



Etiquette and Process Puzzles of Negotiating Business in China: A Questionnaire

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ETIQUETTE AND PROCESS PUZZLES OF NEGOTIATING BUSINESS IN CHINA: A QUESTIONNAIRE

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Cultural differences can affect negotiations in many ways, from influencing the basic motivations and perceptions of the players to guiding the surface aspects, such as etiquette, protocol, and process, of business interactions. Navigating the challenges of these surface behavioral issues is useful to plumb some of the deeper cultural factors and differences in governance and decision-making of cross-border business negotiation. As suggested by an iceberg analogy, though etiquette, protocol, and deportment comprise the visible tip, they might be linked to more deeply rooted, less obvious forces that are fully capable of sinking the ship. This working paper, through a questionnaire format—intended as an instrument to collect data from a range of people with varying China-related negotiating experience—presents a series of situations of a typical Sino-foreign business negotiation to address both the surface and the root cultural factors. This questionnaire will serve not only to evaluate subjects' appreciation for Chinese culture as it bears on negotiation, but also to better understanding of the process aspects of cross-border negotiation in general.

Navigating the Chinese Etiquette Maze

As the senior vice president in charge of the business development unit of a fast growing company, you are looking for the first time for long-term suppliers in China. Among several candidates on your radar screen that appear to be a good fit for the proposed supply contract is a company located in Jinan, a city in northeast China. The findings of your consultants' due diligence being consistent with your own assessment that a relationship with this supplier could improve your company's performance, you decide that you and several associates will visit the firm within next couple of weeks to explore the possibility of negotiating a supply contract. You are well prepared for the negotiations from a corporate perspective, but less sure of yourself with regard to issues of protocol and etiquette in a Chinese business setting. Nonetheless, your colleagues are counting on you to lead them gracefully through the upcoming sessions. Read the following scenarios and select what you believe to be the most appropriate response in each situation. Feel free to add to each scenario, as an additional "f" option, your own response or any comments or observations.

- 1) You are quite certain that your company and the Jinan supplier have no prior knowledge of each other. What would be the most effective way to establish contact with this prospective supplier?
 - a) Cold call the Chinese supplier to express your company's interest in visiting within next two weeks to explore a business collaboration, then make your own travel arrangements.
 - b) Identify and ask an intermediary or friend in China who is known to the Jinan firm to introduce you and arrange a meeting during your trip.
 - c) Leverage your local contact's Guanxi (personal network) to establish connections within the Chinese firm, then ask the insiders to deliver your message to the appropriate executives and wait to be contacted by them.

- d) Make other important tasks for which you are traveling to Jinan your first priority, then call the Chinese company to arrange a brief meeting before you leave.
 - e) Contact the Chinese company via e-mail and fax, send as much information as possible about your company and what you hope to achieve (e.g., your company's brochure, a letter of intent, and so forth), and wait to be contacted.
 - f) _____.
- 2) A meeting has been set with the Jinan supplier and you are preparing the trip. Who would you have to accompany you?
- a) No one. You'll travel alone to save money and be more flexible, and trust that the Chinese company will have interpreters.
 - b) You'll take with you individuals who can advise your negotiation and help you craft a contract, such as your corporate counsel and an accountant.
 - c) You'll take with you a Chinese colleague who can play the dual role of negotiator and interpreter.
 - d) You'll engage the services of and take along a professional Chinese interpreter.
 - e) You'll be accompanied by your CEO for symbolic purposes.
 - f) _____.
- 3) Given limited resources and time to prepare for preliminary negotiations, what is your top priority?
- a) Perform a "Strengths, Weaknesses, Opportunities, Threats" analysis of the Chinese company's business.
 - b) Thoroughly investigate the backgrounds of the people (negotiators and decision makers) with whom you will be dealing.
 - c) Polish and rehearse your presentation.
 - d) Brief and arrange appropriate negotiating roles for each of your team members.
 - e) Consult "China experts" or expatriates regarding how to conduct business with the Chinese.
 - f) _____.
- 4) Upon deplaning, you and your colleagues are surprised to find a representative of the Chinese company waiting to provide your transportation. On the way to hotel, this individual casually inquires about your plans (e.g., how long you plan to stay, what other activities or tasks you expect to occupy you, and so forth) and your experience doing business in China. How do you respond?
- a) Tell this individual, frankly, that you are visiting Jinan for the first time and will stay only four days. Express your hope that some activities or sightseeing might be arranged for you.

