ negotiation experiences, when negotiating with Chinese?

These research questions also form the basis for the development of the semi-structured interview questions.

1.6 Theoretical perspectives utilised in the research

This research will further advance the understanding of the theory relevant to cross-cultural business negotiation and communication, the growing research on emotions in an organisational setting (Ashkanasy, Hartel & Daus, 2002; Ashkanasy & Daus, 2002; Brief & Weiss, 2002; Hartel, Zerbe & Ashkanasy, 2004; Jordan, Ashkanasy & Hartel, 2003; Ashkanasy, Hartel & Zerbe, 2012), and the limited research on emotions in the cross-cultural communication/negotiation context (Luomala, et al., 2015), especially in the Australian and Chinese business context. The theoretical contribution of this research draws together Hall’s (1976) theory of high- and low-context cultures; the Individualism and Collectivism of Hofstede’s Cultural Dimensions (Hofstede, 1984b, 1991, 2001) in explaining cross-cultural communication behaviours in negotiation; the research exploring the role of culture and emotions in cross-cultural negotiations (Cropanzano, Becker & Feldman, 2012; Adam & Shirako, 2013; Luomala et al., 2015); and the related work done by Griffith (2002) on international communication effectiveness, and literature on negotiation in a few phases or stages (Graham & Sano, 1989; Blackman, 1997; Zhu, 2011; Ghauri, 2003). The findings from this research will enable the development of a conceptual framework for future research, which also has the potential for training future Australian managers embarking on negotiating with the Chinese.
1.7 Structure of the Thesis

Chapter 2 – Literature Review

This chapter presents the context and the theoretical foundation for the thesis. The literature on negotiations and communications in business; the effect of culture on cross-cultural business negotiations; and an overview of the effects of emotions on cross-cultural negotiations in the Australian and Chinese business negotiation context is examined. Additionally, an overview of the literature on negotiation experiences is also reviewed. Three broad research questions are developed from the gaps identified in the literature.

Chapter 3 – Research Method of this Study

This chapter presents and discusses the research design and the methods. The philosophical and theoretical considerations leading to the choice of a qualitative research paradigm are discussed. This research will use a qualitative design method looking at how Australian managers negotiate with their Chinese counterparts in the business context. Using semi-structured interviews to better understand the negotiation experiences of Australian managers, this research explores the insights Australian managers gained from their negotiation experiences with the Chinese. The research measures, interview questions, sample and data analysis procedures are presented in this chapter.

Chapter 4 - Results and Discussion on RQ1

This chapter presents and discusses the key findings of the interviews with Australian managers and executives on their business negotiations with their Chinese counterparts, and the extent to which the results answered Research Question 1 (RQ1): How do cultural aspects influence the negotiation experience between Australian and Chinese managers? Moreover, this chapter investigated the findings and discussed whether the findings support or do not support the literature. To sum
up, the influence of cultural aspects on cross-cultural negotiations between Australian managers and their Chinese counterparts in business is discussed, with reference to the literature.

**Chapter 5 – Results and Discussion on RQ2**

This chapter also discusses the key findings of the interviews with Australian managers and executives on their business negotiations and relationships with their Chinese counterparts, and the extent to which the results answered Research Question 2 (RQ2): How do emotions influence the negotiation experience between Australian and Chinese managers? Additionally, this chapter discussed whether the findings support or do not support the literature. Lastly, the influence of emotions on cross-cultural negotiations between Australian managers and their Chinese counterparts is discussed, with reference to the literature.

**Chapter 6 – Results and Discussion on RQ3**

This chapter discusses the key findings of the interviews with Australian managers and executives on the insights into their business negotiation experiences with their Chinese counterparts, and the extent to which the results answered Research Question 3 (RQ3): What are the insights of Australian managers’ negotiation experiences, when negotiating with Chinese? Furthermore, the chapter discusses whether the findings support or do not support the literature. To finish, the insights of the negotiation experiences of Australian managers with their Chinese counterparts is discussed, with reference to the literature.

**Chapter 7 – Discussion, Limitations and Conclusions**

This chapter draws together the findings and discussion of the qualitative research of in-depth interviews with twenty-five senior Australian executives and managers, highlighting the central roles of both culture and emotions in Australian and Chinese business negotiations. Furthermore, the valuable insights from
Australian managers’ negotiation experiences with their Chinese counterparts are also discussed. The chapter ends with the development of a conceptual framework of Australian and Chinese business negotiation. This chapter concludes the thesis.

1.8 Contributions

Past research has mainly focussed on general aspects of negotiating with the Chinese (Blackman, 1997; Fang, 1999; Graham & Lam, 2003; Pye, 1992); some focussed on negotiation strategy (Martin & Larsen, 1999) with others focussing on improving the success and reducing the failures in business negotiation with the Chinese (Fang, Worm & Tung, 2008). However, the perspective of Australian and Chinese business negotiations is an area of research that still requires attention (Hartel et al., 2010; Rivers & Volkema, 2013).

In particular, this knowledge gained from examining the Australian and Chinese business negotiation experience could be useful in assisting future Australians preparing for negotiations and communications with the Chinese. Specifically, the framework developed from this research’s findings could be applied to management training and development for Australian managers, and also used as a practical guide in the planning and preparation of Australian businesses and organisations in business communications and negotiations.

The research will make a number of contributions in terms of empirical, theory, practice and policy on how Australians negotiate and conduct business with the Chinese.

1.8.1 Contribution to the literature on empirical studies

This research will make a number of empirical contributions. To begin with, the research will explore the influence of culture on negotiations and confirm whether Australian managers are more individualistic compared with their Chinese counterparts who commonly are more collectivistic in cross-cultural negotiations. By
building on Hofstede’s cultural dimensions model (Hofstede, 1980 a, 2001, 2003, & 2010), the influence of individualistic versus collectivistic cultures on the negotiation styles and approaches of the negotiators will be explored and confirmed. Additionally, this research will confirm whether Australian managers’ negotiation and communication styles are different from their Chinese counterparts’, and whether their styles are reflective of low-context and high-context cultures, respectively (Hall, 1976), and will build on previous research in this area. Moreover, this research will also confirm whether, indeed, some shifts or changes have occurred in Chinese cultural aspects that could influence negotiations, and whether there are any generational differences (Ralston, Egri, Stewart, Terpstra & Kaicheng, 1999; Egri & Ralston, 2004) in terms of culture’s influence on cross-cultural negotiations between the Australian managers and their Chinese counterparts, and will build on the research on generational differences.

This research will also confirm whether emotions can influence cross-cultural negotiations between Australian managers and their Chinese counterparts. This research will confirm and build on past research on emotions (Ekman, Sorenson, & Friesen, 1969; Ekman, 1999), and the influence of culture on emotions and behaviour (Biehl, Matsumoto, Ekman, Hearn, Heider, Kudoh & Von, 1997; Matsumoto, 1990; Matsumoto, Kasri & Kooken, 1999; Matsumoto, Yoo, Hirayama & Petrova, 2005; Matsumoto, Takeuchi, Andayani, Kouznetsova & Krupp, 2008; Suh, Diener, Oishi & Triandis, 1998; Matsumoto et al., 2008). Finally, this research will confirm whether there are various emotions that emerge during negotiations, and build on past research on how emotions influence the cross-cultural negotiations between Australians and their counterparts.
1.8.2 Contribution to the theoretical literature

This research will examine high and low-context communications (Hall, 1976, 1989, 1990; Gudykunst & Ting-Toomey, 1988; Gudykunst, Matsumoto, Ting-Toomey, Nishida, Kim, & Heyman, 1996), the individualism and collectivism of Hofstede’s cultural dimensions (Hofstede, 1984b, 1991, 2001), and the influence of culture on groups and individuals (Hall, 1976; Hofstede, 1980a, 2001; Trompenaars, 1993) to determine the influence of the cultural aspects of cross-cultural negotiation between Australian managers and their Chinese counterparts. Additionally, the research will examine emotions (Ekman, Sorenson & Friesen, 1969), culture’s influence on emotions and behaviour (Biehl, et al., 1997; Ekman & Friesen, 1972; Matsumoto, 1990; Matsumoto, et al., 1999; Matsumoto, et al., 2005; Matsumoto, et al., 2008; Mesquita & Frijda, 1992), and the emotions’ influence on individualistic and collectivist cultures (Suh, et al., 1998; Matsumoto et al., 2008) and on cross-cultural negotiation and communication.

The theoretical contribution of this research will be that it draws together the knowledge gained, and provides theoretical insights into the key elements of what contributes to the success and failure of the Australian and Chinese business negotiations. More specifically, the findings of this research will enable the development of a new conceptual framework on cross-cultural business negotiation between Australian managers and their Chinese counterparts.

1.8.3 Practical Contributions

The cross-cultural business negotiation between Australian and Chinese conceptual framework developed from this research, could be used in the future training and development of Australian managers/executives embarking on business negotiation with their Chinese business counterparts. In addition, it could also be used as a practical resource to prepare Australian businesses and organisations for the
conduct of business negotiations with the Chinese. Specifically, cross-cultural negotiation training programs for training managers, executives and other Australians wishing to embark on business negotiations with the Chinese could be implemented, utilising the conceptual framework as a guide. Training modules could be developed targeting the specific competencies and skillsets required for business negotiations with the Chinese, by using various components of the conceptual framework.

The conceptual framework could also be used by Australian businesses and organisations in their resource allocations, such as the resources of personnel, management and expert staff. Moreover, in the planning of a realistic time frame for business projects, it is important to take into consideration the possibility that more time will be required for negotiating with the Chinese than originally anticipated.

1.8.4 Contributions to Policy

When Deng Xiaoping announced a new ‘Open Door’ policy in 1978, China’s market reforms started. China also joined the World Trade Organisation (WTO) in 2001, and, with its membership, China was pushed to reform and grow further (BBC News, 2015). China went from a previously centrally-planned economy to a more market-based economy, with continuous and fast-paced development of both its economy and social system. Although, China’s growth has since slowed down and is no longer as rapid as it has been for the last three and a half decades of double-digit growth, there are still plenty of opportunities for those wishing to embark on doing business with China, and especially with the foreign multinational firms in China (Tung, 2016).

Specifically, this research will be able to inform the Australian government of the valuable insights gained from the Australian managers’ business negotiation experiences with their Chinese counterparts. This could also help to develop useful measures of policy to assist with allocating resources to support businesses, especially
Australian SMEs wishing to embark on doing business with the Chinese. For example, the Australian government could provide business start-up grants and schemes similar to the export grants for businesses wishing to do business with the Chinese. In addition, other worthwhile business schemes that assist Australian businesses with enhancing their level of competitiveness, and supportive business incentives, could be implemented to support Australian businesses and business persons.

1.9 Chapter Conclusions

This research will explore the important factors for negotiating with the Chinese, such as effective communication, giving and saving face/mianzi, relationship/guanxi building, and the understanding of culture, and emotions. This research reports on Australian managers’ experiences in negotiating and communicating with their Chinese counterparts. Drawing from the insights of Australian managers, the influences of cultural aspects, emotions and other additional elements on negotiation experiences are examined. This research employs a qualitative research approach (Miles & Huberman, 1994; Berg, 2007; Berg & Lune, 2012) from social constructivist research (Lincoln & Guba, 1985; Guba & Lincoln, 2008; Bryman, 2008b) within an interpretive research paradigm (Guba & Lincoln, 1998; Guba & Lincoln, 2004; Bryman, 2008a; Creswell, 2009; Scotland, 2012, p. 12; Creswell, 2014), analysing the semi-structured in-depth interview data (Rubin & Babbie, 2012; Merriam, 2001; Berg, 2005) to study the cross-cultural business negotiation experiences between Australian managers and their Chinese counterparts. This research will analyse the Australian managers’ reflections on their negotiation experiences with their Chinese counterparts. Lastly, a new conceptual framework will be developed from the research results, which could be used to guide future research and to assist with training future Australian managers and businesses proposing to negotiate with the Chinese.
CHAPTER 2: LITERATURE REVIEW

2.1 Overview of this Chapter

This chapter provides an overview of how cultural aspects and emotions can influence the business negotiations between Australian and Chinese managers. This chapter presents the context and the theoretical foundation for the thesis.

The chapter begins with an overview of literature on negotiations and communication, cross-cultural communication and negotiation relevant to the Australian-Chinese business negotiation context, and experiences. Next, this chapter presents a discussion of how cultural aspects and cross-cultural models affect negotiation between Australian managers and their Chinese counterparts. Within this context, this chapter discusses the key concepts of Chinese cultural aspects such as relationship or connections (guanxi) and face (mianzi), relevant to cross-cultural communication and negotiation, which is important for the understanding of how Australian managers negotiate with their Chinese counterparts in business.

Next, this chapter presents a discussion of the literature on emotions relevant to cross-cultural negotiation, focussing on the role of emotions in the Australian-Chinese business negotiation context. To follow, this chapter presents a discussion on negotiating with Chinese. This chapter also presents three research questions developed from the literature.

2.2 Negotiation and Communications

As trade increases both domestically and internationally, business negotiations across cultures and countries have also increased. Managers need to know how to effectively communicate with people from other cultures (Adler & Graham, 2017). Negotiation can be viewed as a unique form of communication that
focusses on potential disagreements between parties involved and concentrates on accomplishing some level of mutual agreement between the people involved (Putnam & Roloff, 1992). According to Mintzberg (1975), the role of negotiator is one of the ten most important roles managers must perform in their decision-making, and more so, they have to spend a significant part of their work in negotiations (Mintzberg, 1975; Vieregge & Quick, 2011). To better understand how Australian managers, negotiate with their Chinese counterparts in business, this section presents a few key definitions and an overview of theories and research on communication, cross-cultural communication and negotiation relevant to an Australian-Chinese business negotiation context.

2.2.1 Communication

Communication can be defined as the process where people share ideas, feelings and thoughts with other people (Ojomo, 2004). Communication is also like a transaction between people enabling the sharing of ideas and sense-making through the process (Rothwell, 2004). Communication usually involves the transmitter of the communication message encoding the information into ‘a signal’ which then gets delivered to the receiver of the communication; the message is then decoded by the receiver, which enables the receiver to reply in an appropriate manner (Beattie & Ellis, 2014, p. 3). Communication is an important human capability. Communication enables the sharing of ideas and feelings; and is a foundation of human contact (Samovar & Porter, 2001; Samovar, Porter, McDaniel & Roy, 2014).

Dance (1970), after reviewing close to a hundred different definitions on communication published at the time, argued that it may be better to theorise communication according to related concepts than to have a single definition (Dance, 1970, 1982; Dance & Larson, 1985). Despite much research undertaken in the field of communication, a lack of general consensus remains on a definition of
communication. Consequently, researchers and scholars tend to focus on their own area of research in communication (Samovar, et al., 2014). Previous research has found that communication can also be viewed as a representation of individuals’ culture and language, and a means for individuals to express their culture (Hall, 1966, 1990; Carey, 2008; Jandt, 2015). For the purpose of this research on understanding the role of culture and emotions in Australian-Chinese business negotiations, it is important to explore the influence of culture on language with regard to cross-cultural negotiation.

Past negotiation and communication research have mainly focussed on US, Japanese and European contexts (Brett & Okumura, 1998; Brett, 2000; Adair, Okumura & Brett, 2001; Adair & Brett, 2005; Adair, Taylor & Tinsley, 2009), with some heavily focussed on the Chinese (Pye, 1982; Blackman, 1997; Gao & Ting-Toomey, 1998; Fang, 1999; Ghauri & Fang, 2001; Graham & Lam, 2003; Ma & Jaeger, 2005; Ma, 2007a; Ma, et al., 2015) and others including Asian countries (Metcalf, Bird, Shankarmahesh, Aycan, Larimo & Valdelamar, 2006). However, how Australian managers negotiate with their Chinese counterparts is still not as widely researched and only just starting to get some attention (Buttery, Leung, 1998; Zhu, et al., 2007; Rivers & Volkema, 2013).

Previous research has mainly focussed on the cultural differences from the general Western and Chinese negotiation perspectives (Buttery & Leung, 1998) and not focussed on exploring the possible differences between Australian and other Western negotiators. Others have started to explore the cross-cultural negotiation processes between the Chinese, Australian and American cultures, and intercultural dimensions, via cases studying the importance of initial meetings (Zhu, et al., 2007). Another study researched the business ethics issues comparing East and West differences in ethically ambiguous negotiation tactics via Australian and Chinese
research participants, where more focus is placed on the Australian perspective (Rivers & Volkema, 2013). The researchers selected Australians to compare with the Chinese as the Australians are considered to have more common traits with the Western and other Anglo-Saxon cultures (Jackson, 2001; Jong, Lancaster, Pelaez, & Munoz, 2008; Lin, 1999; Scholtens & Dam, 2007; Wood, 2000; Rivers & Volkema, 2013). It is believed that an appreciation of the cultural differences in perceptions of ethically ambiguous negotiation tactics understanding is important as more and more Western negotiators are venturing into China to negotiate with the Chinese. It is also important for the Chinese to explore what are considered to be ethically tolerable tactics as they conduct more business internationally (Rivers & Volkema, 2013).

There is also limited research on Australian and Chinese business negotiations and, specifically, studies exploring the role of culture and emotions in cross-cultural negotiations (Cropanzano, et al., 2012; Adam & Shirako, 2013; Luomala, et al., 2015). Specifically, this current study focusses on the Australian perspective.

2.2.2 Communication, culture and its effect on language

Previous research indicates that it is important for managers to be aware of culture’s effect on the language of communication, and to gain a better understanding of the surface aspects. An understanding of the deeper underlying assumptions and values of the individual’s culture is also necessary, in order to fully comprehend the meaning in the language used by the communicator and his or her communication counterpart (Trompenaars & Hampden-Turner, 1998, 2011; Hofstede, 2001, 2010). In general, communication can be more successful and less complicated when communicators are from the same or similar cultures. The familiarity of language and discourse from the context resulting from the understanding of each other’s similar values and assumptions can better ensure that communication will be more effortless (Samovar, Porter, McDaniel & Roy, 2015a;
On the other hand, communicators from dissimilar cultural groups can potentially experience more confusion in communication, as messages can be misinterpreted due to the absence of a shared cultural context (Scollon & Scollon, 2001; Scollon, Scollon & Jones, 2012).

Accordingly, understanding the context of the communication is important in cross-cultural communication (Jandt, 2015), including that of the counterpart’s culture. This understanding is also important for this research, as the cross-cultural negotiation process involves how different counterparts communicate with dissimilar cultures whilst confronting potential language complications as a result of cultural influences (Hall, 1976; Vieregge & Quick, 2011). Past research has suggested that language can lead to miscommunication and potential negotiation failures between counterparts from dissimilar cultures (Korac-Kakabadse, Kouzmin, Korac-Kakabadse & Savery, 2001; Sebenius, 2002). The research on understanding the context of how the Australian managers communicate with their Chinese counterparts during their business negotiations is still under-researched and will be addressed as part of this research.

### 2.2.3 Cross-Cultural Communication theories/models

There are many cross-cultural communication theories and models (Gudykunst & Mody, 2002), but the choice of which theory to be adopted will depend on the nature of the research. Since the 1980s, a number of studies have examined the influence of national culture on negotiations, especially in business (Agndal, 2007; Salacuse, 2003). Other researchers have highlighted the importance of the effect of culture in enabling the negotiators to envisage their counterpart’s actions, and also to formulate their own moves to counter their opponent’s moves and achieve their aim, such as how culture can influence negotiators’ use of time.
pressure in international commercial negotiations to achieve positive outcomes (Saorín-Iborra & Cubillo, 2016).

Hall’s (1976, 1989) high-context and low-context continuum and Hofstede’s Cultural Dimensions (1984, 1991, 2001) have been selected for this research. They are chosen as they are most widely adopted in cross-cultural research (Graham, Mintu & Rodgers, 1994; Ribbink & Grimm, 2014; Hofstede, Jonker & Verwaart, 2012; Lügger, Geiger, Neun & Backhaus, 2015; Samovar, et al., 2015b).

Hall’s (1976, 1989) theoretical model forms part of the foundation theory for this research, as this enabled the significance of the appreciation of others’ cultural orientations in understanding people’s behaviour. As people intermingle, they will encounter the idiosyncrasies of different cultures. Consequently, people need to be able to make sense of the idiosyncrasies of others and recognise their own (Hall, 1990). In communication, people need to not only convey the correct message, but to initiate the appropriate reaction from their counterpart in the communication. Research has suggested culturally-specific communication styles can be utilised to interpret cultural idiosyncrasies (Larina, 2015).

Understanding the cultural orientations of communicators can help people to better appreciate how they need to communicate beyond spoken and written communication. For instance, business counterparts from a low-context culture such as Australia, generally have a tendency to place emphasis on written rather than verbal content. They also prefer to discuss specific topics and be more direct with their communication. Conversely, counterparts from a high-context culture (e.g., Chinese) place more emphasis on the spoken words as opposed to the written form of the communication message, and can be dependent on context for the real meaning of the communication (Chung & Ingleby, 2011).
Hofstede (1980, 1991, 2001, 2003, 2010) argued that the social interaction of people and the behaviour of each member of the same cultural group tend to follow certain patterns. Further, members of each culture may have similarities in behaviour and action in comparable situations, and the way people of a cultural group are socialised into a culture and learn the acceptable behaviour is a process of mental programming (Hofstede, 2001). Consequently, Hofstede’s cultural dimensions: individualism/collectivism, uncertainty avoidance and masculinity/femininity, and power distance (1980, 2001, 2003, 2010) and the Confucian Dynamism, that is, the long-term/short-term orientation (Hofstede, 1991; Hofstede, Jonker & Verwaart, 2012) are explored, however, only the individualism/collectivism dimension was examined for use in this research, for studying the cultural similarity and differences between Australian managers and their Chinese counterparts’ behaviours in cross-cultural negotiations. Past research of Hofstede’s cultural dimensions (1980, 1991, 2001, 2003, 2010; Hofstede, Jonker & Verwaart, 2012) have mainly focussed on aspects of organisational settings, such as leadership, with some on cross-border negotiations (Gulbro & Herbig, 1999; Loh, Restubog & Gallois, 2010; Sebenius, 2002; Shafer, Vieeregge & Choi, 2005; Uljin, Rutkowski, Kumar & Zhu, 2008).

Hofstede’s study on cultural dimensions is considered the most influential in the field, and the collectivism and individualism dimensions have been utilised in the research on negotiations, however, many of the empirical studies on negotiations have mainly employed laboratory simulations to compare the behaviour of people from different nationalities in negotiations (Graham, 1983; Lewis & Fry, 1977, cited in Khakhar & Rammal, 2013). These simulations commonly engaged American undergraduate students in roleplays (Agndal, 2007, cited in Khakhar & Rammal, 2013), however, concerns arose regarding whether these students’ behaviour during negotiations could truly represent that of negotiators. Some researchers have found
that students’ bargaining behaviour can differ from the professionals’ (Zarkada-
Fraser & Fraser, 2001, cited in Khakhar & Rammal, 2013). Therefore, Khakhar and
Rammal (2013) in their study of the perceptions, motivations and behaviours of Arab
negotiators, only interviewed experienced managers from the industry. Resonating
with the above studies, this research on Australian and Chinese business negotiations
is different as it has chosen only to interview experienced Australian managers who
have negotiated with the Chinese in business.

The above two cultural theoretical models, Hall’s (1976, 1989) high-context
will be discussed again in Sections 2.3.2 and 2.3.3 on culture.

2.2.4 Cross-cultural, Inter-cultural and Intra-cultural Communication

Past research has referred to terms such as ‘intra-cultural communication’,
‘intercultural communication’ and ‘cross-cultural communication’ (Gudykunst &
Mody, 2002; Gudykunst, 2003; Ting-Toomey, 2012), sometimes without clear
differentiation between the terms. In addition, studies have also used terms such as
‘intercultural communication’ and ‘cross-cultural communication’ interchangeably
(Scollon & Scollon, 2001; Scollon, et al., 2012). Intra-cultural communication is
when communication occurs between members of the same cultural group (Scollon
& Scollon, 2001; Gudykunst, 2003). Inter-cultural communication occurs when the
communication message is produced by a person of one culture and the message
received by a member of a different culture (Porter & Samovar, 1988, p. 15). Cross-
cultural communication is when an appraisal is made on how diverse cultures
communicate via the use of intra-cultural communication within their cultural group
that is, comparing and contrasting how different cultures communicate during intra-
cultural communication (Scollon & Scollon, 2001; Scollon, et al., 2012; Gudykunst,
2003).
For the purpose of this research, reference is made to intercultural communication (Gudykunst & Mody, 2002; Jandt, 2015; Samovar, et al, 2015b) in the Australian and Chinese business negotiation context. However, this research will use the terms cross-cultural negotiation and intercultural negotiation interchangeably as both are applicable in the context of the negotiations occurring between Australian managers and their Chinese counterparts. This research will explore the role of culture and emotions on cross-cultural negotiation between Australian managers and their Chinese counterparts, which is an under-researched area. More specifically, this research will examine culture’s influence on cross-cultural negotiation between Australian managers and their Chinese counterparts via Hofstede’s cultural dimensions of collectivism and individualism, and Hall’s (1976, 1989) high versus low-Context cultures, to examine cultural aspects’ (such as conflict avoidance) influence on negotiators during negotiations. The next section presents an overview of negotiation definitions, theories, models, the role of culture on negotiation, and research on negotiation and communication.

2.2.5 Communication and negotiation research

Due to the complex nature of communication research, scholars and researchers focus on their own chosen area of research in communication (Samovar & Porter, 1995); for example, the role of culture in intercultural communication (Samovar, et al., 2014); or exploring the communication between different cultures (Samovar, et al., 2015b), as otherwise the research task is too complex. As previously mentioned, research studies on negotiation in the past have typically focussed on negotiating to get to ‘yes’; focussing on not compromising (or taking a bargaining approach in negotiation); have viewed negotiation as conflict and resolution; or concentrated on achieving a winning outcome for one side of the
negotiation party (Fisher, et al., 2011; Lewicki, Saunders & Barry, 2011; Malhotra & Bazerman, 2007).

Research on communication and negotiation has also shifted from examining negotiation tactics and approaches to negotiation, to how the contextual factors (Phatak & Habib, 1996; Risberg, 1997; Adair & Brett, 2005; Wyatt, 2009; Locher, 2010; Ambrose, Marshall, Fynes & Lynch, 2008; Joshi, Sarker & Sarker, 2007), social factors (Ghauri & Fang, 2001; Locher, 2010), and cognitive factors (George, et al., 1998; Bazerman, 2000; Rubin & Brown, 2013; Moore, 2014), can impact on communication and negotiation outcomes. Researchers have also started to investigate how the intangible aspects of negotiation, such as culture, trust, reputation, relationship quality, moods, emotion, and guanxi, shape the processes and outcomes of communication and negotiation (Jones & George, 1998; Griffith, 2002; Hartel & Ma, 2006; Ma & Hartel, 2005; Zhao & Krohmer; 2006; Lee, et al., 2006; Ma & Hartel, 2006, 2009; Hartel, Ma & As-Saber, 2010; Ma, Hartel & As-Saber, 2011; Rubin & Brown, 2013; Luomala, et al., 2015; Gunia, Brett & Gelfand, 2016).

These studies demonstrate that theories of cross-cultural business negotiation must take into account contextual and individual difference factors from both cognitive and affective perspectives.

2.2.6 Negotiation

Previous research has described negotiation as a process where people interact and advocate to bargain for their own aims and needs through communication, and encompass some reciprocity and mutuality to achieve common ground or a jointly agreeable outcome that could benefit them, and achieve some of their aims and goals when there are different interests between the parties involved (Drake, 2001; Fisher & Ury, 1991; Ladegaard, 2011; Graumann, 1996; Fisher, et al., 2011; Malhotra & Murnighan, 2008; Pruitt, 2013; Kobayashi & Viswat, 2016).
Negotiation can be viewed as a decision-making process involving two or more parties communicating with each other in an attempt to come to some sort of resolution of their differences in interests and views, and often involving joint decision-making (Pruitt, 2013, p. 1).

The negotiation is engaged in as part of our communication with people around us; approaches to negotiation can vary between the tough, gentle and the principled (Fisher & Ury, 1991; Fisher, et al., 2011; Pruitt, 2013). Negotiation can occur between two or more negotiators or groups of negotiators, nevertheless, the most researched are between two negotiation parties (Carnevale & Pruitt, 1992; Pruitt, 2013; Rubin & Brown, 2013). Negotiation is the most common approach to resolving any conflict in interests, aims and goals. However, other approaches are: tacit bargaining, mediation, arbitration, simple norm following, taking a vote (can only be done in more than two groups) coercion by one party, and a more gentle approach to communication that is based on relationship and feeling for parties involved in reaching some sort of consensus (Schelling, 1980; Pruitt, 2013).

Past research studies on negotiation mainly focussed on the approach of negotiating without giving in, bargaining and negotiation, conflict and resolution, and how to overcome difficulties in negotiations in order to get exceptional outcomes for one side of the negotiation party (Fisher, et al., 2011; Lewicki, et al., 2011; Malhotra & Bazerman, 2007). More contemporary research on negotiation has moved from the competition approach of winning or losing (i.e., win-lose) to a more cooperative approach of achieving a win (i.e., win-win) for both parties (Thompson, 2000; Zhao, 2000; Dewulf, Gray, Putnam, Lewicki, Aarts, Bouwen & Van Woerkum, 2009; Fang, 2006; Ma & Jaeger, 2005; Lewicki, Barry & Saunders, 2011; Elfenbein, 2015; Ott, & Kimura, 2016). Accordingly, this research will explore the behaviours of Australian managers and that of their Chinese counterparts to see how
each side would overcome obstacles during negotiations to get a positive, exceptional outcome, and who will be the winners and who the losers.

For the purpose of this research, the negotiation between the Australian and their Chinese counterparts can be represented as ‘a decision-making process involving two or more parties communicating with each other in an attempt to come to some sort of resolution of their differences in interests and views and often involving joint decision-making’ (Pruitt, 2013, p. 1); it can also involve some reciprocity and mutuality to achieve common ground.

2.3 Culture

The role of national culture in business negotiation has been the focus of much negotiation research, with researchers focussing on the influence of culture on behaviours of individual negotiators, on groups and even the influence of cultural intelligence on negotiations (Salacuse, 2015; Agndal, 2007; Liu, Friedman & Hong, 2012; Gelfand, et al., 2013; Stahl & Tung; 2014). Past research has found that culture can play a role on the negotiation processes and outcomes (Adair & Brett, 2005; Weiss, 2006). Furthermore, researchers have found negotiators from different cultures approach negotiation in different ways and have different negotiation behaviours derived from their cultural differences (Adair et al., 2001; Adair, et al., 2009; Brett, 2000; Kumar, 1999a; Kumar & Patriotta, 2011). Moreover, culture can also affect the way individuals communicate in negotiations (Salacuse, 1998; Gao & Ting-Toomey, 1998; Paik & Tung, 1999; Graham & Lam, 2003; Zhu et al., 2007; Moran, Abramson & Moran, S, 2014; Samovar, et al., 2015b; Gunia, Brett & Gelfand, 2016). Notably, research has also found the success of international business negotiations can be dependent on the managers’ ability to proficiently communicate their message of negotiation in various cultural environments (Schoop, Kohne & Ostertag, 2010, cited in Khakhar & Rammal, 2013). Therefore, to gain an
understanding of how Australian managers negotiate with their Chinese counterparts, and the role culture plays in Australian and Chinese business negotiations, this section presents an overview of previous research in this area.

Past research has found people are pre-conditioned by the cultures in which they have been socialised (Hofstede, 1980 b) and, as a result, people’s behaviour varies according to their different cultural values (Hofstede, 1994). Geert Hofstede (1997) is one of the most well-known researchers on culture, and referred to culture as:

*The collective programming of the mind, which distinguishes the members of one category of people from another (p. 5).*

It is important to be aware of culture’s influence on people’s behaviour. This is particularly important in communication and negotiation (Hall, 1976, 1989; Hofstede, 2001; Gudykunst, 2005).

The phenomenon of ethnocentrism (Sumner, 2013; Kinder & Kam, 2009), where some individuals may also have a more rigid and inflexible approach to accepting culturally-dissimilar others, needs to be acknowledged when discussing intercultural communication and negotiation. Some individuals may be more ‘ethnically centred’ and less able to accept others from another culture (Adorno, Frenkel-Brunswik, Levinson & Sanford, 1950; Berry, 2005). If a person is ethnocentric, then the person is likely to be less open-minded towards counterparts from different cultures and this can have negative implications on the negotiation. The possible ethnocentric behaviour of individuals needs to be considered in this research on cross-cultural negotiations, as ethnocentrism can influence an individual negotiator’s behaviour, however, it is not necessarily skewed towards the Australian or Chinese counterparts.
2.3.1 Definitions of culture

Various definitions of culture have been suggested by researchers since the late 1800s. A classic definition of culture was provided by the 19th century English Anthropologist, Edward Burnett Tylor, in his famous book *Primitive Culture* (1871, p. 1):

*Culture or civilisation, taken in its wide ethnographic sense is that complex whole which includes knowledge, belief, art, morals, law, custom, and any other capabilities and habits acquired by man as a member of society.*

Following on from Tylor’s definition, other researchers have defined culture as a set of learned behaviours (Linton, 1945, p. 32) and even as shared behaviour (Useem, Useem, & Donoghue, 1963, p. 169) amongst individuals in a society or a community of human interactions.

Other researchers have defined culture as shared patterns of behaviour, whether implicit or explicit, and transmitted in symbols or expressed in the form of relics of some sort. Kroeber and Kluckhohn (1952) referred to over 160 definitions of culture. To name a few, the definitions include phrases such as ‘learned behaviour’, ‘ideas in the mind’, and a ‘logical construct’. Kroeber and Kluckhohn concluded from their review that culture should be defined as ‘an abstraction from concrete human behaviour, but it is not itself behaviour’ (1952, p. 155). However, this concept of culture as an abstraction is not very clearly explained. This also led to other researchers defining culture as something that is intangible.

After Hofstede’s (1984c, 1997) definition, many other scholars defined culture in a similar manner.

*Culture is the way in which a group of people solve problems (Trompenaar, 1993, p. 6).*
There are many definitions of culture, possibly due to the fact that culture is a complex concept. Its definition varies with each discipline of research, depending on whether it is an international business definition or it is defined by anthropologists, or other researchers. The difficulties in finding a definition that is agreed by the wider research community meant that researchers in the international business and management area strained to find a simple workable definition of culture that made sense of people’s behaviours. Therefore, the definitions developed by theorists such as Hofstede (1984c) and Trompenaar (1993) are welcomed by these scholars as they provide a framework that is easier to use to interpret human behaviour in both the management and business contexts. Therefore, for the purpose of this thesis, the definitions of culture by Hofstede (1984c) and Trompenaar (1993) are adopted.

People are pre-conditioned by the different culture that they have been socialised in (Hofstede, 1980 a, 1980b) and, as a result, people’s behaviour varies due to their different cultural values (Hofstede, 1994). It is important to be aware of culture’s influence on people’s behaviour. This is particularly important in communication and negotiation (Hall, 1976, 1990; Hofstede, 2001; Gudykunst, 2005).

Consequently, for the purpose of this thesis and integrating the two definitions of culture by Hofstede (1997, p. 5) and Trompenaar (1993, p. 6), culture is defined as: ‘the collective programming of the mind which distinguishes the members of one category of people from another and the way in which a group of people solve problems’. The next section presents the research on culture’s influence on negotiation and communication.

### 2.3.2 Hall’s High and Low Context cultures and communication

As discussed earlier in this chapter, Hall’s model of a high-context and low-context culture theoretical framework (1976, 1981, 1989) is chosen as one of the
underpinning theoretical frameworks for this research, as it is a well-known cultural model, and can enable researchers to study the cultural differences in intercultural communication (Cardon, 2008; Kittler, Rygl & Mackinnon, 2011; Samovar, et al., 2014; Samovar, et al., 2015b; Chen, 2015), which is applicable in this research of Australian and Chinese negotiations in business. Research shows that culture is a learned process and not innate, the various elements are interconnected, and culture is shared and defines the boundaries of groups (Hall, 1990; Triandis, 1994).

Accordingly, using Hall’s (1976, 1981, 1989) high and low-context framework enables the study of the differences between negotiators’ behaviours, and allows this research to also examine emotions’ influence on low-context negotiators’ behaviours and high-context negotiators’ behaviours during negotiations. Prior research by Khakhar and Rammal (2013) has reported Arab negotiators from low-context cultures are more ‘task focussed and communicate their message explicitly’ compared with negotiators from high-context cultures who have a preference to ‘focus on building relationships, and their messages are communicated implicitly’, as per Hall’s (1976, 1981, 1989) framework (Khakhar & Rammal, 2013, p. 580). However, this research on cross-cultural negotiation between Australian managers and their Chinese counterparts is to examine negotiators from low-context cultures (i.e., Australian managers) to see if they are necessarily more focussed on the task and have a more direct communication style, compared with negotiators from high-context cultures (i.e., the Chinese counterparts who are more focussed on relationship building and have a less direct communication style during negotiations).

Furthermore, Hall’s framework (1976, 1989) is well suited for negotiation research as it enabled the interviewees to be categorised into two distinct groups, that is, low-context and high-context cultural groups, which could be used to differentiate
and compare cultural differences (Brett, 2007; Ribbink & Grimm, 2014). By employing Hall’s (1976, 1989) high and low-context cultures, Ribbink and Grimm (2014) examined cultural differences’ direct and moderating effects in the dyad of buyer-supplier negotiations with MBA students in a laboratory experimental environment. The findings found that the cultural differences within the negotiation dyad can negatively impact on the joint profits, whereas in the dyads that are culturally similar, there is positive impact on the joint profit, and thus the negotiation outcome. However, Ribbink and Grimm’s (2014) study engaged only MBA students and not experienced professionals or managers of cross-cultural negotiations. Additionally, this study is only limited to the buyer-supplier negotiations in supply chains (Ribbink & Grimm, 2014). Therefore, it would be interesting in this research on cross-cultural negotiation between Australian managers and their Chinese counterparts in business to examine whether cultural differences between the low and high-context cultures and professionals still have an influence on negotiations. Using Hall’s (1976, 1989) theoretical perspective, this research will examine managers from various industries and not be limited to only buyers and sellers and supply chains. Moreover, it will examine whether the low-context Australian negotiators communicate more directly than their Chinese counterparts in negotiations.

Hall (1976, 1989) highlighted the importance of recognising the cultural orientations of individuals in order to understand others’ behaviour and their approach to communication, and also the idiosyncrasies of the people and those they communicate with. Hall’s (1989) high and low-context culture theoretical framework assumes that cultures can be compared against each other according to the different level of information each culture internalises. In addition, the communication approach and style of each culture is dependent on the level of context attachment in
the communication. Accordingly, high-context communication generally involves a
great amount of the information being internalised and requiring the receiver of the
message to interpret the meaning from the context and not just from the language,
such as the spoken or written words. Conversely, low-context cultures communicate
information more explicitly and rely more on spoken and written words to clearly
communicate the message instead of placing emphasis on the context for meaning
(Hall, 1976; Kittler, et al., 2011; Chung & Ingleby, 2011; Tran, 2016).

According to Hall (1976, 1989), high-context communication can be less
time-consuming to deliver and also effective, but it may require more time to
program the receiver of the message to ensure that the message is correctly
interpreted and fully comprehended. The positive side is that it can be more difficult
for people outside of the high-context culture to fully understand the cultural context,
but the negative is that it is difficult to change. On the other hand, low-context
communication can be more time-consuming to deliver, as there is less concealed
meaning, so more time is required to ensure the required information is in the actual
message in terms of the words used in the communication. The positive of this
approach is that low-context cultures can be more flexible to change, but the negative
is that it is easier for outsiders to become acquainted with the cultural context of the
low-context cultures. Past research has demonstrated differences between the low
and the high-context culture communications and negotiations; low-context cultures
place emphasis on direct/explicit and verbal communication in negotiations, whereas
high-context cultures place emphasis on the context (e.g., backgrounds of
communicators) to get a complete understanding of the message (Samovar, et al.,
2015a; Lügger, et al., 2015; Ribbink & Grimm, 2014).). This current research will
utilise Hall’s (1976, 1989, 1990) high and low-context cultural communication to
facilitate the study of the negotiator’s cultural behaviours. In addition, emotions’
influence on low-context negotiators’ (Australian managers) behaviours and high-context negotiators’ (the Chinese counterparts) behaviours during negotiations will also be examined.

Each culture can be ranked on the continuum of Hall’s high or low-context cultures depending on each culture’s tendency for adopting a low-context or high-context communication approach (Hall, 1976, 1989, 1990; Samovar & Porter, 2004). Most Western cultures including Australian are considered low-context cultures, that is, most of their communication displays are represented with explicit messages. On the other hand, most Eastern cultures are considered high-context cultures, including that of the Chinese; in other words, communication displays are more implicit and tend to reply on shared contexts (Zhu, 2008; Richardson & Smith, 2007). The dissimilarities between low-context and high-context communication can result in potential confusion and can also affect negotiations (Chung & Ingleby, 2011; Tran, 2016; Cole, 2015).

2.3.3. Hofstede’s cultural dimensions of national culture

The most well-known of all cultural theories was developed by Geert Hofstede (1980) who surveyed a large number of employees from IBM Corporation between 1967 and 1973 (Hofstede & Bond, 1988). Hofstede was employed as a psychologist by IBM to conduct a comprehensive study of the way values in the workplace are shaped by culture. It was said that the original data set, derived from over 110,000 questionnaires using more than 20 different languages, compared more than 117,000 respondents from over 60 countries with about 50 different occupations. It was later developed to cover 53 countries and regions (Hofstede, 1980 a, 1983). From the results of this study and later additional work, Hofstede developed the 4-dimensions cultural model: Power Distance, Uncertainty Avoidance, Individualism, and Masculinity (Hofstede, 1984a). A fifth dimension was added
later: the Long-term Orientation versus Short-term Orientation (Hofstede, 1991; Hofstede, Jonker & Verwaart, 2012; Engle & Nash, 2015). However, for the purpose of this research, only the Individualism and Collectivism dimension was selected for studying the cultural similarities and differences between Australian managers and their Chinese counterparts in their cross-cultural negotiations.

### 2.3.4 Cross-cultural and negotiation studies that used Hofstede and Hall’s cultural models

Many researchers have used Hofstede’s cultural dimensions (1991, 2001, 2003, and 2010) and Hall’s high and low contexts (1976, 1989) models to study the influence of culture. Their research will be explained below. Examples of this research include: the effect of culture on the way negotiation proceeds using Hofstede’s five cultural dimensions (Hofstede, Jonker & Verwaart, 2012); the cultural dimensions of negotiation (Carnevale & Leung, 2008); the study on the impact of culture on buyer and supplier negotiations using Hall’s (1976) high and low-context cultures (Ribbink & Grimm, 2014). Researchers have also looked at the role of cultural dimensions in studies other than communication and negotiation, such as participation in debt management programs (Dellande, Gilly & Graham, 2016).

Some researchers have studied specific aspects regarding culture’s influence, such as: the impact of culture on business ethics and its influence on a country’s regulatory policies and levels of corruption (Jing & Graham, 2008); the cultural tendencies of negotiators’ behaviour in negotiation across cultures and identifying the country differences between India, Finland, Turkey, Mexico and the United States (Metcalf, et al., 2006). Cultural distance is a well-known construct in the international business literature, where researchers use it to study and measure the degree, with which various cultures are different or similar (Kogut, & Singh, 1988;
Cultural distance is widely utilised in FDI research (Dunnings, 1988) via the use of the cultural distance index developed by Kogut and Singh (1988) based on Hofstede's (1980) cultural dimensions (Shenkar, 2001). In the entry modes research, many have studied the link between the higher levels of cultural distance equating to more influence the multinationals can exert over setups in foreign countries (Kim & Hwang, 1992). Additionally, in acculturation research researchers have used it to examine the success of people acculturating (Black, Mendenhall & Oddou, 1991) and other researchers have looked at it in relation to cultural attractiveness in the expatriate literature (Brewster, 1995; O'Grady & Lane, 1996). The potential cultural similarity or differences, and hence the cultural distance between Australian managers and the Chinese in terms of Hofstede’s cultural dimensions of individualism and collectivism, is what is relevant for the current study. Figure 2.1, depicts Hofstede’s Individualism versus Collectivism cultural dimension for Australia and China. According to Hofstede, Australia scored 90 on Individualism (IDV) dimension, and China scored 20. This indicates Australia is a strongly Individualist culture and that people tend to focus on themselves and their immediate families. In contrast, China is a strongly collectivist culture and people tending to focus on the group and less on themselves (Hofstede, 2017).
Figure 2.1 Hofstede’s Individualism versus Collectivism cultural dimension for Australia and China


Zhang and Han (2007) have also studied culture’s influence on the psychological representation of the self and self-representation; the psychic distance (PD) has also been attributed as an important element influencing international business, such as FDI (Child, Rodrigues & Frynas, 2009; Puthusserry, Child & Rodrigues, 2014; Vaccarini, Lattemann, Spigarelli & Tavoletti, 2017). The relationship of PD affecting the learning processes in internationalising SMEs (Nordman & Tolstoy, 2014) is another example of culturally-related research.

More relevant to this current research on how culture and emotions influence Australian and Chinese business negotiation, is the research on how culture can affect negotiation and communication. Research associated with this stream includes: the role of culture in intercultural communication (Samovar, et al., 2015b); the role
culture and cultural aspects like relationship (guanxi) and trust (xinyong) have on negotiation outcomes in China (Leung, et al., 2011). Other studies include the effect of culture on negotiation which examines tension and trust in international business negotiations between the American and the Chinese (Lee, et al., 2006); the influence of culture on the adaptation, behaviour and outcomes of intra-cultural and intercultural business negotiation between the Germans and the Chinese (Lügger, et al., 2015). Furthermore, research has been carried out on the comparison of negotiation strategy and outcomes in three cultures (USA, Qatar and China) and demonstrating dignity, face and honour cultures (Aslani, Ramirez-Marin, Brett, Yao, Semnani-Azad, Zhang, Tinsley, Weingart & Adair, 2016). Additionally, Chinese business negotiation styles with an indigenous perspective have been researched, by exploring culture’s influence on the impact of the Confucian ideal personality on business negotiation in China (Ma, et al., 2015).

More pertinent to this research examining the influence of culture and emotions on cross-cultural negotiations between Australian managers and their Chinese counterparts, is the research done by Luomala, et al., (2015), on the exploration of the linkages between culture, emotions and behavioural tendencies in failed intercultural business negotiations (Luomala, et al., 2015). The study by Luomala et al. (2015) will be discussed in more detail in section 2.4.3 below on culture and emotions influence on negotiations.

2.3.5 Culture’s influence on negotiation

Past research has found that culture plays a role on negotiation processes and outcomes (Adair & Brett, 2005; Weiss, 2006). Furthermore, previous research has found negotiators from dissimilar cultures embrace negotiation uniquely and their negotiation behaviours can reflect cultural differences (Adair et al., 2001; Adair, et al., 2009; Brett, 2000; Kumar, 1999a; Kumar & Patriotta, 2011), specifically, these
cultural differences and the effect on cross-cultural negotiation will be explored for this research. Negotiators from collectivistic cultures such as the case of Japanese negotiators prefer to indirectly communicate for information, whereas negotiators from individualistic cultural groups such as Americans tend to prefer a more direct approach with communicating information (Adair et al., 2001).

Other research has also found that culture’s influence on negotiation can be context-dependent (Leung, Bhagat, Buchan, Erez & Gibson, 2005; Leung, et al., 2011). Furthermore, there have been a number of studies which have examined the influence of national culture on business negotiation (Agndal, 2007; Salacuse, 2015). Nevertheless, attention has been focussed on researching the negotiation styles of specific countries, such as USA, Japan and China (Brett & Okumura, 1998; Ghauri & Fang, 2001; Graham, 1993; Shi, 2001; Shi & Wright, 2003; Fang, 2006; Ma, 2007; Ma, et al., 2015), and little research has explored Australian and Chinese negotiations (Buttery & Leung, 1998; Zhu, et al., McKenna & Sun, 2007; Rivers & Volkema, 2013).

Rivers and Volkema (2013) surveyed 307 business people (161 Chinese and 146 Australians) and investigated the different cultural values between individualism and collectivism and also the need to ‘save face’. In addition, they surveyed the different embedded beliefs on negotiation such as their mindsets/mental models, in the case of the Chinese, and the influence of the different stratagems, suggested by the ‘Secret Art of War: The 36 Stratagems’ (Rivers & Volkema, 2013, p. 17) and the influence on their opinion of tactics used in negotiations. The findings suggested dissimilarities between Chinese and Australian business peoples’ opinions on ethically ambiguous negotiation tactics (Rivers & Volkema, 2013), and culture (e.g., face, such as in the case of Chinese), which can still influence negotiations. The influence of emotions in this study will be discussed in Section 2.4.4 below.
There has also been a plethora of studies which have explored the effects of culture on negotiation. Graham, Mintu and Rodgers (1994) studied negotiation behaviours in ten cultures using a problem-solving model of business negotiations developed in the USA. The results found the universal question regarding emotions to be ambiguous. Other researchers focussed on which culturally-grounded assumptions negotiators bring to the negotiation table during cross-cultural negotiation, such as reciprocity in negotiation (Brett & Okumura, 1998; Brett, Shapiro & Lytle, 1998). Another group of researchers have focussed on the incongruence of these cultural assumptions about negotiations, known as negotiation schemas, which have been found to be useful in predicting possible cultural incompatibilities and even negative negotiation results (Brett & Okumura, 1998; Graham, 1985; Rosenbaum, 2003). Meanwhile, others have focussed on the negative negotiation outcomes that result from a negotiator’s culturally predetermined ideas about how to negotiate (Brett & Okumura, 1998; Graham & Sano, 1989; Rosenbaum, 2003; Sebenius, 2002; Tinsley, Curhan & Kwok, 1999; Adair, et al., 2009). Yet others have focussed on the influence of the culture of a country as the most important consideration for understanding the behaviours of negotiators, as well as how culture affects the way negotiators communicate and how this impacts on the other factors that determine negotiation in an international setting (Saorin-Iborra, 2008).

Saorin-Iborra (2008) conducted extensive interviews with executives and managers in three cases of negotiations with Spanish firms, to examine the causes of time pressure perceived by negotiators during acquisition negotiations, and the influence on communication during negotiation. The influence of the different cultures in both relationships was also investigated. The findings suggest time pressure is not always linked to competitive behaviour during negotiations. In fact,
the negotiator’s experience, preparation and the potential post-negotiation scenarios can all play a role in negotiation. Most important, is the negotiators’ desire to keep things secret and their view of the time available, which were the key determining factors in negotiation.

Other researchers focussed more on the essentials, that is, by knowing how to conduct negotiations (Lewicki, et al., 2011). Others focussed on the negotiation as a crucial factor in the success of strategies (Saorin-Iborra, Redondo-Cano & Revuelto-Taboada, 2013). Still others focussed on the influence of time pressure on the outcome of intercultural commercial negotiations (Saorin-Iborra & Cubillo, 2016).

Individuals’ cultural backgrounds shape their view of reality (Friedman & Antal, 2005), and can impact on interpersonal interactions. Past research has shown good business negotiation is dependent on a sound understanding of the negotiation counterpart’s negotiation styles, which can be influenced by cultural values and social norms (Gelfand & Dyer, 2000; Brett & Gelfand, 2005; Ma, 2006, 2007; Ma, et al., 2015).

Relevant to this research on Australian and Chinese negotiations, in examining negotiators’ behaviours is Brett and Gelfand’s (2005) negotiation theory. They propose five factors to take into consideration in the negotiation process: first, the judgement and concession making, that is, do the negotiators use rationality or emotionality in their persuasion?; second, their level of motivation to accomplish capital, is it economic or social capital?; third, their attributions, the traits of the negotiators, is it dispositional attribution or situational attribution?; fourth, regarding communication, do the negotiators engage in direct or indirect information sharing?; fifth, confrontation, do the negotiators take a direct approach and speak, or the avoidance approach and use other indirect approaches (Brett & Gelfand, 2005)? The relevance of this theory for this current research is in its application in studying how
negotiators would behave during negotiations. The traditional Western approach to
negotiations is to use rationality and place emphasis on economic capital, preference
for dispositional attribution, and utilise direct information and direct voice. On the
other hand, negotiators from non-Western cultures prefer to utilise emotionality in
their concession making, and place emphasis on relationships and social capital, they
show situational attribution, and employ indirect information sharing and
indirectness in their communication (Brett & Gelfand, 2005, cited in Khakhar &
Rammal, 2013).

Past research also suggested one of the most important cultural aspects to
consider when negotiating with the Chinese is guanxi (Kwock, James & Tsui, 2013;
Khakhar & Rammal, 2013; Fang, 2006, 2014; Ma et al., 2015) and face (mianzi)
(Luomala et al., 2015; Mahadevan, 2015; Aslani, et al., 2016; Ma et al., 2015; Chan
& Ng, 2016) and these should be considered in the cross-cultural negotiation process.

Past research has shown that national culture can influence business
negotiations by influencing behaviours of negotiators (Agndal, 2007; Salacuse,
2015). Moreover, past research highlighted the importance of understanding culture
in negotiations (Imai & Gelfand, 2010; Lee, Adair & Seo, 2013; Samovar, et al.,
2015b). More importantly, awareness of culture can enable the negotiators to remain
calm, envisage the counterpart’s different communication styles and approaches and
also formulate their own moves to achieve their aims. To conduct effective cross-
cultural negotiation, negotiators need to understand how to communicate with, and
exert influence on, counterparts from other cultures (Adler & Graham, 2017).
Consequently, cultural nuances and awareness are important in cross-cultural
negotiations.

Past research has also found that culture plays a role in influencing the
behaviours of negotiators in negotiations, which can affect the negotiation processes
and outcomes (Adair & Brett, 2005; Weiss, 2006; Lee, et al., 2013). Additionally, past research has demonstrated that culture plays a role in negotiation by influencing negotiators’ behaviours and how they make decisions. Negotiators from collectivist cultural groups tend to focus on building relationships as compared with their individualistic counterparts (Kumar, 1999b; Samaha, Beck & Palmatier, 2014). Additionally, research also shows that collectivist cultures such as the Chinese can negotiate for less than an ideal outcome in negotiations, due to their preference for harmony in the group, as demonstrated by the Taiwanese Chinese when they negotiated with the Americans in the United States (Gelfand, et al., 2013). Moreover, research has also shown that people from different cultures can make decisions differently, and collectivist cultures value inputs from others when it comes to decision-making (Yates & de Oliveira, 2016). Furthermore, past research has shown that negotiators from dissimilar cultures embrace negotiation differently and their negotiation behaviours can reflect cultural differences (Adair et al., 2001; Adair, et al., 2009; Brett, 2000; Kumar, 1999; Kumar & Patriotta, 2011). Therefore, it is even more important for negotiators to focus on the common goals and find the similarities between their counterpart's and their own cultures rather than focus on the differences, which is important for communications and negotiations (Imai, & Gelfand, 2010; Ting-Toomey, 2012; Samovar, et al., 2015a).

