Process Ambiguities in Sino-Danish Business Negotiations

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Abstract

The article analyses the role played by process ambiguities in Sino-Danish business negotiations. Process ambiguities refer to perceived expectational inconsistency concerning (i) appropriate forms of behaviour; (ii) attributional judgements; and (iii) structuring of the negotiation process. These ambiguities stem from differences in negotiation scripts across Chinese and Danish cultures. The essential argument being advanced here is that it is the effective and/or the ineffective management of process ambiguities that shapes the evolution of the negotiating dynamic between Danish and Chinese business people. An inductive model of Sino-Danish business negotiations is developed that is based on 24 interviews conducted with Danish expatriate managers in China and 4 interviews with Chinese working in Danish companies. Implications for research and practice are discussed.

Introduction

There is a considerable amount of literature attesting to the emergence of process ambiguities in Sino-Western business negotiations (e.g. Fang 1999; Faure 1998; Kirkbride *et al.* 1991; Pye 1982; Tse and Walls 1994; Weldon and Jehn 1996; Worm and Frankenstein 2000). Process ambiguities refer to (i) perceived expectational inconsistency concerning appropriate forms of behaviour; (ii) attributional judgements; and (iii) structuring of the negotiation process (Kumar 1999). Process ambiguities are reflective of the fact that negotiators have both congruent as well as incongruent goals (Ghauri 1996).

Faure (1998), for example, points out that the Chinese approach to negotiations combines 'joint quest' with 'mobile warfare'. In 'joint quest' the Chinese are seeking to jointly craft a solution with their counterpart, while in 'mobile warfare' they are seeking to outflank their opponent. More importantly, these two approaches are not separate and distinct but are part of a unified negotiation strategy *vis à vis* their counterpart. A similar argument has been advanced by Fang (1999).

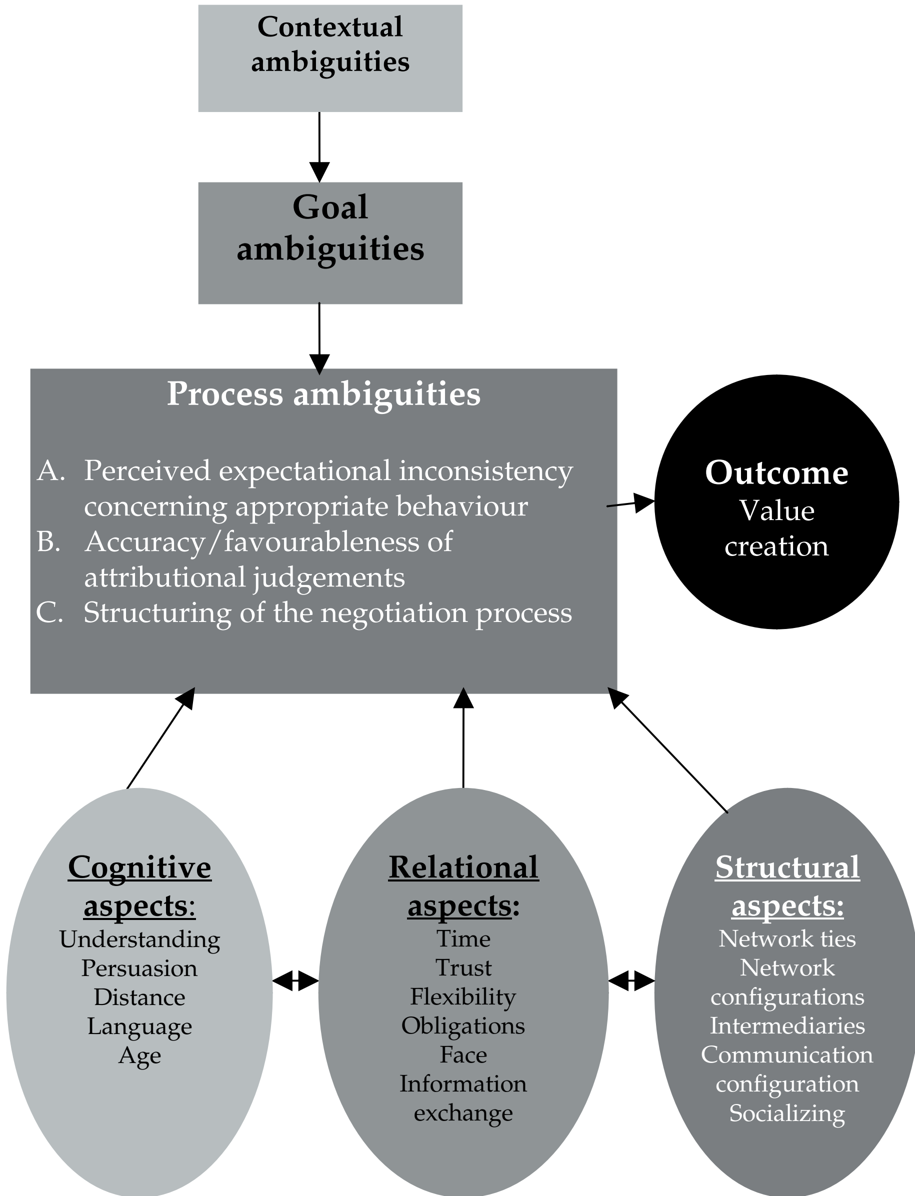
The Danish approach to negotiation is, by contrast, very linear and consistent. The Danes seek to craft a solution reconciling the interests