- b) Talk only about parts of your plan that are related to, and about the major topics you wish to discuss at, the scheduled meeting.
 - c) To give an impression that you are not a new comer who could be easily taken advantage of, boast that you are a veteran of doing business in China and very familiar with local customs. In the mean time, you privately decide to spend the rest of the day taking a tour by your own to become acquainted with the history and culture of the city and region.
 - d) Use jet lag as an excuse to say as little as possible.
 - e) Being aware that negotiation has already begun informally, strategically disclose some information that will subsequently work in your favor.
 - f) _____.
- 5) The next day, you and your colleagues arrive at the company's office punctually at 10:00 a.m. The receptionist greets you, informs you that the person with whom you are to meet is in a meeting that is running late, and offers you a seat in a waiting area. Almost forty minutes have passed and you've heard nothing further from the receptionist. What should you do?
- a) Demonstrate that your time is valuable by asking the receptionist to inform the person with whom you were to meet that you will meet him/her at your hotel punctually at 10:00 a.m. the following morning, and leave.
 - b) Wait patiently and register no complaint.
 - c) Try to judge whether your Chinese counterpart is indeed detained in a meeting or is reluctant to meet with you (you have been given to understand that Chinese will put off a meeting for which they are unprepared), and tactfully ask the receptionist if the meeting is still to be held.
 - d) Tactfully register your impatience with the receptionist.
 - e) Wait, but resolve to register your displeasure at being kept waiting later at a key point in the negotiations.
 - f) _____.
- 6) You are informed that the meeting can now take place and are escorted to a conference room where your Chinese hosts are waiting for you. Upon entering the room, what should you do?
- a) Greet each person in the Chinese delegation with a firm handshake to demonstrate your seriousness about the impending proceedings and to avoid any implication of hierarchy on either side.
 - b) Wait for your assistant or interpreter to greet your Chinese hosts and formally introduce you to each of them.
 - c) Stand stiffly, without smiling, and await cues from your Chinese hosts.
 - d) Determine which of your hosts is senior, and greet that person first with a moderately firm handshake and using the correct title when addressing him/her.

- e) Ignoring the rest, go directly to your contact person or to individuals you know and, addressing them by name, greet them with a hug or handshake and a pat on the shoulder to show intimacy.
 - f) _____.
- 7) After greetings have been exchanged, how should you offer your business card?
- a) Casually hand one card to each member of the Chinese delegation.
 - b) Hand a single card to the senior member of the delegation and ignore the others.
 - c) Place as many business cards as there are members of the Chinese delegation at the end of the conference table and let them take one or not at their discretion.
 - d) Holding a few of your business cards in your left hand, present one to each member of the Chinese delegation with your right hand, ensuring that no direct eye contact is made.
 - e) Using both hands, present one card at a time, printed side facing away from you, to individuals to whom have been formally introduced by the principle Chinese host.
 - f) _____.
- 8) What do you intend to do with several gifts you have brought (an expensive crystal clock wrapped in ocean blue gift paper with a purple ribbon, an elegant Swiss Army Knife with a black leather case, and a hand engraved silver cigarette lighter in a red silk-covered box tied with golden ribbons)?
- a) Present the clock to the principle host as a gift for the Chinese company to signify at the outset of the negotiations your sincere interest in pursuing a long-term business partnership.
 - b) Ignoring the other Chinese hosts, present the clock to the principle host as a personal gift at the conclusion of the negotiations to signify your earnest desire for long-term friendship.
 - c) Ignoring the other senior Chinese hosts, present the Swiss Army Knife to the principle Chinese host privately (ideally during the welcoming banquet), indicating that the gift is expensive consistent with your host's status.
 - d) Present the silver cigarette lighter to the principle host publicly, at the conclusion of the negotiations, as a gift for the Chinese company.
 - e) Withhold them for the time being, this being just the initial contact, and nothing being certain yet.
 - f) _____.
- 9) The head of the Chinese delegation offers you the seat of honor at the head of the conference table, that is, the chair in the middle of the table facing the door. What should you do?
- a) Under no circumstances accept the offer.