Negotiators need to be aware that the communication styles of counterparts can impact on overall negotiation experience. Past research has emphasised the importance of being able to make sense of their own and others’ idiosyncrasies in communications, and those that are culturally bound (Hall, 1990; Javalgi, Granot & Alejandro, 2011; Van de Vijver, Hofer & Chasiotis, 2010; Larina, 2015). People need to not only convey the correct message, but to initiate the desired reaction from their counterparts in the communication. As a result, negotiators need to be aware of
these idiosyncrasies of communications and also culture to enhance their chances of success in negotiations.

Gelfand et al. (2013), in their study, conducted simulated negotiations and experiential exercises with 170 undergraduate students, with both American and Taiwanese Chinese participating as negotiators in both teams and as solos. Their study investigated whether team context would increase the cultural norms that are important in a specific culture (Gelfand & Realo, 1999; Gelfand et al., 2013). Their findings reported the results of teams differed across the collectivist and individualist cultures. The Taiwanese Chinese teams negotiated for less ideal outcomes than the Taiwanese solos in negotiations, compared with the Americans. This, the authors explained, is due to the Taiwanese Chinese teams being influenced by their collectivist harmony cultural norms. The authors acknowledged the possible limitations of using simulated and not real negotiation situations with more at stake, which could potentially influence the negotiation outcomes. Moreover, they argued that even though the Taiwanese Chinese settled for less than an ideal negotiation outcome in the shorter term, they actually built more solid relationships (Curhan, Elfenbein & Kilduff, 2009; Gelfand et al., 2013), which could lead to better commercial value in the longer term (Gelfand, Major, Raver, Nishii & O’Brien, 2006; Gelfand et al., 2013). Accordingly, it would be interesting in this research on cross-cultural negotiation between Australian managers and their Chinese counterparts to investigate whether there are cultural differences between the low-context Australian and high-context Chinese managers (professionals) in negotiations, and whether the high-context Chinese counterparts confirm or contrast the literature about Chinese having a cultural preference for harmony, and whether it can also have an influence on negotiations.
It is clear from past research that culture plays a role in negotiation; therefore, one of the aims of this research is to further explore the role of culture in cross-cultural negotiation, as in the case of Australian managers negotiating with their Chinese counterparts. Specifically, the influence of two of the most important Chinese cultural values, *guanxi* and *mianzi*, need to be explored when researching business contacts with the Chinese (Chung & Menzies, 2012). Furthermore, the possible changes or shifts in Chinese culture and how these changes influence negotiations need to be taken into consideration.

**2.3.6 Chinese cultural orientations in negotiations**

Past research has shown that Chinese are skilled business people and good negotiators (Ma, Wang, Jaeger, Anderson, Wang & Saunders, 2002; Pye, 1992; Rivers & Lytle, 2007; Fang, 2014; Chan & Tong, 2014; Rivers & Volkema, 2013). Negotiation with the Chinese can thus be challenging for many Westerners, as they are good business people and skilled negotiators. Moreover, communications and negotiations with Chinese are formal and strict to begin with, however, negotiation becomes more relaxed if there is relationship or *guanxi*. This is supported by past research showing cultural differences with the Chinese can create confusion for less experienced negotiators if they do not have sufficient cultural understanding of the Chinese counterpart’s communication styles (Fang, 2006; Fang & Faure, 2011; Chuah, Hoffmann & Larner, 2014; Ott, Gates & Lewis, 2016) during business negotiations.

Cultural orientation such as collectivism (Hofstede, 2001, 2010) makes negotiations more group-orientated for the Chinese counterparts. Research shows that the Chinese collectivist cultural orientation means that Chinese prefer to make group-based decisions in negotiations (Ma, 2010; Yates & de Oliveira, 2016; Phadoongsitthi, Rompho, Iwai & Morita, 2017). Moreover, research also
demonstrates that for Chinese business it is not just about business, it also encompasses social interaction (Wang, 2007; Chang & Tong, 2014).

Research has shown that *guanxi* is important in doing business with the Chinese, because *guanxi* literally means relationship and the Chinese will look after the people with whom they have a good relationship (Chung & Menzies, 2012; Murray & Fu, 2016). Through the interactions with Chinese, the Western counterparts can build relationships, trust and social capital, to gain acceptance in the in-group with the Chinese counterparts which can greatly benefit the negotiations. The practical implications for Western managers are that good *guanxi* with their Chinese counterparts can give them more favourable business negotiation outcomes.

Previous research by Xiao and Tsui (2007) has identified that the deep culturally-rooted in-group and out-group effects exist in Chinese culture. Research also shows distinct differences in the behavioural judgements of the in-group and out-group participants in negotiations in China (Zhang, Liu & Liu, 2014). In prior research involving interviews with managers from China and New Zealand, the roles of relational gatekeepers and the relationships were explored. The findings suggest there are differences in the intercultural business relationships between those considered foreign outsiders and local business relationships/contacts (Gao, Knight, Yang & Ballantyne, 2014).

Past research has highlighted that Chinese have unique business communication styles, which can be vastly different to their Western communication counterparts’ styles. Chinese have been found to use a circular communication approach with their written or verbal communications (Zhu, 1997). Other researchers have reported on the Chinese using a less direct and almost ambiguous communication style (Adair & Brett, 2005; Zhu, 2008; Fang & Faure, 2011). Moreover, research has also found that Chinese employ an in-direct approach to
communication during negotiations (Zhu, 1997; Adair & Brett, 2005; Zhu, 2008) which can confuse their Western counterparts, as the Westerners tend to use more direct communications and negotiations.

Past research on the cultural differences between high and low-context (Hall, 1976, 1989, 1990) demonstrate the Chinese, being a high-context culture, non-verbal or situational signals are favoured in communication because high-context communications tend to use implicit and indirect messages and meaning is derived from the social cultural context, and the person involved (Stone, 2002). On the other hand, the Western counterparts such as Australians from a low-context culture tend to use explicit and direct messages where the meanings are contained in the transmitted messages. The cultural differences between Western managers and their Chinese counterparts can make the Chinese communication styles difficult for Australian managers who are un-trained/in-experienced to comprehend in negotiations. Furthermore, research shows there are differences in communication approaches between high context versus low context cultures, such as the case of the Chinese counterparts and the Western managers (Samovar, et al., 2015a, 2015b; Lügger et al., 2015). This difference in communication styles can have serious implications for negotiators.

Past research show Chinese still has a preference for conflict avoidance (Zhang, Ting-Toomey & Oetzel, 2014) and harmony (Worm & Kumar, 2014). The conflict avoidance is possibly due to their preference on conformity and tradition (Morris, Williams, Leung, Larrick, Mendoza, Bhatnagar, Li, Kondo, Luo & Hu, 1998). Recent research also shows that Chinese prefer to avoid aggressive behaviours such as saying ‘no’ in their communications (Chen, 2013). Moreover, the Chinese preference for avoiding conflict in negotiations can result in Chinese wanting to save one’s face (Chuah, et.al, 2014; Xie, Hample & Wang, 2015). This
can have implications for negotiations. Therefore, a violation of these Chinese
cultural these values could result in the derailing of negotiations between Western
and Chinese counterparts.

Furthermore, past research shows that the Chinese tend to have a preference
to save the business counterparts’ face than that of their own (Leung & Chan, 2003).
As a result, they are less likely to be confrontational, and would even try to give or
save their negotiation counterparts’ face, even if they have disagreements (Chuah, et
al., 2014). The importance of face or *mianzi* when doing business with the Chinese
and even in negotiation (Leung, et al., 2011; Luomala et al., 2015; Mahadevan, 2015;
Aslani et al., 2016; Ma et al., 2015; Chan & Ng, 2016). The Chinese also want to
please their counterparts in negotiations, thus they might not express their annoyance
or disagreement with matters during negotiations. This is highlighted by research
showing the Chinese preference for harmony (Worm & Kumar, 2014) and a
preference for conflict avoidance. Additionally, research finds that Chinese have a
strong preference for relationship/guanxi building before they begin to negotiate
(Tong & Yong, 2014). This, coupled with the Chinese preference for conflict
avoidance (Zhang, et al., 2014), means that Chinese would prefer to give the
negotiation counterparts ‘face’ - *mianzi* and not cause them to lose face or get upset
during negotiations. Thus, in doing business with the Chinese, business counterparts
need to build rapport and a relationship to become a member of the in-group, in order
to benefit from the Chinese preference for looking after the people in the in-group or
in their guanxi groups. However, business logic dictates that Chinese negotiators will
still want to aim for achieving gains or even a win, therefore, this research will
investigate whether Chinese continue to preserve their counterparts’ face and build
relationships, or use tactics to achieve their goals in negotiations.
Moreover, past research has shown Chinese have a cultural preference for face, face giving and saving in social interactions. Traditionally, it can assist with relationship building and provide special privileges, and even facilitate economic benefits including opportunities for business or securing higher career and social status (Leung & Chan, 2003). However, recent research also shows the importance of understanding Chinese face (mianzi) and the cultural preference for guanxi (i.e., relationship or connection) is still very important in doing business with the Chinese (Richard & McFadden, 2016; Lee, Sparks & Butcher, 2013; Buckley, Clegg & Tan, 2006; Kwek & Lee, 2015; Aslani, et al., 2016). This research on Australian and Chinese negotiation builds on the literature, showing that both guanxi and mianzi remain important in negotiating with Chinese. More importantly, these cultural aspects can play a role in influencing the negotiator’s behaviours during negotiations, which can also affect the emotions of negotiators which, in turn, affects negotiator’s behaviours and can impact on negotiation outcomes. The influence of emotions on negotiators in cross-cultural negotiations will be discussed in later sections on emotion’s influence on negotiations.

Research has shown that the Chinese preference to save people’s face, especially with people with whom they have guanxi, even extends to email requests in business (Richard & McFadden, 2016). However, research also shows that the Chinese concept of face can be difficult for Westerners to understand as it is an abstract in concept (Hwang & Han, 2010). The implication for Western managers embarking on doing business or negotiation with Chinese is to be aware of the Chinese cultural preference of building relationship/guanxi and give and saving face/mianzi and respect the Chinese culture and not cause offence to the Chinese counterparts. This current study of cross-cultural negotiations between Australian managers and their Chinese counterparts will investigate the influence of cultural
aspects on negotiations, and explore if when the Australian managers practice of face saving and *guanxi* building, that the Chinese will reciprocate the gesture and also respect their Australian counterparts’ culture and enhance the negotiation process. Furthermore, this research will also investigate if experience in negotiation with the Chinese will enhance the negotiator’s understanding of *mianzi/face* and *guanxi*.

Research has shown that Chinese tend to be more traditional and have a higher preference for *guanxi/relationship* building (Tong & Yong, 2014). However, other researchers have now argued that Chinese cultural values are changing (Fang, 2012; Sun, D'Alessandro & Johnson, 2014; Fang, 2014) and subtle changes in Chinese culture are making negotiations more Western business-style oriented. This is supported by recent research showing influences of Western culture on Chinese negotiation styles and the evolution of Chinese negotiation values (Ma, et al., 2015).

Another cultural difference negotiators should bear in mind in negotiations is the Chinese value of seniority in negotiations. The Chinese culture places emphasis on hierarchy, making the more senior members of the Chinese team the decision-makers in negotiations. This is supported by research demonstrating Chinese are culturally more hierarchical and tend to give more power to senior members in business negotiations (Lügger, et al., 2015). In addition, research shows that older Chinese counterparts are likely to be more traditional and have a higher preference for *guanxi/relationship* building (Tong & Yong, 2014) and also focus on face (Luomala et al., 2015; Mahadevan, 2015; Aslani et al., 2016; Ma et al., 2015; Chan & Ng, 2016). The older Chinese counterparts can also be more traditional and have a higher preference for conflict avoidance (Zhang, et al., 2014). As such, giving the Chinese counterparts face in negotiations and business activities, especially with their senior Chinese members, as they tend to have a higher preference for Face/*mianzi* is important.
Past research has found there are generational differences between the older and younger cohorts of Chinese. The younger generation, in general, is more Western, pragmatic, open to change, more commercial and less conservative (Ralston, et al., 1999; Egri & Ralston, 2004). This suggests a change in values can have implications for negotiating with Chinese. Furthermore, the younger Chinese counterparts can be more Westernised and more focussed on the negotiation deal, and not as much on guanxi/relationship building (Tong & Yong, 2014) and the Chinese preference for conflict avoidance (Zhang, et al., 2014), as already stated, which can have implications for negotiations.

Trust is a very important concept and has implications for cooperation and teamwork (Jones, & George, 1998) and trust is especially important in negotiation with Chinese. This is supported by past research suggesting that guanxi building is also very important for the Chinese, as it enables trust to be developed (Buckley, et al., 2006; Lee, et al., 2006; Lee & Dawes, 2005). Trust is important but takes time to cultivate (Chan & Tong, 2014). Past research shows that trust is usually conveyed by guanxi (Graham & Lam, 2003; Tong & Yong, 2014), so to build trust, it is important to focus on building guanxi to foster the creation of trust. Research shows that people who have built guanxi with their Chinese counterparts are likely to be treated more positively compared to those who do not have guanxi or have guanxi of a lesser significance (Hutchings & Murray, 2002; Ma & Hartel, 2005; Hartel & Ma, 2006; Ma & Hartel, 2009; Hartel, Ma & As-Saber, 2010; Ma, Hartel & As-Saber, 2011; Ma & Tsui, 2015).

2.3.7 The significance of ‘Guanxi’ on Chinese culture and its influence

The concept of ‘guanxi’ has been widely researched in research on China and the Chinese culture (Jacobs, 1982; Brunner & Taoka, 1977; Lee & Lo, 1988; Tse et al., 1988; Wong & Leung, 2001; Leung, Wong & Wong, 1996; Hwang, Golemon,
Guanxi in Chinese literally means ‘relationship’ or ‘relation’ and it can also be in general translated into ‘special relationship’ or ‘connections’. It is deeply rooted in the Chinese society, and is regarded as a guiding principle of economic and social organisation (Cheng & Rosett, 1991; Fei, 1992; Hwang, 1987; Walder, 1986; Bian & Ang, 1997). However, in the Chinese context, guanxi goes beyond relationship or connection. It demands very personal interactions with other people and almost always involves reciprocal obligation (Bian & Ang, 1997), or as suggested by some researchers, it can be a set of interpersonal connections that help with exchange of favours between people on a ‘dyadic basis’ (Hwang, 1987). It is a very important part of Chinese culture and way of life (Hutchings, 2002; Hutchings & Murray, 2002, 2003; Zhao & Krohmer, 2006; Hwang, et al., 2009; Yang & Wang, 2011; Chen, Eberly, Chiang, Farh & Cheng, 2014).

It is said that guanxi is based on blood or kinship (Tong & Yong, 1998) or networks (Davies, 1995). Guanxi can also be a friendship which involves the on-going exchange of favours (Wong, 1998). According to Davies, Leung, Luk and Wong (1995), the guanxi network can be referred to as the social exchanges within the network place where its members engage in on-going activities with a group of people they are acquainted with that involve active engagement and reciprocity. It is believed that the continual favour exchanges develop trust among the members of the guanxi network, which helps to reduce the uncertainty. Therefore, kin or non-kin relationships are both the relational bases to develop guanxi in the Chinese society.

The Chinese culture is strongly influenced by Confucian tradition, which defines individuals in relational terms (Yang, 1994). Confucianism actually relates individuals to their significant others. For example, the relationship between the father and the son, the wife and the husband in the family; between the uncle and the
nephew/or niece; between the grandparents and the grandchildren; between the teacher and the student in the school; between the school mates; and the relationship between the boss and the subordinates in one’s career development (Yang, 1994). It is very different to the Western culture, which is individualistic (Hofstede, 1980 a, 2001, 2003, 2010). However, the ‘significant others’ in the Chinese context are not seen as instruments to help identify and recognize ‘self’, which is the fundamental point of cognitive development theory underlying the Western traditions of individualism and capitalism (Bian & Ang, 1997).

Traditionally, in Chinese culture, the collective is almost always considered greater and more significant than the individual. It is suggested that self is identified, recognised, and evaluated in terms of one’s relations to various groups and communities where one belongs. This provides both the abstract and the concrete foundations for guanxi to work in Chinese societies both within and outside of China (Bian & Ang, 197). It is these expectations that each one will behave according to his or her specified role according to the defined relationship in the society, that the majority of Chinese live their lives and interact with others (Chua, Morris & Ingram, 2009; Wilson & Brennan, 2010).

Prior research identifies that it is important to have an in-depth understanding of Chinese culture and, above all, the significance of guanxi in Chinese culture when doing business with the Chinese (Gao, Knight, Yang & Ballantyne, 2014). Past research has found guanxi plays an important role in negotiation (Brunner & Taoka, 1977; Fang, 1999; Ma, 2006, 2007; Ma, et al., 2015), and there is no exception in the case of Australian managers negotiating and communicating with the Chinese (Hartel et al., 2010; Ma et al., 2011).
2.3.8 Guanxi Bases

The reality is that guanxi is everywhere in modern China and amongst overseas Chinese. Tong and Yong (1998) found that the social foundations and organisational dynamics of Chinese business firms, and their tendency to include personal relationships, can affect overall decision-making. Therefore, in an Australian-Chinese business relationship and, specifically, the business negotiation context, it is important to understand how guanxi is established and maintained, and under what conditions it deteriorates or changes. In addition, the dynamics of guanxi and interpersonal trust (xin and xinyong) and the reason for activating some guanxi bases should be noted (Tong & Yong, 1998; Fu, Tsui & Dess, 2006).

Prior research shows that guanxi developed in response to the early emigration of Chinese to East Asia and Singapore. They left China without close family and had to seek help from people from their own villages or districts in China for food, lodging and work (Tong & Yong, 1998). This form of guanxi often became organised mutual help associations according to the locality or dialect spoken. Another common Chinese practice is to look for people with the same surnames and organise clans, due to the belief that people sharing the same surname were descended from the same ancestor and, therefore, considered as qin ren, or kinsmen (relative). Often, renqing (a special favour for people you like or share something in common with) is considered when dealing with people from the same village, with the same surname or who speak the same dialect, and is treated more favourably (Tong & Yong, 1998). According to Tong and Yong (1998), these early Chinese guanxi origins are organised according to ‘fictive kinship’, that is, the Chinese organised clans according to the same surname. This is because Chinese consider people with the same surname to be almost like qin ren, which is Chinese for
kinsmen, and also descendants from the same ancestor. Chinese also take into account the locality/dialect criteria (Tong & Yong, 1998, p.77).

The Chinese also believe that their immediate kin are the most trustworthy, as nothing compares to your family. This form of kinship *guanxi* is most important (Tong & Yong, 1998; Tong & Yong, 2014). They can be sorted as *agnates* (descendant from the father’s side) or *affines* (relative by marriage). It is generally regarded that *affinal guanxi* is less dependable than *agnatic guanxi*, however, they are still important in helping a business person to establish a dependable *guanxi* network. Sometimes marriages are deliberately set up to bind the two families together or to keep a capable employee in one’s organisation. This was found to be particularly important in intra-organisational relations, especially in the shared ownership and control of a business (Tong & Yong, 1998, p.78).

Due to the fact that as employers have a tendency to employ people sharing one of the already mentioned *guanxi* bases, colleagues working in the same work place may share some of the *guanxi* bases (Tong & Yong, 1998, p. 79). Their *guanxi* is further reinforced by the long working relationship, so, when one leaves to set up their own business, they often utilise the existing *guanxi* base. Many have built up enough trust (*xin*) to be able to work as business partners, and some with savings can invest capital, others can offer an alliance. More often than not, due to *guanxi*, people tend to give each other more *mianzi* (face), and provide more support.

Another *guanxi* base is trade associations/social clubs, which is again based largely on locality and dialect principles. For example, in Singapore, rubber traders are mainly Hokkien (people from the Hokkien province who speak the Hokkien dialect). This is because emigrants turned to their relatives and people from their place of origin for help (Tong & Yong, 1998). This can serve as an entry restriction to other dialect speaking groups entering the trade. Trade associations and social
clubs actually assist with information gathering and opportunities for dealing through their social gatherings and dinner functions, and people can establish *guanxi* with potential buyers, suppliers, and financiers who can provide loans. This was particularly crucial before the establishment of Chinese banks. These forms of *guanxi* were stronger as they were ‘multi-stranded’ (Tong & Yong, 1998). Thus, building *guanxi* is very important for the Chinese, as it enables subsequent trust to be created (Buckley, et al., 2006).

Friendship in business transactions and dealings with the Chinese are valued, because it provides a close form of *guanxi*, which is paramount when doing business. Depending on the quality of the friendship and the length of time the parties have known each other, there are different levels of *gangqing* (loosely translated as affection and sentiment) involved. Even in a law-abiding society such as Singapore, sometimes, lengthy procedures can be prevented when dealing with friends and the person involved has a good reputation and integrity (*xinyong*) (Tong & Yong, 1998). Past research has explored how these Chinese cultural aspects can influence cross-cultural negotiation with the Chinese (Blackman, 2000b; Miles, 2003; Fang, 1999; Ma, 2006, 2007; Ma, et al., 2015).

### 2.3.9 Maintaining Guanxi

In doing business with the Chinese, past research has identified that it is important for a foreign business person to maintain their *guanxi* base or network; this often includes social interaction and functions (Yeung & Tung, 1996; Fang, 1999; Ma, 2006, 2007; Ma, et al., 2015). Sometimes gifts are exchanged, as this is regarded as a gesture of respect and facilitates the building of relationships. It is not the value of the gift that counts; it is more the thoughtfulness of a gift at the appropriate time that is important and for paying respect to the other party. This is a demonstration of *renqing* (a gesture due to the sentiment and affection towards the party) a unique
Chinese behavioural appreciation of *guanxi* between two parties. It is also giving the other party *mianzi* (face) by demonstrating appreciation, and holds the other person in high regard in the presence of appropriate people. *Renqing* is very important for a long-term relationship with the other party, as it is regarded as ‘second nature’ that one will behave and present themselves appropriately for the occasion. *Renqing* does not always equate to gifts, often it is the presence at an occasion, or ‘putting in a word’ for someone, and paying appropriate respect to the person at the appropriate time. An inappropriate display of behaviour in the name of *renqing* can cause the Chinese party to lose ‘face’ (*mianzi*) which can be interpreted as ‘*bugou pengyou*’, that is, ‘not enough of a friend’ in Chinese (Hutchings & Murray, 2002; Ma & Hartel, 2005; Hartel & Ma, 2006) which can make them feel that their trust was abused.

Ongoing social interactions can help to create more of a *guanxi* base. By adding more bases to *guanxi* a ‘*multiplex guanxi relation*’ is created, which increases the opportunities for more interaction. The more sharing between the two individuals through such interactions, and the further enhanced their *ganqing* is, the further the *xinyong* is developed. This ‘multiple *guanxi* are closer and more consolidated than single-strand *guanxi*’ (Schwartz & Jacobs, 1979, p. 262, cited in Tong & Yong, 1998).

Past research has found that the maintenance of *guanxi* in doing business with the Chinese is integral to the development of trust (Buckley, et al., 2006). In the case of Chinese, it depends on the continuing demonstration of *xin* (trust) and *xinyong* (trustworthiness, credibility, reliability, and reputation). A good *guanxi* can change into a distant one if one break one’s own *xinyong* and become unreliable, or if one abuses the trust of the other party. For the benefit of a long-term relationship in doing business with the Chinese, one has to be careful with the maintenance of their
guanxi, and not risk shorter gains and lose the benefits of the trust and friendship of their Chinese counterpart for ongoing business. Some researchers believe the notion of guanxi in doing business with the Chinese helps to explain why ‘market’ perspective is not the only consideration. One needs to consider the economic actions entrenched in social relations (Tong & Yong, 1998; Freeman & Lim, 2008). Previous research has found that once good guanxi is established and time and effort taken to develop the guanxi, people are often unwilling to make decisions that can destroy the relationship. In the case of an objective reason such as price difference in a business deal, so long as the difference is not too great, the party that has the guanxi can still get the deal (Tong & Yong, 1998). It is necessary to understand the significance of guanxi to the Chinese (Hwang, et al., 2009; Yang & Wang, 2011; Chen, et al., 2014) in Australian and Chinese business negotiations.

2.3.10 The role of guanxi in the negotiation process

Cross-cultural negotiation is a dynamic and interactive process, which is particularly true in the case of Australian and Chinese negotiation. It is proposed that the negotiator’s perceptions of the state of guanxi in the relationship can affect the overall success or failure of business negotiation (Yi & Ellis, 2000; Sheer & Chen, 2003; Lee, et al., 2006; Hartel, et al., 2010; Ma, et al., 2011) such as in the case of Australian managers and their Chinese counterparts. This is of particular importance during the ‘informal phase of the business negotiation’, as Chinese like to do business with people they know, someone whom they can trust (xin), or who has established credibility, and reputation (xinyong), or someone with whom they have guanxi. This concept of guanxi is deep-rooted in the minds of Chinese due to the influence of Confucius (Yang, 1994; Mead, 1934; Bian & Ang, 1997; Ma & Tsui, 2015), so the key to successful Australian and Chinese business negotiation and communication is to establish a certain level of rapport, to build a relationship in the
'informal phases of business negotiation’. It is what the Chinese call ‘ganqing’, the deeper the ganqing the stronger the guanxi. As discussed earlier, if there is guanxi between the Australian and the Chinese counterpart, the Chinese would give you more mianzi (face), and renqing, and you are likely to be treated more favourably than another party who does not have guanxi or has guanxi of a lesser significance (Hutchings & Murray, 2002; Ma & Hartel 2005; Hartel & Ma, 2006; Hartel et al., 2010; Ma & Tsui, 2015).

The cultural differences, such as culture-based communication patterns (i.e., Chinese has a high-context culture, so non-verbal signals are more important than spoken and written words; whereas Australia has a low-context culture, so spoken and written words are more important) and the affective Communication Competence (i.e., individual differences, such as their attitudes, and sensitivities towards people) during the ‘formal phases of business negotiation’ between the Australian and the Chinese counterpart should be taken into consideration. Although there is some research regarding negotiating with the Chinese (Blackman, 1997; Fang, 1999; Graham & Lam, 2003; Pye, 1992; Lee, et al., 2006), most Western negotiators still find it difficult when it comes to negotiating with the Chinese (Fang et al., 2008; Rivers & Volkema, 2013; Luomala, et al., 2015).

The cultural differences that influence the way Chinese communicate can be a challenge for Western negotiators (Gao & Ting-Toomey, 1998; Paik & Tung, 1999; Zhu, McKenna & Sun, 2007; Ma et al., 2015). One has to remember that is when the give and take considerations over specific issues take place, as shown by past research (Atkin & Rinehart, 2006). Guided by research, Australian counterparts should exercise a degree of flexibility (Lassere & Schütte, 1995) during the negotiation with Chinese as ‘the formal negotiation phase’ should not be rushed (Chen, 2013; Gunia et al., 2016). As highlighted by past research, the Chinese have a
less direct, circular style of business communication, sometimes viewed by the West as ambiguous styles of business communication (Zhu, 1997; Adair & Brett, 2005; Zhu, 2008) which can be confusing for their Australian counterparts. The Chinese will also exercise give and take through reciprocity and face/mianzi as part of their Chinese cultural values when negotiating with their Australian counterparts. Mutual respect and understanding need to be maintained throughout the ‘formal negotiation phase’. This is very important to the Chinese, as the perception of guanxi in a business relationship can sometimes be more important than the signing of an agreement or contract. This is often because the Chinese do not see the signing of the contract as the ‘end’; they see it as just the ‘beginning’ of more discussions and negotiations that can strengthen the guanxi between two parties for developing a long-term business relationship. If not carefully managed, potential miscommunication can occur as a result of the differing communication patterns between the Australians and the Chinese. In addition, the difference in their affective competence in communication can also have an impact on the next stage of the negotiation.

Past research show having good guanxi is still considered important and the Chinese would give the individual more mianzi (face). Accordingly, if Australian manager have good guanxi the Chinese counterpart will enable the individual to be treated more positively, as compared to some other party who do not have guanxi or a guanxi of a lesser significance (Zhao & Krohmer 2006; Ma & Tsui, 2015; Hutchings, & Murray, 2002; Ma & Hartel, 2005; Hartel & Ma, 2006; Ma & Hartel, 2009; Hartel, Ma, & As-Saber, 2010; Ma, Hartel & As-Saber, 2011; Ma & Tsui, 2015). Importantly, the strength of guanxi between the Australian and the Chinese counterpart can help with solving the problem and influence business and decision making in negotiations.
The following research question emanates from the literature:

**Research Question 1.** How do cultural aspects influence the negotiation experience between Australian and Chinese managers?

### 2.4 Emotions

Emotions have attracted much interest amongst the scholastic community, as we all experience emotions and from those we interact with, however, we may not fully understand emotions. According to researchers, emotions can be defined as ‘internal phenomena that can, but do not always, make themselves observable through expression and behaviour’ (Rafaeli & Sutton, 1989; Niedenthal, Krauth-Gruber & Ric, 2006, p. 5).

#### 2.4.1 Emotions and emotions in organisational life

Some of the earliest research into emotions was done by Ekman and his colleagues in the area of emotional displays (Ekman, et al., 1969). Later others followed suit and researched emotions generally as well as specific aspects (Averill, 1980; Darwin, 1998). Later, Ekman and his colleagues explored whether emotional displays across cultures can be universal and found there were differences in the way they experienced them (Ekman & Friesen, 1971; Ekman, Friesen, O'Sullivan, Chan, Diacoyanni-Tarlatzis, Heider, Rainer, LeCompte, Ayhan, Pitcairn, Ricci-Bitti, Pio, Scherer, Masatoshi, Tzavaras & Scherer, 1987; Ekman, 1994, 2004).

According to Ekman, Sorenson and Friesen (1969), display rules (emotional expressions) are controlled by the norms of a culture. In fact, the cultural norms that determine how individuals manage and modify their emotional displays can be conditional on the social situations (Ekman, et al., 1969, cited in Matsumoto et al., 2008). Later, Ekman (1972), in a study of American and Japanese subjects shown stressful stimuli, initially found there were no cultural differences with their
emotional displays. However, in the presence of a senior level experimenter, the Japanese were found to smile; this was attributed to the Japanese display rule which causes them to disguise their negative emotions to the senior level experimenter (Ekman, 1972, cited in Matsumoto et al., 2008).

As knowledge was gained on emotions, other researchers began to research the role of emotions in organisational life (Elfenbein & Shirako, 2006; Elfenbein, 2014). The role of emotions in organisational life has been an advocated area of research because emotions can impact on individual’s behaviours in organisations, and has serious implications for organisations, such as in team work and cooperation, management, operation, adaptations, cultural change and continuity, and even leadership (Vince & Broussine, 1996; Jones & George, 1998; Huy, 2002; Fineman, 2003; Bolton, 2004; Elfenbein & Shirako, 2006; Vince, 2006; Toegel, Kilduff & Anand, 2013; Kaplan, Cortina, Ruark, LaPort & Nicolaides, 2014; Elfenbein, 2014; Ashkanasy, Ayoko & Jehn, 2014; Ashkanasy, Zerbe & Hartel, 2014; Ashkanasy & Dorris, 2017; Li, Ashkanasy & Mehmood, 2016).

2.4.2 Emotional displays and culture’s influence on emotions

More relevant to this research on emotions are the possible cultural differences in terms of one’s emotional behaviour (Biehl, et al., 1997; Ekman & Friesen, 1972; Matsumoto, 1990; Matsumoto, et al., 1999; Matsumoto, et al., 2005; Matsumoto, et al., 2008; Mesquita & Frijda, 1992). This also supports the research by Ekma, Soreson & Friesen (1969) suggesting various cultural groups have different emotional display rules on what are considered acceptable cultural norms. Specifically, other researchers have explored the cultural functions of emotions (Matsumoto, 1990; Matsumoto, et al., 2005).
Matsumoto and researchers (1998) investigated how display rules lead to differences in emotional behaviour tendencies in various social settings in South Korean, American, Japanese, and Russian cultural groups. The findings suggest there were cultural differences in the display rules when participants were asked about how they would and should display each of the seven different emotions in four specified social contexts. Matsumoto and colleagues (1999) also investigated the possible cultural differences between the Americans and the Japanese in the assessment of expression intensity and the subjective experience of emotions, which are deemed to be controlled by each individual culture’s display rules. Participants were shown slides of seven universal emotions and were asked to assess what emotion was being displayed, the intensity level of the facial expression, and also the intensity of the emotions that the person in the photo was experiencing. The results found cultural differences between the American and the Japanese participants’ assessments of the intensity of facial expression of emotions and the participants’ experience of emotions. In particular, the Americans were reported to rate the expression of emotions at a higher intensity than the Japanese, whereas, the Japanese were reported to have rated the personal subjective experience of the emotion as a higher intensity. This is possibly attributed to the cultural differences between the Americans and the Japanese. The Japanese cultural norm is not to express emotions overtly; therefore, they interpret the person in the photo as experiencing high intensity emotions, but controlling their emotions and not expressing them openly. On the other hand, the American cultural norm permits them to express emotions openly, and to over express them at times using stronger emotional expressions than what was experienced (Matsumoto, et al., 1999; Gullekson & Dumaisnil, 2016).

Additionally, past research has also shown that emotions are neurophysiological and psychological responses that help individuals to adapt to

*Emotions are short-lived psychological-physiological phenomena that represent efficient modes of adaptation to changing environmental demands. Psychologically, emotions alter attention, shift certain behaviours upward in response hierarchies, and activate relevant associative networks in memory. Physiologically, emotions rapidly organize the responses of disparate biological systems including facial expression, somatic muscular tonus, voice tone, autonomic nervous system activity, and endocrine activity to produce a bodily milieu that is optimal for effective response. Emotions serve to establish our position vis-à-vis our environment, pulling us toward certain people, objects, actions and ideas, and pushing us away from others. Emotions also serve as a repository for innate and learned influences, possessing certain invariant features, and others that show considerable variation across individuals, groups, and cultures.*

As such, it is important for negotiators to be aware of their own emotions and those of their counterparts during negotiations, as emotions can exert psychological and physiological effects on individuals, and also influence behaviours.

Matsumoto and colleagues (2008) surveyed 32 countries’ display rules using the Display Rule Assessment Inventory (Matsumoto et al., 1998; Matsumoto et al., 2005) and connected the findings to the individualism-collectivism dimensions. The findings confirmed some universal aspects comprising a higher tendency to express emotions to in-groups versus out-groups and, on the whole, on emotional regulation effects. It was found that individualistic and collectivistic cultures differed on emotional expressivity endorsement and in emotional norms to do with particular emotions with the in-group and out-group scenarios.

Importantly, emotions can also have different meanings in the individualistic and collectivist cultures (Suh, et al., 1998; Matsumoto et al., 2008). More relevant to this research exploring the role of culture in Australian and Chinese business negotiation is that the differences attached to emotions could be due to the
individualism and collectivism dimensions of culture, which can be a reflection of the relationship between the individual and the collective group, such as the society (Hofstede, 1980 a, 2001; Gullekson & Dumaisnil, 2016). It is believed that individualistic cultures place more emphasis on individual and personal needs and ambitions, instead of those of the collective group. On the other hand, cultures that are collectivistic place more emphasis on the group and focus more on the collective good and harmony of the group (Stephan, Stephan & DeVargas, 1996; Gullekson & Dumaisnil, 2016). This has implications on emotions, in how people from individualistic versus collectivistic cultures express or experience emotions.

Research has also shown that individualism and collectivism affect emotional displays differently. Matsumoto and collaborators found Russians demonstrated more self-discipline with their emotional displays when interacting with family, friends and colleagues, compared with the Americans, Koreans, and Japanese. The authors attributed this difference to the Russian’s collectivistic cultural influence, and a preference to uphold their in-group relationships to allow ongoing smooth communication. The Americans, however, demonstrated more self-discipline with their emotional display, particularly, negative emotions when they encountered outsiders. This, the authors explained, could possibly be attributed to their individualistic culture, with a high preference for individuality and independence. Americans possibly focus on self-discipline with emotional displays when faced with people they are not familiar with to preserve the appearance of confidence. Research has also found that the appropriate emotional displays can be dependent on social contexts (Matsumoto, 1990; Matsumoto et al., 2005; Gullekson & Dumaisnil, 2016).

Furthermore, past research has also looked into universal and cultural differences in terms of emotional displays. Matsumoto et al. (2008) studied the
emotional display rules in 32 countries; more than 5,000 respondents attempted the Display Rule Assessment Inventory (DRAI), where respondents were asked to describe their display of emotions in different circumstances. Results indicated both universal and cultural differences with emotional displays. In particular, emotional display was found to have a positive relationship with individualism. Specifically, the more individualistic countries have a higher tendency to express emotions when compared with countries that are more collectivistic in culture. On the contrary, a universal effect was reported that in both individualist and collectivist cultures, there is a higher emotional expression for the in-groups as opposed to out-groups. Additionally, Elfenbein and Ambady's meta-analysis (2002) also supported the notion that people from similar or identical cultures can more effectively recognise the emotion displayed by individuals from their culture (Elfenbein & Ambady, 2002; Gullekson & Dumaisnil, 2016).

Past research emphasised the importance of emotional displays on negotiation outcomes, as demonstrated by Kopelman and Rosette (2008) in their research on East Asians and Israeli negotiators, found that showing respect is regarded as important in the East Asian context. Using questions including Schwartz’s survey of values (1994), Kopelman and Rosette (2008) conducted two studies, and they studied how cultural values influence the effectiveness of strategic displays of emotions in negotiations. East Asian negotiators with high cultural values of respect in communication were predicted to be more likely to accept a proposal from a negotiating counterpart with positive emotional displays compared with a negative emotional display. Study one, with a sample of 28 East Asian negotiators (MBA students), confirmed the prediction. Study two, with a sample of 76 executive MBA students from Hong-Kong (42) and Israel (34) undertook the study, and found the Hong Kong executive managers were more willing to accept an offer from a
negotiator displaying positive rather than negative emotions, as compared with the Israeli executive managers with a lower cultural preference for humility and deference. Furthermore, the research found that displaying negative emotions can lead to a lower chance of success in negotiations with the East Asians than the Israeli negotiators. Moreover, they also suggested emotions can be suppressed and/or displayed strategically (Kopelman, Rosette & Thompson, 2006). Therefore, prior research indicates that negotiators need to monitor and control self-emotions, such as staying calm to respond to the negotiation counterparts’ emotions. This, in turn, can help to regulate the counterparts’ emotions and their behaviours during negotiations.

2.4.3 Emotions’ role and influence on negotiations

Negotiation is an important job function, and all managers have to perform (Mintzberg, 1975), and most managers spend an enormous part of their professional career negotiating or engaged with activities that contribute to negotiation (Vieregge & Quick, 2011). Previous research has been done on the many problems that might challenge negotiators in negotiations conducted across different cultures. These challenges include time pressures, cultural elements and the specificities of negotiation sequences, process, and the perceptions and strategies used in the negotiation process (Adair & Brett, 2005; Brett & Okumura, 1998; Bulow & Kumar, 2011; Gelfand et al., 2013; Hofstede et al., 2012; Kumar, 1999b; Lee & 2006; Ready & Tessema, 2009).

Nevertheless, very little research has been done on negotiators’ emotional reactions in cross-cultural negotiations (Hartel et al., 2010; Ma, Hartel & As-Saber, 2011; Luomala et al., 2015), and even fewer empirical studies on how emotional reactions may influence the forces at work during the negotiation (Adam & Shirako, 2013; Cropanzano, et al., 2012). This current study, seeks to address this important gap in the research literature. The research of emotions in cross-cultural negotiation
is just starting out. As Luomala et al. (2015) have commented ‘the study of emotion in intercultural negotiations is still in its infancy’ (p. 538).

Past research has demonstrated that emotions can influence the behaviour and affect the judgements negotiators develop of their negotiation counterparts (van Kleef, De Dreu & Manstead, 2004). In addition, emotions can affect behaviours of negotiators (Van Kleef, 2014). More importantly, research has found that emotions can also influence the decision-makers own emotions in the form of positive and negative moods, which can also affect their decision-making (Van Kleef, De Dreu & Manstead, 2010). This has implications for negotiations and negotiators need to be careful in monitoring self-emotions and the emotions of the counterparts to ensure negotiations will not be impacted by negative moods and so that negotiations progress smoothly.

Past research has found that a lack of understanding of the role of emotions in intercultural negotiations can create ambiguity about the negotiation counterpart’s behaviour and doubt about what to expect of the negotiator’s behaviour can create further uncertainty (Mendes, Blascovich, Hunter, Lickel & Jost, 2007, cited in Luomala et al., 2015). Uncertainty around the negotiating counterparts’ behaviour can result in the disruption of their expected negotiating counterpart behaviour due to possible under or over-adaptation to their cultural norms (Adair, et al., 2009). Such uncertainty could lead to negative negotiation outcomes if negative emotions such as anxiety develop, causing the negotiation counterpart to behave incorrectly in manner and increase the cultural distance between the counterparts (Gudykunst & Ting-Toomey, 1988; Gudykunst, 2005; Hullett & Witte, 2001; Samochowiec & Florack, 2010, cited in Luomala et al., 2015). Although anxiety and anxiety management have been researched by Gudykunst (1988), anxiety is not the only emotion that should be
explored in cross-cultural negotiations. It is important to explore other emotions that may also be present in negotiations.

Past research has found that the lack of understanding of the role of emotions in intercultural negotiations can also create ambiguity about the negotiation counterpart’s behaviour; doubt about what to expect of the negotiator’s behaviour can create further uncertainty (Mendes, et al., 2007; Luomala et al., 2015). This research on cross-cultural negotiation between Australian managers and their Chinese counterparts will investigate both the positive and negative emotions that emerge from negotiations, and note their influence on the negotiator’s behaviours.

Past research on motivation has also shown that it may not be easy to overcome potential emotional preconceptions, as more work and perseverance is required, and active optimistic approaches from individuals, but all the effort can be thwarted by negative emotion (Seo et al., 2004). These emotional preconceptions, if not managed well, can lead to poor inter-cultural business negotiation outcomes due to negative emotions (Luomala et al., 2015). Emotions, therefore, can affect negotiator’s behaviours in negotiations, making emotional awareness important in negotiations.

Past research demonstrates that emotions can exert an influence on people. Van Kleef (2014) has also highlighted the important role of emotions, as emotions can have an inescapable effect on organisational behaviour. When emotions are experienced and displayed, emotions can exert an effect on the individual expresser’s behaviours, and can also affect others who observed the emotional displays.

Moreover, research has also shown that emotions can have different meaning in individualistic and collectivist cultures (Suh, et al., 1998; Matsumoto et al., 2008).

It can be said that other emotions are arguably as important in influencing inter-cultural adaptation and that area of research still needs to be explored. It is
important to explore the role of emotions in inter-cultural negotiation because emotions can mould behaviour and affect the judgements negotiators make of each other (Van Kleef, et al., 2004). Therefore, it is important for this research on Australian and Chinese business negotiation to explore the role of emotions in cross-cultural negotiation.

Previous research has been undertaken on the challenges experienced by negotiators during cross-cultural negotiations (Adair & Brett, 2005; Brett & Okumura, 1998; Bulow & Kumar, 2011; Gelfand et al., 2013; Hofstede, Jonker & Verwarrt, 2012; Kumar, 1999b; Lee, et al., 2006; Ready & Tessema, 2009). Nonetheless, there is still insufficient research on the negotiators’ emotional reactions in cross-cultural negotiations (Hartel et al., 2010; Ma, Hartel & As-Saber, 2011) and even fewer empirical studies on how these emotional reactions may influence the forces at work during the negotiation (Adam & Shirako, 2013; Cropanzano, et al., 2012). Overall, there seemed to be still limited research on Australian and Chinese business negotiations (Rivers & Volkema, 2013), and especially studies exploring the role of culture and emotions in cross-cultural negotiations (Cropanzano, Becker, & Feldman, 2012; Adam & Shirako, 2013; Olekalns & Druckman, 2014; Luomala, et al., 2015). The research of emotions in cross-cultural negotiation is just starting out. As Luomala, et al., (2015, p.538) have commented: ‘the study of emotion in intercultural negotiations is still in its infancy’.

Past research on the roles of culture and emotions on negotiation has mainly focussed on anger and tension (Adam & Shirako, 2013; Druckman & Olekalns, 2008; Lee, et al., 2006). The Kopelman, Rosette and Thompson (2006) study tried to broaden the research on just anger and tension in investigating the role of emotions in negotiations. The study focussed on the emotions of individuals experienced during negotiations and whether emotions can be suppressed and/or displayed
strategically (Kopelman, et al., 2006). More recently, research has moved into studying negotiators’ emotions such as guilt and disappointment, as not all negative emotions yield the same results (Olekalns & Druckman, 2014).

Past research has found that it may not be easy to overcome these emotional prejudices and if not managed well can lead to poor negotiation outcome due to negative emotions (Seo, Barrett, & Bartunek, 2004; Luomala, et al., 2015). Therefore, it is important for this research of Australian and Chinese negotiations in business to explore the role of emotions in cross-cultural negotiation.

Past research into emotions’ role in negotiation has predominantly focussed on Western cultures (Liu, 2009; Rivers & Volkema, 2013), whereas Rivers and Volkema’s (2013) study investigated the Australian and Chinese cohorts’ tactical preferences, and reported that the Chinese, unlike their Western counterparts, did not share the opinion that both positive and negative emotional tactics should be used in negotiations (Fulmer, Barry & Long, 2009; Rivers & Volkema, 2013). This research explored a broad range of emotions that have emerged during cross-cultural negotiations between Australian managers and their Chinese counterparts, and is not limited just to anger.

The study by Luomala et al. (2015) investigated the culture, emotions in inter-cultural negotiations; however, it is based on a sample of Finnish and Indian students and used self-report measures on emotions and negotiation scenarios. Even though one of the first to investigate the relationships between culture and emotions in negotiation, some potential limitations exist in terms the self-reporting adequately depicting the occurrence of emotional encounters in negotiation. Additionally, sample of only students and not professional negotiators meant, the may have been some differences in the actual negotiation experiences. This research of cross-
cultural negotiation between Australian managers and their Chinese counterparts will include only Australian managers experienced with negotiating with the Chinese to investigate the influence of culture and emotions on cross-cultural negotiations.

2.4.4 The role of emotions in the Australian and Chinese Business negotiation

As highlighted in the introduction chapter, China is one of Australia’s most important international trading partners. China is Australia’s largest merchandise trading partner and Australia’s largest merchandise export market, while Australia is one of China’s top investment destinations (DFAT, 2016). Despite the recognition of China as an important overseas market by Australian businesses (Austrade, 2016), negotiations with the Chinese continue to be challenging for many Westerners (Fang, Worm & Tung, 2008; Rivers & Volkema, 2013). Research on the factors which predict successful and unsuccessful business relationships with the Chinese, in a general context, seems to be limited, especially in the Australian and Chinese business (Gao, 2015) negotiation context, and on the influence of culture and emotions on Australian and Chinese negotiations (Hartel et al., 2010; Rivers & Volkema, 2013).

As discussed above (see Section 2.3.6), Rivers and Volkema (2013) in their survey of individualist Australian and collectivist Chinese negotiators on preferred negotiation tactics, 24 negotiation tactics in eight categories were rated for their suitability: Feign (fake) negative feelings/emotions, feign positive feelings/emotions, use threats, divert attention, and misrepresent information (but not as a threat or promise), make false or insincere promises, unsettle or wear down (but not as a threat or by misrepresenting information), and withhold information. The results suggested differences exist in the Chinese and Australian cohorts’ opinion of ethically ambiguous negotiation tactics, where positive and negative emotions are used. Both the Westerners and the Chinese rated these ethically ambiguous negotiation tactics
where positive emotions are used as reasonably appropriate. The higher ratings by
the Chinese of the use of positive emotions are explained by the authors as due to the
Chinese ‘tradition of praising other parties to give face to them’ (Rivers & Volkema,
2013, p. 26).

Accordingly, findings suggest Western negotiators will be welcomed and
treated with positive emotions in China. However, Australians were also found to
rate the ethically ambiguous negotiation tactics that used positive emotions as
acceptable, suggesting that Westerners are also aware of the Chinese preference of
giving face, and the possible use of positive emotion as a tactic in negotiations.
However, Westerners need to be aware that the timing of the use of positive
emotions as a tactic during the negotiation may be different for Westerners and
Chinese. Therefore, it would be beneficial for the Western negotiator to copy their
Chinese counterpart’s timing of the use of positive emotions, as face giving is
especially important in the early formal part of interactions in business (Cardon,
2009; Rivers & Volkema, 2013). In addition, the findings suggest Chinese did not
approve of the use of ethically ambiguous negotiation tactics with negative emotions.
The authors recommend that Westerners need to be cautious with the use of tactics
such as anger, disgust and disappointment, as negative tactics can make the Chinese
lose face, which can create problems for the Western counterparts (Graham & Lam,
2003; Rivers & Volkema, 2013). Additionally, the findings highlighted the
importance for Western negotiators embarking on negotiating with China to get to
know the Chinese stratagems and comprehend them. Nevertheless, the authors
commented on the challenging task of working out the stratagems and how they
match the Western tactics, as the stratagems were often described as events of war in
Ancient China (Brahm, 2003; March & Wu, 2007, Rivers & Volkema, 2013),
however, they can be difficult to comprehend in contemporary negotiations.
According to the authors, Western negotiators need to know that the Chinese are familiar with these stratagems and that they may believe ‘trickery is a legitimate part of the negotiation repertoire’ (Rivers & Volkema, 2013, p. 27). In the West, however, trickery may be regarded as deception, which would be regarded as a negative behaviour. Thus, Western (Australian) negotiators will need to rethink what tactics could be employed, and to better understand the Chinese stratagems and their mentality and strategies, if they are to thrive in negotiations with their Chinese counterparts.

2.4.5 Emotions’ influence on negotiator’s behaviour in cross-cultural negotiation

Past research has shown that emotions can influence people’s behaviours (Van Kleef, 2014), as such managers need to have emotional awareness. Elfenbein, Der Foo, White, Tan & Aik (2007) in their research utilising a meta-analysis, has found emotion recognition accuracy (ERA) to consistently correlate positively between and goal-oriented performance. Additionally, this study has also shown that there is a positive relationship between negotiators recognising emotions accurately in their counterparts and achieving negotiation goals and outcomes (Elfenbein, et al., 2007).

Without the ability to do this, it could mean that the Chinese counterparts can becomes upset, and misunderstanding can occur during the negotiation and consequently the negotiation fails. Therefore, the ability of the Australian managers to pick up these subtle emotional displays will assist in having a more positive negotiation experience.

Past research has shown that emotions in inter-cultural negotiation can influence behaviour and opinions the negotiators form of each other (van Kleef, De Dreu, Manstead, 2004). Furthermore, research has found once certain emotional
prejudices are formed of the counterparts, and if not managed well can give rise to poor negotiation outcomes due to the negative emotions (Seo, et al., 2004; Luomala, et al., 2015). Consequently, the accumulation of negative emotions in the Chinese counterparts can negatively influence negotiations. Hence, the ability to detect negative emotions in the Chinese counterparts and convert the negative emotions into positive emotions can improve negotiation outcomes. Once negative emotions are detected, Australian managers should try to rectify them to prevent the negative emotions from accumulating, to avoid them from negatively influencing the negotiation process and outcomes, especially when many of these Chinese counterparts can be the decision makers in negotiations.

2.4.6 Culture’s influence on negotiator’s emotions in negotiations

Furthermore, past research has shown that culture plays a role in individual’s control of emotions. Additionally, Asian cultures tend to place stronger emphasis on one’s control over emotions in order to preserve group harmony by placing more focus on suppressing their emotions than the more individualistic, egalitarian cultures that appreciate affective autonomy (Matsumoto, et al., 2008). In another study, researchers found Taiwanese Chinese have a higher tendency to suppress their emotions for preservation of interpersonal harmony compared with European Americans (Wei, Su, Carrera & Lin, 2013).

The need to have patience when negotiating with the Chinese counterparts is important, because negotiating with the Chinese can take time and this can cause frustration with the Australian managers. Research has also informed us that being patient is important for negotiations and this is highlighted by Salmon, Gelfand, Ting, Kraus and Fulmer (2016) in their recent study, where Americans were found to achieve lower negotiation outcomes compared with their Lebanese counterparts, due to their view of time being more compressed, that is, time is money. The cultural
differences in the perception of time and the lack of patience can be a potential weakness for negotiators (Salmon et al., 2016).

2.4.7 Emotional composure and emotional regulation

Past research highlighted the ability to control impulses, which is an important skill to have for conflict management in organisations (Hopkins et al., 2015). Regulating emotions, controlling emotions and being patient will improve the chances of good negotiation outcomes for participants.

Chinese counterparts tend to regard emotional displays to be a weakness in negotiations. This is supported by past research that some cultures are less expressive with their emotions than others. Expressing emotion is said to be linked to culture, and individuals from Asian and collectivistic cultures such as China are said to be less expressive than their US counterparts (Hurley, Teo, Kwok, Seet, Peralta & Chia, 2016). Detecting negative emotions to avoid problems resulting from the accumulation of negative emotions is difficult, when the Chinese tend to not show much emotion. It is important to detect the negative emotions, as if they are allowed to accumulate, they could impact on the more concrete behaviours of negotiation outcomes. Australian managers, therefore, need to be observant to detect and resolve them to drive the negotiation to a positive outcome and possibly achieve a win-win.

2.4.8 Emotions (positive and negative emotions) and negotiations

Past research shows that emotions such as anger and happiness can have important effects between the people involved in negotiations, and thus should be exercised with caution (Steinel, Van Kleef & Harinek, 2008). Furthermore, research also demonstrates that emotions can facilitate the cultivation of relationships between negotiators, but can also either support or thwart the development of strategic discussions in negotiations (Druckman & Olekalns, 2008). Additionally, research also shows that emotions can give rise to strong, unavoidable, destructive, but at
times positive triggers in decision-making (Lerner, Valdesolo & Kassam, 2015). Given the powerful influence of emotions on people’s behaviour and decision-making, it is important for Australian managers to observe their own emotions and those of their Chinese counterparts.

2.4.9 Emotional displays differences of Australian and Chinese

Australian managers may have difficulties working out whether the Chinese are really angry or not. The difficulty is for the Australian managers to observe and detect mood changes and the occurrence of emotions. Research has shown that negotiators can use authentic expressions of emotion versus utilising emotions strategically for gains in negotiations, which can raise ethical considerations for negotiators (Olekalns & Druckman, 2014). In another study, Chinese entrepreneurs were found to balance their decision-making between what is economically sensible versus morally acceptable in terms of their culturally-bounded beliefs (Zhu, 2015).

Research has also shown that Chinese have a higher tendency to show emotions, especially positive emotions such as sentiment (qing), with people they know well (Zhu, 2015), suggesting that developing a relationship with the Chinese beforehand is important to encourage positive emotions.

Past research on negotiations, comparing Americans and the mainland Chinese on cultural variations in negotiators’ attribution and emotion to explore culture’s effect on how negotiators pursue goals, and on when it acts together with various situational factors, has found Chinese have a higher predisposition to compete in negotiations, when they experience anger (Liu, 2012). Furthermore, recent research has also demonstrated that individuals that have emotional displays of anger can in fact undermine the generosity of the others (van Doorn, van Kleef & van der Pligt, 2015). Accordingly, Australian managers need to be mindful that they
need to monitor their own state of emotions and carefully guard their own emotional displays and not let negative emotional displays threaten the negotiations.