of the parties through persuasive argumentation (Worm 1997). While joint quest may be as central to the Danes as it is to the Chinese, mobile warfare is not part of their repertoire. In approaching negotiations from conflicting standpoints, each party is intentionally or unintentionally creating expectational inconsistency concerning appropriate forms of behaviour. Danes, for example, might find it difficult to cope with co-operative and conflictful approaches simultaneously, while the Chinese may find it difficult to maintain linearity. Similarly, the structuring of the negotiation process may also be problematical.

Although script incongruence generates process ambiguities, it does not follow that the emergence of process ambiguities will necessarily be detrimental to negotiations. A central argument of this article is that while process ambiguities are an intrinsic part of Sino-Western business negotiations, it is the effective *management* of these ambiguities that determine whether the negotiations will prove successful or not. This article develops an inductive model of negotiations between the Danes and the Chinese which outlines the origins and consequences of process ambiguities in shaping Sino-Danish business negotiations. The model is developed on the basis of interviews conducted with Danish expatriate managers resident in China.

A number of scholars have sought to develop models of the international negotiation process (e.g. Brett 2001; Dupont 1996; Graham and Sano 1985; Weiss 1993). Some of the models are micro–oriented, i.e. they focus on interpersonal transactions among negotiators (e.g. Brett 2001; Graham and Sano 1985), whereas others seek to incorporate both the micro- as well as macro-level variables in shaping negotiating outcomes (e.g. Weiss 1993). Additionally, some of the models focus on a particular culture (e.g. Fang 1999), whereas others have a more generic orientation. We make an attempt here to develop a micro-oriented model of the Sino-Danish negotiation process (see Figure 1). This model augments the existing literature in a number of ways. First, we incorporate both the macro- and the micro-level variables in our analysis of the interactions between the Danish and the Chinese managers. This integration has rarely been conducted within the context of a specific culture and this articles goes some way towards remedying this deficiency. Second, the extant literature on Sino-Danish negotiations is limited (for an exception, see Worm 1997), and this article helps bridge this lacuna in the literature. Finally, our paper, highlights in some detail the psychological mechanisms in play that condition the evolution of the interaction among the parties.

Figure 1: Sino-Danish Business Negotiations: A Proposed Model



Researchers recognize that negotiation is more often than not a mixed-motive game in which actors have congruent as well as conflicting goals (e.g. Pruitt and Rubin 1986; Walton and McKersie 1965). Negotiators are constantly testing each other's intentions and deciding on the appropriate negotiation strategy to pursue in a given negotiation context. These judgements take place in situations characterized by complexity, ambiguity, and unpredictability. The premise underlying this article is that negotiators from different cultures are likely to enact different scripts in dealing with the situation confronting them. The emergence of script incongruence (i.e. when the negotiation scripts conflict) often leads to an interactional conflict, and it is this theme that we wish to highlight and develop here in the context of Sino-Danish negotiations.