- b) Graciously accept the seat.
 - c) Explain that you are honored by the gesture, but prefer to allow another member of your delegation to take the honored seat (thereby demonstrating that you value all members of your team equally).
 - d) Politely refuse the seat several times before acquiescing.
 - e) Insist that your host take the honored seat.
 - f) _____.
- 10) A staff member arrives and offers you tea, which you greatly dislike. What should you do?
- a) Indicate that you would prefer a different beverage.
 - b) Accept the tea.
 - c) Politely decline, and remove a bottle of Evian spring water from your briefcase.
 - d) Rise and accept the tea with a slight bow.
 - e) Accept the tea, and immediately offer it to another member of your party.
 - f) _____.
- 11) When all have been introduced and seated, what should you, as the principle guest, do before the formal meeting starts?
- a) Take the lead by initiating a substantive discussion of the potential for collaboration, and then proceed with your company's presentation.
 - b) Wait for your hosts to begin the conversation, and follow their lead without interrupting.
 - c) Solicit from your hosts information about their company and its business interests.
 - d) Set a light tone for the conversation by making jokes or relating a personal "bad" but funny experience in China.
 - e) Establish rapport by initiating conversations about non-business topics, such as family, the weather, sightseeing, and so forth, and engaging in "small talk" with the principle Chinese host.
 - f) _____.
- 12) When talking, how should you address those in the room?
- a) Speak directly to, and maintain constant eye contact with, the Chinese interpreter to ensure that you are heard clearly and your words are translated accurately.
 - b) Look at and speak directly to your principle host as if your English were being understood perfectly, and concealing your frustration at the lack of spontaneous reaction from your Chinese counterpart.
 - c) Speak to and maintain eye contact with the Chinese host sitting closest to you.
 - d) Face your principle host, but with downcast eyes (to avoid direct eye contact).

- e) Address the entire Chinese group, shifting your eyes from one person to another to maintain a sense of connection with your audience.
 - f) _____.
- 13) As the atmosphere gradually warms, your Chinese hosts begin to ask personal questions, such as “How old are you?”, “From which school did you graduate?”, “What is your salary”, “What does your spouse do?” and so forth. You find these questions about what you consider to be private matters uncomfortable. What should you do?
- a) Answer honestly, understanding that this is a Chinese way of expressing concern and intimacy, and a necessary step towards developing a personal relationship.
 - b) Decline to answer the questions and ask your hosts to respect your privacy.
 - c) Selectively answer the less private questions, and ask your Chinese hosts similar questions.
 - d) Try to dodge the questions by changing the subject.
 - e) Answer the questions, but feel at liberty to prevaricate.
 - f) _____.
- 14) The group has been chatting freely for almost an hour. Eager to get to the business at hand, and with your hosts still showing no sign of doing so, what should you do?
- a) Interrupt your hosts and propose that the conversation be shifted to the discussion of business.
 - b) Listen without complaining, and without contributing to the conversation.
 - c) Listen without complaining, contributing to the conversation occasionally.
 - d) Show your impatience with body language.
 - e) Politely inquire whether it wouldn't be a good idea to get down to business, and to stick to the meeting agenda in subsequent sessions.
 - f) _____.

Solving the Deeper Cultural and Process Puzzles in Chinese Business

- 15) Earlier in the conversation, you had clearly stated the purpose of your trip and your Chinese hosts had seemed quite interested. Now, they give you the floor (for about 45 minutes). What should you do?
- a) Begin your presentation immediately in order to take fullest advantage of the time allotted. Make your points or arguments systematically and consistently, discouraging interruptions and declining any opportunities to break.
 - b) Divide the presentation into several parts (each 10-15 minutes) and pause after each part to give the Chinese an opportunity to comment or raise questions.
 - c) Summarize the structure of the presentation and invite suggestions from your Chinese hosts about how best way to deliver it. Follow their suggestions;