Within the context of negotiations, the Chinese has been described as more reserved, with many of its modern business leaders still upholding Confucius values (Ma & Tsui, 2015). Naturally, the older generation will be more reserved and less likely to show much emotion in negotiations. On the other hand, the younger generation of Chinese were found to be more similar in behaviour to their Western counterparts in a study that compared the British and the Chinese cultural profiles of Generation Y managers (Ott, Gates, Lei & Lewis, 2016).

2.4.10 Emotions and generational differences

The older generation of Chinese counterparts is not as willing to openly express their anger in negotiations. This is supported by research showing the older Chinese counterparts can be more traditional and have a higher preference of guanxi/relationship building (Tong & Yong, 2014) and also have a preference of conflict avoidance (Zhang, et al., 2014). Therefore, they would prefer to not cause the Australian counterparts to lose face even if they get upset during negotiations.

Recent research on intercultural negotiations indicated that in situations when culturally polar opposite negotiators such as those with high-status, high-power distance are coupled with low-status, low-power distance negotiators, they can experience more negative emotions like anger. Consequently, they tend to be less goal cooperative, less focussed on exchanging information and, as a result less successful in achieving a win-win such as joint profits for both parties (Liu, Zhu & Cionea, 2016). This is something that needs to be noted, as the Chinese and the Australian negotiators are from quite dissimilar cultures, and both sides need to be mindful of this challenge in their inter-cultural negotiation pursuit.
Furthermore, past research has demonstrated that the negotiation can also be jeopardised if an inappropriate approach or strategies are adopted, and if communication difficulties and disagreement are not addressed properly in a timely manner (Zhu, 2011). This highlights the importance of detecting misunderstandings that can lead to mood changes and negative emotions developing in the Chinese counterparts, to prevent the accumulation of unwanted negative emotions that could have a negative impact on the Chinese negotiators’ on people’s intentions and behaviour and can subsequently ruin the negotiation by influencing the more concrete form of judgement driven behaviour (Weiss & Cropanzano, 1996; van Kleef, De Dreu, Manstead, 2004; Van Kleef, 2014). This is especially important, as the Chinese tend not to express their emotions in an obvious manner (Hurley et al., 2016), so timely detecting of misunderstanding and/or negative emotions in the Chinese counterparts is important to the Australian managers.

Past research has demonstrated the power of negative emotions such as fear (Adler, Rosen & Silverstein, 1998), so it is important for the Australian managers to remain calm and composed with regard to their own emotions, and remain patient, as research has also shown that being patient is important in negotiations (Salmon, Gelfand, Ting, Kraus & Fulmer, 2016). Nevertheless, fear can be a powerful emotion enabling individuals to become aware of potential negative things that could happen to them. However, in the context of negotiation, it is important for the negotiator to remain calm and emotionally composed to negotiate with their Chinese counterparts, as if they detect the fear, it can be used to gain advantage in negotiations. It is important for negotiators to turn fear into motivation to do well in the negotiation.

2.4.11 Emotions used as a tactic in negotiations

As discussed earlier (Section 2.4.4), research has shown that Chinese use emotions as tactics in negotiations, where the Chinese draw on their inherent
knowledge and know-how (i.e., mental models, such as captured in *The Secret Art of War: The 36 Stratagems*) on how negotiation should be conducted with their Australian counterparts (Rivers & Volkema, 2013). The 36 stratagems are a collection of ancient Chinese military strategies that were said to be passed down by an unidentified individual a few hundred years ago. They were published and became known by others in the 1940s (March & Wu, 2007; Rivers & Volkema, 2013). It is acknowledged that most Chinese formulate their negotiation strategies from knowledge drawn from Chinese cultural works and also from *The Art of War, by Sun Tzu, and The Secret Art of War: The 36 Stratagems* (Barkai, 2008, cited in Rivers & Volkema, 2013, p. 21). According to Barkai (2008), Chinese learn about the 36 Stratagems as part of growing up. ‘Like Americans learn nursery rhymes. They are taught in school, found in literature, popular folk opera and sometimes even in television programs’ (Barkai, 2008, p. 34, cited in Rivers & Volkema, 2013, p. 21).

According to researchers, the stratagems equate to tactics and can be used intuitively by Chinese and East Asians in negotiations without them actively thinking about it (Tian, 2016; Rivers & Volkema, 2013, p. 21). Renowned International business researcher, Rosalie Tung, in her work on the 12 guiding principles for East Asians in business, had suggested the significance of strategies (first principle) and the use of possible deceptive tactics for gain as part of their strategy (third principle) is a well-accepted norm (Tung, 1994; Tung, 2002; Rivers & Volkema, 2013). In addition, Hwang (2012) discussed the norms of the practice of using tactics/strategies such as the stratagems by the Chinese on their negotiation counterparts if they consider them as a member of the out-group, instead of the in-group (Hwang, 2012; Rivers & Volkema, 2013). Moreover, Chinese counterparts can also use a dramatised display of emotions via the group members, to overwhelm the Australian managers
during negotiations. The Chinese can do this by selective and strategically displayed emotions (Kopelman, et al., 2006). Therefore, it is important for negotiators embarking on negotiating with the Chinese to get to know about the stratagems, especially those that involve the use of emotions.

Past research has shown that negotiators can use emotions as a powerful tool to suppress their own emotions and/or strategically display their emotions to the negotiation counterparts to achieve a more favourable negotiation outcome for them (Kopelman, et al., 2006). Additionally, research on the emotions’ influence on negotiation has mainly focused on anger and happiness; however, not all negative emotions yield the same effects. Furthermore, depending on whether negotiators resort to negative emotions like anger or positive emotions like happiness, it can have dissimilar outcomes for negotiations (Olekalns & Druckman, 2014). For that reason, it is important for negotiators to remain calm and control their own emotions during negotiations. This is supported by research showing individuals need to build on their Emotional Intelligence (EI) skills and not concede to impulses in conflict situations, and be adaptable and convert the situation to their favour (Hopkins & Yonker, 2015). This is particularly important for negotiators, who should not let their own emotions influence their behaviour and impact on the negotiation.

2.4.12 Emotions and Chinese cultural values in negotiations

Past research highlighted that loss of face was effective in eliciting the target's anger, and also was responsible for relationship failure for the Chinese rather than for the Americans (Kam & Bond, 2008). More recent research also linked emotions to face-negotiation between the US and the Chinese in negotiations and conflict (Zhang, et al., 2014). Furthermore, negotiators can influence the development or direction of negotiation by suppressing and/or displaying their
emotions strategically during the negotiation (Kopelman, et al., 2006) to work in their favour and achieve a win.

Research has supported and demonstrated that the Chinese concept of face is very important in negotiation and doing business with Chinese (Samovar, et al., 2015b; Kwek, & Lee, 2015b; Aslani, et al., 2016). Additionally, by observing the Chinese face, Australian managers can prevent the occurrence or accumulation of unwanted negative emotions, and thus prevent a possible negative influence on the negotiation behaviour that could impact on the negotiations. This supports past research on East Asians and Israeli negotiators, highlighting the importance of respect when negotiating with people in East Asian cultures, as in this case with the Chinese counterparts (Kopelman & Rosette, 2008).

Furthermore, by observing face and giving face to the Chinese, Australian managers can also encourage positive emotions in the Chinese counterparts, which can positively influence the Chinese counterparts’ behaviours during negotiations and facilitate a ‘win-win’, which is important for both sides in negotiations. Australian managers can also use face saving to try to turn things around during negotiations with the Chinese, to ensure that they too have gained something from the negotiation. This is also supported by research connecting emotions to the Chinese face and interpersonal conflict (Zhang, et al., 2014).

Past research has shown that positive emotions have been found to assist with enhancing cooperation, decreasing conflict, and increasing perceived task performance (Barsade, 2002). Recently, research into Japanese negotiators has highlighted that there is a role for humour in negotiations and laughter in conflict (Maemura, 2014). Furthermore, research has found that various types of humour can have both positive and negative influences on an individual’s creative behaviour at work and their innovative productivity. Overall, humour that contains aggression has
negative implications while, affiliative, coping, and reframing humours are linked to positive feelings (Hurmelinna-Laukkanen, Atta-Owusu & Oikarinen, 2016).

2.4.13 Emotions, Emotional intelligence and negotiations

Past research has found that it is important for people to manage emotions in conflict situations. In a recent study, Hopkins and Yonker (2015) surveyed 126 participants using a measure of EI to study EI abilities and conflict management in organisations, and found that the EI abilities most relevant for conflict management in organisations are problem-solving, social responsibility and the ability to control impulses. According to Hopkins and Yonker (2015), organisational management training and development should focus on enhancing EI abilities such as the problem-solving, social responsibility and the ability to control impulses, to ensure managers can more effectively manage conflict, especially in cross-cultural situations.

Recently research has found that emotionally intelligent negotiators can utilise positive emotions to strategically influence the negotiations by managing conflicts when they arise, fostering trust and facilitating a more favourable experience and outcome (Katz & Sosa, 2015).

Specifically, this research discusses how emotions when they occur, can influence negotiations between Australian managers and their counterparts. The occurrence of negative emotions, if not managed well and if allowed to accumulate, can affect the negotiation experience and outcome between Australian and Chinese counterparts.

It is commonly recognised that in addition to business ‘know-how’, a key to successful international business relationship is the ability to effectively communicate and negotiate in a cross-cultural context (Johnson, Lenartowicz & Apud, 2006). Nevertheless, there is limited understanding of the actual processes
contributing to effective and ineffective cross-cultural negotiation (Maguire & Lewis, 2005). One of the aims of this research is to address this gap, in particular, looking at the more intangible aspects of negotiation such as emotion, trust and relationship quality in the case of Chinese guanxi.

Based on this prior research, this leads into the next research question, which is presented as:

**Research Question 2.** How do emotions influence the negotiation experience between Australian and Chinese managers?

### 2.5 Australian and Chinese negotiation experiences

#### 2.5.1. Negotiating with Chinese

As already stated, past research has mainly focussed on US, Japanese and European contexts (Brett & Okumura, 1998; Brett, 2000; Adair, et al., 2001; Adair & Brett, 2005; Adair, et al., 2009), while others have mainly focussed on research on negotiation with the Chinese (Pye, 1982, 1992; Blackman, 1997, 2000a, 2000b; Gao & Ting-Toomey, 1998; Fang, 1999; Ghauri & Fang, 2001; Graham & Lam, 2003; Ma & Jaeger, 2005; Lee, et al., 2006; Fang, 2006; Faure & Fang, 2008; Ma, 2007; Kriz & Keating, 2010; Fang & Faure, 2011; Fang, 2012; Chuah, et al., 2014).

Despite the research already conducted on Chinese negotiation, Western negotiators continue to experience difficulties when it comes to negotiating with the Chinese (Fang et al., 2008; Rivers & Volkema, 2013; Luomala, et al., 2015). This is because the cultural aspects that influence the way Chinese communicate remain a challenge for Western negotiators (Gao & Ting-Toomey, 1998; Gao, Knight, Yang & Ballantyne, 2014; Paik & Tung, 1999; Zhu, et al., 2007; Gao, 2015; Ma et al., 2015).

Previous research has provided anecdotal suggestions on the Eastern and Western differences in negotiations, and also the challenges that Westerners have in
negotiating with their Chinese counterparts (Lee & Lo, 1988; Miles, 2003; Pye, 1992; Fang, 2006; Hwang & Han, 2010; Ma, et al., 2015). Other researchers argue that research on the actual processes of Chinese negotiations is important, as there is still a lack of understanding of this area (Alder et al., 1992; Ma & Jaeger, 2005; Fang & Faure, 2011; Cui & Jiang, 2012; Liu, et al., 2012; Chuah et al., 2014; Lügger, et al., 2015). More recent research on Chinese business negotiations has adopted an indigenous approach by studying the influence of the ‘Confucian ideal personality’ on Chinese negotiation process and Chinese negotiation dynamics, to better understand Chinese negotiation styles. The results reveal that Confucianism can affect Chinese negotiation styles (Ma, et al., Dong, 2015).

Relevant to this research is the context of the negotiations, as past research demonstrates that context is an important factor for understanding the development of the process of negotiation, and also the achievement of the negotiation outcome. This is supported by research showing that in international business negotiations, managers need to be mindful of the contextual factors shaping the negotiation process, and adapt their own negotiation approach and tactics correspondingly (Saee, 2008). Additionally, context can influence the negotiation behaviour in commercial negotiations (Saorin-Iborra & Cubillo, 2016). It is also important to examine the negotiation process and experience, as the negotiation process is dynamic not static in nature, as supported by past research showing the negotiation process involves several phases (Ghauri, 2003). Accordingly, the argument is that research on how Australian managers negotiate with Chinese counterparts can help to bridge the gap in the negotiation literature on contextual factors; it can also provide a richer picture of the currently under-researched area of Australian and Chinese business negotiations. Next, the negotiation process and experience between Australian managers and their Chinese counterparts will be discussed.
2.5.2 The Negotiation process and stages

Past research has defined the negotiation process as ‘a dynamic process by which two parties, each with their own objectives, confer to seek a mutually acceptable agreement on a matter of common interest. The negotiation process occurs within a defined time period’ (Paik & Tung 1999; Vieregge & Quick, 2011, p. 316). The process is usually portrayed as consisting of a number of phases or stages (Graham & Sano, 1989; Blackman, 1997). Previous research on the Japanese negotiation styles depicted four phases/stages of the negotiation process. The first phase/stage is non-task sounding, where negotiation parties get to know each other. The second is the task-related exchange of information, where the parties’ subject needs and preferences are open to discussion. The third is the persuasion phase/stage, where parties attempt to influence the other side’s needs and preferences. The fourth or final is the concession and agreement phase/stage where the parties accomplish an agreement (Graham & Sano, 1989, cited in Zhu, 2011).

Blackman (1997) depicted the Chinese negotiation process as a five-step model of various stages/phases, which is similar to that of Graham & Sano (1989). The first is the opening stage/phase, usually positive and focussed on relationship building, and where a great deal of time is dedicated to this phase. The second is the technical discussion stage/phase, where more technical information is discussed and is usually comprehensive and this can also be a lengthy phase, so to better support the positioning of the negotiation. The third is the term of contract discussion stage/phase, where possible price reduction can be discussed grounded on the technical discussions in the second phase. The fourth is the contract signing stage/phase, where the official binding contract is to be signed and usually promptly preceded by requests for new concessions. The fifth and final step is the post-contract negotiations stage/phase which, as past research has shown, can be an on-
going process with requests for changes for future business dealings (Vieregge & Quick, 2011, pp. 317-318).

Past research suggests that negotiation, in general, involves a process where participants each consider their own goals, share information, and where possible take steps to reach some sort of agreement to benefit both sides (Robinson & Volkov, 1998; Drake, 2001; Fisher, et al., 2011; Malhotra, & Murnighan, 2008; Kobayashi & Viswat, 2016). Depending on the types of business negotiations and their cross-cultural orientations (Macduff, 2006; Oikawa & Tanner Jr., 1992; Woo & Prud’homme, 1999; Fuller, 1991; Hurn, 2007; Khakhar & Rammal, 2013; LeFebvre & Franke, 2013), it can be an intricate lengthy process that involves several stages (Graham & Sano, 1989; Blackman, 1997; Adair & Brett, 2005; Atkin & Rinehart, 2006; De Moor & Weigand, 2004; Mouzas, 2006; Brown & Wright, 2008; Hartel et al., 2010; Zhu, 2011; Vieregge & Quick, 2011).

Based on the past literature, this current study on negotiation conceptualises negotiations under four phases: the informal phase, the formal phase, the final signing-up phase, and the post-negotiation phase (Ma & Hartel, 2005, 2008, 2009; Hartel & Ma, 2006; Hartel et al., 2010; Ma, Hartel & As-Saber, 2011). Each phase of the negotiation ultimately contributes to the overall development of the business negotiation. Next, a detailed discussion of the negotiation process and each of the stages is discussed in terms of the Australian and Chinese business negotiation context.

2.5.3 Business negotiation process with the Chinese counterparts

As stated earlier, past research has shown that business negotiation can be a time-consuming and lengthy process. The negotiation begins with the informal phase, which is usually the preparatory stage, which deals with information gathering about the prospective partner, environmental scanning and planning, the early words
of communication (Atkin & Rinehart, 2006; Urban, 1996; Usunier, 1996; Swaab, Maddux & Sinaceur, 2011). In some instances, this phase can even include the making of opening offers in cross-cultural email negotiations (Rosette, Brett Barsness & Lytle, 2012; Rosette, Kopelman & Abbott, 2014). Thus, it is important to consider a set of preparatory tasks. Richards and Walsh (1990) suggested it is important to consider all the important factors and needs of each party relevant to the negotiation. Therefore, pre-negotiation training for negotiators may be considered appropriate at this phase (Fuller, 1991; Graham & Lam, 2003; Lim & Yang 2007). It is found that a successful negotiation meeting can help to build and grow relationships in the form of inter-cultural alliances, if appropriate approaches and strategies are adopted. However, negotiation can also be ruined if inappropriate approaches and strategies are adopted, and if communication difficulties and disagreement are not addressed in a timely manner (Zhu, 2011). Or if good relationship are not established. The key is preparation, and to provide the negotiation team with information regarding the legal issues, negotiation styles and the various modes of reactions one can employ during the formal negotiation process.

Further, introductions made through informal gatherings such as trade fairs and personal invitations could assist to build rapport before the formal negotiation takes place. This is of particular importance in doing business with the Chinese, as they like to deal with people they are familiar with. It is therefore important to build a relationships (guanxi) with the Chinese counterpart (Graham & Lam, 2003; Huang & Aaltio, 2014; Ma, et al., 2015), to allow mutual trust (xin) to be established (Ghauri & Fang, 2001) as trust is very important in any form of collaboration (Child, 2001), and especially in business and negotiation with the Chinese (Jia, Rutherford & Lamming, 2016), before proceeding to the more formal phase of negotiation.
The formal phase can determine the final outcome of the negotiation. Hence, it is important to consider the ‘give and take’ over specific issues during this phase (Atkin & Rinehart, 2006, p. 51; Wang, Wang & Ma, 2016). That is why the formal negotiation should not be rushed. Both parties should be comfortable with the venue and the language used during the formal negotiation (Howarth, Gillin & Bailey, 1995; Nokatani, 2006; Brett, 2007). According to Lassere and Schütte (1995, p. 192), Western negotiators need to have an ‘unusually high degree of flexibility’ whilst conducting negotiations in Asia. To conclude a ‘win-win’ outcome, mutual respect and understanding and a friendly atmosphere are required to be maintained throughout the formal negotiation phase. This is even more so in the case of business negotiation with Chinese; the perception of a good relationship (guanxi) is far more important to the Chinese (Li, Du & Van de Bunt, 2016) than rushing towards the signing of an agreement in a negotiation.

The final signing-up phase involves careful preparation of the documentation of the terms and conditions discussed in the formal negotiation phase; this usually is included within the formal negotiation phase. However, the complex nature of the preparation of documentation for the final signing-up of a contract brings about the necessity to consider it as a separate phase. The document is prepared in accordance with the host country’s legal requirements, however, it is good practice for a foreign partner to understand the relevant host-country legal issues and interpret them according to the home country law for any future legal implications (Howarth et al., 1995; Terpstra, Foley & Sarathy, 2012; Roy & Oliver, 2009).

The final signing-up phase generally leads to the formal conclusion of a negotiation process. However, the post-negotiation phase is as critical as the previous phases mentioned above (Atkin & Rinehart, 2006; Mouzas, 2006; Graham & Sano, 1989; Blackman, 1997; Adair & Brett, 2005; Atkin & Rinehart, 2006; De Moor &
Weigand, 2004; Mouzas, 2006; Brown & Wright, 2008; Hartel et al., 2010; Zhu, 2011; Vieregge & Quick, 2011), as post-negotiation, parties may still change the agreed clauses to their own advantage (Mouzas, 2006). In the business negotiation context with Chinese, it is important to utilise this post-negotiation period as an ongoing process to achieve optimum benefit from the agreed outcomes. Research has found that open-mindedness and flexibility need to be exercised, as it is likely that the Chinese counterpart may feel more comfortable to continue the discussion post the formal negotiation, as part of the ongoing building of guanxi and trust (xin). This is important and should not be neglected (Cedrola, Battaglia & Quaranta, 2016; Wu & Chiu, 2016). This is also when to consider each party’s needs, including being mindful of the negotiator’s feelings and trying to maintain good rapport and build an ongoing relationships and maintenance of guanxi (Li, Du & Van de Bunt, 2016). In light of the literature, and to extend our understanding of the negotiation process, this research will study Australian managers’ negotiation experience and the process, with their Chinese counterparts, conceptualised under four phases: the informal phase, the formal phase, the final signing-up phase, and the post-negotiation phase (Ma & Hartel, 2005; Hartel & Ma, 2006; Ma & Hartel, 2008; Ma & Hartel, 2009; Hartel et al., 2010; Ma, Hartel & As-Saber, 2011).

2.5.4 Obstacles and challenges in negotiating with Chinese

Past research shows communication can be more successful and less complicated when communicators are from the same or similar cultures. The familiarity of language and discourse from the context resulting from the understanding of each other’s similar values and assumptions can better ensure that communication will be more effortless (Samovar, et al. 2015a, 2015b). Conversely, communicators from dissimilar cultural groups can potentially experience more confusion in communication, as the messages can be misinterpreted due to the
absence of a shared cultural context (Scollon & Scollon, 2001; Scollon, et al., 2012).

In negotiating with the Chinese, language can be the biggest barrier, which, if not managed properly can result in major communication problems between counterparts from different cultural backgrounds (Korac-Kakabadse, et al., 2001; Sebenius, 2002).

This leads to this research exploring how Australian managers negotiate with the Chinese counterparts.2

Accordingly, this research question (RQ) is developed:

**Research Question 3:** What are the insights of Australian managers’ negotiation experiences, when negotiating with the Chinese?

The following diagram depicts the three research questions which have emanated from the literature (Figure 2.2).

**Figure 2.2: Research Questions (RQ) 1, 2 and 3**

RQ1
How do cultural aspects influence the negotiation experience between Australian and Chinese managers?

RQ2
How do emotions influence the negotiation experience between Australian and Chinese managers?

RQ3
What are the insights of Australian managers’ negotiation experiences, when negotiating with the Chinese?

2.6 Conclusion

In summary, this research will make a number of contributions to the knowledge of the process of cross-cultural business communication and negotiation
embedded in the Australian and Chinese business negotiation context. First, this research will examine the influence of culture, in particular, the influence of the Chinese cultural aspects of *mianzi*/face and *guanxi*/relationship on negotiation between Australian managers and their Chinese business counterparts. Secondly, this research will examine the influence of emotions on negotiations when Australian managers negotiate with their Chinese counterparts. In addition, this research will examine the negotiation experiences between Australian managers and their Chinese counterparts. Consequently, the reflections of the Australian managers on their negotiation experiences with their Chinese counterparts will provide deeper understanding and insights into the influence of culture and emotions on negotiations, and the overall success or failure of negotiation outcomes.

Additionally, this research will provide a better understanding of the actual process of cross-cultural communication and negotiation. Overall, this research will build on the body of literature in the International Business research in cross-cultural negotiations, and in particular on the role of culture and emotions in cross-cultural negotiations.

Furthermore, the knowledge gained from the experiences of the Australian managers can help to better inform future research, and also equip Australian managers for more effective business communication and negotiation, and thus improve future business relationships with their Chinese counterparts.
CHAPTER 3: RESEARCH DESIGN AND METHODS

3.1 Overview of this Chapter

This chapter discusses the methods and procedures used in the sampling, data collection and analysis for this research. Furthermore, this chapter explains the philosophical and theoretical underpinning, the interpretive research paradigm, including the rationale for adopting constructivist/constructionist (relativism) ontology, and an interpretivist epistemology (subjectivism) in this research. This chapter also discusses the methodological considerations leading to the choice of qualitative research and the reasons for the use of a semi-structured in-depth interview approach to examine the experiences of Australian managers in their business negotiations with their Chinese counterparts.

3.2 Research Philosophy for this Research

This research adopted a constructivist ontological approach (Lincoln & Guba, 1985; Guba & Lincoln, 2008; Bryman, 2008b) to examine the negotiation experiences of Australian managers when negotiating with their Chinese counterparts. The Australian managers were given a voice as they shared their story with the researcher. Accordingly, the researcher took an interpretive stance to the data with the researcher and the research participants co-constructing their sense of reality. The participants together with the researcher navigated through the medium of interviews.

3.2.1 The Role of Theory

Theory in the broader sense can be viewed as: an explanation of knowledge (Blaikie, 2000, p. 141) or a narrative about how and why events occurred (Turner, 1991, p. 1); accounts about certain phenomena (Babbie, 1975, p. 76); the answer to
the ‘why’ and ‘how’ questions by relating the subject of interest to phenomena (Bailey, 1994, p. 141; Bailey, 2008); introducing a concept to explain the relationship between the subject and other phenomena (Blaikie, 2000, p. 141-142). Theory can also be seen as a set of well-developed themes and concepts ‘that are systematically inter-related; through statements of relationship to form a theoretical framework that explains another relevant phenomenon’ (Strauss & Corbin, 1998, p. 22). The latter definition is the most relevant to this research.

Overall, there are two categories of theory, depending on the actions of the practitioners: theoreticians’ theory and researchers’ theory (Menzies, 1982; Blaikie, 2010, p. 125). For the purpose of this research, it is the latter that is relevant: ‘theory that the researcher uses as a source of hypotheses to be tested or theory that is generated in the course of the research’ (Blaikie, 2010, p. 129) and, specifically, the contribution to theory development in the form of the development of a theoretical/conceptual framework emerging from the research findings.

3.2.2 Research paradigm

In the following sections, an overview of the components of the research paradigm will be discussed and, specifically, the choices and reasons for the chosen research approach and methods used for this research. The choices researchers make about research methods ultimately will be dependent on their choice of research paradigm: ontology, epistemology, methodology and methods. In particular, the research strategy or the ‘logic of enquiry’ that is adopted for the research is very important, as it provides a starting point and the steps of how one can address the questions (Blaikie, 2000, p. 86). Specifically, for this research it is the ‘how’ questions that need to be answered. Therefore, in choosing a suitable research strategy one must first carefully consider both the ontological and epistemological assumptions (Blaikie, 2010).
3.2.3 The interpretive paradigm

In the social sciences, ontology is the study of being (Crotty, 1998, p. 10). It is a theory of the nature of social entities. It is concerned with, if we can and if it is appropriate, to consider social entities as objective entities that have a reality outside to social actors, or if we can and if it is appropriate, to consider them as social constructions accumulated from the perceptions and actions of social actors (Bryman, 2008b, 2015). Ontology is also considered as the ‘branch of philosophy dealing with the essence of phenomena and the nature of their existence’ (Symon & Cassell, 2012, p. 17). The ontological assumption is: ‘What the social world looks like and how it works’ (Blaikie, 2000, p. 160); or ‘what constitutes reality, in other words, what is’ (Scotland, 2012, p. 9).

This research investigated Australian managers’ negotiation experiences in conducting business with their Chinese counterparts. The reflection on and sharing of the negotiation experiences by the Australian managers during the interviews will assist the researcher in getting an understanding of the influence of culture and emotions on negotiations between Australian and Chinese managers. This research adopted an interpretive paradigm to enable the research participants to have a voice, as captured by the interviews with the Australian managers (Blaikie, 2007, p. 22), and, at the same time, allowing the researcher to work with the interviewees in co-constructing their sense of the realities (Guba & Lincoln, 2008, p. 257).

The ontological position of an interpretivist is relativism. Their view of reality can be subjective; they argue that the sense of reality can be different from individual to individual (Guba & Lincoln, 1994, p. 110). The relativist view is that individuals’ realities are determined by their senses, and reality only appears when the individual’s consciousness connects with objects with meaning assigned (Crotty,
Furthermore, reality is ‘constructed’ at the individual level (Scotland, 2012, p. 11).

Epistemology is comprehended as to do with the knowledge (Symon & Cassell, 2012, p. 16); or a theory of knowledge (Bryman, 2015); or the nature and forms of knowledge (Cohen, Manion & Morrison, 2007). The epistemological issue is what is considered as acceptable knowledge about the social world, or in a particular discipline (Bryman, 2012, 2015). The epistemological assumption is: ‘How this knowledge can be developed’ (Blaikie, 2000, p. 160), or ‘how knowledge can be created, acquired and communicated’ (Scotland, 2012, p. 9).

The epistemological position of interpretivism is that of ‘subjectivism that is based on the real-world phenomena’ (Scotland, 2012, p. 11). It is argued that ‘the world does not exist independently of our knowledge of it’ (Grix, 2004, p. 83). Crotty (1998, p. 3) explained: ‘Meaning is not discovered; it is constructed through the interaction between consciousness and the world’. The interpretivist perspective is that meaning may be constructed in different ways regarding the same phenomenon (Crotty, 1998, p. 9; Scotland, 2012, p. 12); however, truth is consensus between the co-constructors (Scotland, 2012, p. 12). Through the interaction between the humans and their world, knowledge and meaningful reality are constructed, and transmitted in a social context (Crotty, 1998; Scotland, 2012, p. 12; Creswell, 2014).

### 3.2.4 Constructivist/constructionist ontological approach

A constructivist and relativist’s ontological approach to research is considered to be the most appropriate and suitable for enquiry of this nature (Schwedt, 2007). This is because adopting a constructivist approach would enable the research participants to have a voice as captured by the interviews with the Australian managers (Blaikie, 2007, p. 22).
To gain an in-depth understanding of how Australian managers negotiate with the Chinese, this research examined the Australian managers’ reflections on experiences in negotiating with the Chinese in business. Furthermore, the influence of emotions and cultural aspects on the negotiation process between Australians and Chinese is also examined. Therefore, this research adopted a constructivist ontological approach to the research in which social phenomena and what the experiences may mean are determined by social actors (Bryman, 2008b, 2015; Creswell, 2014).

The constructivist approach is also known by many as: a ‘naturalistic inquiry’ (Lincoln & Guba, 1985). It is also known as the ‘relativist’ ontological orientation as it focuses on research in those local and specifically constructed and co-constructed realities that are important (Guba & Lincoln, 2008, p. 257). Social phenomena and their meanings are brought about through social interactions and are also continuously being revised (Bryman, 2008a, 2015). The aim of a constructivist approach in the context of this research was to uncover the different experiences of the Australian managers when negotiating with their Chinese counterparts. Then, through a process of interviewing, the Australian managers reflected on and analysed their constructions to provide a deeper understanding of their experiences of negotiating with their Chinese counterparts in business. As Guba and Lincoln (1998, p. 211) described:

*The constructions that people (including the inquirer) initially hold, aiming towards consensus but still open to new interpretations as information and sophistication improve. The criterion for progress is that over time, everyone formulates more informed and sophisticated constructions and becomes more aware of the content and meaning of competing constructions.*

It is important to remember that these constructions of realities are just an informed or sophisticated account rather than necessarily the truth. In addition, these
constructions are dynamic as are their realities (Guba & Lincoln, 2004). In essence, people’s experiences and relationships strongly influence their view of this social world, as in the case of Australian managers reflecting on their experiences of business negotiations with the Chinese.

### 3.2.5 Interpretivist and ‘transactional/subjectivist’ epistemological orientation

This research adopted the interpretivist epistemological orientation because it is required to take a subjective stance, with a research strategy that will enable the researcher to make sense of social actions and acknowledge that differences exist between people and the objects of natural sciences (Bryman, 2008b, 2015). This epistemological position allowed for the subjective notion that individuals’ realities and experiences, such as Australian managers’ business negotiations with their Chinese counterparts, can be constructed as the inquiry progresses. As such, the epistemology for this research is ‘transactional/subjectivist’; thus, created findings (Guba & Lincoln, 1998, pp. 203 & 207; Guba & Lincoln, 2008, pp. 257 & 260). As Guba and Lincoln (1998, p. 207) explain:

> The investigator and the object of investigation are assumed to be interactively linked so that “findings” are literally created as the investigation proceeds.

### 3.3 Methods

#### 3.3.1 Research design – qualitative

The method of research, in general, is the strategy or the plan which determines the decision regarding certain research methods being adopted (Crotty, 1998, p. 3). The research methods can be explained as posing questions on how researchers investigate what they considered important and deemed possible to be investigated (Guba & Lincon, 1994). Therefore, the research methods can be
considered as to do with the why, what, from where, when and how data is collected and analysed (Scotland, 2012, p. 9).

Research methods are the chosen techniques and procedures to collect, analyse and interpret data in a research project (Crotty, 1998, p. 3). The choices of methods adopted for research will depend on the methodology, epistemology and the ontological position the researchers are orientated to, and their preferences (Grix, 2004; Scotland, 2012). Researchers need to decide if qualitative or quantitative research is to be conducted and the specific data type to be collected, as all research paradigms can accommodate both qualitative and quantitative data (Scotland, 2012, p. 10).

There has been much debate on quantitative versus qualitative research methods amongst researchers (Miles & Huberman, 1994; Miles, Huberman & Saldana, 2014). While there is merit for both methodologies, it has been suggested that qualitative research methods are more suited and even necessary to gain a more in-depth understanding of a complex topic and to extract rich data for analysis (Berg, 2007; Berg & Lune, 2012). In comparison to quantitative research, qualitative research can be employed to study the less concrete aspects such as the ‘meanings, concepts, definitions, characteristics, metaphors, symbols and possibly the description of things’ (Berg, 2007, p. 3).

Accordingly, the use of a qualitative research method for this research is deemed more suitable for examining the negotiation experiences between the Australian managers and their Chinese counterparts, in order to gain a deeper understanding of the experiences.

This research adopted a constructivist and interpretivist approach, and, accordingly, the qualitative research design was deemed the most suitable. This is because the interpretive methodology aimed to understand the phenomenon from an
individual’s perspective and examine the interactions between individuals, whilst taking into consideration the historical and cultural contexts (Creswell, 2009; Scotland, 2012). In interpretive methodology, the researchers and participants interact to draw out the individual constructs in order to gain deeper understanding (Guba & Lincoln, 1994, p. 111), whilst focusing on the research participants (Creswell, 2009, p. 8; Scotland, 2012, p. 12; Creswell, 2014).

Business negotiation and communication between the Australian managers and their Chinese counterparts is complex. Accordingly, the approach chosen for this research needed to provide flexibility to the participants to enable them to have a voice to share their respective experiences.

Many different qualitative methods can be used in the social sciences. Berg (2007) discussed seven methods: interviewing, focus groups, ethnography, sociometry, unobtrusive measures, historiography, and case studies. Semi-structured interviews (Rubin & Babbie, 2012; Merriam, 2001; Nieswiadomy, 2002; Berg, 2005) was the chosen qualitative research method for this research, as the aim was to examine the reflections of the Australian managers’ experiences when negotiating and communicating with their Chinese counterparts, and to gain an in-depth perspective of their experiences. Furthermore, to capture the Australian managers’ experiences, it was important for them to reflect upon the moments that influenced the negotiations. Consequently, how culture and emotions influenced Australian and Chinese cross-cultural business negotiations is identified. The reasons why a semi-structured interview method was chosen over others will be explained further below.

3.3.2 Rationale for interview research

The choice of interview type for this research took into account the interpretive stance of the research. The methods needed to provide a deep understanding of people’s behaviour and explain actions from the research
participants’ perspective (Scotland, 2012, p. 12). Given the dynamic nature of cross-cultural research in Australian and Chinese business negotiation and the research questions that need to be answered, as well as the need to have flexibility, open-ended interviews were chosen (Scotland, 2012, p. 12). For the purpose of understanding why semi-structured in-depth interviews were chosen as the preferred method for this research, an overview of the different approaches to interviews is presented below.

The interview structures are often referred to as ‘the family of qualitative interviews’ (Rubins & Rubins, 1995; Berg, 2005, p. 78; Rubin & Rubin, 2011). Different forms of interviews can be utilised to gain rich data using the qualitative research approach (Creswell, 2009, 2014). The three main interview types are: the standardised (formal or structured), the un-standardised (informal or nondirective), and the semi-standardised (guided semi-structured or focused) interview (Fontana & Frey, 2000; Rubin & Babbie, 2012; Merriam, 2001; Nieswiadomy, 2002; Berg, 2007). The difference between these interview structures is their degree of formality, in terms of how rigid or structured the interviews are.

The first interview type is the standardised interview, using a schedule of interview questions that are formally structured. Interviewers ask the research participants to answer every question, with no variation in the wording of the questions. There is no follow-up on interviewees’ responses and the interviewer moves on to the next question to maintain the structure. There is not much flexibility for the interviewer or the interviewee (Berg, 2007). The logic behind this approach is to standardise the method by giving every interviewee the identical prompts, which helps with analysis and comparability (Rubin & Babbie, 2012; Berg, 2005, p. 78). Researchers employing these interviews need to have a clear understanding of the nature of the problem they are investigating, and what questions will deliver the
information they require to provide a deep understanding of the research question (Merriam, 2001; Berg, 2005, p. 78). The assumption is that the questions planned in the interview are clear enough to draw out the pertinent information from the interviewees (Berg, 2005, p. 79). Furthermore, the wording of the questions is clear to the interviewees and they are able to understand the questions, and respond accordingly. The assumption is that the words of each of the interview questions have the same significance to each of the interviewees. However, as Denzin (1978, p. 114) states, these assumptions are ‘untested articles of faith.’

The opposite to the formal rigor of the standardised interviews are ‘un-standardised interviews’ which have no structure or schedule of questions of any kind. That is not to say there is no theory underpinning their adoption, which is that un-standardised interviews have their own assumptions too. The first difference is that the interviewer does not know what the essential questions are, therefore, the interviewer must be able to: ‘develop, adapt, and generate questions and follow up probes appropriate to each given situation and the central purpose of the investigation’ (Berg, 2005, p. 80). It is argued that the necessary and suitable questions will come up as a result of interactions during the interview (Schwartz & Jacobs, 1979, p. 40). Furthermore, the assumption is not all the interviewees will interpret the same meaning in the wording of the questions.

As highlighted before, the semi-standardised interview, alternatively known as the guided semi-structured or focused interview, is employed to collect data. This interview type occupies the middle ground between the opposites of the completely standardised and the completely un-standardised interview structures. A researcher employing a semi-standardised interview technique generally develops a list of predetermined questions and prompts, or identifies topics upon which to ask questions (Berg, 2005; Seidman, 2013; Brinkmann, 2014). In this format, the
interviewers ask the interviewees predetermined questions in an organised, consistent, and sequential manner. However, in contrast to the structured interview, the interviewers have the flexibility to deviate; therefore, the interviewers are allowed to ‘probe’ further into the answers offered by the interviewees to their predetermined questions (Berg, 2005; Seidman, 2013; Brinkmann, 2014).

The assumption underpinning this interview approach is that the questions are prepared using words recognisable to the people being interviewed and which are in the subjects’ vocabularies (Berg, 2005). However, the questions employed in a semi-standardised interview will be individually interpreted by interviewees, and there can be variation in the way that the interviewees respond to them. Interviewers must bear in mind that they are capturing interviewees’ viewpoints. This can be achieved by interviewers modifying the language of the given scheduled questions or, more simply in the course of the interview, by providing unscheduled probes as and when necessary. Interviewers need to be adaptable and ask simple questions or full questions seeking additional information (Berg, 2005, p. 81).

3.3.3 Enhanced Interview Format in the Present Research

To examine Australian managers’ negotiation experiences with their Chinese counterparts, the semi-structured in-depth interviews employed in this research focussed on the Australian managers’ reflections on their negotiation experiences. Furthermore, the role of emotions and cultural aspects in the negotiation process between Australian and Chinese was also examined. In this research, the interviewees were asked specifically about their experiences of negotiating with the Chinese during the interviews. The use of the semi-structured in-depth interview technique (Berg, 2005, 2007, 2012) allowed the researcher, where necessary, to ask open-ended questions to encourage the interviewees to reconstruct their experiences (Seidman, 2006, p. 15). Another strength of in-depth interviewing is that it will
enable the interviewer to explore the experiences, opinions and knowledge of the interviewees (Rubin & Rubin, 2011), such as Australian managers’ negotiation experiences with their Chinese counterparts.

3.4 Role of the Researcher

The researcher’s role in qualitative research is important because the researcher is responsible for data collection and analysis. In addition, the knowledge creation drawn from the researcher’s own appreciation of culture and concepts is critical (Lyons & Chryssochoou, 2002). In this research, utilising an interpretive paradigm, the researcher interacted with the interviewees to reflect upon their negotiation experiences with the Chinese and together construct their sense of reality (Guba & Lincoln, 2008, p. 257). Furthermore, the researcher interacted with the interviewees to draw out rich data from the sharing of their experiences and to capture the essence of the interviewees’ narratives on their negotiation experiences with their Chinese counterparts. The researcher was vigilant in listening to the interviewees for the answers provided to the questions asked and the stories shared. The researcher also asked questions to seek clarification and understand the context to avoid the effect of their own subjectivity shaping the data collected.

The researcher was able to share her own industry experience with the interviewees as a way of breaking down any barriers to communication, and also to build rapport and trust with the interviewees (Redding, 1993). It is believed that the researcher should have a good but professional relationship with the interviewees to ensure that the researcher can gain an insider's view of the interviewees’ experiences (Burns, 1991, p. 12). This is particularly important in understanding the negotiation experiences of Australian managers in business negotiations with their Chinese counterparts. However, the researcher also needs to exercise care and keep some
distance to enable the interviewees to provide their responses independently (Seidman, 2006, 2013).

The researcher also had the necessary language and communication skills, being bilingual and able to speak, read and write fluently in both English and Chinese. The researcher’s language ability and her knowledge of both cultures meant she was able to relate to both the Australian and Chinese ways of doing business. She was originally from the South-East Asia region (Taiwan) but emigrated to Australia when she was young, and so can communicate fluently in Mandarin and many Chinese dialects such as Cantonese, Hokkien (or Fújiānhuà) and Taiwanese. Furthermore, the researcher’s ability and experiences enabled her to ask both open-ended probing and in-depth questions using the semi-structured interview format, and interview techniques to elicit experiences the Australian managers gained in doing business with their Chinese counterparts. However, at all times, the researcher exercised care when planning and conducting the interviews to ensure they were conducted in an ethical manner, and followed the acceptable protocols for research set out by the university.

3.5 Ethics Approval for this Research

This research has received ethics clearance from the ‘Standing Committee on Ethics in Research Involving Humans (SCERH)’ from Monash University (CF07/1342 – 200/0359LIR). Please refer to Appendix 1 for a copy of the ethics approval from the Monash University Ethics Committee. Additionally, please refer to Appendix 2, the Interview Consent Form, and Appendix 3, the Explanatory Statement for the interviews. This research has also received ethics approval from Deakin University for Human Research Ethics, Deakin Research Integrity, and has been assigned Deakin research project ID 2016 – 196. Please refer to Appendix 4 for the email message with Deakin ethics approval.
3.6 Measures: Interview Protocol

The researcher should have the end goal in mind in deciding what questions will allow the researcher to get the necessary information for the research project and thus answering the research questions of the project. This section describes the interview, and the interview questions used for this research, following a reminder of the research questions (RQs).

3.6.1 Research Questions

Three research questions (RQ) as outlined below are used to guide this research:

RQ1. How do cultural aspects influence the negotiation experience between Australian and Chinese managers?

RQ2. How do emotions influence the negotiation experience between Australian and Chinese managers?

RQ3. What are the insights of Australian managers’ negotiation experiences, when negotiating with the Chinese?

These research questions formed the basis for the development of the semi-structured interview questions. The interviews questions need to be uncomplicated, typically beginning with ‘what’, ‘why’, ‘how’, ‘describe’ and/or ‘list’ something (Berg, 2005; Berg, 2007; Creswell, 2014). This is also the stage when the researcher decides on the timing for data collection and how much data to collect. The interviews are semi-structured in nature and began with some open-ended questions about the Australian managers’ experience with negotiating with their Chinese counterparts in business.
3.6.2 The interview

The interviews began with a question that asked interviewees to discuss the nature of their business; their organisation and their role within that organisation (see Appendix 5). It was then followed with other open-ended questions that asked interviewees to describe how they got involved with doing business with the Chinese and then discuss their business negotiation experience with the Chinese.

The questions asked need to be generative in nature in order to get valuable useful information (Strauss & Corbin, 1998). Most importantly, the interviewer is at all times engaged with the interviewee by carefully listening, making eye contact, nodding, smiling, and making gentle reassuring comments. At the same time, the interviewer is showing appropriate emotions and facial expressions to encourage the interviewees to continue or to say more about their negotiation experiences with their Chinese counterparts. Although a predetermined set of questions was prepared for the purpose of guiding the interviewees, the interviewer was able to exercise discretion to change the order of the questions asked, and also slightly change the wording of the questions to make them easier to understand for the interviewees depending on their background, and vocabulary.

3.6.3 Measures used in the interview

In the interviews, the following questions derived from the above research questions and the literature review (see Chapter 2) was asked, according to the following subjects and themes.

In order to find out more about the interviewees’ organisation or the nature of the business or the industry the business was operating, the following question was asked: ‘Please tell me about yourself and your role in your organisation, and describe the nature of the business your organisation is in.’
To find out more about the interviewees’ experiences doing business with the Chinese, in particular on negotiation, questions along the following lines were asked: ‘Can you please tell me about your experience with the Chinese, in particular how negotiations went?’

In order to gain an understanding of the role that *guanxi* /relationships play in negotiation, questions such as the following were asked: ‘Was there any *guanxi* /relationship before the negotiation? How did the communication/negotiation begin?’ Then to better understand the importance of relationship in terms of the Chinese concept of *guanxi* (roughly translated as relationship and connections relationship) in communication and negotiation with the Chinese, the following question was asked: ‘How important is the concept of *guanxi*, in negotiating with the Chinese? How important is *mianzi* (face), in negotiating and doing business with the Chinese?’

In order to get to know more about the interviewees, in terms of the insights of their negotiation experience, probing questions around their negotiations to gain a better understanding of particular events or incidents in the form of the best negotiation to the negotiation that almost failed were asked, allowing the interviewees to reflect on and recall what had happened in the negotiations, and, at the same time, allowing the researcher to capture the richness of their negotiation experiences and gain an understanding of their learning from these negotiations. These questions were asked: ‘Can you please describe by providing an example or examples,’ on what was, ‘The best negotiation.’ Also, ‘A negotiation that almost failed.’ The interviewees were also encouraged to comment and explain more about experiences on what had happened?

In order to gain an understanding of the role that culture plays in negotiation, the following questions were asked: ‘Do you feel that you understand Chinese
culture (now that you have been doing business with the Chinese over a period of
time)? Are there specific characteristics of Chinese culture that you are aware of, to
do with the way they communicate or negotiate, that are very different from people’s
characteristics in the West, for example, in Australia?’ In addition, ‘What are the key
things about the Chinese culture that you have learned in negotiating with the
Chinese? Tell me about a few things that you have learned from your experiences’.
Lastly, to gain an understanding regarding possible culture shifts or changes, this
question was asked: ‘Have you noticed any changes or shifts in the Chinese culture
during your business dealings/experiences with them? Any generational cultural
changes?’

In order to gain an understanding of the role emotions play in negotiations,
the following questions were asked of the interviewees about themselves: ‘What type
of emotions did you experience, were they positive or negative?’ And, ‘Did you
display or express any emotions during the negotiations (as part of a tactic) or were
they a deeper type of emotions?’ Furthermore, to gain an understanding about the
presence of emotions in the Chinese counterpart during negotiations, this question
was asked: ‘Did you experience or detect any emotions in the Chinese counterpart?
Were there any visible displays of emotions by the Chinese? Expressed emotions?
The deeper type of emotions? Does emotion play a role in negotiations in the
Chinese?’ The interviewees were also encouraged to elaborate on what they thought
was appropriate about the Chinese counterpart’s emotions in negotiations.

To finish off the interview, a final question was asked of the interviewee
about what else the researcher could have asked or had missed during the interview
on Australian and Chinese business negotiations and relationships, for example: ‘As
an experienced China negotiator, is there a question that you think I should have
asked you? What have I missed? Any other comments?’
3.7 The Procedure

A decision was made to choose Australian managers who had experience with negotiating with the Chinese in business. Furthermore, to be involved in the negotiations, the managers generally had to have high levels of formal education; job-related training and the necessary business experience (Herr & Cramer, 1996; Wash, 1995).

3.7.1 Sampling process

The research participants (hereafter called interviewees when it pertains to the interviews) were recruited through the social networks of peers, sometimes referred to as ‘snowball’ sampling (Hornby & Symon, 1994). People who had been interviewed also referred other colleagues with similar experience to the researcher. Contact details of willing prospective interviewees were also provided by: trade associations, trade consulates, Chambers of Commerce, business associations, industry contacts and the like. Purposeful sampling (Collingridge & Gannt, 2008) was also used, where interviewees were selected based on the following criteria:

- Their experience of having prior involvement in business negotiations with the Chinese in the last few years, and having negotiated with their Chinese business counterparts.
- The interviewees were all from the Australian culture (refer to Table 3.1 for the research participants’ characteristics) and below for an overall description).

A cross-section of interviewees from various industry backgrounds were selected for interviews in order to provide a rich source of data from people with different negotiation experiences.

Once the suitability of a research participant was identified, further research was undertaken to identify more about the person’s relevant background experience on business negotiations with the Chinese. Invitations for voluntary participation were
communicated via letter, electronic mail, telephone, word–of-mouth and other media, whichever seemed appropriate depending on the circumstances. Explanations of the research were provided in person, by phone, and/or by electronic mail informing potential interviewees of how their contact details were obtained, the purpose and background of this research, and inviting them to participate in this research. In some cases, where the potential participant had agreed to a set time and date for interview but requested additional information on the research project, printed copies of explanatory statements (see Appendix 3) for the interviews were sent by post accompanied with a covering letter. The researcher conducted face-to-face meetings and explanations, where possible, to avoid potential misinterpretations of the wording of the document that might discourage the potential interviewee from participating in the interview. Responses were sought indicating willingness to participate and outline the negotiation experience of the interviewees.

The selected interviewees were contacted again by phone, email or by a letter confirming an invitation to participate and options for appointment times to attend interviews were provided. The plain language statement outlining the purpose of the research and the method to be employed were given to the interviewees at the beginning of the interview. A consent form (see Appendix 2) was signed by the interviewees to agree to participate in an interview, and for the interview to be audio-taped using a mini cassette recorder, and later a digital recorder.

As mentioned previously, the snowball sampling method (Hornby & Symon, 1994) was employed in recruiting potential interviewees. It happened many times during the data collection phase that the researcher would interview an Australian executive and, at the end of the interview, the researcher would thank the interviewees for their time and support and asks whether they had any colleagues or contacts they thought the researcher should talk to for this research. The researcher
would leave them with her contact details to be passed onto their contacts. As a good practice, the researcher also sent a follow-up email to the interviewee or contacted them by phone after the interview to thank the interviewee for their time and support. The researcher would also remind the interviewee in the email that they had agreed to a follow-up interview at a later stage should there be more questions after the researcher had reviewed the recordings and notes taken.

On many occasions, the researcher received a phone call from an interviewee providing a contact number or email address of either a colleague or friend. The interviewee had already spoken to the person about this research and the person had agreed for the researcher to contact them. In most cases the person contacted agreed to an interview or a preliminary meeting that eventually led to an interview.

On some occasions, the interviewee would voluntarily ask the interviewer if she would like to interview more people or needed some contacts for research. This method of recruiting proved to be much more powerful than a ‘cold call’ to someone totally new and unknown to the researcher. A personal recommendation or reference facilitated recruitment, similar to an endorsement from an insider, or a trusted source (Adler & Adler, 2001).

Interviews with the Australian managers and executives were conducted in Melbourne, mainly in the offices of executives at a convenient time. Some interviews were conducted in meeting rooms at either Monash or Deakin Universities. Most of the interviews were one and a half hours in duration, with the shortest just under one and a half hours, and the longest over two hours. The average was about one hour and 40 minutes. The appropriate use of interview techniques is considered to be very important for cross-cultural research, as different situations can arise during interviews which may affect the interviewees’ replies (Denzin, 1978).
The interviewees were informed that should they disclose any commercial details during the course of the interview; the researcher would keep everything in strict confidence. In fact, the researcher explained that all the information discussed and recorded during the course of the interview would only be used by the researcher for academic purposes and the writing of a PhD thesis. The researcher also explained that the results of the research may be published in conference or journal papers; however, no publication would identify any individuals as all results would be reported in aggregate. In addition, no interviewees would be identifiable in any publications arising from the research without the interviewee’s consent. Storage of the data collected will adhere to the University regulations and be kept on University premises in a locked cupboard/filing cabinet for five years. No one besides the researcher and the supervisors will have access to the data.

This research involved interviewing 25 senior Australian business executives and managers with varying industry backgrounds in trade, for example, mining, banking, education, manufacturing, retail, insurance, export and import, etc, with the Chinese. This research will focus on negotiations in the broad context of trade between Australia and China, that is the small-scale trade negotiations and not the large scale FDI negotiations (see Table 3.1).