Method

Sample

The sample consisted of 24 Danish expatriates and 4 Chinese working as general managers for Danish companies in China. We requested the Danish general managers to participate in a study of Chinese negotiating practices. With one exception, all of the individuals who were approached agreed to participate and the response rate was above 90 percent.

The Danish respondents' average age was 39 and they had lived in China on average for 4 years. All but two of the respondents were male. The interviews were conducted by one of the authors who is fluent in both Danish and Mandarin and lasted between one and two hours. The primary focus of the interviews was on the negotiating experience of the Danish managers when they were seeking to manage these subsidiaries.

Analysis

A semi-structured interview format was used to collect the data. The interview format asked the respondents to assess (i) the level of mutual understanding that existed between them and the Chinese prior to negotiations; (ii) the evolution of the relationship between them and the Chinese as the negotiations developed over time; and (iii) the strength and the extent of the relationships that existed between them and the Chinese.

The interviews were transcribed (500 pages) and thematically analysed. We followed the process of pattern coding (Miles and Huberman 1994) but were careful in identifying the emergence of a particular pattern. When a particular pattern seemed to be emerging, we sought

to assess if any more evidence emerged that supported that particular pattern (Guba 1981). The questions that were posed to participants were broad, open-ended questions that were developed on the basis of the existing literature and pilot interviews.

The analysis of the data and the existing literature suggests that Sino-Danish business negotiations are situated in contextual ambiguities. Contextual ambiguities are an ever-present feature of transitional economies like China (Peng 2000). The concept refers to the fluidity of the business context within which negotiation occurs which manifests itself in the fact that many laws/regulations that the Chinese negotiator is supposed to observe are often not codified (Boisot and Child 1986). While the sources of contextual ambiguities are manifold (political shifts; bureaucratic behaviour; complexity of the transition process; shifts in external economic environment), their impact on the negotiation process can often be profound. Ongoing negotiations may come to an abrupt halt or the parameters for the negotiations may suddenly undergo a radical shift, making it necessary to restart negotiations. It is also conceivable that even recently concluded negotiations may be called into question. Most if not all of the respondents noted that contextual ambiguity was an inherent feature of all Sino-Danish business negotiations. Interestingly enough, and contrary to the received wisdom, contextual ambiguity was not perceived by the Danes to be particularly problematical. Indeed, a number of Danish respondents noted that contextual ambiguities generated greater stress among the Chinese than amongst the Danes themselves. This leads to the following proposition:

PROPOSITION 1: Contextual ambiguity is an intrinsic feature of Sino-Danish business negotiations. The Chinese feel more threatened by contextual ambiguity than do the Danes.

What are the consequences of the emergence of contextual ambiguity? Our data suggest that contextual ambiguity leads to the emergence of goal ambiguities. Goal ambiguity has a number of different implications for the negotiating process. First, the presence of goal ambiguity implies that the Chinese negotiators are unable to articulate cogently what they expect to achieve from negotiations. This is the case in spite of extensive discussions amongst themselves as a team (Diverge 1986). Indeed, as one of our respondents (a Dane) noted, 'The Chinese often do not know whether they want a Mercedes or a Skoda'. Relatedly, a number of other Danish managers also made the observation that it was unclear to them precisely what the Chinese goals were.

One consequence of goal ambiguity is that as one Danish manager observed, 'Chinese negotiators are sometimes unable to satisfactorily assess the value of what their European counterparts are offering to them'. A further consequence of goal ambiguity is that it shapes the pattern of information flow among Danish and Chinese negotiators. Many Danish managers made the rather surprising observation that while the Chinese are willing to disclose information, their ability to do so is hindered by the fact that they are either unaware of the existence of the relevant information and/or are unable to gain access to it because the information is not codified. As one respondent pointed out, 'In general, the Chinese are willing to disclose information if they have it'. Another noted, 'If you show interest in the physical side of the project, meaning that you know how to operate the equipment, then the Chinese become more interested in disclosing information'. Our finding that the Chinese in general are willing to disclose information but are often unable to do so due to the presence of goal ambiguities, contradicts earlier findings that the Chinese are not always willing to disclose information to Westerners (Lin 1989; Shi and Westwood 2000).