- d) Briefly state each issue and attendant points, and let the Chinese comment fully before moving on to the next. Interrupt or break in as necessary in order to clarify or defend your points.
 - e) Courteously decline several times, insisting that respect (and perhaps a desire to have them show their hand) dictates that you let your Chinese hosts present their proposal first.
 - f) _____.
- 16) Your Chinese hosts evidence little interest in the specifics of the potential collaboration (schedules and agendas, for example), preferring to talk only about vague, appealing sounding and non-controversial generalities like mutual understanding, trust, long term cooperation, and generating synergies. What is your take on these things?
- a) They are only helpful to the Chinese side.
 - b) They are equally helpful to both sides in terms of establishing a common ground.
 - c) They are of little consequence to either side because once negotiations are under way, both sides will be focused on specific terms and these hollow general principles will become irrelevant.
 - d) They are equally helpful and necessary to both sides at the highest level, but not relevant to negotiations at the technical level.
 - e) They are, in fact, detrimental because agreeing to such general principles, to the extent that it gives rise to unrealistic expectation on the part of management on both sides about the progress of the negotiation process, adds an unnecessary burden to the front line negotiators.
 - f) _____.
- 17) Your efforts to redirect the discussion away from vague general principles towards the specifics of collaboration are resisted by your Chinese hosts. What can you do?
- a) Insist that time be made to discuss specifics of the proposed collaboration.
 - b) Say nothing, but mentally register that this might be a ploy on the part of the Chinese to avoid meeting necessary obligations in the future.
 - c) Express to your hosts that it is a waste of time to talk about things without substantial value and end the meeting; before the next meeting, send your Chinese hosts a formal agenda and schedule.
 - d) In the interest of establishing a mutually agreeable common ground as well as to nurture the relationship, try to keep the conversation flowing naturally until both sides have arrived at a comfortable level of confidence and trust, and only then try to interest your Chinese hosts in discussing specifics.
 - e) Go with the flow and continue discussing vague generalities with the Chinese, trusting that the specifics will be worked out as the relationship evolves.
 - f) _____.

- 18) Although you feel that the first meeting has gone well, many issues have yet to be covered, and now your Chinese hosts are proposing extensive socializing and entertainment in later afternoon or early evening. What do you make of this?
- a) You suspect they are trying to buy you off.
 - b) You believe that they are not much concerned about the substance of a potential contract.
 - c) You consider these to be deadline tactics meant to exert pressure on you and maximize their gain.
 - d) You expect that they want to get to know you personally in the interest of establishing long-term friendships.
 - e) You suspect that they anticipate that in a relaxed situation you might reveal your bottom line and other valuable information.
 - f) _____.
- 19) At the end of the meeting, your principle Chinese host invites your delegation for a welcoming banquet at a famous local restaurant scheduled to begin at 6pm. You graciously accept the invitation. When should you be at the restaurant?
- a) Around 5:30pm or even earlier to show your courtesy and understanding of the Chinese dining ritual (you know the Chinese will arrive earlier).
 - b) Punctually at 6pm or a few minutes earlier, but definitely no later than 6:10pm since arriving late would be considered rude.
 - c) Around 6:30pm in order to give your host enough time for preparation. The Western concept of “fashionably late” also applies here.
 - d) Between 7:30pm to 8pm, because the Chinese are very relaxed towards time/schedule (this is what you had sensed from the earlier interactions with them – e.g not starting/ending meetings on time, the last minute postpone/cancellation of schedules, etc).
 - e) Never, because you know that the invitation is just a gesture of courtesy that the Chinese use to maintain a superficial harmony with others. Just like a common Chinese greeting phrase “have you eaten?” which only means that “how are you” instead of a serious invitation, you should not interpret it literally.
 - f) _____.
- 20) During the welcoming banquet, the chief Chinese host offers you a half-day tour in the city’s scenic areas the next day. Given the limited time you have in Jinan and the need to focus on the negotiations, you consider this an unnecessary luxury. But what do you do?
- a) Graciously accept in order that your host not loses face.
 - b) Express gratitude for your host’s hospitality, but politely decline on the excuse of your tight schedule, and produce your itinerary as proof.
 - c) Respond with an emphatic “no,” and insist that major business issues be resolved before engaging in any entertainment.