Altogether, there were 23 males and two females. Four executives and managers were from the Engineering industry, one from the industrial electrical cables and Engineering industry, two from IT, one from the Electronics industry, two in mining, one in Fashion and Retail, one in Retail, one in Consumer Services, one in banking, one in Finance and Money, one in Finance and Law, four in paper and packaging solutions, one in the Health Supplements industry, one in Post, one in supply chain management, one in the Tyre Recycling industry and one in the Bathroom, Kitchen and Plumbing industry. The majority of the interviewees were
Australian executives in senior managerial positions in private and public industries based in Australia. The interviewees were all experienced in cross-cultural business negotiations and had engaged in business negotiations with the Chinese before.
<table>
<thead>
<tr>
<th>Manager no.</th>
<th>Gender</th>
<th>Interviewee’s dominant culture</th>
<th>Level of management/organisation position</th>
<th>Company Pseudonym and code name for the interviewees</th>
<th>Industry</th>
<th>Company activities in China</th>
<th>Length of doing business in China</th>
<th>The kind of business involved with the Chinese</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Male</td>
<td>Australian culture</td>
<td>Director &amp; CFO</td>
<td>The C Engineering Co M1</td>
<td>Engineering</td>
<td>Buyer of Mechanical Engineering and Motor supplies</td>
<td>&gt;15 years</td>
<td>Import from China</td>
</tr>
<tr>
<td>2</td>
<td>Male</td>
<td>Australian culture</td>
<td>General manager &amp; Engineering Director &amp; Engineering Executive</td>
<td>The O Cable and Engineering Co M2</td>
<td>Industrial electrical cables in engineering</td>
<td></td>
<td>&lt;5 years</td>
<td>Export to from Aust to China</td>
</tr>
<tr>
<td>3</td>
<td>Male</td>
<td>Australian culture</td>
<td>Executive Director, Engineering</td>
<td>The C Engineering Co M3</td>
<td>Engineering</td>
<td>Buyer Engineering supplies and Motors</td>
<td>5 years</td>
<td>Import from China</td>
</tr>
<tr>
<td>4</td>
<td>Male</td>
<td>Australian culture</td>
<td>Barrister and Council</td>
<td>The SR Law and Financial Co M4</td>
<td>Finance, Law/ State government</td>
<td>Business and Trade advice</td>
<td>&lt;5 years</td>
<td>Export from Aust to China and other collaboration</td>
</tr>
<tr>
<td>5</td>
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<td>Australian culture</td>
<td>Director of Sales and Marketing</td>
<td>The B Electronics Co M5</td>
<td>Electronics</td>
<td>Sales and Marketing of Electronic Supplies</td>
<td>5 years</td>
<td>Import from China</td>
</tr>
<tr>
<td>6</td>
<td>Male</td>
<td>Australian culture</td>
<td>General Manager – International</td>
<td>The AN Insurance Co M6</td>
<td>Insurance</td>
<td>Insurance products</td>
<td>5 years</td>
<td>Export to from Aust to China</td>
</tr>
<tr>
<td>7</td>
<td>Male</td>
<td>Australian culture</td>
<td>International Manager</td>
<td>The C Engineering Co M7</td>
<td>Engineering</td>
<td>Buyer Engineering supplies</td>
<td>&gt;5 years</td>
<td>Import from China</td>
</tr>
<tr>
<td>8</td>
<td>Female</td>
<td>Australian culture</td>
<td>International Manager</td>
<td>The C Retail and Consumer Services Co M8</td>
<td>Retail and consumer services</td>
<td>Buyer for Australian retail products</td>
<td>5 years</td>
<td>Import from China</td>
</tr>
<tr>
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<td>Male</td>
<td>Australian culture</td>
<td>National Product Manager</td>
<td>The C Engineering Co M9</td>
<td>Engineering</td>
<td>Buyer of Engineering and Motors supplies</td>
<td>&lt;5 years</td>
<td>Import from China</td>
</tr>
<tr>
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<td>Australian culture</td>
<td>Manager, Men’s Wear, Director of Buyers</td>
<td>The M Retail Co M10</td>
<td>Fashion/ Men’s wear and retail</td>
<td>Buyer for Australian retail products</td>
<td>10 years</td>
<td>Import from China</td>
</tr>
<tr>
<td>11</td>
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<td>Australian culture</td>
<td>CEO</td>
<td>The CR Mining Co M11</td>
<td>Mining</td>
<td>Seller of Australian Minerals</td>
<td>5 years</td>
<td>Export to from Aust to China</td>
</tr>
<tr>
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<tr>
<td>12</td>
<td>Male</td>
<td>Australian culture</td>
<td>Vice President, Risk Manager</td>
<td>The G Finance &amp; Money M12</td>
<td>Finance and Money</td>
<td>Finance and Money</td>
<td>&gt;5 years</td>
<td>Import from China</td>
</tr>
<tr>
<td>13</td>
<td>Male</td>
<td>Australian culture</td>
<td>Director, Business Acquisition Services</td>
<td>The IT Consulting and IT Services Co M13</td>
<td>IT</td>
<td>Business solutions and acquisitions</td>
<td>&lt;5 years</td>
<td>Export to from Aust to China and other collaboration</td>
</tr>
<tr>
<td>14</td>
<td>Male</td>
<td>Australian culture</td>
<td>International Manager</td>
<td>The A Banking and Financial Services Co M14</td>
<td>Banking</td>
<td>Banking</td>
<td>5 years</td>
<td>Export to from Aust to China</td>
</tr>
<tr>
<td>15</td>
<td>Male</td>
<td>Australian culture</td>
<td>General Manager for China Business</td>
<td>The Postal Services Co M15</td>
<td>Post</td>
<td>Post services and solutions</td>
<td>&lt;5 years</td>
<td>Export to from Aust to China and other collaboration</td>
</tr>
<tr>
<td>16</td>
<td>Male</td>
<td>Australian culture</td>
<td>Senior Manager</td>
<td>The IT Consulting and IT Services Co M16</td>
<td>IT</td>
<td>IT</td>
<td>&lt;5 years</td>
<td>Export to from Aust to China and other collaboration</td>
</tr>
<tr>
<td>17</td>
<td>Male</td>
<td>Australian culture</td>
<td>General Manager of Business Development, Australia</td>
<td>The V Mining Co M17</td>
<td>Mining</td>
<td>Seller of minerals</td>
<td>5 years</td>
<td>Export to from Aust to China</td>
</tr>
<tr>
<td>18</td>
<td>Male</td>
<td>Australian culture</td>
<td>National Manager, (Vic/Tas).</td>
<td>The S Tyre Recycling Co M18</td>
<td>Tyre Recycling</td>
<td>Tyre recycling</td>
<td>&lt;10 years</td>
<td>Export to from Aust to China</td>
</tr>
<tr>
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<td>Male</td>
<td>Australian culture</td>
<td>State Manager</td>
<td>The Bathroom and Kitchen Co M19</td>
<td>Retail of Bath room, Kitchen and Plumbing Supplies</td>
<td>Buyer of Bathroom and Kitchen retail products</td>
<td>5 years</td>
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<tr>
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<td>Male</td>
<td>Australian culture</td>
<td>National Account Manager</td>
<td>The A Paper and Packaging Co M20</td>
<td>Paper</td>
<td>Seller and Buyer papers and packages</td>
<td>12 years</td>
<td>Export from Aust and then Import from China</td>
</tr>
<tr>
<td>21</td>
<td>Male</td>
<td>Australian culture</td>
<td>General Manager</td>
<td>The Paper Solutions Co M21</td>
<td>Paper</td>
<td>Seller and Buyer papers and packages</td>
<td>15 years</td>
<td>Export from Aust and then Import from China</td>
</tr>
<tr>
<td>22</td>
<td>Male</td>
<td>Australian culture</td>
<td>Procurement manager</td>
<td>The A Paper and Packaging Co M22</td>
<td>Paper</td>
<td>Seller and Buyer papers and packages</td>
<td>5 years</td>
<td>Export from Aust and then Import from China</td>
</tr>
<tr>
<td></td>
<td>Gender</td>
<td>Culture</td>
<td>Position</td>
<td>Company Name</td>
<td>Industry</td>
<td>Experience</td>
<td>Import From/Export To China</td>
<td></td>
</tr>
<tr>
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</tr>
<tr>
<td>23</td>
<td>Male</td>
<td>Australian culture</td>
<td>Operations Manager</td>
<td>The D Paper Solutions Co M23</td>
<td>Paper</td>
<td>&lt;5 years</td>
<td>Export from Aust and then Import from China</td>
<td></td>
</tr>
<tr>
<td>24</td>
<td>Female</td>
<td>Australian culture</td>
<td>Vice President</td>
<td>The L Supply Chain Management Co M24</td>
<td>Retail and Wholesale</td>
<td>14 years</td>
<td>Import from China</td>
<td></td>
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<tr>
<td>25</td>
<td>Male</td>
<td>Australian culture</td>
<td>Executive Director</td>
<td>The U Health Supplements Manufacturing Co M25</td>
<td>Manufacturing of Health supplements and Health food</td>
<td>&gt;5 years</td>
<td>Import from China and then export from Aust to China</td>
<td></td>
</tr>
</tbody>
</table>
3.7.2 Sample and sample size

The decision on the sample size depends on the nature of the research. According to Seidman (2006, 2013), two criteria need to be considered in assessing whether there are enough interviewees for the research. First is sufficiency, and the second is the actual saturation of information. Specifically:

*Are there sufficient numbers to reflect the range of interviewees and sites that make up the population so that others outside the sample might have a chance to connect to the experiences of those in it? (Seidman, 2006, p. 55).*

Seidman (2006, p. 55) discussed the need to have sufficient numbers to represent the range of participants that are representative of the population. Second, the saturation point in research is reached when the interviewer starts hearing the same information from the interviewees and is not learning any more new information (Glaser & Strauss, 1967; Lincoln & Guba, 1985; Rubin & Rubin, 1995; Seidman, 2013). At that point, no new themes are emerging from the interviews. Seidman (2006, p. 55) cited Douglas (1985) in stating that, if a number of interviews were to be chosen as to when saturation is reached, it should be around 25, wherein the saturation of interviews is reached.

Specifically, for this research, the interviewer took into consideration the above viewpoints and continued interviewing until the emergence of similar themes from the interviews and no new information was emerging. At the end of this process, 25 interviews had been conducted with the Australian managers about their negotiation experiences with their Chinese counterparts.

3.7.3 Recording process of the interviews

The researcher in the role of the sole interviewer needs to be engaged with the interviewee and to observe the nuances in the communication (Merriam, & Tisdell, 2015); as a result, the researcher may not be able to capture all that is said at
the interview. Relying solely on the notes taken during the interview may not be enough to capture the important information for the purpose of the rigorous research. In-depth interviews should be recorded; however, there are different views on whether or not to record the interview (Seidman, 2006, p. 114). Interviews are normally recorded and transcribed later (Seidman, 2006, 2013). It is believed the words the interviewee says during the interview reveal the interviewee’s consciousness, (Vygotskii, 1987) as the words chosen by the interviewees reflect their unique views. Therefore, researchers should be discouraged from substituting the actual words of the interviewees said in the interview with summaries or rephrasing or paraphrasing them, as this would be substituting the interviewees’ ‘consciousness’ with that of the researcher. Instead, the interviewees’ recorded words should be used to interpret the interview data, thus allowing their consciousness to act accurately together with the recorded words of the interviewees (Seidman, 2006, 2013).

Other advantages and disadvantages of recording the interviews include that a recording provides the original words of the interviewees as data, so ambiguities or discrepancies in the transcript can be verified by reviewing the original recorded data. The tapes and digital recordings can also be used for interview skills training and can give the interviewees confidence that their words and interview content will be utilised in a proper and professional manner in the research, given that there is a proper record of their words (Rubin & Rubin, 2005, 2006). A disadvantage could be that the recording device may hinder some interviewees from speaking freely, as some may be aware of the recording device and that the interview is being recorded. Consequently, some interviewees may be more inhibited in what they say.

Prior to each interview, consent is obtained from the interviewee for the interview to be audio recorded. The purpose of recording the interview is to enable
the interviewer a record of the interview so it can be listened to afterwards for transcription and for writing the PhD thesis.

Testing the recorder before the interview should avoid the problem of wasting an excellent interview due to poor audio quality (Yow, 1994, cited in Seidman, 2006, p. 115). For this research, the tape and digital recorders were always placed in the middle of the table, half-way between the interviewee and the researcher clearly in sight, to ensure that good quality sound was recorded. In most of the interviews conducted, the recording devices worked well in capturing the whole interview clearly, and the interviewees very quickly forgot about their existence. However, the need to change tapes or to turn the tape around at the end of half an hour in an hour-long interview interrupted the interview only temporarily. The researcher had to stop the interviewee gently, and turn the tape around or change a new tape when the interview went on longer than the agreed one hour. In most cases, the researcher was able to remind the interviewee where they were up to, such as the last sentence or things said.

3.7.4 Transcribing the interview recordings

All interviews were taped and most digitally recorded and the recordings were transcribed verbatim for later analysis (Fowler & Mangion, 1990). At the same time, notes were taken during the interview by the researcher to capture the important aspects discussed during the interview. Furthermore, non-verbal cues observed by the interviewer were carefully recorded in the note-taking during the interview.

Transcription of recorded interviews is considered one of the most important parts of the research in that the words of the interviewees need to be accurately transcribed for interpretation and analysis by the researcher. Transcribing the interview recordings is an extremely time-consuming process, as it involves careful
repeated listening to the recorded tapes and digital recordings of the interviews to transcribe all the words. It is said that researchers who transcribe their own recording get to know their interviews well, but the process of transcribing can be very exhausting (Seidman, 2006, 2013).

Most of the interviews were transcribed by the researcher who conducted the interviews, to ensure that the researcher had a deep understanding of the content of the interviews. Later on, the researcher got approval for funding from the University to employ a professional transcriber for the remaining few interviews. Where possible, interviews were transcribed soon after the interview, while the interview is fresh in the researcher’s mind, and checked against the notes taken by the researcher during the interviews. Specific guiding instructions were written by the researcher in the way the transcription should be done (Kvale, 1996, as cited in Seidman, 2006, p. 115) to ensure that a consistent approach was adopted. It is important that researchers observe the ‘non-verbal signals such as coughs, laughs, sighs, pauses, outside noises, telephone rings, and interruptions’ present in the interview that are captured on the tape (Seidman, 2006) or the digital recordings.

Careful listening for the place to put punctuation during transcribing is important as it helps with the interpretation and analysis of the material (Kvale, 1996, as cited in Seidman, 2006, p. 116), and therefore must be done carefully. A well thought through and carefully prepared transcript that embodies both the verbal and non-verbal material of the interview can be very useful for the researcher looking at interpreting and analysing transcripts a few months after the interviews were conducted (Seidman, 2006).

The researcher took time to carefully confirm all the transcripts against the tapes, digital recordings and notes taken during the interview to ensure their accuracy. In the event of any uncertainty about words, terms or phrases that were
unclear, the researcher contacted the interviewee for clarification. This process is vital to ensure the accuracy of the transcripts in order for the sound processing of data at a later time. The interviewees were offered the opportunity to review and verify the interview transcripts, with some taking the opportunity to do so and others either not responding when contacted or declining as they were too busy.

With the exception of a few interviews that had poor audio quality, possibly due to noises in the surrounding environment, the remainder of them were transcribed verbatim. Extensive notes were taken by the researcher during all interviews and the notes were also used for data analysis.

### 3.7.5 Interview recall

Using a qualitative research method via the constructivist and interpretive perspective, by means of semi-structured interviews, the interviewees were asked to reflect on their experiences of negotiating and communicating with their Chinese counterparts, and to recall any specific factors impacting on the Australian and Chinese business negotiations; to explore their negotiation experiences and to identify the moments when learning occurred. Thus, episodic memory is accessed, which is associated with detailed and elaborate memory recall and self-referent memory (Wheeler, Stuss & Tulving, 1997; Tulving, 2002; Tulving, 2005; Symons & Johnson, 1997; Turk, Cunningham & Macrae, 2008).

Sometimes memories may be difficult to access, as individuals may not always have very clear and direct access to their thoughts and feelings and their own cognitive processes introspectively. It may still be possible to accurately report about them providing that the triggers or stimuli causing the influence are significant enough and are credible causes of the responses they elicit (Nisbett & Wilson, 1977; Wilson, 2004).
Furthermore, the probability of recall bias is said to be weakened if the interviewers are well trained and experienced and allow adequate time for the interviewee to recall memory. Interviewing techniques can be the most important elements to consider for reducing recall bias (Hassan, 2006).

3.7.6 Data analysis

The data analysis stage can be the most time-consuming stage of the whole research process. The purpose is to analyse all the data collected in a systematic and meaningful manner to enable the researcher to answer the research questions. It is quite common for content analysis to be performed on the qualitative data to identify the important themes (Hamer, 2003; Radford, 1999, 2006; Neuendorf, 2016; Elo, Kääriäinen, Kanste, Pölkki, Utinainen & Kyngäs, 2014). Content analysis is employed to interpret the text data and make meaning from the text (Hsieh & Shannon, 2005). Once the interview recordings are transcribed, data need to be organised systematically and coded, and the key themes that are present in the data need to be identified. The themes can then be sorted in an iterative process for analysing qualitative data (Strauss & Corbin, 1998).

There are different ways to organise the analysis. One method is to sort the data collected by research question. The use of computer software packages to assist with the data sorting process is also deemed acceptable. Alternatively, data can be analysed by the use of a spreadsheet (Redman, Lambrecht & Stitt-Gohdes, 2000; Radford, 2006).

In order to fully understand the data collected, the researcher first used manual techniques for the data analysis of the in-depth interviews. The researcher wanted to embed and immerse herself in the qualitative data collected to appreciate the richness of it, and to understand it in greater detail. All the interview transcripts were printed, read and sorted manually from the 25 in-depth interviews before being
coded and analysed. The researcher read and made notes on the transcripts and also used a manual technique for sorting textual data known as the Multi-Chromatic Analysis Technique (MAT) (Skiba-King, 2015). The MAT encompasses the use of ‘coloured markers and coloured paperclips as aids to analysis’ and this can be used for large data sets (Radford, 1999, pp. 46-47; Radford, 2006). Using this method, one can arrange the answers into different categories systematically for later interpretation (Radford, 2006; De Chesnay, 2014). The researcher also used the ‘emergent coding structure’ and let the data ‘speak’ to the researcher. The researcher spent time coding the emerging themes and then sorted them into a meaningful order for data interpretation with regards to the research questions for all of the interviews (Saldaña, 2015).

Secondly, the researcher performed a more in-depth analysis of the data in order to solidify the findings and make the coding more reliable and valid. To do this, a codebook was developed from the themes that were identified in the initial coding of the data and was based on the literature review. The codebook also focussed on answering the research questions developed in the literature review.

To ensure further coding, the researcher used the N-Vivo software to conduct further data analysis. To begin with, all the interview transcripts were imported into the N-Vivo software program saved on the computer used for data analysis, following the procedures outlined by Bazeley and Richards (2000). The researcher then read the verbatim interview transcripts line-by-line to identify emerging themes relevant for answering the three research questions.

The relevant parts of the transcripts were then highlighted and, as part of the coding process, various nodes and sub-nodes were created. The themes were categorised according to the three sub-research questions and developed via content analysis (Creswell, 2007), nodes were selected using the N-Vivo node function, and
the coding proceeded. Where necessary, memos were created and meaningful quotes were also coded for later use in the writing up of this research. This process was done many times and carefully checked until the coding was completed satisfactorily.

Following the node creation, meaningful names were given to the nodes. The process was a lengthy one and the researcher took time to go through this coding process many times with all the interview transcripts imported into N-Vivo. The nodes represented the themes that emerged from the data. The coded data and the nodes were kept inside the N-Vivo program/software, which the researcher later used to write the results for each of the research questions. Interviewees’ quotes representative of the chosen themes/findings were used in the write-up of the results as examples. Frequency count functions in the N-Vivo program were also used to count the number of interviewees who commented on certain themes. For example, N-Vivo was able to indicate the number of interviewees who stated that culture plays an important role in negotiations. The coding was checked by one of the PhD supervisors who helped the researcher to check her coding of the data using N-Vivo to ensure her coding was done properly and that the analyses were thorough. This process also ensured that the nodes created were representative of the specific theme. In this process, the researcher went through the coding again after the supervisor had checked and re-organised, where necessary, the nodes and deleted some and/or re-coded and re-categorised the nodes as required.

The final stage is data interpretation and reporting. Researchers are encouraged to make notes and document methods and decisions that are made as they progress through the data collection and analysis. This will make the writing up of the research a less challenging task. The literature was also used to help in the data analysis.
The findings (see Chapters 4, 5 and 6) included quotations from interviewees, symbolic of each theme to enable the reader to gain a better understanding of the important themes and context of the research findings (Radford, 2006; Guest, MacQueen & Namey, 2011). These findings are analysed in relation to the research questions, and previous research on the topic.

3.8 Establishing Trustworthiness in Data

Establishing trustworthiness is vital in qualitative research (Lincoln & Guba, 1985). The premise is simple; how can a researcher convince his or her audience that their research findings are what they say they are, and hence worth paying attention to. Lincoln and Guba (1981, 1985) outline four criteria to compare qualitative research against; they are: credibility, transferability, dependability, and conformability. These four criteria are deemed more suitable to a naturalistic inquiry as in this qualitative research of Australian-Chinese business communication and negotiation. Thus, they are substituted for the ‘conventional criteria for trustworthiness’, namely, internal validity, external validity, reliability, and objectivity (Lincoln & Guba, 1985, pp. 218 - 219).

3.8.1 Credibility

Credibility is, in its most simplistic sense, an assurance that the research is factual or real. A qualitative researcher is encouraged to employ ‘five major techniques’ to safeguard their research’s credibility. First, researchers must incorporate and practise the ‘activities’ that will ensure their research findings and interpretations are indeed credible, such as: prolonged engagement, persistent observation, and triangulation. Secondly, the researcher must engage in ‘peer debriefing’, an activity that enables an external inspection of the actual inquiry process. This, as Lincoln and Guba (1985, p. 308) explained, is ‘a process of exposing oneself to a disinterested peer in a manner paralleling an inquiry that might
otherwise remain only implicit within the inquirer’s mind’. Thirdly, the researcher is also encouraged to have a ‘negative case analysis’, which is an activity with the purpose of further refining ‘working hypotheses as more and more information becomes available’ (Lincoln & Guba, 1981, p. 301). Fourthly, to engage in an activity called ‘referential adequacy’, which is to ensure the researcher checks ‘the preliminary findings and interpretations against archived “raw data”’ (Lincoln & Guba, 1985, p. 301). Lastly, the researcher should practise the activity known as ‘member checking’, which is to provide the opportunity for ‘a direct test of the findings and interpretations with human sources from which they have come – the constructors of the multiple realities being studied’ (Lincoln & Guba, 1985, p. 301). This could be in the form of playing back the recording of the interview to the interviewee, or discussing the summary of the findings of the interview for the interviewees to provide feedback comments.

In ensuring that this research has credibility, this research adopted some of the criteria suggested above. The researcher practised prolonged engagement and persistent observation during the interviews, and adopted triangulation with the research findings. In addition, the researcher made available the opportunity to discuss the summary of the findings of the interviews with the interested interviewees, and allowed feedback to be provided by the interviewees via a meeting to view and discuss the transcripts.

3.8.2 Transferability

Transferability of research is demonstrated when the research and its findings can be applied in other settings (or contexts). According to Lincoln and Guba (1985), determining transferability in naturalist research, is different from determining external validity in conventionalist research. Lincoln and Guba (1985, p. 316) explain ‘the naturalist cannot specify the external validity of an inquiry; he or she can
provide only the thick description necessary to enable someone interested in making a transfer to reach conclusions about whether transfer can be contemplated as a possibility'. Researchers are, therefore, encouraged to provide detailed descriptions of a situation, event or a phenomenon in sufficient detail, to enable the assessment and evaluation of the research and findings later to see if the research can be transferred to a new context or the same context at some other time. The naturalist’s responsibility is to make available data with rich descriptions to enable other interested researchers to make an assessment regarding the transferability, and possibly for it to be applied by other researchers in other circumstances (Lincoln & Guba, 1985, p. 316).

Accordingly, the researcher followed the suggestions set forth for transferability in naturalist research with an interpretive paradigm. The researcher took time and carefully captured rich data of Australian managers’ negotiation experiences with their Chinese counterparts, via the use of semi-structured in-depth interviews and open-ended questions. The interviews were all recorded and transcribed verbatim, and the researcher conducted thorough analyses via the use of both a manual technique and the use of the N-Vivo software. Detailed descriptions were made of the interviews and data extracted through analysis to ensure this research captured the rich data of the Australian managers’ experiences. It is believed that the research is deemed worthy if it can possibly be made use of by others in other circumstances, thus achieving a degree of transferability, however limited it may be (Lewis & Ritchie, 2003, pp. 263-286; Cohen et al., 2007, pp. 133-149).

3.8.3 Dependability

The dependability of research is concerned with showing that the research and its findings can be reliable and are possibly repeatable. Researchers are
encouraged to practise member checking, and possible peer reviews and inquiry audits. One possibility is to conduct some form of external audit that can mean engaging a researcher, who is not part of the research project, to inspect and look at the research development and the research findings in order to assess the accuracy of the research findings and possible interpretations, and the conclusions drawn by the researcher. The purpose accordingly is to evaluate the accuracy and whether or not the findings, interpretations and conclusions are supported by the data (Lincoln & Guba, 1985, pp. 316-317).

This research adopted some of the suggestions to achieve a level of dependability. Where possible, this research checked the interview data with the literature (Lewis & Ritchie, 2003, pp. 263-286; Cohen et al., 2007, pp. 133-149).

3.8.4 Conformability

The conformability of research is to show that the research and its findings are, in fact, neutral or explained, as the level of the research findings is influenced by the research participants (e.g., interviewees) and not the researcher’s own values, beliefs, prejudices or bias. The researcher is encouraged to engage in an activity that ensures their research has conformability. The activities include triangulation, keeping a reflexive journal, conducting an audit (the audit trail), and monitoring the audit process (Lincoln & Guba, 1985, pp. 318-327).

In view of the above suggestions, the researcher kept notes and reviewed the research process along the way. This is to ensure the research findings as far as possible have remained neutral and are of the interviewees’ own views, to ensure this research has conformability. However, like the other criteria set forth above for a naturalistic inquiry such as this qualitative research of Australian and Chinese business negotiation experiences, it is also important to bear in mind that, although
naturalistic research with an interpretive paradigm can generate rich data and provide meaningful findings, there are also limitations and strengths (see Chapter 7).

3.9 Summary of the Chapter

In this chapter, the research design and the methods used in this research were discussed. The aim, the philosophical and theoretical considerations, and the choice of a qualitative research paradigm were also discussed. This current research is on the Australian managers’ experiences of negotiating with Chinese counterparts in business. This research employed a qualitative research approach, via the use of semi-structured in-depth interviews, which enabled the researcher to gain a better understanding of the lessons learnt by Australian managers from their negotiation experiences in business with their Chinese counterparts. Through the constructivist and interpretive lenses, this research explored the experiences of Australian managers’ negotiations with their Chinese business counterparts, and examined the influence of emotions and cultural aspects on the negotiation process. By doing this, the possible impact on business outcomes and how Australian managers achieve success in negotiating with the Chinese were also examined.

The next three chapters will present the findings of this research study of semi-structured in-depth interviews with 25 Australian managers. Accordingly, Chapter 4 will present the findings to answer Research Question 1 - culture’s influence on the negotiation experience between Australian managers and their Chinese counterparts.
CHAPTER 4: DISCUSSION OF THE FINDINGS: CULTURE’S INFLUENCE ON NEGOTIATION

4.1 Overview of this Chapter

This chapter presents the interview findings of RQ1, emanating from the literature: RQ1. How do cultural aspects influence the negotiation experience between Australian and Chinese managers?

4.2 Results and Discussion

The findings are presented below under the relevant headings of the key themes. Quotes from the interviewees that represent the key findings on culture’s influence on negotiations are presented to support the relevant theme.

To answer RQ1, this research interviewed a group of 25 senior Australian business executives and managers across various industry backgrounds (see Table 3.1). All the interviewees were experienced in cross-cultural business negotiations, and in negotiation with Chinese in business.

Almost all of the interviewees (24 out of 25) agreed that culture plays an important role in negotiations, in that culture can influence behaviour.

4.2.1 When in Beijing do what Beijinger’s do: Cultural nuances and awareness in negotiations

Past research has shown national culture can play a role in influencing business negotiation (Agndal, 2007; Salacuse, 2015). Cultural awareness and cultural nuances are important in enhancing negotiation success by positively influencing the Chinese counterparts’ behaviours in negotiations. Moreover, interviewees commented on the importance of cultural awareness in helping prevent potential mishaps or accidental offence in business negotiations with the Chinese.
4.2.1.1 Cultural nuances and awareness enable better negotiation

A total of 24 out of the 25 interviewees commented on the need for Australian managers to have cultural awareness, an understanding of cultural nuances, and respect of the Chinese culture, when negotiating with their Chinese counterparts. This is supported by past research demonstrating the importance of understanding culture in negotiations (Imai & Gelfand, 2010; Lee, et al., 2013; Samovar, et al., 2015b). The following example is a quote from interviewee M19, demonstrating the importance of understanding culture when negotiating:

So I think it’s where a lot of people go astray...particularly when they travel overseas..., they don’t seem to take into account those cultural differences. I don’t know whether it’s arrogance or lack of understanding or a mixture of both, they don’t actually try and modify their behaviour to where they are... People who aren’t aware of those cultural differences can easily offend more often than not, and not be effective...So there’s all sorts of,...cultural differences that you need to be aware of ...It’s all part of...building that sort of cross-cultural understanding and behaviour. (M19, Bath and Kitchen Retail Executive)

More importantly, awareness of culture can enable the negotiators to remain calm and anticipate their counterpart’s different communication styles and approaches, and also formulate their own moves to achieve their aims in negotiations. To conduct effective cross-cultural negotiation, negotiators need to understand how to communicate with, and exert influence on, their counterparts from other cultures (Adler & Graham, 2017).

The interviewees in this research commented on the importance of being observant of the Chinese counterparts’ culture in business and in negotiations, and to remain humble, as suggested by interviewee M20:

I think there is no measure of right or wrong approach... firstly, you must know what you are talking about. So there must be a certain level of confidence that you know your stuff...And then...being humble...and reading the signs to see how the whole thing is progressing and, yes, sometimes you can’t just push it. So you just
have to pull back and basically see what is happening and see whether there is some other driving force behind the whole thing. (M20, Paper and Packaging National Executive)

The interviewees commented that this cultural understanding can help Australian managers modify their own behaviours, which can affect their Chinese counterparts’ behaviours, and can, in turn, positively influence the negotiations. The following words of M6 provide an example of how the Australian managers approached their Chinese counterparts with regard to the above theme of cultural awareness and cultural nuances which are important for negotiations:

[You’re] looking for a common point of reference (in negotiation). Common views of the world...connect with someone that shares the same interest. The more you are able to show understanding of local situation and genuine interest that gives point of reference and see interest. Bonds develop. (M6, Insurance Executive)

Past research has found that culture plays a role in influencing the behaviours of negotiators in negotiations, and this affects the negotiation processes and outcomes (Adair & Brett, 2005; Weiss, 2006; Lee et.al, 2013). This is supported by the findings of this research, as the interviewees commented on the need to make an effort to better understand the Chinese culture in business, as it can have a positive effect on the negotiation process and outcome, as captured in the following quote:

It’s really doing your homework on the host country that you’re going to and understand a little bit about their culture and that. If you’ve never eaten with chopsticks, learn, and even if you’re making a mess, people really appreciate that you’re taking the effort to indulge in their culture...I know in Australia, we don’t seem to worry too much about it here but, what I found in China, if you show a little bit of interest in their culture and where they’ve been and just respect what... (M13, IT/Business Acquisition Executive)

Past research has shown that negotiators from dissimilar cultures embrace negotiation differently and their negotiation behaviours can reflect cultural differences (Adair et al., 2001; Adair, et al., 2009; Brett, 2000; Kumar, 1999; Kumar
Past research has also found that focusing on the similarities between cultures is important for communications and negotiations (Imai & Gelfand, 2010; Ting-Toomey, 2012; Samovar, et al., 2015a, 2015b). This is supported by the findings, with 19 out of 25 interviewees commenting on the need to respect the Chinese cultural aspect during negotiations. The interviewees commented that one good strategy in negotiation was to focus on cultural similarities rather than the differences, and that will enable Australian managers to find common ground, build rapport and a relationship with their Chinese counterparts, which can enhance the negotiation experience with their Chinese counterparts, as demonstrated in the words of interviewee M6:

Focus on similarities rather than highlighting differences. When in Beijing do what Beijingers do. Cultural awareness and no one [should] go out of their way to cause offence... Understanding culture ...The better understanding gives you the insight. Anyone who goes to China ... and without understanding and knowledge says it’s easy to build relationships is wasting their time ... . (M6, Insurance Executive)

The above quote from interviewee M6 also highlighted the importance of the need for Australian managers to do their homework on their Chinese counterparts, and put in an effort to build relationships/guanxi to enhance the chances of success in negotiation with their counterparts.

Past research has shown that Chinese can be very skilled and strategic negotiators in business (Ma, Wang, Jaeger, Anderson, Wang & Saunders, 2002; Pye 1992; Rivers & Lytle, 2007; Fang, 2014; Chan & Tong, 2014; Rivers & Volkema, 2013). Although Australian managers can also be highly skilled negotiators, unique Chinese cultural orientations can be challenging, at times, for Australian managers when negotiating with Chinese counterparts in business. This is supported by the findings, as the interviewees commented that the Chinese counterparts are very experienced and skilled in negotiations, hence the need for alertness. Accordingly,
Australian managers need to be adaptable in negotiations, as demonstrated by the words of interviewee M15 in the following quote:

*Cultural awareness is very important. Keeping in mind that the Chinese are merchants when Westerners were still swinging in the trees....They had a long time at things. You need to take time to understand culture but you learn very rapidly at the beginning of the process. Take opportunity during days out to walk around and learn. Yes, you need to understand culture. (M15, Postal Services Executive)*

The above quote from interviewee M15 commented on Chinese counterparts, in some cases, as being more skilled negotiators than Australians given their long, diverse history of trade and doing business, which can give them an advantage over their Australian counterparts. For that reason, the interviewees recommend Australian managers spend time and effort to learn more about their counterparts and Chinese culture.

**4.2.1.2 Communication styles of the counterparts can impact on negotiation experience**

The interviewees commented on the importance of having culturally appropriate communication styles when negotiating with their Chinese counterparts. Most important was the need to be polite when speaking in English with their Chinese counterparts. Amongst the 25 interviewees, 22 commented that their Chinese counterparts had different communication styles during negotiations as compared with them. The Chinese counterparts were described as more formal with their communications in negotiations, with their communications gradually becoming more relaxed once *guanxi* was established. This supports past research showing that cultural differences can create confusion for less experienced negotiators such as the Australian managers if they do not have enough cultural understanding of the Chinese counterpart’s communication styles (Fang, 2006; Fang & Faure, 2011; Chuah, et al., 2014; Ott, Gates & Lewis, 2016). Negotiations with the
Chinese counterparts can be stricter to start off with; however, interaction during negotiations can become better when they have established *guanxi*.

The interviewees commented if communication is conducted appropriately, it can improve the negotiation experience, whereas, if the interviewees speak harshly, abruptly or loudly, it can negatively affect the negotiation experience. This suggests that speaking in a polite and respectful manner will improve negotiations with the Chinese counterparts. They believed that this was more important than if the Australian managers spoke in Mandarin, but behaved arrogantly, as this would not be appreciated by the Chinese counterparts. This is supported by past research highlighting the Chinese Confucian value of harmony which strongly influences Chinese social interactions and interpersonal relationships. Strong preference is given for groups, thus preserving face, taking care of social connections such as *guanxi*, and a focus on reciprocity is important (Wei & Li, 2013). The following quote provides an example of how the Australian managers approached their Chinese counterparts and how they were mindful of their communication style and its impact on cross-cultural negotiation:

*I’m not convinced that speaking Cantonese or Mandarin or Hokkien or anything [is helpful], it’s the mianzi and guanxi that is important in doing business in China. I don’t speak any of the languages….But I understand the culture. And I think if I was to choose being an arrogant Mandarin speaking Westerner or being a supportive, delicate negotiating Westerner who speaks English, I think the latter is formally acceptable. In fact... “guai lou” who speak in Mandarin is sort of [a] funny look. (M11, Mining Company 2 Executive)*

The above quote from interviewee M11 emphasised the importance of having respect for the Chinese counterparts, which far outweighs the need for Chinese language competency, such as in the case of a fluent Mandarin speaking Western negotiator.
Past research has emphasised the importance of being able to make sense of the idiosyncrasies of others in communications (Hall, 1990; Javalgi, et al., 2011; Van de Vijver, et al., 2010). People need not only to convey the correct message, but to initiate the appropriate reaction from their counterpart in the communication:

Everybody was polite. There was...no tolerance of ... loud, aggressive...bad behaviour, except in the contexts of [being] amusing or for entertainment. When you’re dealing business, you are dealing business, it was very formal, coats were on, ties were on, there was nonetheless, you know, rolled up the sleeves and let’s get into it, you know...So it was very formal. (M4, Law and Financial Executive)

Research has also shown that there are culturally-specific communication styles and they can be utilised to interpret cultural idiosyncrasies in communications (Larina, 2015). The findings regarding communication styles supported the research, but, at the same time, allowed new understanding about the role of having culturally-appropriate styles in negotiation which can influence the negotiation experiences.

4.2.2 Collectivism makes the Chinese more group-orientated in negotiation

4.2.2.1 Chinese are more group and family-orientated in negotiation

More than half of the interviewees (14 out of 25) described their Chinese business counterparts as members of a collectivist culture. Others described the Chinese as group and family orientated rather than explicitly collectivist. This meant that the Chinese counterparts were generally focussed on the collective good of their Chinese group rather than individual gain and benefits in negotiations and business activities. Interviewee M20’s experience below provides an example of how a Chinese counterpart would not negotiate to change something even though it might have been more profitable or environmentally friendly, because it would have affected other people of their (guanxi) network.

We were talking about changing from PP woven (i.e., it is a form of plastic) to paper [bags]. So you are talking to this guy and then this guy was actually telling me that, “Okay, if I do that, what happens to
the plant who is supplying to me down the road? ” The people that they are engaging and if you look at the state government that has invested in that plant which are actually a communist state power. So it is a whole chain effect. So it was like, “We have a lot of mouths to feed down the chain.”... Whereby, okay you can be saving the environment or whatever... maybe this problem is not for me to solve. Yes, that’s the way things are. (M20, Paper and Packaging National Executive)

Past research has found that negotiators from collectivist cultural groups tend to focus on building relationships compared with their individualistic counterparts (Kumar, 1999b; Samaha, et al., 2014). This is supported by the findings, as demonstrated by the following example in the words of interviewee M11:

People... are very family-orientated and...interested in your family and I’m always interested in their family...it is an area where you can build very strong relationships with Chinese. I mean, When I’m talking about relationship, I mean, [I met] Madam Mao about 3 1/2 years ago, when she comes down to Singapore, you know, when she comes out to dinner with my wife and they are great friends and...the same with my agents in Taiwan, whenever they are down when they wind down, we go out together and-and had dinner and everything. So I think it’s very important. (M11, Mining Company 2 Executive)

Research has also shown that cultural differences in everyday business, as described using Hall’s (1976) high and low context cultures, can substantially impact on negotiation outcomes (Ribbink & Grimm, 2014). This, again, highlights the fact that cultural differences can influence a negotiator’s approach to negotiations and, thus, can impact on the negotiation outcomes.

The interviewees commented that it is preferable to do the negotiations in China, so that the negotiations and decision-making are more group-orientated and it can be more pleasant for the Chinese counterpart. This is because collectivist cultures tend to focus on the collective good of the group, rather than individual gains. This is supported by research, showing collectivist cultures can sometimes negotiate for a less than ideal negotiation outcome due to their preference for the
harmony of the group, like that of the Taiwanese Chinese when they negotiated with the Americans in the United States (Gelfand, et al., 2013).

The quote below is what one interviewee commented regarding his preference to have the negotiations conducted in China. He commented that if the negotiations were conducted in Australia, they would be more individualistic, and could be more unpleasant for the Chinese counterparts, which can negatively impact on the negotiation outcomes for both sides:

*If I park them (cultural differences) to one side, the actual negotiations have been very positive and I actually find them a little bit easier to – (negotiate with) and I don’t mean easier as in we get a better deal or anything, but more pleasant. I guess it is better to do the negotiations in China than here in Australia. In Australia we’ve always got somebody on the other side of the table who wants to get the best deal for them, not necessarily the best deal for the whole group. (M13, Business Acquisition Services Executive)*

Recent research has also shown that people from different cultures make decisions differently, and collectivist cultures value inputs from others when it comes to decision-making (Yates & de Oliveira, 2016). This is supported by the findings.

4.2.2.2 Collectivism makes Chinese more ‘Tribal like’ in negotiations

The interviewees commented that collectivism makes Chinese negotiate as a team rather than individually. For example, an interviewee described how Chinese counterparts will get in a huddle with the senior person, and will try to gain consensus before continuing the negotiation. The interviewee called this ‘tribal like’ and it is important to give Chinese time to discuss in groups and reach consensus before negotiating further:

*When they came at the beginning to negotiate ... a senior person ... dictated. And if there were any doubt, they would say, please excuse us, they will gather into the huddle, ALL of them... And not until everybody was satisfied... they then come back and sit down and then present what they understood. It was still quite structured ... you can’t negotiate with one person ... You negotiate with the team and if one
person in that team is not happy, then the whole team isn’t happy ... a central person ... is the senior here, if he detects one of his people is not happy with the direction of negotiation, then he’s not happy...You can see they were getting into a huddle to try to resolve this...I had - I had never seen such a...tribal behaviour. (M2, Engineering and Cable Executive)

The above quote from M2 perfectly illustrated the Chinese cultural orientation of being collectivist by looking at how the Chinese prefer to make group-based decisions in negotiations (Ma, 2010; Yates & de Oliveira, 2016; Phadoongsitthi, et al., 2017).

Furthermore, six interviewees also described how their Chinese counterparts preferred to do business with people they know well, such as families and friends or people they have good relationship with, whilst others commented more broadly on the Chinese preference to get to know their business counterparts first before doing business. The interviewees commented that Chinese are more family-orientated and prefer to negotiate with people they have guanxi with, such as family members or people they know well. The interviewees suggested that they needed to build good guanxi with Chinese, so that they can have a more favourable standing in negotiations and business dealings in general. The following quote illustrates the above finding as a sub-theme coming out of Chinese being collectivist in orientation with negotiations and decision-making;

Where possible they try to look after family. If, say, the nephew is in something, in some sort of business that’s possible for them to link up, they will look after the family, more than anything else ... A lot of people that I work with push business into the direction of family members. (M24, Supply Chain Management Executive/Vice President)

Research also demonstrates that Chinese business is not just business, it is also social interaction (Wang, 2007; Chan & Tong, 2014). The finding has practical implications for Australian managers, as having good relationships (guanxi) with
their Chinese counterparts can lead to them having more favourable business
negotiation outcomes.

4.2.2.3 Chinese in-group and out-group view effects on negotiation

Eight interviewees also described their Chinese counterparts having an
insider and outsider, or in-group and out-group, view regarding doing business. The
Chinese counterparts will make an effort to take care of their business counterparts
that they have a good relationship with, specifically looking after their guanxi in
business in negotiations and activities. Research has shown that guanxi is extremely
important in doing business with the Chinese (Chung & Menzies, 2012). Previous
research by Xiao and Tsui (2007) has identified very strong in-group and out-group
effects for Chinese culture. Moreover, research has also shown distinct differences
exist with the behavioural judgements of participants of the in-group and out-group
in negotiations with Chinese (Zhang, Liu & Liu, 2014), and differences exist in the
intercultural business relationship between foreign outsiders and the people in local
business networks (Gao, Knight, Yang & Ballantyne, 2014). The findings of this
research (see, for example, the experience of M21) support the in-group and out-
group cultural preferences of the Chinese:

*I think Chinese culture-wise...is that they’re still...concerned with
what’s within the circle and what’s outside the circle...they would
look after their clan...first, and then they would look after the Chinese
first and then everybody else after that is the external...fundamentally
it is like circles within circles. So the closer you are in with the
central part of it, the more leeway you can get away with... and that is
part of the face as well, because they have to go and front up with this
Chinese person...whereas with a foreigner, “I don’t care...you go
away.”...merchants in Hong Kong ...are family businesses...most of
those are...listed companies now...but you still got to face
them...Whereas our managers were staff... they also think that
foreign companies have a lot of cash, you just write it off. (M21,
Paper Solutions, Asia Regional Executive)*

Consequently, to achieve better negotiation outcomes, Australian managers
need to be part of the in-group when conducting negotiations. Being an out-group
member could result in a person not having access to favourable outcomes, or being
told to go away, or being burnt in business.

The following quote from interviewee M10 provides an example of how
Australian managers build relationships (guanxi) with their Chinese counterparts to
take advantage of this in and out-group phenomenon of the Chinese culture, in
negotiations and doing business with the Chinese:

*I found that generally the Chinese like to do business based on
relationships...And of course if you go to see them 50 times over 7
years,... because I've showed such an interest, a genuine interest in
that, I found that a huge advantage, when meeting new suppliers who
didn't know me that I could then start a relationship on that sort of
background...that got me into the factories that I would not be
allowed into for whatever reason...You know, they have exclusive
arrangements with some of the manufacturers... because of
relationship since I was so important, they will do it up very quickly.
And...so consequently, my experience in China was - was very good.
(M10, Men’s Wear, Retail Executive)*

Reflections of interviewee M14 below capture comments made to him by the
Chinese on what they observed about the cultural differences between Australian
managers and their Chinese counterparts, on how they treat their in-groups and out-
groups. The interviewees commented that, according to the Chinese counterparts,
Australians were sometimes perceived to be more polite to out-group members but
less so to the in-group members, which is opposite to what happens in China:

*I’ve had Chinese people say to me, “It’s very funny, in Australia
you’re the other way around, you’re always much more polite to
people in restaurants, you’re always saying ‘please’ and ‘thank you’.
Why are you doing that, because you don’t need to have guanxi with
them, you don’t need to give them face? I’m not saying you need to be
rude to them, but you don’t need to give them face, you’re probably
never really going to see them again, and yet you Westerners are
always so polite to them, and yet in the office you’re very quick to tell
people who you work with every day, ‘your idea is wrong’.” (M14,
Banking and Financial Services Executive)*
Through the interactions with Chinese, the Australian managers built relationship, trust and social capital. This follows on from an earlier point about cultural awareness being an advantage for getting into the in-group with the Chinese counterparts, and thus greatly benefits negotiations. This is supported by past research showing *guanxi* is important for business with the Chinese, because *guanxi* literally means relationship/connections, and Chinese will look after the people they have good relationships with (Chung & Menzies, 2012; Murray & Fu, 2016).

4.2.2.4 Seniority matters in negotiations because Chinese are hierarchical

The interviewees discussed the importance of seniority in dealing with the Chinese, and the importance of observing the cultural expectations of respecting their Chinese counterparts in negotiations and business activities. The following quote (interviewee M20) provides an example of how seniority is important to Chinese counterparts, which is part of their traditional Confucius teaching and their collectivist cultural influence:

*In China, seniority...still counts. So, yes, respect has to be actually given but sometimes, because you are a foreigner, you can be excused...but if you actually follow the culture and the tradition you can actually get yourself a head start... if as a foreigner you actually adopt those basically right attitudes, then you could actually just get yourself into the good books of the person in the end. (M20, Paper and Packaging, National Executive)*

The finding supports research demonstrating Chinese tend to give more power to the senior members in business negotiations as they can be culturally more hierarchical (Lügger, et al., 2015).

A total of 20 out of 25 interviewees also commented on how, in the Chinese culture, hierarchy can make the more senior members of the Chinese counterparts the decision-makers in negotiations. The following example is a reflection from interviewee M17:
They are very hierarchical; they like to have people always on the same level on the negotiation table. So, you should be careful to make sure that you have people at the same level as the counterpart on the table, not to disappoint them or to have more productive negotiations...They're very centralised. I mean, they put a lot of people in the room, but there is also always one or two big key people, the others are just to make numbers and to put pressure on you. (M17, Mining Executive)

Furthermore, the interviewees also discussed the importance of respecting Chinese counterparts (especially the seniors), and giving them face in negotiations and business activities. Recent research demonstrated that the senior Chinese members had a higher preference for face/mianzi (Luomala et al., 2015; Mahadevan, 2015; Aslani et al., 2016; Ma et al., 2015; Chan & Ng, 2016), and guanxi/relationship building (Tong & Yong, 2014), were more traditional and also had a focus on face:

It’s fairly uncommon for the president of the factory to speak English. Generally, most of them can only speak Chinese, particularly most of them are all gentlemen and fifty and above...So, it’s very hard to get a bit of personal with relationship happening when you having someone who you cannot communicate with, unless you communicate via third party. Um, so, and face to those guys is incredibly important. They can’t have their employees see they are being pushed into the direction...And that’s when they will get out and walk out...when you push too hard down the wrong channels and sort of start demanding things rather than negotiating things, leading to door close and that will be it. (M9, Engineering, National Product Executive)

The above quote (interviewee M9) highlights the way the Chinese hierarchy norms mean the more senior members of the Chinese counterparts tend to be the decision-makers. In addition, because the senior members tend not to be able to speak English, attention needs to be paid when negotiating with them to avoid any misunderstanding that can cause a loss of face and a negative impact on the negotiation. The senior Chinese counterparts can be more traditional and have a higher preference for conflict avoidance (Zhang, et al., 2014). As a result, a loss of face would be regarded more seriously by them in negotiations.
4.2.3 Conflict avoidance characteristic of the Chinese counterpart

Past research has shown that Chinese have a preference for conflict avoidance in their interactions with people, in business and in negotiations (Leung, 1988; Tjosvold & Sun, 2002; Friedman, Chi & Liu, 2006), especially given their cultural orientation to harmony (Leung, Brew, Zhang & Zhang, 2011; Gelfand et al., 2013).

4.2.3.1 Chinese have a more in-direct communication style

A total of 21 out of the 25 interviewees described their Chinese business counterparts as having traits and behaviours of conflict avoidance in negotiations and business transactions. The interviewees shared their experiences of the Chinese counterparts having a more indirect style of communication in negotiations, and preferring not to be questioned or confronted directly during negotiations.

The interviewees found that they needed to be more careful with their communication during negotiations so as not to cause offence to the Chinese and jeopardise the negotiation flow or outcome. The example below illustrated this theme of how the Chinese counterparts have a more indirect communication and negotiation style and approach:

\*

*Usually I find in the past that a lot of concerns aren’t really brought to the table. It’s very much kept on the “yes we can do this, we can deliver, we can absolutely do this” but then a lot of concerns aren’t really brought to the table ... So less direct (indirect) communications, probably more formal but less direct if you know what I mean?... is – and again I think it varies from Hong Kong to Shanghai, but I think, in Hong Kong which is where I’ve spent most of my time, again people are very willing to help. People are very respectful. People do not like conflict...* (F8, Retail and Consumer Products, Executive)

Past research has shown that Chinese have a more indirect communication style in negotiations (Zhu, 1997; Adair & Brett, 2005; Zhu, 2008). The following is an example of what interviewee M10 said about Chinese indirect communication styles in negotiations:
Listen patiently...and then summarize what the problem is, from what they said, generally, you’ve got a very long version. So you would say, it’s this, it’s 1, 2 and 3, is that right? And they would say yes. They would always say yes...And then you said, can you tell me what the problem is again? And you will get a different version. But you NEED to provide options. Simply shouting and banging the table and insisting that they fix it and I don’t wanna know your problems, which can be a Western approach...simply would not fix that in China....they would stop listening, they would stop talking and you will never gonna get anywhere...I seemed to get to that stage a lot in the early days...[I’m better now] mainly because I start recognising there were problems earlier. (M10, Men’s Wear, Retail Executive)

The above quote from interviewee M10 demonstrated how he went about solving problems by listening very carefully to the Chinese, as he gained knowledge of the cultural differences between Chinese negotiation and communication styles and approaches compared with the Australian managers’ styles. The findings also support past research on the differences in communication approaches between high context versus low context cultures, such as the case of the Chinese counterparts and the Australian managers in this research (Samovar, et al., 2015a, 2015b; Lügger et al., 2015).

4.2.3.2 Chinese use a roundabout way to express rejection in negotiations

The Chinese preference for conflict avoidance is a known trait as demonstrated by past research, and as stated above, thus, the Chinese still prefer not to have to say ‘no’ during negotiations and business interactions. This is supported by the findings, with interviewees describing their Chinese business counterparts not wanting to openly refuse or reject their Australian counterparts. This is also supported by research highlighting that the Chinese avoid aggressive behaviours such as saying no to their communicators (Chen, 2013). This message was reinforced in the words of interviewee M9:

The main key point is that you take everything very slowly, make sure that they understand because, particularly in a group situation, they don’t like to say no. So if they can do something, they would say
yes…Exactly right, exactly right. And then you can place an order for that and you request it to do it before a date. And they will give you a date. And all of sudden the date comes and you go, what’s going on with that, although it’s now due in. And then you get to a point saying, well, this is ridiculous, this has been going on for months, so better come in and have a look. And they go, hmm, nah, we can’t do that. But they don’t like to say no in the meeting. (M9, Engineering, National Product Executive)

Recent research still reports the Chinese preference for avoiding conflict in negotiations and this, coupled with their preference to save one’s face and that of their negotiation counterparts, can result in the Chinese using a ‘roundabout’ way to reject their Australian counterparts due to them not wanting to openly say ‘no’ (Chuah, 2014; Xie, et al., 2015). This is supported by the findings, with interviewees commenting that Chinese culture is complex and not easy to understand. This, along with their indirect approach in negotiation and avoidance of conflict orientation, as stated above, can result in a very subtle and roundabout way of refusing to do something in negotiations, as demonstrated by the following quote from interviewee M25:

Chinese culture is complex, so I wouldn't say I fully understand Chinese culture...mostly the Chinese don't want to tell you that they can't do something, they won't tell you directly because there is the [loss of] face issue. In addition, the Chinese want to build relationship and save the business counterpart’s face too. So, compared to the Western way of negotiation, they will always be very subtle and use a roundabout way to tell you, no, they will not be able to do something. They would avoid telling you directly about that. (M25, Executive, Health Supplements Manufacturing).

This finding, as depicted by the above example, supports past research that emphasised the strong Chinese orientation to save their counterparts’ face and that of their own (Leung & Chan, 2003), and the importance of face, or mianzi, when negotiating or doing business (Leung, et al., 2011; Luomala et al., 2015; Mahadevan, 2015; Aslani et al., 2016; Ma et al., 2015; Chan & Ng, 2016). This has important
implications for Australian managers negotiating with the Chinese, as even if issues arise during negotiations, the Chinese counterparts may not verbalise their concerns. Australian managers need to be culturally aware of the Chinese preference not to say ‘no’ and to work with the Chinese to overcome communication blocks during negotiations.

4.2.3.3 Chinese want to please their Australian counterparts in negotiations

A total of 16 of the 25 interviewees found that the Chinese counterparts also have a tendency to not wanting to openly reject or confront the Australian managers in negotiations. Moreover, the interviewees described their Chinese business counterparts; in general, demonstrate goodwill and a sense of wanting to meet the needs and requests of their Australian counterparts in most of their communications during negotiations and business dealings. The following example illustrates the above theme:

> So, what I’ve found with, not just in negotiations but in working with the Chinese, is that I’ve got to be very specific in what I want because if I leave it open, they will give me what will please me. So the results they’ll show me will be the pleasing results, not necessarily the full results. So I’ve had to make it very clear when we’ve asked for something “this is exactly what I want and this is the full range and I will not be disappointed if there’s bad news in there”. (M13, Business Solutions and Acquisitions Executive)

Research has shown Chinese have a preference for harmony (Worm & Kumar, 2014) which means, along with their preference for conflict avoidance, they are less likely to openly disagree with something, and would even try to do what they can to meet the Australian managers’ needs during negotiations (Chuah, et al., 2014).

4.2.4 Guanxi is important for negotiations with Chinese

Past research has also shown that guanxi is a deeply-rooted concept in the minds of Chinese because of the Confucius influence (Yang, 1994; Yang & Wang, 2011; Bian & Ang, 1997; Tsui & Farh, 1997; Chen & Chen, 2004; Ma & Tsui, 2015)
and is also an important element in influencing the negotiation experience with Chinese counterparts.

4.2.4.1 Guanxi building and maintenance for negotiation

A total of 23 out of 25 interviewees commented on the importance of building relationships/guanxi with the Chinese, which can enhance the negotiation experience. Furthermore, the interviewees described how once a quality relationship and strong guanxi is built with their Chinese counterparts, it helps to support their negotiations and business activities with their Chinese counterparts immensely. The following examples demonstrate the importance of building guanxi with the Chinese for negotiation and business:

> Actually I forget which I think is critical, it’s guanxi, very, very important. It’s not only business, so don’t focus only on business because, for them it’s not only about that...It’s not. (M17, Mining Executive)

The findings support past research showing having good guanxi is important and will enable individuals to be treated more positively when interacting with Chinese (Zhao & Krohmer, 2006; Ma & Tsui, 2015).