A final consequence of goal ambiguity is that it becomes very difficult to attain a sense of finality or closure to the negotiation process. This manifests itself in the widely noted observation that negotiations with the Chinese take an excessive amount of time. Traditionally, organizational scholars have attributed the lengthiness of the negotiation process to the need to establish trust with the Chinese. Although this may indeed be a part of the explanation, our data suggest that negotiation delays are also directly attributable to the existence of goal ambiguities. This leads us to the following proposition:

PROPOSITON 2: Contextual ambiguity leads to the emergence of goal ambiguities.

How does the emergence of goal ambiguities shape the negotiation process? Our findings suggest that goal ambiguities generate or magnify pre-existing process ambiguities. Process ambiguities centre around three major issues: (i) perceived expectational inconsistency concerning appropriate forms of behaviour; (ii) attributional judgements; and (iii) structuring of the negotiation process. A considerable amount of literature on Chinese negotiating behaviour emphasizes the unique aspects of Chinese behaviour (Bond 1991; Chang and Holt 1994; Hwang 1987). Many theorists have paid particular attention to the role played by *face* in Chinese society and maintain that face is closely associated with power

and status in China (e.g. Weldon and Jehn 1996). Although this could also be said of other societies around the world, it does have a unique resonance in Confucian-based societies.

Although giving face to the Chinese and/or preventing them from losing face may be problematical for the Danes, some of our respondents noted that an over-emphasis on face is not desirable either, for it may maximize rather than minimize interactional ambiguity. The reason is at least partly that the Danes have a limited understanding of face. A respondent noted that, 'if you try to be accommodating by indicating that you are willing to do something for the Chinese, for the reason of face-giving they will come back later and require that you keep your "promises"'. Another Danish respondent was surprised that a Chinese colleague felt he had lost face when he was moved from a position as sales manager to product manager. Thus, while Danes recognize the importance of face, it is unclear to them as to how much effort they need to invest in this direction.

Danish respondents also noted the difficulty of making isomorphic attributions about their counterparts' behaviour. Although making the right attributional judgements is a problem both in intracultural as well as intercultural interaction, difficulties become magnified in the presence of goal ambiguities. The respondents faced difficulties in making the right attributional judgements in the context of: (i) a discrepancy between the strategic intentions and communicative behaviour of the Chinese; (ii) the timing and the management of reciprocal obligations; and (iii) reconciling trustworthy as well as untrustworthy behaviours. As one Danish manager noted, 'The two sides do not understand each other. But the Chinese probably understand foreigners better than the Danes understand the Chinese'. Another respondent observed, 'Negotiation takes long time because there is no common understanding'. The Chinese understanding of obligations is exemplified in a quote by a Danish manager, 'The Chinese believe that if they grant a favour to a European, they will get the favour returned to them'. The importance of trust was noted by a Danish manager who observed, 'Trust is of course important in a network-based society with no legal tradition'. But another manager thought otherwise, 'Maybe trust is not important any more, but there is still some "Chinese-ness" which is important'. Inappropriate judgements may prevent the finalization of a mutually beneficial deal because a high degree of insecurity or vulnerability may prompt one or all of the parties to disengage from the negotiations.

Finally, the Danish respondents also noted the difficulty of structuring the negotiation process with the Chinese. Commonplace difficulties centred around socializing with the Chinese; conflicting and hidden agendas within the Chinese negotiating team; and conflicting business models that became evident at the negotiating table. Commenting on the issue of socializing, one Chinese manager explained, 'If you decline a glass of wine at the dinner table, the Chinese perceive it as not giving face, which may lead to a breakdown in negotiations, because the Chinese think you have a bad attitude towards them'. On the other side, one Danish manager noted, 'There are almost always contradictions in the Chinese negotiating team'. This leads us to the third proposition:

PROPOSITION 3: Goal ambiguities lead to the emergence of process ambiguities. Process ambiguities revolve around (i) perceived expectational inconsistency concerning appropriate behaviour; (ii) attributional judgements; and (iii) structuring of the negotiation process.