- d) Express your appreciation and politely accept the offer, inviting the chief host to join you (so you still can negotiate, albeit informally, while touring).
 - e) Politely decline on the excuse that you are quite familiar with the area, and reiterate your insistence on continuing business negotiations in the morning.
 - f) _____.
- 21) In the course of the negotiations, during a lengthy exposition of a proposal or important point concerning your position, the head of the Chinese delegation remains silent save for an occasional nod or affirmative grunt. How do you interpret this?
- a) He does not understand your proposal, but wants to save face by pretending he does.
 - b) He will categorically not accept the proposal.
 - c) He is displeased with your proposal, but prefers not to embarrass you by confronting you directly.
 - d) He is attending to your proposal carefully and, by refraining from speaking, inviting you to elaborate.
 - e) He is in total agreement with you and will accept the proposal.
 - f) _____.
- 22) At one point during the talks, you suggest a bold move that, albeit risky, could solve the problem at hand and create substantial value for both sides. How would you expect your Chinese counterparts to react?
- a) They would most likely show interest by asking many questions.
 - b) The Chinese being notorious risk takers, they would likely accept the challenge.
 - c) The Chinese being notoriously risk averse, they would probably explain that such a move would require ministerial approval (or offer some other excuses, such as “it is really ‘inconvenient’ for them to adopt your move”) and hastily change the subject.
 - d) They will probably accept the challenge, but attempt to extract a substantial concession from your side.
 - e) They will bluntly say “no,” and joke about your ignorance of the realities of doing business in China.
 - f) _____.
- 23) You have been haggling with the principle Chinese host over an important issue for nearly two hours and made little progress. If your Chinese counterpart should take you aside during a break or request a private discussion with you, what would you expect?
- a) He is probably going to try to intimidate you.
 - b) He is probably looking for an opportunity to speak candidly with you.
 - c) He is probably making an effort to keep you from “losing face” by seeking a venue in which he can express his anger with you in private rather than in front of the group.

- d) He is probably very close to agreeing with your proposals, but does not want his colleagues to know.
 - e) He is probably having trouble following your proposals and would like clarification.
 - f) _____.
- 24) Your Chinese counterpart defers to a higher authority in response to a request or proposal. What do you make of this?
- a) It is a sign he does not clearly understand (a cue to restate more clearly).
 - b) It is a sign the deal is close to being concluded.
 - c) It could be a delaying tactic.
 - d) It is a sign the deal is off.
 - e) It is precisely what it appears, that he does not have the final say on the issue.
 - f) _____.
- 25) Were you later to conclude that you had been deceived in the negotiations by your hosts' not revealing key information, what recourse would you most likely take?
- a) Expose their tactics publicly in the discussion, and emotionally accuse them of lying.
 - b) Accept, without letting on that you realize you are being taken, and resolve to adopt an "eye for an eye" strategy in ensuing discussions.
 - c) Calmly acknowledge, indirectly and privately, and with humor, the distrustful nature of the Chinese towards foreigners and the tactics to which it gives rise, and encourage your hosts to adopt a "win-win" mentality.
 - d) End the meeting without any conclusion being reached by both sides and leave the room to show your anger at your hosts' dishonesty.
 - e) Continue the discussion without complaint, but conclude that your Chinese hosts are not trustworthy and that you need to exercise caution in cultivating a relationship geared towards future cooperation.
 - f) _____.
- 26) A suggestion that you believe to be fair and constructive is met with a prolonged silence or a repetition of "we will carefully study it." What do you make of this?
- a) They disagree, but are refraining from saying "no" directly to allow you to "save face" with your team.
 - b) They probably lack sufficient authority to make a decision on the issue.
 - c) They are probably confused, waiting for you to break the silence.
 - d) They are probably trying to make you uncomfortable in order to extract further concessions from you.
 - e) They are extremely unhappy with the course of the negotiations.