4.2.4.2 Guanxi strength can solve problems and influence business and decision-making

The strength of guanxi is important in conducting negotiation and business with Chinese. A total of 9 out of 25 interviewees explicitly emphasised that having guanxi is better than having no guanxi with their Chinese counterparts, as the Chinese will treat the people they have guanxi with more favourably in negotiations. Another three interviewees discussed the importance of having a strong guanxi and personal relationship with the Chinese as it can help to influence business decision-making in negotiations. Other interviewees commented more broadly on the advantages of building guanxi in business and negotiations, and four interviewees
commented that having guanxi can help to break the ice in negotiations. The following quote demonstrates the above theme of how having strong guanxi can help with problem solving and negotiations:

*Build personal friendships.... that makes business a pleasure because you’re...dealing with people that you have empathy with and trust of and you could develop this relationship to much higher level.* *(M10, Men’s Wear Retail Executive)*.

As shown by previous research, people who have built guanxi with their Chinese counterparts are likely to be treated more positively (Hutchings & Murray, 2002; Ma & Hartel, 2005; Hartel & Ma, 2006; Ma & Hartel, 2009; Hartel, Ma & As-Saber, 2010; Ma, Hartel & As-Saber, 2011; Ma & Tsui, 2015). Furthermore, recently, research has shown that the building and enhancement of guanxi is an important success influencing factor for doing business in China (Berger, Herstein, Silbiger & Barnes, 2015).

4.2.4.3 Two bowls of rice price or a one bowl of rice price: Chinese price negotiations

The interviewees commented on the importance of having a cultural understanding of negotiation principles and prices when negotiating with their Chinese counterparts. Amongst 25 interviewees, only a few (5) interviewees commented specifically on the Chinese price negotiation practice, while the others commented more on the need to build guanxi, as ‘good guanxi’ can help with price negotiation. Although only a few interviewees commented specifically on Chinese price negotiation practices, Australian managers still need to understand the cultural practices regarding price negotiations and work out what the real price is. Which begs the question, ‘Is it one bowl of rice, or two bowls of rice?’ Interviewee M10 used this phrase as an endearing comment to negotiate down the price with the Chinese, meaning that the interviewee was willing to let the Chinese earn some
money (one bowl of rice price), but not so much that it then becomes unreasonable for the Australian side (two bowls of rice price). The following quote captured the richness of data, and illustrated the importance of Australian managers having a sound cultural understanding of Chinese negotiation practices. This quote also depicted the interesting approach of how one interviewee used his cultural understanding of the Chinese culture, and used humour and positive comments, to conduct price negotiations with their Chinese negotiators:

And we usually have the expressions about ... two bowls of rice price for a one bowl of rice price. And the ... analogy is that they need to feed their family...I'm very happy for them to have a bowl of rice with which to feed their family. But I don't want them to have two bowls of rice. I want them to take that off the price ...so it was this idea that they can survive and they can thrive. And they can be a big bowl of rice...But I don't want them to have...make so much money out of me that they can afford TWO big bowls of rice. They would say to me, oh, Mr XXX [chuckles]...this is one bowl of rice price...and you would say, well, I think maybe it's a bowl and a half....We really need to get really to one bowl of rice...So we would...get to that stage where you both understand that this is what the negotiation is about...Yeah, and it's endearing. (M10, Men's Wear Retail Executive)

Past research shows that there are differences in what is considered fairness or equality of prices across cultures (Bolton, Keh & Alba, 2010; Ribbink & Grimm, 2014). This is supported by the findings of this research; with Australian managers culturally aware of the Chinese perceptions of pricing and their cultural approach to price negotiations. Moreover, to have cultural understanding of how Chinese negotiate in business, including the Chinese way of negotiation or bargaining on prices, is important. As a result, Australian managers need to investigate the real prices for products and be mindful of the cultural differences in price negotiations. Australian managers need to be prepared to negotiate in a culturally endearing way with their Chinese counterparts, and not to cause their Chinese counterparts to lose face, but also not to lose out as well. This is supported by past research showing
preserving face in negotiation with Chinese is important, even in negotiating prices (Zhu & Gao, 2013; Aslani, et al., 2016). Furthermore, pricing is often linked to *guanxi*. If a person has good *guanxi*, they will probably receive lower pricing. It is important to build good *guanxi* with Chinese counterparts, as strong *guanxi* is valued by the Chinese.

Building good relationships/*guanxi* with the Chinese can influence their decision-making behaviour in pricing determination, as the Chinese will look after their *guanxi* network and continue to do business with the people with whom they have good *guanxi* and whom they trust. The following quote provides an example of how having built good *guanxi* with Chinese counterparts enabled an Australian manager to have confidence in price negotiations, as he knew the Chinese would want to continue to do business with him given their relationship/*guanxi* which allowed them to discuss what was acceptable on both sides:

> When it came to...negotiating prices, of course, which is always a crunch point ...I found that because I had a relationship, a personal relationship doing that over time and ... you could, you wouldn’t use that to advantage you so much, but you could certainly have a very frank discussion about...pricing... And where...pricing was- different and what you really require, and you would be able to...if you wouldn’t be able to take it then leave it, because they knew that I wanted to do business with them, they knew that they wanted to do business with me...so it became very much a discussion, well, this is going to happen, we just need to determine the price. (M10, Men’s Wear Retail Executive)

The words of interviewee M10 above highlight how he had already built good relationships/*guanxi* over time with his Chinese counterparts, and this enabled him to engage in an open discussion with his Chinese counterpart about pricing. This supports research showing that *guanxi*/relationship is very important in doing business with the Chinese (Chan & Tong, 2014).
4.2.4.4 Trust is important for negotiation but it takes time to build

A total of 13 out of 25 interviewees discussed the importance of having ‘trust’ with their Chinese business counterparts. The interviewees described that trust takes a long time to build with the Chinese, but it is very important in influencing negotiations between the Australian and the Chinese (Chan & Tong, 2014). Past research shows that trust is usually conveyed by guanxi (Graham & Lam, 2003; Tong & Yong, 2014). Accordingly, to build trust, Australian managers need to focus on building guanxi to foster the creation of trust. The following quote from interviewee M17 demonstrates this theme:

*It’s about relationships, it’s about trust, so needs a long time to spend time together to have dinners, to play some golf...Having a good time together, but perhaps that’s one of the moments where they really see that you have trust together and maybe that’s the actual [goal] for the night.* (M17, Mining Executive)

The Chinese counterparts tend to only lower their guard once you have built trust with them. This supports past research suggesting that guanxi building is also very important as Chinese would prefer to do business with people they know or have guanxi with and guanxi will enable trust to be developed (Buckley, et al., 2006; Lee, et al., 2006; Lee & Dawes, 2005). This reflected in the words of interviewee M13 below:

*On the same note, once they’ve got to know what you’re after, once they’ve got a little bit more on the personal side and knowing that they can be – (trusted) and I’ll use the word – embarrassed and not necessarily meaning that – but they can lower their guard a little bit and you won’t think any lower of them because they made a slip up in the language, as I was saying before. It does come a little bit easier but definitely it’s a long wait I’m telling you. It’s not something that would happen in the first meeting. It’s months.* (M13, Business Solutions and Acquisitions Executive)

Consequently, guanxi focussed Australian managers can do better in negotiations. The interviewees commented on the importance of being guanxi
focussed in doing business with the Chinese. Individuals with a good relationship and strong *guanxi* can have a positive influence on the negotiation, as building *guanxi* can give them an advantage in negotiations and business interactions with their Chinese counterparts.

### 4.2.4.5 Face/mianzi can help to build guanxi which can benefit negotiations

A total of 13 out of 25 interviewees commented explicitly on the importance of saving face in negotiation, and in maintaining the ongoing *guanxi* or relationship with the Chinese, which is very important in doing business with the Chinese. Past research shows it is important to gain an understanding of Chinese cultural values, such as face (*mianzi*) and relationship or connection (*guanxi*) for the Chinese when conducting negotiations and business with the Chinese (Richard & McFadden, 2016; Lee, Sparks & Butcher, 2013; Buckley, et al., 2006; Kwek & Lee, 2015; Aslani et al., 2016). The following example supports the above theme:

*I think when it comes to dealing with the clients where you’re negotiating; I think that’s very important (*guanxi*). I don’t personally have to do that so much so it’s not as important, but it is for that one percent, and if the client is going to lose face [*mianzi*] well then is it really worth it? So I hear a lot of this going on but I can’t speak from personal experience. I think that (*guanxi*) will be quite a focus area in terms of negotiating.* *(F8, Retail and Consumer Products Executive)*

The following example further supports the above theme that face and *guanxi* building and maintenance are important for negotiations and face saving is also important:

*Well, I think when you develop friendships …people from various cultures, they like to tell you more information… because the relationship (*guanxi*) you build up on one-on-one very personal relationship and they are unique… And this is where the Westerner…outcome focussed would clash with the saving face….that’s where personal relationship, if they trust you and they feel that they won’t be embarrassed by…opening up then it eases this pain of saving face.* *(M10, Men’s Wear Retail Executive)*
Additionally, if there is *guanxi* between Australian and Chinese counterparts, the Chinese would give the Australian counterpart more *mianzi* (face), and the Australian counterpart is likely to be treated more positively, as compared to some other party who does not have *guanxi* or have *guanxi* of a lesser significance (Hutchings & Murray, 2002; Ma & Hartel, 2005; Hartel & Ma, 2006; Ma & Hartel, 2009; Hartel, Ma & As-Saber, 2010; Ma, Hartel & As-Saber, 2011; Ma & Tsui, 2015).

Research has also shown that the Chinese have a preference for building *guanxi*/relationships (Tong & Yong, 2014), coupled with a preference for conflict avoidance (Zhang, et al., 2014). The Chinese would prefer to give their Australian counterparts face and not cause them to lose face or get upset during negotiations:

> A very small company, but they have ...a managing director or the president, sort of principally the owner. I still remember the first day I went there ... so they had a big banner from one building to another, ...with the name where the town is, and “welcome xxx from Company xxx”, that was very impressive marketing... You know when you rock up there. They really try to impress us, which they obviously did. (M1, Executive and CFO of Engineering/Motor Co)

The findings support research showing the importance of Chinese face (*mianzi*), relationship or connection (*guanxi*), in negotiation and doing business with the Chinese (Richard & McFadden, 2016; Lee, Sparks & Butcher, 2013; Buckley, et al., 2006; Kwek, & Lee, 2015; Aslani et al., 2016). Moreover, the findings support research on Chinese people liking to save face, especially with people they have *guanxi* with or are undertaking business with (Richard & McFadden, 2016).

### 4.2.5 Face (*mianzi*) is important for negotiation with the Chinese

#### 4.2.5.1 Not causing the Chinese counterparts to lose face (*mianzi*)

A total of 22 out of 25 interviewees described the Chinese concept of ‘face’ (known as *mianzi* in Chinese) in the Chinese culture and the importance of
understanding what it means for Australian managers in negotiations and business interactions. In particular, the importance of not causing Chinese to lose face in negotiations can make the negotiation easier and enhances negotiation success for both sides. This is demonstrated in the words of interviewee M15 below:

“You are never quite sure at the outset what the Chinese partners wish to get out of the opportunity, and they are unsure what you wish to get out...the joint venture partnership and shares percentages. Is it based on the law or that the Chinese partner will gain more face if they have 51% and you have 49%. Understanding whether it is important to a Western partner to be 50/50 or 49/51. Any relevance to the scheme of things. You can sense a lot of frustration out of the desire...to say we must have a 50/50 venture. As it evolves it could have been a 51/49. The Chinese partner would always cite the law as an excuse [to the win the negotiation], but we checked the law and it wasn’t really applicable...We then go back...It's about them having face to negotiate a first venture and they control the company. They need to get 51/49 due to face.....Face is important and the Chinese feels in control. (M15, Postal Services Executive)

The findings support recent research showing that face is still important in negotiation and in business with the Chinese (Richard & McFadden, 2016; Aslani, et al., 2016). This is supported by the findings, as depicted by the following quote from interviewee M13:

“So definitely, saving face is very important to them and in particular if there’s others in the room. (M13, Business Solutions and Acquisitions Executive)

Moreover, the interviewees described the Chinese concept of ‘face’ and the importance of giving face to their Chinese counterparts in negotiations and business activities. In addition, it avoids causing a ‘loss of face’ to the Chinese business counterparts and prevents the Chinese counterparts feeling humiliated and getting upset, as that can negatively influence the negotiation outcomes.

The interviewees also commented on the different communication approaches of their Chinese counterparts which can sometimes cause Australian managers to feel frustrated during negotiations. This situation can potentially cause
some friction, which can cause loss of face, with miscommunication due to misunderstanding resulting from the less direct Chinese approach in negotiations, as depicted in the words of interviewee M24 below:

*You know, they often say to me, oh, but we’re Chinese, we can’t voice that out. We can’t be that blunt or that straightforward. You know, we have to go about things in a different way, more roundabout way that’s never really directly pinpointing the issue...you know they wouldn’t make any accusations or [cause loss of face]...I do think that there is a different way of doing things, especially in terms of communication [in negotiations].* (M24, Supply Chain Management Executive/Vice President).

Past research shows that the Chinese business communication style can be more circular in nature (Zhu, 1997) or more indirect and ambiguous (Adair & Brett, 2005; Zhu, 2008; Fang et al., 2011). This is supported by the findings, as demonstrated by the example above showing Chinese have a more roundabout way to communicate in negotiations.

The findings support research showing the Chinese focus on face, face giving and saving in Chinese social interactions, traditionally to assist with relationship building, which can provide special privileges socially and even facilitate certain economic benefits, like opening up opportunities for business or securing higher career and social status (Leung & Chan, 2003). The above example illustrated the comments from interviewee M24 about how Chinese value face and use a less direct approach in negotiation in order not to cause offence to their counterparts. This supports research showing the Chinese have a preference for conflict avoidance (Zhang, et al., 2014) and harmony (Worm & Kumar, 2014). Australian managers are advised to be aware of Chinese beliefs on these values to avoid derailing negotiations with their Chinese counterparts as a result of mis-communications in negotiations.
4.2.5.2 Face/mianzi is an abstract concept to Australian managers

The interviewees echoed the feeling that experience makes a difference with understanding the Chinese concept of face, or mianzi, and its significance in negotiations and business in general. A total of nine interviewees explicitly commented that the Chinese concept of face is still an abstract concept for Australian managers. Moreover, the need for Australian managers to observe the importance of face saving in negotiations and in business dealings with the Chinese, to not cause them offence that could impact on the success of a negotiation outcome is not always understood by Australian managers. This theme is highlighted below by interviewee M24:

In my personal opinion, Westerners don’t really understand the concept…. Obviously, you know, the term face? That sort of side to the relationship that is very, very sensitive and very important….Which I don’t think Westerners get at all. …So, I still think, even though a lot of people know that this concept of relationship is important, it’s understood to different levels… it’s difficult to explain, even though I know, I have an understanding in myself….It’s quite hard to verbalise. But, I feel it’s an abstract concept, or it’s a concept that I am not, I haven’t grown up with so…It’s a concept that actually I’ve been learning since I’ve been here…But it’s not something that, no one can teach you. You have to sort of understand and go through the experience yourself. (M24, Supply Chain Management, Executive Vice President)

The findings support past research on the differences between high and low-context cultures (Hall, 1976, 1989, 1990). For the Chinese, being from a high-context culture, non-verbal or situational signals are considered significant in communication because high-context communications tend to use implicit and indirect messages, and meaning is derived from the social cultural context, and the person involved (Stone, 2002). On the other hand, for Australian managers from a low-context culture, communication tends to involve explicit and direct messages where the meanings are mostly contained in the transmitted messages. The cultural differences between Australian managers and their Chinese counterparts can make
the Chinese concept of face more difficult for Australians to comprehend.

Interviewee M19 commented about how it took him many trips to China to gain a better understanding of the Chinese concept of face and its significance to negotiating and doing business with Chinese counterparts:

But I don’t think I understood it (face) to be honest. I think I knew it but I think it took me probably a number of trips to actually really understand what it really meant and actually how to behave in terms of the whole loss of face type thing. (M19, Bath and Kitchen Executive)

This is supported by past research which also shows that the Chinese concept of face can be difficult for many Westerners to understand as it is abstract in concept (Hwang & Han, 2010).

4.2.6 Changes in Chinese culture are making negotiations more Western

Approximately half of the interviewees (13) described subtle changes in the business culture and customs of Chinese business counterparts as a result of international business activities/Western influences. The interviewees described changes occurring in the culturally different cohorts of the Chinese, showing that shifts and changes in the Chinese business culture are being observed in negotiations and business dealings. The following quote from interviewee M19 provides an example of the above theme:

I think that’s (business culture) actually changing. I think the more international business that takes place, the more they actually understand Australian culture or European culture or other cultures... So I think that cultural behaviour is changing in that they actually know that in a Western country, they do business with a corporation more so than with an individual. So I think the people who are more experienced in those cross-cultural type negotiations and experiences ...become far more aware. (M19, Bath and Kitchen Executive)

Past research shows that Chinese tend to be more traditional and have a higher preference for guanxi/relationship building (Tong & Yong, 2014).
Nevertheless, other researchers have argued that Chinese cultural values are changing (Fang, 2012; Sun, D’Alessandro & Johnson, 2014; Fang, 2014):

> In some of these environments, I think, in the last 10 years, we’ve seen a dramatic shift between, you know, oh let’s go play golf, let’s go play, let’s go to a karaoke bar, people don’t have time for it. They don’t have time for it in their lives like perhaps what was done in the past, so I see a speeding-up in the process, and I see people just want to get things done. If the numbers look right it continues, if it doesn’t, it stops. So...It’s definitely changing. (M22, Paper and Packaging Procurement Executive)

Recent research shows Western cultures are influencing Chinese negotiation styles and the evolution of Chinese negotiation values (Ma, et al., 2015). This is supported by the experiences of interviewees, as demonstrated by the above quote from interviewee M22.

4.2.7 Generational differences can influence negotiation differently

4.2.7.1 Older Chinese generation is more traditional

The interviewees described some subtle changes in the Chinese cultures observed in their business interactions during negotiations and business activities. Amongst the 25 interviewees, 19 commented that the older Chinese counterparts were more traditional. Seven interviewees commented that the older Chinese are more formal, two said they focussed on certain face aspects, six said the older Chinese could be more stubborn, less flexible and tended to want to take care of the people in their guanxi network.

Moreover, the possible ‘generational differences’ in culturally related behaviours between the younger and older Chinese business counterparts mean the Australian managers need to exercise extra care in negotiations. Amongst the 25 interviewees, half (12) of the interviewees commented specifically on the existence of generational differences in their Chinese counterparts. The following example
from interviewee M22 reiterated that these generational differences between the young and the older Chinese cohorts exist:

*Ah yes, no doubt you see a very large generational change. There is almost a canyon between the generations in how they approach business.* (M22, Paper and Packaging Procurement Executive)

The older generation was also reported to be more focussed on relationship building than just on negotiation (Tong & Yong, 2014). However, the younger generation was described as more direct with their communications and negotiations, which is demonstrated by the below quote:

*Okay, so, the one that is of the older generation, so, I mean it is like there is more emphasis on relationship… it is like you don’t jump straight into business…Yes. With them there is more entertainment, more socialising…Whereas with the younger generation, those Chinese that could be actually educated overseas and return back to China to work, yes, maybe they actually have adopted some sort of a Western kind of culture. So it could be a more direct … whereby even the older generations it is very much quite direct as well. Yes, so it varies from individuals but, yes, most approaches would be quite direct, yes.* (M20, Paper and Packaging National Executive)

Past research has found that generational differences exist between the older and younger cohorts of Chinese. The younger generation is generally more open to change and less conservative (Ralston, et al., 1999; Egri & Ralston, 2004). This change in values has implications for negotiating with the Chinese. Furthermore, the older Chinese counterparts can be more traditional and have a higher preference for *guanxi*/relationship building (Tong & Yong, 2014) and conflict avoidance (Zhang, et al., 2014).

**4.2.7.2 Younger generation is more willing to negotiate on win-win basis with mutual benefits basis**

Out of the 25 interviewees, 13 highlighted that the younger Chinese cohorts are less formal when compared with the older cohort with their communications and
negotiations. Amongst them, eight interviewees commented that the younger cohorts are also more willing to negotiate and are keener for the deal to go through, and thus can be more focussed on reaching a win-win deal:

*What I found is over time that particularly in the automotive industry, we’re dealing with younger and younger people and their behaviour was quite different. They still had this underlying cultural value, I felt, but they were hungrier. They were keener to do a deal...they wanted to do a deal faster, quicker, move onto the next one. They had this underlying yearning to be successful. My sense is also that I guess the one-child policy has changed the behaviour of children because often you’ve got, you’re just walking through a shopping centre or down the street on the weekend or something, and you’d see parents and sometimes two sets of grandparents all looking after this one child.*

(M19, Bath and Kitchen Executive)

Past research has reported on the possible generational differences in work values (Zupan, Kaše, Rašković, Yao & Wang, 2015; Chen & Lian, 2015). However, the possible generational differences in Chinese communication and negotiation approaches and styles are still under-researched but very important, as highlighted by the findings.

### 4.3 Summary of the findings

In summary, Figure 4.1 represents culture and its interplay during negotiations, demonstrating how culture can influence negotiations between Australian managers and their Chinese counterparts. More specifically, cultural awareness and cultural nuances can play a role in influencing the behaviours of negotiators. The Australian managers can, and need to, modify their self-behaviours accordingly, which can then positively influence their Chinese counterparts. In turn, the negotiation process, outcome and the overall negotiation experience are positively influenced. Additionally, table 4.1 below provide a summary of the major findings (themes) of RQ1 and the number of interviewees reporting this theme (statistics).
Figure 4.1: Culture and its interplay during Australian and Chinese negotiations

Table 4.1: The major findings (themes) of RQ1 and the number of interviewees reporting this theme (statistics)

<table>
<thead>
<tr>
<th>The major findings (themes) of RQ1</th>
<th>Number of interviewees reporting this theme</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Culture plays an important role in negotiations, in that culture can influence behaviour during negotiations.</td>
<td>• 24 interviewees</td>
</tr>
<tr>
<td>• Cultural nuances and awareness enable better negotiation with the Chinese counterparts.</td>
<td>• 24 interviewees</td>
</tr>
<tr>
<td>• Communication styles of the counterparts can impact on negotiation experience.</td>
<td>• 22 interviewees</td>
</tr>
<tr>
<td>▪ Australian managers adopt culturally appropriate communication styles when negotiating with the Chinese counterparts, to improve the negotiation experience and outcome.</td>
<td></td>
</tr>
<tr>
<td>• Collectivism makes the negotiation more groups orientated for the Chinese counterparts.</td>
<td>• 14 interviewees</td>
</tr>
</tbody>
</table>
- Chinese are more group and family-orientated in negotiation.

<table>
<thead>
<tr>
<th>Chinese in-group and out-groups view effect negotiation</th>
</tr>
</thead>
<tbody>
<tr>
<td>more advantageous if Australian managers are in the in-group, rather than the out-group during negotiations.</td>
</tr>
<tr>
<td>8 interviewees</td>
</tr>
</tbody>
</table>

- Australian managers need to be aware of the Chinese cultural practices with price negotiations.

<table>
<thead>
<tr>
<th>Guanxi is important for negotiations with Chinese</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guanxi building and maintenance is important for Australian managers in negotiation and doing business with Chinese.</td>
</tr>
<tr>
<td>Guanxi/relationship focused Australian managers can do better in negotiations with Chinese.</td>
</tr>
<tr>
<td>Chinese counterparts tend to only lower their guards in negotiations, once guanxi is built over time and trust is built.</td>
</tr>
<tr>
<td>23 interviewees</td>
</tr>
</tbody>
</table>

- Australian managers need to be aware of the Chinese cultural practices with price negotiations.

<table>
<thead>
<tr>
<th>Strong guanxi can solve problem and influence business and decision making in negotiations.</th>
</tr>
</thead>
<tbody>
<tr>
<td>9 interviewees</td>
</tr>
</tbody>
</table>

- The conflict avoidance of the Chinese counterpart makes the

<table>
<thead>
<tr>
<th>The conflict avoidance of the Chinese counterpart makes the</th>
</tr>
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<tbody>
<tr>
<td>Chinese have a more in-direct communication style in negotiations.</td>
</tr>
<tr>
<td>Chinese use a roundabout way to express rejection in negotiations.</td>
</tr>
<tr>
<td>Chinese preference of not saying ‘no’ in negotiations can be problematic for Australian managers trying to detect and overcome issues in negotiation.</td>
</tr>
<tr>
<td>21 interviewees</td>
</tr>
</tbody>
</table>

- Chinese want to please their Australian counterparts in negotiations.

<table>
<thead>
<tr>
<th>Chinese want to please their Australian counterparts in negotiations.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chinese business counterparts in general demonstrate good will and try to meet the needs from their Australian counterparts during negotiations.</td>
</tr>
<tr>
<td>16 interviewees</td>
</tr>
</tbody>
</table>

- Face or mianzi is important to Chinese in negotiations.

<table>
<thead>
<tr>
<th>Face or mianzi is important to Chinese in negotiations.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Face giving is important in doing business with Chinese and in negotiations.</td>
</tr>
<tr>
<td>Not causing Chinese to lose face in negotiations can make the negotiation easier and enhances negotiation success for both sides.</td>
</tr>
<tr>
<td>Face is especially important to the senior Chinese counterparts.</td>
</tr>
<tr>
<td>22 interviewees</td>
</tr>
</tbody>
</table>
- Face or *mianzi* can be abstract for the Australian or Western managers to understand.  
  - 9 interviewees

- Face or *Mianzi* can help to build and maintain guanxi which can benefit negotiations  
  - 13 interviewees

- Seniority matters to Chinese in negotiation because Chinese are hierarchical.  
  - 20 interviewees

- Trust is important for negotiation, but it takes time to build with the Chinese.  
  - 13 interviewees

| Generational differences phenomenon exists in Australian and Chinese negotiations, older Chinese and younger generation negotiate differently.  
  o Older Chinese are more traditional  
  o Younger Chinese are more willing to negotiate on a win-win and mutual benefits.  
  - 19 interviewees  
  - 13 interviewees |

- Changes in Chinese culture have made the negotiation more western like.  
  - 13 interviewees

This research has investigated negotiation experiences between the Australian managers and their Chinese counterparts, and explored the influence of cultural aspects on negotiation. The findings suggest there are differences in Chinese negotiation approaches or communication styles during negotiations in different groups of Chinese counterparts. The findings also suggest there are generational differences in how the older and younger cohorts negotiate and do business. The younger Chinese counterparts seem to be more direct in their approach in negotiations and want to reach the deal. In doing so, the younger generation of Chinese can be less focussed on *guanxi* and relationship building as compared with their older counterparts and are more focussed on the negotiation outcomes. This suggests the influence of Western cultures on Chinese negotiation styles. Furthermore, the findings of this research also suggest possible changes in the Chinese negotiation values have occurred (Ma et al., 2015), as demonstrated by the Chinese counterparts’ varying business practices and their different and changing negotiation approaches.
Next, the findings on how emotions can play a role in influencing cross-cultural negotiation and communication between Australian managers and their Chinese counterparts (RQ2) are presented in Chapter 5.
5.1 Overview of this Chapter

The previous chapter presented the findings on how culture influences the negotiation experience between Australian and Chinese managers. This chapter presents the findings of Research Question 2 (RQ2): How do emotions influence the negotiation experience between Australian and Chinese managers? More specifically, how can Australian managers more effectively negotiate and communicate with the Chinese in business by understanding, and managing emotions. The chapter concludes by presenting a summary table of the themes, and how they link into RQ2. Furthermore, a summary of the types of emotions the Australian managers and their Chinese counterparts experienced during negotiations (Figures 5.1 and 5.2) is also presented.

5.2 Results and Discussion

The key themes are presented below, under the relevant headings, which demonstrate how each of the themes links to RQ2. Exploring how emotions influence and impact on negotiations between Australian managers and their Chinese counterparts is discussed with links to the relevant literature, where appropriate. Moreover, meaningful quotes from the interviewees that represent the important themes of the key findings on emotion’s influence on negotiations are presented to support the relevant themes.
5.2.1 Emotions can affect a negotiator’s behaviour, so emotional awareness is important in negotiations

A total of 24 out of the 25 interviewees in this research have reported on the importance of the role of emotions in influencing the behaviours of negotiators, and the need to have emotional awareness to increase negotiation outcome successes with their Chinese counterparts. This supports past research demonstrating that emotions can influence the behaviour and affect the judgements negotiators develop of their counterparts (van Kleef, et al., 2004) as well as affect behaviour in organisations (Van Kleef, 2014). For that reason, having emotional awareness and emotional intelligence (EI) can also increase chances of better negotiation outcomes for Australians negotiating with the Chinese. The interviewees commented on the need to be emotionally aware of the Chinese counterparts’ emotions during negotiations as they can influence negotiations, as depicted by the following quote from interviewee M6:

*Rule of emotion, you need to be emotionally intelligent, be aware of emotions. Chinese emotions are not displayed explicitly. I observed it but certainly, generally Chinese of a certain age are less expressive. Chinese are more formal and Australians are more relaxed in negotiations. People in [the] West need to keep emotions in check. Understanding culture and having an understanding of emotions is important. The better the understanding of emotions gives you the insights in negotiations. (M6, Insurance Executive)*

More importantly, the decision-makers own emotions, in the form of positive and negative moods, can also affect their decision-making (van Kleef, et al., 2010), such as the case with Australian managers and their Chinese counterparts during negotiations. Past research on motivation has also shown that it may not be easy to overcome emotional preconceptions, as it requires more work and perseverance and active optimistic approaches from individuals, but all the effort can be thwarted by negative emotions (Seo et al., 2004). These emotional preconceptions, if not
managed well, can lead to poor business negotiation outcomes between cultures due to negative emotions (Luomala et al., 2015). Therefore, it is important for Australian managers to be vigilant and emotionally aware of their own and that of their counterparts’ emotions during negotiations, and to maintain composure and control. This can help to prevent unwanted influences on negotiations from negative emotions or emotional preconceptions. The following quote from interviewee M20 alluded to the need to be emotionally aware, especially when there is a losing party in the negotiation:

*I mean, whether it is actually Chinese or negotiating with the Europeans or whatever, emotions always come into play. Yes, so it is more of in negotiation they always say it is a win/win situation. Sometimes it is not like that. So yes, there is a certain sense of ... pride as in basically if you are losing ... So now being the negotiator with Chinese I am going to say emotion comes into play. (M20, Paper and Packaging National Executive)*

As already discussed in RQ1 (Section 4.3.4.5), Chinese have a strong value of face/mianzi and relationship/guanxi in negotiations. The interviewees further commented on the importance of practising face saving and guanxi building with the Chinese, as this can influence their emotions during negotiations. The following quote from interviewee M25 is an example to further highlight the above point:

*In dealing with the Chinese business negotiation, emotions can get involved. Because of that, the Chinese relationship building is important; they will try to save your face... They tend to want to get to know you and build relationships before they establish business. Whether they get to do business with you or not, can be dependent on how well you get on with them. Once you enter into a business deal, so they may also use emotions on you as well. So I think emotions play an important role...in negotiation. (M25, Executive of Health Supplements Manufacturing)*

Furthermore, the findings support past research showing face is important to Chinese, saving the Chinese face can yield privileges socially and economic benefits,
such as business opportunities (Leung & Chan, 2003). Research has also shown that
the converse of not observing face can lead to negative effects (Lee, Sparks &
Butcher, 2013). The following quote from interviewee M9 demonstrates the reverse
effect of not practising face saving which can result in negative outcomes in
negotiations:

It’s fairly uncommon for the president of the factory to speak
English...So it’s very hard to get a bit of personal with relationship
happening when you having someone who you cannot communicate
with, unless you communicate via third party... face [mianzi] to those
guys is incredibly important. They can’t have their employees see they
are being pushed into the direction that they don’t wanna go from a
customer.... And that’s when they will get out and walk out...when
you push too hard down the wrong channels and sort of start
demanding things rather than negotiating things, leading to door
close and that will be it. (M9, Executive and Buyer of Engineering
and Motors Supplies)

Accordingly, this can impact negotiations and business relationships as a
result of negative emotions developing from not observing the Chinese counterpart’s
face, as demonstrated by the above quote.

5.2.2. Emotional composure and regulation are needed in negotiating with the
Chinese

Amongst the 25 interviewees interviewed, 22 explicitly commented on the
need to have composure and emotional self-regulation and control in negotiations
and business dealings with the Chinese. This supports past research emphasising the
importance of emotional displays on negotiation outcomes, as demonstrated by
Kopelman and Rosette (2008) in their research on East Asians and Israeli
negotiators, where showing respect is regarded as important in the East Asian
context. Furthermore, their study found that displaying negative emotions can lead to
a lower chance of success in the negotiations. Kopelman, Rosette and Thompson
(2006) also suggested emotions can be suppressed and/or displayed strategically.
Thus, Australian managers need to monitor and control their own emotions, such as staying calm in response to Chinese counterparts' angry emotions, which in turn can help to regulate the Chinese counterparts’ emotions and their behaviours during negotiations.

The following quote highlights specifically how Australian managers should respond to negative emotions such as anger during negotiations:

*He was yelling at me,...and I decided to take extremely calm approach rather than...going to Western-going to Western default and yelling back which is a lot of fun but not very productive...And I became very calm and I simply say to my interpreter, “would you please tell Mr. Leung that he is not the only one that is angry”...and-uh...he get going and I-I then ask my interpreter to ask him, has he finished being angry?...because I’m not gonna talk until him-until he has. And...once he settled down, he changed the mood. Because I was already calm, I was thinking clearly he changed the mood from being an argument ...And I think in-it build a respect...Right? All of a sudden he was interested in hearing what I want to say...so it was quite a concession. (M10, Men’s Wear Retail Executive)*

Interviewee M10’s words above suggest that even though one person (the Chinese counterpart in this case) is angry, the other negotiator can control the situation by not displaying anger and remaining calm. This emotional regulation will then serve to calm down the counterpart, and allow the negotiations to continue. If the Australian negotiator had responded with anger, it may have had the negative effect of causing the negotiations to break down. This supports past research indicating that emotions can exert an influence on people, as shown in studies of computer-mediated negotiations of the interpersonal effects of anger and happiness in negotiations (van Kleef, et al., 2004, 2010).

The following words of interviewee F24 reiterate the theme about the need to remain calm when negotiating with Chinese counterparts. The interviewees have explicitly commented on the need to be focussed on solving the problems and not let
themselves get emotional. Moreover, it is important to keep their own emotions in check to mitigate the effects of any negative emotions in negotiations with their Chinese counterparts:

So, I suppose we had to calm down the emotion and then say, “OK, well, what are we going to do, so what are the next steps?” and then we agreed on the next steps. Then I went to people individually and I tried to understand with them individually what their concerns were. I also tried to help them break down if there was really a problem and sort of quench some of the emotion. After we stepped through what we were going to do and I’d spoken to people individually then the outcome was a few weeks later in the wider group went across the table and said “so is everything fine” and everything was fine after that. So I suppose it went from a panic situation to a resolution...Me, I was furious ... but I tried not to show it. (F24, Supply Chain Management Executive/Vice President)

Past research has also found that it is important for people to manage emotions in conflict situations. In a recent study, Hopkins and Yonker (2015) surveyed 126 participants using a measure of EI and found that EI abilities that are most relevant for conflict management in organisations are problem-solving, social responsibility and the ability to control impulses. This is supported by the findings, as depicted by the above quote (interviewee M10) showing managers controlling their own emotions during negotiations including their impulse to yell back in the face of anger and frustrations during negotiations. The interviewees commented that they were focussed on problem-solving and had to remain calm and in control of their emotions during the negotiations. According to Hopkins and Yonker (2015), organisational management training and development should focus on enhancing the above-mentioned EI abilities to ensure managers can more effectively manage conflict.

Overall, the interviewees commented on the need to maintain composure and to self-regulate their own emotions and have patience during negotiations with their
Chinese counterparts. Research by Salmon, Gelfand, Ting, Kraus and Fulmer (2016), in their recent study of American and Lebanese negotiators, demonstrated cultural differences in the perceptions of time and patience. Salmon et al. (2016) in their study found that Americans achieve lower negotiation outcomes compared with their Lebanese counterparts, due to their view of time being more compressed. That is, generally, the Americans value time, as time is money, especially in business. This supports past research suggesting time pressure is a matter of perception, however, the negotiators from the United States were found to use greater levels of time pressure in general (Saorin-Iborra, 2008). The following example demonstrates the need for Australian managers to maintain their composure, keep their emotions in check and to have patience when negotiating with their Chinese counterparts:

*I can’t give people advice other than to be patient. …not to get emotionally wired up and things, you can go as slow as you, go as slow as you dare. (M2, Engineering and Cable Executive)*

The interviewees further commented on not showing emotions first, as it will allow the Australian managers to have a ‘moment’ to reflect and respond to the negative emotions in the Chinese counterparts, and resolve problems to reach a better negotiation outcome:

*I was fortunate in it he went first that I was able to sit back and...think...‘cause I can’t understand what he’s saying to me, it’s like a noise...But it’s not affecting me. So I was able to think... I remember the moment, the exact moment like it was happening yesterday and- and I remember thinking...isn’t this funny? ...it’s like you’re shouting at me but I can’t [understand] what you’re saying. So I can just think carefully what am I gonna do next?...you have to be calm...And then encourage the other one to be calm before you can move them ahead ...you get lucky...I was given a little bit of moment to think in a hidden exchange....Where he wasn’t given that moment ‘cause he went first, alright?...And so it’s unusual. (M10, Men’s Wear Retail Executive)*
The above quote is an example of how one interviewee (M10) handled the situation, when his Chinese counterpart lost control of his emotions during the negotiation, but managed to maintain self-control over his own emotional anger by remaining calm. The above quote depicts that regulating and controlling emotions and being patient can potentially lead to a good negotiation outcome for the Australian managers. This supports past research highlighting the ability to control impulses as an important skill for conflict management in organisations (Hopkins & Yonker, 2015).

5.2.3 Chinese counterparts have subtle emotional displays in negotiations

The interviewees frequently reported difficulties in detecting emotions during their negotiation experiences with their Chinese counterparts. The majority of the interviewees (21 out of 25) explicitly commented that, generally, their Chinese counterparts had been very guarded with displaying their emotions during the negotiations. This meant that if the interviewees were less experienced or not as observant, they might well have missed the Chinese counterparts’ subtle emotional displays.

5.2.3.1 Australian managers need to detect the negative emotions in negotiations

The Australian managers could miss out on detecting negative emotions in their Chinese counterparts if they are not observant, and this could result in behavioural implications in the negotiation process and outcomes. This supports research showing that culture plays a role in an individual’s control of emotions (Bagozzi, Verbeke & Gavino, 2003; Triandis, 2000; Miyamoto, Uchida & Ellsworth, 2010; Gross, 2013; Gökçen, Furnham, Mavroveli & Petrides, 2014; Gunkel, Schlaegel, Rossteutscher & Wolff, 2015; Ma, Tamir & Miyamoto, 2017). Furthermore, Asian cultures tend to place stronger emphasis on one’s control over
one’s emotions in order to preserve group harmony. More focus is placed on suppressing their emotions than in the more individualistic, egalitarian cultures that appreciate affective autonomy (Matsumoto, et al., 2008). In another study, researchers have also found Chinese (Taiwanese), when compared with European Americans, have a higher tendency to suppress their emotions for preservation of interpersonal harmony (Wei, Su, Carrera & Lin, 2013).

Echoing these points in the research literature, one interviewee (M22) commented on the Chinese race being more reserved in culture and, hence, less expressive with their emotions:

*One of the other things I think is quite interesting with the Chinese is generally how reserved a race of people they are. They’re not anywhere near as animated as myself, for example, or European descendants, per se. I think, and again it’s a generalisation, but I find that it’s a much more reserved, stoic culture. So, again, you can really be annoying someone and have to watch the person very closely to understand that they’re actually quite angry or upset about the outcome.* (M22, Paper and Packaging Procurement Executive)

In this example below, it is evident that the Chinese display emotions very differently from the way that Australian or Western managers do. It means that, for the negotiation process, Australian managers need to be equipped with the necessary skills and knowledge, and to have cultural and emotional awareness and understanding to pick up subtle displays of emotions and nuances. As previously stated, managers need to have emotional awareness as emotions can influence people’s behaviours (Van Kleef, 2014). Research has also shown a positive relationship between negotiators recognising emotions accurately in their counterparts and achieving (successful) negotiation goals and outcomes (Elfenbein, et al., 2007). Without the ability to do this, it could mean that the Chinese
counterparts become upset, and misunderstandings can occur during the negotiation and, consequently, the negotiations can fail.

Furthermore, the interviewees reported they found their Chinese counterparts did not show any emotions during negotiations. This atmosphere can make it very difficult for Australian managers to assess how the negotiation process is travelling, and to resolve any problems experienced during the negotiations to achieve a win-win outcome. Past research supports the notion that some cultures are less expressive emotionally than others (Matsumoto, et.al, 2008; Safdar, Friedlmeier, Matsumoto, Yoo, Kwantes, Kakai & Shigemasu, 2009; Soto, Perez, Kim, Lee, & Minnick, 2011). Emotional expression is said to be linked to culture. Individuals from Asian and collectivistic cultures such as China are said to be less expressive than their US counterparts and to practise different expression and suppression of emotions (Hurley, et al., 2016). The words of interviewee M13 capture the subtlety of the Chinese counterparts’ displays of emotions and the difficulties the Australian managers encountered during their negotiations because of the Chinese tendency not to be as expressive with their emotions:

_There is definitely emotion there. They do have emotions. I think, in the West, we’re used to the New York style of emotions of stamping our feet or banging the table or raising our voices and screaming and maybe slamming the door or abusive language or something or other. The emotions there are kept inside so it’s not an outburst; it’s not outgoing ... Definitely, the Chinese do not display their emotion in as vigorous of terms as what we would here in Australia. (M13, IT/Business Acquisition Executive)_

Consequently, it is important to detect the negative emotions because, if they are allowed to accumulate, they could impact on the more concrete behaviours of negotiation outcomes. Australian managers, therefore, need to be observant to detect and resolve the emotions to drive the negotiation to a positive outcome.
5.2.3.2 Chinese counterparts regard emotional display to be a weakness in negotiations

The interviewees shared their negotiation experiences with their Chinese counterparts, and most of them commented that emotional displays can be seen as a weakness of the Australian managers in the negotiations, as most Chinese will carefully guard their own emotions. Correspondingly, Australian managers need to guard their emotions carefully during negotiations, so as not to give the Chinese an unfair advantage over them during negotiations. A total of 22 interviewees commented that it is important to control their emotions, as demonstrated in the words of interviewee M9:

*You can be as frustrated as possible, um, but you can’t show it. You just got to keep a calm head and just work your way through it. Work your way through it. Um, the moment you show a sign of the emotion or [x] weakness, which the Chinese would see that, they know that, they almost got you on that. So they will try to push and push and push on that and try to get the result. So you just got to sit there and show very little emotion. (M9, Executive and Buyer of Engineering and Motors Supplies)*

Past research shows that emotions such as anger and happiness can have prevailing effects between the people involved in negotiations, which can be dependent on whether the emotions are directed at the person (the negotiator) or towards behaviour (the negotiator’s proposal). Consequently, the display of emotion should be exercised with caution as serious implications can ensue in negotiation, conflict, and social situations (Steinel, et al., 2008). Emotions, however, can also facilitate the cultivation of relationships between negotiators, but can also both support and thwart the development of strategic discussions in negotiations (Druckman & Olekalns, 2008). Research also shows emotions can give rise to strong, unavoidable, destructive, and, at times, positive triggers in decision-making (Lerner, et al., 2015). Given the powerful influence of emotions on people’s
behaviour and decision-making, it is important for Australian managers to observe their own emotions and that of their Chinese counterparts. The following quote from interviewee M24 demonstrates how the Australian managers exercise self-control and guard their emotions from their Chinese counterparts so as not to impact the negotiations:

*I think that’s quite important that they don’t display a lot of emotion... people...display a lot less emotion here in China, than they would in a Western atmosphere. And, I remember my boss telling a colleague of mine, that she showed too much emotion on her face. And that if anything happened; it was written all over her face... that it was not regarded as a very good business practice...To show any emotion on the face... I don’t show any kind of emotion, or any look of shock or horror or surprise...I’ve just...picked that up along the way, that in order to, sort of, to fit in? I think they really expect a certain level of composure, and yes, being an Australian particularly, I’ve just really toned it down...In language and expressionisms. (M24, Supply Chain Management Executive/Vice President)*

However, some researchers support the view that, in some situations, expressing or displaying emotions such as communicating disappointment during negotiations can actually produce a more favourable offer by the negotiation counterparts and, thus, can be useful in negotiations (Lelieveld, Van Dijk, Van Beest & Van Kleef, 2013). This view is supported by the findings, with three interviewees commenting on expressing an emotion such as anger when negotiating with their Chinese counterparts, although the majority of interviewees (22 out of 25) were of the view that maintaining emotional composure and control is important. The following is an example from interviewee M11, depicting how one interviewee expressed anger with the Chinese, to enable him to make progress in the negotiation:

*I think at the end of the day if you’re a business person...you have a certain objective to achieve and the culture may be different here and things like that. They go about things in a slightly different way and maybe need some more meetings, or they may need to establish more guanxi first and things like that. But ultimately, you have an objective and at some point in time you’ve got to draw the line and say, “this*
objective is not being met in an appropriate manner and therefore I’ve got to work out what I’m going to do about it”...I took a deliberate decision and what I was going to do about it was to get angry... So in my role here I’ve often found I’m quite happy to be used as a bad cop...So there’s certainly that issue that you need to sort of think about, which is this, is the way of much more rigorously approaching. (M11, Executive of Mining Company)

The interviewees commented that although it was difficult to express their negative emotions (e.g., anger, frustration), by doing so it had helped them to break the ice, or keep the negotiations from becoming stuck, and had helped to push the negotiations back to discussions with their Chinese counterparts.

However, past research has also shown that the advantages of expression of anger in negotiations need to be weighed against the costs of provoking hidden retribution from the negotiation counterparts (Wang, Northcraft & Van Kleef, 2012). More recently, research has shown different negative emotions activate different regions of the brain which may not all lead to the same outcome. Furthermore, the use and influence of authentic emotions expressed versus the strategic expression of emotions to gain benefit needs to be further explored (Olekalns & Druckman, 2014). This is supported by the findings in which the interviewees alluded to deliberately expressing emotions. However, only three commented specifically that their expression of negative emotions was orchestrated; others did not clearly distinguish between whether their expression of emotions such as anger was authentic.

5.2.3.3. Australian managers may have difficulties detecting anger in Chinese

Twenty-one of the interviewees commented that it was difficult for them to detect and observe mood changes and the occurrence of emotions. Previous research has shown that emotions are neurophysiological and psychological responses that help individuals to adapt to social interaction challenges (Keltner & Haidt, 1999; Levenson, 1999; Matsumoto et al., 2008).
Research has also shown that emotions can have different meanings among individualistic and collectivist cultures (Suh, et al., 1998; Matsumoto et al., 2008).According to research, individualistic cultures put emphasis on differentiating themselves from others and tend to focus on endorsing their qualities, whereas collectivist cultures would focus more on their group. Hence, the cognition of negotiators from an individualistic culture would concentrate on their own interests in negotiations. Conversely, the cognition of a negotiator from collectivist cultures would focus more on connecting with their group and gaining acceptance in relation to others. Negotiators from a collectivist culture would also focus on the needs of others in negotiations (Markus & Kitayama, 1991; Triandis, 1989; Tu, Lin & Chang, 2011; Ma, 2010; Hofstede, Jonker & Verwaart, 2012). Accordingly, Australian managers coming from an individualistic culture would focus more on the individual gains for themselves and their company from negotiations, whereas their Chinese counterparts from a collectivist culture would focus more on the benefits and gains for the group.

Additionally, research demonstrates the Chinese counterparts from a collectivist culture would tend to not outwardly express their emotions as compared to their Western counterparts during negotiations (Hurley et al., 2016), as they regard that as a sign of weakness. The difficulty is for the Australian managers to observe and detect mood changes and the occurrence of emotions, and to try to resolve any problems that may trigger negative emotions in the Chinese counterparts to prevent the negotiation failing.

The quote below refers to the difference between Chinese displays of emotions compared with the way Australian or Western managers would express emotions. The interviewees commented that it could be hard for Australian managers to work out whether Chinese counterparts are really angry or not:
I think that they actually tend to not display a lot of emotion [in general] ... But then sometimes when I hear my colleagues talking in Chinese, it sounds like a lot of emotion...Hey, they yell and speak very loudly, but, I’m also told that it’s not really...Like, this is just the way that they speak. Like, for example, you know in parts of China, near, outside of Shanghai...The dialect is different and they speak very loudly...But, I’ve been reassured by people that this is not a display of emotion, it’s just how they speak...So, I don’t know if that’s right or wrong, but, I think people are less, show a lot less emotion here in China, than they would in a Western atmosphere. (M24, Supply Chain Management Executive/Vice President)

As the example indicates, when the Chinese counterparts speak in Chinese, it might sometimes sound as though they are angry but in actual fact they are not, they are simply communicating with one another. This can be a case of the Australian managers’ unfamiliarity with the Chinese language and the expressionism of the Chinese.

Past research has shown that it can be difficult to detect genuine anger versus tactical anger (Schroth, 2008), just as it can be difficult to detect any authentic or strategically displayed emotions (Olekalns & Druckman, 2014; Tng & Au, 2014) in negotiations. However, the challenge is for Australian managers to differentiate between whether or not emotional displays are an indicator of genuine emotions arising out of the negotiations, and are a sign of problems that need to be resolved, or just the Chinese dialect, or the Chinese using anger as a tactic.

5.2.3.4 Chinese are less guarded emotionally with people they have good guanxi with

The interviewees commented that they can sometimes see the emotional displays in their Chinese counterparts when they have a better relationship or good guanxi. This is because Chinese are less guarded with the people they know well and trust. Research has shown that Chinese have a higher tendency to show emotions, especially positive emotions (qing is Chinese for sentiments or feelings), with people
they know well. In the study by Zhu (2015), the Chinese entrepreneurs needed to balance their decision-making between what is economically sensible versus morally acceptable in terms of their culturally-bounded beliefs.

The Chinese counterparts tend to only show their emotions once they get to know you better. Seeing the Chinese counterparts’ emotions will give the Australian managers a better assessment of how the negotiation is going. To be able to see their emotions is generally a good sign, as it could mean they are accepting you and they are beginning to trust you. Moreover, there is the forming of *guanxi* which will be good for the negotiations and business. Being able to see the emotional displays in the Chinese means that the Australian managers can take a more proactive approach with influencing the negotiations to achieve a positive outcome and even achieve a win-win for both sides.

Research has also shown that trust can decrease the inclination of the negotiators to use deception in negotiations in a study of the Chinese and the American negotiators (Zhang, Liu & Liu, 2014). As discussed previously, it can be difficult for negotiators to detect whether emotions displayed during negotiations are authentic or fake (Schroth, 2008; Olekalns & Druckman, 2014; Tng & Au, 2014). Accordingly, it is advisable for the Australian managers to try to build trust with their Chinese counterparts in negotiations, as this can reduce the likelihood of deception being used in negotiations. If there is good *guanxi*, the Chinese negotiators are less likely to use emotional tactics on their negotiating counterparts, as supported by past research showing Chinese have a strong cultural sense of in-group and out-groups (Xiao & Tsui, 2007; Zhang, Liu & Liu, 2014):

*I was called into a meeting where there was probably 20 people at the meeting and a situation had occurred about the figures...nobody had actually come to me with the issue so I wasn’t aware of it. I was kind of called in blank into this meeting and there was a lot of emotion in*
the meeting about, “oh, the figures are wrong, the figures are wrong, the figures are wrong”. I managed to say, “OK, so how wrong are they?” and there was a lot of emotions...I probably picked these up because they were expressed...Yes, they were definitely expressed and...Yes, both verbally and visually...So people were frowning and speaking a bit louder and what they were saying obviously, yes...It was emotional. (M8, Buyer and Executive of Retail Products)

The reflections of interviewee F8 mentioned above are from someone who has experienced the rarer form of explicit emotional displays from a group of Chinese counterparts that the interviewee had got to know quite well. The interviewee was called into a meeting with the Chinese counterparts and witnessed a display of emotions, like panic and shock; this allowed the interviewee to have an open discussion with the Chinese about the problems encountered and to subsequently resolve them.

5.2.4. Chinese counterparts’ emotional displays are rare in negotiations

A majority of the interviewees (22 out of 25) commented that they also have had some emotional encounters with their Chinese business counterparts during negotiations. Although it is less common, the Chinese counterparts were observed to have emotional displays, such as anger or conflict during the negotiations. Such emotional encounters can have implications for negotiation experiences and outcomes and, if encountered, can be useful for Australian managers to gain a better understanding of the possible tensions on the Chinese counterparts’ side.

5.2.4.1 Negative emotions (e.g., anger) are rare in Chinese, but can enable Australian managers to resolve issues in negotiations

Past research on negotiations has compared American and mainland Chinese cultural variations in negotiators’ attribution and emotions. The study explored culture’s effect on how negotiators pursue goals and when it acts together with various situational factors. The mainland Chinese were found to have a higher
predisposition to compete in negotiations when they experienced anger (Liu, 2012).

Accordingly, negative emotional displays of Chinese counterparts need to be carefully managed and monitored by the Australian managers to ensure the negotiations are not jeopardised as a result of the negotiators’ behaviours being negatively affected. Recent research has also demonstrated that individuals who display anger can, in fact, undermine the generosity of others when it is requested (van Doorn, et al., 2015). For that reason, Australian managers need to be mindful that they should monitor their own emotional state and not let negative emotional displays threaten the negotiations. The following example demonstrated how one Australian manager responded to a Chinese display of negative emotions (i.e., anger):

*And he had an interpreter and I had an interpreter...and he was...probably the first Chinese businessman who I dealt with who was clearly very angry...and very unusual... the fact that I couldn’t understand a single word he said ’cause he was speaking...in Shanghainese-... he was yelling at me across the table telling all the problems that I had caused him with lack of responsiveness on all my operators-lack of response-you know, my product managers lack of responsiveness on order details. Everything was my fault. EVERYTHING...So it wasn’t until then we sat down and started to pull it apart and release the emotion and start to rebuild piece by piece... seeing emotions are very good way of conveying that, and just how much tension is there, but if someone is very guarded, we can’t see it. (M10, Men’s Wear Retail Executive)*

The interviewees have reported that it is unusual for them to encounter overt emotions from their Chinese counterparts. However, in the example above, the rare Chinese display of an emotion such as anger is culturally unusual behaviour in negotiations. In terms of the Chinese cultural preference for social harmony and conflict avoidance, Chinese tend not to show anger so as not to cause a loss of face to themselves or their Western counterparts (Graham, & Lam, 2003; Fang, 2006). Although unusual, this is supported by past research showing that a relationship
exists between feelings of mistreatment and expressions of anger (Wang, Northcraft & Van Kleef, 2012).