Process ambiguities are likely to impede the efficiency and/or the effectiveness of value creation for a number of different reasons. First, they slow down the process of negotiations. Second, process ambiguities make the process of negotiation a cyclical one. Periods of progress are followed by periods of retardation and it is often unclear how the negotiation is developing. This lack of linearity in the negotiation process often generates considerable frustration among Danish negotiators. If the Danish negotiators are unable to deal with their frustration in a culturally adept way, this may cause a loss of face for themselves as well as for the Chinese. Finally, process ambiguities also hinder the development of interpersonal relationships among the negotiators if they lead to inappropriate attributional judgements. This leads to the fourth proposition:

PROPOSITION 4: Process ambiguities impede the efficiency and/or the effectiveness of value creation in Sino-Danish business interactions.

Although process ambiguities undoubtedly condition the process of value creation in Sino-Danish business interactions, it is by no means the case that all Sino-Danish business interactions are subject to the vicissitudes of process ambiguities. The critical question therefore arises: What allows some interactions to emerge relatively unscathed from the emergence of process ambiguities whereas other interactions are unable to effectively cope with process ambiguities? A key theme emerging from our findings was that the management of process ambiguities was crucially dependent on (i) similarity in the frames of reference of the

negotiators; (ii) the motivation and the ability of the Danish managers to maintain and sustain relationships in the Chinese socio-cultural context; and (iii) a good understanding of the Chinese decision-making network and structure.

Commonality in Frames of Reference

Similarity in frames of reference may help the participants to effectively deal with perceived expectational inconsistencies concerning appropriate behaviours. If the participants, for example, have fairly similar conceptions of what it means to negotiate, or understand the nature of issues involved in negotiations in similar ways, they may be better able to cope with the expectational inconsistencies concerning appropriate behaviour. The interview data suggest that the ability to cope with expectational inconsistencies was heavily predicated on (i) differences in the age of Chinese and Danish negotiators; (ii) the kind of interpreters that were used; (iii) the nature of the business issue; and (iv) the Danish belief in the ability of the Chinese to manage complex technical processes.

A number of Danish respondents mentioned that the negotiating process ran much more smoothly when they negotiated with younger as opposed to older Chinese. They found the younger Chinese to be much more Westernized in that they were more open to and capable of behaving according to Western behavioural norms. One instance of this is the willingness of the younger Chinese to accept responsibility for their actions. Their communication style was also much more explicit than implicit, making the transfer of information a very smooth process. One Danish manager noted, 'In particular older people are difficult to persuade. Younger people are easier'. Another manager made a similar comment when he observed that 'It is easier to build trust based relations to younger people. They are less political'.

The need for interpreters in the negotiation process is all but inevitable given the existence of the language barrier between the Danes and the Chinese. Although the use of interpreters is supposed to help both the Chinese and the Danes to cope with expectational inconsistency concerning appropriate behaviour, the potential benefit of the interpreter depended very much on whose interpreter was used and the means by which the interpreter fulfilled his/her role. Danish respondents preferred to rely on their own interpreters but this in itself became a barrier in dealing with expectational inconsistencies concerning appropriate behaviour. The problem was that the Chinese, while wary of the

use of interpreters, become even more wary when dealing with interpreters hired by the Danes. The Chinese would often insist on the use of their own interpreter or alternatively that each side used their own interpreter. In circumstances where that was not possible, they would become guarded in the exchange of information. A number of Danish respondents sought to lessen the negative consequences by relying on interpreters who had good connections with their Chinese counterparts. The second problem in the use of ethnic Chinese interpreters hired by the Danes was that many of these interpreters were more concerned about preventing the negotiators from losing face than in translating the exact meaning of what was said. As one Danish manager explained, 'Some interpreters do not dare translate certain questions because they are too direct for their boss. He might become angry'. An unfortunate consequence of this was that this heightened the perceived expectational inconsistency in behaviour from the Danish standpoint.