- f) _____.
- 27) Your Chinese host responds to your proposal or suggestion with, “No problem.” How do you interpret this?
- a) He completely understands and agrees with your points.
 - b) He has no problem hiding his disagreement.
 - c) Not exactly “yes,” but that “he will try.”
 - d) He is encouraging you to take further cues from subsequent remarks or from his body language.
 - e) He could be implying any number of subtle things, and you need to ask directly for clarification.
 - f) _____.
- 28) If your Chinese host’s suggestion or proposal does not make sense to you, what should you do?
- a) Express your disagreement with an emphatic “no,” then, to generate an atmosphere of constructive criticism, explicitly point out each flaw in your host’s argument.
 - b) Inquire how the conclusion presented was reached, and ask for further clarification.
 - c) Express your disagreement by making jokes about the suggestions.
 - d) Express appreciation, to give you time for formulate reasons that support an indirect and polite refusal.
 - e) Reply ambiguously, and then quickly change the subject to forestall further discussion.
 - f) _____.
- 29) During a heated debate, you accountant and lawyer detect a major flaw in the facts or arguments presented by a member of the Chinese team and begin taking turns challenging the individual. What should you do?
- a) Join your account and lawyer in order to exert further pressure on the Chinese individual and gain the upper hand on the issue.
 - b) Don’t intervene; allow the situation to play out, ignoring your principle Chinese host’s sign of embarrassment.
 - c) Curb your accountant’s and lawyer’s aggressiveness by shifting to another topic and deferring discussion of the dispute.
 - d) Call for a break and candidly exchange views with your principle Chinese host privately in an effort to settle the dispute offline.
 - e) In the hope of gaining something substantial in return, please your principle Chinese host by defending the Chinese person against your accountant and lawyer.
 - f) _____.

- 30) During the negotiations, your Chinese hosts continually revisit and attempt to re-negotiate previously agreed terms. What should you do?
- a) Express your frustration that the Chinese are wasting your time and failing to keep their word, and always try to extract some concessions in return from your host when you have to accommodate them.
 - b) Patiently try to accommodate your hosts without register your frustration. Your gesture of good cooperation will be paid off later.
 - c) Refuse to continue the discussion, and threaten to terminate the negotiations if the behavior persists.
 - d) Shift the discussion from the substance of the negotiations to negotiating the rules of the game.
 - e) Try to gauge whether this is a tactic intended to confuse you and then decide appropriate responses.
 - f) _____.
- 31) The negotiations are at a critical juncture. One of your Chinese hosts approaches you in private and asks you for a personal favor. Having learned previously that you are alum of the university to which his son current is applying, he asks that you write a strong recommendation letter for his son and hints that you will be rewarded for doing so. What should you do?
- a) Decline the request, pointing out that such behavior (i.e., writing a recommendation for a person you don't know) is against your ethics.
 - b) Agree, expecting the favor to be returned in the form of concessions on the deal.
 - c) Respond ambiguously, and try to leverage that ambiguity at the negotiating table.
 - d) Suspecting that it might be a trap intended to reveal your willingness to compromise your ethics, pretend that you don't understand the request.
 - e) Inquire, explicitly or implicitly, what kind of reward you should expect, and then make a decision.
 - f) _____.
- 32) A senior member of the Chinese negotiating team angrily complains that your proposal or action goes against the "spirit of cooperation," which greatly hurts their feelings. What should you do?
- a) Nothing, because you believe that emotions have no place in professional negotiations.
 - b) Directly address the person's feelings by responding with small concessions meant to appease him.
 - c) Try to avoid acknowledging his feelings publicly, and attempt to respond through private exchanges.
 - d) Adopt a wait and see attitude; try to fathom the underlying reasons for his outburst before deciding on a course of action.

- e) Play hardball; respond with your own emotional outburst (the “eye-for-an-eye” strategy).
 - f) _____.
- 33) The negotiation is stalemated, and your return flight is scheduled for tomorrow. What should you do?
- a) Concede to the terms offered by the Chinese so that you don’t return to headquarters empty handed.
 - b) To safeguard your company’s interests, play hard ball right up to the end; if the Chinese show no sign of yielding, call off the deal.
 - c) Postpone your return and strive to make a breakthrough in the negotiations.
 - d) Offer to compromise, to concede some terms if the Chinese will concede others.
 - e) Advise your company of the situation (in order to ensure understanding and lowered expectations at headquarters) and prepare to leave as scheduled, while keeping the dialogue with the Chinese open.
 - f) _____.
- 34) After days of intense negotiating, agreement is reached on all issues, on both sides. What should you do now?
- a) Work with your lawyer to prepare a detailed written contract, in English (as thick as bricks), to be signed first by your Chinese host (indicating deference), and then by you.
 - b) Work with your lawyer and interpreter to prepare a detailed, but not overloaded, written contract (probably 30 pages, in both English and Chinese), but postpone signing until necessary approvals are secured from government officials, a process that could take months.
 - c) Cordially shake hands with your counterpart to seal the deal. The Chinese have no need for contracts, as one’s word is legally binding. A letter of intent drawn up by your side outlining the terms of the agreement will guide your future relationship, but will not be signed by either party.
 - d) You and the senior member of the Chinese negotiating team sign off on the minutes of meeting to signal the spirit of cooperation between two companies. There is no need yet for a written contract, which the Chinese view merely as a certificate of a relationship, and there will likely be further negotiations along the way.
 - e) Prepare a written contract and insist that unless the legally binding document is signed immediately, the deal is off. If you are not persistent at this crucial juncture, your time and energy will have been for naught (a mistake many Westerners have made).
 - f) _____.
- 35) Finally, you and your Chinese hosts signed a moderately detailed contract in both English and Chinese. Several months after the supply contract is signed, you find that the Chinese