In reality, encountering a rare emotional display of anger, such as in this case, by the Chinese counterpart, can help Australian managers to resolve the anger of the Chinese counterparts. The resolution of the negative emotions helped to prevent anger from building up and negatively impacting on the negotiation experience and outcomes.

The interviewee M10 also commented that encountering the Chinese emotions can be, in fact, beneficial, as it gave the Australian managers something to work with and enabled him to focus on partnership rather than conflict. The subsequent resolution of the conflicts enabled a shift of the negotiation dynamics from negative to positive.

5.2.4.2 Emotional display in the older Chinese is less common, even when they are offended by their Western counterparts

In the view of the interviewees, the older generation of Chinese tend not to display much emotion during negotiations, even when they are offended by their Australian counterparts. Amongst the 25 interviewees, nine of them commented that no emotional displays or emotions were detected with the Chinese during negotiations, and did not specify whether they were older or younger Chinese cohorts explicitly. Two interviewees commented that it is rarer to see any emotional displays in the older Chinese (a total of 11 interviewees commented on this theme). Consequently, it is important for the Australian managers to observe and try to detect any negative emotions in their older Chinese counterparts during the negotiations, as they are less likely to express their anger openly and this can, in turn, lead to misunderstandings. As mentioned earlier, if negative emotions are detected, it is
important to try to rectify them to prevent the negative emotions from negatively influencing the negotiation process and outcomes, especially as many of the older Chinese counterparts are the decision-makers in the negotiations.

Research has already shown that as an attribute of the collectivist culture, the Chinese people are emotionally less expressive than their US counterparts. Moreover, they tend to practise different expression and suppression of emotions (Hurley et al., 2016). Within the context of negotiations, Chinese (especially the older cohort) have been described as more reserved but many modern business leaders still uphold Confucius values (Ma & Tsui, 2015). On the other hand, the younger generation of Chinese are more similar in behaviour to their Western counterparts as seen in a study that compared the British and Chinese cultural profiles of Generation Y managers (Ott, Gates, Lei & Lewis, 2016), and as evident from the following interviewee M20 comments:

*Whereas with the younger generation, those Chinese that could be actually educated overseas and return back to China to work, yes, maybe they actually have adopted some sort of a Western kind of culture. So it could be a more direct.* (M20, Paper and Packaging National Executive)

In the example below, interviewee M21 reported on the older generation of Chinese counterparts as not being willing to openly express their anger in negotiations:

*I think with the older generation, it is very rare for them to actually show a lot of emotion...OK. They're, as you say, more pokerfaced ... if they're angry or whatever you will find that out when next time you try to arrange a meeting with them they're ...not available or they're out stationed or whatever, constantly, which means that you know that you have offended them. And you have got to find out why or whatever. It might well be too late by then... they never actually say, “No.” They might just say, “I will think about it”, or one of the other things he says is, “We will come back to you”, or something like that.* (M21, Paper Solutions Asia Regional Executive)
The above theme is supported by past research showing the older Chinese counterparts can be more traditional and have a higher preference for *guanxi* /relationship building (Tong & Yong, 2014). In addition, the Chinese have a preference for conflict avoidance (Zhang, et al., 2014) and would prefer not to cause their Australian counterparts to lose face, even if they get upset during negotiations.

### 5.2.5 Accumulation of negative emotions in the Chinese can negatively influence negotiations

The interviewees commented on the importance of avoiding the accumulation of negative emotions in their Chinese counterparts during the negotiations. Instead, the interviewees should try to detect the negative emotions as soon as they arise, even though the latter may be challenging to achieve. Out of the 25 interviewees, 15 commented broadly on the detection of negative emotions in their Chinese counterparts during negotiations. Their comments range from noting the very subtle negative emotional displays with the Chinese counterparts becoming quieter, and their changes in body language, to the other end of the spectrum where the Chinese counterparts openly displayed negative emotions such as anger by yelling and shouting. Another five interviewees commented that they thought they had the ability to detect negative emotions in the Chinese counterparts, and could convert the negative into positive emotions to improve negotiation outcomes. This supports past research which has shown that emotions in inter-cultural negotiation can influence the behaviour and opinions of the negotiators (van Kleef, et al., 2004). Furthermore, research has found once certain emotional prejudices are formed by the counterparts, and if they are not managed well, they can give rise to poor negotiation outcomes due to the negative emotions (Seo, Barrett & Bartunek, 2004; Luomala et al., 2015):
No, no, it’s like a disease, something that’s really bad and creates - can grow and become bigger and bigger. So it’s really a good idea to try to resolve it. Look, depending on circumstances sometimes, it’s not always possible to do that. (M3, Finance Executive of Engineering Company)

The words of interviewee M3 above capture how Australian managers need to respond promptly to their Chinese counterpart’s negative emotions, and attempt to resolve any concerns quickly so as to avoid the accumulation of negative emotions and the negative impacts on the negotiation outcome. If the negotiator can better manage the situation regarding emotions, the negotiations can be improved.

5.2.5.1. Emotional display of anger in the Chinese can be ‘silence’ and/or body language changes during negotiations

The interviewees reported that quite often they have found that their Chinese counterparts tended not to display much emotion, even when they are angry. A total of 12 interviewees commented that Chinese have emotions but are not as expressive, however, most acknowledged that instead of expressing their anger or negative emotions, the Chinese tended to become quieter and quieter during the negotiations. The interviewees reported that some may even stop communicating to the point of reaching ‘silence’. This theme was specifically expressed by three interviewees on the Chinese subtlety of expressing or displaying emotions. Although a small number of interviewees commented on this, however, this particular Chinese behaviour needs to be noted, as it can cause confusion for the less experienced Australian managers. Others commented on this aspect, but more broadly, whilst nine interviewees commented on the lack of emotional displays by the Chinese, they did not differentiate as to whether the Chinese actually became quieter due to negative emotions like anger and thus no emotional display, or just did not show any emotions at all. As already stated above (5.2.3.2), the Chinese prefer not to express their
emotions to their Western counterparts during negotiations (Hurley et al., 2016), as visible emotional displays can be viewed as indications of potential weakness. Moreover, past research has demonstrated that there are differences between low and high-context cultures’ communications and negotiations (Hall, 1989; Samovar, et al. 2015b; Lügger, et al., 2015).

Consequently, the Australian managers need to be very observant to detect mood changes as indicators of the presence of negative emotions resulting from miscommunication or cultural differences. This is to avoid negotiations being affected by the negotiators’ judgements and more concrete behaviours being influenced by negative emotions (van Kleef, et al., De 2004; Van Kleef, 2014). Recent research on cross-cultural negotiations indicates that in situations when culturally polar-opposite negotiators, such as those with high-status, high-power distance if coupled with low-status, low-power distance negotiators can experience more negative emotions like anger. Consequently, they tend to be less goal cooperative, less focussed on exchanging information and, as a result, less successful in achieving a win-win for both parties such as joint profits (Liu, et al., 2016). This is something that needs to be noted, as the Chinese and the Australian negotiators are from quite dissimilar cultures and, as such, need to be mindful of this challenge in their cross-cultural negotiation pursuits:

*I think the easiest way to pick the emotion is, when they become very, very silent you know they’re getting upsetter and upsetter and upsetter, so it’s there. It’s just not displayed in the same manner that we’re used to displaying it, right. (M13, IT/Business Acquisition Executive)*

*Yes [there is emotions] but you need to be very perceptive and it’s briefer typically. An altering in the jaw line... (M22, Executive of Papers and Packaging)*
The experiences of interviewees M13 and M22 highlighted above reiterate the message of the Chinese counterparts not showing their emotions when they get angry, rather they just become quieter. Even when there is any emotional expression it is very brief and subtle. The challenge for Australian managers is to observe the occurrence of any negative emotions in their Chinese counterparts by taking note of their non-verbal communications. That is, when the Chinese counterparts get angry, they can become very quiet or silent and the Australian negotiators need to try to manage the situation with the Chinese counterpart’s emotions to prevent it from negatively influencing the negotiation.

The interviewees also stated that they experienced subtle or no emotional displays, but instead noticed subtle body language changes in the Chinese counterparts as a sign of the Chinese counterparts’ experiencing negative emotions such as anger or unhappiness. One interviewee specifically commented on body language changes, such as pushing their chair backwards and their body away from the table, and others commented broadly on this aspect. This again supports past research where Chinese were found to not want to outwardly express emotions to their Western counterparts during the negotiations (Hurley et al., 2016). The interviewees commented that they have to be very careful to observe the changes in body language and to resolve any problems arising from the negative emotions from their Chinese counterparts to prevent the negotiation from becoming unsuccessful. The following example is demonstrated by interviewee M13’s experience with Chinese counterparts only expressing emotions with subtle changes in body language, such as moving back from the negotiation table:

*They still have the same, similar body languages. They will move away from the table, maybe only an inch or two inches, but you’ll see the body language as well. It’s just not as outgoing as what we have here in Australia. (M13, IT/Business Acquisition Executive)*
Prior research suggested different cultural groups have different emotional display rules regarding what are considered as acceptable cultural norms (Ekman, et al., 1969; Ekman & Friesen, 1971; Ekman, 1992; Matsumoto, 1990; Matsumoto, et al., 2005; Matsumoto, Yoo & Fontaine, 2008; Safdar et.al, 2009). This is supported by the findings, with interviewees commenting that often they have to be very careful to observe the non-verbal cues in their Chinese counterparts that could be suggestive of their state of emotions during negotiations, to correct any misunderstanding that might have occurred during negotiations and facilitate a better outcome in the negotiation between the two sides. Although this quote is similar to the theme above, the following example depicted one interviewee’s experience with his Chinese counterpart:

Yeah, yeah. You do ... and that sort of, as you get to know the people personally, one of my suppliers, the president starts shuffling paper around, that’s the signal to, you know, either you get it done, or he’s gonna lose interest and go away...Yeah, just learn to read that. He tends to shuffle his papers before he gets up and walks out. Um, so once he starts shuffling his paper, we might just maybe change the topic and-and discuss another issue. (M9, Buyer and Products Executive of Engineering Company)

The above experience of interviewee M9 of learning to read the Chinese emotions better in negotiations comes with experience. Additionally, getting to know their Chinese counterparts in a more personal way enabled the interviewee to decode the Chinese counterpart’s state of emotions during the negotiations. In the face of a lack of emotional displays, by decoding non-verbal communications such as the shuffling of papers, it is a sign that the Chinese counterpart is not happy.
5.2.5.2 When negotiation ‘goes on and on’: an indicator of negative emotions experienced by the Chinese

The interviewees reported on their experiences of negotiations ‘going on and on’ with the Chinese counterparts, as an indicator that the Chinese might be angry or not happy with things during the negotiations, even though there are no visible negative emotional displays. In general, interviewees agreed that negotiating with the Chinese can be time-consuming; however, if the time-consuming negotiation process is linked to the occurrence of negative emotions, the Chinese counterparts can become less cooperative and drag out the negotiations. Amongst the interviewees, 18 out of 25 commented on how negotiations with the Chinese can be time-consuming and tend to go on for a long time. This can be captured by words such as: ‘time-consuming’, ‘having long pauses’, ‘takes your time’ and ‘may not get anywhere’, ‘time-consuming when senior members are present’, ‘takes time’ and ‘don’t rush them’ etc. Although negotiating with the Chinese can tend to be time-consuming as a result of the Chinese high-context culture (Hall, 1989; Samovar, et al. 2015a; Lügger, et al., 2015), an unusually long negotiation with no clear sense of direction, and going around in circles, could be suggestive that something is wrong.

Past research has demonstrated that the negotiation can also be jeopardised if an inappropriate approach and strategies are adopted, and if communication difficulties and disagreement are not addressed properly in a timely manner (Zhu, 2011). This highlights the importance of detecting misunderstandings, mood changes and negative emotions developing in Chinese counterparts. Detecting these events could prevent the accumulation of unwanted negative emotions that could have a negative impact on the Chinese negotiators’ intentions and behaviour which can subsequently ruin the negotiation by influencing a more concrete form of judgement-driven behaviour (Weiss & Cropanzano, 1996; Van Kleef, et al., 2004; Van Kleef,
This is especially important, as the Chinese tend not to express their emotions in an obvious manner (Hurley et al., 2016), so timely detection of misunderstanding and/or negative emotions in the Chinese counterparts is important for Australian managers:

*I think we were all pretty uncomfortable...I mean you can see in the negotiation of the discussion going on between the team...but because he was talking to his boss, you could see his face, he wasn’t upset but he would have a lot to say...But it was the...the interpreter who says there was something not quite right with this guy, he’s not happy... I got the impression, ...the feedback that this guy wasn’t happy about something...Now, that to me...became interpreted he was angry that he was not getting his way, not that he’s-he’s not satisfied, there is a difference in that interpretation... because it went on and on and on, I think well, there is something in there...There is some bee in the bonnet. (M2, Engineering and Cable Executive)*

The above quote depicts interviewee M2’s account of feeling something is not quite right with the negotiation. The interviewee commented that even though there were no visible emotional facial displays, the negotiation went on for a long time with ambiguous messages coming from the Chinese (although being conveyed through the interpreters). The interviewee commented that he felt something was not quite right, and he got a sense that the Chinese counterparts were angry or unhappy with something about the negotiation, nevertheless they were not displaying negative emotions nor verbalising the problem, rather, they were stalling the negotiation. He described it as ‘*there is some bee in his bonnet*’. Although he did not find out exactly what the problem was, he later guessed it was possibly regarding the technical specifications.

**5.2.5.3 Australian managers adjusted their behaviours, when negative emotions were detected**

The interviewees also commented on the importance of adjusting their own behaviours in an attempt to save the negotiations, once they recognised there was a
problem from negative emotions being detected. This supports past research demonstrating that when emotions are experienced and displayed, they can exert an effect on the individual expresser’s behaviours, and can also affect others who observe the emotional displays (Van Kleef, 2014). When the interviewee commented that he detected negative emotions in the Chinese counterparts, it was even more important for the interviewee to remain emotionally composed and patient (Salmon, et al., 2016), and to control his own emotions and behaviour to ensure the negotiations continued to run smoothly, as evident from interviewee M10’s experience:

"So you need to go into this analysis and eventually you can feel that you're getting closer and closer to what the real problem was. And that's when the face-saving comes into play where they will be defensive about that, embarrassed... And there were two ways... one is you can become very hard-nosed... and very loud. ... that can be a very Western default to-to go...path...the other one is to explain to them that we are about outcome focussed, we are about performance, and I know that they understand that... let’s work on this together... and [try] fixing the problem and bring to the table things that would make their job easy to fix it. (M10, Men’s Wear Retail Executive)"

The behaviour of this individual manager (M10) illustrated the importance for managers to be equipped with problem-solving skills or to be trained for it. Hopkins and Yonker’s (2015) research on emotions and EI have recommended that organisational management training and development programs pay attention to improving managers’ EI capacities, for example, in problem-solving, social responsibility and their ability to control impulses for conflict management.

5.2.6 Australian managers experienced negative self-emotions (e.g., fear) when negotiating with their Chinese counterparts

The interviewees commented that they have experienced negative self-emotions when negotiating with Chinese negotiators. This is because Chinese
counterparts can be very tough and difficult to negotiate with, because they are very smart, knowledgeable and experienced. Negotiating with Chinese counterparts can be quite an unsettling experience. Of the 25 interviewees, about half commented on experiencing negative emotions, with one interviewee explicitly commenting on experiencing fear, and others commenting more broadly such as feeling uncomfortable, confused, or anxious. Previous research has already shown that the Chinese tend not to display any outward emotions during negotiations (Hurley et al., 2016), therefore, it is difficult for Australian managers to gain an accurate assessment of the direction of the negotiation with the Chinese. This difficulty, coupled with differences in communication approaches between the Chinese high-context culture versus the Australian low-context culture (Hall, 1989; Samovar, et al., 2015b; Lügger, et al., 2015), can create a great deal of stress or anxiety given the uncertainty the Australian managers are faced with when negotiating with their Chinese counterparts. Past research has demonstrated the power of negative emotions such as fear (Adler, Rosen & Silverstein, 1998), so it is important for Australian managers to remain calm and composed in regard to their own emotions and also remain patient, an attribute being shown as important for negotiations (Salmon, et al., 2016).

The following example is an interviewee’s account of his experience of a negative self-emotion, such as fear, whilst negotiating with Chinese counterparts:

*Fear...Yes. There was-there was the fear that, we were...outnumbered, outsmarted, there as the... fear of how we gonna turn it round into something where we could provide something that was going to satisfy this. We didn’t know what, what was going on, we didn’t know that they were going to be negotiating such different thing from what we had expected...Now and-and...because you’re dealing with people that are obviously very, very knowledgeable. It...comes back to the same issue...You felt you would be played...you were the fish on the hook...You were the cat food with the claw. Do*
you know what I mean? ... it-it was very much like that...so that was my own personal emotions. (M2, Engineering and Cable Executive)

Interviewee M2 felt outsmarted, outnumbered and uncertain during negotiation with the Chinese counterparts. This was perhaps a deliberate negotiation strategy on part of the Chinese. However, this negative emotion of fear affected his confidence when negotiating with the Chinese. The negative emotion of the Australian manager, if not carefully managed, could have a negative impact on the Australian’s negotiation success.

5.2.7 Chinese use emotions (game playing) on Australians for a more favourable outcome in negotiations

Out of 25 interviewees about 15 commented on Chinese counterparts using negotiation tactics involving emotions. The use of emotions by the Chinese is to cause the Australian counterparts to feel uncomfortable, or to impart a sense that they are in the wrong and thus need to compromise and agree to the Chinese counterparts’ terms during the negotiations. Their comments ranged from causing ‘frustration’, ‘anger’, ‘impatience’, ‘yelling and shouting’, ‘making the Australian managers feel fearful’, or ‘confused’ etc. This supports research on the tricks or tactics in Chinese negotiations, where the Chinese draw on their inherent knowledge and know-how (i.e., mental models, such as those captured in The Secret Art of War: The 36 Stratagems) on how negotiation should be conducted with their Australian counterparts (Rivers & Volkema, 2013). By using emotions during negotiations, the Chinese are exerting a subtle but powerful game play on the Australian managers to make them feel very uncomfortable and, accordingly, to influence the negotiation in their favour.
The following reflection of interviewee M2 highlights the Chinese counterparts’ use of emotions during a negotiation tactic to pressurise the interviewee into agreeing to the Chinese counterparts’ negotiation terms. The interviewee realised that he was being played by the Chinese counterparts, but felt vulnerable and was unable to overcome the compromised position in the negotiation:

*It was hard to read…it’s almost like… you got a cat…with a mouse. You feel like he is a dominant predator and you’re the meat of his bowl, he was just stirring you with its claw…as he’s told that it’s not possible, the-the claw maybe gets a little bit…tighter…faster…But you can see he’s patient…you feel uncomfortable yourself…how are we going to get round…it wasn’t in his face…it’s the voice. But in terms of detecting his emotion…I don’t think so…you don’t know what was real and what was not real…of what he is expressing. Certainly he plays, you could not read anything on his face, it is his voice…and as a dominant person, he was able to use his posture and his voice…You couldn’t…read his face.* (M2, Engineering and Cable Executive)

Chinese counterparts can also use a dramatized display of emotions by the group members to overwhelm the Australian managers during negotiations, selectively displaying emotions strategically (Kopelman, et al., 2006) to scare their Australian counterparts:

*Yes, 14 people versus myself and a colleague,…he actually spoke both Chinese dialects, so he was there as the interpreter…it’s getting noisier and noisier in the room…someone more senior comes in…more yelling, pointing and shouting. It was all a bit of an act to some degree because they knew as well as I did that it could work but it was about actually trying to maximise the claim…So my strategy was to actually talk softer and softer…and…they started to feel uncomfortable about yelling and shouting…lowered their voice…One by one they all disappeared…they agreed they would use it but they wanted to negotiate a discount, so we actually paid them a discount.* (M19, Bath and Kitchen Retail Executive)

The above experience of interviewee M19 outlines him responding to the Chinese display of negative emotion – anger – by adjusting the volume of his communication during the negotiation to become softer and quieter, thus
counteracting the Chinese negotiation tactic of negative emotions and visible emotional displays of anger by the group members. Consequently, the interviewee was able to regulate his own emotions to prevent the negotiation from turning negative, and improve the negotiation outcome. This example is an interviewee’s account of the Chinese form of exaggerated display of negative emotions of anger which, although rare, is very powerful in making the Australian managers feel unsettled during negotiations. However, in this case, the interviewee is a very experienced China negotiator, and was able to remain calm, control his own emotions and use EI skills (not giving in to impulse) to turn the situation to his favour (Hopkins & Yonker, 2015). This interviewee suppressed his own negative emotions and displayed his emotions strategically (a consideration that the individual has to make) in the negotiation (Kopelman, et al., 2006) to influence the direction of negotiation, resolve the conflict and achieve success.

5.2.8 Australian managers use emotions on their Chinese counterparts to achieve a winning outcome

Eighteen out of the 25 interviewees reported using emotions on their Chinese counterparts to manipulate their Chinese counterparts’ behaviours during negotiations, in order to achieve a positive or winning outcome for them. This supports past research that negotiators can use emotions as powerful tools, either to suppress their own emotions and/or strategically display their emotions in the negotiation process to achieve a more favourable outcome for them (Kopelman, et al., 2006).

The experiences of interviewee M19, below, portray the use of emotions on his Chinese counterpart to elicit an emotional response, in this case, causing distress.
This, in turn, emotionally regulated the Chinese counterpart and influenced her behaviour during negotiations to affect the negotiation outcome:

Well, it’s interesting. Going back to that description with the two laptops, at one point during that Thursday afternoon I had this lady so distressed that she was at the point where I thought she was about to start crying, and that for her, that would’ve been a disaster emotionally…. At which point I briefly changed the tone of the whole discussion and said, “look, we’re two very famous organisations, between you and I we will actually work through, we will come to a resolution that works for both companies”, and I said, “you’re obviously a very clever successful person”…and briefly took enough heat out of the air for her to calm down enough so that she didn’t cry. She knew that I knew where she was at, so that actually helped significantly. (M19, Bath and Kitchen Retail Executive)

Although on the same theme above, the following example from interviewee M15 demonstrated an interviewee’s use of negative emotions – anger – on his Chinese counterpart to elicit an emotional response. The interviewee uses ‘spit the dummy’ or ‘taking time-out’ tactics to show anger and disapproval about how things are progressing in the negotiations, which demonstrates the use of emotions on the Chinese counterparts to influence the negotiation. However, if the Chinese counterparts remain emotionless or guarded with their emotions, the opportunity remains to change the dynamics of the negotiations, almost like a circuit-breaker:

In terms of emotions, I suppose it's the act of the negotiator not to show on faces of being upset, as it can be used during negotiation to 'spit the dummy’ as we might call it, hit the table, take time-out, not happy with this give, strong signal and get the view across...You make the grand statement, take time-out...They might then use the dinner in an informal sense to understand what you are angry about today...and get to understand who is who and the decision-maker. If the negotiation looks a bit rocky then a decision-maker may end up at the table...we have done the same thing [before], we brought a big gun in. I need your boss to sit at the table that we are serious, so we brought in the senior guy, or that we are so upset about it we bring in the senior guy to calm and get things on track. (M15, Postal Services Executive)
Interviewee M15 used anger to help bring about a response from the Chinese counterparts to facilitate the negotiation or to correct the course of the negotiation and bring it back on track. Therefore, it is important that the Australian managers manage their own and the counterpart’s emotions, as it can influence the negotiation outcome. Additionally, Australian managers can also leverage off the Chinese cultural value of seniority and respect for hierarchy, by bringing in a senior member of the company, or the boss, to exert influence on the Chinese counterparts. This, in turn, may influence the negotiation towards a more favourable outcome for the Australian managers.

The interviewees also reported that they responded to the Chinese counterparts with appropriate use of emotions, to try to remove the emotions from the negotiations, and then use logic to solve the problems to save the negotiations. As already discussed above (Section 5.2.2.), the interviewees exercised control over their own emotions during negotiations with their Chinese counterparts. As required, they have also used emotional regulations on their Chinese counterparts to convert any potential negative emotions into positives, or make them neutral so as not to negatively impact on the business or negotiation outcomes, as depicted by the following quote from interviewee M8:

*I tried to use ‘emotion to match emotion’ in that I went to each individual and was sympathetic to their plight. I went up to them, “I understand you’ve got issues”, so I tried to be sympathetic towards them, but I was also annoyed that they had not come and addressed it in a proper manner, but you just have to move on. So, yes, I settled each person that I could individually so that I could try and draw the emotion out, and tried to be sympathetic and get the emotion out of it and try and bring logic back into it, yes. (M8, Buyer and Executive of Retail Products)*

According to Olekalns and Druckman (2014), research on the emotions’ influence on negotiation has predominantly been focussed on anger and happiness.
However, not all negative emotions yield the same effects. Furthermore, depending on whether negotiators converge to the negative emotions like anger, or the positive emotions like happiness, dissimilar negotiation outcomes can result (Olekalns & Druckman, 2014). This is supported by the findings showing Australian managers exercised care with controlling and regulating their own emotions (to not get angry) and that of their Chinese counterparts (to convert any potential negative emotions into positive or neutral) in order not to jeopardise the negotiation outcomes.

5.2.9 Chinese have a strong sense of national pride in negotiations

The interviewees shared the Chinese counterparts’ strong sense of national pride and commented on the need to avoid criticising China or Chinese culture. This is because it can cause offence and can lead to the Chinese counterparts feeling angry or annoyed, and these negative emotions can negatively influence the negotiation outcome. It is better for the Australian managers to talk about more joyous things like family and avoid politics and criticising China. Amongst the interviewees, about half commented on the Chinese having a sense of pride, in both the younger and the older generations, and national pride is one aspect especially important to the older Chinese. This supports research that shows international negotiation failures can be linked to negotiators’ cross-cultural competencies, such as their level of knowledge and appreciation of the counterpart’s cultures, their lack of ability to effectively communicate with people from other cultures, and inflexibility to adapt to unaccustomed cultural contexts (Groves, Feyerherm & Gu, 2015).

So, no, being the negotiator with Chinese I am going to say emotion comes into play. Sometimes it is depending on the person, you don’t talk about politics... so politics is a no-go zone, especially not to the older generation... if you go into politics basically you get a slap on the hand...if you speak to younger Chinese, no, they can express their views, they are more open but I think they have a very strong sense of national pride. So, once again, you don’t ... you don’t say that China is no good... So emotion comes into play so, no, always be sure you
know what you are talking about. (M20, Paper and Packaging National Executive)

The quote above from interviewee M20 provided an overview of the importance of national pride to the Chinese. To improve negotiation outcomes, it is important to avoid criticising China, the Chinese and politics. It is particularly important when negotiating with the older Chinese to avoid this, whereas the younger generation of Chinese are more open-minded. They can also express their views and are less likely to get angry.

5.2.10 Losing face by the Chinese counterparts can result in negative emotions and negotiation outcomes

In the interviewees’ experiences, the Chinese counterparts’ focus on the Chinese concept of face, face giving and face saving, and preserving face is very important in negotiations and when doing business with the Chinese. When Australian managers cause the Chinese to lose face, this lack of face saving by the Australian managers with the Chinese counterparts, can cause the Chinese counterparts to experience negative emotions. If this negative emotion is left unresolved and accumulates, potentially the negotiation could fail. A total of 20 out of the 25 interviewees commented on the importance of Chinese face, and that causing the Chinese to lose face can result in the Chinese getting upset or angry. Only some of the interviewees commented more specifically and others generally on the relationship between face and emotions. This supports past research that highlighted that loss of face was effective in eliciting the target's anger, and was also responsible for more relationships failing for the Chinese than for the Americans (Kam, & Bond, 2008). More recent research also links emotions to face-negotiation between the US and the Chinese in negotiations and conflict (Zhang, et al., 2014).

Furthermore, past research has highlighted that negotiators can choose to selectively
suppress and/or display their emotions strategically in negotiations (Kopelman, et al., 2006) to influence the development or direction of negotiations to work in their favour and achieve a win:

We probably spent the first hour or two going down one particular track and then he just changed his mind... We sort of got to a pretty good stage, and then he decided that he was going to change tack ... So I just [pause] got the bit of paper and screw it up. I said, listen, we have wasted all of our time...It was just myself and Mr Zhu, and well any way, Jeff was there that day... and Mr Yee and his assistant Miss Pan. I got this, I screw up this piece of paper, and I just threw up the desk, and that was very insulting to him ... he was angry... he said we have 10 minutes’ break and he left the room... And I later found out if someone is negotiating with you and you’ve got your peers in the room or subordinate in the room, you’ve got to save face ... I had demeaned him. (M1, Executive and CFO of Engineering/Motor)

The experiences of interviewee M1 mentioned above capture the essence of losing face, where the interviewee, after a long negotiation, got frustrated, lost his composure and got angry and screwed up a piece of paper and threw it at the Chinese counterpart. This resulted in the Chinese losing face in front of his subordinate, which would then have resulted in negative emotions and negotiation outcomes if the situation was not corrected. The interviewee commented afterwards that he regretted what he had done and that he learned a valuable lesson.

5.2.11 Focus on a win-win by giving face prevent negative emotions impacting negotiations

The interviewees reported on the importance of observing face, giving face and face saving as all important practices in negotiations with the Chinese. Moreover, observing face and giving face to the Chinese, and not causing the Chinese to lose face, can help Australian managers with managing the Chinese emotions. Half of the 25 interviewees agreed that achieving a win-win scenario for both sides is important, particularly the more experienced negotiators. Research has
supported and demonstrated that the Chinese concept of face is very important in negotiation (Samovar, et al., 2015a; Kwek & Lee, 2015; Aslani, et al, 2016). Additionally, by observing the Chinese face and respecting the Chinese counterparts, the Australian managers can prevent the occurrence or accumulation of unwanted negative emotions and, thus, prevent possible negative influences on negotiation behaviour that can affect the negotiations. This supports past research on East Asian and Israeli negotiators, highlighting the importance of respect when negotiating with people in East Asian cultures, such as in this case with Chinese counterparts (Kopelman et al., 2008):

*He call time-out like a basketball time-out,...he displayed his emotions, he said we have 10 minutes’ break and he left the room...And I later found out that it was quite insulting to him, and one of the things you learn over time is that you’ve got to have a win-win ... if someone is negotiating with you and you’ve got your peers in the room, or subordinate in the room, you’ve got to save face ... you know, whatever deals we come out with, it has to be a bit of win-win, they can’t be seen to be losing face especially in front of [their peers].... OK, but I did learn an unfortunate lesson that day. But it can be very frustrating sometimes dealing with them...Absolutely, wasted three hours. Well, anyway, at the end of the day, we did resolve it, (M1, Executive and CFO of Engineering/Motor)*

The quote above demonstrates the importance of focusing on achieving a win-win and practising face saving so as not to cause the Chinese counterparts to lose face and get angry, and to prevent negative emotions from developing and jeopardising the negotiation.

Moreover, when Australian managers practise giving face to their counterparts, it can lead to positive emotions being experienced by the Chinese, which can positively influence their behaviours during negotiations and encourage collaborations that can enable a ‘win-win’ for both sides in negotiations. The reverse can also happen, with Australian managers using face saving to try to save
negotiations with their Chinese counterparts to ensure that they too have gained something from the negotiation. This is also supported by research connecting emotions to the Chinese face and interpersonal conflict (Zhang, et al., 2014).

5.2.12 Humour can lighten the mood and resolve tensions in negotiations

The Australian managers reported the use of humour to lighten the mood in business dealings and negotiations with their Chinese counterparts. Humour was also used to resolve tensions and improve negotiations by positively influencing the Chinese counterparts’ mood and emotions and, potentially, influence their behaviours and move towards mutual benefits. Amongst the 25 interviewees, at least half commented on the importance of resolving negative emotions during negotiations, and many commented on using positive emotions to influence the Chinese in negotiations. This supports research, as positive emotions have been found to assist with enhancing cooperation, decreasing conflict, and increasing perceived task performance (Barsade, 2002). Recently, research into Japanese negotiators has highlighted that there is a role for humour and laughter to influence the negotiation process and conflict management (Maemura, 2014). Furthermore, research has found that various types of humour can have both positive and negative influences on an individual’s creative behaviour at work and their innovative productivity. Overall, humour that contains aggression has negative implications while, affiliative, coping, and reframing humours are linked to positive feelings (Hurmelinna-Laukkanen, et al., 2016).

The interviewees reported using humour and positive emotions to positively influence business interactions and the negotiation experience and outcomes. Building rapport was effective in efforts to reduce any tensions or unwanted emotions during negotiations that could negatively impact on the behaviours of the
Chinese counterparts. Research has found that emotionally intelligent negotiators can utilise positive emotions to strategically influence the negotiations by managing conflicts when they arise, fostering trust and facilitating a potentially more favourable experience and outcome (Katz & Sosa, 2015).

The following is an example of how one interviewee, M10, used humour by making jokes to laugh at himself, but not at the Chinese, as this can cause a loss of face for them. His sense of humour and his humble behaviour helped to build rapport and made the Chinese counterpart feel more comfortable, which helped the negotiation process:

[my view is] Australians typically like to laugh at ourselves…Alright. So, therefore, I found that making myself …appear a fool or the joke was also endearing characteristics…I found that my experience with the Chinese to be quite reserved when it came to humour…They didn’t ever want to do anything that seemed to make them the joke…So if I was the joke, that will be a great release and it will make them feel very comfortable… I was humble but confident. (M10, Men’s Wear Retail Executive)

Also, generally, Australian negotiators were liked by their Chinese counterparts for their friendly demeanour and approach in negotiations, as depicted by the above quote.

So, I think that’s a long way of saying that I think, at the end of the day, I’m not Chinese and I think there’s a lot about the way I think and act is quite useful. I don’t want to give that up and I found that it works much better by finding out what are the things I really need to take notice of but within that – a bit like an Australian …I’m different to people here and it’s quite likely that I do different things. That gives me leeway to do things differently. I can stand up there and make a joke and then I can lean against a chair and everything, whereas the Chinese lăobăn [i.e. Boss] has to sit there a bit more formally. (M14, Banking and Financial Services Executive)

This second example above shows interviewee M14 recognising that one of his strengths is that he is different from the Chinese and, as an Australian; he is not
expected to adhere to the same cultural norms of behaviour and expressions of emotion during negotiations. Therefore, this interviewee leveraged off the cultural differences in terms of expression of emotion or emotional displays to help him break away from the formality of the Chinese way of negotiation. This also helped to build the relationship and facilitate the negotiation process with the Chinese counterparts.

5.3 Summary of the Findings

In summary, Figure 5.1 below represents the types of emotions the Australian managers and their Chinese counterparts experienced during negotiations. Figure 5.2 is a representation demonstrating how emotions can influence negotiations between Australian managers and their Chinese counterparts (RQ2). More specifically, emotions can play a role in influencing the behaviours of negotiators. The Australian managers can monitor their own emotions and those of their Chinese counterparts, practise emotional awareness, composure and emotional self-regulation and the emotions of the counterparts to enhance negotiations with their Chinese counterparts. Furthermore, Figure 5.2 forms part of the beginning of the conceptual framework emerging from the findings of this research in Chapter 7. Additionally, Table 5.1 provides a selection of the emotions emerged from the cross-cultural negotiations between Australian managers and Chinese counterparts.
Figure 5.1: A summary of the emotions Australian managers and their Chinese counterparts experienced during negotiations.
Figure 5.2: Representation of how emotions can influence negotiations between Australian managers and their Chinese counterparts (RQ2)

Table 5.1: Selection of the emotions emerging from the cross-cultural negotiations between Australian managers and Chinese counterparts

<table>
<thead>
<tr>
<th>Interviewees (Australian managers)</th>
<th>Emotions experienced by the interviewees</th>
<th>Emotions experienced by Chinese counterparts of corresponding interviewees</th>
</tr>
</thead>
<tbody>
<tr>
<td>M1, Buyer and Finance Executive of Engineering company</td>
<td>Frustration, anxiety, annoyance, anger, followed by calm</td>
<td>Shocked, anger, followed by calm, and no emotional display</td>
</tr>
<tr>
<td>M2 Engineering and Cable Executive</td>
<td>Fear, anxiety</td>
<td>Emotionless</td>
</tr>
<tr>
<td>F8, Buyer and Executive of Retail Products</td>
<td>Calm, no emotional display, confusion, annoyance, followed by calm</td>
<td>Worry, anxious, followed by calm</td>
</tr>
<tr>
<td>M9, Buyer and Products Executive of Engineering company</td>
<td>Calm</td>
<td>Subtle change with body language for anger no emotional display</td>
</tr>
<tr>
<td>M10, Men’s Wear Retail Executive</td>
<td>Confusion, anger, followed by calm</td>
<td>Anger, unhappy feeling, rage – shouting, Anger, disappointment, frustration distress, followed by calm</td>
</tr>
<tr>
<td>----------------------------------</td>
<td>-----------------------------------</td>
<td>-------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>M13, IT/Business Acquisition Executive</td>
<td>Confusion, anger, followed by calm</td>
<td>Rage, anger, followed by calm, and no emotional display. Non-verbal cues and silence for anger.</td>
</tr>
<tr>
<td>M14, Banking and Financial Services Executive</td>
<td>Humour, joy</td>
<td>Amazement, surprise</td>
</tr>
<tr>
<td>M15, Postal Services Executive</td>
<td>Anger, followed by calm</td>
<td>Confusion, followed by calm. Non-verbal cues for disapproval, such as shuffling of paper.</td>
</tr>
<tr>
<td>M19, Bath and Kitchen Retail Executive</td>
<td>Calm</td>
<td>Distress, followed by calm</td>
</tr>
</tbody>
</table>

Overall, this chapter has investigated the occurrence of various emotions during negotiations between the Australian managers and their Chinese counterparts (Figure 5.1), and the influence of the various emotions and the transition from one emotional state to one or more states (refer to Figure 5.1, e.g., from calm to anger, or from rage to calm, and from neutral to joy, etc.). Additionally, the influence of emotional displays on the negotiation experience and the control and regulation of emotions during negotiations and the different outcomes between the Australian and Chinese managers is presented. The findings suggest there are marked differences between the Australian and the Chinese in terms of emotional displays. There are also generational differences in emotional display between the younger and the older Chinese cohorts, and how individuals self-regulate their emotions and those of their counterparts during negotiations. The younger Chinese counterparts are more expressive with their emotions, whereas the older Chinese cohort is less expressive and more guarded with their emotions during negotiations with the Australian managers. Furthermore, the risks and benefits of both negative and positive emotions
on the negotiation experience and the differences in outcomes between the
Australian managers and their Chinese counterparts are also analysed.

To sum up, Table 5.2 below provides a summary of the major findings
(themes) of RQ2 and the number of interviewees reporting this theme (statistics).

The next chapter will present the findings of RQ3, the insights of Australian
managers’ negotiation experiences, when negotiating with their Chinese
counterparts.

Table 5.2: The major findings (themes) of RQ2 and the number of interviewees
reporting this theme (statistics)

<table>
<thead>
<tr>
<th>The major findings (themes) of RQ2</th>
<th>Number of interviewees reporting this theme</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Emotions can affect negotiator’s behaviours in negotiations, so emotional awareness is important in negotiations.</td>
<td>24 interviewees</td>
</tr>
<tr>
<td>• Emotional composure and self-emotional regulation are needed in negotiating with the Chinese.</td>
<td>22 interviewees</td>
</tr>
<tr>
<td>• Chinese counterparts have subtle emotional displays in negotiations.</td>
<td>21 interviewees</td>
</tr>
<tr>
<td>o Australian managers need to detect the negative emotions (e.g. disapproval or anger) to prevent a negative impact on negotiations.</td>
<td></td>
</tr>
<tr>
<td>• Chinese counterparts regard emotional display to be a weakness in negotiations</td>
<td>22 interviewees</td>
</tr>
<tr>
<td>• Australian managers may have difficulties working out whether the Chinese are really angry or not.</td>
<td>21 interviewees</td>
</tr>
<tr>
<td>o Chinese are less guarded with their emotions with people they know or have good guanxi with.</td>
<td></td>
</tr>
<tr>
<td>• Chinese counterparts’ emotional display can be rare in negotiations.</td>
<td>22 interviewees</td>
</tr>
<tr>
<td>Negative emotions (e.g. anger) demonstrated through yelling and shouting is rare in Chinese, but if occurred can enable Australian managers to resolve issues in negotiations.</td>
<td>11 interviewees</td>
</tr>
<tr>
<td>---------------------------------------------------------------</td>
<td>-----------------</td>
</tr>
<tr>
<td>Emotional display in the older Chinese counterparts is less common, even when they are offended by their Western counterparts.</td>
<td>15 interviewees</td>
</tr>
<tr>
<td>Accumulation of negative emotions in the Chinese counterparts can negatively influence negotiations.</td>
<td>12 interviewees</td>
</tr>
<tr>
<td>Emotional display of anger in the Chinese can be ‘silence’ and/or body language changes during negotiations.</td>
<td>15 interviewees</td>
</tr>
<tr>
<td>When negotiation ‘goes on and on’, is an indicator of negative emotions (e.g. anger and unhappiness) experienced by the Chinese counterparts.</td>
<td>12 interviewees</td>
</tr>
<tr>
<td>Australian managers adjusted their behaviours in negotiations, when negative emotions are detected in the Chinese counterparts, so to save the negotiation.</td>
<td></td>
</tr>
<tr>
<td>Australian managers experienced negative self-emotions such as ‘fear’ when negotiating with their Chinese counterparts.</td>
<td>15 interviewees</td>
</tr>
<tr>
<td>Chinese business counterparts use emotions (game playing) on Australian managers to influence the negotiation for a more favourable outcome.</td>
<td></td>
</tr>
<tr>
<td>Australian managers use emotions on their Chinese counterparts during negotiations to achieve a winning outcome.</td>
<td>18 interviewees</td>
</tr>
<tr>
<td>Losing face by the Chinese counterparts can result in negative emotions and negotiation outcomes.</td>
<td>20 interviewees</td>
</tr>
<tr>
<td>Chinese have a strong sense of national pride in regards to culture and politics in negotiations.</td>
<td></td>
</tr>
<tr>
<td>Focus on a win-win by giving face prevent negative emotions impacting negotiations</td>
<td>13 interviewees</td>
</tr>
<tr>
<td>-----------------------------------------------------------------------------------</td>
<td>----------------</td>
</tr>
<tr>
<td>Humour can lighten the moods and resolve tensions in negotiations.</td>
<td>12 interviewees</td>
</tr>
</tbody>
</table>
6.1 Overview of this Chapter

The previous two chapters presented the findings of how culture and emotions can influence negotiation between Australian and Chinese managers in business. This chapter presents the findings of Research Question 3 (RQ3): What are the insights of Australian managers’ negotiation experiences, when negotiating with the Chinese? More specifically, it is the insights from Australian managers’ negotiation experiences with the Chinese.

6.2 Results and Discussion

The key themes are presented below under the relevant headings, with links to the literature demonstrating how each of the themes links to RQ3. Moreover, meaningful quotes that represent the important and relevant themes of the key findings from the insights of the Australian managers’ negotiation experiences with their Chinese counterparts are presented. Furthermore, a conceptual representation of some of the key themes of the insights from the negotiation experiences of the Australian and Chinese negotiations (RQ3) is also presented (see Figure 6.1), which forms part of the new conceptual framework that will emerge from the research findings to be presented in Chapter 7 – Discussion, Limitations and Conclusion.

6.2.1. Chinese have different communication styles in negotiations

Past research has shown that Chinese have different negotiation styles from their Western counterparts (Lee & Lo, 1988; Miles, 2003; Pye, 1982, 1995; Blackman, 1997; Fang, 1999; Gao & Ting-Toomey, 1998; Ghauri & Fang, 2001;
6.2.1.1. **Chinese counterparts tend to have a more formal communication style during negotiations**

Twenty-two of the 25 interviewees explicitly commented that their Chinese counterparts had different communication styles during negotiations when compared with theirs. The Chinese counterparts were described as more formal, polite and very respectful in their communications during negotiations. The following quote from interviewee F8 depicts the Chinese communication styles during negotiation:

*It’s very respectful. Their communication styles are quite formal, quite respectful and then [they] get down to business. (F8, Buyer and Executive of Retail Products)*

The interviewees also commented that Australian managers should be prepared for the more formal communication style of their Chinese counterparts during negotiations, and to be polite and not too forceful to ensure a smooth start in the early phase of negotiations. The following words from interviewee M4 provide an example of appropriate behaviour:

*We found that in our negotiation...everybody was polite. There was no...no tolerance of sort of loud, aggressive...bad behaviour, except in the contexts of [being] amusing or for entertainment. When you’re dealing business, you are dealing business, it was very formal, coats were on, ties were on, there was nonetheless, you know, rolled up the sleeves and let’s get into it, you know. (M4, Law and Financial Executive)*

The interviewees further commented that the Chinese counterparts would start out more formally and strictly in negotiations and would become more relaxed when a relationship has been built and established. The following quote from interviewee M10 depicts the different (opposite) style of communication of the Chinese counterparts, when compared with the Australian managers in negotiations:
They always… start off formally…in fact, it’s interesting that I think in…in Australia, we would like to start off casually and build up to some level of formality…Whereas in China, I found that they start very formal. It was all very strict...And then it will become more casual as you build up relationships. (M10, Men’s Wear Retail Executive)

The above quotes highlight the importance of having knowledge and an understanding of Chinese cultural values such as face (mianzi), and relationship or connection (guanxi), and harmony in doing business with the Chinese. Consequently, having the right knowledge can greatly enhance the success of Australian managers’ business negotiations with their Chinese counterparts (Chang & Holt, 1994; Richard & McFadden, 2016; Wong & Leung, 2001; Lee, Sparks & Butcher, 2013; Buckley, et al., 2006; Kwek & Lee, 2015; Aslani, et al., 2016).

The findings support past research showing cultural differences can create confusion for less-experienced negotiators if they do not have sufficient understanding of the Chinese counterpart’s communication styles or the differences in culture (Fang, 2006; Fang & Faure, 2011; Chuah, et al., 2014; Ott, Gates & Lewis, 2016) during business negotiations.

6.2.1.2 Chinese circular but tough approach with negotiations

Amongst the 25 interviewees interviewed, 20 described their Chinese counterparts explicitly as having a more indirect approach in their communication compared with the Australian managers in negotiations. This supports past research showing the Chinese business communication style can be different when compared with the Western and the Australian communication style, as the Chinese written or verbal communication can be more circular in nature (Zhu, 1997), or more indirect (Adair & Brett, 2005; Zhu, 2008; Fang et al., 2011).

This was also more apparent in the older generation of Chinese, as they are more focussed on relationship-building rather than just on negotiations or the deal.
However, the younger generation were described as more direct with their communications, which is indicated in the experience of interviewee M20:

\[\text{OK. So, the one that is of the older generation ... so I mean it is like there is more emphasis on relationship......Yes, so very much it is like you approach them. I mean, it is like you don't jump straight into business...Yes, with them there is more entertainment, more socialising. Yes. Whereas, with the younger generation, those Chinese that could be actually educated overseas and return back to China to work, yes, maybe they actually have adopted some sort of a Western kind of culture. So it could be a more direct ... whereby even the older generations it is very much quite direct as well. Yes, so it varies from individuals, but yes, most approaches would be quite direct, yes. (M20, Paper and Packaging National Executive)}\]

Past research has found generational differences, with the younger generation more open to change and less conservative while the older generation is more reserved. These changes in values have implications for doing business with the Chinese (Ralston, et al., 1999; Egri & Ralston, 2004). The following example is an interviewee’s account of his experience of the generational difference between the older and the younger Chinese counterparts in their negotiation styles:

\[\text{Some of these younger staff is actually almost like senior managers in the operations and you do have to change the way you deal with them. They're much more straight forward, “Yes,” “No,” bang, bang, whereas the older ones, they never say “No”, it is “Maybe” and after the meeting etc...They will not say that in front of your face whereas the younger ones they will sit there in the meeting and they will say, “No, it is not going to happen.”...And so you just need to understand that and adjust the way you negotiate with them and discuss things with them. Whereas the ... older generation manager... you...would try to put in a bit more time in explaining why it is not going to happen. (M21, Paper Solutions Asia Regional Executive)}\]

As previously discussed in Research Question 2 (Section 5.4.2.2), the older generation of Chinese counterparts tend to be less willing to openly express negative emotions such as anger during negotiations. Correspondingly, the older Chinese counterparts can be more traditional and have a higher preference for guanxi/relationship building (Tong & Yong, 2014) and maintain the Chinese
preference for conflict avoidance (Zhang, et al., 2014). Thus, they tend to prefer not
to cause the Australian counterparts to lose face, even if they get upset during
negotiations.

The findings support the past research and demonstrate the importance of the
Australian managers being observant of their Chinese counterparts and aware of the
differences in approach to communications and negotiations. This awareness was
important for monitoring the negotiation process and experiences and, where
necessary, adapting their own communication and negotiation styles when
negotiating with the Chinese to facilitate more positive negotiation outcomes. At
present, research is limited on the possible generational differences in work values
(Zupan, et al., 2015) and also the possible generational differences in Chinese
negotiation approaches and styles. The findings of this research on cross-cultural
negotiation between Australian managers and their Chinese counterparts contribute
towards addressing this gap.

Chinese counterparts are hard negotiators, but can be perceived as weak
because of their indirect communication styles. Altogether, 21 out of the 25
interviewees in this research reported that the Chinese counterparts’ negotiation
styles were different from theirs, and the interviewees described that the Chinese
counterparts could, in fact, be very hard negotiators. However, the Chinese indirect
communication styles in negotiations can be interpreted incorrectly by Australian
managers and mistaken for weak negotiators. This supports past research that
culturally-specific communication styles can be utilised to interpret cultural
idiosyncrasies (Larina, 2015).

The following quote provides an example of one interviewee’s account of his
Chinese counterpart’s surprisingly strong negotiation style, which he had not
anticipated:
He’s trying to find ways of proving, prove this. But you can see he’s patient, and you feel uncomfortable yourself. And you think how are we going to get round...The voice was trying to push us in different direction, what about this, you do this, you do that, so why can’t you do it for us? It was-it was quite strong negotiation ....and not something we were expecting- I suppose it’s more to do with the fact we weren’t expecting it....You know, we were expecting to say, this is what we offer, if it is not good enough, then we have to get a different offer. (M2, Engineering and Cable Executive)

These cultural differences in the Chinese communication and negotiation styles, coupled with the Australian lack of familiarity with them, can create uneasiness and anxiety during negotiations with their Chinese counterparts. Australian managers, therefore, need to be aware that the apparently soft, less confronting communication can; in fact, mask hard negotiations, and the managers should not underestimate their Chinese counterparts. A focus on facilitating a positive negotiation process and outcome is still necessary.

6.2.1.3 Non-verbal communication is an important aspect of Chinese negotiation and communication.

According to Hall’s (1976, 1989, 1990) research, the Chinese are considered to have a high-context culture, and non-verbal or situational cues are considered significant. This is because in high-context communications, individuals tend to use more implicit and indirect messages where the meaning is derived from the social cultural context, and the person involved (Stone, 2002). Conversely, the Australian managers come from a low-context culture (Hall, 1976) where there is more emphasis on time and formal documentation such as contractual agreements. This is because low-context communications tend to use explicit and direct messages where the meanings are mostly contained in the transmitted messages. These differences mean communication is especially difficult to comprehend and the likelihood of miscommunication occurring is higher (Risberg, 1997).
Amongst the 25 interviewees interviewed, half of them (12) had explicitly commented that the Chinese counterparts used non-verbal communication during negotiations. This had included the use of body language, pauses, silence, and facial expressions. These characteristics can be missed if Australian managers are not observant of the non-verbal cues and the subtle body language of the Chinese counterparts during the negotiation process, as the following quotation indicates:

*Sometimes it is almost like you are sitting in a meeting and they don’t say anything but you can tell when the question has been asked they will look to a certain person or whatever...Like this person is a technical person, this person is a marketing person or whatever and all of a sudden a question gets asked and it is a bit tricky or whatever and he doesn’t say anything, the senior manager or whoever but he will be sort of looking over there or tapping his hand or doing something or other and a lot of the times I will suggest it to the Westerner and he will pick it up as just fidgeting...Whereas he is actually sending signals to them, “Okay, you had better note this one.”...To that bloke, “You had better take note of what this question is”.* (M21, Paper Solutions Asia Regional Executive)

The interviewees also commented on the Chinese counterparts becoming quieter when they get upset, as previously mentioned in RQ2, Chapter 5 (5.2.5.1). Additionally, there are subtle changes in their body language when something has gone wrong during the negotiation. This supports past research indicating that Chinese is a high-context culture, where non-verbal or situational signals are considered significant (Hall, 1976, 1989, 1990). This is supported by recent research showing individuals from high-context cultures such as China and Chile depended more on contexts for clues in communication as compared with their counterparts in low-context cultures, for example, in the United States (Adair, Buchan, Chen & Liu, 2013). Past research also suggests the cultural differences mean communication is even more difficult to understand and communication mishaps more likely to occur (Risberg, 1997). Recently, scholars have again highlighted that there are contextual differences (e.g., institutions, philosophies, and cultural values) between the East and
the West, which can have implications for modern management practices (Barkema, Chen, George, Luo & Tsui, 2015). Australian managers, therefore, need to be aware of the influence of cultural contexts when negotiating with their Chinese counterparts. The following example illustrates the above point regarding Chinese counterparts’ use of non-verbal communication and the changes in their body language when they get upset:

When they become... [upset] .... they will move away from the table, maybe only an inch or two inches but you’ll see the body language as well. It’s just not as outgoing as what we have here in Australia.

(M13, IT/Business Acquisition Executive)

The following example demonstrates one interviewee’s comments on Australian managers need to be more vigilant of the non-verbal cues of their Chinese counterparts during negotiations:

One of the things I found myself doing is paying much closer attention to other signals like body language, facial signals and things like that.

(M14, Banking and Financial Services Executive)

The above examples demonstrate the Chinese counterparts’ use of non-verbal communication in negotiations which can have important implications for negotiations, and can impact on the overall negotiation success and experience of Australian managers.

6.2.2 Building relationships / guanxi with the Chinese is an important part of the negotiation experience

Past research has explored how Chinese cultural aspects can influence their cross-cultural negotiation (Blackman, 2000b; Miles, 2003; Fang, 1999; Ma, 2006, 2007; Ma, et al., 2015) and has found that Chinese cultural aspects do play a role in negotiation. Moreover, guanxi is a deep-rooted concept in the minds of the Chinese stemming from the influence of Confucius (Yang, 1994; Yang & Wang, 2011; Bian & Ang, 1997; Tsui & Farh, 1997; Chen & Chen, 2004; Ma & Tsui, 2015) and is also
an important element in influencing the negotiation experience with the Chinese. Amongst the 25 interviewees, 23 have explicitly commented on the importance of building relationships / *guanxi* with the Chinese to enhance the negotiation experience. The interviewees commented that establishing rapport, and building a relationship/*guanxi* in the early stages or the informal phase of business negotiations is very important.