The management of perceived expectational inconsistencies in behaviour was also very much influenced by the nature of the business issues under discussion. In cases where there was a fundamental conflict in the business strategy of the Chinese and the Danish business partner, the conflict only served to accentuate perceived expectational inconsistencies in behaviour. A good example of this is a typical Sino-Danish joint venture where the Danish partner is willing to wait for yields from investment while the Chinese expect an immediate distribution of dividends.

Our interviews also indicated that, as one Danish manager observed, 'Danes do not believe that the Chinese can handle complicated technical processes'. The consequence was that it amplified the perceived expectational inconsistency in behaviours among the participants. Thus, when the Chinese failed to manage complex technical processes adequately, it was automatically inferred that this represented a lack of understanding on their part rather than cultural constraints.

In sum, our interview data suggest that the perceived expectational inconsistencies in behaviours were either mitigated or amplified by similarities or differences in the cognitive frames of negotiators.

Motivation/Ability to Maintain Relationships and the Accuracy/ Favourableness of Attributional Judgements

Attributions are an important precursor of an actor's behaviour. Attributional judgements determine how we react to our counterpart's behaviour. If, for example, we perceive our counterpart to be trust-

worthy, we will respond in a manner that will validate our counterpart's perception. There is a considerable amount of evidence demonstrating the linkage between attributions and behaviour. Incorrect attributions often lead to the emergence of vicious circles in negotiations (see George and Gonzales 1998; Kumar 1999).

Our findings suggest that the motivation and the ability of the Danish managers to develop relationships with their Chinese counterparts depend on their temporal orientation, the ease with which a trusting relationship can be established with their counterparts, their ability to be flexible and fulfil their obligations, and finally their willingness to engage in saving face and giving face.

A frequently mentioned criticism of the Chinese negotiating style is that it is too time-consuming (e.g. Brunner and Wang 1988). From the Chinese perspective, spending time at the onset is essential to contextualize negotiations and to gain some information about their counterparts. The Danish respondents noted that if the Chinese feel that they are under a time constraint, they will seek to withdraw from the negotiations. This is not surprising given the high uncertainty aversion that is characteristic of the Chinese culture (Hofstede 1993). High uncertainty avoidance leads the Chinese to avoid the presence of negative outcomes rather than maximizing positive outcomes. In any event, time pressures induce the Chinese to make an unfavourable attribution, but by the same token the Chinese reaction may itself induce an unfavourable attribution on the part of the Danes.

An attribution conducive to strengthening the interaction among the actors requires the skillful use of time and timing. Danish managers noted that a more flexible attitude towards time enables them to more accurately assess the intentions of their counterpart. As a Danish manager observed 'Timing is as important as time'. Another noted 'The Chinese are good negotiators. Most often the Danes give in due to time pressure'. At the same time skillful use of time allows either side to carefully calibrate the exchange of information in a matter conducive to accurate and favorable judgements of either party.

A number of Danish managers made the interesting remark that Chinese would often willingly disclose information provided they were given the time to do so. One Danish manager made the observation that 'The Chinese are slow to give information because they don't know what kind of information to summarize and/or how to present it. A lot of Chinese don't prepare documentation well in advance before the negotiation'. Once the cycle of positive reciprocity begins to emerge, the

Chinese are also likely to confer favours on the Danish negotiators. In other words, the effective use of time allows for the possibility of deepening the relationship among the parties – a relationship which will then permit the participants to accurately gauge and evaluate each other.

China, unlike Denmark, has often been described as a low-trust society (Fukuyama 1995). Conversely, the conventional wisdom among the Chinese is that foreigners come to China to take advantage of them. The critical implication of the above is that interactions between the Chinese and the Danes proceed from a low level of trust. There are many different kinds of trust, such as relational, calculative, deterrence trust (Rousseau *et al.* 1998), with calculative trust being of particular importance in the negotiation process, while relational trust is something that builds over a number of years. The initiation of interactions from a low trust base is likely to create inaccurate as well as unfavourable attributions on both sides. Danes perceive the Chinese as having a hidden agenda while the Chinese perceive the Danes as taking advantage of them. An interesting insight on this comes from a Danish manager who noted, 'The Chinese are not honest, so it's difficult to believe them when negotiating employment. I don't trust the Chinese'.