company's interpretation and implementation of its terms is at variance with yours.

What should you do?

- a) Insist that the contract be honored and its terms strictly adhered to; threaten that failure to do so could jeopardize future cooperation and the relationship.
- b) For the sake of mutual business interests and a long-term relationship, do nothing and hope that the Chinese company will behave better going forward.
- c) Inquire as to the reasons for not implementing the terms of the contract literally, and work with the company to resolve any problems.
- d) Accommodate the Chinese company's lack of compliance and anticipate reciprocal accommodation of your company's failure to fulfill all of its obligations at some future time.
- e) File a lawsuit against the Chinese company seeking compensation.
- f) _____.

36) How would you likely resolve contract disputes that arise during the implementation process?

- a) Pursue legal arbitration in the courts.
- b) Leverage your Guanxi to coax the Chinese company into compliance with your interpretation of the terms of the contract.
- c) Pursue, in private consultations with the Chinese executives, a compromise solution.
- d) Give in one time in anticipation that you will be afforded an opportunity to exact concessions next time.
- e) End the relationship, and pursue a new relationship with one of the Chinese company's competitors.
- f) _____.

Appendix: Personal Background and Demographics Sheet

This questionnaire will help us understand the views of business people toward China-related negotiations. Personal background information will be kept confidential. Answers to survey questions will be aggregated with others' answers for statistical comparison and analysis.

QUESTION 1:

Nationality

QUESTION 2:

Native language(s)

QUESTION 3:

Please list any languages--other than your native language(s)--that you know and, in parentheses, whether your grasp of the language is Excellent, Average, or Poor

QUESTION 4:

Approximate number of employees in your current company

(Numeric answer required, use numbers only, with a decimal point and/or minus if necessary.)

QUESTION 5:

Current location(s)

- A. U.S./Canada
- B. Latin America
- C. China
- D. Other Asia-Pacific
- E. Western Europe
- F. Eastern Europe
- G. Middle East/Africa
- H. Other (specify)

QUESTION 6:

Gender

- A. Male
- B. Female

QUESTION 7:

Age

(Numeric answer required, use numbers only, with a decimal point and/or minus if necessary.)

QUESTION 8:

Educational background

- A. Bachelors
- B. Masters (non-MBA)

- C. MBA
- D. Doctorate
- E. Other (specify)

QUESTION 9:

Functional background

- A. Sales/Marketing
- B. Finance/Accounting
- C. Operations/Manufacturing
- D. Human Resources
- E. Strategy
- F. Technical/Engineering
- G. Other (specify)

QUESTION 10:

Current or former level of involvement in China-related business (negotiations)

- A. None
- B. Occasional
- C. Often
- D. Constant

QUESTION 11:

Period during which you were involved in China-related business (negotiations)

- A. Never
- B. Within last 2 years
- C. Within last 5 years
- D. Within last 10 years
- E. More than 10 years ago

QUESTION 12:

If involved, in what capacity? (check all that apply)

- A. Observer
- B. Field-team member
- C. Project Supervisor
- D. Decision maker
- E. Other

QUESTION 13:

Total number of years of involvement in China-related business (negotiations)

- A. 0
- B. 1-5
- C. 6-10
- D. 11-15
- E. 16+

QUESTION 14:

Projected level of involvement in China-related business (negotiations) within the next 2 years

- A. None
- B. Occasional
- C. Often
- D. Constant

QUESTION 15:

Total number of years of involvement in international (outside your home country) business (negotiations)

- A. 0
- B. 1-5
- C. 6-10
- D. 11-15
- E. 16+