Furthermore, research has also suggested *guanxi* is a significant element for successful Australian and Chinese business negotiation. If *guanxi* exists between the Australian and Chinese counterparts, the Chinese tend to give more *mianzi* (face), and *renqing*, and will likely treat the Australians more positively, as compared to others who do not have *guanxi* (Hutchings & Murray, 2002; Ma & Hartel, 2005; Hartel & Ma, 2006; Ma & Hartel, 2009; Hartel, Ma & As-Saber, 2010; Ma, Hartel & As-Saber, 2011; Ma & Tsui, 2015).

### 6.2.2.1 Before negotiation starts, negotiators need to first build *guanxi*

Past research has also shown that the Chinese prefer to build the relationship or *guanxi* before commencing actual negotiations; hence the initial meetings are important (Zhu et al., 2007) to ensure the success of the negotiations. Accordingly, negotiations can break down if unsuitable actions and strategies are employed which can lead to conflicts and communication problems if not corrected in a timely manner (Zhu, 2011).

The following quote from interviewee M15 demonstrates the importance of the early stage or informal phase of negotiation that enables the Australian counterparts to begin to build rapport with the Chinese:

*Whatever your dealings are, the relationship is foremost important and you always must have a mechanism to break the ice. If your potential Chinese partner is in Australia, you will highly likely, you are going to entertain them, show them Melbourne, Sydney, whatever. In doing so, you lay the foundation of a relationship to help with the business dealings and, similarly, when you are in China, they want to*
extend in a fashion which they are comfortable with. So the rules of the game whether you are in Australia, USA, London, China, you have to get to know your business partner, the best way to get to know them is informal...In terms of strategy of dealing with the Chinese. (M15, Postal Services Executive)

The importance of building guanxi at the start of the process is supported by the findings of this research, as the interviewees commented on the need for Australian managers to focus on building rapport and relationships with the Chinese counterparts, to enhance the possibility of a more positive outcome from the negotiations. Other research has also suggested building guanxi is also very important for the Chinese, as this will enable subsequent trust to be created (Buckley, et al., 2006). The finding of this research also supports recent research demonstrating that the building and enhancement of guanxi is an important success influencing factor for doing business in China (Berger, et al., 2015) and negotiation is no exception.

6.2.2.2 After guanxi is built, problems can be resolved better in negotiations.

The interviewees further commented that once guanxi is built, it can improve problem-solving in negotiations. The following example illustrates the interviewees’ negotiation experiences with the Chinese counterparts, and demonstrates the importance of having built guanxi to help with resolving problems and obstacles in negotiation:

So when things go wrong...initially, you use the relationship (guanxi) to understand the root cause of the problem....And...really strike to understand what the problem is... (M10, Men’s Wear Retail Executive)

The findings support past research showing how guanxi can facilitate the resolving of problems (Barbalet, 2014; Worm & Kumar, 2014; Brett, 2017) in negotiations, as demonstrated by the above quote from interviewee M10.
Consequently, the key to successful Australian and Chinese business negotiation is to establish a certain level of rapport, to build a relationship. This is supported by the findings, as demonstrated by the quote below from interviewee M22:

*The kind of [approach] tactics that I generally use when I’m in a negotiation is to focus very much about the business last and focus very much about family, interests, sport, the weather and everything else before I worry about business and dealing with a lot of Chinese people. Now that works for a lot of the more traditional businesses. (M22, Paper and Packaging Procurement Executive)*

The above example highlights the importance for Australian managers to take a proactive role to build rapport and relationships with their Chinese counterparts before formally engaging in business, as this can improve negotiations.

6.2.3 **Hierarchy makes senior Chinese members the key decision makers in negotiations.**

The interviewees described their Chinese counterparts as members of a collectivist culture, together with the traditional Confucius teaching and influence and tend to defer to their older and more senior members as the decision-makers in negotiations. This supports past research demonstrating that the Chinese culture is more hierarchical and tends to give more power to the senior members in business negotiations (Lügger, et al., 2015).

This was supported by 20 of the 25 interviewees. Others commented more generally that the younger Chinese counterparts respect their senior members and seniority matters in negotiations. The following quote provides an example of the Chinese counterparts’ valuing of seniority as part of their traditional Confucius teaching and their collectivist cultural influence:

*I think that should actually be ... I think Chinese people are quite polite and quite passive basically in terms of culture...Yes. It is like you have been living here for 20 over years but if you have seen Asian*
students in a lecture hall, most of them will be very passive. When the
lecturers ask for a response, nobody actually ... even though they
have a point to contribute. ...So in the Confucius teaching whereby
you learn from your teacher, you do not question, you do not basically
challenge and that's where the difference... (M20, Paper and
Packaging National Executive)

Whilst still on the same theme of the importance of hierarchy and respect for
the elders, thus making the senior members the key decision-makers with the
Chinese in negotiations, the following example demonstrates the above theme and
also the differences in views of different generations:

It is huge plant and they employed many workers, the son of the
owner wanted to revamp the whole factory and this involved
introducing a few fully automated production lines, and I was helping
to look at the GMP side of things. The project did not go ahead,
because the older boss did not want to change because of the fear that
some of his factory workers may be out of jobs. There was
generational difference between the old boss and the son. The son
wanted to bring the factory to the next level, but he still respected his
father's views...He did not say much in the negotiations, but we all
could sense he did not approve...It wasn't until later, when he left the
room, that the son indicated that they were...not ready for such a big
change yet. (M25, Executive of Health Supplements Manufacturing)

Accordingly, if Australian managers are respectful of this Chinese value, it
can better enhance the negotiation success and facilitate a more positive negotiation
experience with the Chinese counterparts. The following example demonstrates what
one interviewee commented on the importance of needing to be respectful of the
Chinese, especially when negotiating with the seniors and that the gestures are also
important:

Yes. So it is, like, if...you go and talk to someone of a senior level in a
different tone and basically even your gestures and everything, that
could actually put you back quite a fair bit but because if you are a
foreigner ... if as a foreigner you actually adopt those basically right
attitudes then you could actually just get yourself into the good books
of the person in the end, (M20, Paper and Packaging National
Executive)
The findings support past research showing the strong value of seniority in high-context cultures such as that of the Chinese, and that respect should be given to seniors and people in power (Zhao, 2000; Akgunes & Culpepper, 2012; Mujtaba, 2013; Fang, 2014).

### 6.2.4 Language is a barrier in negotiating with the Chinese

Fourteen of the 25 interviewees commented on the communication difficulties with their Chinese counterparts as a result of language barriers including the need for more translators. Although previously, in RQ1 (Chapter 4, Section 4.3.1.2), interviewees have commented that having respect for the Chinese counterparts prevails over language proficiency, language barriers were regarded as one of the biggest obstacles in the Australian managers’ negotiation experiences. Most of the interviewees agreed, however, that not all the Chinese can communicate well in English, especially the more senior members.

#### 6.2.4.1 Language barrier leads to frustrations in negotiation with Chinese

Past research shows language can lead to miscommunication and potential negotiation failures between counterparts from dissimilar cultures (Korac-Kakabadse, et al., 2001; Sebenius, 2002). The following provides an example of interviewees’ frustrations with regard to the language barrier when negotiating, as shown in the words of interviewee M16:

*The communication, the language difficulties were quite an obstacle. And not just the relationship was one thing. But, if you could overcome the communication...obstacles, and the language differences and the meanings of words, then it was a much easier conversation...... So, and a lot of the times you’d actually paraphrase their answer, or you’d actually paraphrase the same thing that you actually just said, just to see if there was an understanding there. So, you know, communication was difficult. Very, very difficult, and you, even after you’d actually finished a meeting and you thought you had agreement, you didn’t necessarily have agreement...intelligent people, very intelligent people, but the communication was...[frustrating]. (M16, IT Consulting and Services Executive)*
Research shows familiarity with the language and discourse from the context resulting from the understanding of each other’s similar values and assumptions can better ensure that communication will be a more effortless experience (Samovar, et al., 2015a, 2015b) such as in negotiations. Similarly, communicators from dissimilar cultural groups can experience more confusion in communication, as the messages can be misinterpreted due to the absence of the shared cultural context (Scollon & Scollon, 2001; Scollon, et al., 2012). In addition, translation issues and difficulty in understanding meant that the progress of negotiations was much slower. The following example, in the words of interviewee M22, demonstrates the difficulties with Chinese counterparts in negotiations due to language and cultural differences:

*This is due to language barrier to be quite frank with you because there’s nothing I can’t prepare for in negotiation that I shouldn’t be able to do no matter what culture they’re in. We’re trained to have enough perceptions to understand how we should present, what we should present, ... you know, that’s kind of ... the theoretical approach to it but, at the end of the day, any negotiation is only as good as how you can communicate. So communication to me is one of the biggest fundamental barriers in dealing with the ... with any culture, let alone the Chinese, but I guess the Chinese in particular because of the nuances and difficulties in learning Mandarin...*(M22, Paper and Packaging Procurement Executive)

The findings support past research showing communication can be more successful and less complicated when communicators are from the same or similar cultures. It also means there is less likelihood of language barriers, and understanding each other’s values and assumptions can make communication less complicated (Samovar, et al., 2015b). Conversely, communications with dissimilar cultural groups can have a higher chance of miscommunication due to the absence of the shared cultural context (Scollon & Scollon, 2001; Scollon, et al., 2012).
6.2.4.2 Important to have the Intermediary and an interpreter when negotiating with the Chinese.

The interviewees (18 out of 25) described the assistance of translators and intermediaries, someone reliable to help them overcome their communication difficulties with their Chinese counterparts as a result of language barriers, and also the problems with cultural understandings in negotiations. Sometimes, the person may provide an introduction as they may know the people. Others commented more generally on the need to have a translator or someone who can speak Chinese. However, most interviewees agreed that if they have the company of someone familiar with the Chinese culture or ways of doing business, who understands both Chinese and English that helps to add value to the negotiations.

Past research has shown that these individuals are like relational gatekeepers who have rich experiences and guanxi and can assist with linking and enabling intercultural business interaction with the Chinese (Gao, Knight, Yang & Ballantyne, 2014). Although past research has shown that it is important to have guanxi, the use of intermediaries, even on-line intermediaries, can be highly beneficial in negotiations and with doing business in China (Graham & Lam, 2003; Wilson & Brennan, 2010). In the case of the Australian managers, an intermediary is someone like a translator but they do not need to be an official translator, just someone who can speak English and Chinese, and this is represented in the following quote from interviewee M17:

“So, I was supposed to be the contact between business people in Brazil and the Chinese in China, so to facilitate that process, so what it was to develop the relationship, getting to know them, spend time with them, and facilitate that communication in the understanding of what the business issues were in China. So, I don’t speak the language, this was a difficult hurdle at the time...We needed to rely on all of our translators to see that the deal would start, that the relationship to understand where we were, and the particular pieces in the project and how we agree on a good process for us to make, to understand each other. (M17, Mining Company Executive)
The interviewees also commented that in order to enhance negotiations, it was important for Australian managers to use reliable translators and interpreters to assist with their negotiations with their Chinese counterparts. The following quote from interviewee M9 provides an example of the importance of having good interpreters and translators when negotiating with the Chinese counterparts, especially for technical terminology and descriptions:

*Language is a very big barrier in China. We always try to work with interpreters who can speak very good English and also very good Chinese. Most-most of the factories now...particularly when you are close to the major cities have people who can speak English..., but technical descriptions of things in English, there-there’s things that get lost in the translation. And-and something it’s mean something completely different. And they generally fairly lack in meaning. (M9, Buyer and Products Executive of Engineering Company)*

Furthermore, having a reliable interpreter or translator can also facilitate relationship building in business as compared with external unfamiliar interpreters or translators (Harzing, Köster & Magner, 2011). However, it is still important for monitoring the negotiation process with the Chinese counterparts.

**6.2.5 Negotiation with the Chinese is a time-consuming process.**

Amongst the 25 interviewees interviewed, 13 had commented that negotiating with the Chinese was a time-consuming process. The interviewees described how negotiation experiences with their Chinese counterparts can be very frustrating as it takes a long time and can influence the negotiation experience of the Australian managers as well as the outcomes. Other interviewees commented how negotiations with Chinese involved long periods of silence, long pauses, or waiting for the Chinese counterparts to have their discussions. This aspect needs to be managed carefully, as it can also affect the negotiation outcome if the Australian managers get impatient or behave inappropriately, which can cause the Chinese to
feel offended or suffer a loss of face. This supports research which suggests that in doing business with the Chinese, the formal negotiation cannot be rushed as the Chinese have a different communication style (Chen, 2013; Gunia et al., 2016). Chinese have a less direct, circular or, as sometimes viewed by the West, ambiguous style of business communication (Zhu, 1997; Adair & Brett, 2005; Zhu, 2008). Consequently, the negotiation can be a time-consuming process, as the following quotation demonstrates:

*We have very long negotiation but we only have once a year. We set our prices for a year ahead. So we supply on the contract basis.....the contract in place, take for instance, an amount of...into Shanghai...two hundred thousand tonnes next year-this year, sorry, negotiated the contract in October so I spend a week with Madam Mao around in the factory, working through all the issues and negotiating a fixed price for next year in USD. And that's a long delicate negotiation which go from lunch to dinner as all negotiations do in China, that will last from lunch to dinner. (M11, The Mining Company 2 Executive)*

The above example is an interviewee’s negotiation experience with his Chinese counterpart. He describes the negotiation as a long one that went from day to night time, inter-mixed with relationship building and dinners which were all very important elements of negotiating with Chinese. As already stated, the Chinese have a high preference for doing business with people they have *guanxi* with and people they know well, which means that having good *guanxi* is still considered important in China’s modern business world (Zhao & Krohmer, 2006):

*The commercial discussion in China,...in the bigger factory ...the president is involved,...it’s very important to him that he doesn’t lose any face or he doesn’t give too much away....in commercial meeting of up to 1 to 1½ hours where no one says a word. You just sit there and look at each other...so there are much different time...concept... I was in a meeting at Hangzhou, and it went for 7½ hours...to discuss a pricing variation of 5%...there are points where in the meeting where the Chinese people would just get up and walk out. And you sit there and think, what are they doing?...No explanation... some of the meetings can go from a day, a day and a half...they are very slow and vastly different to....that you would do in a Western country or*
The above quote from interviewee M9 depicts the ups and downs of negotiating with Chinese counterparts, and the dynamic nature of the negotiation process coupled with the cultural differences of Chinese communication. It also shows why negotiations with the Chinese can be lengthy.

Past research has demonstrated the differences between the low and high-context cultures’ ways of communication and negotiation (Samovar, et al., 2015a; Lügger, et al., 2015). These is supported by this research finding showing there are cultural differences in the way Chinese conduct negotiations and do business. The following quote demonstrates how one interviewee (M9) respected the Chinese cultural differences in communication and negotiation and worked the Chinese counterparts during negotiations:

*Make sure that everyone understands what’s happening throughout the whole course of meeting. In particular, and accept that a meeting of a similar nature, may only take you 2 hours and in China it will take all day to get done in a day. Just learn to accept that and go with it because if you try to rush things, things get left out, and disaster eventually...comes along. Yeah, just to slow everything down, understand the cultural differences as well... (M9, Buyer and Products Executive of Engineering Company)*

Past research has found that negotiating and doing business with the Chinese can be a very time-consuming process and, moreover, the Chinese do not like to be rushed in negotiations (Brahm, 2011; Leung et al., 2011; Mujtaba, 2013). This is supported by this research finding. The example above is what one interviewee (M9) had done to work with the Chinese counterparts in negotiations. He maintained clear communication and made sure everyone in the negotiation knew what was happening. He also respected the Chinese cultural way of doing business and practised patience by not rushing the Chinese counterparts during negotiations.
6.2.6 Chinese negotiation tactics (outnumbering, and dragging out time).

The interviewees (12 out of 25) described facing a situation where their Chinese counterparts used various negotiation tactics such as having a large group of people present during negotiations to outnumber their Australian counterparts. The Australian negotiating team, for practical and cost reasons, selected only the right persons with the necessary skills and experience for negotiating with the Chinese, so usually with only one or two people. Other interviewees commented along the lines of the Chinese counterparts using various approaches to influence the negotiation.

The following examples illustrate the negotiation tactics the Chinese counterparts use to gain an edge on the Australians during the negotiations, tactics which could potentially tip the negotiation outcome more in the Chinese favour:

They put a lot of people in the room... even the driver will be on the table, but they always want people there for them to push up some weight in the room, and that’s a strategy of them. (M17, Mining Company Executive)

So we arrive at the customer and they kept us waiting for about 45 minutes, which I’m sure was part of the strategy. Then one by one it keeps getting elevated in terms of this issue. So at the end of the process, we’ve got about 14 people from the customer in the room...Yes 1-4 so 14 people versus myself and a colleague, who was a member of my staff actually who was Malaysian. So he actually spoke both Chinese dialects, so he was there as the interpreter but a number of people spoke English to a degree... (M19, Bath and Kitchen Retail Executive)

Past research shows communication in China is high-context communication and negotiations can drag on (Worm & Kumar, 2014), and this is supported by the findings. The tactics and strategies the Chinese counterparts use include the Chinese outnumbering the Australians in negotiations, and even deliberately dragging out the time with the Australian managers during negotiations, which gave them an edge over their Australian counterparts. This is supported by past research showing that
there are Eastern and Western differences in negotiation tactics, showing that
sometimes ethically ambiguous tactics could be used by the Chinese counterparts in
negotiating with Australians (Rivers & Volkema, 2013). All these tactics need to be
carefully monitored and managed to avoid a negative impact on the overall
negotiation experience and also on the negotiation outcome.

6.2.6.1 Other negotiation tactics (e.g., face) used by the Chinese counterparts.

Amongst the 25 interviewees interviewed, about half of the interviewees (13)
explicitly commented that the Chinese used face (mianzi) as a negotiation tactic,
which gave them an unfair advantage. The Chinese counterparts know that the
Western world knows about how the Chinese value face, face giving and face saving.
On occasions, Chinese might choose to use this concept of face on the Australian
managers to get them to give into the Chinese request. This is all in the name of not
causing the Chinese counterparts to lose face and thus to get the Australians to
compromise on the negotiation. This needs to be carefully monitored to avoid a
negative impact on the overall negotiation experience, and on the overall process and
outcome. Past and recent research has shown that face (mianzi) is one of the
important factors to consider when negotiating with Chinese counterparts (Ting-
Toomey, Gao, Trubisky, Yang, Kim, Lin & Nishida, 1991; Earley, 1997; Ghauri &
Fang, 2001; Graham & Lam, 2003; Kumar & Worm, 2003; Leung, et al., 2011;
Luomala et al., 2015; Mahadevan, 2015; Aslani et al., 2016; Ma et al., 2015; Chan
& Ng, 2016). The finding of this research has supported this. The following example
is an interviewee’s comments of his thoughts on Chinese using face as a negotiation
tactic and strategy:

*I have a very cynical attitude towards the saving face... Alright. Because I think that it is a negotiation tactic as much as-as a cultural imperative.... You can see it and you can feel it and you can hear it.... And this is where the Western outcome focused would clash with the saving face .... but at the end is the negotiation strategies I believe.*

(M10, Men’s Wear Retail Executive)
The Chinese counterparts were reported to have used various tactics to enable them to use face on the Australian managers. For example, the Chinese counterparts might use the concept of seniority on the Australian managers, that is, the more Chinese seniors or eldest members, need to preserve face in front of their subordinates, and therefore, need to be given face in negotiations. Following on from the earlier theme about the Chinese counterparts’ use of numbers (outnumbering at the negotiation) as a negotiation tactic on the Australian, that tactic was often used together with this above-mentioned face tactic to get the Australian managers to compromise. This is represented in the following quote:

*But it’s also, I mean, the fact that ...lots of people involved in the processes. But, yes, sometimes, it's a good strategy for them, but on the other hand it’s a complex situation because there’s a lot face. ...The more people they have in the room, the bigger the face probably be for the highest person on the work table on their side...That person needs to compromise, needs to accept some conditions, the person will be more difficult to accept them or more difficult to compromise. We’ve been through that type of situation and the number of people in the room made progress difficult because of face.* (M17, Mining Company Executive)

The findings support past research demonstrating the importance of the Chinese face in doing business and negotiation with the Chinese (Luomala et al., 2015; Mahadevan, 2015; Aslani, et al., 2016; Ma et al., 2015). Furthermore, the findings support the research that demonstrates Chinese use face, or *mianzi*, as a tactic during negotiations (Fang, 2014; Chan et al., 2016). This leads to the research by Chen (2013) suggesting that there are two facets to the Chinese tactic of using face or *mianzi* in communications. The first is the one Chinese use to uphold harmony, usually with their in-group members, and the other is the more dark face when the Chinese decide that harmony cannot be upheld and employs a coordination of actions to control, influence and exploit others to achieve their gain. This is
demonstrated by this research finding where the interviewees commented on the Chinese using face as a tactic to gain an advantage when negotiating with their Australian managers, as illustrated in the above quotes.

6.2.7 **Australian managers used negotiation tactics (e.g., face saving, giving) on their Chinese counterparts**

The interviewees described how they used the preservation of Chinese face to put themselves in a more favourable position with the Chinese. Twenty-four of the interviewees commented on the need for cultural awareness when negotiating with their Chinese counterparts. However, only 15 of the interviewees explicitly commented on using face as a negotiation tactic on their Chinese counterparts, with others mentioning not causing the Chinese to lose face during negotiations. Consequently, the Chinese value respect and reciprocate this face-saving gesture and reward the Australian managers with a more positive negotiation outcome.

Past research has found that Chinese place a strong emphasis on face as good practice of face giving and saving in Chinese social interactions (Leung & Chan, 2003). This can traditionally facilitate relationship building which can provide special privileges socially and even facilitate certain economic benefits, like opening up opportunities for business or securing higher career and social status (Leung & Chan, 2003). The following examples illustrate the comments from the interviewees about how they behaved and communicated with their Chinese counterparts, and how they practised face-saving and giving face to their Chinese counterparts, and their use of face as a negotiation tactic to enhance the negotiation outcome:

*You are never quite sure at the outset what the Chinese partners wish to get out of the opportunity and they are unsure what you wish to get out of the opportunity. The joint venture partnership and shares percentages, is it based on the law or that the Chinese partner will gain more face if they have 51% and you have 49%...It's about them having face to negotiate a first ...[successful] venture and they control the company. They need to get 51 / 49 due to face...Face is important and the Chinese feels in control.* (M15, Postal Services Executive)
A classic example...where we spent hours and hours negotiating and, you know, I spent 3 days negotiating the difference between 80 and 81...USD on a product because I was happy to give a lucky eight but she wanted me to have nothing and I couldn’t have nothing. And we went away for 3 days until she agrees to give me something. So she gives me one. So we ended up with negotiate 81 a ton but then when she really wanted to give 80 but she realised at the end that she needs to give me face. She had to give me the 1... I mean, it’s all about face. (M11, The Mining Company 2 Executive).

Overall, the interviewees commented on the importance for Australian managers to observe the Chinese cultural value of face, and to use face giving and face saving with the Chinese as a negotiation tactic, to achieve a positive negotiation outcome. This supports past research on the importance of face or mianzi when doing business with the Chinese (Ting-Toomey, Gao, Trubisky, Yang, Kim, Lin & Nishida, 1991; Earley, 1997; Ghauri & Fang, 2001; Graham & Lam, 2003; Kumar & Worm, 2003; Leung, et al., 2011; Luomala et al., 2015; Mahadevan, 2015; Aslani et al., 2016; Ma et al., 2015; Chan & Ng, 2016). Research has found that Chinese cultural values can affect negotiation behaviour. Chuah et al. (2014) in their research found that considerations for face and harmony can encourage a co-operative type of decision-making in negotiations with the Chinese.

Past research also demonstrates the importance for negotiators to focus on outcome in negotiations (Fisher, et al., 2011). Interviewees reported that it was important for them to remain outcome-focused whilst taking into consideration the genuine Chinese preference for face saving and guanxi focussed business, in order not to lose sight of the negotiations. This also gave the firm the ability to overcome the Chinese occasional use of needing to give them face as a negotiation tactic to achieve their goal and gain an advantage over the Australian managers. As already discussed above, Chinese place a strong value face in negotiation and doing business (Ting-Toomey, et al., 1991; Earley, 1997; Ghauri & Fang, 2001; Graham & Lam,
2003; Kumar & Worm, 2003; Leung, et al., 2011; Luomala et al., 2015; Mahadevan, 2015; Aslani et al., 2016; Ma et al., 2015; Chan & Ng, 2016). Nevertheless, negotiation is still about advocating and bargaining for their own aims and needs through communication, and reciprocity and mutuality to achieve common grounds. Additionally, where possible, a jointly agreeable outcome is sought that could benefit them, and achieve some of their aims and goals when there are different interests between the parties involved (Drake, 2001; Fisher & Ury, 1991; Ladegaard, 2011; Graumann, 1996; Fisher, et al., 2011; Malhotra & Murnighan, 2008; Pruitt, 2013; Kobayashi & Viswat, 2016). The Chinese could also use their face orientation on their Australian counterparts by reasoning that the Australian managers will need to give them face in the negotiations, and in doing so may use face as a tactic to get what they want; hence this is something that the Australian managers had to deal with.

The following quote perfectly illustrates how one interviewee remained outcome-focussed and logical with his Chinese counterparts to resolve the problems encountered whilst, at the same time, did not cause his Chinese counterparts to lose face during negotiation:

>To explain to them that we are about outcome-focussed, we are about performance…I can also accept that things would go wrong…But let’s work on this together and take on some of the responsibilities and fixing the problem and bring to the table things that would make their job easy to fix it…that means alternative, the options and you might say, well, I only buy from you…based on 3 things price, delivery or quality…the problem we have here is delivery…the alternatives…airfreight…if I ask you to…lower the price, I can afford the airfreight and we solve the problems…Simply shouting and banging the table and insisting that they fix it…can be a Western approach…simply would not fix that in China…they would stop listening, they would stop talking and you will never gonna get anywhere…respect their face. (M10, Men’s Wear Retail Executive)

Overall, the interviewees acknowledged the importance of remaining clear-headed and patient. This is consistent with past research showing that being patient is
important for negotiations (Salmon, et al., 2016). The Australian managers practise face giving and saving with the Chinese whilst simultaneously being focussed on outcome in negotiations.

6.2.8 Chinese conflict avoidance confuses Australians in negotiations.

Amongst the 25 interviewees, 16 commented that in negotiating they found that the Chinese counterparts often could not and would not say ‘no’. This is in line with research finding that Chinese having a more indirect communication style in negotiations (Zhu, 1997; Adair & Brett, 2005; Zhu, 2008). Furthermore, Chinese are less likely to say no, even if they disagree with something, due to their preference for harmony (Worm & Kumar, 2014). Chinese also have a preference to save one’s face and that of their negotiation counterparts, and have a tendency to avoid conflict and confrontation in negotiations (Chuah, et al., 2014).

The following example illustrates one interviewee’s (M20) negotiation experiences with the Chinese counterparts demonstrating the Chinese conflict avoidance preference in communications and negotiations, and their behaviour of not wanting to say ‘no’:

_Even in negotiations it is less confrontational even if the outcome is not what both parties desire. They do not burn bridges. Yes. Like, perhaps some of the negotiations that we have here in Australia whereby it gets heated up and “That’s it,” it is like, “I do not ever want to talk to you again” but when it comes to the Chinese negotiation there is always basically a...Yes, so if nothing works out maybe there are always future references. Yes, so that is my interpretation. Yes, so obviously it is not [the case] in Australia, it is there every time. It is like they [the Chinese] I will always leave a bit of room to actually manoeuvre. (M20, Paper and Packaging National Executive)_

The difference in how Chinese counterparts approach disagreement or conflict can have implications for the Australian managers in achieving a smoother negotiation experience and a more positive negotiation outcome. Moreover, the understanding of this cultural difference can enable the Australian managers to
improve both the negotiation experience and the outcomes with their Chinese counterparts. By overcoming the initial misunderstanding about the Chinese behaviours and the frustration of not getting a direct response from the Chinese, the Australians can work on overcoming the communication obstacles during negotiations to achieve success.

6.2.9 Achieving a win-win for both sides in negotiation is important to preserve face and the relationship.

Past research has shown that the Chinese have a high-context culture (Hall, 1976) and, as a result, Chinese place more emphasis on relationship building or guanxi (Buckley et al., 2006). Moreover, decision-makers in negotiations tend to be the more senior members of the Chinese counterparts who have a higher preference for guanxi/relationship building (Tong & Yong, 2014), and so should not be rushed in negotiations. Furthermore, research has shown that it is important to consider the ‘give and take’ over specific issues during negotiations, especially during the formal negotiation phase (Atkin & Rinehart, 2006, p. 51; Wang, et al., 2016).

Amongst the 25 interviewees, half (13) commented that in negotiation it is important to ensure that the Chinese also win in some aspects of the negotiation; it cannot be just a win for the Australian side, as this helps with giving face to the Chinese counterparts. In addition, the interviewees also commented on the importance of guanxi and to build guanxi like a quality relationship to benefit business and negotiations with their Chinese counterparts. The interviewees commented on the need to focus on mutual benefits to achieve a win-win when negotiating with their Chinese counterparts, as the following words from interviewee M9 indicate:

*Be prepared to go there with, yes, a clear objective, um, but also take a plan B...Just in case it doesn’t come off...’cause quite often you got your boss says, “you go there and do that, don’t come back until you got it done”. So, you need to have a back-up plan if everything goes*
wrong...so you might-uh, a little bit of give and take. But-um, most of the time you can get what you want...As long as there’s mutual benefit. ...understand that it is important that they see the benefit out of the meeting as well. You can’t just go there and it’s all us, all me me me...[Yeah, it’s all win-win for us]. You can’t do it that way. It gotta be a bit of both... (M9, Buyer and Products Executive of Engineering Company)

Accordingly, formal negotiation should not be rushed and both sides should be comfortable (Howarth, et al.,1995; Nokatani, 2006; Brett, 2007). Western negotiators need to be flexible while doing negotiations in Asia (Lassere & Schütte, 1995, p. 192) to achieve win-win outcomes, mutual respect and understanding. A friendly atmosphere is also essential throughout the formal negotiation phase. This is even more important, in the case of Australian and Chinese business negotiation; the perception of good relationships (guanxi) is far more important to the Chinese (Li, Du & Van de Bunt, 2016) than having the Australian managers rushing to the signing of an agreement on a negotiation. This is supported by the findings of this research. The following quote from interviewee M1 demonstrates the importance of aiming for a win-win in negotiations with Chinese:

Yea, [laugh cheerfully] it’s probably like doing business with anyone trying understand a little bit of the background about where they coming from and the history and just developing a mutual respect...as I said, you need somebody to help you in the early days to understand why they do business the way they do...One of the things, like I said. I’ve learnt to be more patient. Our MD, he finds it frustrating when he’s going there, he wants instant decisions and you can’t always get that. So, I can’t put my hand on any one thing, I guess the saving face, you know, the respect in front of their peers, and making sure you can try to come up with a win-win. If you can’t do that you’ll be on the back foot. (M1, Buyer and Finance Executive of Engineering Company)

As already discussed in Chapter 4, RQ1 (Section 5.2.5.1), research on intercultural negotiations has shown that when culturally different negotiators, such as those with high-status high-power distance, when coupled with low-status low-power distance negotiators come together to negotiate, there can be a higher
tendency for negative emotions like anger to occur. Consequently, the negotiators can become less goal cooperative, less focussed on exchanging information and, therefore, become less successful in achieving a win-win for both sides (Liu, et al., 2016). This has implications for Australian managers, as the Chinese and Australian negotiators are from different cultural backgrounds and Australian managers need to be mindful of this challenge in their inter-cultural negotiation pursuit. This is supported by the findings, as illustrated by interviewees’ (M1 and M9) comments above, where the interviewees practised patience and were respectful of the Chinese culture and gave face to the Chinese counterparts whilst trying to achieve a win-win for both sides.

6.2.9.1 Common ground and goals in negotiations can enhance success.

The interviewees also commented on the importance of finding common ground, almost like finding a common topic of interest and or a common goal and a sense of mutual desire to do business together which can greatly increase the chances of success in the negotiations. Rather than focussing on each side’s differences, it was important to focus on the similarities to enhance the negotiation experience and outcome. The finding of common ground can also aid the developing of a relationship at a later stage.

Amongst 25 interviewees, 19 commented on the importance of respecting the Chinese cultural aspects during negotiations. This, in turn, can help to find common ground and goals and to build rapport, which can enhance the negotiation experience between the Australian managers and their Chinese counterparts. The following is an example of one interviewee discussing the above aspects when negotiating with their Chinese counterparts:

*Culture, history, social context. Common topics to make connections ...Looking for a common point of reference. Common view of the world...Connect with someone that shares same interest. The more able to show understanding of local situation and genuine*
interest that gives point of reference and see interest. Bonds develop. (M6, Insurance Executive)

Moreover, the interviewees commented on the importance of having a mutual desire to do business as an example of having a common goal, which was an important factor in enhancing the negotiation experience and a successful outcome. The following is an example of one interviewee’s comment about this specific theme:

Something that people do that must have mutual desire to engage in business and make money. That brings parties together. Agreement in principle. There is certain amount of relation. Status and respect to CEO. (M15, Postal Services Executive)

This supports past research showing common ground is important in cross-cultural negotiations and negotiations with Chinese (Tung, 1982; Fang, 1999; Gunia, Brett & Gelfand, 2016).

6.2.10 Negotiation process is dynamic, cyclical and involves different phases

The interviewees (12 out of 25) highlighted that the negotiation process is dynamic and not static in nature. The interviewees also commented on the negotiations process with their Chinese counterparts being one that, potentially, has many phases or stages and is like a cycle. This supports past research showing the negotiation process involves a number of phases or stages (Graham & Sano, 1989; Blackman, 1997; Ghauri, 2003; Zhu, 2011; Khakhar & Rammal, 2013) and tend to take place within a defined time period (Paik & Tung, 1999; Vieregge & Quick, 2011).

The following example illustrates the interviewees’ negotiation experiences with the Chinese counterparts demonstrating that the negotiation process, although dynamic and changing, can be very time-consuming:

It is dynamic...I have been in meetings where I have met people and before we have even got into formal meetings etc. I know that the deal
could be done... We go to a dinner or whatever... You can tell that they are circling you and plotting and finding out a bit more about you. By the end of the night etc. they’re warm, they’re laughing, they’re putting their arms around you... you are one of the group... Yes, they’ve accepted you. And then after that it is just a matter of concluding the deal... Whereas that process there is... the informal part... And then going to a formal stage and then signing up a contract etc. sometimes, yes, they could be the steps you go through. Other times if that bloke doesn’t like you over a meal or whatever, he doesn’t trust you. You can talk all you like, it is not going to happen... (M21, Paper Solutions Asia Regional Executive)

Interviewee M21 commented on the actual negotiation process being one that is cyclical in nature involving several stages or phases and not a linear process. Accordingly, the Chinese counterparts can go backwards and forwards in the negotiation process depending on what they are trying to achieve, suggesting that negotiation is a dynamic process. This is supported by past research showing Chinese communication can be more circular (Zhu, 1997), indirect and ambiguous (Adair & Brett, 2005; Zhu, 2008; Fang, et al., 2011).

6.2.11 Be open-minded, humble, respectful, have awareness and be adaptive to enhance negotiation with Chinese.

The interviewees (16 out of 25) described their negotiation experiences with their Chinese counterparts. They emphasised the importance of being open-minded, humble and respectful to the Chinese counterparts during negotiations, and being ready to adapt and change the approach and style of negotiation in order to achieve a positive outcome. This supports past research showing cultural awareness is important in doing business in China (Buckley et al., 2006) as in the case of Australian managers negotiating with Chinese counterparts.

The following quote from interviewee M21 is an example illustrating the interviewees’ negotiation experiences with the Chinese, and demonstrating how Australian managers practised being humble, culturally aware, and respectful of the Chinese culture in negotiating with their Chinese counterparts:
Go in with an open mind...But don’t go in thinking that you have to concede everything...you have got to be very careful that they also know that you have been...told this is the way the Chinese act and therefore they play on that...at the same time, you can be open-minded and some things you have got to accept at face value...to adapt to the older style manager relative to the young blokes...with the older ones, the negotiation is done over dinner and is nothing to do with work at all. He is just sussing you out and seeing whether he feels comfortable doing business with you...If he is not comfortable doing business, you can do whatever you want but it is not going to happen... (M21, Paper Solutions Asia Regional Executive)

Moreover, the interviewees commented on the importance of having open-mindedness, humbleness, respect, adaptability and also cultural awareness (as previously discussed in RQ1) in helping to prevent potential misunderstandings from the communication and negotiations in business with the Chinese. It is almost not possible to discuss open-mindedness in cross-cultural negotiation, without discussing culture. The following quote from interviewee M20 is an example demonstrating how Australian managers practised open-mindedness when negotiating with their Chinese counterparts:

*I think basically there is no measure of right or wrong approach...firstly you must know what you are talking about. So there must be a certain level of confidence that you know your stuff. Yes, so that you can actually have an audience. And...being humble. Yes, and reading the signs to see how the whole thing is progressing and, yes, sometimes you can’t just push it. Yes, so you just have to pull back and basically see what is happening and see whether there is some other driving force behind the whole thing. (M20, Paper and Packaging National Executive)*

This is highlighted by past research showing that open-mindedness linking to an individual’s cultural intelligence (CQ) can impact on negotiation sequence and outcomes (Imai & Gelfand, 2010). Recently, research by Saorín-Iborra and Cubillo (2016) shows negotiators who appreciate culture envisage the counterpart’s actions and also formulate their own moves to counter their counterpart’s moves and achieve their aims.
6.2.12 Chinese are long-term orientated in negotiations and business.

Amongst the 25 interviewed, half of them (12) commented on their Chinese counterparts in terms of their need to focus on the longer-term prospects and not just focus on the immediate negotiation outcome. Other interviewees commented that the Chinese are not as short-term focused when compared with the Australian managers. Moreover, the Australian managers commented on Chinese becoming focused on mutual benefits for both sides with the aim of a future longer-term business relationship.

The following example illustrates interviewee M3’s negotiation experiences with Chinese counterparts demonstrating the importance of having a longer-term focus in negotiations and business:

*I suppose...in negotiation, if you perceive the negotiation is about winning, the best option for yourself...well...by default if you don’t do that, you have lost, isn’t it? So...if you go having this type...of approach...I think that’s...that’s perhaps in the Western world, there is a...maybe...more...stronger business tradition?.... Because what we have learnt...the best relationship is the one where...both sides can win....Because that’s the form of the long-term business relationship (orientation)... (M3, Finance Executive of Engineering Company)*

Furthermore, past research shows Chinese culture is longer term oriented (Lee & Dawes, 2005; Hofstede, 2010; Fang, 2014; Lügger et al., 2015; Ott et al., 2016). This is supported by the findings, as the interviewees commented on the Chinese preference for a longer-term relationship and working towards preserving that relationship in negotiation and when doing business with their Western counterparts.

6.3 Summary of the Findings

In summary, Figure 6.1 below provides a visual representation of RQ3 findings, demonstrating the key themes of the insights of negotiation experiences between Australian managers and their Chinese counterparts. Figure 6.2 symbolizes
how cultural aspects (RQ1) and emotions (RQ2) can influence the overall negotiation experiences between Australian managers and their Chinese counterparts (RQ3). This forms the beginning of the conceptual framework that would emerge from the findings of this research.

Figure 6.1: The key themes of the insights of Australian managers’ negotiation experiences with the Chinese (RQ3)
This research has investigated the negotiation experiences of the Australian managers and their Chinese counterparts providing a diverse range of negotiation experiences. Drawn from the insights of the Australian managers’ negotiation experiences with Chinese, the findings suggest that there are marked differences between the Australian and the Chinese negotiation and communication styles and approaches. More specifically, the Chinese counterparts were more formal during negotiations, and the more hierarchical cultural orientation meant most decision-makers were senior members. The findings suggest generational differences amongst the Chinese cohorts, in that the younger Chinese counterparts were more open and direct with their communications and negotiations and more obvious with their
display of emotions, whereas the older Chinese cohorts were less direct with their communications and negotiations and also more guarded with their display of emotions. This has significant implications for the overall experience of cross-cultural negotiations between Australian managers and their counterparts. Moreover, the Chinese are more focused on face, or *mianzi*, and relationship building, or *guanxi*, and more long-term oriented compared with the Australian managers.

Furthermore, the elements found to influence the negotiation experiences from this research are also discussed. These include: the different communication and negotiation styles, the language barriers, the length of negotiations, the negotiation tactics, the use of an intermediary/or translator, the different emphasis on hierarchy or seniority, and the different focus on relationships/or *guanxi*. Additionally, the important elements for improving the negotiation process are also presented. These include: respect, awareness, and face, and are also discussed under each of the themes in this chapter, with examples provided of quotes from the interviewees’ comments on the insights of their negotiation experiences with their Chinese counterparts. Overall, the findings suggest that cross-cultural negotiation between Australian managers and their Chinese counterparts is dynamic and involves many phases and stages, is cyclical in nature, but quite lengthy and can be time-consuming, as per the Australian managers’ negotiation experiences.

The findings of this research also suggest possible changes in Chinese negotiation values, as demonstrated by the Chinese counterparts varying their business practices and their negotiation approaches. The findings also showed that the negotiator’s experience of emotions can positively or negatively influence the negotiator’s self-emotions and negotiation behaviour, and that of their Chinese counterparts. This in turn can influence the overall negotiation experiences. Overall,
Table 6.1 below provides a summary of the major findings (themes) of RQ1 and the number of interviewees reporting this theme (statistics).

The next chapter will present the Discussion, Limitations and Conclusions of this thesis.

**Table 6.1: The major findings (themes) of RQ1 and the number of interviewees reporting this theme (statistics)**

<table>
<thead>
<tr>
<th>The major findings (themes) of RQ3</th>
<th>Number of interviewees reporting this theme</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Chinese have different communication styles in negotiations</td>
<td></td>
</tr>
<tr>
<td>o Chinese counterparts tend to have a more formal communication style during negotiations.</td>
<td>22 interviewees</td>
</tr>
<tr>
<td>• Chinese have a more circular communication style in negotiations</td>
<td></td>
</tr>
<tr>
<td>o An in-direct communication style in negotiation, especially the older generation.</td>
<td>20 interviewees</td>
</tr>
<tr>
<td>• Chinese counterparts are hard negotiators, but can be mistaken as weak due to their in-direct communication styles in negotiations.</td>
<td>21 interviewees</td>
</tr>
<tr>
<td>• Non-verbal communication is an important aspect of Chinese negotiation and communication.</td>
<td>12 interviewees</td>
</tr>
<tr>
<td>• Building relationship / guanxi with the Chinese is an important part of the negotiation experience.</td>
<td>23 interviewees</td>
</tr>
<tr>
<td>o Before negotiation starts, negotiators need to first build guanxi</td>
<td></td>
</tr>
<tr>
<td>o After guanxi is built, problems can be resolved better in negotiations.</td>
<td></td>
</tr>
<tr>
<td>• Hierarchy makes senior members of the Chinese side the key decision makers in negotiations.</td>
<td>20 interviewees</td>
</tr>
<tr>
<td>• Language is a barrier is a problem in negotiating with the Chinese.</td>
<td>14 interviewees</td>
</tr>
<tr>
<td>o Language barrier leads to frustrations in negotiation with Chinese.</td>
<td></td>
</tr>
<tr>
<td>• Important to have the Intermediary or an interpreter when negotiating with the Chinese.</td>
<td>18 interviewees</td>
</tr>
<tr>
<td>• Negotiation with the Chinese is a time consuming process.</td>
<td>13 interviewees</td>
</tr>
<tr>
<td>Point</td>
<td>Number of Interviewees</td>
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<tr>
<td>----------------------------------------------------------------------</td>
<td>------------------------</td>
</tr>
<tr>
<td>Chinese negotiation tactics (outnumbering, and dragging out time).</td>
<td>12 interviewees</td>
</tr>
<tr>
<td>Chinese use other negotiation tactics (e.g. face) during negotiations with Australian managers.</td>
<td>13 interviewees</td>
</tr>
<tr>
<td>Australian managers used negotiation tactics (e.g. face saving, giving) on their Chinese counterparts.</td>
<td>15 interviewees</td>
</tr>
<tr>
<td>The Chinese conflict avoidance confuses Australian in the negotiation.</td>
<td>16 interviewees</td>
</tr>
<tr>
<td>Achieving a win-win for both sides in negotiation is important to preserve face and the relationship.</td>
<td>13 interviewees</td>
</tr>
<tr>
<td>Common goal and ground in negotiations can enhance success.</td>
<td>19 interviewees</td>
</tr>
<tr>
<td>The negotiation process is dynamic, cyclical and involves different phases.</td>
<td>12 interviewees</td>
</tr>
<tr>
<td>To improve negotiation with Chinese: be open-minded, humble, and respectful, have awareness and be adaptive.</td>
<td>16 interviewees</td>
</tr>
<tr>
<td>Chinese are long term orientated in negotiations and business.</td>
<td>12 interviewees</td>
</tr>
</tbody>
</table>
CHAPTER 7: DISCUSSION, LIMITATIONS AND CONCLUSIONS

7.1 Overview of this Chapter

This chapter presents the overall discussion of the major findings of this research on cross-cultural negotiation between Australian managers and their Chinese counterparts in business, highlighting the influence of culture and emotions on the negotiations. The chapter will also present the conceptual framework derived from the findings of this study. Furthermore, this chapter presents the contributions and implications, the limitations of this research, and the recommendations for future research. Finally, this chapter ends with the conclusions from this thesis.

7.2 Major findings of the thesis

7.2.1 Conceptual Framework

This section presents the conceptual framework (Figure 7.1) derived from the main findings of this research on cross-cultural business negotiation between Australian managers and their Chinese counterparts, specifically considering the influence of culture and emotions on the negotiation process. The conceptual framework developed from the findings, will be presented next.
Figure 7.1 Conceptual framework depicting cross-cultural business negotiation between Australian managers and their Chinese counterparts

- **Culture/cultural aspects**, e.g. Collectivism, relationship/guanxi, face/mianzi, culture changes, nuances, generational differences.
- **Emotions**: Neg- emotions, e.g. anger, fear, etc.; Pos+ emotions, e.g. calm, joy, etc. Detect Neg- & convert to Pos+.
- **Cultural awareness & cultural nuances**, can help Aust Manager modify self-behaviours and positively influence Chinese counterparts.
- **Emotional awareness, emotional composure, & emotional regulation** can help Aust Manager monitor self and the Chinese counterparts and enhance negotiations.

Negotiation process in four phases:
1. Informal
2. Formal
3. Final signup
4. Post-negotiation
In Figure 7.1, ‘culture or cultural aspects’, such as collectivism, cultural nuances, harmony, face/mianzi, relationship/guanxi, changes in culture, and generational differences are depicted in the first circle in the conceptual framework. ‘Emotions’, positive emotions (e.g., joy, humour, and calm) and negative emotions (e.g., anger, fear), emotional displays, and the detection of emotions (e.g., anger) and the conversion of negative emotions into positive emotions (e.g., from anger into calm or joy) are depicted in a second circle. This second circle, labelled ‘emotions’, is connected to the first culture circle (culture) by a dotted line (or two-way arrows) from culture to emotions; demonstrating culture can influence emotional displays and the actual experiences of emotions, and vice versa. Previous research also identifies this (see Sections 5.2.3.1 and 5.2.3.3).

The third circle captures the attributes and capabilities (‘cultural awareness, cultural nuances, emotional awareness, emotional composure, and emotional regulations’) required by the negotiators to maximise their chances for success in cross-cultural business negotiations. This third circle is connected to the first ‘culture’ circle and the second ‘emotions’ circle by a dotted line arrow. This is demonstrating that ‘culture’ can impact on ‘cultural awareness’ and ‘emotional awareness’, and vice versa. Additionally, ‘emotions’ can impact on ‘cultural awareness’ and ‘emotional awareness’, and vice versa. This is because ‘cultural awareness’ and ‘emotional awareness’, as depicted by the third circle, can also influence cultural aspects such as guanxi/relationship or mianzi face as depicted by the first circle, and also influence the way emotion is displayed, expressed or experienced by the negotiators during negotiations, as depicted by the second circle. The solid arrow between the third circle contains the cultural and emotional capabilities, pointing to the ‘cross-cultural negotiation process’, as depicted in a
circular structure with two-way arrows going around the circular structure. This demonstrates that the cross-cultural negotiation process is a non-linear, cyclical, iterative process with four phases. These four phases are depicted in four smaller circles inserted onto the circular structure and labelled as:

- 1. The informal phase of negotiation
- 2. The formal phase of negotiation
- 3. The final signing-up phase of negotiation
- 4. The post-negotiation scenario

In the middle of the circular structure are two-way arrows going from each one of the four phases of the negotiation process to one another, demonstrating that the cross-cultural negotiation process is cyclical and can go from one phase to the next in a combination of orders, including backwards and forwards. The last part of the framework is the circle labelled ‘negotiation experiences’. This final circle contains a range of negotiation experiences drawn from the findings of this research, including:

- formal or informal negotiations, indirect or direct negotiations
- language barriers, the need for intermediaries or translators
- hard negotiations
- relationship building or guanxi can help to resolve issues during negotiations
- the need to focus on common goals during negotiations
- and the focus on achieving a win-win for both the Australian managers and their Chinese counterparts

A long one-way arrow extends from the first ‘culture/cultural aspects’ circle all the way to the circle on ‘negotiation experiences’. This is to demonstrate culture and cultural aspects can influence the negotiation experiences between Australian
managers and their Chinese counterparts, but negotiation experiences cannot change culture, as culture is something that is formed over time. However, it is to be noted that over the last four decades, since China opened up to the world (BBC News, 2015; Tung, 2016), Chinese have become more Western-oriented, and, as a result, over time negotiations have also influenced culture or at least cultural aspects in business (Moran, Abramson, & Moran, 2014; Samovar, et al., 2015b).

A two-way arrow extends from the second circle labelled ‘emotions’ all the way to the final circle labelled ‘negotiation experiences’. This demonstrates emotion’s influence on the negotiation experiences between Australian managers and their Chinese counterparts, and vice versa. In other words, negotiation experiences can also affect the emotional response or emotional display in the negotiator’s counterparts and can further reinforce the success or failure of the whole cross-cultural negotiation experience.

The conceptual framework, depicting the cross-cultural business negotiation process between Australian managers and their counterparts, is non-linear, circular and iterative in nature and contains the various stages or phases of cross-cultural business negotiations. Depending on factors such as the strength of relationships and guanxi, the capabilities of the negotiators in being culturally and emotionally aware, adjusting their behaviours, and emotionally regulating their self-emotions and the emotions of the negotiation counterparts, can increase or decrease the negotiation successes or failures. Furthermore, culture and emotions can play a role in influencing the overall negotiation experiences between Australian managers and the Chinese counterparts by affecting the negotiators’ behaviours during negotiations and their decision-making that can impact on the negotiation outcome.
7.2.2 Culture influencing negotiations

This section presents an overall discussion of culture’s influences on negotiations. Past research has found that culture plays a role in negotiations; culture can influence the behaviours of negotiators and this affects the negotiation processes and outcomes (Adair & Brett, 2005; Weiss, 2006; Lee et al., 2013; Agndal, 2007; Salacuse, 2015; Adler & Graham, 2017). Furthermore, negotiators from dissimilar cultures had been found to embrace negotiation uniquely and their negotiation behaviours can reflect cultural differences (Adair et al., 2001; Adair, et al., 2009; Brett, 2000; Kumar, 1999a; Kumar & Patriotta, 2011). Specifically, it was these cultural differences and the effect on cross-cultural negotiation that was explored for this research. Moreover, negotiators from collectivist cultural groups tend to focus more on building relationships, compared with their individualistic counterparts (Kumar, 1999b; Samaha, et al., 2014). Negotiators from collectivistic cultures prefer to exchange information indirectly, whereas negotiators from individualistic cultural groups tend to prefer a more direct exchange of information (Adair et al., 2001). Other research on Japanese multinational enterprises (MNEs) has also found that culture’s influence on negotiation can be significant (Ott & Kimura, 2016). Accordingly, in negotiation with the Chinese, managers of MNEs should be more aware of the Chinese cultural practices in business and their preference for negotiating with old friends and people inside their guanxi network, otherwise the managers of MNEs can lose out to the local competitors. More specifically, MNE managers need to respect and adopt the practice of mianzi and gift giving when the business relationship is at a ‘new friend stage’; to reciprocate renqing to enable ganqing to accumulate to lead to ‘old friend’ status; to form ganqing with their Chinese counterparts to develop xinyong between them and their Chinese
counterparts; and then the *xinyong* built can lead to more favourable negotiation outcomes (Leung, et al., 2011).

A number of studies have researched the influence of national culture on business negotiation focussing on what is important in business negotiations and being a global negotiator, including observing the cultural practices in negotiating with counterparts from other cultures (Agndal, 2007; Salacuse, 2015). Past research has provided anecdotal suggestions on the Eastern and the Western differences in negotiations and the challenges Westerners have in negotiating with their Chinese counterparts (Lee & Lo, 1988; Miles, 2003; Pye, 1992). Recent research on Chinese business negotiations adopted an indigenous approach to investigate the influence of the Confucian ideal personality on Chinese negotiation processes, and found that the Chinese negotiation dynamics provided a different perspective to gain a better understanding of the Chinese negotiation styles (Ma, et al., 2015).

Relevant to this study are the gaps in the literature identified for future research on the possible influences of Western cultures on Chinese negotiation styles, and the development of Chinese negotiation values, as cited in Ma et al., (2015). Moreover, Saorin-Iborra and Cubillo (2016) suggested that the context of negotiations is an important factor for understanding the development of the negotiation process and also the achievement of the negotiation outcome. The context of negotiations is an important factor to understand how the negotiation process is developed and the negotiation outcome achieved, such as culture influencing the dynamics of cross-cultural commercial negotiations. This current research builds on past research and helps to bridge the gap in the negotiation literature, as it is based on the Australasian region which is less studied compared to the United States. Additionally, in this in-depth qualitative study the influence of Chinese cultural aspects is examined within cross-cultural business negotiations.
This research had found that there were differences in Chinese negotiation approaches or styles during negotiations in the different groups of Chinese counterparts. The findings suggested that there were generational differences between the younger and older Chinese cohorts. The younger Chinese counterparts seemed to be more direct in their approach and less focussed on guanxi and relationship building compared to their older counterparts. This suggested the Chinese negotiation styles have changed. Although Confucianism still affects the Chinese negotiation styles, the Chinese negotiation values are also evolving and changing. This is especially the case with the changes in the younger Chinese as a result of Western commercialisation interests and Western culture’s influence on Chinese negotiation values, as supported by Ma et al., (2015). This has implications for Australian managers, as they will need to adjust their behaviour and approaches accordingly when negotiating with their Chinese counterparts, depending on whether they are dealing with younger or older Chinese.

This study has found that culture played an important role in negotiations, in that culture influenced the negotiator’s behaviour, such as the Chinese counterparts’ behaviours. The findings suggested that traditional Chinese cultural values such as face/mianzi and relationship/guanxi are still at play during negotiations, especially with the older Chinese counterparts. Cultural nuances and awareness and respect of the Chinese culture were found to be particularly important for Australian managers in order to enhance negotiation success by positively influencing the Chinese counterparts’ behaviours in negotiations. Additionally, the findings reiterated that it was important to have cultural awareness and understand nuances when negotiating with the Chinese counterparts to prevent potential mishaps or accidental offence from occurring, as supported by past research showing the importance of understanding culture in negotiations (Imai & Gelfand, 2010; Lee, et al., 2013;
The results also demonstrate the importance of national culture in influencing business negotiations (Agndal, 2007; Salacuse, 2015).