However, the Danish managers also pointed out that conflicting perceptions can sometimes be reconciled through face-to-face interaction, respecting Chinese behavioural norms and participation in joint activities like going to the theatre or playing football. One interesting observation is that it is easier to build trust with younger Chinese than with the older Chinese – although the trust with the younger Chinese may not be as durable as with the older generation. Our data suggest that while trust is an essential precondition for negotiations in China, the Chinese are moving away from an affect-based to a cognition-based trust (McCallister 1995). The latter is based more on exchange of favours than on human bonding.

The Chinese are not considered as being flexible by the vast majority of Danish respondents. Nevertheless, the Danish attribute this lack of flexibility to the organizational constraints within which the Chinese negotiators have to function. Indeed, at a personal level, the Chinese are considered to be flexible, a view reinforced by one Danish manager: 'The Chinese are flexible, but the system is not so they cannot appear flexible'. Another noted, 'They are not flexible but are professional. The Shanghai people are more smart, and sometimes do not commit themselves'. Interestingly, this lack of flexibility is not viewed as a barrier to furthering interaction between the Chinese and the Danes. Most importantly, the

Chinese are viewed by the Danes as being pragmatic and this attribution is certainly conducive to facilitating interaction among them.

The discharge of obligations is a central part of the Chinese culture. Indeed, the ability to fulfil obligations in an appropriate manner is considered essential to one's ability to relate effectively with other people (Hwang 1987; Gao 1996). A major point of difference between the Danes and the Chinese can be seen in the manner in which they handle favours. While the Danes wish to repay favours immediately, the Chinese are not eager to discharge the debt straightaway. As one Danish manager noted, 'The Chinese are not eager to repay favours immediately. They prefer to discharge the debt at a time when it will be beneficial for the different parties'. Another observed 'Chinese believe that if they grant a favour to a European, they will get the favour returned to them'. Differences in the way that the actors manage obligations have the potential of creating a schism among the actors. The Danish desire to repay a debt immediately will not enhance the relationship between the parties, while the expectation on the part of the Chinese for return a favour at some point in the future may generate distrust and tension among the Danes.

Face is a central construct in Chinese society. It is literally the front part of the head and the first thing that is noticed when meeting another person. Face reflects the complexity of interpersonal relationships in China (Chang and Holt 1994). It refers to a person's status or the prestige that one attains through one's accomplishments. Although face is important in all societies, it plays a particularly critical role in China (Bond 1991). Although causing the Chinese to lose face is likely to damage the relationship, some Danish respondents noted that there had been too much emphasis on face; indeed, they maintained that the over-sensitivity of the Danes to Chinese concerns led the latter to use face as a tactical tool against them. While a sensitivity to Chinese face-related concerns is essential in developing a good relationship, an over-sensitivity in this regard may maximize rather than minimize interactional ambiguity.

Information exchange is also crucial in shaping the pattern of relationship among the actors. Although actors everywhere are cautious in exchanging information, fearing that they might be exploited otherwise (Pruitt and Carnevale 1993), a failure to exchange information will prevent the actors from furthering or deepening their relationship. There is a duality here which needs to be effectively managed. Research to date has viewed the Chinese as being less willing to disclose information than Westerners.

Our findings, by contrast, have uncovered a strikingly different pattern. The majority of the respondents noted that the Chinese are willing to disclose information *provided they have it*. As one Danish manager noted, 'While the Chinese are willing to disclose information, their ability to do so is hindered by the fact that they are usually unaware of the existence of the relevant information'. Thus it was their incapacity rather than motivation which prevented the Chinese from sharing information. The Danes thus preferred to make a situational as opposed to an internal attribution, and this kind of attribution is undoubtedly facilitative of interaction.

Our findings suggest the importance of the relational dimension in shaping the attribution made by actors. A positive relationship generates favourable/accurate attributions that may help the actors to cope effectively with unexpected interruptions in the negotiation process. It also became apparent that the relationship among actors is influenced by a number of factors, some of which work for, and some which work against, the relationship.