Negotiators from dissimilar cultures tend to conduct negotiation differently and their negotiation behaviours can reflect cultural differences (Adair et al., 2001; Adair, et al., 2009; Brett, 2000; Kumar, 1999; Kumar & Patriotta, 2011). Focussing on the similarities rather than the differences between cultures is important for communications and negotiations (Imai & Gelfand, 2010; Ting-Toomey, 2012; Samovar, et al., 2015). Additionally, the appreciation of culture can enable the negotiators to foresee counterpart’s actions and also formulate their own actions to counter their counterpart’s moves and achieve their aim (Saorin-Iborra & Cubillo, 2016). Therefore, it is important for managers to understand foreign cultures and to engage in behaviours that demonstrate awareness and respect for these cultural values, whilst focussing on the similarities between them and their counterparts. This will lead to positive negotiation outcomes for the negotiator.

Furthermore, this research has found culture continued to be a strong influencing factor on negotiation experience and outcome. Even though Chinese business culture is becoming more Westernised, following global business interactions, the traditional Chinese values such as minazi and guanxi are still very important to the Chinese counterparts. This research also found the importance of having a good relationship/guanxi had a positive influence on the negotiation with the Chinese. Moreover, the Australian managers who were focussed on building guanxi had an advantage in negotiations and business interactions with their Chinese counterparts. The findings suggested those Australian managers who have cultural awareness and build guanxi with Chinese counterparts can do better in negotiations.

Overall, this is a qualitative study of Australian managers’ negotiation experiences with their Chinese counterparts and the sample size is only twenty-five,
so it is difficult to generalise from the findings about cultural aspects. However, due to the in-depth qualitative interviews conducted, there were insights captured from the Australian managers’ negotiation experiences. Analytical generalisation (Yin, 2014) should be possible from the findings. While it is possible for other cultures to take these factors into consideration in cross-cultural negotiations, future research should include empirical testing of these factors in other cultural contexts.

7.2.3. Emotions influencing negotiations

This research found that emotions did play a role in influencing communication and cross-cultural negotiation between Australian and Chinese managers. The findings build on past research showing emotions can influence negotiator’s behaviours and affect the judgement of their negotiation counterparts (van Kleef, et al., 2004) and emotion’s effect on behaviour in organisations (van Kleef, 2014). This is important as understanding that emotions play a role in negotiations can enable negotiators to be careful in monitoring their occurrence to ensure the smooth progression of negotiations. Moreover, past research has shown that negotiators can suppress their own emotions and/or strategically display their emotions to achieve a more beneficial negotiation outcome for them (Kopelman, et al., 2006). Researchers have highlighted that research studies exploring the role of culture and emotions in cross-cultural negotiations are still limited (Cropanzano, et al., 2012; Adam & Shirako, 2013; Luomala, et al., 2015) and there are even fewer from the perspective of Australian and Chinese business negotiations (Rivers & Volkema, 2013). The findings of this research address the gaps identified in the literature. According to Luomala et al. (2015), the area of emotions and culture’s role in intercultural negotiations is currently under-researched and, in particular, the importance of the moods and emotions of the negotiators in influencing the cross-
cultural negotiation experiences and outcomes. This current study was one of the first to address the research gap in terms of the links/relationships between culture and emotions in intercultural negotiations.

Past research on the role of culture and emotions on negotiation had mainly focussed on anger and tension (Adam & Shirako, 2013; Druckman & Olekalns, 2008; Lee et al., 2006). This study has broadened the research in cross-cultural negotiations beyond just anger and tension to investigating the role of other emotions in negotiations such as fear, anger and joy. In addition, emotions were found to be suppressed and/or displayed strategically by the Australian managers during negotiations, which was also supported by past research (Kopelman et al., 2006). This led to this current study, where the roles of culture and emotions on negotiations were explored in the negotiation experiences between Australian managers and their Chinese counterparts.

Specifically, the Australian managers interviewed shared the broad range of emotions that had emerged during their negotiation experiences with their Chinese business counterparts. Their emotions ranged from negative (e.g., rage, fear, disappointment, frustration, distress, confusion, and annoyance), to neutral emotions (e.g., calm, no emotional display, subtle change with body language), to positive emotions (e.g., humour, joy, amazement, surprise). These emotions influence the negotiation experience, process and subsequent negotiation outcomes. Equally important, this research found that it was most important for the Australian managers to notice the emergence of negative emotions in the Chinese counterparts. Furthermore, it was the subsequent conversion of negative emotions into positive to positively influence the negotiation experience and outcome that was the most important, as, alternatively, if that was not achieved, the negotiation may have failed.
As stated earlier, past research has shown that negative emotions such as anger can lead to a negotiator’s behaviours becoming less goal cooperative and focussed on information exchange. This can lead to diminishing success in achieving a win-win for both sides in negotiations (Liu, et al., 2016).

Furthermore, the notion around whether emotions could be suppressed and/or displayed strategically was found possible in this study. This was indicated when Australian managers described behaviours which aligned with emotional regulation, as the interviewees selectively displayed their emotions at certain times and regulated their Chinese counterparts’ behaviours, and vice versa. For example, the interviewees used emotions on their Chinese counterpart to bring on an emotional response, or to neutralise a particular emotional response to influence the negotiation progress and achieve a more favourable outcome for them and/or achieve a win-win for both sides in the negotiation. The findings also suggested there were marked differences between the Australian and the Chinese in terms of emotional displays as well as generational differences in emotional displays and also how individuals regulated emotions of self and their counterpart during negotiations. There was a difference between the younger and older Chinese cohorts in that the younger Chinese counterparts seemed to be more expressive, whereas the older Chinese cohort was found to be more guarded with their emotions during negotiations. Moreover, culture’s influence on emotions and the subtle changes in Chinese culture in business and its effects on cross-cultural negotiations have practical implications for Australian managers.

Overall, as already mentioned earlier, given that the sample size is only twenty-five Australian managers and a qualitative study, generalising from the findings about emotions’ influence on negotiations is difficult. However, analytical
generalisation (Yin, 2014) should be possible from the findings. The findings may be relevant for other cultural groups when negotiating with the Chinese; however, future research should include the empirical testing of these emotional factors.

7.2.4 Cross-cultural negotiations

Negotiation has been described as a process where people interact and advocate to bargain for their own aims and needs through communication, and encompass reciprocity and mutuality to achieve an outcome that could benefit them, when varied interests between the parties are present (Drake, 2001; Fisher & Ury, 1991; Ladegaard, 2011; Graumann, 1996; Fisher, et al., 2011; Malhotra & Murnighan, 2008; Pruitt, 2013; Kobayashi & Viswat, 2016). Thus, negotiation can be viewed as a process with two or more parties communicating with each other to resolve differences in interests and views and joint decision-making (Pruitt, 2013, p.1).

Some past research has looked into negotiating with the Chinese (Blackman, 1997; Fang, 1999; Graham & Lam, 2003; Pye, 1992; Lee, et al., 2006), however, research shows Western negotiators continue to experience difficulties when it comes to negotiating with the Chinese (Fang et al., 2008; Rivers & Volkema, 2013; Luomala, et al., 2015). The cultural aspects that influence the way Chinese communicate continue to be a challenge for Western negotiators (Gao & Ting-Toomey, 1998; Paik & Tung, 1999; Zhu, et al., 2007; Ma et al., 2015). Past research on cross-cultural negotiation has suggested there is limited research exploring the role of culture and emotions in cross-cultural negotiations (Cropanzano, et al., 2012; Adam & Shirako, 2013; Luomala, et al., 2015) and, more specifically, on Australian and Chinese business negotiations.

A recent research study which surveyed American and Japanese negotiators found that there was a need to view negotiation from a multidimensional perspective
and to consider the cultural characteristics; therefore, it is still important to consider the contextual factors during negotiations. According to their study the Japanese in general were found to prefer a more indirect communication style compared to the Americans (Kobayashi & Viswat, 2016).

This research has found how the Australian managers and their Chinese counterparts behave during cross-cultural negotiations, as a result of their cultural influences, and how their subsequent emotional responses during negotiations could influence the overall negotiation experiences. There was a difference between the younger and older Chinese cohorts which had significant implications for overall cross-cultural negotiations between the Australian managers and their counterparts. Furthermore, a number of other aspects were found to influence the negotiation experiences, such as the different communication and negotiation styles, the language barriers, lengthy negotiations, negotiation tactics, use of an intermediary and/or translator, the different emphasis on hierarchy or seniority, and differences on the focus of relationship/or guanxi. Furthermore, awareness of elements such as respect, awareness, and face were found to improve the overall cross-cultural negotiation process.
Table 7.1 Summary of the key findings of the thesis listed against the research questions: RQ1, RQ2, and RQ3.

| RQ1. How do cultural aspects influence the negotiation experience between Australian and Chinese managers? | • Chinese have different communication styles in negotiations  
  o Chinese counterparts tend to have a more formal communication style during negotiations.  
  o Chinese have a more indirect communication style in negotiations, especially for the older generation.  
  o Chinese counterparts are hard negotiators, but can be mistaken as weak due to their in-direct communication styles in negotiations.  
  o Non-verbal communication is an important aspect of Chinese negotiation and communication.  
  • Building relationship / guanxi with the Chinese is an important part of the negotiation experience.  
    o Before negotiation starts, negotiators need to first build guanxi  
    o After guanxi is built, problems can be resolved better in negotiations.  
  • Hierarchy makes senior members of the Chinese side the key decision makers in negotiations.  
  • Language is a barrier and a problem in negotiating with the Chinese.  
    o Language barrier leads to frustrations in negotiation with Chinese.  
    o Important to have the Intermediary or an interpreter when negotiating with the Chinese.  
  • Negotiation with the Chinese is a time consuming process.  
  • Chinese negotiation tactics (outnumbering, and dragging out time).  
    o Other negotiation tactics (e.g. face) used by the Chinese counterparts.  
  • Australian managers used negotiation tactics (e.g. face saving, giving) on their Chinese counterparts.  
  • The Chinese conflict avoidance confuses Australian in the negotiation.  
  • Achieving a win-win for both sides in negotiation is important to preserve face and the relationship.  
    o Common goal and ground in negotiations can enhance success.  
  • The negotiation process is dynamic, cyclical and involves different phases. |
To improve negotiation with Chinese: be open-minded, humble, and respectful, have awareness and be adaptive.

Chinese are long term orientated in negotiations and business.

<table>
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<tr>
<th>RQ2. How do emotions influence the negotiation experience between Australian and Chinese managers?</th>
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| • Emotions can affect negotiator’s behaviours in negotiations, so emotional awareness is important in negotiations.  
  • Emotional composure and emotional self-regulation are needed in negotiating with the Chinese.  
  • Chinese counterparts have subtle emotional displays in negotiations.  
    o Australian managers need to detect the negative emotions (e.g., disapproval or anger) to prevent a negative impact on negotiations.  
    o Chinese counterparts regard emotional display to be a weakness in negotiations.  
    o Australian managers may have difficulties working out whether the Chinese are really angry or not.  
    o Chinese are less guarded with their emotions with people they know or have good *guanxi* with.  
  • Chinese counterparts’ emotional display is rare in negotiations.  
    o Negative emotions (e.g., anger) demonstrated through yelling and shouting is rare in China, but if it occurs, it can enable Australian managers to resolve issues in negotiations.  
    o Emotional display in the older Chinese counterparts is less common, even when they are offended by their Western counterparts.  
  • Accumulation of negative emotions in the Chinese counterparts can negatively influence negotiations.  
    o Emotional display of anger in the Chinese can be ‘silence’ and/or body language changes during negotiations.  
    o When a negotiation ‘goes on and on’, it is an indicator of negative emotions (e.g., anger and unhappiness) being experienced by the Chinese counterparts.  
    o Australian managers adjusted their behaviours in negotiations, when negative emotions were detected in the Chinese counterparts, to save the negotiation.  
  • Australian managers experienced negative self-emotions such as ‘fear’ when negotiating with their Chinese counterparts. |
RQ 3. What are the insights of Australian managers’ negotiation experiences when negotiating with the Chinese?

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<th>Insight</th>
<th>Detail</th>
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<tr>
<td><strong>Chinese business counterparts use emotions</strong> (game playing) on Australian managers to influence the negotiation for a more favourable outcome.</td>
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<tr>
<td><strong>Australian managers use emotions</strong> on their Chinese counterparts during negotiations to achieve a winning outcome.</td>
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<td><strong>Chinese have a strong sense of national pride</strong> in regard to culture and politics in negotiations.</td>
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<td><strong>Losing face</strong> by the Chinese counterparts can result in negative emotions and negotiation outcomes.</td>
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<td><strong>Focus on a win-win</strong> by giving face to prevent negative emotions impacting negotiations.</td>
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<td><strong>Humour</strong> can lighten the mood and resolve tensions in negotiations.</td>
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- Achieving a win-win for both sides in negotiation is important to preserve face and the relationship.
  - Common goal and ground in negotiations can enhance success.
- The negotiation process is dynamic, cyclical and involves different phases.
- To improve negotiation with Chinese: be open-minded, humble, and respectful, have awareness and be adaptive.
- Chinese are long term orientated in negotiations and business.
7.3 Contributions and Implications

This current study on the role of culture and emotions in influencing the cross-cultural business negotiation between Australian managers and the Chinese counterparts has made a number of contributions. In addition, practical implications emerged from this research, in terms of practice and policy, that will be helpful for both management of internationalising firms to China in terms of training and development on how Australian managers can better negotiate with their Chinese counterparts, and for government and agencies, and possible policy implementation and policy changes that would benefit trade between Australia and China.

7.3.1 Contribution to the literature on empirical studies

This study made a number of empirical contributions. To begin with, this research confirms that Australian managers are more individualistic compared with their Chinese counterparts, who are generally collectivistic, in the cross-cultural negotiations in business which impacts the negotiation styles and approaches. This research has built on the previous research of Hofstede’s cultural dimensions model (Hofstede, 1980 a, 2001, 2003, 2010). Past research has shown that the negotiators from collectivist cultural groups tended to focus on building relationships compared with their individualistic counterparts (Kumar, 1999b). In addition, negotiators from the collectivistic cultures prefer to exchange information indirectly, whereas negotiators from individualistic cultural groups tend to prefer a more direct exchange of information (Adair et al., 2001). However, this study further explored the cultural differences in the negotiation styles and approaches of the Australian managers and Chinese counterparts, and exemplified the intricate behaviours during various stages of the cross-cultural negotiation process.
Moreover, this study found that Australian managers’ communications and negotiations were direct and more focussed on verbal and written communications and, as a result, were more reflective of low-context cultures’ communications. On the other hand, the Chinese counterparts’ communications during negotiations were less direct in nature and tended to be more circular in their approach. In addition, the Chinese counterparts were more focussed on non-verbal communication and less on spoken or written communication, and more on building relationships with their negotiation counterparts, and thus were more reflective of a high-context culture type of communication. This was supported by past research showing that the low and the high-context cultures have different communications and negotiation approaches (Samovar, et al., 2015b; Lügger, et al., 2015). High-context communication, such as that of the Chinese counterparts in general, can involve a great amount of the information being internalised and requiring the receiver of the communication message to interpret the meaning from the context and not just from the language, such as the spoken or the written words (Stone, 2002; Barkema, et al., 2015). Conversely, low-context cultures communicate information more explicitly and rely more on the spoken and written words to clearly communicate the message instead of placing emphasis on the context for meaning (Hall, 1976; Kittler, et al., 2011; Chung & Ingleby, 2011; Tran, 2016).

Another empirical contribution from this study is that the younger generation of Chinese negotiators is generally more open to change and less conservative (Ralston, et al., 1999; Egri & Ralston, 2004), whereas the older Chinese counterparts are more traditional and have a higher preference for guanxi/relationship building (Tong & Yong, 2014) and conflict avoidance (Zhang, et al., 2014). This research accordingly found that there were in fact generational differences in terms of culture’s influence on cross-cultural communications and negotiations, as depicted in
the cross-cultural negotiations between the Australian managers and their Chinese counterparts in business, which is still an under-researched area. Additionally, the younger generation of Chinese negotiators were found to be less formal and hierarchical in their approach to communication and negotiation with their Australian counterparts. The Chinese business counterparts’ preference for a less direct and more reserved communication style and negotiation approach, especially in the older generation, linked to past research showing Chinese have a preference for harmony (Worm & Kumar, 2014) and for conflict avoidance. They prefer not to be confrontational even if they disagree with something, and would also prefer to save their negotiation counterparts’ face in negotiations (Chuah, et al., 2014). This research adds to past research by further examining the generational differences between the older and the younger Chinese cohorts in negotiations.

Another empirical contribution from this research came from the findings that demonstrated that emotions play a role in influencing the cross-cultural communications and negotiations in business. Past research had found that emotions could influence behaviour and affect the judgements negotiators develop of their negotiation counterparts (van Kleef, et al., 2004). Additionally, the decision–makers’ own emotions, in the form of positive and negative moods, can also affect their decision-making (van Kleef, et al., 2010). Research has also shown that there is a positive relationship between negotiators recognising emotions accurately in their counterparts and achieving negotiation goals and outcomes (Elfenbein, et al., 2007). Research has also shown that emotions can influence people’s behaviours (Van Kleef, 2014). Moreover, this study suggested that negotiators in cross-cultural negotiations need to have emotional awareness in detecting the presence of emotions during cross-cultural negotiations. This study builds on past research, showing that the detection of negative emotions in business counterparts during negotiation was
found to be particularly important, as the accumulation of negative emotions, if not converted to positive emotions, could potentially lead to a negative impact on the negotiation and result in a negative negotiation experience and failure in the outcome (Ma et al., 2011). In addition, emotional preconceptions, if not managed well, can lead to poor intercultural business negotiation outcomes due to negative emotions (Luomala et al., 2015). Managers need to have emotional awareness, as without this ability, the Chinese counterparts could become upset, and misunderstandings could occur during the negotiation and consequently the negotiation fails. Therefore, the ability of the Australian managers to pick up subtle emotional displays will assist in having a more positive negotiation experience.

Another related empirical contribution from this study came from the findings that demonstrated that various emotions, both positive and negative (fear, anger, rage, confusion, frustration, disappointment, anxious, distress, joy, amazement, and surprise), were found to have occurred/emerged during the cross-cultural negotiations between the Australian and Chinese managers. Additionally, there are both risks and benefits from the negative and positive emotions for the negotiation experience and outcomes between the Australian managers and their Chinese counterparts. This research builds on past research on the roles of culture and emotions on negotiation which have mainly focussed on anger and tension (Adam & Shirako, 2013; Druckman & Olekalns, 2008; Lee, et al., 2006); whether emotions can be suppressed and/or displayed strategically (Kopelman et al., 2006); and negotiators’ emotions such as guilt and disappointment (Olekalns & Druckman, 2014).

The importance for negotiators such as the Australian managers to have cultural awareness, understand cultural nuances, have emotional awareness, emotional composure, and emotional regulation capabilities to increase or rather
maximise the chances for success in cross-cultural business negotiations between the Australian managers and their Chinese counterparts, is an empirical contribution. This builds on past research that demonstrated the importance of understanding culture in negotiations (Imai & Gelfand, 2010; Lee, et al., 2013; Samovar, et al., 2015b), and that national culture can play a role in influencing business negotiation (Agndal, 2007; Salacuse, 2015). In addition, it is important to gain an understanding of emotion’s influence on people’s behaviours (Van Kleef, 2014). Moreover, for negotiators to have control on self-emotions using emotional intelligence (EI) skills (not give in to impulse) in managing conflicts is also important in negotiation (Hopkins & Yonker, 2015).

7.3.2 Contribution to the theoretical literature

This research has made a number of theoretical contributions. To begin with, a conceptual framework (Figure 7.1) was presented in terms of the cross-cultural communication and negotiation process between the Australian managers and their Chinese counterparts. The roles of culture and emotions in influencing the cross-cultural negotiation experience and outcome highlighted the importance of cultural and emotional awareness; the specific elements of culture like individualism and collectivism (Hofstede, 1984 a, 1991, 2001), and culture’s influence on groups and individuals (Hall, 1976; Hofstede, 1980 a, 2001; Trompenaars, 1993). In addition, the culturally-founded communication patterns of high and low-context cultures (Hall, 1976, 1989, 1990; Gundykunst & Ting-Toomey, 1988; Gundykunst, et al, 1996); the cultural aspects such as the Chinese concepts of guanxi, mianzi; the research on emotions, and emotional displays (Ekman, et al., 1969); cultural differences in terms of emotional behaviour (Biehl, et al., 1997; Ekman & Friesen, 1972; Matsumoto, 1990; Matsumoto, et al., 1999; Matsumoto, et al., 2005; Matsumoto, et al., 2008; Mesquita & Frijda, 1992). Additionally, the emotion’s
influence on individualistic and collectivist cultures (Suh, et al., 1998; Matsumoto et al., 2008) to better understand cultural aspects, the emotional factors, and the processes contributing to effective and ineffective negotiation between the Australians and their Chinese counterparts. Furthermore, the factors which may predict a successful or unsuccessful business relationship, and the importance of building and maintaining *guanxi* to increase the success in the cross-cultural communication and negotiation, were also examined. In addition, a possible extension of theory in the research on the expression and suppression of emotions in cross-cultural negotiations and communications (Hurley, et al., 2016) is drawn from the findings of this study. Specifically, it is the importance of detecting emotions experienced by the negotiators during the negotiations. Thus, if negative emotions emerge, are left undetected and not converted to a positive experience, and are allowed to accumulate, they could have an impact on the overall success or failure of the cross-cultural negotiation between the Australian managers and their Chinese counterparts.

### 7.3.3 Practical Implications

This study has made a number of practical contributions that will be beneficial for future Australian managers and business enterprises involved in conducting business and negotiations with the Chinese, in terms of management training and the development perspective. This study has a number of management practice implications for managers:

First, this study has highlighted the importance of the Australian negotiators understanding the Chinese counterparts’ culture, and the need to have cultural awareness and to detect nuances during cross-cultural negotiations to enhance the negotiation experience and outcomes in business. This knowledge can enable
organisations to better train Australian managers assigned to negotiate with the Chinese.

Cross-cultural management training courses should include specific modules to target the specific competency needs, based on the conceptual framework developed from the findings of this research, to train Australian managers on the following areas:

- To increase the Australian managers’ understanding of the important Chinese cultural aspects and values (e.g., collectivism, relationship/guanxi, face/mianzi, etc.) that could influence cross-cultural negotiations between Australian and Chinese.

- To enhance cultural awareness and improve their cultural nuances to enable them to be better equipped when conducting business and negotiations with Chinese counterparts.

- To increase the Australian managers’ understanding of the differences in emotional displays or expressions between Australian managers and their Chinese counterparts. In addition, to detect the occurrence of different emotions during negotiations (e.g., anger, fear, calm, humour, joy) and the importance of converting negative emotions into positive emotions during negotiations to increase negotiation successes.

- To enhance the Australian managers’ emotional awareness and improve their emotional composure to enable them to be better equipped for controlling and regulating their own emotions. Additionally, to be aware of the occurrence of emotions of their Chinese counterparts during negotiations and to use emotions to influence or regulate the Chinese counterparts’ behaviours during negotiation to improve the negotiation outcome.

- To train the Australian managers’ to better understand that the negotiation process is a dynamic one, and implement training on its various phases and
stages (i.e., the informal phase, the formal phase, the final signing-up phase, and
the post-negotiation scenario).

- To enhance the Australian managers’ understanding of the negotiation
  experiences drawn from the insights of the Australian managers’ negotiation
  experiences with their Chinese counterparts.

Secondly, this study confirms that the Australian managers are more
individualistic than their Chinese counterparts during cross-cultural business
negotiations, whereas the Chinese counterparts were found to be more collectivist in
culture. This has management practice implications, in that management need to
equip the Australian managers they send to negotiate with the Chinese with this
knowledge through mentoring or training. This is to enable them to have the cultural
understanding and knowledge of the differences in terms of communication and
negotiation styles and preferences, and of the differences in behaviours between the
Australian and the Chinese managers. Management training and development
programs can be tailored to individual manager’s needs. Utilising the conceptual
framework developed from this research, a training program could be designed
around specific cultural and emotional competencies to enhance the manager’s
negotiation skills with their Chinese counterparts. However, a combination of
scenario training, case studies, experiential learning and various cultural immersion
training programs could be designed to enhance Australian managers’ skills to
negotiate with their Chinese counterparts.

Thirdly, this study has also found that Australian managers’ communication
approaches were from a low-context culture compared to the Chinese counterparts
from a high-context culture (Hall, 1989). This knowledge of more verbal and written
communication in the low-context culture of the Australians, versus the high-context
culture’s communication of the Chinese focussing more on relationship building and
nonverbal communication, are important for management training. This is to ensure the Australian managers are equipped with this knowledge when negotiating with their Chinese counterparts. The implication in practice is for organisations to better train the Australian managers, so they can be better equipped when conducting negotiations with Chinese counterparts.

Moreover, this study has found that there are generational differences in culture between the older and the younger Chinese cohorts in terms of the communication and negotiation styles and approaches. It is very important for management to train Australian managers who will be conducting business negotiations with the Chinese to ensure they know about the generational differences existing between the older and the younger Chinese counterparts. Specifically, in terms of communication, the younger Chinese are more open, less formal, and less hierarchical, and the older generation of Chinese counterparts are more formal, more hierarchical and less open with their communications during business negotiations. The management practice implications are for the Australian managers who will be conducting business negotiations with the Chinese to be trained and to be equipped with the knowledge of the generational differences, especially in terms of the Chinese negotiation approaches and tactics that they may use to ensure better success with the negotiations.

Furthermore, this study has found that emotions play a role in influencing the success or failure of cross-cultural business negotiations between Australian managers and their Chinese counterparts. The ability to detect emotions in the Chinese counterparts, to have emotional awareness and the ability to regulate emotions is very important for the Australian managers negotiating with the Chinese counterparts in business. The management practice implication is to better train the Australian managers to ensure they have the necessary communication skills and
emotional competencies to deal with situations where emotions arise as a result of cultural misunderstandings. The management implication in practice is, again, for better training of the Australian managers to equip them with the necessary skills for detecting emotions in the Chinese counterparts and converting negative emotions into positive emotions during cross-cultural negotiations, to ensure better success of the negotiation outcomes in business. For example, to maintain their emotional composure and not let negative emotions such as fear, frustration, rage, anxiety, and confusion to affect the Australian managers’ own behaviour during negotiations. Furthermore, tailored training programs could be designed to increase Australian managers’ emotional awareness of the subtle emotions of the Chinese counterparts and further train Australian managers on emotional intelligence skills and competencies to deal with emotional ambiguities and uncertainties during cross-cultural negotiations.

The conceptual framework can also be utilised by Australian businesses in allocating resources (e.g., the allocation of personnel and management), and time planning and preparation (to allocate more time, as negotiations can be time-consuming) for negotiating with Chinese.

7.3.4 Contributions to Policy

This research has made a number of practical contributions that will be beneficial for government and agencies involved with looking after trade with China; from a policy implementation and change perspective.

The knowledge and information derived from the findings of this study on: how culture and emotions play a role in cross-cultural negotiations between Australian managers and the Chinese; the generational differences between the older and the younger Chinese counterparts in terms of behaviours and also communications during negotiations; the importance of having cultural awareness
and emotional awareness, as discussed above, can enable better trade policies to be implemented for trade between Australia and China. The findings of this study are timely post the mining boom, and with the implementation of the China and Australia Free Trade Agreement (ChAFTA). Further, advancement and collaboration of e-commerce with the Chinese e-commerce giant Alibaba coming to Australia with its headquarters in Melbourne, means Australian managers need to be even better equipped and more skilled in communicating and negotiating with their Chinese counterparts to ensure the continuing future success of business outcomes. Australian government and agencies can draw learning and knowledge from this study to formulate policies meeting the needs of Australian managers and also businesses that will be engaging in business negotiations with China. More specifically, the Australian government could provide incentives, or implement policy, that could directly benefit Australian managers, entrepreneurs, and businesses. First, consider setting up small Australia and China business start-up grants that are similar to export grants, but are designed to assist small businesses that wish to do business with the Chinese. They could cover the initial airfare for a trip to a city in China where the potential business collaborator is present, to enable the start-up business to have a bit of financial support to kick-start the business venture by enabling the initial contact and meeting to discuss business. Second, implement a tax break or a discount on percentage-based earnings for the first three years of the Australian start-up business doing business with the Chinese, as the first three years are considered the most difficult for start-up businesses. Third, fast-track product registrations, and provide support to start-up businesses, as the first phase of setting up a business is the most difficult. Provide support with various bureaucratic processes, to enable small businesses to have a chance to establish their business with the Chinese.
The next section below will present the limitations and strengths of this study.

7.4 Limitations of this study

This study has some potential limitations. To begin with, this research study employed only a qualitative approach using semi-structured in-depth interviews with Australian managers to explore the influences of culture and emotions on the cross-cultural business negotiations. Given no quantitative study was conducted, there was no testing and measurement of the specific relationships between the variables.

This study used an interpretive research paradigm to study the Australian managers’ experiences of negotiating and communicating with their Chinese business counterparts, and ensured the individual meanings were extracted and not lost in the broad view of research. Even though interpretive research should not be evaluated using the criteria used for the scientific paradigm, nevertheless, there are still perceived limitations with the interpretive research paradigm, such as reaching consensus on the legitimacy and trustworthiness of interpretive research, which can be challenging (Scotland, 2012, p. 12). However, the researcher worked hard and followed the suggested strategies for safeguarding the richness of the data captured, so the individual meanings were extracted and not lost in the broad view of research. Some have argued that the suggested criteria used to ensure validity, for example, member checking, triangulation and peer review, may be impractical as there is an assumption of ‘an underlying objective reality which can be converged upon’ (Angen, 2000, p. 384; Scotland, 2012). Others suggest an interpretive paradigm may produce knowledge with a limited degree of transferability, as the knowledge can be disjointed and lack coherence (Scotland, 2012). There are also some concerns regarding the ‘autonomy and privacy’ of research participants being compromised given that the methods of interpretive research can be more ‘intimate and open-
ended’ than scientific research (Scotland, 2012, p. 12) unless researchers exercise care.

Another potential limitation was that this study only collected data from the Australian managers and not the Chinese managers, and therefore can only represent the Australian managers’ perspective. It would have been constructive to also get the Chinese perspective in this research, as the Chinese counterparts may perceive the issues in the cross-cultural negotiations between the Australian managers and the Chinese as different or similar. However, for the purpose of this study, the aim was to investigate only the Australian managers’ perspective on how to negotiate and communicate with the Chinese in business. For future research, a further study from the Chinese managers’ perspective could be conducted.

Furthermore, the research participants (interviewees) were mainly from small to medium enterprises (SMEs), with only a few larger enterprises. There could potentially be some differences between the SMEs and the larger firms. Additionally, managers were linked to very different sectors/industries. Although this provided strength in research with diverse and rich negotiation experiences of the Australian managers with their counterparts, this is also a potential limitation, as it might affect results, as in some sectors Chinese firms might possess competitive advantage and alternatively in other cases, Australian firms are in a stronger competitive position. Also, some industries such as fashion, retail, and technology based industries like IT, are more open to international business than others. As such, this could also a potential limitation.

There is also the argument that a sample of only 25 Australian managers is a small sample size, so it is difficult to generalise from the findings. However, given this is qualitative and not quantitative research, the focus was to seek in-depth understanding of the issues of Australian and Chinese business negotiations so
analytical generalisations (Yin, 2014) could also be made. Additionally, this research and the data collected have reached data saturation (Glaser & Strauss, 1967). It might be possible that the findings are applicable to other culturally distant or similar cultures negotiating with the Chinese, however this cannot be said with certainty, and future research needs to examine whether this is the case for other cultures.

Furthermore, purposeful sampling was performed, where only Australian managers who had been involved in negotiations with Chinese before were interviewed. Given the nature of in-depth interviews, there was still richness of data generated from the semi-structured in-depth interviews via an interpretive research paradigm; the sample size although is not considered the major limitation.

Additionally, this study was conducted on the Australian managers versus the Chinese counterparts’ perspective in terms of the research into the cross-cultural negotiation experiences in business. Only the Australian managers were interviewed, and no interviews were conducted with the Chinese. This is a potential limitation, as the Chinese counterparts were not interviewed and they may have a different perspective on the negotiation experience. Future research should include the Chinese sample.

There was no comparison made with other cultures to corroborate the results, so this is a potential limitation where no comparison with other cultures was made.

Overall, the researcher exercised care with the research and followed the recommended criteria and guidelines set forth for the chosen research paradigm, methodology and methods, where possible, to ensure this study is respectable and was conducted in a proper, ethical and professional manner.

7.5 Strengths of the current research and future research

This research had a number of strengths. First, this study interviewed 25 senior Australian managers and executives via the use of semi-structured in-depth
interviews, and investigated their experiences of negotiating and communicating with their Chinese business counterparts until data saturation. This study adopted an interpretive research paradigm to ensure ‘knowledge and meaningful reality are constructed in and out of interaction between humans and their world and are developed and transmitted in a social context’ (Crotty, 1998, p. 42). The constructivist and interpretivist perspective adopted for this study ensured a better understanding of the phenomenon gained from an individual’s perspective (Creswell, 2009). Individual constructs were drawn out through the researcher and the research participants’ interactions (Guba & Lincoln, 1994, p. 111), while focussing mainly on the participants (Creswell, 2009, p. 8).

This study allowed the Australian managers to have a voice to reflect on their experience of negotiating and communicating with the Chinese. Detailed descriptions on the studied phenomenon and theory are generated from the data (Cohen et al., 2007, p. 22). The use of interpretive method in this study provided a better insight and understanding of behaviour, and explained the actions from the participant’s perspective (Scotland, 2012, p. 12).

Another strength of this study was that all the interview transcripts were data analysed both manually and via the N-Vivo software program, following the method outlined by Bazeley and Richards (2000). The verbatim interview transcripts were read line-by-line by the researcher and emerging themes relevant for answering the three research questions were coded. Various nodes and sub-nodes were created and categories of the themes according to the three research questions were developed via content analysis (Creswell, 2007). Where necessary, memos were created and meaningful quotes were also coded for later use in the writing up of this study. Coding and data analysis were completed with the aim to investigate the Australian managers’ perspective on how to negotiate and communicate with the Chinese in
business. Upon completing the initial coding and analysis, the researcher checked the
data by checking the nodes of the key themes identified. The coding was also
checked by the researcher’s PhD supervisor. In this process, the researcher went
through her coding again after her supervisor, and nodes were re-organised where
necessary or re-coded, or deleted and re-categorised, as required, to ensure the
coding was done properly and thoroughly for the writing up of the results of this
research.

There are a number of possibilities for future research directions. The
following are a few suggestions:

Future studies could involve the use of a quantitative survey of both the
Australian and Chinese managers on the influence of culture and emotions.
Additionally, future studies could employ a mixed-method with both a qualitative
study of semi-structured in-depth interviews and an additional survey to enable the
generalisability of the research results. Additionally, future research could include
both the Australian managers and the Chinese counterparts in the interviews to allow
an added perspective from the other side, namely, the Chinese counterparts, to gain a
better understanding of how they view the process, and whether culture,
understanding/awareness, emotional intelligence etc. matter to them in negotiations,
or is it just a Western/Australian understanding.

Moreover, future studies could include other cultures and not be limited to
just the Australian versus their Chinese counterparts. For example, future research
should look into the United States, Brazil, India, Chinese, the BRICs countries (Paul
& Benito, 2017) and other Asian countries. Future studies should include research
into both investigations of cross-cultural negotiation experiences of ‘culturally
similar cultures’ and ‘culturally dissimilar cultures’. For example, Australian versus
Chinese represents culturally dissimilar cultures, whereas Japanese versus Chinese
would be a representation of culturally similar cultures. These studies could give rise to different results compared to this current study of Australian managers negotiating with Chinese counterparts.

Also, there are many challenges that small and medium enterprises (SMEs) would encounter in the face of globalisation (Paul, Parthasarathy, & Gupta, 2017). This is also relevant for how managers in SMEs conduct cross-cultural business negotiations and communications, so future research should include the specific challenges SMEs face in cross-cultural business negotiations and communications.

In addition, future studies could research the generational differences in how the younger and older Chinese cohorts negotiate in cross-cultural negotiation with the Australian counterparts in terms of the negotiation styles and approaches, and between the more direct communication styles and the outcome focussed approaches of the younger cohorts, versus the more in-direct, circular communication styles and relationship/or guanxi focussed older cohorts of the Chinese counterparts. The findings of this study suggest the influence of Western cultures on Chinese negotiation styles and possible changes in the Chinese negotiation values, so future studies could further examine these aspects.

Moreover, future studies could research into the possible gender differences in how female managers negotiate in cross-cultural negotiation as compared with their male counterparts. This current study was not able to take this gender difference into consideration, as this was not the purpose of the study and only two senior female managers/executives who have negotiation experiences with the Chinese were interviewed. Future research could examine gender differences of negotiation styles and approaches when Australian managers negotiate with the Chinese.

Furthermore, this study on cross-cultural negotiations between Australian managers and their Chinese counterparts mainly focused on trade between the two
countries and did not investigate the case with FDI. Future studies can include cross-cultural negotiations of FDI, both in Australian and Chinese inward and outward FDIs, and this can also be extended to other cultures.

Lastly, future studies could research the full range of different emotions that can emerge during the cross-cultural negotiations between the Australian managers and their Chinese counterparts, and the different emotions that could occur during the various stages/phases of the cross-cultural negotiation process (the informal phase, the formal phase, the final signing-up phase, and the post-negotiation scenario). Importantly, the significance and the influence of the various emotions, the transition from one emotional state to another during negotiations, and the influence of emotional displays and the control/regulation of emotions during negotiations, on the negotiation experience and outcomes between the Australian and Chinese managers could be investigated. In addition, the cultural differences between Australian managers and their Chinese counterparts in terms of emotional displays and regulations of emotions could be compared. Lastly, future studies should further examine the generational differences in the emotional displays and how individuals regulate their emotions and those of their counterparts during cross-cultural negotiations. Future studies could include a quantitative study to investigate the specific relationships of emotions, and emotional regulation between generations.

7.6 Conclusion of the thesis

In conclusion, this study has made a number of contributions in terms of: contribution to the literature on empirical studies, contribution to the theoretical literature, contributions to practice and contribution to policy, from the insights of the Australian managers’ cross-cultural negotiation experience with their Chinese
counterparts, on the role of culture and emotions and the influence on the negotiation process and experience.

The findings have confirmed the key Chinese cultural concepts of relationship building and maintaining the negotiation process, such as *guanxi* (relationships and connections) and *mianzi* (face) in the context of Australian managers negotiating with their Chinese business counterparts are still important. The findings also suggest there are generational differences in the Chinese counterparts’ communication and negotiation styles and approaches: the younger Chinese counterparts are more direct in their approach to negotiation and more focussed on the commercial interests in achieving a negotiated deal. Accordingly, the younger generation of Chinese were less focussed on *guanxi* and relationship building compared with their older counterparts, and were more outcomes focussed in negotiations, suggestive of a Western influence on Chinese culture and negotiation styles. This generational difference has implications for Australian managers negotiating with Chinese. Furthermore, possible changes in Chinese negotiation values, as demonstrated by the Chinese counterparts’ varying business practices and their different and changing negotiation approaches, were detected. Therefore, generational difference and changing Chinese values in cross-cultural negotiation is an area that deserves further research.

The findings demonstrated that emotions play a crucial role in influencing cross-cultural negotiations, as depicted below. The emergence of various emotions was found during negotiations between the Australian managers and their Chinese counterparts. The findings suggest emotions can transition from one emotional state to another (e.g., from calm to anger, or from rage to calm, and from neutral to joy). Emotions were also found to influence the negotiator’s behaviours and decision-making during negotiations, thus impacting on negotiations. Moreover, the detecting
of emotions during negotiations through both visible emotional displays or via less
visible body language changes was found to be important in cross-cultural
negotiations between Australian managers and their Chinese counterparts, because
emotions can influence both the negotiation experience and outcome. The findings
also suggested that there are marked differences between the Australian and the
Chinese in terms of emotional displays as a result of cultural differences and norms.
Emotional regulation of self and that of their counterparts during the negotiations
was shown to influence the negotiation experience and outcomes. Moreover,
generational differences were found with the older Chinese cohorts in terms of
emotion’s influence on negotiations and also their respective emotional displays. The
younger Chinese counterparts were found to be more expressive with their emotions,
while the older Chinese cohort was found to be less expressive and more guarded
with their emotions during negotiations with the Australian managers. Furthermore,
the findings also suggested there were risks and benefits from emotions occurring in
the negotiation experience and outcome between the Australian managers and their
Chinese counterparts. The role of emotions in cross-cultural negotiations, especially
in terms of emotional regulations of self and that of the culturally different
negotiation counterparts was found important and is still an area that is under
researched. This coupled with potential generational differences deserve further
research attention.

This research also investigated the diverse range of negotiation experiences
between the Australian managers and their Chinese counterparts. The findings
suggested differences exist between the Australian and the Chinese negotiation and
communication styles and approaches in terms of the Australian managers’
negotiation experiences. The Chinese counterparts were found to have more formal
communication and negotiation styles and approaches. In addition, they are more
focused on seniority and are more hierarchical in their cultural orientation and this meant that, in most instances, the senior members are the decision-makers in negotiations. Furthermore, the Chinese counterparts were found to be more focussed on face, or mianzi, and relationship building, or guanxi, and more long-term oriented compared with the Australian managers. This has significant implications for the overall experience of cross-cultural negotiations between the Australian managers and their counterparts.

Overall, the findings suggest that cross-cultural negotiation between Australian managers and their Chinese counterparts is dynamic, involving many phases and stages, is cyclical in nature but quite lengthy, and can be time-consuming, as per the Australian managers’ negotiation experiences. The findings suggested patience needs to be exercised when negotiating with the Chinese due to the time required for negotiations. The findings of this research also suggest possible changes in Chinese negotiation values, as demonstrated by the Chinese counterparts’ varying business practices and their different and changing negotiation approaches. The findings also showed that the negotiator’s experience of emotions can positively or negatively influence the negotiator’s self-emotions and negotiation behaviour and that of their Chinese counterparts. This, in turn, can influence overall negotiation experiences.

Lastly, the knowledge gained from the experiences of the Australian managers can help to better inform future research and also equip Australian managers for more effective business communication and negotiation, and improve their future business relationships. Importantly, the conceptual framework developed from the findings of this research can be used to design management training modules for future Australian training and development in cross-cultural negotiations with Chinese. Additionally, the framework can be utilised to guide and in informing
Australian government and agencies with implementing useful policies for trade between Australia and China, especially for SMEs.
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APPENDICES

Appendix 1 - Ethics approval letter from ‘Standing Committee on Ethics in Research Involving Human (SCERH)’ from Monash University.

Appendix 2 - the Interview Consent Form.

Appendix 3 - the Explanatory Statement for the interviews.

Appendix 4 – Deakin University approval email from Deakin Human Research Ethics, Deakin Research Integrity with project ID.

Appendix 5 - Interview questions
Appendix 1 - Ethics approval letter from ‘Standing Committee on Ethics in Research Involving Human (SCERH)’ from Monash University.

MONASH University
Standing Committee on Ethics in Research Involving Humans (SCERH)
Research Office
Prof Charmine E.J. Härter
Department of Management
Faculty of Business and Economics
Clayton Campus

16 July 2007

CF07/1342 – 2007/0359LIR : Understanding the impact of culture and emotions in Sino-Australian business negotiations

Dear Researchers,

Thank you for the information provided in relation to the above project. The items requiring attention have been resolved to the satisfaction of the Standing Committee on Ethics in Research Involving Humans (SCERH). Accordingly, this research project is approved to proceed.

Terms of approval

1. This project is approved for five years from the date of this letter and this approval is only valid while you hold a position at Monash University.
2. It is the responsibility of the Chief Investigator to ensure that all information that is pending (such as permission letters from organisations) is forwarded to SCERH, if not done already. Research cannot begin at any organisation until SCERH receives a letter of permission from that organisation. You will then receive a letter from SCERH confirming that we have received a letter from each organisation.
3. It is the responsibility of the Chief Investigator to ensure that all investigators are aware of the terms of approval and to ensure the project is conducted as approved by SCERH.
4. You should notify SCERH immediately of any serious or unexpected adverse effects on participants or unforeseen events affecting the ethical acceptability of the project.
5. The Explanatory Statement must be on Monash University letterhead and the Monash University complaints clause must contain your project number.
6. Amendments to the approved project: Changes to any aspect of the project require the submission of a Request for Amendment form to SCERH and must not begin without written approval from SCERH. Substantial variations may require a new application.
7. Future correspondence: Please quote the project number and project title above in any further correspondence.
8. Annual reports: Continued approval of this project is dependent on the submission of an Annual Report. Please provide the Committee with an Annual Report determined by the date of your letter of approval.
9. Final report: A Final Report should be provided at the conclusion of the project. SCERH should be notified if the project is discontinued before the expected date of completion.
10. Monitoring: Projects may be subject to an audit or any other form of monitoring by SCERH at any time.
11. Retention and storage of data: The Chief Investigator is responsible for the storage and retention of original data pertaining to a project for a minimum period of five years.

All forms can be accessed at our website www.monash.edu.au/research/ethics/human/index.html

We wish you well with your research.

Dr Souheir Houssam
Executive Officer, Human Research Ethics (on behalf of SCERH)
Cc: Ms Ruby Ma

Post Box 999, Clayton 3800, Australia
Telephone +61 3 9805 6490 Fax (03) 9805 1420
Email: oscrh@adm.monash.edu.au www.monash.edu.au/research/ethics/human/index.html
ABN 12 077 614 017 CRICOS Provider #00099C

Signature Redacted by Library
Appendix 2 - the Interview Consent Form.

Appendix 2 - the Interview Consent Form

Consent Form – Interviews

Consent Form - Australian managers, and business people; and experienced communicators / negotiators.

Title: Understanding the impact of culture and emotions in Sino-Australian business negotiations.

NOTE: This consent form will remain with the Monash University researcher for their records

I agree to take part in the Monash University research project specified above. I have had the project explained to me, and I have read the Explanatory Statement, which I keep for my records. I understand that agreeing to take part means that I am willing to:

1. I agree to be interviewed by the researcher ☐ Yes ☐ No
2. I agree to allow the interview to be audio-taped and/or video-taped ☐ Yes ☐ No
3. I agree to make myself available for a further interview if required ☐ Yes ☐ No

I understand that I will be given a transcript of data concerning me for my approval before it is included in the write up of the research.

I understand that my participation is voluntary, that I can choose not to participate in part or all of the project, and that I can withdraw at any stage of the project without being penalised or disadvantaged in any way.

I understand that any data that the researcher extracts from the interview for use in reports or published findings will not, under any circumstances, contain names or identifying characteristics.

Participant’s name

Signature

Date
Appendix 3 - the Explanatory Statement for the interviews

MONASH University

For Interview - Student Researcher

29/11/2007

Explanatory Statement – Australian Managers and experienced communicators / negotiators.

Title: Understanding the impact of culture and emotions in Sino-Australian business negotiations.

This information sheet is for you to keep.

My name is Ruby M. M. Ma and I am conducting a research project with Dr. Charmine Hartel a Professor in the Department of Management towards a Doctor of Philosophy (PhD) at Monash University. This means that I will be writing a thesis which is the equivalent of a 300 pages or more book.

Why have you been chosen as participants?
You have been selected as a potential voluntary participant for this research; as experienced Australian managers and experienced communicators / negotiators, identified from the Australian business associations trade associations, trade consulates chambers of commerce, Alumnus groups, and industry contacts and the like. We are seeking your voluntary consent to participate in this research.

The aim/purpose of the research

This research being undertaken aims to gain insights and understanding of the impact of culture and emotions have on cross cultural business communication / negotiation, in particular in the Sino-Australian business communication and negotiation context. As China is a major trading partner of Australia, it is important that Australian businesses and managers are equipped with the right tools and knowledge to communicate and negotiate successfully with prospective Chinese business partners.

At present, the key cross-cultural communication difficulties in the context of Australian-Chinese business negotiations, in particular the affective (emotional) combining with culture and custom differences perspective and the implications of such communication difficulties on negotiation outcomes are under researched. This research will try to address this gap by examining the cross-cultural communication process in a business negotiation context to gain insights of how culture and emotions impact Sino-Australian business communication and negotiation. This research will add value to the overall strategic planning to parties who wish to engage business with China, and has the potential to enhance the trade between Australia and China.

Possible benefits

This research can potentially benefit both Small to Medium Enterprises (SME) and large multinationals (MNCs) who wish to do business with the Chinese. More importantly, the findings can be useful in their strategic planning. This study can also help Australian businesses to better improve their communication skills in negotiating with their Chinese counterparts. Lastly, this research has the potential to assist the Australian Government on the relevant policy for setting up relevant cross-cultural training programs for businesses, entrepreneurs and managers.

Department of Management
Faculties of Business and Economics
Clayton Campus, Monash University
Wellington Road, Clayton, Vic 3168, Australia
Telephone +61 3 9905 5675 Facsimile +61 3 9905 5412 Email Charmine.hartel@business.monash.edu.au
Web: www.monash.edu.au/business
ABN 12 377 814 012 CRICOS provider number 00003C
What does the research involve?
This study, look at the impact of culture and emotions have on cross cultural business communication / negotiation, in particular in the Australian and Chinese context. Therefore, I am looking for both Australian and Chinese managers' business people; experienced communicators and negotiators; willing to participate in focus groups and interviews to share their experience on cross cultural business communication / negotiation, in particular in the Sino-Australian business communication / negotiation context. The focus groups and interviews will be audio taped and /or video taped (where appropriate) for thematic analysis and note taking later.

How much time will the research take?
The interview is expected to take about 1 hour.
Participation in the research will be at a time that is convenient to you.

Inconvenience/discomfort
This research being undertaken aims to gain insight and understanding of the impact of culture and emotions have on cross cultural business communication / negotiation, and therefore it is unlikely to cause any stress, inconvenience or discomfort beyond that experienced in everyday life. This research does not involve any physical procedures hence no physical risks are present. It is not expected that you will experience any harm or distress as a result of participating in the research:
- Participation will be voluntary with the option of withdrawing at any time prior to approving the transcript of interview or focus group.
- You will be informed of the true nature of the research.
- You will not be identifiable in any publications without your agreement.

Please be advised that should you require additional support, you can also contact the Australian Psychological Society’s free referral service on 1800 333 487.

You will be also given the researchers’ contact details should you have any concerns that you wish to discuss.

In addition, the researcher will conduct professionally and ethically at all times to avoid causing you any inconvenience or discomfort.

Can I withdraw from the research?
Being in this study is voluntary and you are under no obligation to consent to participation. However, if you do consent to participate, you may only withdraw prior to having approved the interview transcript.

Confidentiality
The data collected will only be used by the researchers for academic purpose and writing of a PhD thesis. No participants will be identifiable in any publications.

In addition, all the information will be reported in aggregate and no one will be identifiable in any publications arising from the research.
Storage of data
Storage of the data collected will adhere to the University regulations and kept on University premises in a locked cupboard/filing cabinet for 5 years and that no one besides the researchers will have access to it.

Use of data for other purposes
The results of this study may be published in conference or journal papers, however no publication, will identify any individuals as all results will be reported in aggregate.

Results
If you would like to be informed of the aggregate research finding, or have any questions, please contact Ruby M. M. Ma on 0413238057 or email Ruby.Ma@buseco.monash.edu.au. A summary report of the results can be made available for the participants of this research.

<table>
<thead>
<tr>
<th>If you would like to contact the researchers about any aspect of this study, the Chief Investigator:</th>
<th>If you have a complaint concerning the manner in which this research &lt;2007/0359LIR&gt; is being conducted, please contact:</th>
</tr>
</thead>
</table>
| **Professor Charmine E. J. Härtel**  
Department of Management  
Faculty of Business and Economics  
Clayton Campus, Monash University  
Clayton VIC 3800  
AUSTRALIA  
Tel: +61 3 9905 2475  
Fax: +61 3 9905 5412  
Email: charmine.hartel@buseco.monash.edu.au | **Human Ethics Officer**  
Standing Committee on Ethics in Research  
Involving Humans (SCERH)  
Building 3e  Room 111  
Research Office  
Monash University VIC 3800  
Tel: +61 3 9905 2052  
Fax: +61 3 9905 1420  
Email: scerh@adm.monash.edu.au |

Thank you.

Ruby M. M. Ma
Appendix 4 – Deakin University approval email from Deakin Human Research Ethics, Deakin Research Integrity with project ID.

2016-196: Understanding the impact of culture and emotions in Sino Australian business negotiations

Deakin Research Ethics

Thu 7/8/2016 12:41 PM

To: Ambika Zutshi <ambika.zutshi@deakin.edu.au>, RURY MING MA <brumy declined@deakin.edu.au>

Dear Ambika and Ruby,

Thank you for providing the documentation relating to your project titled: ‘Understanding the impact of culture and emotions in Sino Australian business negotiations’.

The project was originally approved by the Standing Committee on Ethics in Research Involving Humans at Monash University in July 2007. From the information you have provided it appears data collection is complete and Monash University is no longer involved in the project.

We have registered the project on our database and assigned it the project ID 2016-196. No further review is required.

Regards,
Chris

Christine Warne
Human Research Ethics Administrator
DR - Integrity, Deakin Research

Deakin University
Melbourne Burwood Campus, 221 Burwood Highway, Burwood, VIC 3125
+61 3 9251 7125
christine.warne@deakin.edu.au
www.deakin.edu.au

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Appendix 5 - Interview questions

Semi-structured In-depth Interview Questions

1. Please tell me about yourself and your role in your organisation, and describe the nature of the business your organisation is in.

2. Can you please tell me about your experience with the Chinese, in particular the communications and negotiations?

3. Was there any relationship before the negotiation? How did the communication / negotiation begin?

4. How important is the concept of guanxi (relationship) in communicating and negotiating with the Chinese? How important is Mianzi (face), in negotiating and doing business with the Chinese?

5. Can you please describe (by providing an example or examples) of the best negotiation, and a negotiation that almost failed.

6. Do you feel that you understand Chinese culture (now that you have been doing business with the Chinese over a period of time)? Are there specific characteristics of Chinese culture that you are aware to do with the way they communicate or negotiate that are very different to people in the West, e.g. Australia?

7. What are the key things about the Chinese culture that you have learned in negotiating with the Chinese? (Tell me about a few things that you have learned from your experiences).

8. Have you noticed any changes or shifts to the Chinese culture in your business dealings / experiences with them? Any generational cultural changes (explain a bit more to the interviewee)?

9. What type of emotions did you experience, were they positive or negative type of emotions? Did you display or express any emotions during the negotiations (as part of a tactic) or were they deeper type of emotions?

10. Did you experience or detect any emotions in the Chinese counterpart? Were there any visible displays of emotions by the Chinese?
   - Expressed emotions
   - Deeper type of emotions

   Does emotion play a role in negotiation?

11. As an experienced China negotiator, is there a question that you think I should have asked you? What have I missed? Any other comments?