Structural Dimension and the Structuring of the Negotiation Process

The structuring of the negotiation process refers to the efficiency and the ease by which the negotiators are able to arrive at an agreement and/or recognize that the potential transaction may not have much value from their standpoint. In other words, an appropriate structuring of the negotiating process may be mutually beneficial in that it provides finality whether in a positive or in a negative sense.

Our data suggest that the structuring of the negotiating process is crucially dependent on the overall pattern of connectivity among the actors (Burt 1992). The pattern of connectivity has a number of distinct dimensions namely, (i) network ties; (ii) network configurations; (iii) intermediaries; (iv) communications configuration and socializing.

We also found that network ties have a direct impact on the efficiency and the ease with which negotiators are able to arrive at an agreement or recognize that the potential transaction may not have much merit. Several respondents noted that you cannot do business in China without the presence of a *guanxi* (network). As one Danish manager observed, '*Guanxi* is important when you try to convince Chinese negotiators. They tend to accept your arguments if they trust you'. Another respondent noted, 'I can call the boss of all relevant organizations and set up a meeting due to the good *guanxi* we have'. Although networks are important

even in Western societies, Tung and Worm (2001) note that networks in China are more enduring; elicit more favours; and are more personal. Most fundamentally, networks provide an immediate and a direct access to decision-makers. They therefore can either ease the process of initiating negotiations in China or they can help the negotiators to effectively deal with the problems that may emerge in the negotiation process.

Network configurations in China have both a formal as well as an informal dimension. Danish respondents noted that while the formal configuration was transparent, the informal configuration was not. A Danish respondent noted, 'The hierarchy of the Chinese negotiation team becomes clear during the negotiations, but there are always many departments represented in the team. Sometimes the representatives from the different departments cooperate, but often they compete. We don't know what is going on behind the scenes'. The Danes found the informal configuration harder to penetrate and yet noted that the informal configuration was often decisive in shaping the emerging pattern of negotiations.

Intermediaries have traditionally been important in China in both initiating, as well as managing, conflicts that emerge among negotiators. Consistent with this finding, our Danish respondents recognized the importance of intermediaries in facilitating interactions with the Chinese but noted that it is often difficult to assess the reliability of these intermediaries. A related point of worry is that if the firms choose not to utilize the intermediaries, they may well go and work for their competitors – a thought not very appealing to the Danes.

Communication patterns and socializing are also pivotal in structuring the negotiation process. Danish respondents noted the importance of circling around an issue in China before getting to the heart of the negotiation. It is through circling that a surface harmony is built up. Furthermore respondents also noted the importance of listening in China. Effective listening may facilitate the negotiation process in direct as well as indirect ways.

Conclusion

A considerable amount of literature demonstrates the unique aspects of Chinese negotiating behaviour and the interactional difficulties that often emerge in Sino-Western negotiations. The contribution of this article is twofold. First of all, we have suggested that while interactional difficulties are often present, these difficulties are not insurmountable. Second, we have posited that the existing dichotomy between coop-

erative and non-cooperative Chinese behaviour, or different behaviour towards 'insiders' and 'outsiders' to which many scholars allude, may provide only a partial explanation of the dynamics of Sino-Western interaction. While it is true that the cooperative and the non-cooperative dimension in Chinese behaviour is often integrated by the Chinese in a holistic manner (Fang 1999), it is important to recognize that this may be less a reflection of their strategic intentions than of their strategic inability to effectively manage the negotiation process, particularly in cross-cultural interactions. It is also worth pointing out that what may be perceived as holistic integration by the Chinese may be viewed very differently from the Danish perspective.

The model that we have outlined here is an inductive model, derived on the basis of Danish perceptions. Danish perceptions of the negotiation process may be very different from that of the Chinese and a complete model may be needed to fully encapsulate both sides of the picture. Second, the Danish interviewees had been living in China for an average of 4 years. Their perception and understanding of the Chinese may not be fully representative of Westerners who are negotiating in China for the very first time. Finally, the model that we outline here needs to be sharply refined and subject to empirical testing. Our aim in writing this article is not simply to document the differences that exist between the Danes and the Chinese, but more importantly to outline the nature of process ambiguities that arise in Sino-Danish interactions and to show how the management of process ambiguities affects the dynamics of the negotiating process.

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